2025
Annual Report

Sphera Franchise Group S.A.

SPHERA

KFC Pizza Hut TACO BELL cioccolat|taliani Hard Rock CAFE

SPHERA

TABLE OF CONTENTS

ISSUER INFORMATION 4
LETTER FROM THE CEO 5
DIRECTORS' REPORT 8
- CORPORATE INFORMATION 9
- GROUP STRUCTURE 9
- SCOPE OF BUSINESS 11
- SHAREHOLDERS AND ISSUED CAPITAL 15
- ACTIVITY ON BUCHAREST STOCK EXCHANGE 16
- GOVERNANCE 17
- MANAGEMENT OF THE GROUP 18
- CONSOLIDATED FINANCIAL RESULTS 23
- STANDALONE FINANCIAL RESULTS 29
- MAIN FINANCIAL RATIOS 31
- BRAND & SALES PERFORMANCE 32
- DIVIDENDS 36
- KEY FACTORS AFFECTING GROUP'S RESULTS 37
- INTERNAL CONTROL 43
- COMMITMENTS AND CONTINGENCIES 45
- EVENTS AFTER THE REPORTING PERIOD 47
- ENVIRONMENTAL MATTERS 48
- DECLARATION FROM THE MANAGEMENT 49

CORPORATE GOVERNANCE DECLARATION 50
SUSTAINABILITY REPORT 71

The individual and consolidated financial statements as of December 31st, 2025, presented on the following pages are audited and are prepared in accordance with Order of the Ministry of Public Finance no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards.

DISCLAIMER: Unless mentioned otherwise, the amounts in this report are expressed in '000 RON.

ISSUER INFORMATION

INFORMATION ABOUT THIS FINANCIAL REPORT

Type of report	Annual Report
For financial period	01.01.2025 – 31.12.2025
Date of publishing	27.03.2026
According to	Annex 15 of ASF Regulation 5/2018

ISSUER INFORMATION

Issuer's name	Sphera Franchise Group S.A.
Fiscal code	RO 37586457
Trade registry number	J40/7126/2017
Registered office	Calea Dorobanților nr. 239, 2nd floor, Bucharest sector 1

INFORMATION ABOUT FINANCIAL INSTRUMENTS

Subscribed and paid-up share capital (31.12.2025)	RON 581,990,100
Market on which the securities are traded	Bucharest Stock Exchange, Main Segment, Premium Category
Total number of shares (31.12.2025)	38,799,340
Symbol	SFG

CONTACT DETAILS FOR INVESTORS

Phone / Fax	+40 21 201 17 57 / +40 21 201 17 59
E-mail	investor.relations@spheragroup.com
Website	www.spheragroup.com

LETTER FROM THE CEO

Dear Shareholders, Partners, Team Members,

2025 was a year that once again tested the resilience and adaptability of the business environment. Against a backdrop marked by fiscal pressures, persistent inflation and a more cautious consumer sentiment, particularly during the first half of the year, our focus remained clear: strengthening operational discipline, safeguarding profitability and positioning Sphera Franchise Group for its next stage of development.

In this context, the Group acted with agility and determination. Throughout the year we implemented a series of operational and cost optimization measures designed to enhance efficiency and reinforce our financial fundamentals.

For the full year 2025, Sphera Franchise Group generated total sales of RON 1,570.9 million, representing a 1.5% increase compared to 2024. This performance demonstrates the resilience of our business model in a context marked by pressure on consumer spending, particularly in the first half of the year. The stronger momentum recorded in the second half, culminating in Q4 as the strongest quarter of the year in terms of sales, reflects the gradual stabilization of our operations and improved efficiency at restaurant level.

2025 was also characterized by elevated cost pressures, particularly in the first half, driven mainly by higher payroll expenses and other operating costs. At restaurant level, costs increased by 5.1% year-on-year, outpacing the growth in sales. However, as the operational measures implemented throughout the year began to take effect, we recorded a gradual stabilization of the cost structure during the second half of the year, with visible improvements in efficiency indicators.

For 2025, normalized EBITDA reached RON 147.8 million, corresponding to a 9.4% margin, while normalized net profit stood at RON 71.9 million.

Although these indicators were affected by higher operating expenses and the cautious consumer environment in the first half of the year, the improvement recorded in the second half confirms the Group's ability to adapt and stabilize performance.

Romania remained the primary engine of growth, accounting for 85.7% of total revenues and continuing to represent the market where we maintain our strongest operational footprint. At the same time, our international operations contributed to the overall resilience of the Group. Italy returned to a positive trajectory, with sales increasing by 2.4% compared to the previous year, while the Republic of Moldova delivered a solid performance, recording a 19.7% year-on-year increase in sales.

This geographical diversification continues to provide balance and stability in an economic and political environment that remains complex both locally and internationally.

At portfolio level, KFC continues to represent the cornerstone of our operations and the foundation of our stability. Taco Bell maintained its position as the most dynamic brand in the Group, confirming its strong appeal among young, urban consumers and its significant long-term growth potential.

For Pizza Hut, 2025 was a year dedicated to operational consolidation and repositioning. As part of this process, we made the strategic decision to close in the course of 2026, seven Pizza Hut units that had consistently generated negative EBITDA contributions. The decision was based on a structural assessment of the network and was accelerated by the market context in the

second half of the year. The process was carried out with the agreement of our franchisor, Yum! Brands, and with careful consideration for our employees, for whom relocation opportunities within the Group were prepared.

We expect the positive effects of this decision on operational profitability to become visible starting with 2026. Pizza Hut remains a strategic brand within our portfolio, supported by a strong consumer base and a differentiated position in the local quick service restaurant market.

Beyond operational consolidation, 2025 was also a year of important strategic steps aimed at broadening our portfolio and exploring complementary growth opportunities. The integration of Cioccolatitaliani represented our first move beyond the traditional quick service restaurant segment into concepts with a more experiential dimension and accessible premium positioning.

This initiative was conceived as a "test and learn" approach, allowing us to expand our operational capabilities while exploring new avenues for value creation.

Building on this direction, we subsequently announced the addition of the Hard Rock Cafe franchise to our portfolio. This represents a natural extension of our diversification strategy and marks our entry into the global experiential dining segment.

Together, these initiatives reflect our ambition to build a more balanced portfolio anchored in strong, distinctive brands with meaningful long-term growth potential.

Looking ahead, we have also taken steps to further expand our existing brands. Most recently, we announced our intention to bring the Taco Bell brand to the Republic of Moldova, with the first food court unit in Chișinău expected to open in the second quarter of 2026.

In many aspects, 2025 was not only a year of adaptation but also one in which we reinforced the foundations for our future development. Through disciplined operational management and targeted strategic initiatives, we have strengthened the Group's ability to navigate a complex environment while preparing for the next phase of growth.

As we move into 2026, our priorities remain clear: sustainable growth, profitability and disciplined capital allocation. We will continue to invest carefully in our brands, strengthen our operational capabilities and build on the competitive advantages that define Sphera Franchise Group.

On behalf of the entire management team, I would like to thank our employees, partners and shareholders for their continued trust and support.

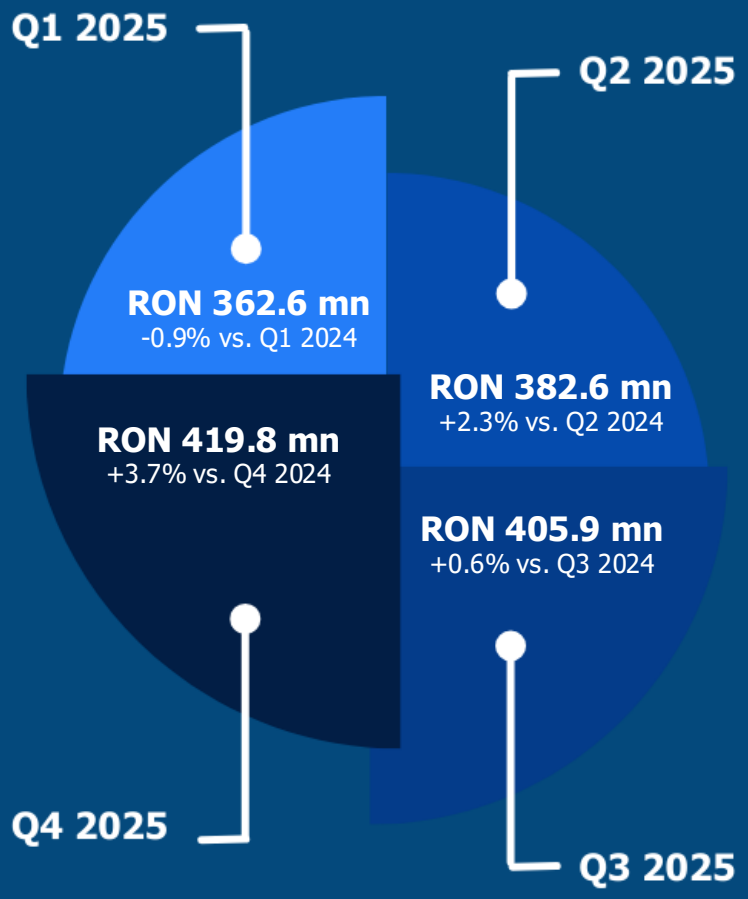
Calin Ionescu

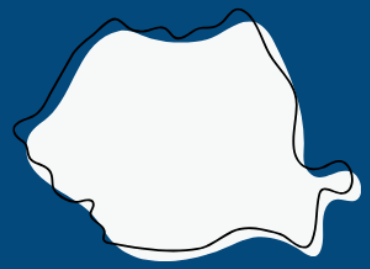
KEY FINANCIAL HIGHLIGHTS

SPHERA

2025 Consolidated Sales

RON 1,570.9 mn
+1.5% vs. 2024





RON 1,346.2 mn
+1.0% vs. 2024

RON 196.4 mn
+2.4% vs. 2024

RON 28.3 mn
+19.7% vs. 2024

KFC

RON 1,356.6 mn
+0.6% vs. 2024

Pizza Hut

RON 106.8 mn
-1.5% vs. 2024

TACO BELL

RON 106.7 mn
+16.2% vs. 2024

cioccolat | taliani

RON 0.8 mn
n/a

179 Restaurants operated across Romania, Moldova and Italy	**#1** Q4 2025 – the best quarter in history in terms of sales registered	**RON 2.13** Total gross dividend per share paid to shareholders in 2025
31.3% Stable share of food and material costs in total sales in 2025, despite the external pressures	**RON 147.8 mn** Normalized EBITDA in 2025, down 16.4% YoY, reflecting a challenging H1 and stabilization in H2	**0.52** 12M net debt / EBITDA ratio

*Excluding IFRS 16 impact.

DIRECTORS' REPORT

SPHERA

CORPORATE INFORMATION

Sphera Franchise Group SA together with its subsidiaries: US Food Network SA ('USFN'), US Food Network SRL Italy ('USFN Italy'), US Food Network SRL Moldova ('USFN Moldova'), California Fresh Flavors SRL ('CFF'), American Restaurant System SA ('ARS'), Choco Franchise SRL ('CHOCO') and HRC Restaurants SRL ('HRC') form 'the Group'.

In 2017, ahead of listing on Bucharest Stock Exchange, the Group underwent reorganization that resulted in the establishment of Sphera Franchise Group S.A. as the legal parent company of US Food Network SA ('USFN Romania' or 'KFC Romania'), American Restaurant System SA ('ARS' or 'Pizza Hut'), US Food Network S.r.l. ('USFN Italy' or 'KFC Italy') US Food Network SRL ('USFN Moldova' or 'KFC Moldova') and California Fresh Flavors SRL ('CFF' or 'Taco Bell'). The purpose of the reorganization was to ensure a better coordination of activities and enhance value creation, by taking advantage of the synergies at group level and by achieving economies of scale. In terms of activities, Sphera renders to the benefit of the Group entities services such as management services, marketing support, development and project management, sales support, human resources, and other services.

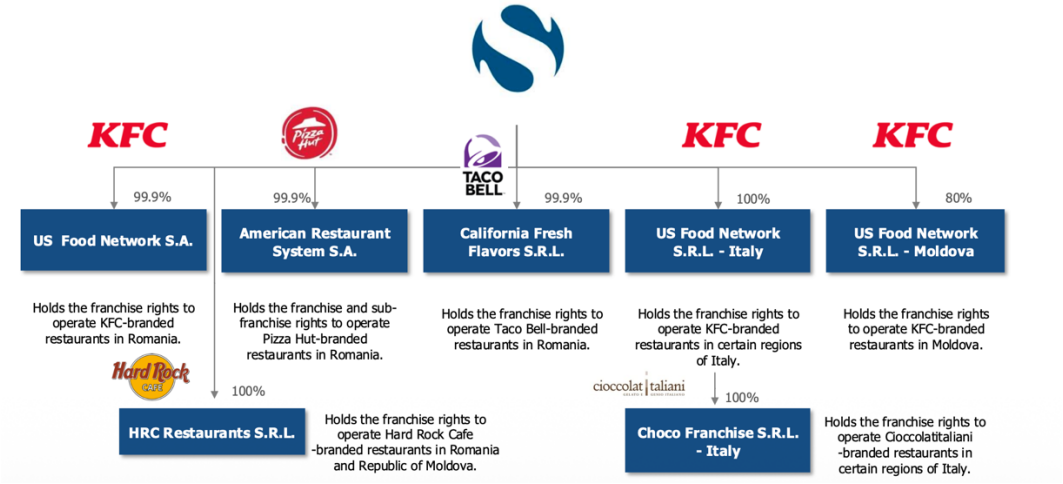
Sphera Franchise Group SA (the 'legal Parent", 'Sphera" or the „Group') was incorporated on May 16th, 2017, by the shareholders of USFN and ARS as a joint stock company and is registered at no. 239 Dorobanti Avenue, Bucharest, Romania.

GROUP STRUCTURE

Details of the Sphera's investments in controlled companies also representing the Group's consolidated subsidiaries as of December 31st, 2025, and December 31st, 2024, are as follows:

Company name	Incorporation	Field of activity	Control as of 31.12.2025	Control as of 31.12.2024
US Food Network SA	Romania	Restaurants	99.9997%	99.9997%
American Restaurant System SA	Romania	Restaurants	99.9997%	99.9997%
California Fresh Flavors SRL	Romania	Restaurants	99.9900%	99.9900%
HRC Restaurants SRL	Romania	Restaurants	100.0000%	-
US Food Network SRL	Moldova	Restaurants	80.0000%	80.0000%
US Food Network S.r.l.	Italy	Restaurants	100.0000%	100.0000%
Choco Franchise SRL (subsidiary of US Food Network S.r.l Italy)	Italy	Restaurants	100.0000%	100.0000%

The visual representation of the Group holding structure as of December 31st, 2025, is presented below:



Sphera has become the parent company of USFN and ARS on May 30th, 2017, following the contribution by shareholders of USFN and ARS of 99.9997% of the shares in the two companies in exchange for shares in Sphera Franchise Group. On June 8th, 2017 and June 14th, 2017, Sphera purchased the shares held by USFN in US Food Network SRL in the Republic of Moldova, and respectively US Food Network S.r.l. in Italy. In June 2017, Sphera set up California Fresh Flavors, introducing in its portfolio the Taco Bell brand.

US Food Network SA, the subsidiary which operates the KFC franchise in Romania was incorporated in 1994 as a limited liability company and further has changed the organization form as joint stock company with registered office at no. 239 Dorobanti Ave., Bucharest, Romania. The Group owns 99.9% of the company's shares.

American Restaurant System SA operating the Pizza Hut franchise was incorporated in 1994 as a joint stock company and is registered at no. 239 Dorobanti Ave., Bucharest, Romania. The Group owns 99.99% of the company's shares.

The Moldavian subsidiary, US Food Network SRL which operates the KFC franchise in Moldova, was incorporated in 2008 as a limited liability company and is registered at No. 45 Banulescu Bodoni Street, Chisinau, Republic of Moldova. The Group owns 80% of the company's shares.

The Italian subsidiary, US Food Network S.r.l operating the KFC franchise in Italy was incorporated in 2016 as a limited liability company and is registered at No. 5 Viale Francesco Restelli, Milano, Italy. The Group owns 100% of the company's shares.

California Fresh Flavors SRL was set up in June 2017 and operates Taco Bell franchise in Romania. Sphera owns 99.99% of the company's shares. The company operates as a limited liability company and is registered at no. 239 Dorobanti Ave., Bucharest, Romania.

Choco Franchise SRL was incorporated in October 2024, and it holds the Cioccolatitaliani franchising rights for Italian and Romanian markets. The entity, which operates as a limited liability company, registered at No. 5 Viale Francesco Restelli, Milano, Italy, is fully owned by US Food Network S.r.l. from Italy.

HRC Restaurants SRL was incorporated in September 2025, and it holds Hard Rock Café franchising rights for Romania and Republic of Moldova. The entity, wholly owned by the Group, operates as limited liability company and is registered at no. 239 Dorobanti Ave., Bucharest, Romania.

SCOPE OF BUSINESS

The Group's franchised foodservice business was launched in 1994 with the opening of the first Pizza Hut location, which was followed by the opening in 1997 of the first KFC location, both in Bucharest. The Group operates quick service and takeaway restaurant concepts under the Kentucky Fried Chicken ('KFC") brand, spread across Romania (110 restaurants as of December 31st, 2025) as well as in the Republic of Moldova (3 restaurants) and in Italy (18 restaurants). The Group also operates a chain of pizza restaurants in Romania (28 restaurants as of December 31st, 2025 and one sub-franchise) under the Pizza Hut ('PH') brand, a chain of restaurants under the Taco Bell brand in Romania (18 restaurants as of December 31st, 2025), as well as one Cioccolatitaliani restaurant in Italy.

Sphera Franchise Group's business is conducted through the following three segments:

- Quick-service restaurants - through KFC restaurants (in Romania, the Republic of Moldova and Italy) and Taco Bell restaurants (in Romania);
- Full-service restaurants - through Pizza Hut restaurants in Romania, and in the future via Hard Rock Café restaurants in Romania and the Republic of Moldova;
- Artisanal desert and cafes – through Cioccolatitaliani restaurant in Italy.

Following the agreement with Gioia Group to develop the Cioccolatitaliani franchise on the Italian market, the brand will further expand into specialty food and beverage segment which will cover an artisanal dessert and café concept combining high-quality gelato, chocolate-based products, gourmet coffee, and Italian pastries.

All restaurants operated by the Group provide delivery in partnership with aggregating platforms.

All the brands of the Group are operated in a master franchise system, by companies owned by Sphera Franchise Group, the largest restaurant group in the full-service restaurant sector in Romania. A master franchise is a franchising contract in which the master franchisor hands over the control of the franchising activities in a specified territory to a person or entity, called the "master franchisee". KFC, Pizza Hut and Taco Bell are part of master franchisor agreement with Yum!, Cioccolatitaliani is part of franchising agreement with Gioia Group and Hard Rock Café is franchised by Hard Rock International.

As of December 31st, 2025, the Group had 4,922 employees and 74 leased employees, of which 4,394 employees and 74 leased employees were in Romania, 420 in Italy and 108 in the Republic of Moldova.

All the brands from Sphera Franchise Group's portfolio provide customers with memorable experiences, excellent service and unique products prepared by passionate teams.

ABOUT THE BRANDS

KFC is a global chicken restaurant chain with more than 75 years old history of success and innovation. It all started with Colonel Harland Sanders, the cook, who created the famous recipe of 11 secret herbs and spices. Even today, all KFC restaurants follow it around the world, with real cooks breading and freshly preparing the delicious chicken by hand in more than 27,000 restaurants in over 145 countries and territories around the world.

In Romania, the first KFC restaurant was opened in Bucharest, back in 1997 by the Group. Today, KFC is the leading chicken restaurant chain in Romania in terms of both total sales and number of restaurants. As of December 31st, 2025, there were 110 KFC restaurants in Romania. In 2008, the Group opened the first KFC restaurant in the Republic of Moldova, and as of December 31st, 2025, the Group operated three restaurants (all in Chisinau). In 2017 the Group opened the first two restaurants in Italy. As of December 31st, 2025, there were 18 KFC restaurants operated by the Group in certain areas of Italy.

Of all KFC restaurants operating in Romania, Italy and the Republic of Moldova, as of December 31st, 2025, 73 were food court locations (in malls or commercial centers), 23 were in-line (street locations), and another 35 were Drive-Thru locations.

In all KFC restaurants, the Group sells food and beverage products either individually or as part of a price-attractive bundle labeled "menu" or "box". Generally, the menus include three main components: a portion of a chicken-based product (burgers, wrappers or pieces of chicken meat), a medium-sized portion of French fries and a medium-sized non-alcoholic drink. For an additional price, our customers can choose to opt for the "Go Large" version of the menu, which consists of large portions of French fries and non-alcoholic drinks. A dipping sauce is also offered in some menu offers. Besides the menu and the box which are normally sized for one person, we also offer products, called Buckets, targeted for group consumption (up to four people). Buckets generally consist of a higher number of chicken meat pieces, and some include portions of French fries and non-alcoholic drinks.

In 2018, KFC Romania launched a delivery activity, which is now carried out in collaboration with food aggregator platforms.

PIZZA HUT is a global casual dine-in restaurant, founded more than 60 years ago in Wichita, Kansas, by the Carney brothers. Since then, it has grown to become the largest pizza company in the world with more than 19,000 restaurants in over 100 countries.

Pizza Hut restaurants primarily sell pizza (a wide range of classic and iconic recipes for the brand, on a variety of dough types, such as Pan, Classic, Cheesy Bites and Stuffed Crust) and other main-course products (such as burgers and pasta, or salads) as well as beverages (primarily non-alcoholic) and deserts.

Pizza Hut was the first brand of the Group, to enter the Romanian market 30 years ago, this year, with the opening of its first location on Calea Dorobantilor in Bucharest and today is the largest casual dine-in restaurant chain in Romania in terms of both total sales and number of restaurants. On December 31st, 2025, there were 28 Pizza Hut restaurants across the major cities of Romania, 21 located within food court locations and 7 in-line units, and one sub-franchised unit.

TACO BELL is the world's leading Mexican-inspired quick service restaurant (QSR), founded in California in 1962. Today, it has over 7,200 locations in more than 30 countries worldwide. The restaurants serve a variety of Mexican-inspired foods that include tacos, burritos, quesadillas, nachos, novelty and specialty items and a range of 'value menu' products.

Sphera Group opened the first Taco Bell store in Bucharest, Romania, in October 2017. As of December 31st, 2025, the Group operated 18 Taco Bell restaurants, all of them based in commercial centers located in Romania's largest cities: Bucharest, Brasov, Constanta, Cluj-Napoca, Sibiu, Timisoara, Ploiesti, Bacau, Iasi and Craiova.

In Q1 2026, the Group secured the Taco Bell franchising rights for the Republic of Moldova market and it plans to open the first Taco Bell unit in Chisinau, in MallDova shopping centre, in Q2 2026.

CIOCCOLATITALIANI was founded in 2009 by the Ferrieri family and the brand found its definition in the word "Chocology," the art of mixing the best chocolate in the world with ice cream, pastry, and coffee. The Cioccolatitaliani product range includes a variety of items, such as artisanal ice cream prepared with different flavors and high-quality ingredients, chocolate lingos, pralines, and alternatives made from the renowned Cacao Fino de Aroma, as well as gourmet coffee, freshly baked Italian pastries, crepes, and waffles served with ice cream and various toppings.

Cioccolatitaliani currently operates a network of 43 units, most of them located in Italy, and several in the Balkans, Middle East and in North Africa. Annually, Cioccolatitaliani caters to over 6 million customers, serving over 4.5 million cups of coffee, more than 350,000 chocolate lingos and over 3.7 million gelato cones.

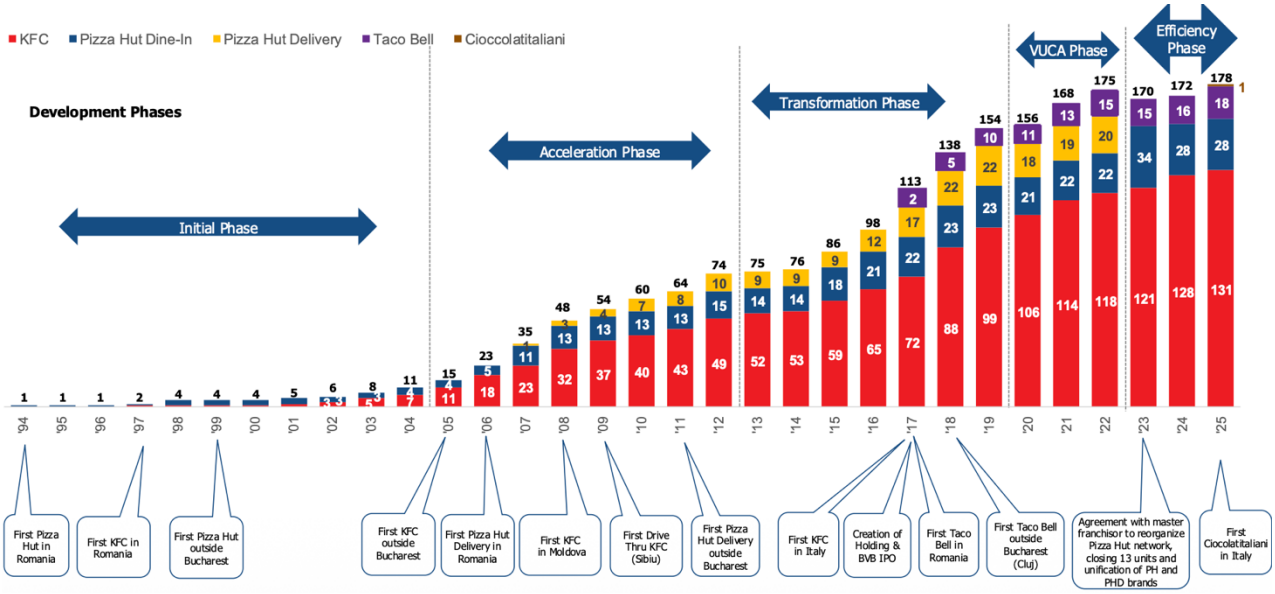
Sphera Group opened the first Cioccolatitaliani store in Italy, in Riccione, within the Rimini tourist area in June 2025. As of December 31st, 2025, the Group operated 1 Cioccolatitaliani location in Italy.

HARD ROCK CAFE was founded in 1971 in London by Isaac Tigrett and Peter Morton, introducing a concept that combines American-style casual dining with the culture and energy of rock and roll music. The brand offers a menu centered around classic American dishes, including burgers, ribs, sandwiches, and other comfort food favorites, complemented by a selection of beverages and desserts. Each restaurant is designed as an immersive environment, featuring authentic rock memorabilia such as guitars, costumes, and personal items from iconic artists. In addition to its food and beverage offering, Hard Rock Cafe incorporates a retail component through branded merchandise, while music-themed décor and a vibrant atmosphere create a distinctive dining and entertainment experience.

In October 2025, the Group announced that it has expanded its portfolio by adding the Hard Rock Cafe franchise, part of Hard Rock International. The Group plans to open five Hard Rock Cafe restaurants in Brașov, Timișoara, Iași, Cluj and Chișinău, over the course of five years. This development strengthens the Group's position in the foodservice market by expanding its portfolio into the global lifestyle brand segment.

HISTORICAL NETWORK EVOLUTION

The historical evolution of the network* rollout since 1994 until 2025 is presented below:

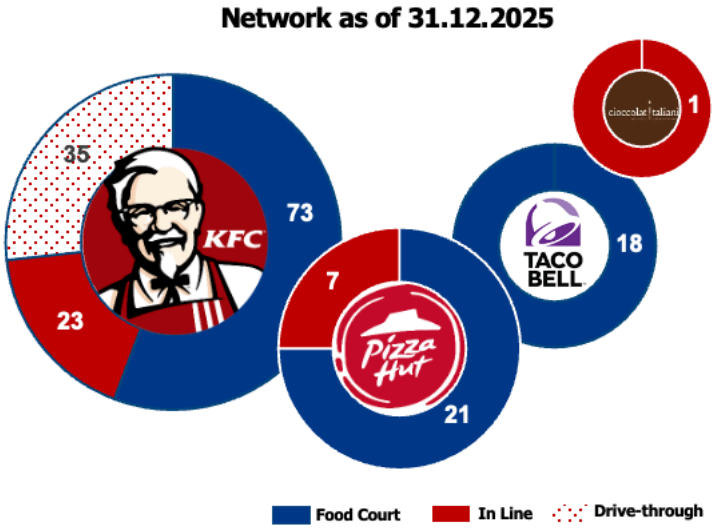


This chart does not include one PHD sub franchise.

2025 NETWORK EVOLUTION

The Group continued the development of its restaurant network throughout 2025.

In Q1 2025, Sphera opened a KFC drive-thru unit in Galati, Romania, located at 1A Stadionului Street. In Q2 2025, Sphera opened three new restaurants – two KFCs in Romania, both being a food-court locations, one in Mall Moldova in Iasi, and another in Pitesti NEPI Retail Park, and the first Cioccolatitaliani location in Riccione, Italy. In Q3 2025, the Group closed 1 KFC restaurant in Bari, Italy. In Q4 2025, the Group opened three new restaurants: two Taco Bells in Bucharest, one in Promenada Mall and another one in Sun Plaza Mall and one KFC drive-thru unit in Udine, Italy.



SHAREHOLDERS AND ISSUED CAPITAL

The share capital of Sphera Franchise Group SA on December 31st, 2025, was RON 581,990,100, divided into 38,799,340 ordinary shares with a nominal value of RON 15 per share (out of which 163,503 shares are owned by the Company). The share capital on December 31st, 2024, was the same.

The shareholders of Sphera Franchise Group SA as of December 31st, 2025, and December 31st,2024 are as follows:

Shareholder	Percent of shares on 31.12.2025	Percent of shares on 31.12.2024
Shaletia Ventures Ltd.	29.55%	29.55%
Computerland Romania SRL	20.53%	20.53%
Wellkept Group SA	17.07%	17.07%
Free-float	32.85%	32.85%

In accordance with the resolutions of the General Meetings of Shareholders, the Group executed two share buyback programs through market operations: one aimed at implementing the share-based benefit plan for management, while the other, initiated in 2024 and completed in January 2025, was focused on reducing the share capital through the cancellation of the repurchased shares.

As of 31 December 2025, the Company held 163,503 treasury shares for the two buyback programs (31 December 2024: 122,902 treasury shares). During the year ended 31 December 2025, the Company acquired 74,489 shares with a total amount paid of RON 2,881 thousand.

As part of the Group's share-based benefit plan, during the year ended 31 December 2025, SFG granted the Group's executive directors 33,888 free shares with a total value of RON 1,289 thousand, representing the first tranche of the share-based benefit plan for the activity carried out in 2023.

As for the shares held for the purpose of cancellation, on February 5th, 2026, Sphera Franchise Group informed the market about the registration of the share capital decrease of the Company within the Romanian Trade Register, as approved by the Extraordinary General Meeting of Shareholders through Decision no. 2 dated April 29th, 2025. Following this operation, the Company's share capital amounts to RON 580,101,930, divided into 38,673,462 registered shares, each with a nominal value of RON 15 per share. Subsequently, on February 13th, 2026, the Group received the Financial Instruments Registration Certificate from the Financial Supervisory Authority, and on February 17th, 2026, the new share capital was registered with the Central Depository.

ACTIVITY ON BUCHAREST STOCK EXCHANGE

Sphera Franchise Group's shares floated on the Main Market of the Bucharest Stock Exchange on November 9th, 2017, after a successful Initial Public Offering. Sphera Franchise Group is the first and the only foodservice operator listed on the Bucharest Stock Exchange.

Since September 24th, 2018, the shares of Sphera Franchise Group, available under 'SFG' symbol, are included in the main index of Bucharest Stock Exchange, BET, which is the benchmark index for the Romanian capital market. As of August 10th, 2023, SFG shares are included in the MSCI Frontier Markets Small Cap and MSCI Romania Small Cap indices.

In 2025, including DEAL trades, investors traded 3,805,374 SFG shares (-21% vs. 2024) with a total value of RON 152 million (-13% vs. 2024). Consequently, Sphera Franchise Group shares were the 15th most traded instruments on the Bucharest Stock Exchange (excluding DEAL trades) and 20th most traded including DEAL trades.

In the course of 2025, Sphera Franchise Group benefitted from Market Making services provided by Raiffeisen Bank International as well as BRK Financial Group.

SFG Share price evolution in 2025

In 2025, SFG shares recorded a decrease of 6.3% from price per share of RON 40.3 at 31.12.2024, to RON 37.75 at 31.12.2025, while the BET index grew 46% within the same period. The Total Return on SFG shares in 2025, including the dividends paid on June 6th and December 15th, 2025, was -1%, versus 55% increase registered for the BET-TR index in the same period.

GOVERNANCE

The General Shareholder Meeting (GSM) is the highest governing body of Sphera Franchise Group.

In 2025, the Company organized three Shareholder Meetings:

GENERAL MEETING OF THE SHAREHOLDERS FROM 28.01.2025

On January 28th, 2025, Sphera Franchise Group held the Ordinary General Meeting of Shareholders. During the meeting, the shareholders appointed ERNST & YOUNG ASSURANCE SERVICES S.R.L. as the financial auditor of the Company for a period of 2 years related to the financial years of 2025 and 2026, as well as the auditor of the Company for the reporting of the corporate sustainability statement for the financial years 2024, 2025 and 2026.

GENERAL MEETING OF THE SHAREHOLDERS FROM 29.04.2025

On April 29th, 2025, the Board of Directors of Sphera Franchise Group held the Ordinary and Extraordinary General Meeting of the Shareholders. During the OGSM, the shareholders approved the 2024 financial statements, the 2024 remuneration report and the 2025 budget. The shareholders also voted in favor of a payment of the gross dividend amounting to RON 1.09 per share, from the undistributed net profit of financial years 2023-2024. The dividend was paid on June 6th, 2025. The shareholders also approved in the OGSM the monthly remuneration granted to the Board Members as well as the Share Option Plan (SOP) for Directors for the activity in 2024.

In EGSM, the shareholders approved the share buyback of SFG shares for the implementation of SOP in the amount of maximum 42,238 shares as well as reduction of share capital RON 581,990,100 to RON 580,101,930, respectively with the amount of RON 1,888,170, as a result of the cancellation of 125,878 own shares acquired by the Company, in accordance with and motivated by the EGMS Resolution no. 3/26.04.2024.

GENERAL MEETING OF THE SHAREHOLDERS FROM 05.11.2025

On September 29th, 2025, the Board of Directors of Sphera Franchise Group convened the Ordinary General Meeting of the Shareholders for November 5th, 2025. During the OGSM, the shareholders approved a payment of the gross dividend amounting to RON 1.04 per share, from the undistributed net profit of financial year 2024. The dividend was paid on December 15th, 2025.

MANAGEMENT OF THE GROUP

BOARD OF DIRECTORS

Company is managed by the Board of Directors whose members are appointed for a mandate of 4 years. As of December 31st, 2025, the Board of Sphera Franchise Group has 5 members.

The structure of the Board of Directors as of December 31st, 2025, was the following:

Name	Date of appointment	Title	Role	Number of SFG shares directly held on 31.12.2025
Lucian Hoanca	April 27th, 2023	Chairman of the BoD	Non-executive member	-
Georgios Vassilios Repidonis	April 27th, 2023	Vice-Chairman of the BoD	Non-executive member	-
Silviu Gabriel Carmaciu	April 27th, 2023	Member of the BoD	Non-executive member	-
Mihai Ene	April 27th, 2023	Member of the BoD	Non-executive member	-
Razvan Stefan Lefter	April 27th, 2023	Member of the BoD	Independent member	-

LUCIAN HOANCA

Born in 1957, Mr Hoanca is a non-executive member of the Board of Directors of Sphera Franchise Group since 2018, as well as the Chairman of the Board since October 2020. He is also chairman of the Group's Nomination and Remuneration Committee. Mr Hoanca graduated from the Faculty of Foreign Languages at the University of Bucharest, being licensed in philology. Since 1995, he has held management positions in various companies such as ANA Group, EUROM, Exclusiv Comp, Baneasa Developments, Wellkept Group, Tatika Investments, Parc Hotels.

Affiliated companies:, Parc Hotels SA, Baneasa Developments SRL, Baneasa Investments SA, Wellkept Group SA.

GEORGIOS-VASSILIOS REPIDONIS

Born in 1961, Mr Repidonis is a non-executive member of the Group's Board of Directors since 2019 and Vice-Chairman of the Board of Directors of the Group since February 2022. Mr Repidonis graduated from the Faculty of Planning and Economic Cybernetics within the Academy of Economic Studies in Bucharest. His professional career has been in the field of executive management, development projects, product marketing and accounting. Between 1994 - 1997 he was a shareholder, administrator, and General Manager of Comtra Intl Distributor in Romania, and between 2004 - 2010 he was a shareholder and General Manager of El Greco restaurant in Bucharest. Mr Repidonis was also a shareholder and responsible for the development of the Romanian franchise of the Lacoste and Gant brands between 2001 and 2015.

Since 2008 he is a shareholder, administrator, and general manager of Cafe Nescafe cafes, and since 2015 he is general manager of Casa Doina restaurant in Bucharest. Until October 2025, Mr. Repidonis was also a member of the Board of Directors and an administrator at Baneasa Investments SA.

Affiliated companies: Casa Doina SRL, Dyonissos Group SRL, Midi Development SRL.

GABRIEL- SILVIU CARMACIU

Born in 1980, Mr Carmaciu is a non-executive member of the Group's Board of Directors since May 2017. He is licensed in Economics, specializing in Finance, Banking and Accounting. He postgraduate courses in International Economic Relations, Security and National Defense; also graduated professional trainings in Banking, General Management, Coaching and Leadership, Financial Management.

He carried out various management roles in Banking Industry and Private Companies like Strategic and Treasury Management, Investments, Consulting and Services.

Affiliate companies: Computerland Romania SRL.

RAZVAN-STEFAN LEFTER

Born in 1980, Mr Lefter is an independent, non-executive member of the Board of Directors of the Sphera Group since November 2018. He is also chairman of the Group's Audit Committee. He graduated from the Faculty of Finance, Insurance, Banking and Stock Exchanges at the Academy of Economic Studies in Bucharest and holds the title of CFA (Chartered Financial Analyst) awarded by CFA Institute since 2008. He is currently Managing Partner at RSL Capital Advisors, but also a member of the boards of directors of companies such as Mundus Services AD Bulgaria or Eurohold AD Bulgaria. He was also a member of the Boards of Directors or Supervisory Board of companies such as SIF Muntenia, Cemacon Zalau, CONPET Ploiesti, TeraPlast Bistrita. At the beginning of his career, Mr. Lefter held several positions at ING Bank, being among others an analyst at the bank's headquarters in the Netherlands, after which he was Senior Equity Sales Trader at EFG Eurobank Securities and Swiss Capital Romania.

Affiliated companies: RSL CAPITAL ADVISORS SRL, Eurohold AD Bulgaria, Mundus Services AD Bulgaria.

MIHAI ENE

Mr. Ene was born in 1975 and has been a non-executive member of the Board of Directors since February 4, 2022. He graduated from the Faculty of Business and Tourism at the Academy of Economic Studies, later obtaining a Diploma in Hospitality Management at Ecole Hoteliere de Lausanne in Switzerland. Over time, he has participated in numerous courses and programs for professional development and specialization. He is currently General Manager and Chairman of the Board of Directors of Practic SA and member of the Board of Directors of Universal SA. At the beginning of his career, for a long time, he worked in the hotel sector, holding positions from Front Desk Officer to Deputy General Manager.

Affiliated companies: Practic SA, Universal SA, POMCC SA (Piata Obor Market & Trade Centre), Aviatia Utilitara Bucuresti SA.

Based on the declarations provided by the members of the Board of Directors, during the last 5 years none of the members of the Board of Directors of Sphera Franchise Group has been banned by a court from serving as a member of the board of directors or supervisory board of a company. Furthermore, during the same period, there have been no cases of insolvency, liquidation, bankruptcy or special administration of companies in which the members of the Board of Directors held positions as members of the board of directors or supervisory board. In addition, during the last 5 years, there have been no litigations or administrative procedures involving any member of the Board of Directors in connection with their activity within the issuer, nor any procedures relating to their capacity to fulfil their duties within the Company.

There are no agreements, understandings or family connections between any of the members of the Board of Directors and other persons pursuant to which they were appointed as administrators of the Company.

CONSULTATIVE COMMITTEES

The Board of Directors established an Audit Committee and a Nomination and Remuneration Committee. Both the Audit Committee and the Nomination and Remuneration Committee comprises of three members of the Board, of which one is elected chairman. The latest elections for the members of the Committees took place on May 12th, 2023.

The members of the Audit Committee as of December 31st, 2025, were:

- Razvan-Stefan Lefter – Chairman;
- Mihai Ene – member;
- Georgios-Vassillios Repidonis – member.

The members of the Nomination and Remuneration Committee as of December 31st, 2025, were:

- Lucian Hoanca – Chairman;
- Gabriel-Silviu Carmaciu – member;
- Georgios-Vassillios Repidonis – member.

EXECUTIVE MANAGEMENT

The Board of Directors delegates the management of the Company to managers who fulfil their functions based on mandate contracts. There were no changes to the Executive Management team in the course of 2025.

The biographies of the executive team of Sphera Franchise Group are available below.

CĂLIN IONESCU, CHIEF EXECUTIVE OFFICER

Date of most recent appointment: May 1st, 2023

Born in 1969, Mr. Calin Ionescu has been the Chief Executive Officer (CEO) since October 2020 and until then he has been the Chief Operating Officer of the Sphera Franchise Group (COO) starting August 2017. Mr. Ionescu studied Marketing and Management at the Romanian-American University of Bucharest. His activity in the field of restaurants started in 1994, with the opening of the first Pizza Hut restaurant managed by ARS (Romania).

Mr. Ionescu held various positions in operations, from Restaurant Manager to Chief Operating Officer, and in October 2020 he was appointed CEO, having previously held this position on an interim basis for a period of six months. Throughout this period, he actively participated in the process of expanding KFC and Pizza Hut in Romania and the Republic of Moldova, and in 2016, he laid the foundations for the development of KFC in northeastern and northwestern Italy. Under his supervision, the performance of the KFC and Pizza Hut brands in Romania was consistently in the top three countries according to the operational performance standards of Yum!.

Number of SFG shares held as of 31.12.2025: 53,242 shares.

VALENTIN BUDES, CHIEF FINANCIAL OFFICER

Date of most recent appointment: October 24th, 2024

Born in 1983, Mr. Budeș is the Chief Financial Officer (CFO) of Sphera Franchise Group since May 2019. Valentin Budeș attended the Faculty of Economic Studies in Foreign Languages, French section, at the Academy of Economic Studies in Bucharest and holds a master's degree in "International Accounting" from same university.

Mr. Budeș holds a diploma in Leadership Development (PLD40) at Harvard Business School, he is a senior member of the Association of Chartered and Certified Accountants (ACCA) and holds a certification in risk management issued by the Institute of Internal Auditors of the United States of America. In Romania, Valentin Budes is a CECCAR member, an accounting expert, and an insolvency practitioner, being a UNPIR member.

Before working in the field of restaurants, Valentin Budeș worked in the field of financial consulting at KPMG Romania; the financial division within the telecommunications companies of the Telekom Romania group (Cosmote, Telemobil, Germanos and Nextgen); and before joining the Sphera Franchise Group he was responsible for approximately 3 years for the financial activities of the Medicover Romania Group.

Number of SFG shares held as of 31.12.2025: -

MONICA EFTIMIE, CHIEF MARKETING OFFICER

Date of most recent appointment: October 24th, 2024

Born in 1979, Mrs. Eftimie has been the Group's Director of Marketing (CMO) since August 2017. She is a graduate of Northwestern University and has a master's degree in business administration from Georgetown University.

Since 2013, she has been the Marketing Director of ARS (Romania) and USFN (Romania), and in this capacity she coordinated the marketing activities for the brands KFC, Pizza Hut, Pizza Hut Delivery and developed and implemented local marketing campaigns for these brands. Mrs. Eftimie also held the position of Marketing Director in the company that operates the Paul brand in Romania.

With over 10 years of experience in the food industry, Mrs. Eftimie started her marketing career with internships at Accor Group (France) and Saatchi & Saatchi Advertising. She later developed complex marketing campaigns for some of the most well-known names in the food industry.

Number of SFG shares held as of 31.12.2025: -

None of the members of executive team were in the past 5 years forbidden by the court to fulfil the position of a Member of a Board of Directors or Supervisory Board. In past 5 years, there were no cases of insolvency, liquidation, bankruptcy, or special administration of companies where the executive members sat on the Board of Directors or Supervisory Board. None of the executive managers carries professional activity which would compete with that of the issuer.

EMPLOYEES

As of December 31st, 2025, the Group had 4,922 employees and 74 leased employees, of which 4,394 employees and 74 leased employees were in Romania, 420 in Italy and 108 in the Republic of Moldova. Throughout 2025, the Group continued the process of digitalizing its network through further deployment of digital kiosks to simplify the selling process, as well as carried on with the project of hiring employees from abroad.

CONSOLIDATED FINANCIAL RESULTS

Starting 1 January 2019, Sphera Franchise Group applies IFRS 16 'Leases' standard that sets out the principles for the recognition, measurement, presentation, and disclosure of leases. When analyzing the performance of the Group, the management's focus is on the financial results that exclude the impact of IFRS 16. ***Therefore, the basis for the financial analysis on the following pages are the results excluding IFRS 16****. Nonetheless, for most of the tables below are provided financial results both including, as well as excluding the impact of IFRS 16. For more information on the impact of IFRS 16 Leases on the consolidated financial statements of Sphera, please refer to the Consolidated Financial Statements.*

The Group recorded total sales of RON 1,570.9 million in FY 2025, representing an increase of 1.5% compared to FY 2024, with revenue evolution reflecting typical seasonality in the restaurant industry, with stronger activity in the second half of the year.

Q1 2025 sales totaled RON 362.6 million, broadly stable compared to the same period of the previous year. The first quarter continued to reflect a more moderate level of activity following the holiday season, with Romania remaining the main contributor to Group revenues.

Sales increased in Q2 2025 to RON 382.6 million, reflecting improved commercial activity and sustained demand across the Group's core brands. Romania continued to drive the majority of revenues, while Italy and the Republic of Moldova maintained stable contributions.

The Group recorded RON 405.9 million in sales in Q3 2025, reflecting seasonal strengthening during the summer period, when restaurant traffic typically increases. The performance was supported by continued expansion of the network and solid demand across the Group's brands.

In Q4 2025, sales reached RON 419.8 million, representing the highest quarterly level of the year and a 3.7% increase compared to Q4 2024, supported by stronger consumer spending during the holiday season.

From a geographic perspective, Romania remained the dominant market, accounting for the majority of Group revenues throughout the year and recording RON 1,346.2 million in FY 2025 (85.7% of total sales), broadly stable year-on-year. Italy generated RON 196.4 million in FY 2025 (12.5% of total sales), reflecting a 2.4% increase compared to the previous year, while the Republic of Moldova recorded the strongest growth rate, with sales increasing 19.7% year-on-year to RON 28.3 million (1.8% of total sales), albeit from a smaller base.

Data in RON '000	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25	Q3-25	Q4-25	Δ FY 2025 /2024
Romania	317,123	322,346	347,241	346,252	311,079	327,447	346,626	361,014	***1.0%***
Italy	43,303	46,321	50,530	51,594	44,736	48,362	52,205	51,121	***2.4%***
Rep. Moldova	5,498	5,418	5,667	7,089	6,772	6,813	7,070	7,680	***19.7%***
Total sales	**365,924**	**374,085**	**403,438**	**404,935**	**362,587**	**382,622**	**405,901**	**419,816**	***1.5%***

At brand level, KFC remained the key driver of the Group's performance, generating RON 1,356.6 million in FY 2025, representing the vast majority of Group sales (86.4% of total sales). Taco Bell continued to record the strongest growth, with sales increasing 16.2% year-on-year to RON 106.7 million (6.8% of total sales), supported by continued network expansion and increasing consumer traction. Pizza Hut generated RON 106.8 million in FY 2025 (6.8% of total sales), reflecting a slight 1.5% decrease compared to the previous year, as the Group continued to optimize the brand's operating footprint. In addition, Cioccolatitaliani began contributing to Group revenues in the second half of 2025 (RON 0.8 million in total sales), marking the initial stage of development of this new concept within the portfolio.

.

Data in RON '000	Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25	Q3-25	Q4-25	Δ FY 2025 /2024
KFC	317,624	326,987	352,463	351,059	311,314	330,430	352,853	362,035	***0.6%***
Pizza Hut	27,436	25,679	26,886	28,407	27,172	26,183	25,301	28,120	***-1.5%***
Taco Bell	20,865	21,427	24,093	25,490	24,110	25,959	27,229	29,446	***16.2%***
Cioccolatitaliani	-	-	-	-	-	52	494	250	*-*

Overall, in 2025, sales across the Group increased 1.5%, reaching RON 1,570.9 million, with other restaurant income amounting to RON 6.1 million, compared to RON 2.3 million in 2024.

Restaurant expenses amounted to RON 1,425.3 million in 2025, representing a 5.1% increase year-on-year, outpacing the growth in restaurant sales. Consequently, the weight of restaurant expenses in total sales increased by 3.2pp, from 87.6% in 2024 to 90.7% in 2025. It is important to note that the majority of the cost pressure was recorded in the first half of the year, while the second half, particularly Q4 2025, showed signs of stabilization and rebound.

Summary of Consolidated Financial Statements for FY (excluding IFRS 16 Impact):

Data in RON'000	2025	2024	Y/Y % 2025 / 2024	% of Sales 2025	% of Sales 2024	Δ pp
Restaurant sales	**1,570,926**	**1,548,382**	**1.5%**			
Other restaurant income	**6,096**	**2,280**	**167.4%**			
Restaurant expenses	**1,425,304**	**1,355,965**	**5.1%**	**90.7%**	**87.6%**	**3.2%**
Food and material	491,155	483,551	1.6%	31.3%	31.2%	0.0%
Payroll and employee benefits	373,035	344,065	8.4%	23.7%	22.2%	1.5%
Rent	111,907	109,605	2.1%	7.1%	7.1%	0.0%
Royalties	94,391	93,014	1.5%	6.0%	6.0%	0.0%
Advertising	81,645	79,750	2.4%	5.2%	5.2%	0.0%
Other operating expenses	216,752	202,633	7.0%	13.8%	13.1%	0.7%
Depreciation and amortization	56,419	43,346	30.2%	3.6%	2.8%	0.8%
Restaurant operating profit	**151,718**	**194,698**	**-22.1%**	**9.7%**	**12.6%**	**-2.9%**
General & Admin expenses	67,529	64,274	5.1%	4.3%	4.2%	0.1%
Operating profit	**84,189**	**130,424**	**-35.5%**	**5.4%**	**8.4%**	**-3.1%**
Finance costs	8,458	10,393	-18.6%	0.5%	0.7%	-0.1%
Finance income	598	564	6.1%	0.0%	0.0%	0.0%
Profit before tax	**76,329**	**120,596**	**-36.7%**	**4.9%**	**7.8%**	**-2.9%**
Income tax expense	15,190	23,410	-35.1%	1.0%	1.5%	-0.6%
Profit for the period	61,140	97,185	-37.1%	3.9%	6.3%	-2.3%
Normalized[2] profit for the period	**71,896**	**97,185**	**-26.0%**	**4.6%**	**6.3%**	**-1.7%**
EBITDA	144,344	176,892	-18.4%	9.2%	11.4%	-2.2%
Normalized[2] EBITDA	**147,840**	**176,892**	**-16.4%**	**9.4%**	**11.4%**	**-2.0%**

[2] EBITDA was normalized for 2025 to exclude one-off items mainly related to restructuring and store closures, including costs linked to the closing of KFC Italy Bari (RON 1.6m), costs associated with the closure of KFC Italy Verona Piazza Delle Erbe (RON 1.4m), and costs related to the closing of 7 Pizza Hut locations (RON 0.8m). Additionally, normalization includes the reversal of a provision related to a litigation with a former non-executive director (RON -0.3m), initially booked in Q3 2023. Total normalized EBITDA items amounted to RON 3.5m. There were no normalization items in FY 2024.

Net profit was normalized for 2025 to exclude the above-mentioned costs plus the impairment of non-recoverable non-current assets related to: the relocation of KFC IS Palas Drive (RON 1.2m) and 1 Taco Bell location (RON 0.6m), as part of a landlord-led redesign project, related to the closing of 7 Pizza Hut locations (RON 1.9m) and to the closing of KFC Italy Bari and KFC Verona Piazza Delle Erbe (RON 3.5 m). Total normalized net profit items amounted to RON 10.8m. There were no normalization items in FY 2024.

At the level of restaurant expenses, most categories recorded increases during the year. Food and material costs grew by 1.6% YoY to RON 491.2 million, remaining broadly stable as a share of sales at 31.3%. Payroll and employee benefits increased 8.4% YoY to RON 373 million, mirroring labor market pressures particularly visible in H1 2025, with their weight in sales increasing by 1.5pp to 23.7% for the full year.

Rent expenses increased 2.1% YoY to RON 111.9 million, reflecting the variable rent structure linked to sales evolution and the contribution of new openings. Royalties grew in line with sales, increasing 1.5% YoY to RON 94.4 million, while advertising expenses rose 2.4% YoY to RON 81.6 million, remaining stable as a percentage of sales. Other operating expenses increased 7.0% YoY to RON 216.8 million, mainly driven by higher third-party and operational costs.

Depreciation and amortization recorded a 30.2% YoY increase, reaching RON 56.4 million. Excluding the normalized effect of RON 7.3 million related to asset write-offs associated with store relocations and closures, the increase was primarily driven by the new restaurant openings.

Summary of Consolidated Financial Statements for FY – with and without IFRS 16 impact						
Data in RON'000	2025	2025	2024	2024	Change (%)	
	1	2	1	2	2025/2024 (1)	2025/2024 (2)
Restaurant sales	**1,570,926**	**1,570,926**	**1,548,382**	**1,548,382**	**1.5%**	**1.5%**
Other restaurant income	**8,989**	**6,096**	**3,286**	**2,280**	**173.6%**	**167.4%**
Restaurant expenses	**1,411,304**	**1,425,304**	**1,344,150**	**1,355,965**	**5.0%**	**5.1%**
Food and material	491,155	491,155	483,551	483,551	1.6%	1.6%
Payroll and employee benefits	373,035	373,035	344,065	344,065	8.4%	8.4%
Rent	30,666	111,907	33,863	109,605	-9.4%	2.1%
Royalties	94,391	94,391	93,014	93,014	1.5%	1.5%
Advertising	81,645	81,645	79,750	79,750	2.4%	2.4%
Other operating expenses	216,752	216,752	202,633	202,633	7.0%	7.0%
Depreciation and amortization	123,660	56,419	107,273	43,346	15.3%	30.2%
Restaurant operating profit	**168,611**	**151,718**	**207,519**	**194,698**	**-18.7%**	**-22.1%**
General & Admin expenses	67,117	67,529	63,338	64,274	6.0%	5.1%
Operating profit	**101,494**	**84,189**	**144,181**	**130,424**	**-29.6%**	**-35.5%**
Finance costs	31,017	8,458	25,499	10,393	21.6%	-18.6%
Finance income	598	598	564	564	6.1%	6.1%
Profit before tax	**71,075**	**76,329**	**119,246**	**120,596**	**-40.4%**	**-36.7%**
Income tax expense	14,202	15,190	21,859	23,410	-35.0%	-35.1%
Profit for the period	56,873	61,140	97,387	97,185	-41.6%	-37.1%
Normalized[3] profit for the period	**65,412**	**71,896**	**97,387**	**97,185**	**-32.8%**	**-26.0%**
EBITDA	232,554	144,344	257,717	176,892	-9.8%	-18.4%
Normalized[3] EBITDA	**233,833**	**147,840**	**257,717**	**176,892**	**-9.3%**	**-16.4%**

Notes: (1) Including the impact of the adoption of IFRS 16; (2) Excluding the impact of the adoption of IFRS 16.

[3] Same normalization items as described in footnote in the second table, presenting summary of Consolidated Financial Statements for FY.

Restaurant operating profit at KFC Romania ("USFN Romania") reached RON 131.4 million in 2025 (-18.6% YoY), followed by KFC Italy ("USFN Italy"), which contributed RON 9.4 million (-48.0% YoY), Taco Bell ("CFF"), which generated RON 9.3 million (-2.5% YoY) and KFC Moldova ("USFN Moldova"), with RON 4.4 million (+1.1% YoY). Pizza Hut ("ARS") generated a restaurant operating loss of RON 2.1 million. Excluding normalized items of RON 2.7m, restaurant operating profit was RON 0.6 million, compared to a profit of RON 1 million registered in the prior year, which supported management's decision to further streamline the network with the objective of restoring profitability. Cioccolatitaliani ("CHOCO"), which inaugurated its first and only location during 2025, recorded a restaurant operating loss of RON 1.5 million for the full year.

Breakdown of Consolidated Results by Group companies – 2025 (excluding IFRS 16 impact):

Data in RON'000	USFN (RO)	ARS	USFN (MD)	USFN (IT)	CHOCO (IT)	CFF	HRC	SFG	Cons. Adj.	SFG Cons
Restaurant sales	**1,132,667**	**106,777**	**28,336**	**195,629**	**795**	**106,744**	**-**	**42,384**	**(42,406)**	**1,570,926**
Dividends revenue	-	-	-	-	-	-	-	106,756	(106,756)	-
Other restaurant income	4,404	1,319	-	-	-	168	-	305	(100)	6,096
Restaurant expenses	**1,005,689**	**110,222**	**23,946**	**186,244**	**2,307**	**97,607**	**-**	**-**	**(713)**	**1,425,304**
Food and material	365,044	28,659	10,553	52,695	284	33,920	-	-	-	491,155
Payroll and employee benefits	263,654	31,642	4,874	47,464	933	24,468	-	-	-	373,035
Rent	75,611	10,134	1,596	16,682	220	7,663	-	-	-	111,907
Royalties	67,938	6,380	1,700	11,981	-	6,392	-	-	-	94,391
Advertising	57,285	5,817	1,107	12,057	217	5,646	-	-	(484)	81,645
Other operating expenses	142,556	22,591	3,449	32,810	479	14,973	-	-	(106)	216,752
Depreciation	33,602	4,999	667	12,555	175	4,545	-	-	(123)	56,419
Restaurant operating profit	**131,382**	**(2,127)**	**4,390**	**9,385**	**(1,512)**	**9,305**	**0**	**149,445**	**(148,549)**	**151,718**
G&A expenses	45,572	6,564	732	12,458	430	4,106	16	48,228	(50,577)	67,529
Operating profit/(loss)	**85,810**	**(8,691)**	**3,658**	**(3,073)**	**(1,943)**	**5,198**	**(16)**	**101,218**	**(97,972)**	**84,189**
Finance costs	7,823	802	294	2,062	233	603	-	1,445	(4,804)	8,458
Finance income	3,526	4	-	174	-	0	-	1,699	(4,804)	598
Profit/(Loss) before tax	**81,513**	**(9,489)**	**3,363**	**(4,961)**	**(2,175)**	**4,595**	**(16)**	**101,472**	**(97,972)**	**76,329**
Income tax expense	14,447	-	458	(571)	(3)	790	-	68	-	15,190
Profit/(Loss) for the period	67,066	(9,489)	2,905	(4,391)	(2,172)	3,805	(16)	101,403	(97,972)	61,140
Normalized[1] Profit/(Loss) for the year	**74,270**	**(6,781)**	**2,905**	**2,143**	**(2,172)**	**4,410**	**(16)**	**103,811**	**(106,673)**	**71,896**
EBITDA	121,417	(3,069)	4,399	9,569	(1,766)	9,891	(16)	102,183	(98,263)	144,344
Normalized[1] EBITDA	**127,406**	**(2,260)**	**4,399**	**12,560**	**(1,766)**	**9,891**	**(16)**	**104,590**	**(106,964)**	**147,840**

[1] Same normalization items as described in footnote in the second table, presenting summary of Interim Consolidated Financial Statements for FY. Additionally, at individual level, normalized EBITDA for 2025 excludes the impairment loss for the investment of SFG in ARS (2,712) and the impairment loss on intercompany loan granted by USFN to ARS (5,989).

G&A expenses increased by 5.1% YoY in 2025 and remained stable as a percentage of sales at 4.3%, a 0.1pp increase. As a result, normalized EBITDA at the level of the Group stood at RON 147.8 million, reflecting a 16.4% YoY decrease, primarily due to higher restaurant operating costs especially in the first half of 2025, and the inelasticity of the G&A expenses.

	Data in RON '000				Change (%)		Percentage of sales			
	2025 (1)	2025 (2)	2024 (1)	2024 (2)	2025/ 2024 (1)	2025/ 2024 (2)	2025 (1)	2025 (2)	2024 (1)	2024 (1)
General and administration (G&A) expenses	**67,117**	**67,529**	**63,338**	**64,274**	**6.0%**	**5.1%**	**4.3%**	**4.3%**	**4.1%**	**4.2%**
Payroll and employee benefits	46,138	46,138	44,997	44,997	2.5%	2.5%				
Third-party services	9,350	9,350	8,278	8,278	13.0%	13.0%				
Depreciation and amortization	7,400	3,737	6,263	3,122	18.2%	19.7%				
Rent	230	4,306	227	4,303	1.8%	0.1%				
Banking charges	612	612	637	637	-3.9%	-3.9%				
Transport	1,820	1,820	1,474	1,474	23.4%	23.4%				
Other*	1,567	1,567	1,462	1,462	7.1%	7.1%				

Note: (1) Including the impact of the adoption of IFRS 16; (2) Excluding the impact of the adoption of IFRS 16.
**Other expenses include maintenance & repairs, smallware, insurance, phone & postage, miscellaneous expenses.*

Net finance costs decreased by 20% YoY, from RON 9.8 million in 2024 to RON 7.9 million in 2025, primarily reflecting improved financing conditions and lower interest expenses. Profit before tax amounted to RON 76.3 million, representing a 36.7% YoY decrease, while income tax expense declined by 35.1% YoY to RON 15.2 million.

The 37.1% YoY decline in net profit for 2025, to RON 61.1 million, was mainly driven by elevated operating expenses and weak consumption trends in Romania during the first half of the year, particularly payroll and other operating costs, which led to margin compression at restaurant level. While the second half of the year showed gradual improvement and Q4 delivered a notably stronger performance, this recovery was not sufficient to offset the weaker results recorded in H1 2025.

Net profit and EBITDA for 2025 were also influenced by one-off normalization items recorded throughout the year, amounting to RON 10.8 million at profit level and RON 3.5 million at EBITDA level, mainly related to restructuring measures and store closures in Italy and the planned closing of the unprofitable stores from the Pizza Hut network, as well as asset write-offs associated with relocations. Consequently, excluding the impact of these one-off measures, the normalized EBITDA decreased by 16.4% YoY to RON 147.8 million, while normalized net profit declined by 26% YoY to RON 71.9 million.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position is prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union, and includes the impact of IFRS 16 – Leases.

In terms of consolidated statement of financial position, out of total assets, 82% represent non-current assets, broadly stable compared to the previous year. Non-current assets increased slightly by 0.7% YoY to RON 636.9 million, mainly reflecting investments in new restaurants and ongoing refurbishment of existing locations. Property, plant and equipment increased by 2.9% YoY to RON 256.8 million, while intangible assets increased by 3.6% YoY to RON 61.4 million. At the same time, right-of-use assets slightly decreased by 2.5% YoY to RON 285.8 million, reflecting the amortisation of lease contracts partially offset by new restaurant openings.

Current assets decreased by 6.7% YoY to RON 141.2 million, mainly due to a reduction in the cash position, which declined by 11.4% YoY to RON 102.6 million. At the same time, inventories increased by 4.3% YoY to RON 17.1 million, mainly reflecting higher levels of raw materials correlated with the new restaurant openings, while trade and other receivables remained broadly stable at RON 13.0 million. Prepayments increased to RON 8.5 million, compared to RON 6.5 million in the previous year.

Consolidated total equity decreased by 18.1% YoY to RON 126.9 million, mainly reflecting the lower net profit recorded during the year, which translated into a decrease in retained earnings.

Consolidated total liabilities increased by 3.6% YoY to RON 651.1 million, primarily driven by higher borrowings and operational liabilities. Non-current liabilities increased by 2.1% YoY to RON 365.5 million, mainly reflecting the increase in long-term borrowings to RON 106.2 million, while lease liabilities decreased slightly to RON 251.8 million.

Current liabilities increased by 5.5% YoY to RON 285.7 million, mainly due to the increase in trade and other payables to RON 163.6 million and current lease liabilities to RON 71.3 million, reflecting the operational expansion of the Group.

A summary of consolidated financial position as of December 31st, 2025 and December 31st, 2024, is presented below:

Data in RON'000	31-Dec-25	31-Dec-24	Δ '25/'24
Total non-current assets	**636,852**	**632,258**	**0.7%**
Property, plant and equipment	256,776	249,618	2.9%
Right-of-use assets	285,821	293,279	-2.5%
Intangible assets and goodwill	61,430	59,304	3.6%
Other non-current assets	32,825	30,057	9.2%
Total current assets	**141,191**	**151,286**	**-6.7%**
Inventories	17,104	16,396	4.3%
Trade and other receivables	12,993	12,661	2.6%
Prepayments	8,539	6,465	32.1%
Cash and cash equivalents	102,555	115,764	-11.4%
Total assets	**778,043**	**783,544**	**-0.7%**

Total equity	**126,924**	**154,987**	**-18.1%**
Total liabilities	**651,119**	**628,557**	**3.6%**
Total non-current liabilities	**365,466**	**357,781**	**2.1%**
Other non-current liabilities	113,622	99,351	14.4%
Lease liabilities (IFRS 16)	251,844	258,430	-2.5%
Total current liabilities	**285,653**	**270,776**	**5.5%**
Other current liabilities	214,386	205,925	4.1%
Lease liabilities (IFRS 16)	71,267	64,851	9.9%
Total equity and liabilities	**778,043**	**783,544**	**-0.7%**

STANDALONE FINANCIAL RESULTS

Sphera Franchise Group's individual revenues include dividend income from subsidiaries (US Food Network SA and US Food Network SRL) and revenues from services rendered. Dividend revenue from investments is recognized when the shareholder's right to receive payment has been established which is generally when shareholders approve the dividend.

Revenues from services refer to management and support services provided to its subsidiaries, such as: marketing, development and project management, services for restaurants network expansion, sales support, human resources, and other services. For calculating the price of services rendered, the Company applies a mark-up to cost of service, determined based on benchmark analysis as requested by transfer pricing legislation.

Net profit for 2025 was RON 101.5 million (2024: RON 88.7 million), the increase being mainly determined by the 14% increase in revenue from dividends.

Details of the investments in subsidiaries as at December 31st, 2025 and December 31st, 2024, respectively, are as follows:

Data in RON'000

Company	Share interest percent	31 December 2025			31 December 2024		
		Investment at cost	Accumulated impairment loss	Carrying value	Investment at cost	Accumulated impairment loss	Carrying value
US Food Network SA (Romania)	99.9997%	520,152		**520,152**	520,013	-	**520,013**
American Restaurant System SA (Romania)	99.9997%	114,568	69,556	**45,012**	114,568	66,844	**47,724**
California Fresh Flavors SRL (Romania)	99.9900%	16,528		**16,528**	16,528	-	**16,528**
US Food Network SRL (Moldova)	80.0000%	1,735		**1,735**	1,735	-	**1,735**
US Food Network SRL (Italy)	100.0000%	77,899		**77,899**	77,899	-	**77,899**
HRC Restaurants SRL	100.0000%	200		**200**	-	-	**-**
Total		**731,082**	**69,556**	**661,526**	**730,743**	**66,844**	**663,899**

In 2025, the Company increased the investment in USFN RO with the amount of RON 139 thousand, representing the value of its own treasury shares that are to be granted to the management of subsidiaries, as part of the share-based payment program. At the same time, the impairment for the investment with ARS has increased by RON 2,712 thousand.

As of December 31st, 2025, the Company assessed whether there are indicators of impairment for its cost of investment in subsidiaries and further to the analysis performed no impairment resulted for investments in US Food Network SA, US Food Network SRL (Moldova), US Food Network SRL (Italy) and California Fresh Flavors SRL. For ARS, there was a decrease of the recoverable amount of additional RON 2.7 million for which the Company recognized an impairment loss in the financial statements as at and for the year ended 31 December 2025.

FY Standalone Financial Statements

Data in RON'000	**2025**	**2024**	**Δ'25/'24**
Dividend revenues	106,756	94,025	13.5%
Revenue from service contracts with related parties	42,384	42,479	-0.2%
Other income	981	18	5273.1%
Payroll and employee benefits	36,232	35,892	0.9%
Impairment loss of investments in subsidiaries	2,712	2,165	25.3%
Other expenses	9,618	8,293	16.0%
Operating profit	101,559	90,172	12.6%
Financial result (gain/loss)	21	(1,287)	-
Profit before tax	101,580	88,885	14.3%
Income tax expense	69	165	-58.6%
Profit for the period	**101,511**	**88,720**	**14.4%**

In regards the financial position, the main elements of the balance sheet as of 31 December 2025 are detailed below.

Data in RON'000	**31-Dec 2025**	**%**	**31-Dec 2024**	**%**
Assets				
Non-current assets	709,304	94%	706,994	94%
Current assets	45,176	6%	36,630	6%
Total assets	**754,480**	**100%**	**743,624**	**100%**
Total equity	**709,305**	**94%**	**691,991**	**92%**
Non-current liabilities	30,064	67%	33,895	5%
Current liabilities	15,111	33%	17,738	2%
Total liabilities	**45,175**	**6%**	**51,633**	**8%**
Total equity and liabilities	**754,480**	**100%**	**743,624**	**100%**

On the balance sheet, besides cash, current assets refer to amounts invoiced to related parties for management and support services of RON 26.8 million (31 December 2024: RON 20.8 million), dividends to be received RON 15.2 million (31 December 2024: RON 1.1 million), other receivables of RON 0.8 million (31 December 2024: 1.9 million).

Non-current assets comprise mainly net investments in subsidiaries of RON 661.5 million (31 December 2024: RON 663.9 million) and loans and related interest granted to the subsidiaries of RON 44.2 million (31 December 2024: 37 million).

Other non-current assets refer to property, plant and equipment and intangible assets of RON 1.5 million (31 December 2024: RON 1.9 million), right-of-use assets of RON 2.1 million (31 December 2024: RON 4.1 million) and deferred tax asset recognized for the fiscal loss carried forward RON 0.1 million (31 December 2024: RON 0.1 million).

Non-current liabilities are mainly related to loans (bank loan and loan from one of its subsidiaries, US Food Network SA) in total amount of RON 28.6 million (31 December 2024: RON 30.9 million) and the lease liabilities from lease of office premises and administrative vehicles of RON 1.5 million (31 December 2024: RON 3 million). Current liabilities mainly refer to trade and other payables of RON 10.2 million (31 December 2024: 8.5million) and short-term portion of long-term loans and lease liabilities of RON 4.9 million (31 December 2024: 8.9 million).

MAIN FINANCIAL RATIOS

The main financial ratios of Sphera Franchise Group, based on the audited consolidated result as of December 31st, 2025, are presented below, together with the audited FY 2024 ratios. All the ratios are calculated including IFRS 16 impact.

Financial data in RON '000	12M Period ended 31.12.2025		12M Period ended 31.12.2024	
Current ratio				
Current assets / Current liabilities	**141,191** / 285,653	**= 0.49**	**151,286** / 270,776	**= 0.56**
Debt to Equity ratio				
Interest-bearing debt (long term) / Equity	**358,041** / 126,924	**= 282%**	**350,622** / 154,987	**= 226%**
Interest-bearing debt (long term) / Capital employed	**358,041** / 484,965	**= 74%**	**350,622** / 505,609	**= 69%**
Trade receivables turnover (days)				
Average receivables / Sales	**12,827** / 1,570,926	**= 2.94**	**11,412** / 1,548,382	**= 2.65**
Fixed asset turnover				
Sales / Net fixed assets	**1,570,926** / 604,027	**= 2.60**	**1,548,382** / 602,201	**= 2.57**

Notes: Based on the ASF methodology.

BRAND & SALES PERFORMANCE

In 2025, the European consumer environment remained resilient but selective. After a weak start to the year, Eurostat data showed a recovery in EU household real consumption through the second and third quarters, while household final consumption continued to support GDP growth in the fourth quarter. At the same time, consumer sentiment remained cautious, with the European Commission noting that confidence stabilised only gradually and stayed below its long-term average. In foodservice-related sectors, EU accommodation and food services activity remained above prior-year levels during most of the second half of 2025, while travel demand was supportive, with tourist nights in EU accommodation reaching another record.

Romania, Sphera's main market, operated in a more demanding macroeconomic environment marked by elevated inflation and fiscal measures affecting disposable income. Economic growth slowed compared to previous years, with GDP estimated to have increased by approximately 0.7% in 2025, while consumer price inflation remained elevated at around 6-7% on average. In this context, household consumption continued to expand but at a more moderate pace, with consumers showing increased price sensitivity and a stronger focus on value and convenience in their spending decisions.

Italy offered a comparatively more stable macroeconomic environment, characterized by lower inflation of approximately 1.7% and modest economic growth estimated at around 0.4% in 2025. Household consumption remained supported by the gradual recovery in real incomes and by sustained tourism activity, which continued to support demand in the foodservice and hospitality sectors.

In the Republic of Moldova, economic activity remained supported by domestic demand and wage growth, with GDP estimated to have increased by approximately 2.7% in 2025. Household consumption continued to expand, although consumer spending remained influenced by inflationary pressures, with average consumer prices increasing by around 7-8% during the year.

MARKET SHARE

KFC holds a strong position in Romania's quick-service restaurant (QSR) sector. According to the latest available data for Q4 2025, it is the second player in the chained QSR segment with an 18.5% market share by value and continues to lead the QSR chicken category. The brand recorded 93% brand awareness among Romanian consumers (BIT, September 2025), maintaining high levels of customer consideration and recommendation.

KFC is recognized for its superior taste, a key factor in its success. It ranks highest for taste-related attributes, including "best tasting chicken," "freshest ingredients," "high quality food," and "food is freshly prepared." Key products include Crispy Strips, Garlic Sauce, Smart Menu, Crispy Sandwich, Hot Wings, and Buckets, which are central to its identity and customer appeal.

The brand has also been the most awarded in the QSR category at the Effie Awards, recognizing the effectiveness of its marketing campaigns. This distinction highlights KFC Romania's ability to engage consumers and its significant contribution to the success of Sphera Franchise Group.

Pizza Hut stands as a leading entity in the Romanian pizza chain segment, holding approximately 1.1% market share of the total food service market according to the latest available data for Q4 2025. This position is supported by its strong brand recognition, with 75% aided brand awareness among Romanian consumers, reflecting Pizza Hut's established presence in the category.

Taco Bell has established itself as the largest Mexican food chain in Romania, capturing 1.4% market share of the total food service sector based on the latest available data for Q4 2025. This position reflects the brand's continued expansion under Sphera Franchise Group.

The brand has seen a steady increase in recognition, with aided brand awareness reaching 58% among Romanian consumers (Ipsos, October 2025). Taco Bell stands out in the competitive landscape as one of the most distinctive brands in the QSR market, supported by its strong brand identity and consumer appeal. Additionally, Taco Bell differentiates itself through an active loyalty program available via its mobile app, rewarding its most loyal customers and enhancing the overall customer experience.

BRAND & MARKETS PERFORMANCE

In 2025, Romania contributed RON 1,346.2 million to the Group's turnover, accounting for 85.7% of total sales, with revenues increasing 1.0% YoY. Italy generated RON 196.4 million (12.5% of total revenues), marking a 2.4% YoY growth. Meanwhile, the Republic of Moldova contributed RON 28.3 million (1.8% of revenues), achieving a 19.7% increase in sales, reflecting continued strong consumer demand and the solid performance of the KFC brand in the market. Overall, the Group recorded total restaurant sales of RON 1,570.9 million in 2025, representing a 1.5% increase compared to 2024, despite operating in a challenging macroeconomic environment marked by inflationary pressures and cautious consumer sentiment during the first half of the year. The fourth quarter confirmed an improvement in business dynamics, with total sales reaching RON 419.8 million, up 3.7% YoY.

RON 1,346.2 mn
+1.0% vs. 2024

RON 196.4 mn
+2.4% vs. 2024

RON 28.3 mn
+19.7% vs. 2024

At brand level, KFC continued to represent the cornerstone of the Group's operations, generating RON 1,356.6 million in sales, representing a 0.6% YoY increase and accounting for most of the Group's revenues. Taco Bell remained the most dynamic brand within the portfolio, recording a 16.2% increase in sales, reaching RON 106.7 million, supported by strong demand among young consumers and the continued maturation of the existing restaurant network. Pizza Hut recorded sales of RON 106.8 million, representing a 1.5% decrease YoY, reflecting the continuation of the network optimization program aimed at improving long-term profitability and operational efficiency. During 2025, the Group also initiated the development of a new concept within its portfolio through the integration of Cioccolatitaliani, which contributed RON 0.8 million in revenues during the first months of operation.

RON 1,356.6 mn
+0.6% vs. 2024

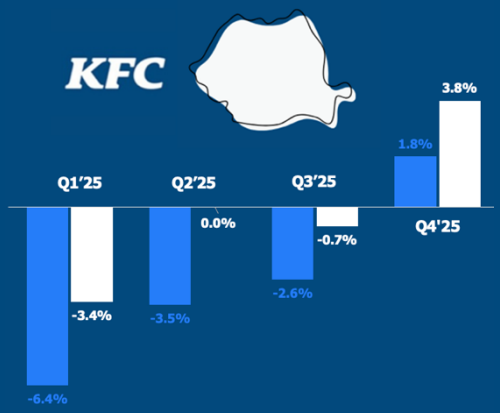
RON 106.8 mn
-1.5% vs. 2024

RON 106.7 mn
+16.2% vs. 2024

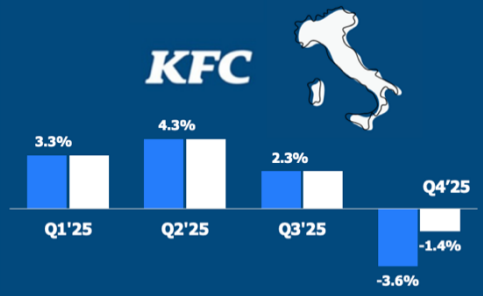
RON 0.8 mn
n/a

Overall, KFC across Romania, Italy and Republic of Moldova as well as Taco Bell operations in Romania delivered positive performances, while the Group continued to implement strategic measures aimed at improving the profitability of Pizza Hut and strengthening the long-term sustainability of the portfolio.

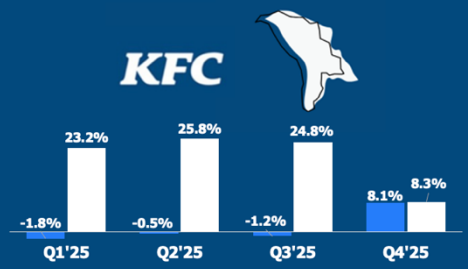
KFC ROMANIA continued to represent the core pillar of the Group's operations in 2025, generating most of revenues. Restaurant sales reached RON 1.13 billion, broadly stable compared to the previous year, reflecting a more cautious consumer environment and softer same-store sales dynamics during the first half of the year. In 2025, Sphera opened three new KFC restaurants in Romania, supporting network expansion and partially offsetting the pressure on comparable store sales. Consequently, the entity delivered a restaurant operating profit of RON 131.4 million, reflecting the solid operational performance of the brand despite the challenging macroeconomic environment, EBITDA of RON 121.4 million, corresponding to an EBITDA margin of 10.7%, and generated a net profit of RON 67 million, confirming the continued strength of the KFC brand in the Romanian market.



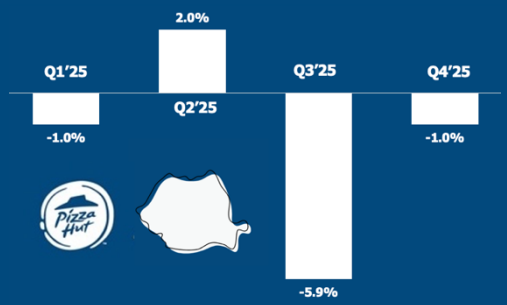
KFC ITALY recorded RON 195.6 million in sales in 2025, representing a 2% increase YoY. This performance reflects continued steady demand in a mature and competitive market, supported by the opening of one new KFC restaurant in Italy during the year. USFN Italy closed 2025 with a restaurant operating profit of RON 9.4 million and EBITDA of RON 9.6 million, corresponding to an EBITDA margin of approximately 4.9%. Despite the positive operational results, the Italian operations recorded a net loss of RON 4.4 million, mainly due to the impact of the planned store closures.



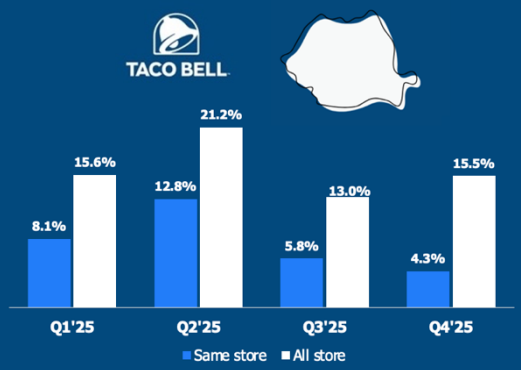
KFC MOLDOVA, although operating the smallest footprint within the Group, continued to demonstrate strong growth potential. With three restaurants located in Chișinău, the company recorded sales of RON 28.3 million in 2025, representing a 19.7% increase YoY, the fastest growth rate among the Group's operations. USFN Moldova generated a restaurant operating profit of RON 4.4 million, EBITDA of RON 4.4 million, and a net profit of RON 2.9 million, confirming the strong profitability profile of the operations in this market.



PIZZA HUT continued its operational repositioning throughout 2025. Sales reached RON 106.8 million, representing a 1.5% decrease YoY, reflecting the ongoing efforts to streamline the restaurant network and improve profitability. The brand recorded a restaurant operating loss of RON 2.1 million, negative EBITDA of RON 3.1 million, and a net loss of RON 9.5 million.



TACO BELL, the most dynamic brand in the Group's portfolio, continued its strong expansion trajectory in 2025. Sales increased 16.2% YoY, reaching RON 106.7 million, supported by sustained demand among younger consumers and the expansion of the network, with two new Taco Bell restaurants opened in Romania during the year. The brand recorded a restaurant operating profit of RON 9.3 million, EBITDA of RON 9.9 million, corresponding to an EBITDA margin of approximately 9.3%, and a net profit of RON 3.8 million, confirming Taco Bell's growing contribution to the Group's profitability.



During 2025, the Group also expanded its portfolio with the launch of Cioccolatitaliani in Italy, which generated RON 0.8 million in revenues during its initial months of operation. While still in its early development stage, the concept represents the Group's first step toward diversification beyond the traditional quick-service restaurant segment.

DELIVERY

In 2025, the delivery segment continued to represent an important component of Sphera Franchise Group's sales mix, maintaining broadly stable dynamics compared to the previous year. Delivery sales accounted for 19.3% of total sales in 2025, compared to 18.1% in 2024, reflecting the continued relevance of convenience-driven consumption patterns while confirming the normalization of delivery demand following the post-pandemic peak. The total value of sales for delivery in 2025 amounted to RON 303.2 million, versus RON 280.8 million in 2024.

During 2025, delivery sales followed a similar seasonal pattern to previous years, with slightly higher shares recorded in the first half of the year, particularly in Q1 and Q2 when delivery accounted for 20% of total sales, while moderating slightly during the summer months when customers tend to prefer dine-in and on-the-go consumption. In Q3 and Q4 2025, delivery sales represented 18% and 19% of total sales, respectively.

The distribution of these delivery sales across the brands remains consistent, with Pizza Hut leading the way, having 34% share of the delivery orders in 2025, 2pp decrease versus 2024. For KFC Romania, sales for delivery in 2025 amounted to 18.4% (1.4 pp increase vs. 2024), 25.8% for Taco Bell (0.8pp increase vs 2024), 29.9% for KFC Moldova (2.2pp decrease vs 2024) and 11.3% for KFC Italy, (1.8pp increase vs 2024).

Sales by entity, by Country		Q1-24	Q2-24	Q3-24	Q4-24	Q1-25	Q2-25	Q3-25	Q4-25
USFN RO	delivery	18%	17%	16%	17%	19%	19%	18%	18%
	non-delivery	82%	83%	84%	83%	81%	81%	82%	82%
ARS	delivery	36%	38%	35%	36%	35%	37%	32%	32%
	non-delivery	64%	62%	65%	64%	65%	63%	68%	68%
CFF	delivery	27%	26%	25%	23%	28%	27%	26%	23%
	non-delivery	73%	74%	75%	77%	72%	73%	74%	77%
USFN IT	delivery	9%	8%	8%	12%	12%	11%	10%	12%
	non-delivery	91%	92%	92%	88%	88%	89%	90%	88%
USFN MD	delivery	32%	33%	34%	30%	35%	31%	28%	26%
	non-delivery	68%	67%	66%	70%	65%	69%	72%	74%
All	delivery	19%	18%	17%	18%	20%	20%	18%	19%
	non-delivery	81%	82%	83%	82%	80%	80%	82%	81%

Collaboration with local food aggregators, Glovo, Bolt and Wolt in Romania; Glovo, Deliveroo and Just Eat in Italy; Straus and iFood in the Republic of Moldova continued in 2025. However, to optimize operational costs while still maintaining a high level of service and connection with our customers, Sphera Franchise Group made a strategic decision to outsource our own delivery fleet to trusted partners. This shift allows the Group to focus on what the Group does best – preparing and serving meals to customers – while leveraging the expertise of our partners for delivery logistics. All in all, in 2025, 8.3% of sales for delivery were fulfilled using Sphera's own delivery channel, a small decrease from 8.6% in 2024. These changes are part of our ongoing efforts for the Group to adapt and thrive in a dynamic market, ensuring that the portfolio brands continue to meet and exceed our customers' expectations.

The management considers the progress made in the digital area between 2020-2025 as crucial for the future and for gaining new clients, including advancements in delivery services, which have streamlined online ordering, optimized delivery logistics, and enhanced customer experience through seamless digital integration. This translated in customer retention, resulting in higher revenues due to widespread availability of the Group's products. Moreover, with the switch to digital services, it is now easier than ever to better track customers' preferences and better understand their behavior and critical decision drivers. With OOH and traditional advertising, the capability of brands to understand customer behaviors are limited and less precise. Digital

services help track the full customer journey – from the moment they click on the ad, open the website, place the order and whether they come back in the future, making the conversion much easier to track.

DIVIDENDS

Data in RON'000

	2025	2024
Dividends declared during the period:		
To shareholders of Sphera Franchise Group SA	82,335	81,443
To non-controlling interests	626	561
Total dividends declared during the period	**82,961**	**82,004**
Total dividends declared per share SFG (RON/share)	**2.1300**	**2.1000**
Dividends paid during the period:		
To shareholders of Sphera Franchise Group SA	82,335	81,443
To non-controlling interests	626	561
Total dividends paid during the period	**82,961**	**82,004**

On April 29th, 2025, the Ordinary General Meeting of the Shareholders of Sphera Franchise Group approved the dividend distribution from the undistributed net profit of 2023-2024, with a gross dividend per share being set at RON 1.09. The payment date was June 6th, 2025.

On November 5th, 2025, the Ordinary General Meeting of the Shareholders of Sphera Franchise Group approved the dividend distribution from the undistributed net profit of 2024, with a gross dividend per share being set at RON 1.04. The payment date was December 15th, 2025.

For the year ended 31st December 2025, the Board of Directors has proposed to the shareholders' approval, the following allocation of the net profit of Sphera Franchise Group SA in amount of RON 101.51 million:

- Setting up the legal reserves in accordance with the statutory regulations in amount of RON 5.08 million.
- Covering the loss related to the acquisition of treasury shares of RON 392 thousand.
- Allocation of undistributed profit of RON 96.04 million to retained earnings.

Also, the Board of Directors has proposed to the shareholders' approval the distribution of a gross dividend per share of RON 1.06 per share from the undistributed profit of 2024 and 2025 of Sphera Franchise Group SA.

As of December 31st, 2025, the value of the retained earnings of Sphera Franchise Group SA has reached the value of RON 106.5 million, as presented in the separate financial statements.

The shareholders can access the Group's dividend policy at the following link.

KEY FACTORS AFFECTING GROUP'S RESULTS

Sphera Franchise Group operates in a dynamic environment and is exposed to a range of risks that may affect its business, financial position, results of operations, cash flows, reputation, and prospects. The Group continuously monitors the main risks to which it is exposed and seeks to limit their potential impact through operational, financial, compliance, and governance measures. However, risk management activities cannot eliminate these risks entirely. The principal risks and uncertainties identified by the Group are presented below.

MARKET RISKS

Macroeconomic environment and consumer spending risk: The Group's performance is directly linked to the general economic environment in the markets in which it operates, particularly Romania, Italy, and the Republic of Moldova. Key macroeconomic factors such as GDP growth, inflation, employment levels, disposable income, consumer confidence, access to credit, energy prices, taxation, and interest rates may influence customers' willingness and ability to spend on dining out, takeaway, or delivery. In an unfavorable economic environment, consumers may reduce the frequency of restaurant visits, shift to lower-priced options, reduce basket size, or postpone discretionary spending altogether. Such developments may negatively affect customer traffic, average ticket, sales growth, and the Group's ability to pass increased costs on to consumers without affecting volumes.

Fiscal and legislative unpredictability risk: The Group operates in a regulatory environment that may be subject to sudden or difficult-to-predict changes in taxation, labor regulation, reporting obligations, and business compliance requirements. This risk is particularly relevant in Romania, the Group's main market, where legislative and fiscal measures may be adopted with limited implementation time and may directly affect profitability, budgeting, pricing decisions, and consumer spending power. Changes in VAT rates, dividend taxation, corporate taxation, social contributions, payroll rules, or other fiscal measures may increase the Group's cost base or reduce demand by affecting household disposable income. Legislative volatility may also reduce visibility in financial planning and negatively affect forecasting, investment decisions, and overall business predictability.

Inflation risk: Persistent inflation across the Group's markets may continue to affect raw materials, utilities, rents, logistics, labor costs, and other operating expenses. Inflation may also reduce consumers' real purchasing power, leading to more cautious spending behavior and increased price sensitivity. Although the Group may seek to partially offset cost inflation through pricing actions, operational efficiency measures, menu engineering, and procurement efforts, there is no certainty that such measures will fully compensate for the impact of inflation without affecting demand.

Consumer behavior and preference risk: Consumer preferences evolve continuously and may be influenced by health trends, dietary habits, value perception, convenience, digital ordering behavior, delivery habits, demographic shifts, and broader lifestyle changes. Customers may increasingly prefer healthier alternatives, different cuisines, premium concepts, lower-price options, or more convenience-led formats. The Group's brands may be negatively affected if menu innovation, value positioning, product quality, service model, or marketing strategy do not respond adequately to changes in consumer demand. The success of new product launches and limited-time offers also remains uncertain.

Competitive landscape risk: The restaurant industry is highly competitive. The Group competes with international chains, domestic operators, independent restaurants, convenience formats, delivery-first concepts, and other foodservice players. Competition relates not only to product quality and price, but also to convenience, speed of service, location quality, marketing, digital capabilities, promotional intensity, restaurant experience, and brand relevance. Strong competitive pressure may affect traffic, sales mix, pricing power, labor costs, rental costs, and market share. There is no guarantee that the Group will be able to maintain or strengthen its competitive position across all brands and markets.

Political, geopolitical and regional instability risk: The Group may be affected by political instability, weak policy predictability, social unrest, military conflict, sanctions, or broader geopolitical disruptions in the region. The war in Ukraine and, more recently the conflict in Iran, are examples of major regional events with potential consequences for energy prices, investor sentiment, trade flows, exchange rates, food supply, transport, and consumer confidence. Such developments may indirectly or directly affect the Group's markets, operating costs, access to supplies, and general business conditions.

OPERATIONAL RISKS

Supplier price fluctuation and gross margin risk: The Group is exposed to fluctuations in the prices of key inputs, including poultry, dairy, flour, vegetables, packaging, cooking oil, beverages, utilities, and fuel. Such price increases may affect cost of sales and gross margin, especially in a context where the Group cannot fully or immediately transfer higher input costs to end consumers. Gross margin may also be affected by supplier rebates, purchasing terms, product mix, promotional intensity, and the relative performance of delivery versus dine-in channels. Any sustained increase in procurement costs may negatively affect profitability.

Supply chain disruption risk: The Group depends on the timely delivery of fresh ingredients, food products, packaging materials, and other supplies. Supply chain disruptions may arise from geopolitical tensions, war, extreme weather events, disease outbreaks, logistical bottlenecks, trade restrictions, border disruptions, transport shortages, supplier distress, or changes in regulation. Any significant interruption or deterioration in the availability, quality, or cost of supplies may adversely affect restaurant operations, increase costs, force menu adjustments, or reduce the Group's ability to meet customer expectations.

Poultry supply concentration and poultry consumption risk: Given the importance of the KFC brand within the Group's portfolio, the Group is particularly exposed to risks associated with poultry supply, poultry input prices, poultry-related food safety incidents, and changes in consumer sentiment regarding poultry products. Outbreaks of poultry diseases such as avian influenza or Newcastle disease may lead to regulatory restrictions, large-scale culling of poultry flocks, or limitations on the movement of poultry products across regions. Such developments may disrupt supply chains, increase procurement costs, or reduce the availability of poultry products. Even where the Group's suppliers are not directly affected, negative public perception regarding poultry consumption may reduce consumer demand for chicken-based products. Given the strategic importance of poultry-based menu items, particularly within the KFC brand, such developments could have a disproportionate impact on the Group's sales and profitability.

Labor cost risk: Labor represents one of the Group's most significant expense categories. Labor costs may increase as a result of minimum wage changes, payroll taxation, inflation, labor regulation, increased competition for staff, expansion of the restaurant network, or the need to maintain service quality and employee retention. The Group may not always be able to offset higher labor costs through pricing or productivity measures, particularly in a more fragile consumer environment. As a result, higher personnel costs may place pressure on restaurant-level profitability and Group margins.

Labor shortage and workforce availability risk: The HoReCa sector is labor-intensive and depends on the availability of qualified operational and managerial personnel. Labor shortages may affect the Group's capacity to ensure adequate staffing, maintain service quality, open new units on schedule, or operate existing restaurants efficiently. To mitigate this risk, the Group may recruit international staff or invest in training and retention measures. However, such solutions may involve additional costs, administrative complexity, and execution challenges. Persistent labor shortages could negatively affect customer experience, sales, and profitability.

Seasonality, traffic pattern and weather-related risk: The Group's sales may be influenced by seasonal patterns, holidays, vacation periods, tourism flows, school calendars, and weather conditions. Consumer behavior differs across quarters, with certain periods typically characterized by higher or lower restaurant traffic, stronger delivery demand, or changes in the relative attractiveness of dine-in versus takeaway formats.

Extreme weather conditions, such as heatwaves, storms, heavy snowfall, or flooding, may reduce customer traffic, disrupt logistics, affect food supply, or temporarily impair restaurant operations. In addition, seasonality may affect the comparability of quarterly results and may amplify the impact of fixed costs during weaker trading periods. Delivery demand, dine-in activity, and mall traffic may fluctuate during the year, creating volatility in sales and profitability. There is no guarantee that seasonal patterns will remain consistent from one year to another, particularly in a changing macroeconomic environment. The Group cannot eliminate the effects of seasonality and weather volatility on its business.

Delivery, takeaway and channel mix risk: The Group's sales mix includes dine-in, takeaway, and delivery channels, each with different cost structures and margin profiles. Over recent years, delivery and digital ordering have become increasingly important components of restaurant revenues. A growing share of delivery sales is generated through third-party delivery platforms. While these partnerships increase customer reach and convenience, they also expose the Group to risks related to platform commissions, promotional requirements, technological integration costs, and operational complexity. Delivery platforms may change their commercial terms, increase commissions, modify visibility algorithms, or introduce additional service requirements that could affect the profitability of delivery orders. Furthermore, the Group may be exposed to reputational risks if delivery quality or delivery times do not meet customer expectations, even when delivery execution is handled by third-party partners. The Group may also face increasing dependence on large delivery platforms, whose commercial policies, visibility algorithms, and pricing structures may change over time and influence sales volumes and margins.

Energy and utilities cost risk: Restaurant operations depend on electricity, gas, water, heating, cooling, and other utilities. Significant increases in energy prices or utility tariffs may affect restaurant-level margins and overall profitability, especially in a context where such costs cannot be fully passed through to consumers. In addition, power outages or utility disruptions may affect business continuity, customer service, food preservation, and inventory quality.

STRATEGIC AND BUSINESS MODEL RISKS

Expansion execution risk: The Group's growth strategy includes the opening of new restaurants, the introduction of new brands or concepts, and the expansion of existing brands into new locations or formats. Such initiatives require significant investments in real estate, construction, recruitment, training, marketing, logistics, and IT systems. The successful launch of new units depends on accurate demand forecasting, effective operational execution, and the availability of suitable staff. The expansion process may be affected by delays in permitting, construction works, or restaurant fit-out, cost overruns, supply chain constraints, or weaker-than-expected customer demand following opening. Newly opened restaurants may require a longer ramp-up period before reaching expected performance levels. Failure to execute expansion plans effectively may negatively affect return on investment and the Group's financial performance.

Network optimization and restaurant closure risk: The Group periodically evaluates the performance of its restaurant network and may decide to close, relocate, resize, or reformat certain units to improve operational efficiency and profitability. Although such measures are intended to strengthen the long-term performance of the Group, they may involve short-term disruption, exceptional costs, impairment charges, redundancy costs, contract termination expenses, or temporary sales pressure. Furthermore, there is no certainty that the benefits expected from network optimization measures will fully materialize within the anticipated timeframe. In some cases, restaurant closures may affect brand visibility, customer convenience, local market share, or employee retention. The Group's ability to successfully implement such changes depends on operational execution, landlord negotiations, franchisor approval where applicable, and the capacity of the remaining network to absorb demand.

Franchisor dependency risk: The Group operates several brands under franchise agreements with international franchisors, including Yum!, Gioia Group and Hard Rock International. As a result, certain operational decisions, standards, product requirements, marketing obligations, and development plans are subject to franchisor approval or requirements. Franchisors may impose mandatory operational standards,

menu changes, technological upgrades, marketing contributions, or capital investment requirements. Such obligations may increase operating costs or require additional investments from the Group. Furthermore, franchise agreements are subject to renewal conditions and contractual obligations. There can be no assurance that franchise agreements will always be renewed on favorable terms or that franchisors will not introduce new requirements that may affect profitability or operational flexibility.

Real estate and lease risk: The Group's business model depends on the availability of suitable restaurant locations under commercially viable lease terms. The process of identifying, negotiating, securing, and maintaining attractive sites is highly competitive and may become increasingly difficult in a market environment characterized by rising occupancy costs, limited availability of prime commercial spaces, and changes in shopping center traffic or urban mobility patterns. The Group is exposed to risks related to lease renewals, rent indexation, service charges, landlord negotiations, and the long-term performance of individual units. In certain cases, restaurants may underperform due to changes in the commercial attractiveness of a location, a decline in mall traffic, changes in nearby tenant mix, infrastructure works, or broader consumer shifts. There is no assurance that the Group will be able to renegotiate leases on favorable terms or exit underperforming locations without incurring additional costs. This may affect profitability, impair asset values, and delay the implementation of network optimization plans.

HEALTH, REGULATORY AND REPUTATION RISKS

Product safety, food quality and public health risk: As a restaurant operator, the Group is inherently exposed to risks related to food quality, food contamination, food-borne illness, product liability claims, hygiene incidents, and broader public health events. The Group's business depends directly on consumer confidence in the safety and quality of the food served across all brands and markets in which it operates. Any actual or perceived failure to maintain these standards, whether occurring within the Group's own restaurants, at the level of suppliers, or elsewhere in the food supply chain, may negatively affect the Group's operations, financial performance, and reputation. The Group relies on third-party suppliers and distributors for the sourcing and delivery of ingredients and food products. Although strict operational procedures, quality controls, and supplier standards are applied, the risk of contamination, improper handling, transport failures, or non-compliance with sanitary regulations cannot be fully eliminated. Any such incident could result in customer complaints, product recalls, regulatory intervention, or reputational damage. The Group is also exposed to broader public health events and food industry risks that may affect consumer perception, even where the Group is not directly involved. Outbreaks of food-borne diseases such as salmonella, listeria, or E. coli, as well as animal-related diseases such as avian influenza or Newcastle disease, may affect supply chains or reduce consumer confidence in certain food categories. This risk is particularly relevant for poultry products, which represent a key component of the Group's menu, especially for the KFC brand. Even if such events do not directly affect the Group's suppliers, public concern regarding poultry consumption may lead to reduced demand, increased procurement costs, or supply disruptions. In addition, any food safety incident at restaurant level, whether isolated or systemic, may attract regulatory scrutiny, lead to temporary closures, or generate negative publicity, which may spread rapidly through traditional media or social networks. Any significant product safety or public health incident, whether affecting the Group directly or the restaurant industry more broadly, may result in lower customer traffic, increased costs, legal exposure, regulatory action, and reputational damage. As a result, maintaining high standards of food safety and product quality remains essential to the Group's operations and long-term performance.

Regulatory oversight and consumer protection risk: The Group operates in a highly regulated industry and is subject to food safety, hygiene, consumer protection, labor, environmental, and commercial inspections. Although the Group maintains internal controls, training, procedures, and audits, isolated irregularities or differing interpretations by authorities cannot be fully excluded. Findings from inspections, even if limited in nature or rapidly remedied, may become public and may have a disproportionate impact on the Group's reputation, customer traffic, or regulatory scrutiny. Additional compliance obligations may also increase operating complexity and costs.

Sustainability, ESG and compliance expectation risk: Stakeholders increasingly expect companies to demonstrate responsible practices in areas such as packaging, waste, sourcing, energy efficiency, labor practices, governance, and transparency. The Group may face increased costs, operational requirements, and scrutiny related to sustainability expectations, reporting obligations, and broader ESG standards. Failure to adapt sufficiently or to meet stakeholder expectations may adversely affect reputation, investor perception, commercial relationships, and access to financing or business opportunities.

Reputation, media exposure and fake news risk: The Group's brands have strong visibility in their markets, which increases exposure to reputational risks. Negative publicity, online misinformation, false claims, fake news, social media amplification, activist criticism, or inaccurate press reports may affect public perception even if the allegations are unverified or unrelated to actual business practices. Any deterioration in brand perception may influence consumer behavior, reduce sales, increase communication costs, and affect investor confidence and the market value of the Group's shares.

Brand perception and franchised brand reputation risk: The Group operates globally recognized brands such as KFC, Pizza Hut, Taco Bell, Cioccolatitaliani and Hard Rock Cafe under franchise agreements. Public perception of these brands may be influenced by global events, controversies, product-related discussions, or operational issues occurring in other markets where the Group has no operational involvement. Negative publicity or reputational challenges affecting these brands internationally may influence consumer perception locally and may have an indirect impact on restaurant traffic and sales performance.

TECHNOLOGY RISKS

Technology adoption and digital transformation risk: Technology plays an increasingly important role in restaurant operations, customer engagement, delivery integration, marketing, loyalty, and data-driven decision-making. The Group may face the risk of delayed adoption, ineffective implementation, or insufficient integration of new technologies, which could reduce competitiveness and operational efficiency. Technology investments may also fail to generate expected returns or may require higher-than-anticipated costs, training, or maintenance efforts.

Cybersecurity and data protection risk: The expansion of digital ordering, online payment systems, customer databases, internal IT systems, and third-party digital platforms increases the Group's exposure to cybersecurity threats. Cyberattacks, ransomware, phishing, unauthorized access, data leaks, or system failures may disrupt operations, compromise sensitive information, and damage the Group's reputation. The Group is also exposed to risks related to personal data protection and compliance with applicable privacy regulations. Any significant breach may result in financial losses, regulatory sanctions, claims, or loss of consumer trust.

FINANCIAL RISKS

Interest rate risk: The Group may use bank financing or other debt instruments with variable interest rates. Changes in market interest rates may increase financing costs and affect profitability and cash flow. In a higher-rate environment, debt servicing may become more expensive and financial flexibility may be reduced. The Group does not eliminate this exposure entirely and may remain affected by movements in benchmark rates.

Foreign exchange risk: The Group is exposed to foreign exchange risk, particularly where financing, franchise-related obligations, imports, or contractual payments are denominated in currencies other than the currency of revenues. Exchange rate fluctuations may affect debt service, procurement costs, royalties, margins, and reported results. This risk is especially relevant where revenues are mainly denominated in local currencies while certain liabilities or contractual obligations are linked to EUR or other foreign currencies.

Liquidity risk: The Group must maintain sufficient liquidity to fund day-to-day operations, lease obligations, debt service, capital expenditure, working capital needs, and growth initiatives. Adverse market conditions, lower-than-expected profitability, delayed cash conversion, or reduced financing availability may affect the

Group's liquidity position. Although the Group seeks to maintain prudent cash management and access to financing sources, there can be no guarantee that liquidity pressures will not arise.

Credit and counterparty risk: The Group's direct exposure to credit risk is limited because most sales are generated on a cash or card basis. However, it remains exposed to risks related to balances held with banks, financial institutions, delivery aggregators, landlords, franchise-related counterparties, and other business partners. Counterparty failure, delayed settlement, or financial distress affecting major partners could negatively influence cash flows and business continuity.

The risks presented above represent the principal risks and uncertainties identified by the Group at the date of this report. However, they do not comprise all risks associated with the Group's activity, and the order in which they are presented does not reflect the likelihood of occurrence or the magnitude of their potential impact. Additional risks and uncertainties, currently unknown to the Group or considered immaterial at the reporting date, may also affect the Group's future business, financial position, results of operations, cash flows, and market value of its shares.

INTERNAL CONTROL

Sphera Group has implemented an internal control system, which includes activities implemented in order to prevent or detect undesirable events and risks such as fraud, errors, damages, noncompliance, unauthorized transactions, and misstatements in financial reporting.

The existence of a control environment forms the basis for an effective internal control system. It consists of the definition and adherence to group-wide values and principles (e.g., business ethics) and of organizational measures (e.g., clear assignment of responsibility and authority, commitment to competence, signature rules and segregation of duties).

Sphera's internal control system covers all areas of the Group's operations with the following main goals:

- Compliance with the applicable laws and internal regulations;
- Reliability of financial reporting (accuracy, completeness and correctness of the information);
- Prevention and detection of fraud and error;
- Protection of the Group's resources against losses due to waste;
- Effective and efficient business operations.

In order to achieve these goals, the management of the Group follows, inter alia, the below principles and approaches:

- Ensures a commitment to integrity and ethical values by demonstrating through the Board of Directors' and management's directives, actions and behavior the importance of integrity and ethical values to support the functioning of the system of internal control;
- The Board of Directors demonstrates independence from management and exercises oversight for the development and performance of internal control;
- Establishes, with Board of Directors oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of the objectives by maintaining job descriptions, defining roles and reporting lines, defining the role of internal audit;
- Ensures and demonstrates a commitment to attract, develop and retain competent individuals in alignment with the objectives of the Group by establishing required knowledge, skills and expertise, selecting appropriate outsourced service providers when needed, evaluating competence and behavior, evaluating the capacity of finance personnel;
- Holds individuals accountable for their responsibilities in the pursuit of the objectives of the Group by developing balanced performance measures, incentives and rewards and linking compensation and other rewards to performance;
- Specifies objectives with clarity to enable the identification and assessment of risks related to objectives by identifying financial statement accounts, disclosures and assertions, reviewing and updating understanding of applicable standards, considering the range of Group's activities;
- Identifies risks to the achievement of the Group's objectives and analyzes risks as a basis for determining how the risks should be managed;
- Considers the potential for fraud in assessing risks to the achievement of objectives by considering fraud risk in the internal audit plan;
- Identifies and assesses changes that could significantly impact the system of internal control by assessing change in the external environment, CEO and senior executive changes;
- Selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives at acceptable levels by considering processes, risks and controls in the internal audit plan, identifying incompatible functions, considering alternative control activities to the segregation of duties;
- Selects and develops general control activities over technology to support the achievement of objectives by the means of recently implemented ERP, administering security and access, configuring IT to support the complete, accurate and valid processing of transactions and data;

- Develops control activities through policies and procedures that establish what is expected by developing and documenting policies and procedures;
- Obtains or generates and uses relevant, quality information to support the functioning of internal control.

Policies and practices that represent the Group's competence standards for financial reporting positions are used as a basis for human resources and employee compliance activities, which include:

- Selecting and interviewing candidates;
- Performing background/reference checks;
- Setting certification expectations.

Senior management evaluates the capacity of personnel who are involved in recording and reporting financial information, and in designing and developing financial reporting systems including underlying IT systems. Senior management assesses the department's ability to identify issues and stay abreast of technical financial reporting developments. Considerations when assessing the adequacy of staffing levels and competence of financial reporting personnel include the extent of technical skills and nature required and the number of personnel dedicated to financial reporting.

The Board of Directors including the Audit Committee (the 'Board') oversees management's performance of internal control and retain objectivity in relation to management. The board monitors the functioning of internal controls by performing periodical analysis on the profit and loss accounts, execution of the budget, internal and external audit reports. The board demonstrates an appropriate level of skepticism of management's assertions and judgments that affect financial reporting. In particular, the Audit Committee seeks clarification and justification of the Group's process for:

- Selecting and implementing accounting policies;
- Determining critical accounting estimates;
- Making key assumptions used in the application of technical accounting and reporting matters;
- Evaluating other risks facing the Group, with the potential impact on financial reporting.

Deficiencies in the implementation or functioning of internal controls are noted in the internal audit reports and are presented to the management, with the purpose of issuing the corrective actions. The internal audit assessments include the evaluation of the internal control systems, and evaluation whether:

- Risks relating to the achievement of the Group's strategic objectives and also the risks related to day-to-day operations are appropriately identified and managed;
- The actions of the Group's directors, employees, and contractors are in compliance with the Group's policies, procedures, and applicable laws, regulations, and governance standards;
- The results of operations are consistent with established goals;
- Operations are being carried out efficiently;
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Group;
- Resources and assets are acquired economically, used efficiently, and protected adequately.

Internal control process is carried out by personnel at all levels.

COMMITMENTS AND CONTINGENCIES

Lease commitments

The Group has entered into several lease agreements for restaurants that are going to be opened in the next period. The estimated value of the future lease payments for right-of-use assets is amounting of RON 12,928 thousand (2024: RON 6,400 thousand) for a contractual period of 5 years (RON 4,645 thousand, 2024: 0), 10 years (RON 2,117 thousand, 2024: RON 6,400 thousand) and 20 years (RON 6,166 thousand, 2024: 0), related to four new restaurants to be opened during 2026 (2024: 2 restaurants to be opened during 2025), for which the lease agreements had been signed as of the reporting date.

Other commitments

The Group restaurants are operating under franchise agreements with YUM! and its subsidiaries. In accordance with these agreements, the Group is committed to maintain the identity, reputation, and high-quality standards of each brand, and to develop the restaurants network. In 2024, the Group expanded its brand portfolio by adding the franchise Cioccolatitaliani, part of Gioia Group. The franchise rights are held by CHOCO FRANCHISE SRL, a newly established entity in Italy, wholly owned by US Food Network Italy. The first Cioccolatitaliani location was inaugurated in Italy on 20 June 2025. The Group estimates the opening of 20 locations over a five-year period, initially focusing on the northern regions of Italy, but it is also considering the Romanian market, as the agreement signed with Gioia Group also covers the local market. In September 2025, the Group added a new brand, Hard Rock Café ("HRC"), to its portfolio. The development of the new brand is planned to start in 2026, and the opening of five restaurants in Romania and the Republic of Moldova is estimated over the next five year.

Climate change

In the current context, all companies face risks and opportunities derived from the climate and are having to make strategic decisions in this area adapted to the nature of their business, as well as to their footprint on the environment.

Sphera Group has started the process of implementing the TCFD (taskforce climate-related financial disclosures) recommendations to improve risk identification process, assessment, mitigation, management and reporting procedures on climate changes. Currently, plastic consumption, energy and carbon footprint management are the main climate related objectives monitored by the Group.

Bank letter of guarantees

The Group has issued bank letters of guarantee in favor of suppliers as at December 31st, 2025 in amount of RON 28,202 thousand (31 December 2024: RON 23,655 thousand).

Other contingencies

Taxation

The interpretation of the text and practical implementation procedures of the tax regulations could vary, and there is a risk that certain transactions could be viewed differently by the tax authorities as compared to the Group's treatment.

The tax legislation, especially in Romania, was subject to significant changes and contradictory interpretations, which may apply retroactively. Moreover, in practice, the tax authorities can take a strong approach and assess additional tax liabilities and related late payment penalties based on their individual interpretations of the tax legislation. As a result, penalties and delayed payment interest could result in a significant amount payable to the state.

Contingent liabilities may arise in relation to additional tax assessments that may be imposed by the tax authorities as a result of reviews performed. Corporate tax returns can be subject to review by tax authorities within a 5-year period in Romania and Italy and a 4-years period in Republic of Moldova.

Recently, there has been an increase in audits carried out by the tax authorities.

Transfer pricing

According to the applicable relevant tax legislation in the countries in which the Group operates, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the 'arm's length principle'). It is likely that transfer pricing reviews will be undertaken in the future to assess whether the transfer pricing policy observes the 'arm's length principle' and therefore no distortion exists that may affect the taxable base of the taxpayers.

The Group has prepared transfer pricing files.

Legal proceedings

During the period, the Group was involved in a small number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of Management, based on legal advice, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Group, and which have not been accrued or disclosed in these consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

Proposed profit allocation for the financial year 2025

For the year ended 31 December 2025, the Board of Directors has proposed to the shareholders' approval, the following allocation of the net profit of Sphera Franchise Group SA in amount of RON 101,511 thousand as presented in its separate financial statements as at and for the year ended 31 December 2025:

- Setting up the legal reserves in accordance with the statutory regulations in amount of RON 5,076 thousand.
- Covering the loss related to the acquisition of treasury shares in amount of RON 392 thousand.
- Allocation of undistributed profit of RON 96,045 thousand to retained earnings.

Also, the Board of Directors has proposed to the shareholders' approval the distribution of a gross dividend of RON 1.06/share from the undistributed profit (2024 and 2025) of the Company.

Share capital reduction

Following the decision of the General Meeting of Shareholders, in February 2026 the share capital of Sphera Franchise Group SA was reduced by the amount of RON 1,888,170, from RON 581,990,100 to RON 580,101,930 by canceling 125,878 treasury shares purchased by Sphera Franchise Group SA for this purpose in accordance with AGEA Resolution no. 3/26.04.2024. After the reduction, the share capital is RON 580,101,930, divided into 38,673,462 shares.

Tax inspections

At the beginning of 2026, the tax authorities started a tax inspection at the level of US Food Network SA, with the objective of verifying value-added tax and corporate income tax for the period 01.01.2019–31.12.2023. At the date of the preparation of the financial statements, the inspection is ongoing.

Development of the restaurant network

To date, the Group has opened two new restaurants, one KFC in Centro Piave Shopping Center in San Donà di Piave, in the province of Venice, Italy, and one KFC in M Park Titan, in Bucharest, Romania.

On February 19, 2026, the Group announced that, following the process of operational efficiency improvement and consolidation of the restaurant network, which took place in the period 2023-2024, the Group's management, together with that of American Restaurant System S.A., decided to close 7 Pizza Hut restaurants, units that recorded operational performance below expectations and a significant negative impact on financial results. Management estimates that the closure of these underperforming units will have a positive impact on operational profitability, by eliminating recurring losses and optimizing the cost structure.

The impact of the closure of these units was appropriately reflected in the financial statements, through the recognition of the effects on the financial result and position.

New loan facilities

In March 2026, the Board of Directors proposed for the shareholders' approval the contracting of two new loan facilities from Raiffeisen Bank: a committed long-term facility up to EUR 27 million for development activities, with Sphera Franchise Group SA, US Food Network SA, and California Fresh Flavors SRL as co-borrowers and guarantors and a short-term facility up to EUR 3 million for working capital and the issuance of letters of guarantee with Sphera Franchise Group SA, US Food Network SA, California Fresh Flavors SRL, and American Restaurant System SA, as co-borrowers and guarantors.

The War in Iran

At the end of February 2026, a significant geopolitical event occurred in the Middle East, which led to increased regional tensions and uncertainty. As a result of the escalation of geopolitical tensions, starting with February 2026, there was a significant increase in market volatility, as well as fluctuations in energy, oil, and gas prices. High inflationary pressures, disruptions in global supply chains, and a slowdown in economic growth are expected.

The Group has no direct exposures to affiliated parties and/or key customers or suppliers or bank institutions in the affected region. The impact of these events may influence macroeconomic conditions at the national and European level and, in the long term, the volumes of activity, cash flows, as well as profitability.

The Group considers these events as subsequent events that do not lead to the adjustment of the financial statements, the effect of which cannot be estimated at the date of approval of these consolidated financial statements, with a sufficient degree of certainty.

Currently, the Group's management is analyzing the potential impact of changes in macroeconomic conditions on the Group's financial position and operational results.

ENVIRONMENTAL MATTERS

As of December 31st, 2025, the Company incurs no debts relating to anticipated costs relating to environmental aspects. The Company does not consider that costs relating to environmental aspects are significant.

Chairman of the Board of Directors
Lucian Hoanca

L.S.

DECLARATION FROM THE MANAGEMENT

The undersigned, based on the best available information, hereby confirm that:

- the consolidated and individual financial statements for the twelve-month period ended December 31, 2025, provide an accurate and real image regarding the assets, liabilities, financial position, the financial performance, and the cash flows of the company Sphera Franchise Group S.A., as well as of the group to which it belongs, as required by the applicable accounting standards; and
- the report attached to this statement, prepared in accordance with art. 65 of the Law no. 24/2017 (R) on issuers of financial instruments and market operations and to annex no. 15 to FSA Regulation no. 5/2018 on issuers of financial instruments and market operations for the twelve-month period ended December 31, 2025, comprises accurate and real information regarding the development and performance of the company Sphera Franchise Group S.A. as well as of the group to which it belongs, including the description of the main risks and uncertainties specific to the business activity.

Furthermore, the reporting has been prepared in accordance with the sustainability reporting standards referred to in Article 29b of Directive 2013/34/EU and the specifications adopted pursuant to Article 8(4) of Regulation (EU) 2020/852.

Chairman of the Board of Directors
Lucian Hoanca

L.S.

CORPORATE GOVERNANCE DECLARATION

SPHERA

Comply-or-Explain Statement (CES) Company Name: SPHERA FRANCHISE GROUP S.A.

Section	Principle	Prov No.	Provision (detailed)	Yes	Partial	No	Explanation (text and url link if document is on website)
A: GOVERNING BODIES							
A: GOVERNING BODIES	**A.1. The Board should ensure the Company's long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.**	A.1., 1	The Board should have an internal regulation that formalises and clearly states its roles and responsibilities. The articles of association, Board's internal regulation and other internal regulations should clearly delineate the roles and competencies among the Board, general meeting of shareholders (GMS) and executive management.	X			The roles and responsibilities of the governing bodies are clearly defined in the Articles of Association, which establish the competencies of the General Meeting of Shareholders, the Board of Directors, and the delegation of management to the executive directors. In addition, the Board operates based on internal regulations and supporting governance documents, including regulations governing the activity of Board committees, which further detail the roles, responsibilities, and functioning of the governing bodies.
A: GOVERNING BODIES	**A.1. The Board should ensure the Company's long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.**	A.1., 2	Board's internal regulation should include, among others, the Board's responsibilities as well as fiduciary duties of directors to act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company, its shareholders and taking into account the interests of other stakeholders in line with legal requirements.	X			The responsibilities of the governing bodies are defined in the Articles of Association and in the internal regulations governing the activity of Board committees. The duties of directors to act in good faith, with due diligence and in the best interest of the Company and its shareholders are governed primarily by applicable legislation, including Law no. 31/1990 on companies, as well as by the Company's governance framework.

A: GOVERNING BODIES	**A.1. The Board should ensure the Company's long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.**	A.1., 3	To sustain the Company's long-term viability and success, the Board should: ·Oversee the development and approve the Company's strategy and ensure that it also integrates sustainability aspects, including environmental and social (E&S) considerations and climate-related risks and opportunities; ·Appoint and dismiss CEO and other executives to whom executive management responsibilities were delegated (called executive management) and ensure their succession planning; ·Oversee the management performance, management role in addressing material sustainability risks and opportunities and align the remuneration of executive management with the long-term interests and sustainability of the Company, according to the provisions of the Company's remuneration policy; ·Ensure there is a sound framework for internal controls and risk management; ·Ensure that the Company has in place procedures to enable effective communication with shareholders and other stakeholders.		X		The Company partially complies with this provision. The Board of Directors oversees the Company's strategic direction and appoints executive management to whom operational responsibilities are delegated. The Nomination and Remuneration Committee supports the Board in matters related to executive appointments and succession planning, while the Remuneration Policy aligns executive remuneration with the Company's performance and long-term interests. The Company has also adopted a policy for communication with investors which supports transparent and effective engagement with shareholders and the capital market. Certain elements related to the formal integration of sustainability considerations and the risk management framework are addressed through the Company's governance and operational processes in accordance with applicable legal requirements.
A: GOVERNING BODIES	**A.1. The Board should ensure the Company's long-term success and sustainability for the best interest of the Company and its shareholders and taking into account the interests of other stakeholders. The Board should clearly define and disclose the full scope of its roles and responsibilities.**	A.1., 4	Duration of appointment of Board and executive management should be set clearly and should, to the extent possible, foster stability and predictability.	X			The duration of the mandates of the members of the Board of Directors and of the executive management is clearly established in the Company's governance framework. Members of the Board of Directors are appointed for a term of up to four years, while executive managers conclude mandate contracts for a defined period, ensuring stability and predictability in the Company's leadership structure
A: GOVERNING BODIES	**A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.**	A.2., 1	The Board should have at least five members.	X			The Board has five members.

A: GOVERNING BODIES	**A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.**	A.2., 2	The Board should have in place a policy on Board and executive management diversity and should ensure that diversity requirements in terms of gender, age, experiences and skills are incorporated in the Nomination Policy.		X		The Company partially complies with this provision. The Company has adopted a statement regarding gender representation within the Board of Directors and acknowledges the importance of diversity in governance structures. The Company intends to incorporate diversity considerations in the nomination and selection process for Board members, in accordance with applicable legislation. Further development of diversity considerations within the nomination framework will continue in future Board appointment cycles.
A: GOVERNING BODIES	**A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.**	A.2., 3	The Board should develop a Board profile which specifies the desired characteristics and traits of its members including factors such as independence, diversity, integrity, specific skills and experience, industry knowledge, ability and willingness to devote adequate time and effort to Board responsibilities in the context of the needs of the Board and its committees and their exercise of the Board's strategic and oversight roles. The Board profile can be part of the Nomination Policy.		X		The Company partially complies with this provision. The nomination and selection of Board members is supported by the Nomination and Remuneration Committee, which evaluates candidates based on professional experience, competencies and qualifications. The Company also applies candidate profiles in the Board selection process. Further formalisation of a comprehensive Board profile reflecting the desired characteristics, skills and experience of Board members will continue to be developed within the Company's governance framework.
A: GOVERNING BODIES	**A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.**	A.2., 4	The majority of the members of the Board should be non-executives. At least a third of the Board members should be independent. Each independent member of the Board should submit a declaration regarding his/her independence at the time of his/her nomination for election or re-election as well as when any change in his/her status arises, as per the criteria of independence defined in law and in Appendix A to the Code.		X		The Company partially complies with this provision. The Board of Directors is composed exclusively of non-executive members. However, the number of independent directors currently represents less than one third of the total number of Board members. Independent Board members submit declarations regarding their independence in accordance with the applicable legal provisions. The Company will continue to consider the requirements of the Corporate Governance Code in future Board appointment processes.
A: GOVERNING BODIES	**A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.**	A.2., 5	The Nomination and Remuneration Committee (or the entire Board if there is no Nomination and Remuneration Committee) should assess whether the directors can be considered independent under the factors taken into account, by examining whether there are any business or other personal relationships that could materially affect the independence and objectivity of the director and his/her ability to act in the best interests of the Company, its shareholders and stakeholders.	X			The Board of Directors has established a Nomination and Remuneration Committee which supports the Board in matters related to the nomination and evaluation of Board members. The Committee assesses the independence of directors in accordance with the applicable legal provisions and the criteria set out in the Corporate Governance Code.

A: GOVERNING BODIES	**A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.**	A.2., 6	The positions of Chairperson and Chief Executive Officer (CEO) are recommended to be held by different individuals.	X			The roles of Chairperson of the Board of Directors and Chief Executive Officer are held by different individuals, ensuring a clear separation between the Board's oversight responsibilities and the executive management of the Company.
A: GOVERNING BODIES	**A.2. The Board should have an appropriate balance of skills, experience, gender diversity, knowledge and independence to enable it to effectively perform its duties and responsibilities.**	A.2., 7	If the Chairperson and CEO functions are performed by the same person, it is recommended that the Board appoints an independent Vice-Chairperson.				n/a
A: GOVERNING BODIES	**A.3. The Board should ensure that a formal, rigorous and transparent procedure is put into place regarding the nomination of new members to the Board.**	A.3., 1	The Company should develop and disclose a board nomination policy ("Nomination Policy") that should define the processes and procedures for the nomination, election or replacement of a director. The Nomination Policy, approved by the competent governance body, shall describe how the Company receives and evaluates nominations from shareholders (including minority shareholders) or from members of the Board, including in relation to the board profile, independence and diversity.		X		The Company partially complies with this provision. The nomination and selection of members of the Board of Directors are supported by the Nomination and Remuneration Committee, which evaluates candidates based on their professional experience, competencies and qualifications. Shareholders also have the right to propose candidates for Board positions in accordance with the Company's Articles of Association and applicable legal provisions. The Company will continue to develop and formalise its nomination framework in line with the recommendations of the Corporate Governance Code.
A: GOVERNING BODIES	**A.3. The Board should ensure that a formal, rigorous and transparent procedure is put into place regarding the nomination of new members to the Board.**	A.3., 2	The Board, through its Nomination and Remuneration Committee, if established, should monitor the nomination process of candidates for the position of Board member.	X			The Board of Directors has established a Nomination and Remuneration Committee which supports the Board in matters related to the nomination and evaluation of candidates for Board positions and monitors the nomination process in accordance with the Company's governance framework.
A: GOVERNING BODIES	**A.3. The Board should ensure that a formal, rigorous and transparent procedure is put into place regarding the nomination of new members to the Board.**	A.3., 3	The Company should disclose to shareholders information on the experiences and CV of the director candidates that they require to make an informed decision on the appointment or reappointment of the directors including the following: ·candidates' professional commitments and engagements, including executive and non-executive positions in companies, public authorities, not-for-profit bodies or other organisations; ·any existing or potential conflicts of interest including whether they have business, family or other relationships that could affect their performance as directors on the Board; ·which shareholder or member of the Board proposed each candidate for the Board positions.	X			When the agenda of the General Meeting of Shareholders includes the appointment or reappointment of members of the Board of Directors, the Company provides shareholders with relevant information regarding the proposed candidates, including their professional background and qualifications, in accordance with the provisions of the Articles of Association and applicable legal requirements.

A: GOVERNING BODIES	**A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.**	A.4., 1	The Board shall establish an Audit Committee to enhance its oversight capability over the financial reporting, internal control framework, internal and external audit processes, and compliance with applicable laws and regulations. Where a separate risk management committee is not required by law or already established, the Audit Committee will also include oversight responsibilities for the efficiency of the risk management framework.	X			The Board of Directors has established an Audit Committee which supports the Board in fulfilling its oversight responsibilities related to financial reporting, internal control systems, internal and external audit processes and compliance with applicable laws and regulations. The Audit Committee operates based on its own regulation approved by the Board of Directors.
A: GOVERNING BODIES	**A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.**	A.4., 2	The Audit Committee is recommended to be composed of non-executive directors. The majority of the Committee members is recommended to be independent, including the Committee chairperson. The Audit Committee, as a whole, should have competencies relevant to the Company's area of operations. The Committee and its members should comply with the applicable national and European legislation.		X		The Company partially complies with this provision. The Audit Committee is composed of non-executive members of the Board of Directors and operates in accordance with the applicable national and European legal requirements. However, the majority of the members of the Committee are not independent. The Company will continue to consider the recommendations of the Corporate Governance Code in future Board and committee appointment processes.
A: GOVERNING BODIES	**A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.**	A.4., 3	The Boards of Premium Tier companies should set up a Nomination and Remuneration Committee formed of non-executive directors. The majority of the Committee members is recommended to be independent, including the Committee chairperson. The Board may also establish a separate Nomination Committee and a separate Remuneration Committee if the Board composition accommodates it and if this is justified given the Company's size and complexity of its business and governance structures.		X		The Company partially complies with this provision. The Board of Directors has established a Nomination and Remuneration Committee composed of non-executive members of the Board, which supports the Board in matters related to nomination, evaluation and remuneration of Board members and executive management. However, the majority of the members of the Committee are not independent. The Company will continue to consider the recommendations of the Corporate Governance Code in future Board and committee appointment processes.
A: GOVERNING BODIES	**A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.**	A.4., 4	In addition to its specific responsibilities as provided under this Code, the Nomination and Remuneration Committee should: i. Review and recommend to the Board the size and composition of the Board and lead the development and ongoing review of the Board profile; ii. Identify individuals qualified to become Board members and members of the executive management, if requested; evaluate the candidates for executive management roles; evaluate the candidates proposed by the shareholders or by Board members for a director role and inform the GMS accordingly; iii. Make recommendations to the Board concerning committee appointments (other than the Nomination and Remuneration Committee); iv. Coordinate an annual evaluation of the Board, directors and committees in line with provisions set out in Principle A.5.; v. Assist the Board in fulfilling its responsibilities related to the Company's remuneration policy; vi. Assist the Board in the development of the succession plans for executive management, as well as the emergency succession plans and CEO search process, as required; vii. Oversee the administration of the Company's compensation and benefits plans.		X		The Company partially complies with this provision. The Nomination and Remuneration Committee supports the Board of Directors in matters related to the identification and evaluation of candidates for Board positions and executive management, succession planning and remuneration matters. Certain additional responsibilities recommended by the Corporate Governance Code, such as the formal coordination of annual Board evaluation and the development of a comprehensive Board profile, are not fully formalised within the current governance framework.

A: GOVERNING BODIES	**A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.**	A.4., 5	The role and responsibilities of Board committees should be defined in separate internal regulation (operating regulations) and disclosed on the Company's website. If the Company chooses not to establish any of the Board committees not required by law, the corresponding tasks and responsibilities shall be done by the Board and should be adequately stated in the Board's internal regulation.	X			The roles and responsibilities of the Board committees are defined in separate internal regulations approved by the Board of Directors. These regulations govern the organisation, responsibilities and functioning of the Audit Committee and the Nomination and Remuneration Committee and are publicly available on the Company's website.
A: GOVERNING BODIES	**A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.**	A.4., 6	The evaluation of independence for the members of the committees, including when the members of the committees are appointed by the GMS, shall be carried out according to the same procedure applicable to the independent members of the Board.	X			Members of the Board committees are selected from among the members of the Board of Directors, and the assessment of their independence is performed in accordance with the same criteria and procedures applicable to the independent members of the Board, as provided by applicable legislation and the Corporate Governance Code.
A: GOVERNING BODIES	**A.4. The Board should establish committees which should assist the Board in the performance of its key responsibilities, dealing with strategic challenges and in managing sensitive issues with high potential for conflicts of interest.**	A.4., 7	The chairpersons of the Audit Committee and Nomination and Remuneration Committee should not be the Chairperson of the Board or of any other committee, unless this is justified by the size of the Board.	X			The chairpersons of the Audit Committee and the Nomination and Remuneration Committee are different from the Chairperson of the Board of Directors and from the chairpersons of other Board committees, ensuring an appropriate distribution of responsibilities within the Board governance structure.
A: GOVERNING BODIES	**A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.**	A.5., 1	The Board Chairperson is primarily responsible for ensuring that the Board functions properly. The Board's internal regulation should contain the role and responsibilities of the Board Chairperson and the Board Chairperson, at a minimum, should: •Determine the agenda of the Board meetings, chair such meetings and ensure that minutes are kept of such meetings; •Ensure the Board receives accurate, timely, useful, succinct information to enable the Board to make sound decisions; •Ensure the Board has sufficient time for consultation and decision-making; •Enable the Committees to function properly and that there is effective communication with Board committees, including actionable, insightful reports of committees back to the full Board; •Ensure the performance of the Board is evaluated and discussed at least once a year and disclosed as per provision D.1.3; •Ensure that the Board has proper working relationship with the executive management. The CEO and the Chairman of the Board (if positions are held by different individuals) shall meet regularly; •Address and manage internal disputes and conflicts of interest concerning Board members.		X		The Company partially complies with this provision. The role and responsibilities of the Chairperson of the Board are defined in the Board of Directors' internal regulation and include responsibilities related to convening and chairing meetings, setting the agenda, ensuring the proper functioning of the Board, facilitating effective communication among Board members and with executive management, as well as ensuring that the Board receives adequate and timely information to support informed decision-making. The Chairperson also oversees the Board evaluation process. However, the Company does not fully comply with the provision regarding the disclosure of the Board evaluation process, as recommended by the Corporate Governance Code.

A: GOVERNING BODIES	**A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.**	A.5., 2	The Board should meet as often as necessary but not less than six (6) times a year.	x			During 2025, the Board of Directors held 19 meetings. According to the Board of Directors' Regulation, the meeting schedule is approved at the beginning of each year; thus, in order to comply with mandatory approvals, a regular meeting of the Board of Directors is scheduled for each month, and when situations that require the Board's approval or opinion arrise, special meetings are convened in addition to those on the schedule.
A: GOVERNING BODIES	**A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.**	A.5., 3	The Board can request to designate the Corporate Secretary who should assist the Board in complying with its obligations under law, Board internal regulation and other policies. The Corporate Secretary should be a senior officer in the Company tasked with assisting the Board and its committees in organising their activities, in preparing for the meetings, annual Board and committee performance evaluation and director training programs, if the case.	X			The Company has designated a Corporate Secretary who supports the Board of Directors and its committees in fulfilling their governance responsibilities. The role, responsibilities and scope of authority of the Corporate Secretary are defined within the Company's governance framework.
A: GOVERNING BODIES	**A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.**	A.5., 4	The Board should clearly define the rights and responsibilities, scope of authority and other issues related to the Corporate Secretary.	x			The Company complies with this provision. The Company has designated a Corporate Secretary, whose role, responsibilities and scope of authority are clearly defined in the Board of Directors' internal regulation. The Corporate Secretary supports the Board and its committees in organising their activities, preparing meetings, ensuring proper documentation of proceedings and facilitating communication and compliance with corporate governance requirements.
A: GOVERNING BODIES	**A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.**	A.5., 5	The Board and its committees should develop and approve an annual internal work plan identifying topics to address during the year before the end of the previous year. The plan should take into account decisions that need to be proposed to the GMS, reporting by management and internal control functions, the required frequency of Board and Committee meetings, and should be reviewed by the Chairperson, assisted by the Corporate Secretary.	X			The Board of Directors and its committees establish their annual meeting calendar in advance, which outlines the main topics to be addressed during the year, including matters related to financial reporting, internal control, management reporting and decisions to be proposed to the General Meeting of Shareholders. The agenda of each meeting is determined by the Chairperson of the Board with the support of the Corporate Secretary.

A: GOVERNING BODIES	**A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.**	A.5., 6	The Board should conduct an annual evaluation of the composition, activity and dynamics of the Board and its committees, individually and as a whole, and which should be coordinated by the Nomination and the Remuneration Committee.		X		The Company partially complies with this provision. The Board of Directors regularly reviews matters related to its composition and effectiveness, with the support of the Nomination and Remuneration Committee. However, the Company has not formally implemented a structured annual evaluation process of the Board, its committees and individual directors as recommended by the Corporate Governance Code.
A: GOVERNING BODIES	**A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.**	A.5., 7	The Nomination and Remuneration Committee should share the results of the Board evaluation with the whole Board and should then set follow up actions, if any, including professional development and training plans for the Board to fill gaps.			X	The Company does not comply with this provision. The Company has not formally implemented a structured evaluation process of the Board.
A: GOVERNING BODIES	**A.5. The Board should set up robust Board operating procedures as well as Board evaluation and continuous development mechanisms to improve directors' skills and their ability to effectively deliver their responsibilities.**	A.5., 8	The Board's internal regulation should require Company orientation (induction) programmes for newly appointed directors, ensured by internal staff of the Company. The Board's internal regulation can also include references for ongoing director education program, if needed. The implementation of any orientation and ongoing trainings programmes for directors (as per the Board decision) is made under the oversight of the Nomination and Remuneration Committee, with the support of the Corporate Secretary. Based on the results of the annual board evaluation, the Nomination and Remuneration Committee jointly with the Board Chairperson shall develop professional development programmes focusing on the areas where capacity should be built among Board members.		X		The Company partially complies with this provision. Newly appointed members of the Board of Directors receive the necessary information regarding the Company's activities, governance framework and key policies in order to facilitate their integration into the Board's work. However, the Company has not formally established structured induction and ongoing professional development programmes for directors as recommended by the Corporate Governance Code.
A: GOVERNING BODIES	**A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.**	A.6., 1	Executive management should run the Company and be accountable to the Board. Division of responsibilities between the Board and the executive management and between different members of the executive management should be clearly articulated in the Company's by-laws and the internal regulations of the Company.	X			The executive management is responsible for the day-to-day management of the Company and operates under the supervision of the Board of Directors. The division of responsibilities between the Board of Directors and executive management is defined in the Company's Articles of Association and in the internal governance framework of the Company.
A: GOVERNING BODIES	**A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.**	A.6., 2	When Board Chairperson and CEO roles are exercised by one individual, the different responsibilities of the Board Chairperson and CEO should be clearly defined and distinguished in the Company by-laws.				n/a

A: GOVERNING BODIES	**A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.**	A.6., 3	The Board should ensure that the executive management is comprised of persons with adequate knowledge, skills, diversity and experience to support successful Company performance and that there are measures in place to provide for the orderly succession of executive management.	X			The Board of Directors ensures that the executive management is composed of individuals with the appropriate professional experience and competencies to effectively manage the Company. The Nomination and Remuneration Committee supports the Board in matters related to succession planning for executive management, while the Company's remuneration policy aligns management incentives with the long-term performance and strategic objectives of the Company.
A: GOVERNING BODIES	**A.6. Executive management is responsible for day-to-day management of the Company. The Board should ensure that the executive management is capable of effectively running the Company and that its composition, competence, roles and management incentives support the successful implementation of Company's strategy and plans.**	A.6., 4	The Board, with the support of the Nomination and Remuneration Committee, should annually evaluate executive management's performance, the effectiveness of its cooperation with the Board, including the information provided to the Board.	X			The Board of Directors oversees the activity and performance of the executive management on an ongoing basis and reviews the Company's operational and financial results regularly. The Nomination and Remuneration Committee supports the Board in matters related to executive management performance and remuneration. Through these mechanisms, the Board evaluates executive management's performance and the effectiveness of its cooperation with the Board, including the quality of information provided to support the Board's decision-making process.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK							
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.**	B.1., 1	The Board determines the nature and extent of the risks the Company is willing to take necessary for the achievement of Company's strategic objectives (i.e., the Company's risk appetite) and should ensure there are clear structures, policies and procedures in place that identify, evaluate, report, manage and monitor significant and emerging risks, including risks related to sustainability, cybersecurity and the use of digital technologies. The Board should explain in the annual report the mechanisms and processes in place to identify and manage risks.		X		The Company partially complies with this provision. The Board of Directors oversees the Company's risk management and internal control framework, with the support of the Audit Committee. The Company has procedures in place to identify and monitor risks associated with its operations, while the Audit Committee reviews matters related to internal control, financial reporting and compliance. The Company continues to develop its risk management framework in line with the recommendations of the Corporate Governance Code and applicable regulatory requirements.

B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.**	B.1., 2	The Board should adopt a formal risk management policy, to ensure accurate, complete and timely identification, measurement and reporting of risks, adequate and feasible risk control measures as well as integration of an E&S risks into the risk management framework in support of the Company's strategy implementation.			X	The Company has not adopted a formal risk management policy as recommended by the Corporate Governance Code. The Board of Directors, with the support of the Audit Committee and executive management, oversees risk management and internal control processes through operational and financial monitoring mechanisms. Given the nature, size and complexity of the Company's activities, the Board considers that the existing governance and control procedures are adequate to identify, monitor and manage the risks associated with the Company's operations. The Company will continue to assess the need to further formalise its risk management framework in line with the evolution of its activities and governance practices.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.**	B.1., 3	The Board and Audit Committee should understand emerging information technology and artificial intelligence-related changes so to mitigate cybersecurity risks. Time should be given to the AI risks and opportunities and cybersecurity on Board agenda to ensure understanding of cyber protection.		X		The Company partially complies with this provision. The Board of Directors and the Audit Committee oversee matters related to information technology and operational risks as part of the Company's internal control and risk oversight framework. Topics related to cybersecurity and the impact of digital technologies on the Company's activities may be addressed at Board and committee level when relevant. However, the Company has not formally integrated specific governance mechanisms addressing artificial intelligence or cybersecurity oversight within the Board agenda as recommended by the Corporate Governance Code.

B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.**	B.1., 4	The Company is recommended to establish a risk management function responsible for ensuring accurate, complete and timely identification of the risks, ensuring that adequate and feasible risk control measures are in place and monitoring the risk management procedures. The risk management function, through the Chief Risk Officer (CRO), where present, should have a direct communication and functional reporting to the Board and Audit Committee (if there is no separate Risk Committee).			X	The Company does not comply with this provision. The Company has not established a dedicated risk management function or a Chief Risk Officer position. Risk management and internal control matters are overseen by the Board of Directors, which receives and analyses periodic reports from the Audit and Risk Committee regarding the adequacy of the internal control systems and the overall risk management framework. These responsibilities are further supported by executive management, which monitors operational, financial and compliance risks within the existing governance structure. The Company considers that this structure is adequate given the nature, size and complexity of its operations.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.**	B.1., 5	The Board with the assistance from the Audit Committee should at least annually assess the adequacy and effectiveness of Company's risk management and internal control framework (including operational and compliance controls) and make relevant recommendations. The assessment should consider the effectiveness and scope of the internal audit function, the adequacy of risk management and compliance, internal control reports, if they are required by applicable legislation, to the Audit Committee, management's responsiveness and effectiveness in dealing with identified internal control failings or weaknesses and submission of relevant reports to the Board.	X			The Board of Directors, with the support of the Audit Committee, oversees the adequacy and effectiveness of the Company's internal control and risk management framework. The Audit Committee reviews matters related to financial reporting, internal control systems, internal and external audit activities and compliance, and reports its findings and recommendations to the Board of Directors. Through this process, the Board assesses the effectiveness of the Company's internal control environment and monitors management's response to identified issues.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.1. The Company should have an adequate and effective internal control framework and an enterprise risk management framework, taking into account its strategy, size, complexity of operations and risk profile including potential environmental and social impact of its activities.**	B.1., 6	The Company should develop and make available on a free of charge basis on the Company's website a whistle-blowing mechanism which would enable employees and stakeholders to make reports about suspected breaches or wrongdoings as per the applicable legislation in place.	X			The Company has implemented an integrity reporting mechanism which allows employees and external stakeholders to report suspected breaches of law, unethical behaviour or other irregularities. Reports may be submitted through several channels, including a dedicated integrity hotline, electronic communication, postal correspondence or direct reporting to the person designated to manage integrity notifications within the Group. The Company ensures confidentiality and, where requested, anonymity of the reporting persons in accordance with applicable legislation.

B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.**	B.2., 1	In addition to its responsibilities mentioned in legislation and elsewhere in the Code, the Audit Committee should: ·Review the Company's internal controls and risk management frameworks; ·Oversee the development and application of the Company's policies on conflicts of interests and related party transactions; ·Ensure independence and review the effectiveness of the Company's internal audit function and make a recommendation to the Board; ·Oversee the internal audit function; ·Oversee the preparation of sustainability-related reports and information included in them, unless this task is assigned to another committee; ·Oversee the framework for ensuring the Company's compliance with applicable legal and regulatory requirements and internal regulations of the Company (like the procedures for reporting breaches of the law or the Company's Code of Conduct), unless this task is assigned to another committee.	X			The Audit Committee assists the Board of Directors in overseeing the integrity of the Company's financial reporting, the effectiveness of the internal control and risk management frameworks and the activity of the internal audit function. The Audit Committee also monitors compliance with applicable legal and regulatory requirements, reviews matters related to conflicts of interest and related party transactions and oversees reporting processes, including non-financial reporting where applicable.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.**	B.2., 2	Whenever the Code mentions reviews or analysis to be exercised by the Audit Committee, these should be followed by regular (at least annual) or ad-hoc reports to the Board.	X			The Audit Committee reports regularly to the Board of Directors regarding the matters reviewed within its mandate. The Committee communicates its analyses, findings and recommendations to the Board following its meetings or whenever necessary in order to support the Board in fulfilling its oversight responsibilities.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.**	B.2., 3	The Audit Committee should monitor the independence and objectivity of the external auditor. The Committee should approve a policy on the provision of permitted non-audit services by the external auditor in line with legal requirements and enforce implementation of that policy. Committee's findings regarding the independence of the external auditor should be disclosed in the annual report.	X			The Audit Committee monitors the independence and objectivity of the external auditor and oversees the external audit process in accordance with applicable legislation. The provision of non-audit services by the external auditor is subject to the legal restrictions applicable to statutory auditors of public interest entities. Information regarding the external auditor and related services is disclosed in the Company's annual report.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.2. The Audit Committee should assist the Board with ensuring the integrity of financial and non-financial reporting, establishing an effective risk management and internal control framework and maintaining an appropriate relationship with the Company's external auditors.**	B.2., 4	The Audit Committee should discuss the annual audit work plan with the external auditor covering the scope and materiality of the activities to be audited. The audit committee should meet the external auditor as needed to discuss issues identified and to monitor the quality of the services provided.	X			The Audit Committee oversees the relationship with the external auditor and reviews matters related to the external audit process. The Committee discusses the audit work plan with the external auditor, including the scope and materiality of the audit activities, and meets with the external auditor when necessary to discuss relevant findings and monitor the quality of the services provided.

B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.3. The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.**	B.3., 1	The Board should ensure that the internal audit has the authority, resources and procedures adequate to assist the Board in ensuring effectiveness and efficiency of the Company's risk management and internal control framework.	X			The internal audit function operates independently within the Company and supports the Board of Directors and the Audit Committee in assessing the effectiveness of the Company's risk management and internal control framework. The internal audit function has adequate authority, resources and procedures to perform its responsibilities and reports its findings to the Audit Committee and the Board of Directors.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.3. The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.**	B.3., 2	To ensure fulfillment of the core functions of the internal audit function, the head of the function should be appointed by and report functionally directly to the Board via the Audit Committee, who shall be tasked with approving his/her appointment and dismissal. This is without prejudice to administrative reporting to the CEO and sharing information with the Company's executive management, in line with legal requirements and professional standards.	X			The Internal Audit function is established within the Company and operates independently. The Internal Audit function reports functionally to the Board of Directors through the Audit Committee and administratively to the Chief Executive Officer, ensuring the independence and effectiveness of the internal audit activity while maintaining the necessary coordination with executive managemen
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.3. The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.**	B.3., 3	The internal audit function should be established in line with applicable legal requirements and industry standards (e.g., Institute of Internal Auditors). The internal audit authority, composition, remuneration, annual budget, working procedures and other relevant matters shall be regulated in separate internal audit's internal regulation approved by the Board, following the recommendation of the Audit Committee.	X			The internal audit function is established within the Company and operates in accordance with applicable legal requirements and recognised professional standards. The activity of the internal audit function is governed by internal regulations approved by the Board of Directors following the recommendation of the Audit Committee, which define the authority, responsibilities, procedures and reporting lines of the internal audit function.
B: RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK	**B.3. The Board should ensure the independence of the internal audit function. Company's internal audit function should provide independent and objective assurance on the effectiveness of risk management framework and internal control framework.**	B.3., 4	The Audit Committee should agree an annual internal audit work plan with the internal auditor, receive internal audit reports, updates on key audit issues, monitor implementation of recommendations of the internal audit and provide necessary guidance.	X			The Audit Committee oversees the internal audit activity and reviews the annual internal audit work plan. The internal audit function reports regularly to the Audit Committee, which receives internal audit reports and updates on key audit matters and monitors the implementation of the recommendations issued by the internal audit function.
C: PERFORMANCE, MOTIVATION AND REWARD							

C: PERFORMANCE, MOTIVATION AND REWARD	**C.1. Members of the Board shall receive remuneration corresponding to the volume and weight of powers and their responsibilities, rather than the performance of management or the Company. The structure and amount of director's remuneration should enable the Company to attract, retain and motivate the competent and qualified directors.**	C.1., 1	Board members should receive remuneration, as per the Remuneration Policy of the Company. Members who also serve on Board committees should receive additional remuneration for this work. But in no circumstances should the remuneration be linked to the number of board or committee meetings.	X			The remuneration of the members of the Board of Directors is established in accordance with the Company's Remuneration Policy approved by the General Meeting of Shareholders. Board members who also serve on Board committees receive additional remuneration reflecting the additional responsibilities associated with their roles. The remuneration structure is not linked to the number of Board or committee meetings attended.
C: PERFORMANCE, MOTIVATION AND REWARD	**C.2. The Board shall ensure there is a formal and transparent policy and procedure for determining the remuneration of executive management that aligns with the long-term interests of the Company and the Company's strategy. This policy shall be presented, subject for approval, to the GMS in line with legal requirements.**	C.2., 1	The Board should determine the annual remuneration of the executive management, based on the recommendations of the Nomination and Remuneration Committee and in accordance with the Company's remuneration policy. The remuneration policy should be prepared in accordance with the relevant legal requirements.	X			The remuneration of executive management is determined by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee and in accordance with the Company's Remuneration Policy approved by the General Meeting of Shareholders. The remuneration policy has been prepared in line with the applicable legal requirements and ensures alignment between executive remuneration and the Company's long-term strategy and performance.
C: PERFORMANCE, MOTIVATION AND REWARD	**C.2. The Board shall ensure there is a formal and transparent policy and procedure for determining the remuneration of executive management that aligns with the long-term interests of the Company and the Company's strategy. This policy shall be presented, subject for approval, to the GMS in line with legal requirements.**	C.2., 2	Levels of remuneration for executive management members and key performance indicators taken into account when determining variable (performance-based) part of the remuneration should be set in advance and be measurable and appropriate in relation to the agreed strategy and risk appetite, the economic environment within which the Company operates, and the pay and conditions of employees within the Company. In particular, they should include indicators related to non-financial performance and appropriate sustainability objectives.	X			The remuneration of executive management includes fixed and variable components established in accordance with the Company's Remuneration Policy approved by the General Meeting of Shareholders. The variable component is based on predefined and measurable performance indicators aligned with the Company's strategy, performance objectives and governance framework, taking into account both financial and non-financial performance criteria where appropriate.
C: PERFORMANCE, MOTIVATION AND REWARD	**C.2. The Board shall ensure there is a formal and transparent policy and procedure for determining the remuneration of executive management that aligns with the long-term interests of the Company and the Company's strategy. This policy shall be presented, subject for approval, to the GMS in line with legal requirements.**	C.2., 3	Company's shares and/or share purchase options should represent a significant part (e.g., not less than 10%) of the executive management member's total variable remuneration.	X			The Company has implemented a Stock Option Plan (SOP) through which members of the executive management may receive shares or share options as part of their variable remuneration. This mechanism supports the alignment of executive management incentives with the long-term performance of the Company and the interests of shareholders.
D: DISCLOSURE AND INVESTOR RELATIONS							

D: DISCLOSURE AND INVESTOR RELATIONS	**D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.**	D.1., 1	The Company should make sure to provide accurate, complete and timely financial and operational information, including quarterly, half-yearly and annual reports, as well as current reports. Companies should ensure all relevant information is easily accessible to investors, including through the Company website and other public information sources, as the case may be.	X			The Company ensures timely, accurate and complete disclosure of financial and operational information in accordance with applicable legislation and the requirements of the Bucharest Stock Exchange. Financial reports, current reports and other relevant information are made available to investors through the Company's website and through the official reporting channels of the capital market.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.**	D.1., 2	The Company is recommended to have an Investor Relations (IR) function and should appoint a dedicated person in charge of IR function. The contact details of the person or persons charged of the IR function shall be available on the Company's website. The IR function will report directly to the CEO/CFO, underscoring its significance within the Company's hierarchy and emphasizing its central role in managing and communicating the Company's capital market engagements and status. The Company should organise induction and regular training/courses, if needed, for the IR function, tailored to its specific needs and responsibilities.	X			The Company has established an Investor Relations function responsible for communication with shareholders, investors and capital market participants. A dedicated person manages the Investor Relations activity, reporting directly to the Chief Financial Officer and collaborating with the Chief Executive Officer. The contact details for the Investor Relations function are available on the Company's website, in Contact section.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.**	D.1., 3	The Company should include on its corporate website a dedicated Investor Relations section, with all relevant information of interest for investors, available both in Romanian and English.	X			The Company maintains a dedicated Investor Relations section on its corporate website where relevant information for investors is made available. The information is published both in Romanian and English in order to ensure transparent and accessible communication with investors and other stakeholders.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.**	D.1., 3	The company should include on its Investor Relations section: •Main corporate regulations: updated articles of association, GMS procedures, board's internal regulation and board committees' internal regulations.	X			The Investor Relations section of the Company's website includes the main corporate governance documents, such as the Articles of Association, the procedures applicable to the General Meeting of Shareholders and the internal regulations governing the activity of the Board of Directors and its committees, ensuring transparency and easy access to relevant information for investors.

D: DISCLOSURE AND INVESTOR RELATIONS	**D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.**	D.1., 3	The company should include on its Investor Relations section: • List of current members of the Board, Board's Committees and executive management, providing an up-to-date information on independence status , professional CVs (containing at least: name, surname, gender, nationality, age; work experience by year, position and Company; studies, field of study and academic or professional institution granting the diploma), other professional commitments, including executive and non-executive Board positions in companies, not-for-profit institutions and state institutions; relationship with shareholders holding at least 5% of the voting rights/shares issued by the Company; the duration of the appointment of the members of the Board, the Committees and the executive management, specifying the date from which they were appointed.	X			Information regarding the members of the Board of Directors, the Board committees and the executive management is available in the Investor Relations section of the Company's website. The information includes details regarding professional experience, independence status, professional commitments and the duration of mandates. This information is also updated and presented annually in the Company's annual report.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.**	D.1., 3	The company should include on its Investor Relations section: • Current reports and periodic reports (quarterly, semi-annual and annual reports).	X			The Investor Relations section of the Company's website includes the current reports and periodic reports of the Company, including quarterly, semi-annual and annual reports, ensuring transparent and timely communication with investors and other stakeholders.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.**	D.1., 3	The company should include on its Investor Relations section: • Information related to GMS: the agenda, supporting materials and the decisions taken; procedure for running the GMS; the Nomination Policy; candidates' professional CVs (containing at least: name, surname, gender, nationality, age; work experience by year, position and Company; studies, field of study and academic or professional institution granting the diploma), as well as any other information presented at A.3.3; communication channel(s) for shareholders to address questions; answers to shareholders' questions related to the agenda; declarations of independence for board candidates and evaluations made by Nomination and Remuneration Committee/Board for candidates, including their compliance with independence criteria.	X			The Investor Relations section of the Company's website includes comprehensive information related to the General Meeting of Shareholders, including the agenda, supporting materials, resolutions adopted, procedures for conducting the GMS and relevant documentation related to Board nominations. The Company also provides communication channels through which shareholders may address questions related to the GMS agenda.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.**	D.1., 3	The company should include on its Investor Relations section: • Information on Board evaluation, made as per Provision A.5.7, including evaluation criteria and process, as well as a summary result of the evaluation and actions that have been or will be undertaken as a result of the evaluation.			X	The Company does not disclose information regarding the Board evaluation process, including evaluation criteria, results or follow-up actions, on the Investor Relations section of its website as recommended by the Corporate Governance Code. The Company will continue to assess the relevance of providing additional disclosures regarding the evaluation of the Board of Directors in line with the evolution of its governance practices.

D: DISCLOSURE AND INVESTOR RELATIONS	**D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.**	D.1., 3	The company should include on its Investor Relations section: •Information on corporate events, such as payment of dividends and other distributions to shareholders, or other events leading to the acquisition or limitation of rights of a shareholder, including the deadlines and principles applied to such operations. Such information should be published within a timeframe that enables investors to make investment decisions.	X			The Investor Relations section of the Company's website includes information regarding corporate events, such as dividend payments and other matters affecting shareholder rights. Relevant details, including applicable deadlines and procedures, are disclosed in a timely manner through the Company's reporting channels and the Investor Relations section of the website.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.**	D.1., 3	The company should include on its Investor Relations section: •Corporate policies, among which code of conduct, dividend policy, remuneration policy, forecast policy, policy for communication with investors, the corporate social responsibility (CSR)/sponsorship policy, policy for related parties' transactions, policy for diversity, equity and inclusion, and whistleblowing policy (if not already part of the Code of Conduct).		X		The Company partially complies with this provision. The Investor Relations section of the Company's website includes several corporate governance policies, such as the Code of Conduct, the Dividend Policy, the Remuneration Policy and the policy for communication with investors. The Company has also adopted a Conflict of Interest Policy governing situations where directors or executive management may have personal interests in transactions involving the Company. However, the Company does not currently disclose a dedicated corporate social responsibility/sponsorship policy, a diversity, equity and inclusion policy or a separate policy for related party transactions as recommended by the Corporate Governance Code.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.**	D.1., 4	The Company should organise at least two meetings/conference calls with analysts and investors each year. The information presented on these occasions should be published in the IR section of the Company website at the time of the meetings/conference calls.	X			The Company organises regular meetings and conference calls with analysts and investors, typically following the publication of quarterly financial results. The recording of as well as materials presented during these meetings are made available in the Investor Relations section of the Company's website, ensuring transparent communication with investors and capital market participants.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.**	D.1., 5	The Company should disclose the material and reportable non-financial and sustainability issues with emphasis on the disclosure of environmental, social and governance (ESG) issues of its business and operations in line with the recognized standard of sustainability reporting. The Company's sustainability statements shall be disclosed on its website.	X			The Company discloses material non-financial and sustainability information in its Annual Report in accordance with the applicable regulatory requirements regarding sustainability reporting. The report includes information on environmental, social and governance matters relevant to the Company's operations and is published on the Company's website, ensuring transparency for investors and other stakeholders.

D: DISCLOSURE AND INVESTOR RELATIONS	**D.1. The Company should ensure adequate communications with shareholders, investors, regulators and other stakeholders and establish adequate systems for financial and sustainability reporting.**	D.1., 6	The Company should have a CSR/sponsorship policy to guide the activity in the area of supporting CSR activities and sponsorship.			X	The Company does not currently have a dedicated corporate social responsibility or sponsorship policy as recommended by the Corporate Governance Code. Any activities related to sponsorship or community involvement are carried out in accordance with applicable legal requirements and internal approval processes. The Company will continue to assess the opportunity to formalise such activities through a dedicated policy in the future.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.**	D.2., 1	The Company should have a dividend policy as a set of directions the Company intends to follow regarding the distribution of net profit.	X			The Company has adopted a Dividend Policy which outlines the principles guiding the distribution of profits to shareholders. The policy is available in the Investor Relations section of the Company's website and provides transparency regarding the Company's approach to dividend distributions.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.**	D.2., 2	The procedure for running the GMS should not restrict the participation of shareholders in GMS and the exercise of their rights. Amendments of the procedure for running the GMS should take effect, at the earliest, as of the next GMS.	X			The Company has adopted a procedure governing the organization and conduct of the General Meeting of Shareholders which ensures the equal treatment of shareholders and does not restrict their participation or the exercise of their rights. The procedure is available in the Investor Relations section of the Company's website and is applied in accordance with the applicable legal framework.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.**	D.2., 3	The external auditors should attend the shareholders' meetings where their reports are presented, in order to respond to shareholders' questions.	X			The external auditor attends the General Meeting of Shareholders where the audited financial statements and the auditor's report are presented, in order to respond to any questions raised by shareholders regarding the audit and the financial statements.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.**	D.2., 4	The Board should present to the annual GMS a summary of the assessment of the adequacy and effectiveness of the risk management and internal control framework, as per the related information included in the annual report.			X	The Company does not currently present to the Annual General Meeting of Shareholders a dedicated summary of the assessment of the adequacy and effectiveness of the risk management and internal control framework as recommended by the Corporate Governance Code. Relevant information regarding the Company's internal control and risk management framework is included in the Annual Report and reviewed by the Board of Directors and the Audit Committee.

D: DISCLOSURE AND INVESTOR RELATIONS	**D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.**	D.2., 5	The Company should stimulate engagement with shareholders and investors by: •Encouraging active shareholder participation in GMS, like ensuring conditions for virtual participation. •Holding regular briefings and updates for investors, especially during significant corporate events. •Establishing channels for shareholders to provide feedback and ask questions, ensuring responses are timely and comprehensive.	X			The Company encourages active engagement with shareholders and investors through multiple channels. Shareholders may participate in the General Meeting of Shareholders through electronic voting mechanisms. The Company also organises quarterly conference calls with investors and analysts and participates in investor conferences and roadshows. In addition, a dedicated Investor Relations contact channel is available on the Company's website, allowing shareholders and investors to address questions and receive timely responses.
D: DISCLOSURE AND INVESTOR RELATIONS	**D.2. The Company should ensure fair and equitable treatment of all its shareholders, as well as availability of all needed tools and information to allow shareholders to exercise their rights in relation to the Company.**	D.2., 6	Any professional, consultant, expert or financial analyst may participate in the shareholders' meeting upon prior invitation from the Chairperson of the Board. Accredited journalists may also participate in the GMS, unless the Chairperson decides otherwise.	X			The procedure governing the organization and conduct of the General Meeting of Shareholders provides that the Chairperson of the meeting manages the proceedings of the meeting and may allow the participation of other persons involved in the organization or conduct of the meeting. This enables the participation of professionals, consultants or other invited persons when considered appropriate.
E: SUSTAINABILITY AND STAKEHOLDERS							
E: SUSTAINABILITY AND STAKEHOLDERS	**E.1. The Company should integrate sustainability aspects in its strategy and mitigate any material negative environmental and social impacts of its operations, to the possible extent.**	E.1., 1	The Board should ensure that sustainability, environmental and social considerations are integrated in the Company's strategy and operations, risk management and remuneration practices and shall oversee this integration. A specialised sustainability committee or one of the standing committees of the Board shall assist the Board with these tasks.	X			Oversight of environmental, social and governance (ESG) matters rests with the Board of Directors. ESG topics are coordinated at operational level through an ESG Council composed of senior executives and led by the CEO. The Board is informed periodically on ESG developments through the Audit Committee and sustainability considerations are integrated into the Company's strategy, risk management framework and management remuneration practices.
E: SUSTAINABILITY AND STAKEHOLDERS	**E.1. The Company should integrate sustainability aspects in its strategy and mitigate any material negative environmental and social impacts of its operations, to the possible extent.**	E.1., 2	The Board should ensure that Company's operations run according to the national and international E&S standards and Company's E&S policies are consistent with its long-term objectives. In particular, the Company shall have internal acts relating to its responsibilities for environmental and social issues and policies and procedures that enable it to identify material factors and assess the impact on the Company's activities.	X			The Company has adopted several internal policies addressing environmental and social matters, including policies on human rights and supply chain commitments, sustainable packaging, animal welfare, sustainable animal proteins and responsible marketing. These policies support the identification and management of material environmental and social impacts associated with the Company's activities and supply chain.

E: SUSTAINABILITY AND STAKEHOLDERS	**E.1. The Company should integrate sustainability aspects in its strategy and mitigate any material negative environmental and social impacts of its operations, to the possible extent.**	E.1., 3	Whenever a decision to be approved by the Board has potential material and negative E&S impact, the Board should receive from the executive management (i) an analysis on how this decision is aligned with the Company's sustainability objectives and E&S policies or (ii) proposal of the measures to mitigate negative E&S impacts.	X			Environmental and social risks and opportunities are assessed within the Company's risk management framework and through the ESG governance structure. The Board of Directors receives information regarding ESG risks and sustainability matters through internal reporting mechanisms and considers such aspects in its decision-making processes when relevant.
E: SUSTAINABILITY AND STAKEHOLDERS	**E.2. The Company should have in place a process for identifying the stakeholders affected by Company's operations. The Board should take into consideration stakeholders' interests and ensure there is active communication between the Company and its stakeholders.**	E.2., 1	The Board should ensure that there is a formal stakeholder identification process for Company's stakeholders including investors, creditors, clients, employees and suppliers, as well as targeted approaches for engaging with its priority stakeholders.	X			The Company identifies and engages with key stakeholders, including investors, employees, customers, suppliers and communities. As part of its sustainability reporting processes, the Company performs a Double Materiality Assessment (DMA) in accordance with the Corporate Sustainability Reporting Directive (CSRD) requirements, which supports the identification of key stakeholders and the determination of material environmental, social and governance topics relevant to the Company's activities and strategy.
E: SUSTAINABILITY AND STAKEHOLDERS	**E.3. The Board should adopt a Code of Conduct with adequate scope including guiding principles which reflect the Company's commitment to ethics, integrity and quality of performance.**	E.3., 1	The Board should develop a purpose statement and a vision statement as well as articulate Company's values, so the entire organisation understands the Company's strategic direction.	X			The Company has defined its mission, strategic direction and corporate values which guide the activities of the organisation and support its long-term development objectives.
E: SUSTAINABILITY AND STAKEHOLDERS	**E.3. The Board should adopt a Code of Conduct with adequate scope including guiding principles which reflect the Company's commitment to ethics, integrity and quality of performance.**	E.3., 2	The Board should adopt a Code of Conduct for Board members, executive management and Company employees, with clear provisions aimed at preventing and sanctioning fraud and bribery. The Board should not permit any waiver of any ethics requirement by any director, executive manager or employee.	X			The Company has adopted a Code of Conduct applicable to members of the Board, executive management and employees, establishing principles related to ethics, integrity, prevention of fraud and bribery and responsible business conduct.
E: SUSTAINABILITY AND STAKEHOLDERS	**E.3. The Board should adopt a Code of Conduct with adequate scope including guiding principles which reflect the Company's commitment to ethics, integrity and quality of performance.**	E.3., 3	The Board should ensure that the Code of Conduct policies are integrated into Company's practices and incorporated into the onboarding process for new hires. The Board should ensure the efficient implementation and monitoring of compliance with the Code of Conduct and periodically review it.	X			The Code of Conduct forms part of the Company's governance framework and its principles are integrated into the Company's operational practices. Compliance with the Code is monitored through internal procedures and reporting mechanisms and is communicated to employees as part of the Company's internal policies.

SUSTAINABILITY REPORT

SPHERA

Table of Contents

1 ESRS 2 – General Information 1
1.1 Preparation Basis 1
1.1.1 BP-1: General basis for preparing the sustainability statement 1
1.1.2 BP2—Disclosure of information regarding specific circumstances 3
1.2 Governance 6
1.2.1 GOV-1: Role of the administrative, management, and supervisory bodies 6
1.2.2 GOV-2: Information provided to the company's administrative, management, and supervisory bodies and sustainability issues addressed by them 11
1.2.3 GOV-3: Integration of sustainability performance into incentive schemes 13
1.2.4 GOV-4: Statement on Due Diligence 14
1.2.5 GOV-5: Risk management and internal controls regarding sustainability reporting 15
1.3 Strategy 17
1.3.1 SBM-1 Strategy, Business Model, and Value Chain 17
1.3.2 SBM-2 – Stakeholder Interests and Perspectives 24
1.3.3 SBM-3 – Significant impacts, risks, and opportunities and their interaction with the strategy and business model 27
1.4 Managing Impacts, Risks, and Opportunities 28
1.4.1 Disclosures regarding the materiality assessment process 28

2 Disclosure of information pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation) 46
2.1 Determination of economic activities eligibility: 47
2.2 Presentation of the Sphera Group's key performance indicators for the 3 financial indicators 50

3 ESRS E1 – Climate Change 52
3.1 Governance 52
3.1.1 ESRS 2 GOV-3 Integration of sustainability performance into incentive schemes 52
3.2 Strategy 52
3.2.1 E1-1 Climate Change Mitigation Transition Plan 52
3.2.2 ESRS 2 SBM-3 Significant impacts, risks, and opportunities and their interaction with the strategy and business model 52
3.3 Management of Impacts, Risks, and Opportunities 54

3.3.1 ESRS 2 IRO-1 Description of the processes for identifying and assessing significant climate-related impacts, risks, and opportunities 54
3.3.2 E1-2 – Policies related to climate change mitigation and adaptation to the same 58
3.3.3 E1-3 Actions and resources related to climate change policies 58
3.4 Indicators and Targets 60
3.4.1 E1-4 Targets related to climate change mitigation and adaptation to the same 60
3.4.2 E1-5 Energy consumption and energy mix 61
3.4.3 E1-6 Gross GHG emissions from categories 1, 2, 3, and total GHG emissions 64
3.4.4 E1-7 GHG removals and GHG emission mitigation projects financed through carbon credits 71
3.4.5 E1-8 Setting the domestic carbon price 71
3.4.6 E1-9 Anticipated financial impacts of significant physical and transition risks and potential climate-related opportunities 71

4 ESRS E3 Water and Marine Resources 72
4.1 Management of Impacts, Risks, and Opportunities 72
4.1.1 ESRS 2 IRO-1 – Description of processes for identifying and assessing significant impacts, risks, and opportunities related to water and marine resources 72
4.1.2 Interactions with other ESRS 75
4.1.3 E3-1 Policies related to water and marine resources 75
4.1.4 E3-2 Actions and resources related to water resources 76
4.2 Indicators and targets 78
4.2.1 E3-3 Targets related to water and marine resources 78
4.2.2 E3-4 Water consumption 80
4.2.3 E3-5 Anticipated financial effects of significant risks and opportunities related to water and marine resources 82

ESRS E5 Resource Use and the Circular Economy 83
4.3 Management of Impacts, Risks, and Opportunities 83
4.3.1 ESRS 2 IRO-1 – Description of the processes for identifying and assessing significant impacts, risks, and opportunities related to resource use and the circular economy 83
4.3.2 E5-1 Policies related to resource use and the circular economy 87
4.3.3 E5-2 Actions and resources related to resource use and the circular economy 91
4.4 Indicators and targets 93
4.4.1 E5-3 Targets related to resource use and the circular economy 93

4.4.2 E5-5 Resource outputs 95
4.4.3 E5-6 Anticipated financial effects of significant risks and opportunities related to resource use and the circular economy 99

5 ESRS S1 In-house workforce 100
5.1 Strategy 100
5.1.1 ESRS 2 SBM-3 - Significant impacts, risks, and opportunities and their interaction with the strategy and business model 100
5.2 Managing Impacts, Risks, and Opportunities 107
5.2.1 S1-1 – Policies related to the company's in-house workforce 107
5.2.2 S1-2 – Processes for collaboration with in-house workforce and employee representatives regarding impacts 111
5.2.3 S1-3 – Processes for addressing negative impacts and channels via which the in-house workforce can raise concerns 112
5.2.4 S1-4 – Adoption of measures regarding significant impacts on the in-house workforce and approaches for managing significant risks and pursuing significant opportunities related to the in-house workforce, as well as the effectiveness of these actions 114
5.3 Indicators and Targets 121
5.3.1 S1-5 – Targets related to managing significant negative impacts, promoting positive impacts, and managing significant risks and opportunities 121
5.3.2 S1-6 – Characteristics of the company's employees 122
5.3.3 S1-7 – Characteristics of non-salaried workers within the company's in-house workforce 125
5.3.4 S1-9 – Diversity Indicators 127
5.3.5 S1-11 – Social Protection 128
5.3.6 S1-12 – People with disabilities 129
5.3.7 S1-13 – Training and Skills Development Indicators 130
5.3.8 S1-14 – Health and Safety Indicators 133
5.3.9 S1-17 – Incidents, complaints, and serious human rights incidents 135

6 Consumers and end users 136
6.1 Material impacts, risks, and opportunities and their interaction with the strategy and business model 136
6.2 Policies regarding consumers and end users 140
6.3 Measures taken regarding significant impacts, risks, and opportunities for consumers and end users 141
6.4 Indicators and targets 146

7 Governance information 148
7.1 ESRS G1 Professional conduct 148
7.1.1 ESRS 2 GOV-1 Role of the administrative, management, and supervisory bodies 148
7.1.2 ESRS 2 IRO-1 – Description of the processes for identifying and assessing significant impacts, risks, and opportunities 149
7.1.3 G1-1 Policies on professional conduct and corporate culture 152
7.1.4 ESRS2 MDR-T 156
7.1.5 ESRS 2 MDR-A 160
7.1.6 G1-2 Management of supplier relationships 162
7.1.7 G1-3 Prevention and detection of corruption and bribery 162
7.1.8 G1-4 Incidents of corruption or bribery 164
7.1.9 G1-6 Payment practices 164

1 ESRS 2 – General Information

1.1 Preparation Basis

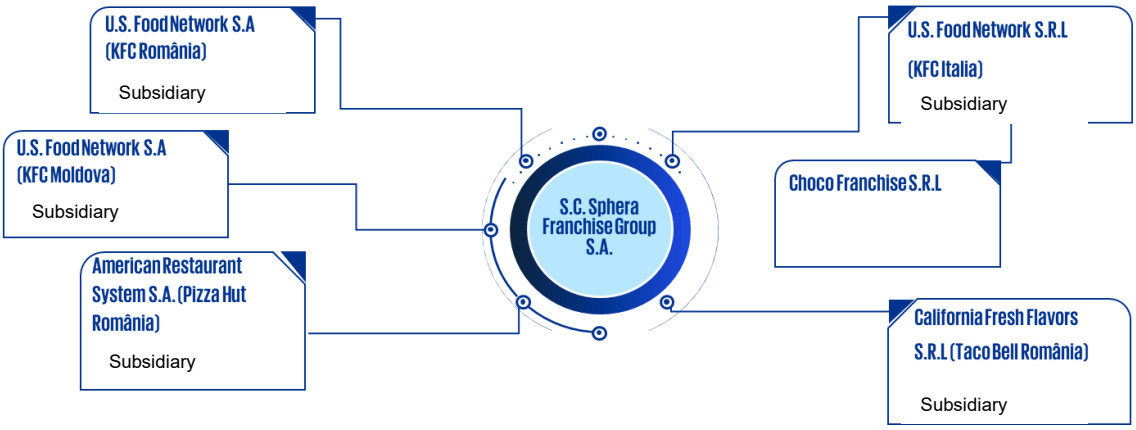
1.1.1 BP-1: General basis for preparing the sustainability statement

The Sphera Group, comprising Sphera Franchise Group S.A. and its five subsidiaries: U.S. Food Network S.A. (KFC Romania), American Restaurant System S.A. (Pizza Hut Romania), U.S. Food Network S.R.L. (KFC Italy), U.S. Food Network S.R.L. (KFC Moldova), and California Fresh Flavors S.R.L. (Taco Bell Romania), presents the Sustainability Report for the 2025 fiscal year, prepared in accordance with the European Sustainability Reporting Standards (ESRS), as set forth in Annex 1 to Delegated Regulation (EU) 2023/2772 of July 31st, 2023, supplementing Directive 2013/34/EU of the European Parliament and of the Council, transposed into national law by OMF No. 85/2024. This Sustainability Report also includes the information required under Article 8 of the EU Taxonomy Regulation (EU Regulation 2020/852).

The reporting for 2025 was prepared taking into account recent legislative updates to the European reporting framework adopted by the European Commission in 2025, i.e. Delegated Regulation (EU) 2025/1416 ("Quick Fix") and Delegated Regulation (EU) 2026/73 on the EU Taxonomy. The Sphera Group's ("Group," "Sphera") Sustainability Report has been prepared on a consolidated basis, covering the reporting period from January 1st to December 31st, 2025, aligned with the financial reporting period.

The scope of consolidation of the Sustainability Report is the same as that of the consolidated financial statements of the Sphera Group in Romania, Italy, and the Republic of Moldova, unless otherwise specified in the document.

There are no subsidiaries of the Sphera Group that are exempt from individual or consolidated sustainability reporting.



In October 2024, Choco Franchise SRL was established in Italy to operate the Cioccolatitaliani locations. In June 2025, Choco Franchise SRL opened its first Cioccolatitaliani location in the resort

town of Riccione, in the Rimini tourist area, Italy, marking the official launch of the Sphera Group's plan to develop a premium Italian brand of coffee, ice cream, and pastries.

Choco Franchise SRL is owned by US Food Network SRL Italia (KFC Italy), and the data related to its operations are included in this report within the scope of consolidation of US Food Network SRL Italia, in accordance with the Group's reporting structure.

In 2025, the Group acquired the franchise rights for Hard Rock Cafe on the markets of Romania and the Republic of Moldova. To this end, a company dedicated to operating the brand and managing the expansion process was established in 2025. As of the reporting date for 2025, the subsidiary is in the organizational and operational preparation phase, with no commercial activity yet underway. Consequently, no operational activities were recorded during the period under review, and no impacts on the environment, society, or governance were generated. Furthermore, no CAPEX or OPEX expenditure related to operations were made, and, in the absence of actual operations, no quantitative ESG data is available for 2025. The subsidiary will be included in the Group's reporting scope, and sustainability data will be reported starting with the first full fiscal year in which operational activity is actually conducted.

For the 2025 reporting year, information regarding sustainability (alternatively referred to as "sustainability" in the context of reporting) continues to be presented in the section dedicated to the Sustainability Report within the Annual Report.

In the context of drafting this Sustainability Report in accordance with ESRS standards, Ernst & Young Assurance Services SRL performed a limited assurance engagement for the Sustainability Report in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" (ISAE 3000 (Revised)).

The Sustainability Report is not limited to the Group's own operations but also includes relevant information from the value chain, both upstream and downstream. The double materiality analysis included an assessment of the impacts, risks, and opportunities associated with the Group's own operations, products, and services, as well as its business relationships.

The value chain includes direct suppliers (Tier 1), who deliver food, packaging, and equipment in accordance with Yum!'s quality standards, as well as lower-tier suppliers (Tier 2), such as poultry farms, potato growers, and packaging manufacturers. These suppliers play a vital role in ensuring the continuity and sustainability of the supply chain. The downstream value chain involves product distribution and customer interaction.

The Group's policies and actions apply to both direct suppliers and the extended value chain to ensure compliance with sustainability and safety standards, and through due diligence processes, the Sphera Group monitors their compliance with sustainability policies. Downstream, actions focus on improving the use of recyclable packaging and reducing the environmental impact of products.

For suppliers, the Group implements a series of policies designed to promote sustainable and responsible practices in the supply chain. These include the Supplier Code of Conduct, which sets fundamental standards for quality, ethics, and sustainability, and the Supply Chain Human Rights Policy, which ensures respect for fundamental labor rights and the protection of workers throughout the value chain. The Group also applies the Policy on Sustainable Animal Protein

Principles, which promotes responsible sourcing of animal-based products while respecting animal welfare standards.

To support sustainability initiatives, the Group has also implemented the Policy on Genetically Modified Foods, which focuses on transparency and compliance with legal requirements, and the Policy on Paper-Based Packaging Sourcing, which encourages the use of recyclable and renewable materials. In addition, the Animal Welfare Policy underscores the Group's commitment to the ethical treatment of animals involved in the supply chain, and the Sustainable Packaging Policy supports the reduction of environmental impact.

In its customer relations, the Sphera Group implements a Complaint Resolution Procedure, which ensures the prompt and efficient handling of feedback received, contributing to increased customer satisfaction and loyalty.

The Sustainability Report also presents other relevant data regarding the value chain, such as the use of sustainable materials and actions to reduce environmental impact, information included in the relevant chapters of this document.

Detailed information is included only for the relevant parts of the value chain, where impacts and risks are identified as significant. The report does not provide details about every actor in the chain, but focuses on information relevant to the company and its users.

The Sphera Group did not exercise the option to omit information that could relate to intellectual property, know-how, or innovation outcomes. However, in accordance with ESRS 1, Section 7.7, the Group decided to omit reporting on employee turnover rate, considering this information to be competitively sensitive. Given the dynamics of the labor market and the high level of competition in the industry, disclosing this metric could create a competitive disadvantage for the Group. This metric will be included in a future report once other competitors in the industry in Romania also publish it.

The Sphera Group did not use the exemption from disclosing information regarding imminent developments or matters under negotiation, in accordance with the provisions of Article 19a(3) and Article 29a(3) of Directive 2013/34/EU.

1.1.2 BP2—Disclosure of information regarding specific circumstances

During 2025, the Sphera Group developed a new Sustainability Strategy for the 2025–2030 timeframe. This strategy was approved on November 29th, 2025.

In preparing the Sustainability Report, the Sphera Group used short-, medium-, and long-term timeframes, as defined in ESRS 1. For the disclosures included in the Sustainability Report, the timeframes are defined as follows: short-term—1 year, medium-term—up to 5 years, and long-term—over 5 years, in accordance with Section 6.4 of the standard.

Regarding indicators that include data on the upstream and/or downstream value chain estimated using indirect sources, such as sector-average data or other proxies, the Group recognizes the importance of transparency and accuracy. Where applicable, the assumptions and reasoning used to measure estimates have been defined, ensuring transparency and clarity in the reporting of quantitative indicators and monetary values.

Regarding Scope 3 greenhouse gas (GHG) emissions, we use primary data from our suppliers whenever possible. When primary data is not available, we rely on recognized sources and adhere to methodologies compliant with the GHG Protocol to achieve a robust level of accuracy in reported emissions.

Another area where we use estimates for data presentation is the reporting of waste quantities managed as a result of our activities in Italy and Moldova. For operational reasons related to local waste management operators, who do not issue waste weight measurements reports, exact quantities cannot be collected. Therefore, for Moldova and Italy, our teams conducted sample weight measurements of the waste handed over, and then, based on the collected data, extrapolations were made to determine the quantities for the entire year 2025 across the entire network of locations in Italy and Moldova, based on store size and sales volume.

Another estimate concerns the volume of water abstracted (withdrawn) in Italy, where direct monitoring is not possible because most restaurants are located in shopping centers, and billing is based on leased area or as part of common costs allocated among tenants, without a breakdown of actual consumption, rather than on actual consumption. As of 2024, monthly monitoring of water meters to which the Group has access in restaurants has been implemented; however, the data obtained is not final, as total consumption must be supplemented with consumption related to common areas (FC) and with the shares of water consumption included in common costs or from meters dedicated to the units, which are not accessible to the Group. In this context, consumption was estimated based on the consumption figures from the invoices of three restaurants with direct contracts with suppliers and based on the shares corresponding to the leased space, calculated from the total consumption recorded in the shopping centers.

Additionally, to determine water consumption, the methodology proposed and used by the franchisor Yum! Brands was applied, according to which water consumption in the Group's restaurants and offices accounts for approximately 15% of the total volume of water withdrawn.

The 2025 Sustainability Report is the second report prepared by the Sphera Group in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). The first report prepared in accordance with these requirements was the 2024 report, marking the transition from previous reporting based on the Global Reporting Initiative (GRI) standards—the first GRI report having been published for 2018.

Based on the experience gained during the first year of reporting under the CSRD, the Sphera Group made specific adjustments to the 2025 Sustainability Report, with the aim of improving the consistency of the information presented and eliminating any redundancies identified in the previous edition. These updates reflect the optimization of the reporting process and alignment with best practices observed through a comparative analysis of sustainability reports from other companies in the sector, while maintaining compliance with the requirements of the European Sustainability Reporting Standards.

The update also includes a reconfiguration of the data aggregation method, shifting from brand-level reporting to consolidated country-level reporting. The reporting approach was adjusted in light of the Group's structural dynamics and development prospects. In this context, reporting was conducted at the consolidated, country-level to ensure clarity,

consistency, and comparability of the information presented, in accordance with the ESRS principles regarding the appropriate level of aggregation and the avoidance of excessive detail that would not provide additional informational value.

During 2025, the Group reviewed the previously identified impacts, risks, and opportunities to ensure the clarity, consistency, and timeliness of their classification. The results of the review are presented in the ESRS 2 – IRO 1 section of this report and form the basis for the updated structure of the material topics reported for 2025.

The Group also applies the provisions of Commission Delegated Regulation (EU) 2025/1416 of July 11, 2025, which amends Delegated Regulation (EU) 2023/2772 and postpones the effective date of certain disclosure requirements set forth in the ESRS standards. Pursuant to this delegated act, certain detailed requirements set forth in Annex C of ESRS 1 may be temporarily omitted or reported only in a qualitative form, in accordance with paragraph 17 of ESRS 2. Consequently, the detailed information required by ESRS 2 SBM-3 paragraph 48(e), ESRS E1-9, ESRS E3-5, and ESRS E5-6 is not presented.

Furthermore, the sections pertaining to the "S4 Consumers and End Users" chapters have been adjusted to include the minimum information required by the standard, since, in applying the transitional provisions, reporting under ESRS S4 is carried out in accordance with paragraph 17 of ESRS 2, i.e.: the link between impacts, risks, and opportunities and the Group's business model, as well as a summary description of relevant policies, actions, objectives, and indicators.

In preparing the 2025 report, the Group updated the reported emissions values for 2024 for Scope 3, categories 3.4 - Upstream transport and distribution, 3.6 - Business travel, and 3.9 – Downstream transport and distribution, following the adjustment of certain calculation elements (units of measurement and emission factors). The values for 2024 for these categories have been recalculated. Details regarding the corrected values are presented in section E1-6 Gross GHG Emissions from Categories 1, 2, 3, and Total GHG Emissions.

At the same time, the revenue figures for 2024 have been slightly adjusted, with the difference being immaterial (approx. 0.15%). Additionally, the presentation has been updated, with figures now expressed in thousands of Lei. Further details are provided in section SBM-1 Strategy, Business Model, and Value Chain, ESRS 2.

The Sphera Group's subsidiaries operate in the restaurant industry, including fast-food and full-service restaurants, under the KFC, Pizza Hut, and Taco Bell brands.

The Sphera Group integrates other industry-applicable standards into its operational processes, particularly through the implementation and maintenance of ISO certifications. In Romania, all KFC, Pizza Hut, and Taco Bell restaurants are certified as per the ISO 22000:2018 standard, which attests to a commitment to food safety and continuous improvement. These certifications are periodically verified through external audits conducted by third parties. In Italy and Moldova, KFC restaurants do not currently hold this certification.

In addition, Sphera conducts regular tests through a laboratory accredited as per the ISO 17025:2018 standard to validate the quality of the water used in all its restaurants in Romania, following the standards established by RENAR.

1.2 Governance

1.2.1 GOV-1: Role of the administrative, management, and supervisory bodies

The Sphera Group is governed by a Board of Directors and the General Shareholders' Meeting (GSM), whose powers and operating procedures are established by the Articles of Incorporation and Law 31/1990 on companies. The Board of Directors sets the Group's main directions for activity and development, approves business plans within the limits established by the GSM, and has responsibilities regarding sustainability, specifically the integration of environmental, social, and governance (ESG) aspects into the company's strategy and operations. All communications to the Board of Directors (BoD), including those regarding conflicts of interest, are made via the Chief Executive Officer or the Secretary of the BoD. The five non-executive members of the Board of Directors have delegated the management of the company to the executive directors and the CEO, who assume their roles pursuant to mandate agreements entered into with the Sphera Group. Members of the Board of Directors are appointed by the General Shareholders' Meeting (GSM) for four-year terms.

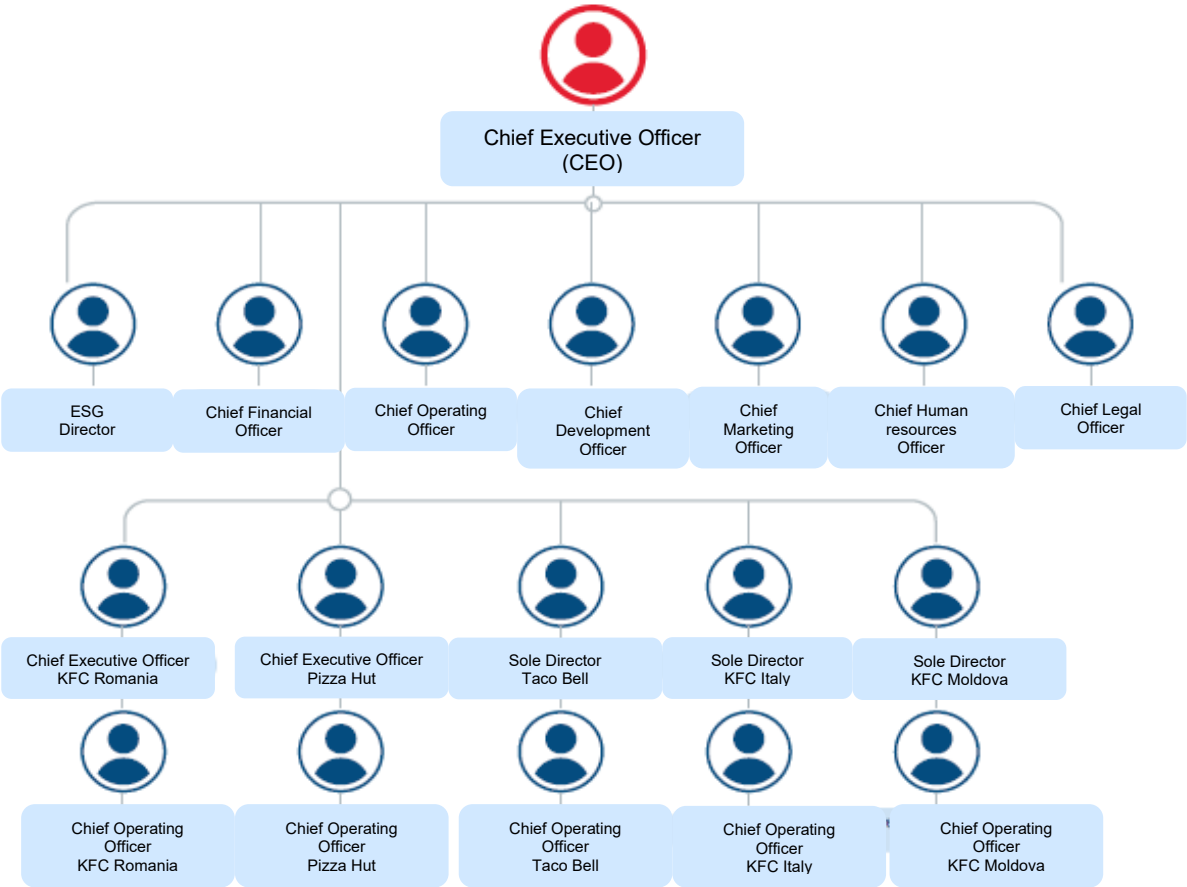
There are no employee representatives in the administrative, management, or supervisory bodies. However, each company within the Sphera Group has one or more employee representatives, who are consulted in specific situations. Thus, the companies within the group have the following representatives: Sphera Franchise Group: 1 representative, US Food Network S.A.: 3 representatives, American Restaurant System S.A.: 2 representatives, California Fresh Flavors: 1 representative. These representatives are not members of the Board of Directors or the management team, but they are consulted and involved by the management team whenever decisions are made that may have a significant impact on employees, such as working conditions or other issues related to their rights and interests.

Members of the Board of Directors and the executive team have business experience relevant to the Group's specific operations. They hold skills in areas such as operational management, business development, financial markets, and the implementation of sustainability strategies, gained across various industries, including the restaurant and financial sectors. Their experience covers all the geographic locations where the Group operates—Romania, Italy, and the Republic of Moldova.

The executive management team consists of three members. The executive coordination of the Sphera Group is overseen by the CEO, who is entrusted with this responsibility by the Board of Directors. The CEO supervises three levels of management, manages corporate plans, and monitors the performance of the subsidiaries and the entire Group. They are actively involved in managing financial and budgetary operations, implementing business development plans, and optimizing resource management. They also facilitate interaction with all stakeholders, ensuring senior management's involvement in strategic direction and the achievement of the company's annual objectives, including those related to sustainability.

The CEO (Călin Ionescu) has over 30 years of experience in operational and strategic management, coordinating the activities of the entire Group to achieve annual and long-term goals. The Chief Financial Officer (Valentin Budeș) has 20 years of experience in finance, being responsible for the Group's budget planning and control, thereby ensuring its financial sustainability. With over 14 years of experience in the field, the Marketing Director (Monica Eftimie) contributes to business growth by developing and implementing marketing strategies.

Management Structure of the Sphera Group



As of December 31st, 2025, the Board of Directors of the Sphera Group consists of five members, all of whom hold non-executive positions, one of whom is independent, representing 20% of the membership. In terms of gender diversity, the Board is composed exclusively of male members, indicating a 0% representation of women. In contrast, the executive team includes one female member, who serves as Marketing Director, representing 33.33% of the total executive team.

As of December 31st, 2025, the five members of the Board of Directors were:

Name	Executive/Non-Executive	Independent	Gender	Role
Lucian Hoancă	Non-executive	No	Man	Chairman
Georgios Vassilios Repidonis	Non-executive	No	Man	Vice Chairman

Name	Executive/Non-Executive	Independent	Gender	Role
Mihai Ene	Non-executive	No	Man	Member
Gabriel-Silviu Cârmaciu	Non-executive	No	Man	Member
Răzvan Ștefan Lefter	Non-executive	Yes	Man	Member

As of December 31st, 2025, the executive team consisted of:

Member's name	Gender	Role
Calin Ionescu	Man	Chief Executive Officer
Valentin Budeș	Man	Financial Manager
Monica Eftimie	Woman	Marketing Manager

The Board of Directors has two Advisory Committees: the Audit Committee and the Nomination and Compensation Committee. Each committee is led by a designated Chairman and consists of three members of the Board of Directors. The Audit Committee operates in accordance with the Company's Articles of Association, the Board of Directors' Regulations, and applicable law, with specific responsibilities in the areas of financial audit, financial reporting, and internal audit. It oversees conflict of interest policies and evaluates significant transactions. Similarly, the Nomination and Compensation Committee is responsible for reviewing the Company's compensation policy, establishing eligibility criteria for executive directors, selecting candidates for the Board of Directors, and planning succession for executive officers with term contracts.

Composition of the Advisory Committees:

Audit Committee	Nomination and Compensation Committee
Răzvan-Ștefan Lefter (Chairman)	Lucian Hoancă (Chairman)
Mihai Ene	Georgios Vassilios Repidonis
Georgios Vassilios Repidonis	Silviu-Gabriel Cârmaciu

As of December 31st, 2025, all members of the Advisory Committees were male.

Within the Sphera Group, the Board of Directors is responsible for overseeing environmental, social, and governance (ESG) issues. This includes the ESG Committee, led by the CEO and composed of the ESG Director, the Chief Financial Officer, the Chief Operating Officer, the Chief Marketing Officer, the Chief Development Officer, the Chief Human Resources Officer, the Chief Legal Officer, the Quality and Food Safety Manager, the Communications and Social Responsibility Manager, the General Managers of the subsidiaries, and the Procurement Manager.

As of December 31st, 2025, the number of Board of Directors members by age group is:

Age Group	Number 2024	Number 2025
Under 30 years old	0	0
30–50 years old	3	3

Age Group	Number 2024	Number 2025
over 50 years old	2	2

As of December 31st, 2025, the number of executive team members by age group is:

Age group	Number 2024	Number 2025
Under 30 years old	0	0
30–50 years old	2	2
over 50 years old	1	1

To manage ESG impacts, risks, and opportunities, the ESG Governance and Reporting Policy of Sphera Franchise Group and its subsidiaries establishes the roles and responsibilities of the administrative, management, and supervisory bodies.

The Board of Directors oversees the establishment and review of strategic guidelines, the development of action plans, risk assessment and monitoring, annual budgets, business plans, the establishment and monitoring of performance indicators, the oversight of major capital expenditures, acquisitions and divestitures, and the analysis of progress against commitments and objectives. Sphera's management monitors progress in the area of sustainability through periodic reporting.

Responsibility for overseeing environmental, social, and governance (ESG) matters rests with the Sphera Group Board of Directors, which is tasked with integrating ESG considerations into the Group's strategy and operations. These responsibilities are further extended to the ESG Committee, which supports the implementation and coordination of sustainability initiatives.

Responsibility for overseeing impacts, risks, and opportunities is assumed by the Sphera Group Board of Directors, supported by two advisory committees: **the Audit Committee** and **the Compensation and Nomination Committee,** as well as **the ESG Council**, which includes the ESG Director, the Chief Financial Officer, the Chief Operating Officers, the Chief Marketing Officer, the Chief Human Resources Officer, and the Chief Legal Officer. At the executive level, the Chief Executive Officer (CEO) coordinates the implementation of strategies and decisions related to impacts and risks, alongside the ESG Director and the rest of the management team, which includes the Chief Financial Officer, the Chief Operating Officers, the Chief Marketing Officer, the Chief Human Resources Officer, and the Chief Legal Officer.

Regarding the application of specific controls and procedures for managing impacts, risks, and opportunities, the ESG Council works closely with relevant internal departments, such as Human Resources, Legal, Finance, Operations, and Procurement. Cross-functional working groups are also formed to integrate the necessary control measures into operational processes.

For example, to manage environmental impacts, risks, and opportunities, the ESG Council works with the operational team to assess and reduce emissions, as well as to monitor resource consumption. Regarding social impacts, risks, and opportunities, the human resources department develops diversity and inclusion programs, which are communicated and discussed with relevant members of the ESG Council, depending on their specific nature. A similar approach

is taken by the procurement department to monitor and manage ESG impacts, risks, and opportunities in the supply chain.

The Board of Directors is informed at least once a year regarding issues and areas of interest via the Audit Committee. The ESG Strategy, which includes the Sphera Group's ESG goals and targets, is approved by the Board of Directors. It is developed based on the material topics identified through the double materiality analysis process and incorporates initiatives designed to manage ESG impacts, risks, and opportunities. Progress toward achieving strategic objectives is monitored and reported to the Board of Directors at least once a year and whenever the Board requests additional information.

The ESG Committee is chaired by the CEO and includes the ESG Director, the Chief Financial Officer, the Chief Operating Officers, the Chief Marketing Officer, the Development Director, the Chief Human Resources Officer, the Chief Legal Officer, the Quality and Food Safety Manager, the Communications and Social Responsibility Manager, the General Managers of the subsidiaries, and the Procurement Director.

To integrate various sustainability topics into the Group's strategy and plans and to implement these plans when necessary, cross-functional working groups are formed, which include employees from the food safety, human resources, supply chain, development, communications, and legal teams. Regular reporting is the primary mechanism through which Sphera's management monitors progress in the area of sustainability.

The administrative, management, and supervisory bodies within the Sphera Group ensure the development and updating of the skills necessary for overseeing sustainability aspects through training and access to relevant expertise. The entire operational team, including executive management and responsible directors, participated in 2024 in ESG-themed training sessions, during which the new reporting requirements under the CSRD, legislative updates, and regulations in the sustainability area relevant to the Sphera Group's field of activity were discussed.

The Board of Directors consists of five members appointed by the ordinary general meeting of shareholders. The Board of Directors is responsible for performing all acts necessary to achieve the Sphera Group's corporate purpose, including the management of any subsidiaries or investments of the Group, with the exception of powers that are by law assigned to the general meetings of shareholders.

The Board of Directors' responsibilities regarding the conduct of business include:

- Establishing the Group's main directions of activity and development.
- Establishing accounting policies, the financial control system, and approving financial planning.
- Preparing the annual report, approving the financial statements, and preparing the business plan and the income and expenditure budget.
- Organizing general meetings of shareholders and implementing their decisions.
- Fulfilling the duties delegated by the general meeting of shareholders, such as implementing important strategic and operational decisions.

Mr. Hoancă, a non-executive member of the Board of Directors of Sphera Franchise Group since 2018 and Chairman of the Board since October 2020, has managerial experience and leadership skills acquired through leadership roles held in various companies since 1995.

Mr. Repidonis, a non-executive member of the Group's Board of Directors since 2019, has experience in executive management, project development, product marketing, and accounting. A graduate of the Faculty of Economic Planning and Cybernetics at the Academy of Economic Studies in Bucharest, Mr. Repidonis has held leadership positions, including shareholder, director, and General Manager of Comtra Intl Distributor in Romania between 1994 and 1997, and General Manager of the El Greco restaurant in Bucharest between 2004 and 2010.

Mr. Ene, a non-executive member of the Board of Directors since February 4th, 2022, has experience in business and hospitality management. He graduated from the Faculty of Business and Tourism at the Academy of Economic Studies and earned a degree in hospitality management from the École hôtelière de Lausanne in Switzerland. Throughout his career, he has participated in numerous courses and professional development programs, strengthening his expertise in the field.

Mr. Lefter has experience in finance and investments. With a degree in Finance and the CFA designation, Mr. Lefter has a deep understanding of financial markets and investment strategies.

Mr. Cârmaciu has experience in finance and strategic management, with a bachelor's degree in economics and specializations in Finance, Banking, and Accounting, as well as postgraduate courses in International Economic Relations and National Security and Defense. This is complemented by various professional certifications in banking, general management, coaching and leadership, as well as in financial analysis and evaluation. His professional experience includes leadership roles in various areas of banking, such as credit and risk, treasury, business development, customer relationship management, and anti-money laundering.

1.2.2 GOV-2: Information provided to the company's administrative, management, and supervisory bodies and sustainability issues addressed by them

The Board of Directors is informed by the ESG Council annually and whenever significant changes arise due to the legislative framework or the activities of group companies, which could lead to changes in significant sustainability impacts, risks, and opportunities. The ESG Committee ensures that reports are regularly updated and relevant for the assessment and management of ESG risks and opportunities.

The Board of Directors considers significant impacts, risks, and opportunities when overseeing the Group's strategy, major decisions, and risk management processes. In the process of making major decisions, the Board evaluates the trade-offs associated with the identified impacts, risks, and opportunities, such as the balance between the investments required for sustainability initiatives and financial goals. Decisions regarding major transactions are evaluated from the perspective of associated risks and opportunities, taking into account the impact on stakeholders and alignment with the Group's ESG strategy. The ESG Board and executive teams collaborate with the Board of Directors to provide detailed information and ensure that all major strategic decisions are informed and well-substantiated.

Based on the double materiality analysis conducted in 2024, the Sphera Group completed the process of developing the new ESG strategy for the period 2025–2030, a document that was approved by the governing bodies on October 29th, 2025.

The strategy sets out the Group's action plans and goals in the environmental, social, and governance areas, integrating the results of the analysis regarding the identified impacts, risks, and opportunities, as well as aligning them with the Group's business and sustainability goals.

During the reporting period, the administrative, management, and supervisory bodies were involved in ESG governance processes by regularly addressing key topics and decisions relevant to sustainability.

The main topics analyzed and approved within these structures are shown in the table below:

Activity	Description of the topic addressed	Responsible administrative, management, and supervisory bodies	Frequency
Approval of impacts, risks, and opportunities reviewed during 2025	Discussion of the list of significant environmental impacts, social risks, and opportunities revised as part of the DMA update process.	ESG Council	Annually
Drafting the final version of the Sustainability Strategy for 2025–2030	Discussion and analysis of the interim versions of the Sustainability Strategy, integration of the Board of Directors' comments, and completion of the final version.	ESG Council	Once every 5 years or whenever the need arises
Social initiatives to support local communities	Discussing and approving the corporate social responsibility (CSR) plan	Board of Directors, CSR Team	Annually
Approval of the Sustainability Strategy for 2025–2030	Approval of the final version of the 2025–2030 Sustainability Strategy	Board of Directors	Once every 5 years or whenever the need arises

All material impacts, risks, and opportunities identified by the Sphera Group and presented in this report under each thematic standard were initially analyzed by the ESG Council during several meetings held in 2024 as part of the double materiality analysis process and the development of the 2025–2030 Strategy.

Throughout 2025, these elements were reviewed and updated as part of the process to reassess impacts, risks, and opportunities (IROs), based on lessons learned from the previous reporting cycle and to reflect any changes that have occurred in the business environment, the regulatory framework, and the Group's value chain.

The material impacts, risks, and opportunities identified in 2024 and reviewed in 2025, as presented in the ESRS 2 – IRO 1 section, are addressed within the Group's strategy and business model and are integrated into ESG governance decisions and processes. These matters are

monitored annually by the ESG Council and the Board of Directors, in accordance with the responsibilities established in the Group's governance framework presented above.

1.2.3 GOV-3: Integration of sustainability performance into incentive schemes

The Sphera Group's compensation policy includes a fixed component and a variable/supplementary component for Group Directors.

Variable compensation is based on financial and non-financial performance criteria, ensuring that the benefits granted to management are linked to both immediate financial performance and sustainability and social responsibility goals.

Performance is evaluated against financial criteria such as EBITDA, net profit, turnover and free cash flow—detailed in the compensation policy—as well as non-financial criteria that reflect social impact and a focus on sustainability.

Financial criteria account for 90% of the maximum variable compensation amount, while non-financial criteria account for 10% of the maximum variable compensation amount calculated for the respective year. Non-financial criteria include, for example, aspects related to the environment, safety, employee engagement, as well as results achieved in the management of strategic projects (business development, turnaround management, optimization of processes and franchise agreements, expansion into new markets and products).

The degree of fulfillment is determined by the Nomination and Compensation Committee, based on an individual assessment of each director. For the 2025 reporting year, no specific percentage was allocated to sustainability criteria.

Climate-related considerations, including specific targets for reducing greenhouse gas (GHG) emissions, are not yet clearly defined within these criteria. The Group intends to develop a decarbonization plan during the next strategic period, and upon its implementation, it plans to more clearly integrate climate-related considerations into management performance evaluations and compensation policy. This initiative will allow for the direct alignment of variable compensation with specific GHG emission reduction targets. The Board of Directors does not receive variable compensation.

The remuneration of the members of the Board of Directors is approved annually by the Ordinary General Meeting of Shareholders (OGMS) and consists of a fixed allowance for attending Board of Directors meetings in the amount approved by the OGMS. Members of the Board of Directors do not receive variable compensation, incentives, or bonuses. With regard to the executive management team, compensation consists of a fixed component and a variable component, the latter being based on the fulfillment of performance criteria established by the Board of Directors. The Compensation Policy was adopted by Decision No. 1 of the Ordinary General Meeting of Shareholders on August 11th, 2022, with the last update on April 29th, 2025, and is available on the Sphera Group's website.

During 2025, the compensation policy was revised, but the changes made did not affect the ESG-related component. The introduction of ESG criteria into the bonus system remains aligned with the timeline established by the 2025–2030 ESG Strategy, which provides for their integration into

the management team's compensation scheme and their extension to operational teams by the end of 2028.

1.2.4 GOV-4: Statement on Due Diligence

The Sphera Group's due diligence process is structured to identify, prevent, mitigate, and manage current and potential negative impacts on the environment and people; it is integrated into the Group's governance structure and applied both in its own operations and throughout the value chain. This process is guided by the Group's Code of Ethics, which establishes principles regarding responsible business practices, regulatory compliance, and respect for human rights, as well as by the Supplier Code of Ethics, which sets clear requirements for business partners.

The ESG Council oversees the implementation of the due diligence process and periodically reviews relevant risks and opportunities, while the procurement department plays an active role in evaluating suppliers and monitoring compliance with sustainability criteria. For suppliers in the value chain, responsibilities are managed jointly with the Yum! franchisor for some suppliers and directly by the Group for others.

For suppliers managed by Yum!, the due diligence process is conducted by the franchisor, which ensures the selection and monitoring of suppliers in accordance with international standards of ethics and sustainability. For suppliers managed directly by the Sphera Group, the due diligence process includes assessing compliance with the requirements of the supplier code of ethics and analyzing potential impacts on the environment and society. In addition, regular monitoring and constant interaction with suppliers ensure their alignment with the Group's requirements and stakeholder expectations. The Group implements measures to address identified impacts, including remediation plans or the replacement of suppliers that do not meet sustainability requirements.

The monitoring of material impacts and the integration of corrective measures are reflected in several areas of sustainability reporting, as follows:

- Environmental Impacts (Environment Chapter): Resource management, climate change, waste, and packaging). The Group implements measures to optimize resource consumption (water, energy), manage waste responsibly, and use sustainable packaging. These aspects are monitored through specific indicators and internal reporting mechanisms.
- Impacts on employees and working conditions (Social Chapter – S1): The Group ensures a safe and fair working environment by implementing occupational health and safety standards, respecting employees' fundamental rights, providing social benefits, and applying fair recruitment and professional development policies.
- Impacts on consumers and users (Social Chapter – Consumers and End Users): Food safety, consumer health and nutrition). The Group maintains strict food safety standards, using rigorous procedures for product quality control and monitoring, in accordance with national and international regulations.
- Governance and Business Ethics (Chapter – Governance): Business Integrity, Transparency, Compliance). The Group integrates principles of ethics and compliance into all its processes, ensuring transparency in commercial relationships.

Key elements of the due diligence process	Paragraphs from the Sustainability Report
a) Integration of due diligence into governance, strategy, and business model	ESRS 2 GOV-1: Responsibilities of management ESRS 2 GOV-2: Information provided to the company's administrative, management, and supervisory bodies and the sustainability issues addressed by them; ESRS 2 GOV-3: Integration of sustainability performance into incentive schemes; ESRS 2 SBM-3: Material impacts, risks, and opportunities and their interaction with the strategy and business model.
b) Involvement of affected stakeholders in all key stages of due diligence	ESRS 2 GOV-2; ESRS 2 SBM-2: Interests and perspectives of stakeholders; ESRS 2 IRO-1; ESRS 2 MDR-P; Specifically, for topics identified as material, detailed information is included in each thematic ESRS: a description of stakeholder engagement throughout the due diligence process.
c) Identification and assessment of adverse impacts	ESRS 2 IRO-1 ESRS 2 SBM-3 Thematic ESRS.
d) Taking measures to address those adverse impacts	The Group implements measures to reduce the adverse impact of its activities as described in detail for each identified material topic: Thematic ESRS, including ESRS 2 MDR-A: reflecting the range of actions through which impacts are managed.
e) Monitoring the effectiveness of these efforts and communication	Thematic ESRS, including ESRS 2 MDR-M and ESRS 2 MDR-T: regarding indicators and targets.

1.2.5 GOV-5: Risk management and internal controls regarding sustainability reporting

The Sphera Group has implemented a risk management and internal control system to ensure compliance with national and international requirements. Risk assessment is conducted based on a methodology that identifies priorities according to their impact on the company's operations. Risks are classified into categories such as business risks s (regulatory non-compliance, reputational risk), and operational risks (food safety, environmental risk).

At the Sphera Group level, financial and non-financial risks are identified and managed at both the subsidiary and group levels by department managers, top management, and, ultimately, by the Board of Directors.

Within the Sphera Group organizational chart, there is an Internal Audit Manager who reports functionally directly to the Audit Committee within the Board of Directors and, administratively, to the CEO, regarding the obligations to identify and mitigate risks. Among their responsibilities are supporting department managers, top management, and the Board of Directors in risk management, identifying risks and opportunities at the group level, verifying and reporting on the degree of implementation of the action plan, and developing an Annual Audit Plan.

In addition, the Internal Audit Manager periodically updates a risk map for the Sphera Group, grouping risks into categories such as strategic, financial, operational, and compliance. All these types of risks are periodically assessed by Sphera Group's top management.

During 2025, sustainability topics were not included in the internal audit plan.

In 2022, the Sphera Group developed a Risk and Opportunity Study based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The identified risks and opportunities were incorporated into the double materiality analysis and the sustainability strategy for the period 2025–2040.

The Sphera Group has implemented internal control processes to ensure the quality and compliance of sustainability reporting. These include mechanisms for verifying and validating data at the department level. To ensure data accuracy, the Sphera Group applies the "four-eyes" principle, which involves additional checks prior to data consolidation to verify the completeness and integrity of information, as well as monitoring compliance with reporting requirements.

The Sphera Group has not developed a formal procedure and methodology for identifying and managing risks related to sustainability reporting. However, it recognizes the need to develop a formal procedure and methodology for identifying and managing risks related to sustainability reporting. For the 2025–2030 Strategic Period, the Group aims to develop a dedicated formal procedure.

As part of the 2025–2030 ESG Strategy, the Group has set the objective of developing and implementing a formal process for identifying, assessing, and managing risks, including ESG risks, by the end of 2026.

1.3 Strategy

1.3.1 SBM-1 Strategy, Business Model, and Value Chain

The Sphera Group is the only company in Romania's HoReCa sector listed on the Bucharest Stock Exchange and included in the exchange's main index, the BET. The company, Sphera Franchise Group S.A., listed since 2017 under the symbol "SFG," operates in three markets: Romania, the Republic of Moldova, and Italy. Sphera Franchise Group S.A. provides management, marketing, sales, and human resources services to the other entities in the group that are active in the HoReCa sector.

The group operates fast-food restaurants (KFC in Romania, Moldova, and Italy; Taco Bell in Romania) and full-service restaurants (Pizza Hut in Romania). In 2025, the Group expanded its presence in the Italian market by opening the first Cioccolatitaliani location, a premium café and chocolate shop concept, operated by Choco Franchise SRL, owned by US Food Network SRL Italia (KFC Italy).

All restaurants accept online orders, either via their own platforms or via partner platforms, but delivery to customers is handled exclusively by external partners.

In 2025, 85.7% of revenue was generated in Romania through the KFC, Pizza Hut, and Taco Bell brands. For these brands, the Group is implementing initiatives to digitize operations and expand the product offering to reflect local preferences. The focus is on increasing accessibility, diversifying points of sale, and amplifying the online presence, all of which are integrated with menus that combine local tradition with global trends.

	2023	2024	2025
Total number of employees	5,096	5,117	4,911*
Total number of employees in Romania	4,597	4,605	4,468
Total number of employees in Italy	418	404	420
Total number of employees in Moldova	81	108	108
Total revenue in thousands of Lei (RON)	1,469,171	1,548,382	1,570,926
Revenue by significant sectors ESRS[1]	N/A	N/A	N/A
Revenue from fossil fuels (coal, oil, and natural gas)	N/A	N/A	N/A
Revenue from coal	N/A	N/A	N/A
Revenue from oil	N/A	N/A	N/A
Revenue from natural gas	N/A	N/A	N/A
Revenue from economic activities aligned with the fossil gas taxonomy	N/A	N/A	N/A
oiteoiRevenue from chemicals	N/A	N/A	N/A
Revenue from controversial weapons	N/A	N/A	N/A
Revenue from tobacco cultivation and production	N/A	N/A	N/A

** The number presented reflects Sphera Group employees. The Group's in-house workforce consists of 4,911 employees and 84 non-employees, detailed in Chapter ESRS S1 – In-house workforce.*

The revenue amount for 2024 has been updated from 1,550,662,575 Lei (previously reported amount) to 1,548,382 thousand Lei. The difference is non-material (approx. 0.15%) and also reflects a change in presentation, with amounts now expressed in thousands of Lei.

[1] It generates more than 10% of the company's revenue and/or is associated with a significant actual or potential negative impact on the company.

The cost structure and revenues of the business segments for the Sphera Group are presented in the consolidated financial statements in accordance with the requirements of IFRS 8 and can be found in Note 27, Information by segments.

By the nature of its activities, the Sphera Group is committed to providing safe, high-quality food products, having a positive impact on the communities in which it operates, and acting responsibly. The sustainability and business strategies are integrated, as economic success is inseparable from social commitment and environmental responsibility.

In 2025, the business strategy retained its structure and main directions and was not modified through a separate strategic document. The integration of sustainability requirements was achieved at the implementation level, by incorporating them into existing operational and strategic decisions, product development, and supply chain management. Thus, sustainability influences how the business strategy is applied, without altering its structure. The ESG impacts, risks, and opportunities for the Sphera Group are closely linked to the business model and value chain. Identified risks include the volatility of raw material costs, the impact of legislation on operational costs, and climate risks that may affect supply. Opportunities include optimizing resource consumption, implementing sustainable packaging solutions, and diversifying menus to attract sustainability-conscious customers. These aspects are integrated into the business strategy through initiatives to reduce the carbon footprint and collaborate with sustainable suppliers. In 2025, the Sphera Group conducted a review of the impacts, risks, and opportunities (IROs) associated with the previously identified material topics. Following this review, the material topics remained unchanged, and the adjustments made to the IROs were intended to clarify and update their descriptions without altering the conclusions regarding materiality. The review process is described in the section on the double materiality analysis.

The Sphera Group's value chain encompasses:

- Upstream procurement includes relationships with direct suppliers, i.e., those entities with which the Sphera Group collaborates directly to procure food products, packaging, or equipment necessary for operations. On the other hand, extended suppliers refer to partners in the value chain who do not interact directly with the Sphera Group but who contribute to the supply of raw materials or components necessary for the final products.
- Downstream, product distribution to customers occurs through two sales channels: in-restaurant service and home delivery.
- All restaurants accept online orders, either via their own platforms or via external partners. Delivery to customers is handled exclusively by logistics partners.
- The implementation of modern technological solutions helps streamline operational processes, reduce resource consumption, and improve the customer experience. By preserving jobs and supporting the local economy, the Sphera Group plays an active role in the development of the communities where it operates.
- ESG impacts, risks, and opportunities are primarily linked to these elements of the value chain, and the Group's sustainability strategy and policies are focused on addressing the material issues arising from them.

- This approach aligns with the policies established by Yum! Brands, the Group's franchisor, which promotes animal welfare, the elimination of unnecessary packaging, the transition to sustainable materials, the improvement of recycling systems, and investments in circularity.

The Sphera Group's sustainability strategy for 2020–2024 was based on four main pillars: Responsible Business, Safe and Quality Products, Environmental Protection, and People and Communities.

In the last quarter of 2025, the Group approved the ESG Strategy for 2025–2030, a framework document that sets out the strategic directions and key objectives in the environmental, social, and governance areas.

The strategy was developed through an integrated process that took into account the results of the double materiality analysis conducted in 2024, the updated legislative and regulatory context at the European level, as well as business priorities and global sustainability trends.

Strategic goals and targets of the 2025–2030 ESG Strategy

To implement the Group's vision, strategic ESG goals and targets have been established for 2025–2030. These goals, structured around the four pillars—Sustainable Governance, Products, People and Communities, and Environment—are grounded in a double materiality analysis and incorporate industry best practices, ensuring the company focuses its efforts where it can make the greatest impact. The established goals provide a concrete and measurable direction for 2025–2030, with an emphasis on pragmatic actions and operational efficiency.

Within the context of the franchise-based business model, the portfolio of products and services offered is defined by standards set by franchisors, which the Group applies at the operational level. ESG objectives are taken into account in the implementation of these standards, as well as in commercial and operational decisions under the Group's control.

Additionally, consumer expectations are monitored through feedback tools and satisfaction indicators, and the results are used to adjust local campaigns and initiatives where possible. Mapping ESG objectives to material topics has enabled the identification of key challenges and courses of action for 2025–2030.

Sustainable Governance

- Strategic Goal 1:

Improve the ESG governance model and continue implementing sustainable policies in business operations and supplier relationships by 2030.

Targets:

- Establish a process for identifying, assessing, and managing risks, including ESG risks, by the end of 2026.
- Incorporating ESG performance indicators into the management team's bonus system and cascading them to operational teams by the end of 2028.
- Strengthen the framework for responsible supplier selection and collaboration by integrating ESG criteria into procurement and the annual evaluation of key suppliers.

Products

- Strategic Goal 2:

Improving performance related to products, consumer safety, and animal welfare, in line with the principles of responsible and sustainable marketing by 2030.

Targets:

- Continuously improve food quality and safety across all Sphera Group locations by 2030.
- Source all key raw materials exclusively from certified suppliers by 2025.

Environment

- Strategic Goal 3:

Integrate climate change mitigation and adaptation strategies into Sphera's operations by 2030.

Targets:

- Develop a decarbonization strategy aligned with the Paris Agreement by the end of 2029.
- Implement and develop new energy efficiency measures in all restaurants by 2030.

- Strategic Goal 4:

Protecting natural resources through efficient waste management by 2030.

Targets:

- Implement water management programs in 50% of locations in areas affected by water stress by 2027.
- Source all paper-based packaging from responsible and recycled sources by the end of 2025.
- Implement consumer education campaigns to optimize waste management, starting in 2026.

People and Communities

- Strategic Goal 5:

Maintain a balanced and motivating work environment across all group companies by 2030.

Targets:

- Maintain an annual accident rate of less than 7 per 1 million hours worked by 2030.
- Achieve a 4% representation of employees from vulnerable groups by 2030 (3% by 2027).
- Maintain a minimum 80% internal promotion rate for managerial roles by 2030.
- Implementing annual programs designed to support employee well-being starting in 2025.

- Strategic Goal 6:

Support the development of local communities by 2030.

Targets:

- Engaging at least 10% of employees in volunteer activities by the end of 2030 (5% by 2027).
- Maintain the percentage of 70% of the total value of raw material purchases from local suppliers for subsidiaries in Romania, annually, by 2030.

- Strategic Goal 7:

Ensuring access to quality information and protecting consumer privacy by 2030.

Targets:

- Zero data privacy incidents.
- Maintaining full compliance with regulations and voluntary codes regarding marketing communications throughout the 2025–2030 period.

The total estimated budget for implementing the 2025–2030 ESG strategy is EUR 1,396,350, with annual allocations by strategic pillar.

Implementation of the strategy is coordinated by the ESG Council, in collaboration with operational teams, and progress will be monitored and reported annually in the Group's Sustainability Report.

Sphera Group's Alignment with the UN Sustainable Development Goals

Mapping of the pillars of the Sustainability Strategy and the SDGs to which the Sphera Group is aligned

Pillar in the Sustainability Strategy	Material topic categories	Sustainable Development Goals	ESG Pillars
Sustainable Governance	• Corporate Culture • Bribery and Corruption • Supplier Relationship Management, Including Payment Practices		Governance
Products	• Animal welfare • Access to quality information • Responsible marketing practices		Governance, Environment, Social
Environment	• Greenhouse gas emissions / Climate change • Resource circularity • Water Management • Food and Packaging Waste Management • Energy management		Environment
People and communities	• Labor Practices • Employee health and safety		Social

Pillar in the Sustainability Strategy	Material topic categories	Sustainable Development Goals	ESG Pillars
	• Inclusion, Diversity, and Equal Opportunity • Developing employees and skills for the future • Privacy • Supporting local communities		

1.3.2 SBM-2 – Stakeholder Interests and Perspectives

Stakeholders are defined as entities or individuals who can influence or be influenced by our activities, with some falling into both categories. The Sphera Group has identified relevant stakeholders across all three countries where it operates, covering various areas of activity and business relationships, as follows:

- Customers. The Sphera Group focuses on customer satisfaction, implementing systems such as the GES (Guest Experience Survey) to collect feedback. Customers can submit suggestions or complaints via various channels, including digital platforms and call centers, ensuring that issues are resolved quickly and transparently.
- Employees. Employees are involved in the internal consultation process once every two years. In addition, the Sphera Group provides employees with the following dedicated platforms and resources:
  - Speak Up!: A 24/7 hotline through which employees can report concerns related to ethics and compliance, ensuring confidentiality and the proper handling of reports.
  - Employee Hotline: Employees have access to a telephone helpline for employee support throughout the duration of their employment, available Monday through Friday, from 9:00 AM to 5:00 PM. This is available only within subsidiaries, and in all Group locations, in the form of posters.
- Suppliers. Collaboration with suppliers is governed by a Code of Conduct, which establishes ethical standards and sustainability requirements. The Group maintains an active dialogue with suppliers through audits and meetings whenever necessary.
- Shareholders. Shareholders are informed through annual meetings, periodic reports, and other events such as roundtables and conferences organized by the Investor Relations Office.
- Professional or business associations. Sphera is a member of organizations such as HORA, which promotes the interests of the HoReCa industry, collaborating with partners on initiatives to improve standards in the sector.
- Lenders/Banks. The relationship with banks is pinpointed and focused on supporting the company's strategic initiatives, ensuring an appropriate level of transparency and collaboration.

- Franchisor. The Sphera Group ensures close and ongoing collaboration, adhering to the standards and requirements set forth within the partnership.
- Authorities/Regulatory Organizations. The Sphera Group collaborates with authorities and regulatory organizations by participating in public consultations, when appropriate. The company also complies with the reporting and monitoring requirements imposed by authorities.
- Communities (non-profit organizations, community members, universities, high schools etc.). The Sphera Group supports its local communities through social responsibility initiatives that include partnerships with non-profit organizations, educational institutions such as universities and high schools, and community members. These actions aim to promote education, reduce food waste, and support vulnerable groups through donations and awareness programs. Dialogue with communities takes place regularly through meetings, joint projects, or local campaigns.
- Media (press, social media influencers etc.). The Sphera Group maintains an open and proactive relationship with media representatives and online influencers, providing up-to-date information about its activities through press releases, launch events, interviews, and media collaborations.

Based on CSRD requirements and the specifics of its operations, the Sphera Group has identified the following categories of stakeholders:

- Affected stakeholders: employees, customers, suppliers, local communities, media
- Users of the sustainability statement: investors and shareholders, banks and financial institutions, regulatory authorities, franchisor, business associations.

Certain stakeholders overlap with both categories defined by the ESRS:

Employees are affected stakeholders due to their direct connection to the company, but they may also act as users of sustainability information. Regulatory authorities and NGOs act as users of sustainability reports, but they also represent affected groups, such as communities or the environment.

At the same time, in the process of determining material topics in accordance with ESRS requirements, we considered stakeholder's feedback to be of essence.

Collaboration with stakeholders was conducted online throughout 2024 by distributing questionnaires to internal groups (employees, management) and external groups (customers, suppliers, regulatory bodies, professional and business organizations, academic institutions, NGOs, the media, influencers, franchisors) in all three countries where we operate. The purpose of this collaboration is to collect feedback and understand the interests and perspectives of stakeholders, which are then integrated into our strategy and business model. The results of these consultations were analyzed by the ESG Council as part of the double materiality analysis process. Subsequently, the outcome of the double materiality analysis was communicated to the Board of Directors.

The Sphera Group actively integrates the interests, opinions, and rights of all stakeholders into its strategy and business model, respecting human rights at all levels, including within the supply chain. The double materiality analysis formed the basis for the development of the ESG strategy, thus demonstrating that the Group integrates stakeholder opinions into the establishment of strategic sustainability directions.

In 2025, the business strategy retained its structure and main directions and was not modified through a separate strategic document. The integration of sustainability requirements was achieved at the implementation level by incorporating them into existing operational and strategic decisions, product development, and supply chain management.

Employees are one of the most valuable resources for the Sphera Group, and their interests, perspectives, and rights are fundamental to how we operate. Their involvement is achieved through regular consultations and by providing dedicated resources.

Overall, we assess employee satisfaction and engagement through surveys. The most recent survey of this type took place in 2025, with a 96% participation rate for the KFC team. The results indicated an engagement level of 68%, an intent to stay score of 84%, and a perceived inclusion level of 66%. These results confirm the level of employee loyalty and engagement, while also providing benchmarks for future initiatives aimed at strengthening organizational culture and an inclusive work environment. The next survey is scheduled for 2026.

In addition to this type of consultation, employees have constant access to dedicated platforms and resources through which they can express their opinions.

Furthermore, employees have been actively involved in all materiality analysis processes conducted to date, including the double materiality analysis carried out in 2024. This involvement has allowed us to incorporate their perspectives directly into the organizational strategy.

The results obtained have been integrated into concrete initiatives, such as:

- A flexible work schedule, implemented where possible.
- Creating opportunities for professional growth through internal mobility.
- Improving health and safety measures in the workplace.
- Continuous development of professional training programs.

To strengthen these efforts, we are also exploring the introduction of mechanisms for recognizing and rewarding performance, designed to increase employee motivation and engagement.

One of the four fundamental pillars of our sustainability strategy, "People and Communities," reflects Sphera's commitment to respecting employee rights, valuing their feedback, and building a safe, inclusive, and sustainable work environment.

The interests, perspectives, and rights of consumers and/or end users were integrated into the double materiality process through surveys sent to customers regarding the Group's material topics. These were available in Romanian, Italian, and English. These surveys were filled in by customers in all three countries where the Group operates, and the feedback collected helped define and prioritize the material topics relevant to the business.

In addition to the materiality analysis process, the Sphera Group takes into account the interests and perspectives of consumers and defends their rights through various customer satisfaction management and evaluation systems, such as the GES (Guest Experience Survey) digital platform. Based on the feedback collected through these systems, the Sphera

Group has implemented operational improvements, adjustments to its product offerings, and measures to optimize the customer experience in its restaurants.

Consumer interests, opinions, and rights, including respect for human rights, are integrated into the Sphera Group's strategy and business model through policies on food safety, transparency and access to product information, data protection and privacy, as well as through responsible marketing. The Group promotes accessibility and inclusion, ensuring a fair experience for all customers.

In February 2022, the Sphera Group joined the UN Global Compact initiative, committing to promote and implement universal standards in the areas of human rights, labor, the environment, and anti-corruption.

1.3.3 SBM-3 – Significant impacts, risks, and opportunities and their interaction with the strategy and business model

Throughout 2024, we focused on identifying and assessing the material impacts, risks, and opportunities associated with our activities, in accordance with ESRS requirements and due diligence principles. The process included internal workshops, interviews with top management, external consultations, and analysis of specialized literature and reports from other companies in the industry. We analyzed and identified these impacts, both in our own operations and in our relationships with suppliers and partners. Specifically, we assessed how our strategies and activities affect people and the environment, including both the direct effects of our activities and those resulting from our business relationships. Positive and negative impacts were analyzed in the short, medium, and long term, and were associated with either internal operations or the upstream or downstream value chain.

The double materiality analysis conducted for the 2024 reporting period is the first analysis of this type performed by the Sphera Group in accordance with ESRS requirements. In 2025, the Group conducted a review of the double materiality analysis, with the objective of verifying the relevance and timeliness of the material topics identified during the 2024 process (DMA 2024) and to determine any changes resulting from developments in the regulatory context, significant changes in the Group's operations, strategy, business model, and value chain, lessons learned during the 2024 reporting process, as well as stakeholder expectations.

Based on the double materiality analysis results, the Sphera Group integrated the significant impacts, risks, and opportunities identified into the development of its ESG strategy for the 2025–2030 strategic period, with the aim of aligning its business model, value chain, and decision-making processes with sustainability requirements. The sustainability strategy was approved in the fourth quarter of 2025 and includes initiatives and directions that address these issues, and the implementation of related actions is planned to ensure alignment with the established strategic goals.

Further information regarding impacts, risks, and opportunities, their location, and the timeframe is presented in the chapters dedicated to each material topic in this Sustainability Report.

The 2025–2030 Sustainability Strategy continue the initiatives to reduce environmental impact that we have implemented based on previous strategic objectives and also addresses other current issues for the Sphera Group.

In the context of applying the transitional measures ("Quick Fix") provided for by the ESRS standards, the Sphera Group does not report, within the 2025 reporting cycle, detailed information regarding the current or anticipated financial effects of significant risks and opportunities on the financial position, financial performance, and cash flows in the short, medium, and long term.

During 2025, no resilience analysis of the strategy and business model regarding the management of impacts, risks, and opportunities was conducted. However, the Sphera Group builds its strategy and business model on principles of resilience, demonstrating the ability to manage significant impacts and risks and to capitalize on identified opportunities. The process of managing impacts, risks, and opportunities (IRO) is integrated into the Sphera Group's business strategy, which allows for the alignment of sustainability priorities with overall development objectives. Funding for specific initiatives and measures to implement the business strategy is primarily sourced from internal resources, using revenue generated by the Group's current operations.

The identified impacts, risks, and opportunities are presented in the IRO 1 section. The link between the identified impacts and the associated risks and opportunities (IRO) is presented for each topic/subtopic in accordance with the ESRS, but no detailed quantification of current or anticipated financial effects in monetary terms has been performed.

The Group identified the significant impacts, risks, and opportunities resulting from the materiality assessment, taking into account their effects on the business model, its own operations, and the value chain, both upstream and downstream, their typology, origin, timeframe, as well as the distribution of the identified positive and negative impacts, risks, and opportunities.

No impacts, risks, or opportunities requiring the establishment of entity-specific reporting requirements were identified during the double materiality analysis process. The information presented in the report is structured in accordance with the reporting requirements set forth in the applicable ESRS standards.

Please refer to sections E1 – Climate Change, E3 – Water and Marine Resources, E5 – Resource Use and the Circular Economy, S1 – Own Workforce, Consumers and End Users, and G1 – Business Conduct for the lists of impacts, risks, and opportunities covered by the ESRS requirements.

1.4 Managing Impacts, Risks, and Opportunities

1.4.1 Disclosures regarding the materiality assessment process

Disclosure Requirement IRO-1 – Description of the process for identifying and assessing material impacts, risks, and opportunities

The double materiality analysis for the Sphera Group was conducted using the same reporting limits as those used for the consolidated financial statements (analogous to the entities consolidated for financial purposes). The double materiality analysis also took into account the value chain for each business segment.

In 2024, the Sphera Group conducted its first double materiality analysis in accordance with ESRS requirements, building upon a previous analysis conducted in accordance with GRI standards for the 2023 reporting year.

The process included:

- identifying potentially material topics;
- consulting with stakeholders;
- internal workshops and interviews with senior management;
- external assessments and benchmarking analysis;
- validation and approval of the results by the relevant governance bodies.

This analysis assessed current and potential positive and negative impacts in the short, medium, and long term, as well as risks and opportunities with potential financial implications. The methodology included the use of quantitative and qualitative criteria, materiality thresholds, and a dedicated analysis tool (Excel file), and the results were synthesized into a double materiality matrix.

A detailed description of the double materiality analysis process conducted in 2024 is available in the 2024 Sustainability Report, page 83.

In 2025, the Sphera Group conducted a review of the double materiality analysis, aiming to verify the relevance and timeliness of the material topics identified during the 2024 materiality analysis (DMA 2024) and to determine any changes resulting from developments in the regulatory context, significant changes in the Group's operations, strategy, business model, and value chain, lessons learned during the 2024 reporting process, as well as stakeholder expectations.

The 2025 exercise was based on the methodology and documentation tools (Excel file) implemented in 2024. Given that there were no significant operational changes, changes to the business framework, or changes to the governance structure, the formal stakeholder consultation process was not repeated.

Instead, an internal assessment of material topics, as defined in 2024, was conducted, correlated with:

- developments in the restaurant food service sector (ESG rating agency benchmarks and peer analysis);
- updates to the regulatory framework for sustainability reporting;
- and internal guidelines regarding the Group's sustainability strategy.

As part of the process documentation, the analysis tool was updated by introducing additional fields regarding the source of impacts (strategy or business model), clarifying the definitions of topics, impacts, risks, and opportunities, and strengthening the comparative analysis with other companies in the sector. All changes were documented in the analysis tool, maintaining traceability to the assessments conducted in 2024.

The 2025 review of the double materiality analysis was conducted as part of a structured process, which included a kick-off meeting for the sustainability reporting project held at on September

29th, 2025, followed by analysis, rewording, and reassessment activities documented in the DMA tool.

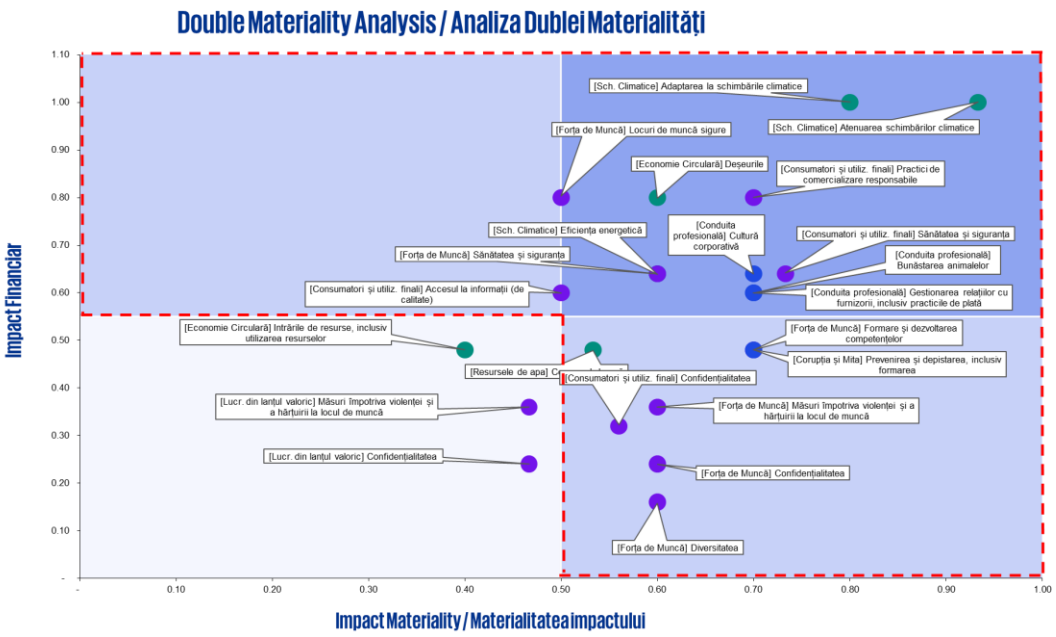
The preliminary results were validated during an internal workshop held on October 10, 2025, with the participation of the ESG project team and the external consultant. The conclusions of the process were subsequently submitted to the ESG Council for information and are pending final approval, following the integration of any feedback from the auditor.

The decision-making process for identifying and prioritizing material impacts, risks, and opportunities is integrated into the Group's ESG governance structure and aligned with the overall risk management process.

As a result of the review conducted in 2025, no new material impacts, risks, or opportunities were identified. Most of the material topics established in 2024 were reconfirmed as relevant, with no changes to their materiality.

For all material topics, clarifications and reformulations of the impacts, risks, and opportunities were made, without altering the results of the materiality assessment.

The decision-making process regarding the identification, prioritization, and validation of material impacts, risks, and opportunities was led by the team designated for this project, as part of the double materiality analysis review process conducted in 2025. The conclusions of the process were validated by the ESG team and approved by the ESG Council. During the analysis process, the Sphera Group applied the same materiality threshold established in the previous year, namely a threshold of 0.5, so that topics scoring equal to or higher were classified as material. The final results of the review were presented in a double materiality matrix, which highlights the total score for each issue. The scores assigned to each issue placed them in the double materiality matrix shown below.



Currently, Sphera does not have a formally documented risk management process. However, the company intends to develop and implement a formal risk management system during the 2025–2030 strategic period, which will also include the integration of the material impacts and risks identified through the double materiality analysis. Until this system is implemented, the results of the analysis are used informally to adjust the strategy and prioritize necessary actions.

The risks and opportunities identified for Sphera Group are linked to the dynamics of the food industry, including fluctuations in raw material costs, changes in food safety regulations, and consumer preferences for healthy and sustainable options. Supply chain risks include product delivery delays, price fluctuations, and dependence on suppliers. For consumers, risks are linked to failure to meet quality standards and a lack of transparency.

In the environmental area, risks and opportunities related to climate change, energy consumption, water consumption, and waste management are considered material.

The information used during the review of the double materiality analysis included internal data sources (internal policies and procedures, reports, and employee feedback) and external sources (reports from rating agencies, specialized studies, market analyses, stakeholder consultations, and the identification of relevant industry trends). The review of the double materiality analysis covered all of the Sphera Group's operations, including impacts, risks, and opportunities in Romania, Italy, and the Republic of Moldova, without identifying significant risks specific to a particular geographic area.

During 2025, the Sphera Group recorded two developments in its portfolio: the opening of the first Cioccolatitaliani location in Italy and the incorporation of a company dedicated to operating the Hard Rock Cafe franchise rights in Romania and the Republic of Moldova. In October 2024, Choco Franchise SRL was incorporated in Italy, owned by US Food Network SRL Italia, for the purpose of operating Cioccolatitaliani locations. In June 2025, Choco Franchise SRL opened its first Cioccolatitaliani location in the resort town of Riccione. Given its small scale, i.e. a single restaurant opened in mid-2025, and the fact that it does not alter the Group's business model or existing management and control processes, this expansion does not generate new IROs and does not change the materiality scores established in the previous analysis.

Regarding the Hard Rock Cafe franchise for Romania and the Republic of Moldova, a company dedicated to operating the brand has been incorporated; however, it is currently in the set-up phase, with no operational activity and no CAPEX/OPEX expenditure, so no impacts, risks, or opportunities generated during the analyzed period have been identified.

Consequently, the two initiatives have been included within the DMA scope for monitoring, but do not determine an update to the list of IROs or an adjustment to the materiality scores.

In accordance with ESRS requirements, the Sphera Group assesses, for each reporting period, whether significant changes have occurred, either internally or externally, that could lead to changes in its list of material impacts, risks, and opportunities. In 2025, this assessment was conducted by reviewing the IROs, without leading to substantial changes in the identified material topics. The next comprehensive review of the double materiality process will be scheduled based on operational, strategic, or regulatory developments relevant to the Group, in accordance with ESRS requirements. The Sphera Group's activities, both its own and those throughout the value chain, have a climate impact.

In 2022, the Sphera Group completed a study to identify climate risks and opportunities. The study was aligned with TCFD (Task Force on Climate-related Financial Disclosures) requirements and used scientifically validated methodologies to assess physical risks, transition risks, and associated opportunities.

The analysis began by identifying actual and potential sources of greenhouse gas (GHG) emissions. Emissions were quantified for Scopes 1 and 2 and incorporated into a continuous monitoring framework. Although the analysis for Scope 3 was not performed, potential sources of emissions in the supply and distribution chain were identified.

The identified physical risks were classified as:

- Acute risks, such as extreme weather events (floods, heat waves), which can affect infrastructure and the supply chain.
- Chronic risks, such as rising average temperatures or water stress, which can influence operational costs and resource availability.

To assess these risks, the study used the IPCC's SSP3-7.0 climate scenario

The transition risks and opportunities considered in the study included:

- Rising costs for carbon emissions and energy.
- Legislative changes and increased reporting requirements.
- Changes in consumer behavior and demand for sustainable products.

On the other hand, the identified opportunities included:

- Energy efficiency, which can reduce operational costs.
- Development of low-carbon products.
- Access to green financing and the adoption of sustainable technologies.

These risks and opportunities were assessed in relation to climate transition scenarios, some of which take into account the Paris Agreement targets, but the analysis explores various trajectories and does not assume strict compliance with these targets.

Risks and opportunities were prioritized based on their magnitude and probability, and strategies for mitigating risks and capitalizing on opportunities were tailored to the company's operational context.

Climate change-related topics, including adaptation, mitigation, and energy consumption, are considered material for the Sphera Group, are included in reporting, and are taken into account in the development of the new sustainability strategy for the period 2025–2030.

The identification and assessment of pollution-related impacts, risks, and opportunities were integrated into the double materiality analysis process, and stakeholders were consulted.

Pollution-related impacts have been identified in our own operations and throughout the value chain. Upstream, these include supplier activities. To ensure that potential impacts are minimized, suppliers are contractually obligated to comply with the Supplier Code of Conduct, which establishes standards for compliance with environmental regulations. Downstream,

significant impacts are associated with the management of packaging and waste generated in customer interactions. In its own operations, the Group implements measures such as the use of grease traps for wastewater treatment and the reduction of emissions through energy-efficient equipment, as well as selective waste collection.

Pollution-related issues, such as air, water, and soil pollution, are managed responsibly, and the materiality analysis concluded that these are not material topics for Sphera Group's operations, given the industry's specific nature and the scale of the impacts. Issues related to GHG emissions are addressed separately under ESRS E1, as they are relevant to the assessment of the carbon footprint and emission reduction targets.

The Sphera Group reviewed its own activities and sites to identify impacts related to water consumption, withdrawal, and discharge. In its own operations, water consumption is associated with daily restaurant activities, particularly equipment washing and cooking.

Potential negative impacts related to water resource use include the occurrence of water stress in areas where the Sphera Group operates or sources supplies, unsustainable use of water resources by suppliers, as well as the risk of accidental water pollution through uncontrolled discharges in the event of poor wastewater management.

In contrast, positive impacts include reducing water consumption through efficient equipment and promoting collaboration with responsible suppliers. Identified opportunities include increasing operational efficiency through the sustainable use of water resources and improving relationships with stakeholders.

The Double Materiality Analysis (DMA) included consultation with local communities and other stakeholders on all relevant topics, including those related to water resource use.

These issues are addressed through internal measures, including the use of efficient equipment and a commitment to regulatory compliance, and suppliers are required to adhere to the Supplier Code of Conduct, which includes requirements regarding the sustainable use of water resources.

Water resource management is a material topic for the Sphera Group, and the management of impacts, risks, and opportunities related to its use is integrated into the sustainability strategy.

The Sphera Group recognizes the interdependence between biodiversity and climate change, as well as the indirect impacts its activities may have on biodiversity. Although the company does not directly engage in activities involving major changes in land use, water, or marine resources, it is essential to monitor and reduce any potential indirect impacts on biodiversity by collaborating with its suppliers and partners.

The Sphera Group operates primarily in pre-existing commercial spaces, and spaces built from scratch are located in urban areas. Thus, from this perspective, it does not have a direct impact on biodiversity, such as land-use change or the fragmentation of natural habitats. Within the value chain, the analysis identified relevant interactions with biodiversity in agricultural areas and raw material production farms. These activities may involve risks such as unsustainable land use, soil degradation, and reduced biological diversity. These risks are managed by enforcing the Supplier Code of Conduct, which includes strict environmental protection requirements, and by promoting sustainable practices throughout the value chain.

Positive impacts stem from supporting suppliers who adopt responsible agricultural methods, while opportunities lie in building a resilient and sustainable value chain.

In addition, Sphera implements the sustainable policies of its franchisor, Yum!, which promote the responsible use of natural resources and collaboration with suppliers that meet biodiversity protection standards. By adopting these policies, the indirect impact on ecosystems is minimized.

The Sphera Group did not use a scenario-based analysis related to biodiversity. Consultations with communities and stakeholders took place within the context of the overall materiality analysis process.

Biodiversity did not emerge as a material topic for reporting in 2024. However, the Sphera Group remains committed to the responsible management of indirect impacts on ecosystems by applying ethical codes throughout the value chain and adhering to the highest sustainability standards in its operations.

The assessment of impacts, risks, and opportunities related to resource use and the circular economy, as part of the double materiality analysis, followed the structured process described above. In assessing the impacts, risks, and opportunities related to resource use and the circular economy, Sphera analyzed its operations and value chain, focusing on efficient resource management and waste reduction. The assessment process took into account the specific nature of the Group's business, including quick-service restaurants, full-service restaurants, and product delivery to customers. The analysis considered both the quantities of waste generated and the policies implemented at the subsidiary level for resource management and the promotion of sustainable practices. Additionally, the impacts associated with packaging and other resource inputs and outputs were analyzed, both from the company's own operations and from the upstream and downstream value chain. The company implements dedicated measures to optimize the resources used in operations, selecting suppliers that comply with regulations regarding the use of recycled and sustainable materials. Sphera also promotes selective waste collection and collaborates with authorized waste management operators.

Identified impacts include risks such as environmental pollution, costs associated with managing large volumes of waste, and non-compliance with strict regulations in this area. Opportunities focus on reducing food waste, recycling packaging, and enhancing the company's reputation through a clear commitment to the principles of the circular economy.

Consultations with communities and other stakeholders were conducted as part of the double materiality analysis (DMA) for all relevant topics. Specifically, the consultations addressed the impacts, risks, and opportunities related to resource use and the circular economy through the questions posed in the questionnaires used in the stakeholder consultation

process. These questions focused on issues such as resource management, waste reduction, the use of sustainable packaging, and the application of circular economy principles throughout the value chain. In conclusion, although resource inputs did not emerge as a material topic, resource outputs and waste management are material topics for which Sphera will report the information requested by ESRS E5-11.

To address the requirement regarding the identification of impacts, risks, and opportunities associated with professional conduct (the effects and situations that may arise if the organization and its employees fail to comply with ethical standards), the double materiality analysis focused on relevant aspects such as corporate culture, animal welfare, supplier relationship management, and the prevention of corruption and bribery. As part of this analysis, all relevant criteria were taken into account, including the location of operations, activities carried out, the sector of activity, and the structure of transactions. Corporate culture is guided by internal policies and employee training programs, aimed at fostering professional conduct that upholds ethics, diversity, inclusion, and mutual respect.

Regarding animal welfare, the company ensures compliance with international animal protection standards throughout its supply chain by collaborating with suppliers who adhere to strict regulations in this area. Supplier relationship management is governed by a dedicated Code of Conduct, which sets out expectations regarding responsible and ethical practices toward animals.

The prevention of corruption and bribery is integrated into the company's overall governance framework through the implementation of strict compliance measures. These measures include mechanisms for reporting violations and zero-tolerance policies regarding unethical behavior.

Following the review of the double materiality analysis conducted by the Sphera Group, the following material topics were reconfirmed, with no changes compared to those identified in the 2024 reporting exercise:

Material topic		Material subtopic	Material sub-subtopic
E1	Climate Change	Adaptation to climate change	Adaptation to climate change
E1	Climate Change	Climate Change Mitigation	Climate change mitigation
E1	Climate Change	Energy efficiency	Energy efficiency
E3	Water and marine resources	Water consumption	Water consumption
E5	Circular economy	Waste	Waste
S1	Workforce	Working conditions	Secure jobs
S1	Workforce		Health and Safety
S1	Workforce		Training and skills development
S1	Workforce		Measures against violence and harassment at the workplace
S1	Workforce		Diversity
S1	Workforce		Confidentiality
S4	Consumers and end users	Impacts related to information for consumers and/or end users	Confidentiality
S4	Consumers and end users		Access to (quality) information

Material topic		Material subtopic	Material sub-subtopic
S4	Consumers and end users	Personal safety of consumers and/or end users	Health and safety
S4	Consumers and end users		Responsible marketing practices
G1	Professional conduct	Corporate culture	Corporate culture
G1	Professional Conduct	Animal welfare	Animal welfare
G1	Professional Conduct	Supplier relationship management, including payment practices	Management of supplier relationships, including payment policies
G1	Professional Conduct	Corruption and bribery	Prevention and detection, including training

Disclosure Requirement IRO-2 – ESRS disclosure requirements covered by the company's sustainability statement

Information regarding the management of the Sphera Group's significant impacts, risks, and opportunities is presented in each specific chapter of this Sustainability Statement and is aligned with the minimum reporting (disclosure) requirements regarding policies, actions, and objectives established at the group level. The presentation requirements for this report are included in the table below.

For the first year of sustainability reporting in accordance with the CSRD/ESRS, the minimum disclosure requirements under ESRS 2 have been included, as well as the mandatory requirements applicable from the first reporting year.

Disclosure requirements and data points associated with topics and subtopics that were assessed as non-material in the double materiality analysis have not been included in this statement. The determination of the information disclosed was based on the criteria set out in Section 3.2 of ESRS 1, ensuring alignment with the significant impacts, risks, and opportunities identified.

ESRS Standard	(Sustainability Report) Chapter	Disclosure Requirement	
ESRS 2	General Information	BP-1	General basis for preparing the Sustainability Statement
ESRS 2	General information	BP-2	Disclosures regarding specific circumstances
ESRS 2	General Information	GOV-1	Role of the administrative, management, and supervisory bodies
ESRS 2	General information	GOV-2	Information provided to the company's administrative, management, and supervisory bodies and the sustainability issues addressed by them
ESRS 2	General information	GOV-3	Integration of sustainability performance into incentive schemes
ESRS 2	General information	GOV-4	Statement on the due diligence process
ESRS 2	General Information	GOV-5	Risk management and internal controls related to sustainability reporting

ESRS Standard	(Sustainability Report) Chapter	Disclosure Requirement	
ESRS 2	General information	SBM-1	Strategy, business model, and value chain
ESRS 2	General Information	SBM-2	Stakeholders' Interests and Perspectives
ESRS 2	General information	SBM-3	Material impacts, risks, and opportunities and their interaction with the strategy and business model
ESRS 2	General information	IRO-1	Description of the processes for identifying and assessing material impacts, risks, and opportunities
ESRS 2	General Information	IRO-2	ESRS disclosure requirements covered by the company's sustainability statement
ESRS E1	Climate Change	ESRS 2 GOV-3	Integration of sustainability performance into incentive systems
ESRS E1	Climate Change	E1-1	Transition plan for climate change mitigation
ESRS E1	Climate Change	ESRS 2 SBM-3	Material impacts, risks, and opportunities and their interaction with the strategy and business model
ESRS E1	Climate Change	ESRS 2 IRO-1	Description of the processes for identifying and assessing material climate-related impacts, risks, and opportunities
ESRS E1	Climate Change	E1-2	Policies related to climate change mitigation and adaptation to the same
ESRS E1	Climate Change	E1-3	Actions and resources related to climate change policies
ESRS E1	Climate Change	E1-4	Targets related to climate change mitigation and adaptation to the same
ESRS E1	Climate Change	E1-5	Energy consumption and energy mix
ESRS E1	Climate Change	E1-6	Gross GHG emissions from categories 1, 2, and 3, and total GHG emissions
ESRS E1	Climate Change	E1-7	GHG removals and GHG mitigation projects financed through carbon credits
ESRS E1	Climate Change	E1-8	Setting the domestic carbon price
ESRS E1	Climate Change	E1-9	We do not report the anticipated financial effects of significant physical and transition risks and potential climate-related opportunities—we apply the provisions of Commission Delegated Regulation (EU) 2025/1416.
ESRS E3	Water and Marine Resources	ESRS 2 IRO-1	Description of the processes for identifying and assessing material impacts, risks, and opportunities related to water and marine resources
ESRS E3	Water and marine resources	E3-1	Policies related to water and marine resources
ESRS E3	Water and marine resources	E3-2	Actions and resources related to water and marine resources
ESRS E3	Water and marine resources	E3-3	Targets related to water and marine resources
ESRS E3	Water and marine resources	E3-4	Water consumption

ESRS Standard	(Sustainability Report) Chapter	Disclosure Requirement	
ESRS E3	Water and marine resources	E3-5	We do not report the anticipated financial effects of impacts, risks, and opportunities related to water and marine resources—we apply the provisions of Commission Delegated Regulation (EU) 2025/1416.
ESRS E5	Resource use and the circular economy	ESRS 2 IRO-1	Description of the processes for identifying and assessing material impacts, risks, and opportunities related to biodiversity and ecosystems
ESRS E5	Resource use and the circular economy	E5-1	Policies related to resource use and the circular economy
ESRS E5	Resource use and the circular economy	E5-2	Actions and resources related to resource use and the circular economy
ESRS E5	Resource use and the circular economy	E5-3	Targets related to resource use and the circular economy
ESRS E5	Resource use and the circular economy	E5-5	Resource outputs
ESRS E5	Resource use and the circular economy	E5-6	We do not report the anticipated financial effects of the impacts, risks, and opportunities related to resource use and the circular economy—we apply the provisions of Commission Delegated Regulation (EU) 2025/1416.
ESRS S1	In-house workforce	ESRS 2 SBM-3	Material impacts, risks, and opportunities and their interaction with the strategy and business model
ESRS S1	In-house workforce	S1-1	Policies related to the in-house workforce
ESRS S1	In-house workforce	S1-2	Processes for engaging with the workforce and worker representatives regarding impacts
ESRS S1	In-house workforce	S1-3	Processes for addressing negative impacts and channels via which the in-house workforce can express concerns
ESRS S1	In-house workforce	S1-4	Adoption of measures regarding significant impacts on the in-house workforce and approaches for managing significant risks and pursuing significant opportunities related to the in-house workforce, as well as the effectiveness of these actions
ESRS S1	In-house workforce	S1-5	Targets related to managing significant negative impacts, promoting positive impacts, and managing significant risks and opportunities
ESRS S1	In-house workforce	S1-6	Characteristics of the enterprise's employees
ESRS S1	In-house workforce	S1-7	Characteristics of non-salaried workers within the in-house workforce
ESRS S1	In-house workforce	S1-9	Diversity indicators
ESRS S1	In-house workforce	S1-11	Social protection
ESRS S1	In-house workforce	S1-12	People with disabilities
ESRS S1	In-house workforce	S1-13	Training and skills development indicators

ESRS Standard	(Sustainability Report) Chapter	Disclosure Requirement	
ESRS S1	In-house workforce	S1-14	Health and safety indicators
ESRS S1	In-house workforce	S1-17	Incidents, complaints, and serious human rights issues and incidents
ESRS 2	Consumers and end users	paragraph 17 (a)	Material impacts, risks, and opportunities and their interaction with the strategy and business model
ESRS 2	Consumers and end users	paragraph 17 (c)	Policies regarding consumers and end users
ESRS 2	Consumers and end users	Paragraph 17(d)	Measures taken regarding material impacts and approaches to mitigate material risks and pursue material opportunities related to consumers and end users, as well as the effectiveness of these measures and approaches
ESRS 2	Consumers and end users	paragraph 17 (b)	Indicators and targets
ESRS G1	Professional conduct	ESRS 2 GOV-1	Role of the administrative, supervisory, and management bodies
ESRS G1	Professional Conduct	ESRS 2 IRO-1	Description of the processes for identifying and assessing material impacts, risks, and opportunities
ESRS G1	Professional Conduct	G1-1	Policies on professional conduct and corporate culture
ESRS G1	Professional Conduct	G1-2	Management of supplier relationships
ESRS G1	Professional Conduct	G1-3	Prevention and Detection of Corruption and Bribery
ESRS G1	Professional Conduct	G1-4	Incidents of corruption or bribery
ESRS G1	Professional Conduct	G1-6	Payment practices

Disclosure requirement and related data section	SFDR Reference	Pillar 3 reference	Reference in the Benchmark Regulation	EU Reference in the Climate Law	Reporting (chapter, section) / Relevance (immaterial and/or phased in/not applicable)
ESRS 2 GOV-1 Gender diversity on the board of directors, paragraph 21(d)	Indicator No. 13 in Table No. 1 of Annex 1		Commission Delegated Regulation (EU) 2020/1816, Annex II		General information, GOV-1
ESRS 2 GOV-1 Percentage of members of the governing bodies who are independent, paragraph 21(e)			Delegated Regulation (EU) 2020/1816, Annex II		General disclosure, GOV-1
ESRS 2 GOV-4 Statement on the due diligence process, paragraph 30	Indicator No. 10, Table 3 of Annex 1				General Disclosure, GOV-4
ESRS 2 SBM-1 Involvement in activities related to fossil fuels, paragraph 40(d)(i)	Indicators No. 4 Table 1 of Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Table 1: Qualitative information on environmental risk and Table 2: Qualitative information on social risk	Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS 2 SBM-1 Involvement in activities related to the manufacture of chemical products, paragraph 40(d)(ii)	Indicator No. 9, Table No. 2 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40(d)(iii)	Indicator No. 14, Table No. 1 of Annex 1		Delegated Regulation (EU) 2020/1818, Article 12(1) of Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS 2 SBM-1 Involvement in activities related to the cultivation and production of tobacco, paragraph 40(d)(iv)			Delegated Regulation (EU) 2020/1818, Article 12(1) of Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS E1-1 Transition Plan for Achieving Climate Neutrality by 2050, paragraph (14)				Regulation (EU) 2021/1119, Article 2(1)	Climate Change, E1-1 The company has not adopted a transition plan
ESRS E1-1 Entities excluded from the application of benchmarks aligned with the Paris Agreement, paragraph 16(g)		Article 449a Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Transition risk between the banking book and climate change: Credit quality of exposures by sector, emissions, and residual maturity	Article 12(1)(d) to (g) and Article 12(2)		Not applicable
ESRS E1-4 Greenhouse gas emission reduction targets, paragraph 34	Indicator No. 4, Table No. 2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate	Delegated Regulation (EU) 2020/1818, Article 6		Climate Change, E1-4

Disclosure requirement and related data section	SFDR Reference	Pillar 3 reference	Reference in the Benchmark Regulation	EU Reference in the Climate Law	Reporting (chapter, section) / Relevance (immaterial and/or phased in/not applicable)
		change transition risk: alignment indicators			
ESRS E1-5 Fossil fuel consumption from disaggregated sources by source (only sectors with a high climate impact) paragraph 38	Indicator No. 5, Table 1, and Indicator No. 5, Table 2, in Annex 1				Not applicable
ESRS E1-5 Energy consumption and energy mix, paragraph 37	Indicator No. 5, Table No. 1 in Annex 1				Climate Change, E1-5
ESRS E1-5 Energy intensity associated with activities in sectors with a high climate impact Paragraphs (40) through (43)	Indicator No. 6, Table No. 1 in Annex 1				Climate Change, E1-5
ESRS E1-6 Gross values from 1, 2, 3 and total GHG emissions, paragraph 44	Indicators 1 and 2, Table 1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking Book – Climate Change Transition Risk: Credit quality of exposures by sector, emissions, and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), Article 6, and Article 8(1)		Climate Change, E1-6
ESRS E1-6 Gross GHG emissions intensity Paragraphs (53)-(55)	Indicators No. 3, Table No. 1 of Annex 1	Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking Book – Climate Change Transition Risk: Alignment Indicators	Delegated Regulation (EU) 2020/1818, Article 8(1)		Climate Change, E1-6
ESRS E1-7 GHG removals and carbon credits, paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Climate Change, E1-7
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks, paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II to Delegated Regulation (EU) 2020/1816, Annex II		Not applicable
ESRS E1-9 Breakdown of monetary values by acute and chronic physical risk, paragraph 66(a) ESRS E1-9 Location of significant assets that are subject to significant physical risk, paragraph 66(c).		Article 449a of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraphs 46 and 47; Form 5: Banking Book – Physical Climate Change Risk: Exposures Subject to Physical Risk.			Climate Change, E1-9 Phased in

Disclosure requirement and related data section	SFDR Reference	Pillar 3 reference	Reference in the Benchmark Regulation	EU Reference in the Climate Law	Reporting (chapter, section) / Relevance (immaterial and/or phased in/not applicable)
ESRS E1-9 Breakdown of the carrying amount of real estate assets by energy efficiency classes, paragraph 67(c).		Article 449a of Regulation (EU) No. 575/2013; Commission Implementing Regulation (EU) 2022/2453, paragraph (34);Model 2:Banking Book - Climate Change Transition Risk: Loans Secured by Real Estate - Energy Efficiency of Collateral			Not calculated
ESRS E1-9 Degree of portfolio exposure to climate-related opportunities, paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Not calculated
ESRS E2-4 The quantity of each pollutant listed in Annex II to the E-PRTR Regulation (European Pollutant Release and Transfer Register) released to air, water, and soil, paragraph 28	Indicator No. 8, Table 1 of Annex 1 Indicator No. 2, Table 2 of Annex 1 Indicator No. 1, Table 2 of Annex 1 Indicator No. 3, Table 2 of Annex 1				Not a material topic
ESRS E3-1 Water and marine resources, paragraph 9	Indicator No. 7, Table No. 2 in Annex 1				Water and Marine Resources, E3-1
ESRS E3-1 Specific policy, paragraph 13	Indicator No. 8, Table 2 of Annex 1				Water and marine resources, E3-1
ESRS E3-1 Sustainable oceans and seas, paragraph (14)	Indicator No. 12, Table No. 2 of Annex 1				Water and marine resources, E3-1
ESRS E3-4 Total recycled and reused water, paragraph 28(c)	Indicator No. 6.2, Table 2 of Annex 1				Water and marine resources, E3-4
ESRS E3-4 Total water consumption in m³ per net revenue from own operations, paragraph 29	Indicator No. 6.1, Table 2 of Annex 1				Water and marine resources, E3-4
ESRS 2 – SBM 3 – E4, paragraph 16(a)(i)	Indicator No. 7, Table No. 1 in Annex 1				Not a material topic
ESRS 2-SBM 3 – E4, paragraph 16(b)	Indicator No. 10, Table No. 2 in Annex 1				Not a material topic
ESRS 2-SBM 3 – E4, paragraph 16(c)	Indicator No. 14, Table No. 2 in Annex 1				Not a material topic
ESRS E4-2 Sustainable land/agricultural practices or policies, paragraph 24(b)	Indicator No. 11, Table No. 2 in Annex 1				Not a material topic
ESRS E4-2 Sustainable practices or policies regarding the oceans/seas, paragraph 24(c)	Indicator No. 12, Table No. 2 in Annex 1				Not a material topic
ESRS E4-2 Policies to combat deforestation, paragraph 24(d)	Indicator No. 15, Table 2 of Annex 1				Not a material topic
ESRS E5-5 Non-recycled waste, paragraph 37(d)	Indicator No. 13, Table No. 2 in Annex 1				Resource use and the circular economy E5-5

Disclosure requirement and related data section	SFDR Reference	Pillar 3 reference	Reference in the Benchmark Regulation	EU Reference in the Climate Law	Reporting (chapter, section) / Relevance (immaterial and/or phased in/not applicable)
ESRS E5-5 Hazardous and radioactive waste, paragraph 39	Indicator No. 9, Table No. 1 in Annex 1				Resource use and the circular economy E5-5
ESRS 2 – SBM3 – S1 Risk of forced labor incidents, paragraph 14(f)	Indicator No. 13, Table 3 of Annex I				In-house workforce, S1-SBM 3
ESRS 2 - SBM3 - S1 Risk of workplace accidents involving children, paragraph 14(g)	Indicator No. 12, Table No. 3 of Annex I				In-house workforce, S1-SBM 3
ESRS S1-1 Human rights policy commitments, paragraph (20)	Indicator No. 9, Table 3, and Indicator No. 11, Table 1, of Annex I				In-house workforce, S1-1
ESRS S1-1 Due diligence policies regarding the issues addressed by the International Labour Organization's Core Conventions 1–8, paragraph (21)			Delegated Regulation (EU) 2020/1816, Annex II		In-house workforce, S1-1
ESRS S1-1 Processes and measures to prevent human trafficking, paragraph 22	Indicator No. 11, Table 3 of Annex I				In-house workforce, S1-1
ESRS S1-1 Workplace accident prevention policy or management system, paragraph 23	Indicator No. 1, Table No. 3 in Annex I				In-house workforce, S1-1
ESRS S1-3 Mechanisms for resolving complaints, paragraph 32(c)	Indicator No. 5, Table No. 3 of Annex I				In-house workforce, S1-3
ESRS S1-14 Number of deaths and number and rate of work-related accidents, paragraph 88(b) and (c)	Indicator No. 2, Table No. 3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		In-house workforce, S1-14
ESRS S1-14 Number of days lost due to injuries, accidents, deaths, or illnesses, paragraph 88(e)	Indicator No. 3, Table No. 3 of Annex I				In-house workforce, S1-14
ESRS S1-16 Unadjusted gender pay gap, paragraph 97(a)	Indicator No. 12, Table 1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Not a material topic
ESRS S1-16 An excessive ratio between the CEO's compensation and that of employees, paragraph 97(b)	Indicator No. 8, Table No. 3 of Annex I				Not a material topic
ESRS S1-17 Incidents of discrimination, paragraph 103(a)	Indicator No. 7, Table No. 3 of Annex I				In-house workforce, S1-17
ESRS S1-17 Non-compliance with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 104(a)	Indicator No. 10, Table 1, and Indicator No. 14, Table 3, of Annex I		Delegated Regulation (EU) 2020/1816, Annex II to Delegated Regulation (EU) 2020/1818, Article 12(1)		In-house workforce, S1-17

Disclosure requirement and related data section	SFDR Reference	Pillar 3 reference	Reference in the Benchmark Regulation	EU Reference in the Climate Law	Reporting (chapter, section) / Relevance (immaterial and/or phased in/not applicable)
ESRS 2- SBM3 – S2 Significant risk of child labor or forced labor in the value chain, paragraph 11(b)	Indicators No. 12 and No. 13, Table 3 of Annex I				Not a material topic
ESRS S2-1 Commitments regarding human rights policy, paragraph 17	Indicator No. 9, Table 3, and Indicator No. 11, Table 1, in Annex 1				Not a material topic
ESRS S2-1 Policies regarding workers in the value chain, paragraph 18	Indicator No. 11 and No. 4, Table 3 of Annex 1				Not a material topic
ESRS S2-1 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 19	Indicator No. 10, Table No. 1 in Annex 1		Delegated Regulation (EU) 2020/1816, Annex II to Delegated Regulation (EU) 2020/1818, Article 12(1)		Not a material topic
ESRS S2-1 Due diligence policies regarding issues addressed by the International Labour Organization's Core Conventions 1–8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Not a material topic
ESRS S2-4 Human rights issues and incidents related to its upstream and downstream value chain, paragraph 36	Indicator No. 14, Table 3 of Annex 1				Not a material topic
ESRS S3-1 Commitments regarding human rights policy, paragraph 16	Indicator No. 9, Table 3 of Annex 1, and Indicator No. 11, Table 1 of Annex 1				Not a material issue
ESRS S3-1 Failure to comply with the UN Guiding Principles on Business and Human Rights, ILO principles, or OECD guidelines, paragraph 17	Indicator No. 10 Table 1 Annex 1		Delegated Regulation (EU) 2020/1816, Annex II to Delegated Regulation (EU) 2020/1818, Article 12(1)		Not a material topic
ESRS S3-4 Human rights issues and incidents, paragraph 36	Indicator No. 14, Table 3 of Annex 1				Not a material topic
ESRS S4-1 Policies on consumers and end users, paragraph 16	Indicator No. 9, Table 3, and Indicator No. 11, Table 1, in Annex 1				Material. Reporting conducted in accordance with ESRS 1, para. 17. ESRS S4-1 requirements are not reported for the year 2025
ESRS S4-1 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, paragraph 17	Indicator No. 10, Table No. 1 in Annex 1		Delegated Regulation (EU) 2020/1816, Annex II to Delegated Regulation (EU) 2020/1818, Article 12(1)		Material. Reporting conducted in accordance with ESRS 1, para. 17. ESRS S4-1 requirements are not reported for the year 2025
ESRS S4-4 Human rights issues and incidents, paragraph 35	Indicator No. 14, Table 3 of Annex 1				Material. Reporting conducted in accordance with ESRS 1, para. 17. The requirements of ESRS S4-4 are not reported for the year 2025
ESRS G1-1 United Nations Convention against Corruption, paragraph 10(b)	Indicator No. 16, Table 3 of Annex 1				Professional Conduct, G1-1

Disclosure requirement and related data section	SFDR Reference	Pillar 3 reference	Reference in the Benchmark Regulation	EU Reference in the Climate Law	Reporting (chapter, section) / Relevance (immaterial and/or phased in/not applicable)
ESRS G1-1 Protection of Whistleblowers, paragraph 10(d)	Indicator No. 6, Table No. 3 of Annex 1				Not a material topic
ESRS G1-4 Fines for violations of anti-corruption laws and laws against bribery, paragraph 24(a)	Indicator No. 17, Table 3 of Annex 1		Delegated Regulation (EU) 2020/1816, Annex II)		Professional Conduct, G1-4
ESRS G1-4 Standards on Combating Corruption and Bribery, paragraph 24(b)	Indicator No. 16, Table 3 of Annex 1				Professional Conduct, G1-4

2 Disclosure of information pursuant to Article 8 of Regulation (EU) 2020/852 (Taxonomy Regulation)

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (the EU Taxonomy Regulation) establishes the classification system for environmentally sustainable economic activities, with the aim of directing capital flows toward a sustainable economy.

The eligibility of economic activities is determined based on the description of economic activities or NACE codes, which must correspond to the description of activities mentioned in the Delegated Acts related to the EU Taxonomy Regulation: Delegated Act 2178/2021 on reporting and Delegated Act No. 2021/2139 ("the Climate Delegated Act"), as amended and supplemented by Delegated Acts No. 2022/1214 and 2023/2485, for economic activities that contribute substantially to climate objectives: climate change mitigation and adaptation, and by Delegated Act No. 2023/2486 ("the Delegated Act on the Environment") for economic activities that contribute substantially to the other four environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems.

To be "aligned," eligible economic activities must cumulatively meet the conditions set out in Article 3 of the Regulation:

- substantially contribute to one or more of the environmental objectives listed in Article 9 of the Regulation;
- not significantly undermine any of the remaining environmental objectives;
- comply with the minimum safeguards set out in Article 18 of the Regulation;
- comply with the applicable technical screening criteria established by the Commission pursuant to Article 10 of the Regulation.

Data reporting by non-financial enterprises is carried out in accordance with the provisions of Article 8 of Regulation 2020/852 and must contain the following information:

- the proportion of turnover derived from products or services associated with economic activities that qualify as environmentally sustainable;
- the proportion of capital expenditures (CapEx) and the proportion of operating expenditures (OpEx) related to assets or processes associated with economic activities that qualify as environmentally sustainable.

The following sections present the analysis conducted by Sphera Franchise Group SA ("Sphera" or "Sphera Group") for reporting information specific to the economic activities carried out during the 2025 fiscal year (January 1st, 2025 – December 31st, 2025), in accordance with Article 8 of the EU Taxonomy Regulation. The Sphera Group is required to report the proportions of eligible and aligned economic activities, highlighting their contribution to the six environmental objectives.

2.1 Determination of economic activities eligibility:

The assessment of Sphera's activities was conducted for each of the three financial indicators (Revenue, CapEx, and OpEx) based on the consolidated annual financial statements prepared by the Company's representatives for the 2025 fiscal year, in accordance with the provisions of Ministry of Finance Order No. 2844/2016 approving the Accounting Regulations in accordance with International Financial Reporting Standards.

The analysis of the financial statements was conducted with the aim of identifying eligible economic activities and their eligibility proportions, in accordance with the provisions of Delegated Act No. 2021/2178 on reporting, and with subsequent communications from the European Commission regarding the interpretation and implementation of certain requirements of the EU Taxonomy Regulation and subsequent Delegated Acts.

Furthermore, in the 2025 fiscal year, the Sphera Group applied the provisions of Delegated Act No. 73/2026 amending Commission Delegated Regulation (EU) 2021/2178 regarding the simplification of the content and presentation of information to be disclosed concerning environmentally sustainable activities (...).

Double counting of the values underlying the calculation of the indicators was avoided by eliminating the values of transactions concluded within the group in accordance with the requirements of IFRS 10 *Consolidated Financial Statements*, paragraph B86, as well as by using unique allocation keys for each eligible activity. The unique keys were applied to the account sheets and to the details from which the eligible transactions for each eligible activity are summarized.

To identify eligible economic activities, an analysis was conducted of the entire portfolio of activities carried out across all subsidiaries of the Sphera Group. These activities were compared, both in terms of description and NACE codes, with the economic activities included in Annexes I and II of Delegated Act 2021/2139 and in Annexes I–IV of Delegated Act 2023/2486.

Turnover

Based on NACE code 7010 - Activities of head offices and centralized administrative offices (equivalent to NACE M70.10), the Group provides management, marketing, development, sales support, human resources, and other administrative services to its subsidiaries, which operate under CAEN code 5610[2] - Restaurants (equivalent to NACE I56.10).

In the 2025 fiscal year, the economic activities carried out by the seven companies comprising the Sphera Group generated a total turnover of RON 1,570,925,563.80. An analysis of these activities, based both on the aforementioned NACE codes and their specific nature, showed that they do not meet the eligibility criteria of the EU Taxonomy. Therefore, the entire turnover of the Sphera Group is considered ineligible.

[2] NACE Rev. 2 (NACE 5611 according to CAEN Rev. 3)

Capital Expenditures (CapEx)

In accordance with Art. 1.1.2.1. of Annex I to Delegated Act 2021/2178, the CapEx denominator covers additions to tangible and intangible fixed assets made during the financial year, before depreciation, amortization, or any revaluations, including those resulting from revaluations and depreciations, excluding variations in fair value.

In the 2025 fiscal year, the total amount of capital expenditures recorded by the Sphera Group was RON 142,596,831.89. Following an analysis of the financial statements, the following eligible capital expenditures were identified:

- The renovation of buildings owned or leased by the Sphera Group for the conduct of economic and administrative activities accounted for 13.57% (RON 19,350,277.44) of total capital expenditures. Renovation is an activity that contributes substantially to three environmental goals: *Climate Change Mitigation* (CCM 7.2), *Climate Change Adaptation* (CCA 7.2), and *Transition to a Circular Economy* (CE 3.2). To identify the environmental goal relevant to the renovation activity, the specifics and purpose of the work were analyzed. Since the renovation did not aim to improve energy performance, does not fall under the definition *of "major renovation*," and is not linked to a climate change adaptation plan, it was concluded that this activity contributes substantially to the environmental goal *Transition to a Circular Economy*, Activity 3.2 - *Renovation of existing buildings*, as provided for in Annex II of Delegated Act 2023/2486).
- The lease of commercial spaces in which the restaurants are operated accounts for 50.66% (RON 72,240,575.04) and falls under Activity *7.7 Buying real estate and exercising ownership of that real estate* in Annex I of Delegated Act 2139/2021. This activity contributes substantially to the environmental goal of *Climate Change Mitigation*.

In the 2025 fiscal year, the Sphera Group recorded expenditures totaling RON 2,055,135.91, representing 1.44% of total capital expenditures, related to the acquisition of M1-category vehicles, as well as HVAC systems intended for the climate control of the commercial spaces it operates. Given that the cumulative value of these acquisitions falls below the 10% materiality threshold, they were excluded from the assessment for determining eligibility or alignment, in accordance with Article 1(1b) of Delegated Act 2026/73.

The total amount of capital expenditures incurred in 2025 for the purchase of goods or services that are not eligible under the EU Taxonomy was RON 48,950,843.50, representing 34.33% of total capital expenditures.

Operating Expenditures (OpEx)

According to Article 1.1.3.1 of Annex I to Delegated Act 2021/2178, operating expenditures include direct non-capitalized costs related to research and development, building renovation measures, short-term lease agreements, maintenance and repairs, as well as any other direct expenditures related to the day-to-day maintenance of tangible fixed assets by the enterprise or the third party to which the activities necessary to ensure the continuous and effective operation of these assets are outsourced.

To identify the operating expenditures that correspond to the categories of expenditures that may be included in the OpEx denominator, a detailed analysis of the financial statements was conducted, based on both the provisions of Delegated Act 2021/2178 and subsequent

Communications from the European Commission: 2022/C 385/01[3] and C/2023/305[4] respectively. The expenditures included in the denominator consist of costs related to building renovations, maintenance and repairs of air conditioning equipment and machinery, as well as any other direct expenditures related to the routine maintenance of tangible assets that are outsourced to third parties and are necessary to ensure the operation of these assets. Also included in the denominator are costs related to lease agreements that did not qualify for capitalization in accordance with the principles of IFRS 16 Leases. Thus, the operating expenditures incurred by the Sphera Group in the 2025 fiscal year totaled RON 53,673,677.03.

From the total operating expenditures (OpEx), operating expenditures associated with the renovation of existing buildings (0.28%) and transportation using motorcycles, passenger cars, and light commercial vehicles (0.08%) were identified. Given that the cumulative share of 0.36% falls below the 10% materiality threshold, these expenditures were excluded from the assessment for determining eligibility or alignment, in accordance with Article 1(1c) of Delegated Act 2026/73.

The share of operating expenditures associated with ineligible activities was 99.64% of the total of these expenditures.

Determination of economic activities alignment

To be considered sustainable or "aligned," eligible economic activities must contribute substantially to at least one of the six environmental goals listed in Article 9 of the EU Taxonomy Regulation, not significantly undermine any of the other environmental goals, comply with the minimum social safeguards referred to in Article 18 of the EU Taxonomy Regulation, and comply with the applicable technical screening criteria established by the Commission pursuant to Article 10 of the Regulation.

The assessment of eligible economic activities to determine the alignment ratio was conducted for activities that contribute significantly to the environmental objectives of Climate Change Mitigation and the Transition to a Circular Economy, based on the technical criteria established by Delegated Acts 2021/2139 and 2023/2486, and based on the assessment criteria established for the four applicable areas regarding minimum social safeguards: human rights, corruption, taxation, and competition practices.

Regarding the alignment of the Sphera Group's eligible activities with the EU Taxonomy, the assessment found that the technical review criteria are not fully met for all three alignment conditions, which must be met cumulatively.

In the case of the commercial space renovation activities operated by the Sphera Group, the alignment assessment was complicated by the complexity of the process, stemming both from the geographical expansion across three countries and the large number of suppliers involved. In this context, it was not possible to fully collect the supporting documentation necessary to demonstrate compliance with the technical criteria specific to building renovations.

Additionally, in 2022, the Sphera Group conducted an assessment of risks and opportunities related to climate change, prepared in accordance with the TCFD recommendations[5] . The report provides a structured analysis of the Group's exposure to climate risks and associated

[3] FAQ12 – 2022/C 385/01
[4] FAQ34 – C/2023/305
[5] Task Force on Climate-related Financial Disclosures

opportunities; however, it was not prepared to ensure full compliance with the specific requirements of the EU Taxonomy. Consequently, it is not fully aligned with the criteria and requirements set out in Appendix A of Delegated Act 2139/2021.

Thus, in the current reporting period, the eligible activities carried out by the Sphera Group are not aligned with the EU Taxonomy. The company continues to strengthen its data collection processes and mechanisms to support the alignment of activities in future reporting periods.

2.2 Presentation of the Sphera Group's key performance indicators for the 3 financial indicators

Turnover

The denominator represents the net turnover generated in the 2025 fiscal year, as per the consolidated profit and loss account in accordance with Order of the Minister of Public Finance No. 2844/2016, as amended and supplemented [see the Annual Consolidated Financial Statements, Note 26 "Information by segment"].

The numerator, representing the share of turnover derived from activities aligned with the EU Taxonomy, is equal to RON 0, resulting in an alignment ratio of 0% of total turnover.

Capital Expenditures (CapEx)

The denominator represents the total capital expenditures incurred in the 2025 fiscal year, in accordance with Order of the Minister of Public Finance No. 2844/2016, as amended and supplemented [see Annual Consolidated Financial Statements, Note 11 "Property, Plant, and Equipment," Note 12 "Intangible Assets and Goodwill," Note 14 "Lease Liabilities"].

The numerator, which includes capital expenditures related to assets or processes associated with activities aligned with the EU Taxonomy, is equal to RON 0, resulting in an alignment ratio of 0% of total capital expenditures

Operating expenses (OpEx)

The denominator represents total operating expenses for the 2025 fiscal year, determined in accordance with the definition of this indicator in Article 1.1.3.1, Annex I of Delegated Act 2021/2178.

The numerator, which includes operating expenses associated with activities aligned with the EU Taxonomy, is equal to 0 RON, resulting in an alignment ratio of 0% of total operating expenditures.

The results of the assessment of the economic activities carried out by the Sphera Group for the 2025 fiscal year are presented in the following section, in accordance with the templates provided in Annex II of Delegated Act 2026/73.

The turnover, CapEx, and OpEx ratio from products or services associated with economic activities that are eligible under the taxonomy or aligned with the taxonomy – information provided for the year 2025 (summary KPIs))

Financial year	2025				Breakdown by environmental goals of activities aligned with the taxonomy										
ICP	**Total**	**Ratio of activities eligible under the taxonomy**	**Activities aligned with the taxonomy**	**Ratio of activities aligned with the taxonomy**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Circular economy**	**Pollution**	**Biodiversity**	**Ratio of facilitation activities**	**Ratio of transition activities**	**Unassessed activities considered non-material**	**Activities aligned with the taxonomy in the previous fiscal year (2024)**	**Ratio of activities aligned with the taxonomy in the previous financial year (2024)**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Text	*RON*	*%*	*RON*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*RON*	*%*
Revenue	1,570,925,562.80	0%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0	0%
CapEx	142,596,831.89	64.23%	0	0	0%	0%	0%	0%	0%	0%	0%	0%	1.44%	0	0%
OpEx	53,673,677.03	0%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0.36%	0	0%

CapEx ratio from products or services associated with economic activities that are eligible under the taxonomy or aligned with the taxonomy – information provided for the year 2025 (breakdown by activity)

Reported ICP	CapEx												
Fiscal year	**2025**				Environmental goal of taxonomy-aligned activities								
Economic activities	**Code**	**Taxonomy-eligible ICP code (Ratio of taxonomy-eligible CapEx)**	**Taxonomy-aligned ICP (monetary value of CapEx)**	**Taxonomy-aligned ICP (Ratio of taxonomy-aligned CapEx)**	**Climate change mitigation**	**Climate change adaptation**	**Water**	**Circular economy**	**Pollution**	**Biodiversity**	**Facilitation**	**Transition activity**	**The ratio between the portion of the activity aligned with the taxonomy and the activity eligible under the taxonomy**
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Text		*%*	*RON*	*%*	*%*	*%*	*%*	*%*	*%*	*%*	*(E, if applicable)*	*(T, if applicable)*	*%*
Renovation of existing buildings	CE 3.2	13.57%	0	0%	0%	0%	0%	0%	0%	0%	-	-	0%
Buying real estate and exercising ownership of that real estate	CCM 7.7	50.66%	0	0%	0%	0%	0%	0%	0%	0%	-	-	0%
Total activity or aligned portion per objective					0%	0%	0%	0%	0%	0%			
Total ICP CapEx		64.23%	0	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

3 ESRS E1 – Climate Change

3.1 Governance

3.1.1 ESRS 2 GOV-3 Integration of sustainability performance into incentive schemes

The Sphera Group has not yet established specific goals for integrating climate change considerations into the incentive schemes of members of the administrative, management, and supervisory bodies.

3.2 Strategy

3.2.1 E1-1 Climate Change Mitigation Transition Plan

Currently, the Sphera Group monitors carbon emissions across all three areas and tracks annual progress, but has not yet begun the process of developing a climate change mitigation transition plan.

Through the 2025-2030 ESG Strategy, the Sphera Group commits to developing a transition plan by 2029, which will include specific targets and measures to contribute to climate change mitigation.

3.2.2 ESRS 2 SBM-3 Significant impacts, risks, and opportunities and their interaction with the strategy and business model

In the context of climate change and increasingly stringent sustainability requirements, the Sphera Group has conducted an analysis that integrates the assessment of climate-related risks and opportunities. The analysis was prepared in 2022, based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

The analysis covers the Group's own operations, including restaurants in Romania, Italy, and the Republic of Moldova, as well as the associated value chain, including suppliers of raw materials and services.

The timeframes used to assess physical and transition risks were defined as follows: short term (0–2 years), medium term (3–5 years), and long term (over 5 years).

The following risk categories were considered in the analysis:

Physical risks:

- Acute risks (timeframe: over 5 years): include extreme weather events, such as storms, floods, and wildfires, which can affect restaurant infrastructure, supply chains, and employee safety.

Measures analyzed: supplier diversification, insurance policies to protect assets, and collaboration with suppliers.

- Chronic risks (timeframe: over 5 years): rising temperatures, heat waves, and water stress, which can lead to higher costs for energy, water, and raw materials and may have negative effects on the Group's operations, such as disruptions in utility supply, rising prices for water or for certain products and services in the supply chain.

  Measures analyzed: use of LED lighting, implementation of digital solutions for temperature control in restaurants and warehouses, collaboration with local authorities for the efficient management of natural resources.

Transition risks:

- Legislative and regulatory risks (timeframe: 0–2 years): arising from new sustainability requirements and carbon taxes, which may increase operational costs.

  Measures analyzed: adapting the reporting system to new legislative requirements, collaborating with experts to understand the impact of regulations, investing in human resources, streamlining and monitoring resource consumption, optimizing logistics operations, and planned investments in new equipment and renewable energy production systems.
- Market risks (timeframe: over 5 years): volatility in raw material prices and changes in consumer behavior.

  Measures analyzed: negotiating long-term contracts with suppliers, geographically diversifying supply sources, and monitoring consumption trends.
- Reputational risks (timeframe: over 5 years): external pressure for transparency in ESG communication and risks associated with greenwashing.

  Measures analyzed: transparency in ESG communication, aligning sustainability policies with international standards. All new suppliers are selected based on food safety criteria, after which they are audited for food quality and safety by a third-party company recommended by the franchisor Yum! Brands.
- Technological risks (timeframe: 3–5 years): high initial costs for implementing low-carbon and energy-efficient solutions.

  Measures analyzed: assessing the feasibility of investments in efficient equipment, exploring alternative energy solutions, implementing LED lighting in all restaurants by 2024, and modernizing HVAC and energy management systems.

Climate Scenario Analysis

As part of the scenario analysis, two transition risk scenarios were considered, reflecting different approaches to limiting global warming: Nationally Determined Contributions (NDCs) and Net Zero. These were compared to a baseline scenario ("Current Policies"), which illustrates current commitments. The data used for these scenarios was taken from the Global Change Assessment Model 5.3 (GCAM 5.3) proposed by the Network for Greening the Financial System (NGFS). The scope extends to 2040, with 2020 as the base year, and the geographic areas analyzed were the three markets: Romania, the Republic of Moldova, and Italy. The physical risk assessment was conducted using the IPCC's SSP3-7.0 scenario. This scenario assumes high GHG emissions leading to a temperature increase of up to 3.6°C by 2100, making it the second-highest (4/5) IPCC scenario in terms of global warming.

In the optimistic scenario, in which global warming is limited to 2°C, additional costs are anticipated due to higher carbon taxes and strict regulatory mechanisms. This scenario requires intensive efforts to comply with European Union requirements and to adapt the value chain to new sustainability standards. The transition risk assessment identified challenges related to the implementation of European regulations, such as carbon taxes and new sustainability standards in the value chain, including the requirements of the "Farm to Fork" and Net Zero strategies. These risks may lead to increased operational costs and require investments in energy-efficient technologies. In the pessimistic scenario, characterized by a global temperature increase of up to 4°C, physical risks become much more severe. These include prolonged droughts, a drastic decrease in precipitation, especially in the summer, and a significant risk of flooding in Romania and the Republic of Moldova. Such phenomena can affect supply stability, generate volatile prices, and put pressure on the company's operations.

No material risks were identified that were intentionally excluded from the analysis. In conducting the resilience analysis, uncertainties were related to access to accurate and up-to-date data regarding the exposure of assets and economic activities to physical and transition risks.

To adapt its strategy and business model to climate change through a series of clear, short-term measures, the Sphera Group has implemented a series of measures to reduce energy consumption, such as the complete transition to LED lighting to be completed by the end of 2024. Currently, this requirement is integrated into the Group's operational standards and applies to all new locations. In addition to the transition to LED lighting, the Group has implemented specific measures to monitor and optimize energy consumption, including the installation of Shelly-type smart devices for consumption monitoring and the installation of a photovoltaic panel at one location. In the medium term, planned programs include investments in green technologies and the modernization of HVAC and energy management systems.

In the long term, the Sphera Group plans its portfolio of products and services based on market demands for sustainability, while ensuring its workforce reskilling to adapt to new operational requirements. Long-term contractual relationships with suppliers, diversification of sources, and the implementation of more energy-efficient processes contribute to stability and the maintenance of an affordable cost of capital.

For each of the material topics, the associated impacts, risks, and opportunities were analyzed to guide the long-term strategy and business model regarding climate change. In this context, the Group's ESG Strategy, developed in 2024 and approved in 2025, includes objectives and targets regarding climate change and energy efficiency, which are presented in Chapter 3.4.1 "„E1-4 Targets related to climate change mitigation and adaptation to the same". The analysis of risks and opportunities related to climate change is available on the Sphera Group website and can be accessed for further details here .

3.3 Management of Impacts, Risks, and Opportunities

3.3.1 ESRS 2 IRO-1 Description of the processes for identifying and assessing significant climate-related impacts, risks, and opportunities

Through the double materiality analysis (DMA) process and the climate risks and opportunities study conducted in 2022 in accordance with the TCFD framework, the Sphera Group has identified a series of climate-related impacts, risks, and opportunities. The double materiality analysis (DMA)

process for climate-related impacts, risks, and opportunities is described in detail in the corresponding chapter of ESRS 2—General Disclosures. The material topics identified were integrated into the Sphera Group's 2025–2030 ESG Strategy, approved in October 2025.

Regarding direct impacts, the analysis showed that the main sources of greenhouse gas (GHG) emissions identified are electricity and heat consumption, the transportation of raw materials and finished products, and waste generation. Scope 1 and Scope 2 emissions have been monitored since 2019, and starting in 2024, emissions related to Scope 3 activities are also being monitored. Additional information regarding Scope 3 emissions is included in Chapter E1-6. The Group has adopted energy efficiency measures (e.g., LED lighting, energy-efficient equipment, operational efficiency), optimized logistics processes, and promoted the circular economy to reduce its impact on climate change. The study highlighted the physical risks associated with climate change, including extreme weather events such as floods and heat waves, and chronic risks such as prolonged drought. These risks affect not only the company's operational locations but also suppliers in the value chain, particularly farms that supply raw materials. Regarding transition risks, the TCFD analysis identified stricter carbon emissions regulations, increasing ESG reporting requirements, and shifts in consumer preferences as key factors that can influence operational costs and strategic decisions. However, these changes also create significant opportunities, such as reducing long-term costs by adopting sustainable practices, attracting sustainability-conscious customers, and innovating menus by introducing sustainable, plant-based dishes.

Following the review process for the 2025 reporting period, no new material impacts, risks, or opportunities related to climate change were identified. To ensure clarity and consistency, certain impacts, risks, and opportunities were redefined and/or rephrased, without affecting the conclusions regarding materiality.

The main impacts, risks, and opportunities identified during this process are presented below.

Material subtopic	Location of the impact	Type	Source of the impact	Timeframe	Positive impacts (I+)	Timeframe	Negative impacts (I-)	Risks (R)	Opportunities (O)
Adaptation to climate change	upstream, downstream, own operations	M, F	S	A, P	By taking steps to develop a resilient infrastructure, sourcing from local suppliers, and using energy from renewable sources, the Group helps protect the environment and create a positive impact on communities, supporting adaptation to climate change.	A	The lack of measures to adapt to climate change can have a negative impact on the environment and people by increasing vulnerability to extreme weather events, depleting natural resources, and disrupting the supply chain. For employees and communities, this can lead to unsafe working conditions, economic hardship, and reduced access to essential products and services.	The financial and operational risk arising from a lack of adaptation to climate change, manifested by rising prices for raw materials, energy, and water, limited access to financing, and reduced investment, as well as high costs for implementing solutions to adapt to new climate conditions.	By taking measures to adapt infrastructure and operational processes to climate change, operational costs can be optimized, resilience can be increased, and access to green financing can be secured.
Climate change mitigation	upstream, downstream, own operations	M, F	S	A, P	The Group contributes to climate change mitigation by reducing greenhouse gas emissions through the implementation of energy efficiency measures and the use of modern, low-consumption equipment. In addition, the Group has set a goal to install solar panels on at least one restaurant annually, strengthening the transition to renewable energy sources and reducing dependence on fossil fuels. Contract with Hidroelectrica for all locations directly managed by entities within the Sphera Group. In addition to the photovoltaic panels, an energy consumption control system has been installed and will continue to be installed in restaurants—monitoring hourly consumption and generating reports—and the Group is working to implement measures to reduce consumption during hours when there is no activity.	A, P	GHG emissions stem from restaurant operations, energy and natural gas consumption, upstream freight transport (via third parties), the company's own vehicle fleet, and downstream delivery activities through partners. Although the Group has implemented reduction measures, if the process is not continued and expanded, these activities may contribute to an increase in GHG concentrations in the atmosphere, with a negative impact on the environment and human health.	High costs for compliance with new regulations, reputational risks if mitigation measures are insufficient.	By taking steps to improve resource efficiency and implementing emission reduction solutions, we can reduce operational costs, enhance the company's reputation, and access new markets.

Material subtopic	Location of the impact	Type	Source of the impact	Timeframe	Positive impacts (I+)	Timeframe	Negative impacts (I-)	Risks (R)	Opportunities (O)
Energy efficiency	Upstream, own operations	M, F	S	A	Sphera's initiatives to reduce energy consumption will have a positive impact on the Group's carbon footprint and contribute to mitigating climate change.	A	High energy consumption, particularly from conventional sources, generates greenhouse gas emissions, thereby contributing to the acceleration of climate change. GHG emissions negatively impact the environment and the health of the community (employees, customers, the general public).	Low energy efficiency can lead to additional operating costs. Implementing energy efficiency measures may involve significant initial investments in new technologies and specific infrastructure. The process of implementing these measures may cause temporary disruptions to the Group's operations. Non-compliance with energy efficiency regulations may result in penalties or fines from the relevant authorities.	-

Key:
Impact type: F = financial impact, M = material impact, MF = material and financial impact
Timeframe: A = current impact (reporting year), P = potential impact (medium and long term)
Source of impact: S = impact stemming from strategy and business model, B = impact underlying the strategy

3.3.2 E1-2 – Policies related to climate change mitigation and adaptation to the same

Climate change adaptation and mitigation are currently addressed by the Sphera Group through its Policy on Efficient Operations (supply chain, restaurant operations). This policy indirectly aims to optimize processes and reduce resource consumption, but does not constitute a formal policy in the sense of the MDR-P requirements defined in ESRS 2. At this time, the Policy does not specifically and systematically address climate change mitigation and adaptation, including the management of transition risks and physical risks.

Under Strategic Objective 3 of the 2025–2030 Sustainability Strategy, titled "Integrating climate change mitigation strategies and adaptation practices into the Group's operations by 2030," the Sphera Group has committed to developing a dedicated climate change policy by the end of 2026. This policy will serve as the formal framework for managing greenhouse gas emissions, improving energy efficiency, using renewable energy sources, and strengthening climate resilience. At present, the policy development process has not yet begun and will be carried out following the completion of the reporting cycle.

The climate change policy is a key instrument for implementing the Group's decarbonization strategy, which is scheduled for completion by the end of 2029. The main reason such a policy has not been developed to date is the prioritization of other operational and compliance initiatives that were deemed critical to ensuring the resilience of operations. In addition, the process of aligning with the reporting requirements defined by the ESRS requires time for analysis and full integration.

3.3.3 E1-3 Actions and resources related to climate change policies

During the reporting year, the Sphera Group implemented a series of actions that, although not part of a formalized policy, contribute to reducing greenhouse gas (GHG) emissions and, by extension, to climate change management. These measures are integrated into day-to-day operations. The initiatives focused on energy efficiency, optimizing resource use, and reducing environmental impact.

As part of its current operational practices, the Group consistently implements a series of energy efficiency measures in its restaurants in Romania, Italy, and the Republic of Moldova. These include the use of LED lighting in all restaurants in Romania, Italy, and the Republic of Moldova, along with energy-efficient equipment. Air conditioning systems are set to operate at optimal temperatures—19°C in winter and 27°C in summer—ensuring a balance between customer comfort and energy efficiency. Additionally, motion sensors are used in low-traffic areas, helping to reduce energy consumption by turning on lighting only when necessary. At the same time, in KFC restaurants, illuminated signs are turned off outside of operating hours, and the management of electrical equipment is optimized by adjusting its operation according to production needs. These actions are implemented on an ongoing basis and are part of the Sphera Group's daily operations. In addition to the energy efficiency measures applied at the operational level, the Group has also implemented specific solutions for monitoring and generating energy from renewable sources, including the installation of Shelly-type smart devices in 85 KFC restaurants to monitor energy consumption and the installation of a photovoltaic panel at one location. Implementation across the entire KFC restaurant network is scheduled to continue through 2026.

In addition to the energy efficiency measures implemented at the operational level, the Sphera Group has also introduced technological improvements to the refrigeration equipment used in its restaurants. During the reporting year, refrigeration systems and cold storage rooms were modernized compared to the previous year through the use of systems optimized for reduced energy consumption and equipment with low global warming potential (GWP). These include the use of more efficient heat exchangers, smart temperature control systems, and improved cold storage room insulation solutions, which help reduce energy losses and optimize operational costs. These measures are being implemented gradually across operational units and are part of the ongoing process of modernizing the equipment used in the Group's restaurants.

The Group has also initiated the use of renewable energy by installing a photovoltaic system at the KFC DT Galați location, a stand-alone drive-thru unit inaugurated at the end of March 2025. The photovoltaic panels were installed on the roof of the outdoor parking lot, covering an area of approximately 185.99 square meters; they are Tiger Neo N-type panels and enable the conversion of solar energy into electricity used on-site, contributing to the optimization of energy consumption management. The technology used offers high energy efficiency and an extended lifespan for the panels, remaining effective even in low-light conditions. The implementation of this system has enabled the facility to achieve prosumer status, offering the ability to balance consumption and optimize electricity costs. Given that the facility opened in 2025, there is not yet a comparable annual benchmark for renewable energy production. This initiative is a pilot project, and the operational experience gained will help evaluate the expansion of renewable energy use in the Sphera Group's future stand-alone restaurants. In accordance with the 2025–2030 ESG Strategy, approved in 2025, the Group continues to implement measures aimed at reducing greenhouse gas emissions and increasing energy efficiency within its own operations. The implementation of LED lighting was completed in all of the Group's restaurants as early as 2023, and in 2024 this measure was fully applied in all newly opened restaurants. For new locations set to open, these energy efficiency standards will continue to be systematically applied.

Between 2025 and 2030, the ESG Strategy outlines the integration of additional measures to optimize energy consumption in current operations, including expanding the use of renewable energy sources and implementing smart systems for monitoring and reporting energy consumption. These targets are presented in detail in the section dedicated to targets and indicators (E1-4).

No environmental impacts or impacts on other stakeholders requiring the implementation of remedial measures were identified during the reporting year. Consequently, the actions implemented were primarily preventive in nature and aimed at reducing potential environmental impacts by improving energy efficiency and gradually integrating renewable energy sources into the Group's operations.

Regarding the progress of the actions implemented, the Group continues the measures initiated in previous periods to optimize energy consumption, such as the use of LED lighting in all restaurants and the implementation of smart energy consumption monitoring systems. In 2025, these actions were complemented by the modernization of heating and cooling systems and the implementation of a pilot project for generating energy from renewable sources at the KFC DT Galați location, contributing to the consolidation of the directions established by the 2025–2030 ESG Strategy.

The Group's actions cover the entire operational network, impacting the supply chain through collaboration with suppliers who adopt sustainable practices, as well as local communities by

reducing environmental impact and supporting the local economy. No significant impacts requiring specific remedial measures were identified.

Capital expenditures (CapEx) for 2025 to implement these actions amounted to RON 1,845,321.72 for the subsidiaries in Romania.

No significant operating expenditures (OpEx) were incurred for the implementation of these actions, so this aspect is not reflected in the financial statements. These expenditures are included in the list of fixed assets in the financial statements, which details the investments.

3.4 Indicators and Targets

3.4.1 E1-4 Targets related to climate change mitigation and adaptation to the same

Starting 2025, with the approval of the 2025–2030 Sustainability Strategy, the Group has established clear targets regarding climate change mitigation and adaptation, in line with the strategic objective of integrating decarbonization and energy efficiency practices into all its operations.

Among the main strategic directions and targets set are:

- Developing and implementing a dedicated climate change policy by the end of 2026;
- Developing a decarbonization plan by the end of 2029, aligned with the Paris Agreement, which will set intermediate and quantifiable emission reduction targets for all Group operations, including restaurants in Romania, Italy, and the Republic of Moldova;
- Continuing to implement energy efficiency measures across all operational units, including by equipping new restaurants with efficient equipment and expanding smart energy consumption monitoring and reporting systems;
- Increasing the share of energy from renewable sources through partnerships with green energy suppliers and the gradual installation of photovoltaic panels.

Currently, the Group monitors the energy performance and carbon footprint of its operations, tracking annual progress. Details regarding progress are presented in the relevant thematic chapters (E1-5 and E1-6).

3.4.2 E1-5 Energy consumption and energy mix

The Sphera Group operates in the fast-food and full-service restaurant sector, which falls under Section I of the NACE classification. According to Delegated Regulation (EU) 2022/1288, this activity is not included in the high-impact climate sectors defined in Sections A–H and L. In this context, the ESRS E1-5 requirements regarding the detailed breakdown of fossil fuel energy consumption and the calculation of energy intensity do not apply to the Group's activities. However, the Group monitors and reports energy consumption and the energy mix in accordance with the requirements relevant to its operations.

The Group's total energy consumption in 2025 was 46,750.56 MWh, compared to 42,355.20 MWh in 2024. The Sphera Group's total electricity consumption was 43,418.78 MWh for 2025, compared to 41,129 MWh in 2024. Total natural gas consumption was 1,944.91 MWh for 2025, compared to 1,253.08 MWh in 2024.

Electricity consumption (MWh)	2023	2024	2025	Variation 2025 vs. 2024
Romania	34,686	35,707	37,921.63	6.20%
Italy	4,685	4,855	4,794.13	-1.25%
Moldova	512	567	702.56	+23.91%
Total	**39,882**	**41,129**	**43,418.38**	**+5.57%**

In 2025, the Group's total energy consumption increased by approximately 5.57% compared to 2024, a trend primarily driven by the expansion of the restaurant network. In Romania, energy consumption rose by approximately 6.20%, driven by the expansion of the restaurant network during 2025. In Italy, energy consumption saw a slight decrease as a result of the operational measures implemented. In the Republic of Moldova, energy consumption increased by approximately 23.9% compared to the previous year. In 2025, three restaurants were operational, and consumption reflects the activity carried out throughout the entire year at all these locations. In 2024, the majority of consumption was generated by only two restaurants, given that the third restaurant opened toward the end of 2024, which explains the variation observed between the two reporting periods. The distribution of energy consumption among conventional, renewable, and nuclear sources was determined based on the 2024 energy label. For 2025, this information is not yet available, as the corresponding energy label has not been published.

For restaurants in Romania, 78% of the energy used comes from locations where the Sphera Group does not have direct contracts with suppliers. 22% of the Group's restaurants have direct electricity supply contracts with Hidroelectrica, a supplier whose energy comes from renewable sources in a proportion of over 90% (98.71% renewable energy according to the 2024 energy label). The breakdown of this energy quantity by production source was performed using the energy label for energy production in Romania. For the remaining quantities, where the supplier is known, the breakdown was performed based on the energy labels published by each supplier.

For restaurants in Italy, the energy quantity was disaggregated based on the energy labels published by electricity suppliers. For the amount of electricity for which the supplier did not publish an energy label (representing 20% of the total consumption recorded for restaurants in Italy), the breakdown was performed based on the label corresponding to Italy's national consumption.

For the breakdown of energy sources used by restaurants in the Republic of Moldova, the calculation was based on data regarding the national energy mix published by the International Energy Agency (IEA) for the year 2023.[6] . In the absence of detailed public data on the national electricity mix, the structure of total energy supply was used as a proxy for estimating the share of energy sources. According to IEA data, total energy supply in the Republic of Moldova is dominated by conventional sources, which account for approximately 81% of the total, while renewable sources account for approximately 19%. Based on this structure of the national energy mix, the corresponding percentages were applied to the total energy consumption reported for the Group's restaurants in the Republic of Moldova to estimate the distribution of consumption by type of energy source. According to data available for 2023, the Republic of Moldova's energy mix does not include information on electricity use from nuclear sources.

It should also be noted that in locations where the Sphera Group operates in shopping centers or other leased spaces, the energy supplier is chosen by the property owner, which limits the Group's ability to opt for energy derived exclusively from renewable sources. However, in locations directly managed by the Sphera Group, energy suppliers are selected so that their energy mix includes a higher proportion of energy from renewable sources, as is the case with Hidroelectrica.

One of the KFC restaurants in Italy has been connected, as of January 10th, 2024, to a photovoltaic system installed and operated by the shopping center where the restaurant is located. The system is shared by several tenants, and the restaurant benefits from a portion of the electricity produced. In 2025, the amount of electricity used by this restaurant from the energy generated by the photovoltaic system was 54.95 kWh.

In Romania, the on-site photovoltaic system installed at the KFC DT Galați location—a stand-alone drive-thru restaurant opened in 2025, generated 29.94 MWh of renewable energy and consumed 27.54 MWh.

[6] Source: Moldova - Countries & Regions - IEA

Energy consumption and energy mix

Energy consumption and energy mix in MWh	Romania	Moldova	Italy	Total Sphera Group
Total energy consumption from fossil fuels 2024	**11,592.67**	**507.78**	**3,420.74**	**15,521.18**
Total energy consumption from fossil fuels 2025	**13,572.26**	**569.07**	**2,750.30**	**16,891.63**
Total energy consumption from renewable sources in 2024	**18,488.77**	**59.22**	**1,328.41**	**19,876.40**
... of which fuel consumption from renewable sources, including biomass 2024	184.63	n/a	n/a	184.63
...of which consumption of electricity, heat, steam, and cooling from renewable sources 2024	0	n/a	n/a	0
...of which energy consumption from renewable sources, other than self-generated fuels 2024	0	n/a	n/a	0
Total energy consumption from renewable sources 2025	**19,879.67**	**133.49**	**2,490.90**	**22,504.06**
... of which fuel consumption from renewable sources, including biomass, 2025	282.35	120.84	n/a	403.19
...of which consumption of electricity, heat, steam, and cooling from renewable sources 2025	0	n/a	n/a	0
...of which energy consumption from renewable sources, other than self-generated fuels 2025	27.54	n/a	n/a	27.54
Total energy consumption from nuclear sources 2024	6,851.70	n/a	106.04	6,957.74
Total energy consumption from nuclear sources 2025	**7,261.88**	**n/a**	**93**	**7,354.87**
Total energy consumption in 2024	**36,933.23**	**566.78**	**4,855.19**	**42,355.20**
Share of fossil fuels in total energy consumption (%) 2024	31.39%	89.59%	70.46%	36.65
Share of renewable sources in total energy consumption (%) 2024	50.06	10.45%	27.36%	46.93
Share of nuclear energy consumption in total energy consumption (%) 2024	18.55%	n/a	2.18%	16.43
Total energy consumption 2025	**40,713.81**	**702.56**	**5,334.20**	**46,750.56**
Share of fossil fuels in total energy consumption (%) 2025	33.34%	81	51.56	36.13
Share of renewable sources in total energy consumption (%) 2025	48.83	19	46.70	48.14
Share of nuclear energy consumption in total energy consumption (%) 2025	17.74%	0	1.74%	15.73%

3.4.3 E1-6 Gross GHG emissions from categories 1, 2, 3, and total GHG emissions

Climate change is a global challenge, and companies play a vital role in managing its environmental impact. At Sphera, we address these challenges through concrete measures designed to reduce our carbon footprint. Ongoing investments in energy efficiency and the implementation, where technically feasible, of low-carbon solutions contribute to this goal. Monitoring energy consumption and calculating CO_2 emissions allow us to assess progress and make informed decisions.

Below, we present information regarding the greenhouse gas (GHG) emissions generated by our activities, calculated in accordance with international standards and industry-specific methodologies, using the GHG Protocol Corporate Accounting and Reporting Standard. The calculation covered direct emissions (Scope 1), indirect emissions (Scope 2), and other indirect emissions (Scope 3).

Direct emissions from sources owned or controlled by the company (e.g., fuels used for company-owned equipment and vehicles).

Indirect emissions from the consumption of purchased electricity, heat, or steam.

Other indirect emissions occurring in the company's value chain, including those associated with the procurement of raw materials, product transportation, and employee commuting.

Starting 2019, the Sphera Group has been calculating Scope 1 and 2 emissions using the World Resources Institute's GHG Protocol methodology. The calculation covered all of the Sphera Group's operations.

Starting 2024, Scope 3 emissions are also calculated for the following activities:

Purchased goods and services
Capital goods
Fuel and energy-related activities (not included in Scope 1 or Scope 2)
Upstream transportation and distribution
Waste generated during operations
Business travel
Employee commuting
Downstream transportation

Emission factors were selected from official and valid sources, such as international databases, methodological guidelines, and official reports, so as to reflect the emissions generated, taking into account the specific nature of the activities, the type of fuel used, the technologies involved, and specific conditions, thereby ensuring the accuracy and comparability of the data and a precise estimate of the environmental impact.

Calculation of Scope 1 emissions:

For the calculation of emissions from stationary sources, natural gas consumption recorded at locations in Romania was used (natural gas is not consumed at locations in Italy and Moldova), to which specific emission factors published by DEFRA for the year 2025 were applied.

To calculate emissions from mobile sources, fuel consumption data for the fleet owned or operated by group entities was used, to which specific emission factors published by DEFRA for the year 2025 were applied.

To calculate fugitive emissions, the quantities of refrigerant charged into owned refrigeration equipment and air conditioning systems were used (this being treated as fugitive emissions for the year 2025), and the following sources were used for emission factors:

- DEFRA, 2025
- IPCC, AR5 and AR6

Calculation of Scope 2 emissions:

GHG emissions from Scope 2 were calculated using two recognized methods: the location-based method and the market-based method. The data collected included electricity consumption recorded at each subsidiary in Romania, Italy, and Moldova.

The location-based method uses average emission factors for the national electricity grid. This approach reflects the energy mix specific to a geographic location, taking into account the energy sources available in that area (e.g., coal, natural gas, renewable energy).

The market-based method uses the emission factors specific to the electricity supplier contracted by the company. This method reflects the impact of the company's purchasing choices regarding energy sources, including contracts that ensure the mix of purchased energy includes a higher proportion of energy from renewable sources.

To calculate emissions associated with energy consumption for which the supplier is known, the emission factor available on the most recent electricity label published by each supplier, specifically the label for the year 2024, was used.

For locations in Romania where the supplier is unknown, or where energy consumption is re-invoiced by the owners of commercial spaces leased by Sphera Group subsidiaries, the emission factor published by the National Energy Regulatory Authority (ANRE) at the national level was used, both for the location-based calculation method and for the market-based method.

For electricity consumption recorded at locations in Italy and Moldova, for which suppliers have not published Electricity Labels and specific emission factors, the emission factor published by the European Investment Bank (EIB) was used for both the location-based method and the market-based method.

Calculation of emissions for Scope 3:

Emissions for Category 1. Purchased Goods and Services were calculated using the expenditure-based method, based on accounting records of goods and services purchased by each Sphera Group subsidiary in 2025. Expenditures were classified according to the categories of economic activities included in the SIC (Standard Industrial Classification) list published by the UK Government, to which the emission factors published by DESNZ and DEFRA in the CarbonSaver application were applied for the year 2025, for each category of economic activity included in the SIC list.

Emissions for Category 2. Capital Goods were calculated using the expenditure-based method, based on accounting records regarding capital goods acquired by each subsidiary of the Sphera Group in 2025. Expenditures were classified according to the categories of economic activities included in the SIC (Standard Industrial Classification) list published by the UK Government, to which the emission factors published by DESNZ and DEFRA in the CarbonSaver application were applied for the year 2025, for each category of economic activity included in the SIC list.

To calculate emissions for Category 3. Fuel and energy-related activities (not included in S1 or S2), the following were calculated:

a. upstream emissions (WTT) associated with fossil fuels (diesel, gasoline, and natural gas)
b. upstream emissions (WTT) associated with electricity consumption, emissions associated with electricity losses in the transmission and distribution network (T&D loss). Upstream emissions for fossil fuels were calculated using emission factors published by DEFRA for the year 2025.

Emission factors published by the International Energy Agency (IEA) were used to calculate upstream emissions associated with the quantities of energy consumed and losses recorded in the transmission and distribution network.

Emissions for Category 4. Upstream Transport and Distribution were calculated based on the total distances reported by the transporters contracted by the Sphera Group for raw material supply. Emissions were calculated using the emission factor published by DEFRA for 2025 for refrigerated vehicles.

The calculation excludes emissions associated with transport and distribution carried out by a beverage supplier of the group, as well as transport carried out to supply restaurants in Moldova, due to a lack of necessary information.

The calculation of emissions for Category 5. Waste generated during operations was based on internal records maintained at the Sphera Group level, which include the following information:

- type/category of waste generated
- waste code according to Government Decision 856/2002
- quantity generated [tons]
- treatment method [disposal/recovery]

The categories of waste generated were classified according to their nature into the waste categories published by DEFRA, and for the calculation of emissions, the specific emission factors published by DEFRA for the year 2025 were applied.

Emissions for Category 6. Business Travel were calculated based on distances traveled for business purposes—whether by air, road, or rail—as well as accommodations related to business travel. For air travel, both the distances traveled (km) and the emissions were calculated using the ICEC (ICAO Carbon Emissions Calculator[7]) developed by the International Civil Aviation Organization. Emissions associated with accommodation activities were calculated using the Hotel Footprinting Tool[8] developed by GreenView.

For business trips made using other modes of transportation, the emission factors published by DEFRA for 2025, specific to each mode of transportation used, were applied.

For trips for which information regarding the route, distance, or modes of transport used was not available, the calculation was performed using the cost-based calculation method. For these trips, the emission factor published by DESNZ for road transport was used.

For the calculation of emissions related to Category 7. Employee Commuting, the following were taken into account:

- the number of employees
- the average number of days worked
- the number of employees who have a company car
- the value of reimbursements for public transportation passes
- distances traveled and the total value of invoices issued by passenger transport companies (taxi/ridesharing) contracted to transport employees.

Emissions from commuting by employees working at the Bucharest office were calculated based on the modes of transportation used.

For employees of the subsidiaries in Romania and Moldova, emissions were calculated based on available information regarding:

- distances traveled.
- the total value of invoices issued by passenger transport companies (taxi/ridesharing). The RON-GBP conversion was performed using the average exchange rate published by the NBR for the year 2025.

For transportation provided to employees in Italy, it was not possible to obtain information from carriers or to estimate the distances traveled.

DEFRA emission factors specific to each mode of transport were used to calculate emissions related to employee travel.

Emissions for Category 9. Downstream Transport were calculated based on the total distances traveled by each mode of transport used by couriers employed by the courier companies

[7] Methodology ICAO Carbon Emissions Calculator_v13_Final.pdf
[8] https://www.hotelfootprints.org/

contracted by the Sphera Group, by applying DEFRA emission factors specific to each mode of transport.

Currently, the Sphera Group does not yet have a formal decarbonization or climate transition plan, but this is provided for in the 2025–2030 Sustainability Strategy, approved in 2025. The Strategy sets the objective of developing the decarbonization plan by the end of 2029, in line with the Paris Agreement and the European Union's climate neutrality goals. Until its completion, the Group continues to monitor and report greenhouse gas emissions annually, tracking their evolution.

The available data is presented comparatively for the 2023–2025 period to provide an overview of the progress made.

For 2025, the Sphera Group did not trade emissions certificates and had no biogenic CO_2 emissions resulting from the combustion or biodegradation of biomass.

Scope 1 GHG Emissions (t CO2e)

Gross greenhouse gas emissions included in Scope 1	2023	2024	2025	Variation 2025 vs. 2024
Romania	809.04	1,293.99	2,183.35	168.73%
Moldova	0	0	0	0.00%
Italy	124.42	1,251.30	1,518.04	121.32%
Total Sphera Group	**933.47**	**2,545.28**	**3,701.39**	**145.42%**

Scope 1 emissions increased, driven by improvements in the process of collecting and consolidating data on fugitive emissions from the use of refrigerants.

Scope 2 GHG Emissions (t CO2e)

Subsidiary	GHG emissions calculated using the	2023	2024	2025	Variation 2025 vs. 2024
Romania	Scope 2 GHG Emissions (location-based) (tCO2e)	7,743.55	6,149.06	6,810.33	110.75%
	Scope 2 GHG Emissions (market-based) (tCO2e)	9,030.73	5,924.5	6,030.57	101.79%
Moldova	Scope 2 GHG Emissions (location-based) (tCO2e)	209.48	231.81	281.72	121.53%
	Scope 2 GHG Emissions (market-based) (tCO2e)	209.48	231.81	281.72	121.53%
Italy	Scope 2 GHG Emissions (location-based) (tCO2e)	1,068.11	1,107.01	1,553.30	140.31%
	Scope 2 GHG Emissions (market-based) (tCO2e)	1,068.11	1,107.01	1,553.30	140.31%
Group Total Sphera	**Scope 2 GHG Emissions (location-based) (tCO2e)**	**9,021.14**	**7,487.88**	**8,645.35**	**115.46%**
	Scope 2 GHG Emissions (market-based) (tCO2e)	**10,308.32**	**7,263.32**	**7,865.59**	**108.29**

Scope 3 GHG Emissions (t CO2e)

Subsidiary	Category Scope 3	2024	2025	Variation 2025 vs. 2024
Romania	Total gross indirect greenhouse gas emissions (Scope 3)	**80,077.83**	**77,260.57**	96%
	1 Purchased goods and services	65,518.39	63,015.45	96
	2 Capital goods	2,848.92	4,031.67	142
	3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	2,706.16	2,781.66	103
	4 Upstream transport and distribution	4,136.23	3,200.90	77
	5 Waste generated during operations	2,853.66	2,563.23	90
	6 Business travel	59.14	46.73	79%
	7 Employee commuting	262.15	238.10	91
	9 Downstream transportation	1,693.18	1,382.83	82%
Moldova	Total gross indirect greenhouse gas emissions (Scope 3)	**1,595.56**	**1,925.67**	121%
	1 Purchased goods and services	1,378.36	1,567.16	114
	2 Capital goods	1.44	124.58	865
	3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	90.94	153.09	168
	4 Upstream transport and distribution	22.04	-	0
	5 Waste generated in operations	21.36	24.48	115%
	6 Business travel	0.63	0.88	140%
	7 Employee commuting	9.04	11.99	133%
	9 Downstream transport	71.75	43.49	61%
Italy	Total gross indirect greenhouse gas emissions (Scope 3)	**2,762.18**	**5,674.01**	205
	1 Purchased goods and services	1,619.93	3,923.99	242
	2 Capital goods	220.93	748.06	339%
	3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	448.84	392.94	88%
	4 Upstream transport and distribution	-	125.98	0
	5 Waste generated in operations	161.35	67.79	42%
	6 Business travel	7.21	26.94	374
	7 Employee commuting	-	-	0%

Subsidiary	Category Scope 3	2024	2025	Variation 2025 vs. 2024
	9 Downstream transportation	303.92	388.31	128%
Total Sphera Group	**Total gross indirect greenhouse gas emissions (Scope 3)**	**84,435.57**	**84,860.25**	**101%**
	1 Purchased goods and services	**68,516.68**	**68,506.60**	**100**
	2 Capital goods	**3,071.29**	**4,904.31**	**160**
	3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	**3,245.94**	**3,327.69**	**103**
	4 Upstream transport and distribution	**4,158.27***	**3,326.88**	**80**
	5 Waste generated during operations	**3,036.37**	**2,655.50**	**87**
	6 Business travel	**66.98****	**74.55**	**111%**
	7 Employee commuting	**271.19**	**250.09**	**92%**
	9 Downstream transportation	**2,068.85*****	**1,814.63**	**88**

* For 2024, the value for category 3.4 – Upstream transport and distribution (Romania) was recalculated following an update of the calculation parameters used for transport operations carried out by the Group's partner for restaurant supply. In this regard, the emission factor initially provided by the partner was replaced with the DEFRA factor corresponding to the category HGVs refrigerated (all diesel) – average laden. As a result of this adjustment, emissions for 2024 were updated from 82.89 tons of CO_2 to 4,158.27 tons of CO_2.

** For 2024, the values for category 3.6 – Business travel have been updated from 97.76 tons of CO_2 to 66.98 tons of CO_2, following a review of the classification of certain types of travel within this category.

*** For 2024, the value for category 3.9 – Downstream transport and distribution has been updated from 5,441.53 tons of CO_2 to 2,068.85 tons of CO_2. The difference is due to the use of different units of measurement when reporting distances for Italy, specifically the use of values expressed in meters instead of kilometers.

Total greenhouse gas emissions Scopes 1, 2, and 3

Subsidiary		2024	2025	Variation 2025 vs. 2024
Romania	Total greenhouse gas emissions (location-based) (tCO2e)	87,520.88	86,254.25	99
	Total greenhouse gas emissions (market-based) (tCO2e)	87,296.32	85,474.49	98%
Moldova	Total greenhouse gas emissions (location-based) (tCO2e)	1,827.37	2,207.39	121%
	Total greenhouse gas emissions (market-based) (tCO2e)	1,827.37	2,207.39	121
Italy	Total greenhouse gas emissions (location-based) (tCO2e)	5,120.49	8,745.35	171%
	Total greenhouse gas emissions (market-based) (tCO2e)	5,120.49	8,745.35	171
Total Sphera Group	**Total greenhouse gas emissions (location-based) (tCO2e)**	**94,468.74**	**97,206.99**	103%
	Total greenhouse gas emissions (market-based) (tCO2e)	**94,244.18**	**96,427.23**	102

Emissions intensity

Greenhouse gas intensity per net revenue	2024	2025
Total greenhouse gas emissions (location-based) per net revenue (t CO2e/million RON)	61.01	61.88
Total greenhouse gas emissions (market-based) per net revenue (t CO2e/million RON)	60.86	61.38
Net revenue used to calculate greenhouse gas intensity (million RON)	1,548.4	1,570.95

3.4.4 E1-7 GHG removals and GHG emission mitigation projects financed through carbon credits

During the reporting period, the Sphera Group did not develop or contribute to greenhouse gas (GHG) absorption or storage projects. Furthermore, no external GHG reduction or elimination projects were financed through the purchase of carbon credits.

The Group does not hold and has not used carbon credits during the reporting period and has not made any public claims regarding GHG neutrality. The ESG Strategy for the 2025–2030 period, approved in 2025, includes the development of a decarbonization plan among its objectives. However, at this stage, no details are available regarding the specific content of this plan, including whether targets or actions related to carbon credits will be established.

3.4.5 E1-8 Setting the domestic carbon price

The Sphera Group does not currently use an internal carbon pricing system.

3.4.6 E1-9 Anticipated financial impacts of significant physical and transition risks and potential climate-related opportunities

The Sphera Group applies Delegated Regulation (EU) 2025/1416 of the European Commission, adopted in July 2025, which allows for flexible application of ESRS requirement E1-9. In this context, the Group does not present detailed information on the anticipated financial impacts of material physical and transition risks, as well as climate-related opportunities.

The necessary information will be included in future reports as the processes and methodologies for assessing these impacts are developed and implemented. This approach ensures alignment with ESRS requirements, taking into account the Group's current resources and processes.

4 ESRS E3 Water and Marine Resources

4.1 Management of Impacts, Risks, and Opportunities

4.1.1 ESRS 2 IRO-1 – Description of processes for identifying and assessing significant impacts, risks, and opportunities related to water and marine resources

Water is a critical resource for Sphera Group's operations, used for food preparation and ensuring strict hygiene standards, as well as in the value chain for the supply of raw materials. In this context, the Group conducted a double materiality analysis to identify the impacts, risks, and opportunities related to water resources, both within its own operations and throughout its value chain.

The assessment showed that water resources play a direct and major role in the Group's value chain. Water scarcity can have significant consequences for suppliers, affecting crops, livestock, and other activities essential for securing raw materials. This dependence on water creates risks, such as water stress in certain regions or increased costs associated with water use, but also opportunities, such as reducing consumption through the implementation of efficient and sustainable measures.

The double materiality analysis process took into account key dimensions such as the scale, severity, and irreversibility of the identified impacts. In 2025, the process consisted of a review of the previously identified impacts, risks, and opportunities, with the objective of validating and updating the impacts, risks, and opportunities identified in the 2024 double materiality analysis, taking into account water efficiency and existing operational measures to reduce waste. The review did not involve repeating the entire double materiality analysis process or conducting stakeholder consultations. Throughout 2024, stakeholder consultations, including with communities, were conducted as part of the double materiality analysis process for all relevant topics. Specifically, regarding water resource management, the consultations addressed the impacts, risks, and opportunities related to water resource management. These consultations focused on issues such as efficient water use and the implementation of practices to reduce water waste. The Group sought to understand both the direct and indirect effects on water resources, collaborating with suppliers to promote sustainable practices. Following the review of impacts, risks, and opportunities related to water resources, the Sphera Group reconfirmed that it has not identified any significant impacts on marine water resources. This conclusion is based on the nature of the Group's operations, which use potable water for food preparation and hygiene, without involving the extraction or use of marine resources.

Furthermore, the Group's restaurants, including those in Italy, are located in urban areas, far from marine ecosystems, which limits direct interaction with these resources. Within the value chain, no supplier activities were identified that generate significant impacts on marine resources. Therefore, the Group continues to monitor the situation but considers the impact on marine water resources to be insignificant.

Following the review process for the 2025 reporting year, no new material impacts, risks, or opportunities related to water resources were identified.

The main impacts, risks, and opportunities identified during this process are presented below.

Material subtopic and Material sub-subtopic	Location of the impact	Type	Source of the impact	Timeframe	Positive impacts (I+)	Timeframe	Negative impacts (I-)	Risks (R)	Opportunities (O)
Water resources Water consumption	upstream, own activity	M	S	A	By implementing best practices in water resource management, Sphera helps reduce consumption by using technologies such as smart sensors to cut usage and promptly addressing equipment leaks. At the same time, the company promotes water-saving measures among employees, while maintaining the hygiene and food safety standards essential for business operations.	A	Inadequate management of water resources can indirectly contribute to exacerbating water stress in areas already affected by water scarcity. Furthermore, suboptimal consumption can have a negative impact on aquatic ecosystems associated with the company's own operations or those in its value chain.	-	

Key:
Impact type: F = financial impact, M = material impact, MF = material and financial impact
Time horizon: A = current impact (reporting year), P = potential impact (medium and long term)
Source of impact: S = impact stemming from strategy and business model, B = impact underlying the strategy

4.1.2 Interactions with other ESRS

The topic of water resources is interconnected with other relevant environmental topics, such as climate change, the circular economy, and biodiversity. Within the Sphera Group, these links are integrated into the analysis and management of impacts, risks, and opportunities. Although the ESRS E2 – Pollution and ESRS E4 – Biodiversity and Ecosystems standards are not considered material for the Group's operations, their principles are adhered to through the implementation of sustainability policies and working standards applicable throughout the value chain.

Regarding collaboration with suppliers, the Sphera Group applies the Supplier Code of Conduct and the KFC Sustainable Procurement Policy for Central and Eastern Europe, which establish clear requirements for minimizing negative impacts on the environment and society.

Suppliers' obligations include:

- reducing energy, water, and raw material consumption, as well as managing waste and wastewater in an efficient and environmentally responsible manner;
- compliance with national limits on air pollution, noise, and odors to minimize the impact on local communities;
- reduced use and responsible management of chemicals, in accordance with international, national, and sector-specific codes of practice.

The Group continuously monitors its own impacts related to water consumption. For the value chain, it conducts audits to verify compliance with the requirements of the code and sustainability policies.

4.1.3 E3-1 Policies related to water and marine resources

The Sphera Group has not adopted formal policies for water resource management, including in areas with high water stress. However, it has implemented various practices that demonstrate responsible management of this resource, as outlined in the actions section.

Indirectly, for the responsible management of water resources throughout the value chain, the Sphera Group adheres to the Sustainable Sourcing Policy issued by KFC Central and Eastern Europe, which is addressed to KFC suppliers. This policy establishes requirements for minimizing negative environmental impacts, including on water resources, and includes measures that take into account associated risks and opportunities.

The policy requires compliance with certain requirements, such as:

- Reducing water consumption and waste by implementing efficient processes aimed at optimizing the use of water and raw materials.
- Responsible management of effluents—suppliers must have effective systems for treating and discharging wastewater to prevent environmental contamination.
- Compliance with international and national regulations regarding the use of chemicals—suppliers are required to adopt safe practices for the handling and disposal of pesticides and other chemicals to prevent impacts on water resources.

At the KFC level, suppliers' compliance with these requirements is monitored through business partner assessment mechanisms; however, the Group does not have a specific internal process for managing water resources. The Sustainable Sourcing Policy issued by KFC Central and Eastern Europe is aligned with international standards on the sustainable management of natural resources and the environment, requiring suppliers to comply with relevant national and international regulations regarding water use and environmental protection.

The absence of a dedicated policy to date is explained by the fact that the group has prioritized immediate operational measures for water resource management and incorporated them into existing policies and processes. At the time of reporting, no decision had been made regarding the development of a separate water management policy, as current procedures and mechanisms are adequate to ensure responsible and efficient management of water resources.

4.1.4 E3-2 Actions and resources related to water resources

The Sphera Group continues to implement, across all its locations, actions to reduce water consumption, prevent pollution, and improve the efficiency of water resource use. These actions, previously implemented and maintained throughout 2024 and 2025, include:

- The use of water sensors in restaurants to reduce consumption.
- Prompt repairs of leaking equipment to prevent waste.
- Grease traps installed at all locations to ensure water treatment prior to discharge.
- During 2025, six dishwashers were installed in KFC restaurants, with implementation carried out in phases throughout the year. Given the limited operating period until the end of the reporting year, it was not possible to conduct a relevant comparative analysis of the impact on water and energy consumption. These measures are part of current operational processes and are consistently applied to manage impacts related to water use. They reflect overall efforts toward the responsible management of this resource.

The actions were implemented uniformly across all restaurants, regardless of their location in areas with water stress or high water stress. Regarding future actions, no concrete information is available at this time.

Allocated resources include training employees on water conservation and implementing efficient technologies. In the value chain, we collaborate with suppliers through the requirements of our sustainable procurement policy, which aims to minimize water consumption.

No significant operating expenditures (OPEX) or capital expenditures (CAPEX) were required to implement these actions; consequently, this topic is not reported separately in the financial statements.

For Sphera Group operations, water is a critical resource. For this reason, we considered it important to assess the risk of water stress in the countries where we operate. To identify associated risks, we used the Aqueduct Water Risk Atlas tool, made available free of charge by the World Resources Institute (WRI).

In the initial assessment, our analysis focused primarily on identifying regions exposed to water stress, according to the Aqueduct Water Risk Atlas. Additional aspects related to water quality, availability, or accessibility have not yet been addressed in detail. At this stage, only areas with

high water stress have been identified; we will subsequently conduct detailed assessments at the location level.

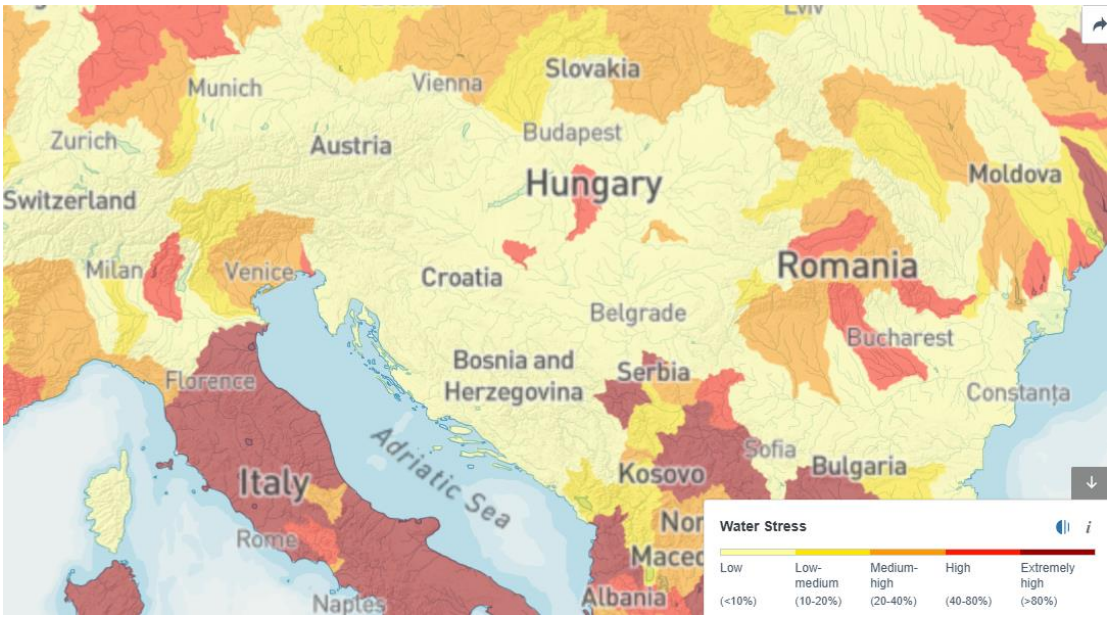
Currently, the risk of water stress ranges from low to moderate to high in most regions of northern Italy, the Republic of Moldova, and Romania. However, according to projections (2040), areas at high risk will become more widespread, particularly in the Republic of Moldova and northeastern Romania. We will continue to monitor the evolution of this indicator to ensure that the impact of water consumption in our restaurants, although minimal, does not negatively affect the local communities where we operate.

The Aqueduct Water Risk Atlas (WRA) uses various thresholds to assess water-related risks, one of the most relevant being the baseline water stress indicator. This represents the ratio of total water demand to available renewable surface and groundwater sources.

The thresholds used for basic water stress are as follows:

- Low (<10%) – Minimal water stress
- Moderate (10–20%) – Some competition for water resources
- High (20–40%) – Significant competition for water
- Very high (40–80%) – Areas facing substantial stress
- Extremely high (>80%) – Regions where total water demand exceeds 80% of available supply, indicating severe scarcity and vulnerability.

Water stress assessment – to date



Water stress assessment – forecast for 2040

4.2 Indicators and targets

4.2.1 E3-3 Targets related to water and marine resources

The Sphera Group's 2025–2030 ESG Strategy prioritizes the protection of natural resources, aiming to implement efficient water management programs in at least 50% of facilities located in water-stressed areas by 2027. This initiative is supported by identifying vulnerable locations, training staff, conducting customer awareness campaigns, and equipping restaurants with water-saving equipment, thereby helping to reduce the operational impact on water resources. The prioritization of locations in water-stressed areas is based on a preliminary water stress risk analysis conducted at the national level using the Aqueduct Water Risk Atlas tool. By implementing water efficiency measures in these locations, the Group aims to reduce pressure on local water resources and manage risks associated with water availability. At this stage, the analysis focused on quantitative water stress; additional aspects related to water quality will be analyzed later, at the site level. The Group's operations do not involve the use of marine resources and do not generate significant impacts or risks to them, which is why marine resources are not considered relevant in the context of this target.

In the absence of a formal policy dedicated to water resource management, the established target regarding the implementation of efficient water management programs at facilities located in water-stressed areas is aligned with the objectives of the Group's 2025–2030 ESG Strategy, which aims for the responsible use of natural resources and the reduction of operational impacts on the environment.

Complementarily, responsible water resource management is indirectly supported by the implementation of the Sustainable Sourcing Policy issued at the KFC Central and Eastern Europe level. In this context, the target contributes to the practical implementation of these strategic objectives through operational measures to improve water use efficiency.

The methodology for setting the target was based on the results of the double materiality analysis conducted in 2024, which identified water use as a relevant aspect from the perspective of operational impacts and risks. The target was not defined based on a specific scientific threshold for reducing water consumption; rather, it took into account the operational needs and strategic directions of the Group's restaurants, as well as the strategic directions established at the franchisor level regarding the responsible use of natural resources

The target-setting process involved relevant internal functions, including operations, sustainability, and management. Additionally, relevant stakeholders were consulted as part of the double materiality analysis conducted in 2024. The results of this analysis formed the basis for defining the Group's strategic priorities in the area of sustainability.

The target level is expressed as a percentage of the total number of the Group's own operational units identified as being located in water-stressed areas, specifically the implementation of water management programs in at least 50% of these units by 2027.

The target is voluntary and applies exclusively to the Group's own operations. Given the nature of this target, it is formulated as an implementation target, not as a quantitative reduction target relative to a historical consumption level. Therefore, a baseline year is not defined in the traditional sense of percentage reductions. Progress is assessed by annually reporting the percentage of facilities in water-stressed areas that have implemented effective water management programs. The process of defining the target involved relevant internal functions, including operations, sustainability, and management.

As of 2025, progress toward this target is currently being assessed, and the first consolidated results regarding the percentage of facilities that have implemented water management programs in water-stressed areas will be reported in subsequent reporting periods.

Since its establishment, the target has not undergone any changes in terms of level, scope, or measurement methodology.

The business model assumes that Sphera Group restaurants are located in urban areas and connected to public water supply and wastewater treatment systems. This process allows for the assessment of progress in water efficiency and the identification of potential operational issues requiring improvement.

The established level of ambition is to ensure ongoing compliance with the requirements and standards set forth by applicable legislation regarding the quality of water used in restaurants.

4.2.2 E3-4 Water consumption

The Sphera Group actively monitors water consumption in all its restaurants, with the goal of reducing waste and managing this resource responsibly. Wastewater generated from daily operations is discharged, in accordance with applicable regulations, into the sewer systems available at the Group's locations. Through monitoring, the group aims to keep the associated impacts under control. This process also allows for the identification and minimization of risks, such as increased operational costs associated with high water consumption or non-compliance with wastewater treatment regulations. At the same time, monitoring water management supports the exploitation of opportunities, such as the implementation of efficient technologies.

The Sphera Group's water consumption is calculated according to the ESRS definition as the amount of water withdrawn within the company's limits that is not discharged back into the aquatic environment or to a third party. Discharged water represents the difference between the water withdrawn, as measured by meters installed in the supply networks, and the water remaining in products, according to operational specifications. Thus, to determine water consumption, the methodology proposed and used by the franchisor Yum! Brands was employed, according to which water consumption in the group's restaurants and offices accounts for approximately 15% of water withdrawals.

Category	Year	Total water consumption* [m³]	Total water consumption in areas at hydrological risk, including areas with high water stress [m³]	Total amount of water recycled and reused [m³]	Total amount of water stored and changes in storage [m³]
Romania	2023	34,775.25	No information available	0	0
	2024	28,307.9		0	0
	2025	**29,555.5**		**0**	**0**
Italy	2023	6,505.7		0	0
	2024	6,600		0	0
	2025	**6,840**		**0**	**0**
Moldova	2023	383.4		0	0
	2024	396.9		0	0
	2025	**457.5**		**0**	**0**
Sphera Group Consumption [m³]	2023	**41,664.3**		**0**	**0**
	2024	**35,304.8**		**0**	**0**
	2025	**36,853**		**0**	**0**

**Minor differences may occur due to rounding.*

Water consumption intensity

	2024	2025
Water consumption intensity	113.43 m³ per million EUR of net revenue.	118.27 per million EUR of net revenue.
Total water consumption in own operations, in m³	**35,304.75**	**36,853**
Net revenue in millions of EUR[9]	**311.26**	**311.59**

[9] NBR Exchange Rate

For restaurants in Romania and the Republic of Moldova, the amount of water abstracted (withdrawn) was taken from the invoices issued by suppliers. For Italy, water abstracted (withdrawn) cannot be monitored, as most restaurants are located in shopping centers, where invoicing is based on the size of the leased space. Therefore, the estimated amount of water abstracted in these restaurants was calculated based on the consumption data from the invoices of three restaurants with direct contracts with suppliers and based on the shares corresponding to the leased space, calculated from the total consumption recorded in the shopping centers. The table below presents the consumption data for the Sphera Group's brands.

Water used (m^3)

	Year	Water withdrawals* [m^3]	Water discharges* [m^3]
Romania	2023	231,835	197,061
	2024	188,719	160,411
	2025	197,037	167,481
Italy	2023	43,371	36,865
	2024	44,000	37,400
	2025	45,600	38,760
Moldova	2023	2,556	2,173
	2024	2,646	2,249
	2025	3,050	2,592.5
Total Sphera Group [m^3]	**2023**	**277,762**	**236,098**
	2024	**235,365**	**200,060**
	2025	245,687	208,834

**Minor differences may occur due to rounding.*

An analysis of water consumption in 2025, compared to 2024, indicates a slight increase across most Group entities. In Romania, water consumption increased by approximately 4.4%, a trend correlated with the expansion of the restaurant network during 2025. In Italy, water consumption increased by approximately 3.6%, with the increase influenced by the opening of a new restaurant, as well as the launch of the Cioccolatitaliani brand in the second half of the year. In the Republic of Moldova, water consumption increased by approximately 15.3%. In the Republic of Moldova, three restaurants were operational in 2025. Given that the third restaurant opened toward the end of 2024, water consumption in 2025 reflects activity throughout the entire year at all three locations. In 2024, consumption was generated, for most of the year, by only two restaurants, which explains the increase recorded in 2025 compared to the previous year.

At the Group level, total water consumption increased by approximately 4.4% in 2025 compared to 2024.

4.2.3 E3-5 Anticipated financial effects of significant risks and opportunities related to water and marine resources

The Sphera Group applies Delegated Regulation (EU) 2025/1416 of the European Commission, adopted in July 2025, regarding the ESRS E3-5 requirement. In this context, the Group does not present detailed information in the current reporting year regarding the anticipated financial effects of the impacts, risks, and opportunities related to water and marine resources.

Relevant information will be included in future reports as internal processes, data collection tools, and methodologies dedicated to assessing these effects are developed and implemented. This approach ensures compliance with ESRS provisions, reflecting the current level of maturity of the Group's analysis and reporting capabilities.

ESRS E5 Resource Use and the Circular Economy

4.3 Management of Impacts, Risks, and Opportunities

4.3.1 ESRS 2 IRO-1 – Description of the processes for identifying and assessing significant impacts, risks, and opportunities related to resource use and the circular economy

The Sphera Group conducts its business with a focus on the responsible use of resources and the implementation of circular economy principles. The assessment of the impacts, risks, and opportunities related to waste and the circular economy was carried out as part of the double materiality analysis and followed the process described in Chapter ESRS 2, Section IRO 1.

The process analyzes the company's entire value chain, from its own operations to collaborations with suppliers and interactions with customers.

As part of this process, the group continuously analyzes the use of raw materials, packaging, and energy, with a focus on consumption efficiency and waste reduction. For example, food raw materials and packaging are selected to meet sustainability requirements and have a minimal environmental impact. At the same time, attention is paid to waste management, with waste being collected and handed over to authorized operators for recycling or recovery. This approach ensures compliance with legal regulations and supports the Group's commitment to environmental protection.

The Group has implemented the LEAP approach to structure its impact assessment. LEAP is a phased process that includes identifying interactions with nature, assessing impacts and dependencies, identifying significant risks and opportunities, and reporting results. In practice, this process involves identifying critical points in operations and the value chain where there is intensive resource use or waste generation. For example, the Group analyzes whether suppliers use sustainable materials, whether packaging meets recycling standards, or whether internal processes can be optimized to reduce energy and water consumption.

Regarding the identified impacts, the group recognizes that high resource consumption can lead to significant operational costs and reputational risks. There are significant opportunities to reduce these risks by adopting sustainable practices, such as using packaging made from recycled or renewable materials, optimizing logistics, and promoting the reuse of resources.

In addition to internal analysis, the Sphera Group collaborates with relevant stakeholders, such as suppliers, to ensure compliance with environmental requirements and the integration of circular economy principles into the value chain. The consultations addressed the impacts, risks, and opportunities related to resource use and the circular economy through questions posed in the questionnaires used in the stakeholder consultation process. These questions focused on aspects such as resource management, waste reduction, the use of sustainable packaging, and the application of circular economy principles in the value chain.

As part of the materiality assessment for ESRS E5, Resource Outputs, the subtopic of waste was identified as a material topic, while resource inputs represent a non-material topic for the Sphera Group, given its franchise structure, in which equipment, suppliers, as well as many of the

operational policies, are determined by the franchisor Yum! Thus, the Sphera Group does not select its own equipment or suppliers, as these must comply with the quality and sustainability standards set by Yum! Brands. The Group directly manages certain resource-related aspects through a series of integrated policies, which include:

- Sustainable Packaging Policy: This outlines the commitment to using sustainable packaging, in accordance with the principles of the circular economy, to minimize environmental impact.
- Paper-Based Packaging Sourcing Policy: This promotes the use of packaging from sustainable sources, thereby reducing reliance on non-renewable materials.
- Policy on Sustainable Animal Protein Principles: This policy ensures that suppliers adhere to the highest standards of food safety and ethical practices, including effective management of natural resources.

Sphera Policy on the Supplier Code of Conduct: It includes clear requirements regarding suppliers' sustainable use of resources and compliance with environmental standards.

In addition, other documents such as the KFC CEE Sustainable Sourcing Policy and the KFC CEE Product Integrity Policy, although not public, highlights the franchisor's commitment to the responsible use of resources and adherence to the principles of the circular economy.

In 2025, the Sphera Group conducted a review of the impacts, risks, and opportunities related to the circular economy identified in the 2024 double materiality analysis. The process aimed to refine and clarify existing formulations, based on lessons learned and experience gained during their application and integration at the operational level. The review did not lead to the identification of new impacts, risks, or opportunities and did not alter the conclusions regarding their materiality, but rather improved the existing descriptions. Below, we present a table summarizing the impacts, risks, and opportunities identified for the material topics, as well as their location.

Material subtopic and Material sub-subtopic	Impact Location	Type	Source of the impact	Timeframe	Positive impacts (I+)	Timeframe	Negative impacts (I-)	Risks (R)	Opportunities (O)
Waste	Downstrea, own activity	M, F	S	A	Internal measures regarding waste management and the optimization of operational processes contribute to reducing food waste and directing waste generated directly by the Group toward recovery routes where possible. These actions support more responsible management of operational flows, even though a portion of post-consumer waste remains outside the company's direct control.	A	The operations of restaurants located primarily in shopping centers generate both operational waste and post-consumer waste. Waste resulting from internal operations is collected separately and temporarily stored in specially designated areas provided by the building management companies. In contrast, post-consumer waste generated by customers in the food court area is not under the company's direct control. Although most locations have infrastructure for separate collection, the proper management of this waste depends on consumer behavior and the management systems implemented by the shopping center operators. Consequently, some of this consumer-generated waste is sent to landfills for disposal, resulting in associated environmental impacts. The use of single-use packaging—whether made of plastic, paper, or other materials—contributes to an increase in the total volume	The high costs associated with waste management can affect profitability, especially given the increasing legislative requirements for recycling. Fines and penalties for non-compliance in waste management can have a significant financial impact and may require corrective actions. Damage to the company's reputation due to inadequate waste management	-

							of post-consumption waste. In the absence of efficient collection and recycling, this waste may be sent to landfills, generating negative environmental impacts.		

Key:
Impact type: F = financial impact, M = material impact, MF = material and financial impact
Time horizon: A = current impact (reporting year), P = potential impact (medium and long term)
Source of impact: S = impact stemming from strategy and business model, B = impact underlying the strategy

4.3.2 E5-1 Policies related to resource use and the circular economy

The policy on the procurement of paper-based packaging highlights the Group's commitment to using paper and cardboard from sustainable and certified sources, avoiding materials derived from illegal logging, non-renewable forests, or sources that do not comply with legislation and human rights. Priority is given to suppliers holding internationally recognized certifications, such as FSC (Forest Stewardship Council), in accordance with the most rigorous standards for responsible forest management. At the same time, the policy promotes increasing the recycled content in packaging without compromising food safety or functionality, despite technical and supply constraints. Suppliers must certify that materials comply with the policy's principles to ensure transparency and adherence to sustainability commitments. The policy applies to all Sphera Group restaurants (KFC, Pizza Hut, Taco Bell) in Romania, Moldova, and Italy. It also extends to the supply chain, including suppliers of paper and cardboard packaging. This policy supports the process of identifying and assessing the impacts, risks, and opportunities associated with the use of paper materials by establishing strict requirements for suppliers. Approval and oversight of the policy are ensured by the Board of Directors. Implementation is coordinated by the Procurement Department. The policy is publicly available on the Sphera Group website and was developed in accordance with the requirements of the franchisor Yum! Brands and the applicable European regulatory framework. It also aligns with industry best practices.

Sustainable Packaging Policy. Compared to the policy dedicated to the procurement of paper-based packaging, this policy takes a broader and more comprehensive view of all types of packaging used. In addition to the commitments regarding paper and cardboard, which remain in effect, the sustainable packaging policy calls for the elimination of non-recyclable materials, such as polystyrene and expanded polystyrene, and supports the development of sustainable solutions for all packaging, regardless of material. The policy aligns with Yum! Brands' global sustainability goals and European packaging legislation. It also reflects industry best practices regarding the transition to recyclable, compostable, or reusable materials.

Another important aspect of the policy is the complete elimination of polystyrene and expanded polystyrene from all its KFC, Pizza Hut, and Taco Bell restaurants, a measure implemented as early as 2021.

At the same time, the Sphera Group supports the global commitments of KFC and Taco Bell franchisors. In the case of KFC, the global commitment regarding plastic packaging stipulates that by 2025, all consumer-oriented packaging must be designed to be recoverable or reusable. In this context, the term "recoverable" refers to packaging that can be diverted from landfills through processes such as recycling, reuse, composting, or energy recovery, depending on local waste management infrastructure. At the Group level, 92% of the packaging used is recyclable. Currently, the plastic lids used for cold drink cups represent the only category of packaging that is not yet recyclable. The company is analyzing options to replace them. The Group is currently analyzing options to replace the plastic lids used for certain products with more sustainable alternatives. Solutions available on the market are being evaluated, including from the perspective of material availability, operational impact, and feasibility of implementation. Preliminary analyses indicate that the transition to alternative solutions requires further evaluation regarding technical characteristics, supplier availability, and integration into existing operational processes, which is why this initiative is still in the analysis phase. Regarding Taco Bell's global commitments to ensure that consumer-facing packaging is recyclable, compostable, or reusable, these have been met, while substances such as PAFS, phthalates, and BPA have also been eliminated.

Thus, the policy on sourcing paper-based packaging is a specific component focused on sustainable paper sources, while the sustainable packaging policy extends this commitment globally, covering all packaging materials and solutions used by the Group. The sustainable packaging policy helps identify operational risks associated with the use of non-recyclable materials, promotes the evaluation of opportunities for transitioning to sustainable solutions, and establishes requirements for all packaging materials used in Sphera Group operations, including within the supply chain. It applies to all facilities in Romania, Moldova, and Italy. The Board of Directors oversees the implementation of this policy, and the Procurement Department is responsible for implementing the requirements. The policy is available on the Sphera Group website and can be accessed by all stakeholders.

Animal welfare policy is based on the principles of the five freedoms of animals: freedom from hunger and thirst, through continuous access to drinking water and adequate food; freedom from discomfort, through the provision of appropriate shelter and optimal conditions for rest; freedom from pain, injury, or disease, through prevention or prompt treatment; freedom to express natural behavior, through adequate space and optimal living conditions; freedom from fear and distress, through treating animals with care and avoiding stress. These objectives are achieved through close collaboration with suppliers and compliance with applicable legislation.

The policy focuses on poultry, pork, and beef, the primary proteins used in the group's products, and mandates compliance with animal welfare standards throughout the supply chain. These requirements are mandatory for suppliers in Romania, Moldova, and Italy. In collaboration with suppliers, the Sphera Group advocates for animal welfare throughout the supply chain and the continuous improvement of key areas, such as improving animal health to minimize the use of necessary medications, particularly antibiotics; addressing mobility issues and foot health in poultry; reducing stress, improving welfare, and minimizing painful procedures

It also collaborates with suppliers and partners to adopt sustainable egg sources, with the complete elimination of eggs from battery-caged birds by 2030.

The animal welfare policy directly contributes to the efficiency of Sphera Group's operations by minimizing waste generated in restaurants. For example, efficiently processed meat in the supply chain minimizes losses during product preparation.

This policy facilitates the identification of risks related to product quality and compliance in the supply chain by collaborating with suppliers to ensure adherence to the Five Freedoms of animals. The policy is approved and overseen by the Board of Directors, and the Procurement and Quality Department is responsible for verifying supplier compliance. The policy is published on the Sphera Group website and is available to all stakeholders for review.

The Sphera Group's **Responsible Marketing Policy** reflects its commitment to conducting promotional and communication activities in an ethical, transparent, and sustainable manner, in line with the group's values and the expectations of stakeholders. Through its responsible approach to marketing, the Sphera Group prioritizes integrity, diversity, and inclusion, promoting products that meet consumer needs without exploiting their vulnerabilities. This policy has a direct impact on resource use and waste management, both of which are material topics. The Group supports waste reduction and the responsible use of resources through measures that include phasing out expanded polystyrene from all restaurants by 2021 and a commitment to use recyclable or reusable packaging by 2025. By promoting the use of sustainable packaging and providing transparent information about its products, the company helps educate consumers

toward making more conscious choices, which can reduce food waste and non-eco-friendly packaging.

Marketing campaigns are designed to highlight the group's flagship products, as well as innovations that add value to the offering, using digital menus and modern technologies for a more efficient and environmentally friendly experience. At the same time, through the Harvest program, Sphera helps reduce food waste by donating surplus food to humanitarian organizations.

This indirectly supports opportunities related to promoting sustainability, offering a transparent approach to communication with stakeholders. The policy governs all marketing activities carried out by the Sphera Group for the KFC, Pizza Hut, and Taco Bell brands in Romania, Moldova, and Italy. The policy covers both digital communication and physical materials used in promotions. Approval and oversight of this policy's implementation are provided by the Board of Directors, while the Marketing Department is responsible for applying the requirements across all promotional campaigns.

The policy is aligned with the requirements of franchisor Yum! Brands, European regulations on responsible advertising, and industry best practices. This policy is publicly available on the Sphera Group's website and can be consulted by all interested parties.

Through the Policy on Sustainable Animal Protein Principles, the Sphera Group promotes a responsible and sustainable approach to animal protein sourcing, integrating sustainability principles into every stage of the supply chain and regulating the sourcing of animal protein used in KFC, Pizza Hut, and Taco Bell restaurants in Romania, Moldova, and Italy. The Group's policy has as its main objective ensuring food safety and quality, protecting the environment, and guaranteeing animal health and welfare, thereby contributing to the provision of quality products to consumers as well as to reducing the negative impact on the environment.

In the context of resource use, the animal protein policy supports their efficient and responsible use. Practices implemented by suppliers, such as improving animal health and utilizing optimized natural resources, directly contribute to reducing waste in the supply chain. The products resulting from these practices are of superior quality, which minimizes losses during food preparation and service. Regarding waste management, the policy emphasizes the importance of sustainable animal husbandry practices and production processes. These help reduce the amount of organic waste generated and facilitate recycling and reuse initiatives. For example, optimizing animal feeding and living conditions reduces the volume of losses associated with raw materials, thereby supporting the Sphera Group's initiatives to minimize environmental impact. Additionally, careful

management of waste in the supply chain and collaboration with responsible suppliers support the Group's circular economy objectives. The policy also includes references to efforts to reduce the carbon footprint, improve air and water quality, and reduce excessive land use, thereby contributing to the protection of natural resources. The policy includes measures that support the efficient use of natural resources and the reduction of waste in the supply chain. In this way, it contributes to identifying environmental risks and reducing negative impacts. The Board of Directors approves and oversees this policy, and implementation is managed by the Procurement Department, which verifies supplier compliance. This policy is aligned with the requirements of the franchisor Yum! Brands, European regulations on sustainable sourcing, and best practices in the food industry. The policy is publicly available on the Sphera Group's website.

In addition to these policies, the Group applies similar principles in KFC restaurants through additional documents such as the "KFC CEE Sustainable Sourcing Policy" and the "KFC CEE Product Integrity Policy," which highlight the commitment to sustainable sourcing and product integrity. At the same time, the "KFC Pan Europe Farm Animal Welfare Programme" promotes advanced practices in livestock farming and management, contributing to higher welfare standards.

KFC Central & Eastern Europe's Sustainable Sourcing Policy highlights the company's commitment to promoting sustainable practices throughout its entire supply chain, with a focus on protecting biodiversity, conserving natural resources, and reducing environmental impact. Although KFC does not own farms or agricultural land, the policy sets clear and strict sustainability standards for all suppliers, requiring them to comply with specific requirements regarding traceability, raw material certification, and responsible management of environmental impact. One of the policy's main objectives is environmental protection through the responsible use of essential raw materials, such as palm oil, soy, paper, coffee, tea, and cocoa. KFC CEE does not permit the use of palm oil or palm oil blends for frying. The use of palm oil as an ingredient is permitted only on a limited basis, exclusively when necessary for technological reasons, and only provided that it is certified according to RSPO standards. At the Group level, only palm oil certified as per RSPO standards is used; this certification ensures compliance with requirements regarding responsible sourcing and supply chain traceability, in line with the global commitments undertaken. In addition, the soy used, whether as an ingredient or in animal feed, comes from deforestation-free sources, in accordance with the franchisor's requirements, and its traceability is ensured through the mechanisms applicable within the supply chain.

Paper and wood products must be certified by organizations such as the FSC or similar systems that guarantee sustainability. Another relevant aspect of the circular economy approach is packaging and waste management, for which the Group has set a goal that, by the end of 2025, all consumer-facing packaging will be reusable, recyclable, or compostable. By the 2025 reporting year, this goal was achieved, with consumer-oriented packaging fully aligned with criteria for reuse, recyclability, or compostability. Packaging must be labeled to indicate its recyclability and sustainability, to support efficient and transparent waste management. Traceability is also a priority, ensuring control of products from source to delivery to restaurants. These documents, such as the "KFC CEE Sustainable Sourcing Policy," highlight the commitment to traceability and sustainability, providing a solid foundation for assessing supply-related risks and waste management.

The policy is mandated by KFC CEE and governs sustainable sourcing for all KFC restaurants, including those operated by the Sphera Group. The policy cannot be modified independently by the Group and must be implemented in accordance with established requirements. The Board of Directors oversees the implementation of the policy, but strategic decisions are made by KFC CEE, and the Procurement Department ensures supplier compliance. This policy is applied internally and is mandatory for suppliers in the KFC supply chain. Its availability is regulated by KFC CEE and cannot be modified or published independently by the Sphera Group.

4.3.3 E5-2 Actions and resources related to resource use and the circular economy

In 2025, the Sphera Group continued to implement a series of actions aimed at optimizing resource use, preventing food waste, and improving waste management. These actions were carried out consistently as part of operational practices, in line with the directions set out in the 2025–2030 ESG Strategy, and were aligned with existing policies, such as the sustainable packaging policy, the paper-based packaging procurement policy, and the animal welfare policy, which directly or indirectly support these initiatives. Allocated resources include infrastructure for separate collection, partnerships with organizations responsible for recycling, and human resources dedicated to implementing food waste prevention and waste management initiatives.

Optimizing resource use - Transitioning to recyclable, reusable, or compostable packaging and meeting recycling targets for packaging placed on the market.

Throughout 2025, the Sphera Group continued to work with FSC- and PEFC-certified suppliers to ensure the use of packaging made from sustainable and recyclable materials. These actions align with the policy on sustainable packaging and the policy on the procurement of paper-based packaging, which promote the use of sustainable materials and the elimination of non-recyclable materials. The implemented actions contribute, on the one hand, to achieving a 70% recycling rate for packaging placed on the market in 2025 in Romania, and, on the other hand, support maintaining a share of over 85% of packaging used in restaurants in Romania and Moldova (presented for each entity individually in the Indicators and Targets section) that is made from recycled or renewable materials and is also recyclable, reusable, and/or compostable. Progress compared to the previous year is presented in the Indicators and Targets section of this chapter.

Waste Management - Optimizing waste management through the recycling of separately collected packaging and the recovery of used cooking oil

In 2025, practices regarding the separate collection and recycling of packaging waste were maintained, ensuring the full recycling of separately collected paper, cardboard, glass, and metal packaging waste in restaurants in Romania and the Republic of Moldova. This approach reflects the continuity of performance recorded in previous years. It is expected that this rate will be maintained in the coming years for separately collected packaging. However, the Group faces limitations regarding the recovery of waste similar to household waste due to the operational models of shopping centers, where waste management operators control waste management processes, leading to low recovery rates for this type of waste.

Throughout 2025, the entire volume of used cooking oil generated across all Sphera Group restaurants continued to be recycled. Aware of the impact of used cooking oil, we have implemented collection and recycling processes within the Group, transforming it from waste into a resource. Our procedures begin with the separate collection of used cooking oil, following a protocol that ensures the integrity of this process. We complete the process by converting the used cooking oil, through our partners, into biofuel, a solution that highlights our commitment to sustainable alternatives and the circular economy.

In the area of waste management, all restaurants in the Sphera Group are equipped with containers for separate collection, and partnerships with authorized economic operators allow for their management in accordance with current legal provisions. Used cooking oil waste is collected separately and converted into biofuel through authorized economic operators. Partnerships for waste recycling and recovery are aligned with KFC CEE's Sustainable Sourcing Policy and Sustainable Packaging Policy, which promote traceability and responsible management of packaging and waste.

Gradual elimination of single-use plastics

In 2025, the Sphera Group continued to implement previously initiated measures to gradually eliminate single-use plastics. This action helps reduce the environmental impact of plastic waste and supports the transition to sustainable packaging, in line with the Group's commitments. Currently, we continue to use plastic packaging for certain items, and exploring sustainable alternative solutions for these uses remains a priority.

The initiative is being implemented by all restaurants in the Sphera Group and remains aligned with the KFC CEE Policy on Sustainable Sourcing and the Policy on Sustainable Packaging.

Reducing food waste

To prevent food waste, the Group continued to implement an integrated set of measures applicable to all its restaurants in 2025. These include planning procurement based on actual demand and seasonality, continuously monitoring inventory using the FIFO (first-in, first-out) system, and organizing promotional campaigns to accelerate sales of products with short shelf lives.

At the operational level, restaurants use a clear product labelling system and conduct daily checks of expiration dates. Additionally, staff receive regular training on proper food handling and efficient inventory management. To reduce waste at the end-consumer level, employees encourage customers to take home, at no additional cost and in appropriate packaging, any uneaten food at the end of their meals, providing them with suitable containers.

At the same time, in 2025, the Harvest program continued to be implemented in Romania and Italy, contributing to the redistribution of food to humanitarian organizations and the reduction of food waste, with a positive impact on beneficiary communities. During 2025, 2.599 tons of food were redistributed to humanitarian organizations, compared to 2024, when 5.6 tons were redistributed. The implementation of these measures is in line with the animal welfare policy and the responsible marketing policy, which support the optimization of resource use and the reduction of food waste.

The costs associated with packaging management through organizations implementing extended producer responsibility are reflected in the Group's financial statements. In 2025, these costs amounted to approximately RON 595,629, representing the Group's contribution to the management of packaging placed on the market in Romania, in accordance with applicable regulations.

For the other initiatives implemented in 2025, such as the elimination of single-use plastic, the implementation of the food waste reduction program, and separate waste collection in restaurants, the expenditures were included in the regular operating budgets and were not considered financially significant. Therefore, these costs are not reported separately in the financial statements

4.4 Indicators and targets

4.4.1 E5-3 Targets related to resource use and the circular economy

The Sphera Group has established, through its 2025-2030 ESG Strategy, two targets regarding resource use and the promotion of the circular economy. These targets complement the existing framework of internal policies and support the Group's approach to responsible resource use, waste reduction, and increasing material circularity, addressing the impacts, risks, and opportunities identified in the double materiality analysis process.

The Group's targets were established in accordance with legal requirements, the requirements of the franchisor Yum! Brands, and industry best practices, or were derived from the Group's policies. In defining the targets set out in the ESG Strategy, the Group took into account the results of the double materiality analysis, a process in which stakeholders were consulted on material topics. The results of this process formed the basis for developing the strategy and the targets associated with the identified material topics, with stakeholder engagement thus reflected in the setting of these targets. For the area of resource use and the circular economy, the following goals were established through the 2025–2030 ESG Strategy:

- Sustainable packaging: Full procurement of paper-based packaging from responsible and recycled sources in all group restaurants by the end of 2025.

- Consumer education: Starting in 2026, conducting at least one annual consumer education campaign to optimize the management of waste similar to municipal waste, with the aim of reducing the amount of waste disposed of. Since the target applies starting in 2026, information regarding the monitoring methodology, the indicators used, any changes, and the progress made will be presented starting in the first year of implementation.

Regarding resource outputs related to products and services, the Group voluntarily implements the objectives specified in the Sustainable Packaging Policy, which aims for the exclusive use of recyclable, reusable, or compostable packaging by 2025, as well as in the Paper-Based Packaging Procurement Policy, which mandates the exclusive use of paper packaging sourced from responsible or recycled materials. The "Sustainable Packaging" target established by the 2025–2030 ESG Strategy operationalizes these policy objectives, integrating them into a unified strategic commitment at the Group level. By 2025, the target was achieved, with all paper-based packaging used coming from responsible or recycled sources. Monitoring is conducted based on

procurement documentation, supplier certifications (FSC, PEFC), and internal reports on the composition of packaging used. The baseline year is not applicable, as the target is defined as an absolute requirement ("100%") for the year 2025. Progress is assessed through an annual review of the proportion of compliant packaging relative to the total paper-based packaging procured, with target achievement confirmed upon reaching 100% in 2025.

The "Sustainable Packaging" target is presented for the first time in the 2025–2030 ESG Strategy. Although similar elements previously existed at the level of internal policies, this is the first reporting of the target in its current form, as there are no comparable prior periods and, consequently, no changes that would affect the comparability of the data.

Regarding the consumer education target, the Group has established the annual implementation of at least one consumer education campaign to optimize the management of waste similar to municipal waste, effective starting in 2026. For the 2025 reporting year, progress toward this target is not assessed, as it is not yet operational; progress monitoring will begin in the first year of implementation.

In 2025, we maintained the commitment to gradually eliminate plastics made in 2021. Progress for 2025 is presented in the Actions section.

For waste management, we comply with the legal requirements regarding packaging management in the countries where we operate.

For 2025, in Romania, in accordance with current legal provisions, the Group has set a recycling target of 75% of the total amount of packaging placed on the market.

For KFC Moldova, the waste recovery target set for 2025 is 22%, in accordance with the applicable legal regulations in that jurisdiction.

For Italy, the waste recovery target set for 2024 is 65%, in accordance with the requirements of applicable legislation.

In this regard, for its subsidiaries in Romania and Moldova, the Group has entered into contracts with organizations that implement extended producer responsibility, ensuring the proper collection and recycling of materials.

In Italy, the packaging recovery target is met through a national association specializing in the management of packaging placed on the market, to which US Food Network Italia has been affiliated since 2019 with "User" status. Supply to KFC restaurants in Italy is handled by a logistics company, which manages the payment of contributions to this association for the entire KFC network, subsequently recovering these costs through invoices issued to restaurants, with a specific mention of the contribution paid.

These objectives are aligned with the applicable legislation in each country where the Sphera Group operates. The target is adjusted annually, in accordance with current legal requirements.

Responsibility for packaging management has been transferred to these organizations, which collaborate with authorized partners to ensure that packaging is recycled in accordance with the waste hierarchy.

In certain cases, partners may prepare packaging for reuse. When recycling or reuse is not possible, packaging is recovered through other methods, such as energy recovery.

We have set a goal to reduce food waste, given the importance of efficient resource management and the positive impact of this initiative. To this end, we continue to voluntarily implement the FIFO (first-in, first-out) system across all Group restaurants to optimize inventory, alongside programs such as Harvest, implemented in Romania and Italy, which help redistribute surplus food. Thus, we have been able to donate food to humanitarian organizations while simultaneously reducing the amount of food waste generated. These objectives are monitored through operational indicators but are not formalized as measurable, time-bound targets, as they are treated as ongoing operational efficiency measures.

The targets cover both inputs (e.g., water use, procurement of packaging from sustainable sources) and outputs (e.g., waste management, recycling, waste reduction at the source).

The goal is to increase the circularity of materials by using recycled packaging and training the procurement team to select suppliers responsibly.

The focus is on reducing the use of primary raw materials (through the use of recycled materials) and on efficient waste management (including separate collection and consumer education).

The targets focus on waste prevention, reuse (through recycled packaging), and recycling, in accordance with the principles of the waste hierarchy. Responsibility for achieving the targets is assigned to operational management and procurement teams.

4.4.2 E5-5 Resource outputs

The Sphera Group is taking measures to reduce the use of primary resources and increase the capitalization rate of materials used. In the restaurants it operates, the Sphera Group aims to prioritize recyclable and compostable packaging. Starting 2021, we initiated the process of gradually eliminate single-use plastics from our own operations, replacing them with sustainable alternatives. Thus, by 2025, all our restaurants will use paper straws, paper and cardboard takeout containers, as well as wooden cutlery. The Sphera Group relies on information provided by packaging manufacturers to classify materials as circular. The criteria used are based on data received from suppliers regarding the number of packaging items made from recycled or renewable materials that are also recyclable, reusable, and/or compostable, relative to the total number of packaging items purchased (expressed in units).

Within Sphera Group's operations, pre-consumer waste management is addressed through integrated measures that optimize resource use and reduce waste. As detailed in the sections on actions and targets, food loss prevention is achieved by applying the FIFO system and implementing the Harvest program, which enables the redistribution of surplus food.

Waste resulting from operations is managed in accordance with the processes already described, including collaboration with authorized partners for collection and recovery.

The Sphera Group implements an integrated waste management system focused on the separate collection and recovery of waste generated in its own operations. Partnerships with organizations implementing extended producer responsibility ensure the achievement of recycling and recovery targets for packaging placed on the domestic market. In 2025, the Group met the legal target for the recovery of packaging placed on the market, in accordance with the requirements of applicable legislation, in all countries where it operates.

Used cooking oil waste is collected separately and converted into biofuel through collaboration with specialized partners, thereby contributing to the circular economy. The Group also recognizes the challenges associated with managing waste similar to municipal waste, particularly at locations in shopping centers, where waste management operators determine the collection model, which can affect the recovery rate.

Waste similar to municipal waste generated within the Sphera Group's operations is managed according to a model specific to the locations where it operates. This waste typically includes mixed restaurant waste, which is similar to household waste. In many locations, particularly in shopping centers, the responsibility for managing this waste falls to sanitation operators contracted by the shopping centers.

For this reason, waste similar to municipal waste often ends up being disposed of without proper separation that would allow for recycling. This poses a challenge to achieving a higher recycling rate, as the Sphera Group does not have direct control over the entire process of managing these waste streams in such locations.

The FIFO and Harvest programs support the principles of the circular economy by adhering to the principle of waste prevention. FIFO helps reduce waste through optimal inventory management, while Harvest facilitates the redistribution of surplus food.

The materials used in packaging are selected to minimize environmental impact and adhere to sustainability principles. By collaborating with FSC- and PEFC-certified suppliers, the Sphera Group ensures that all materials come from responsible sources, supporting the health of forests and nearby communities. Furthermore, reducing the use of virgin materials by introducing lighter packaging demonstrates the Group's commitment to optimizing resource use.

All straws and cutlery used by the Sphera Group in its restaurants are made from recycled materials.

Percentage of recyclable content in products (%)			
	Romania	Moldova	Italy
Straws 2024	100%	100%	100%
Cutlery 2024	100%	100%	100%
Straws 2025	100%	100%	100%
Cutlery 2025	100%	100%	100%

The data regarding the recyclable material content in the products presented in the table above is provided by Sphera Group suppliers.

Regarding the packaging used for products sold in our restaurants, at the time of this report, our suppliers were unable to provide the exact percentage of recyclable content used in the products we purchase from them, relative to the total weight of the packaging purchased. For this year,

we present below the percentage of packaging made from recycled or renewable materials that is also recyclable, reusable, and/or compostable. The percentage is calculated based on data received from suppliers, by comparing the number of packaging items made from recycled or renewable materials that are also recyclable, reusable, and/or compostable to the total number of packaging items purchased (expressed in units).

Percentage of recyclable content in packaging* (%)		
Paper and cardboard packaging 2024	92%	100%
Paper and cardboard packaging 2025	92%	100%

* KFC Italy suppliers are unable to provide this information.

The Sphera Group uses standardized equipment approved by the franchisor Yum!, which is selected to ensure energy efficiency and optimized operations. This equipment is designed to reduce energy and water consumption, thereby helping to minimize the environmental footprint of its operations.

By the nature of its business, the Sphera Group does not generate radioactive waste, and the amount of hazardous waste, such as batteries, accumulators, fluorescent tubes, and printer toners, is insignificant. Therefore, these have not been included in the reporting. The table below presents a breakdown of non-hazardous waste generated in 2023, 2024, and 2025 by recovery/disposal operations. For entities in Romania (KFC, Taco Bell, Pizza Hut, and Sphera Franchise Group), waste weighing is performed by authorized operators with whom the entities have entered into service contracts. For restaurants in Italy and the Republic of Moldova, the reported quantities are calculated through extrapolations based on sample weight measurements, correlated with store floor area and recorded sales.

		Romania	Moldova	Italy	Total
Recovered non-hazardous waste [tons]:					
2023	Preparation for reuse	-	-	-	-
	Recycling	582.3	21.6	186.4	790.2
	Other recovery operations	120.1	2.9	53.9	176.9
	Total [tons]	**702.4**	**24.4**	**240.4**	**967.1**
2024	Preparation for reuse	-	-	-	-
	Recycling	801.9	28.2	193.7	1,023.7
	Other recovery operations	159.2	3.2	53.9	216.3
	Total [tons]	**961.1**	**31.4**	**247.6**	**1,240.1**
2025	Preparation for reuse	-	-	-	-
	Recycling	909.14	32.58	266.97	1,208.69
	e recovery operations	239.20	4.47	62.03	305.70
	Total [tons]	**1,148.34**	**37.05**	**329**	**1,514.39**
Non-hazardous waste disposed of [tons]:					
2,023	Incineration	28.1	0.9	247.2	276.1

		Romania	Moldova	Italy	Total
	Storage	6,163.5	77.7	105.9	6,347.1
	Other disposal operations	-	-	-	-
	Total [tons]	**6,191.5**	**78.6**	**353.1**	**6,623.2**
2024	Incineration	17.7	-	-	17.7
	Storage	5,728.5	42.6	318.7	6,089.9
	Other disposal operations	7.8	-	-	7.8
	Total [tons]	**5,754**	**42.6**	**318.7**	**6,115.3**
2025	Incineration	28.82	0-	0-	28.82
	Storage	5,184.43	48.89	344.42	5,577.74
	Other disposal operations	n/a	n/a	n/a	n/a
	Total [tons]	**5,213.25**	**48.89**	**344.42**	**5,606.56**
Total amount of waste generated	**2,023**	**6,893.9**	**103.0**	**593.5**	**7,590.4**
	2024	**6,715.1**	**74.0**	**566.4**	**7,355.4**
	2025	**6,361.60**	**85.93**	**673.42**	**7,120.95**
Percentage of non-recycled waste	*2023*	*89.8%*	*76.3%*	*59.5%*	*87.3%*
	2024	*85.7%*	*57.6%*	*56.3%*	*83.1%*
	2025	81.9%	56.9%	51.1%	78.7%

Amounts of waste generated (tons), by category	Romania	Moldova	Italy
municipal waste 2024	5,881.16	42.56	110.04
municipal waste 2025	5,143.41	48.89	131.22
food waste 2024	234.1681	0	208.69
food waste 2025	28.82	N/A	N/A
waste oil 2024	216.32	3.23	53.94
waste oil 2025	239.20	4.47	62.03
paper/cardboard waste 2024	795.94	23	110.04
paper/cardboard waste 2025	731.97	18.73	179.06
glass waste 2024	4.79	0	0
glass waste 2025	3.31	0	0
plastic waste 2024	200.36	4.57	83.23
plastic waste 2025	146.8	12.36	87.91
metal waste 2024	22.64	0.59	0.42
metal waste 2025	27.08	1.49	0

With the exception of Sphera Franchise Group SA, which primarily generates household waste, paper, cardboard, and plastic waste, the rest of the group's entities generate, in addition to these types, food waste, used oil, glass, and metal waste. Used oil generated in the group's restaurants is fully recovered, and paper/cardboard, plastic, glass, and metal waste generated and collected separately at the group level is fully recycled.

4.4.3 E5-6 Anticipated financial effects of significant risks and opportunities related to resource use and the circular economy

The Sphera Group applies the provisions of the delegated act adopted by the European Commission in July 2025 ("Quick Fix"), and therefore does not report information related to the anticipated financial effects of significant risks and opportunities regarding resource use and the circular economy. Any additional details will be included in future reports, once a methodology dedicated to this topic has been formalized.

5 ESRS S1 In-house workforce

5.1 Strategy

5.1.1 ESRS 2 SBM-3 - Significant impacts, risks, and opportunities and their interaction with the strategy and business model

People and communities are one of the pillars of our sustainability strategy. We are convinced that our success depends on the expertise, dedication, and engagement of our employees. That is why we take responsibility for providing them with an environment in which they can develop harmoniously, responding to their needs and supporting their sustainable progress.

As part of the double materiality analysis conducted in 2024, the impacts, risks, and opportunities associated with each ESRS topic, subtopic, and sub-subtopic were assessed in accordance with the requirements of ESRS 1, AR 16. The current and potential impacts on our in-house workforce are closely linked to the Sphera Group's strategy and business model, which involves operating an extensive chain of restaurants in various geographic locations, i.e. Romania, Italy, and the Republic of Moldova.

The topics identified as material, relating to the workforce, include:

- Working conditions – safe workplaces: Ensuring a safe and stable work environment for employees.
- Employee health and safety: Programs and measures to prevent occupational risks and ensure physical and mental well-being.
- Training and skills development: Continuous investment in employee training and professional development.
- Measures against violence and harassment at workplace: Creating a work environment based on mutual respect, supporting employees, and fostering a climate of safety and trust.
- Diversity: Promoting an inclusive and respectful work environment, in accordance with the Code of Conduct.
- Privacy: Respecting and protecting employees' personal and sensitive information, in accordance with applicable laws.

These material topics are taken into account and formed the basis for the development of the Sphera Group's ESG Strategy for the period 2025–2030, approved in 2025, and help guide the Group's strategic decisions, including in the context of the Sphera Group's business strategy. Based on these, the staff strategy and operational model are designed to ensure workforce stability, talent retention, and skills development, key elements for achieving sustainability goals and adapting to market dynamics.

Positive impacts associated with in-house workforce include strengthening job security through the prevalence of permanent contracts, improving employee health and safety through regular training and risk audits, developing professional skills, and promoting an organizational culture based on respect, diversity, and the protection of personal data.

Identified risks, such as staff turnover, a shortage of skilled labor, workplace accidents, or the occurrence of inappropriate behavior at the workplace, are addressed through retention measures, the digitization of internal processes, the implementation of the Code of Conduct, professional training programs, and initiatives dedicated to employee health and well-being.

The improved performance resulting from a well-trained workforce, the enhanced reputation as a responsible employer, and the ability to attract new talent are reflected in strategic decisions regarding investments in training, diversity, and employee well-being.

In the process of reviewing impacts, risks, and opportunities conducted throughout 2025, all categories of the company's workforce were taken into account, namely its own employees, including both employees and independent contractors, as well as personnel provided by third-party companies primarily engaged in labor supply activities. Both positive and negative impacts, as well as risks and opportunities, are analyzed for each category of workers.

The Sphera Group's workforce consists of:

- In-house employees: staff directly employed by the company, who form the operational core.
- Personnel provided by third-party partners: workers supplied by specialized companies, involved in operational activities in Romania and Italy.
- Independent contractors – professionals who carry out their work based on individual collaboration contracts.

In addition to this in-house workforce, the Sphera Group collaborates with senior management through mandate contracts. Although this category is not included in the definition of in-house workforce according to the ESRS, information regarding it is presented in sections S1-9 and S1-13 of this chapter.

The Group's in-house employees can be classified, based on contract type and work schedule, as follows:

- Permanent employees: workers with indefinite-term employment contracts who contribute to the company's core activities.
- Temporary employees: staff with fixed-term employment contracts
- Full-time employees: workers who perform their duties according to the standard schedule, ensuring the continuity of operations.
- Part-time employees: Individuals who work fewer hours than the standard schedule, adapting to both the company's needs and their own schedule.

Below is a summary table highlighting the material subtopics and sub-subtopics relevant to our in-house workforce, as well as the location of impacts and the associated risks and opportunities. The information reflects the results of the review process of impacts, risks, and opportunities, which aimed to validate and refine the IROs identified following the double materiality analysis conducted in 2024. Following this review, the Sphera Group reworded the description of certain previously identified impacts, risks, and opportunities, without identifying additional IROs and without recording changes regarding the materiality of the subtopics and sub-subtopics related to its in-house workforce.

The information reflects the approach to the double materiality analysis process, which is not limited solely to how social issues influence the Sphera Group's performance, but also considers how the company's activities may impact employees, communities, and society as a whole. Thus, the analysis takes a two-way perspective: on the one hand, how working conditions, health and safety, continuous training, diversity, and confidentiality can influence the workforce and the community; on the other hand, how labor market dynamics, societal expectations, regulations, and social changes can in turn impact the business model, human resources strategies, and the company's long-term performance.

Material subtopic	Material sub-subtopic	Impact location	Type	Source of the impact	Timeframe	Positive impacts (I+)	Timeframe	Negative impacts (I-)	Risks (R)	Opportunities (O)
Working conditions (S1)	Safe jobs	Own operations	M, F	B	A	The prevalence of permanent employment contracts, along with internal retention measures (benefit packages, the possibility of relocation in the event of reorganization, professional development programs), has a positive impact on the workforce by strengthening job security, operational continuity, and a predictable and supportive work environment.		-	The Company faces the risk that, in the context of the labor market and increasingly high employee expectations, the lack of secure and stable jobs may lead to increased turnover rate and recruitment difficulties. This risk may affect the Group's ability to ensure operational continuity, to build and retain internal expertise, as well as its attractiveness in the labor market, limiting access to the talent needed for development, which may result in financial losses.	-
	Health and Safety	Own operations	M, F	S	A	By conducting regular occupational health and safety training, performing audits and risk assessments, monitoring equipment, and operating the Health and Safety Committee, the Company contributes to the prevention of workplace accidents and the protection of employee health. Initiatives such as the Energy@Sphera program support emotional and mental health, reduce stress, and foster personal development, positively impacting employees' quality of life. Thus, a safe and healthy work environment strengthens workforce trust and loyalty and supports the well-being of the families and communities to which they belong.	P	Failure to comply with regulations and/or poor implementation of occupational safety and health policies can lead to occupational diseases and workplace accidents, affecting employees' well-being. These shortcomings can exacerbate social inequalities in the community.	Ineffective workplace safety measures pose a risk to the company, as they can lead to workplace accidents and health issues for its workforce, which may result in additional costs associated with compensation, absenteeism, and decreased productivity.	-

Material subtopic	Material sub-subtopic	Impact location	Type	Source of the impact	Timeframe	Positive impacts (I+)	Timeframe	Negative impacts (I-)	Risks (R)	Opportunities (O)
Equal Treatment and opportunities	Training and skills development	Own operations	M	B	A	Developing employees' skills, supported by annual training programs, provides them with more career opportunities and fosters their personal and professional growth. Higher skill levels improve workplace safety, reducing the risks associated with accidents. Access to training programs contributes to social and economic inclusion, providing equal development opportunities for all employees.	A	Employees without consistent access to training may struggle to adapt to new technologies and professional requirements, which can affect their confidence in their own skills and job security. If training is organized without taking into account employees' workload or personal time, it can create additional pressure and stress.	-	-
	Measures against violence and harassment at the workplace	Own operations	M	B	A	Implementing internal measures dedicated to preventing and managing harassment and violence in the workplace contributes to creating a safe, respectful, and inclusive professional environment within the Sphera Group. Through actions such as employee training, training sessions for supervisors, the use of confidential reporting channels, and integrity mechanisms, the organization's ability to identify and address inappropriate behavior is strengthened. These measures support the development of a healthy organizational climate, reduce stress, improve well-being, and promote working relationships based on dignity and respect.	P	An unsafe work environment, marked by harassment and psychological stress, can seriously affect employee well-being, leading to stress and low morale, In addition, a toxic organizational climate can have a negative impact on interactions with customers.	-	-

Material subtopic	Material sub-subtopic	Impact location	Type	Source of the impact	Timeframe	Positive impacts (I+)	Timeframe	Negative impacts (I-)	Risks (R)	Opportunities (O)
	Diversity	Own operations	M	B	A	Promoting diversity at the workplace contributes to an innovative and creative environment by integrating varied perspectives and new ideas. An inclusive organizational climate supports collaboration and encourages the free expression of opinions, which leads to effective solutions and better adaptation to market changes. The Group's Code of Conduct and internal procedure on preventing discrimination support these efforts and contribute to fostering a safe, fair, and respectful work environment for all employees.				
Other employment-related rights	Confidentiality	Own operations	M	B	A	Protecting the confidentiality of employee data fosters a climate of trust and security, ensuring a work environment where individual rights are respected and employees feel protected. Implementing internal data protection and security policies, as well as applying the related operational processes, supports predictability and transparency in the management of personal information, contributing to employee satisfaction and retention.				

Key:
Impact type: F = financial impact, M = material impact, MF = material and financial impact
Time horizon: A = current impact (reporting year), P = potential impact (medium and long term)
Source of impact: S = impact stemming from strategy and business model, B = impact underlying the strategy

No operations with a significant risk of forced or compulsory labor or child labor were identified, neither in the Group's own operations nor in the value chain. The Group's activities are conducted in regions with a robust legal framework that prevents such practices; the Group complies with local laws, international regulations, and its own Code of Conduct.

With regard to the value chain, key suppliers (Key suppliers are those suppliers that provide essential products for the conduct of business. These include key raw materials such as chicken, basic food ingredients (e.g., oils, flour, essential spices), sauces, soft drink essences, bread (rolls), packaging, and other materials critical to operational continuity and compliance with brand standards.) are periodically audited by Yum! Brands, the group's franchisor, to ensure compliance with international standards on human rights and decent work. These audits include checks to prevent forced or compulsory labor.

The Sphera Group operates in Romania, Italy, and the Republic of Moldova, with 151 restaurants in Romania, 18 in Italy, and 3 in Moldova, as well as a Pizza Hut Delivery sub-franchise. As part of the double materiality analysis and its review conducted in 2025, the Group carefully assessed how its in-house workforce might be affected, taking into account specific characteristics, the context in which they work, and the activities they perform. We identified categories of employees who may be more exposed to certain risks and, at the same time, opportunities that contribute to their well-being and the organization's development. Regarding material impacts, we analyzed the negative and positive effects on the workforce. As part of the double materiality analysis process, negative impacts are assessed in terms of their magnitude (severity), scope, remediability, and origin. The assessment is based on information available through internal monitoring and compliance mechanisms, as well as an analysis of the operational context in Romania, Italy, and the Republic of Moldova. Following this assessment, the negative impacts identified regarding the Group's own workforce are primarily associated with operational and organizational risks that may manifest on a pinpointed basis or at the unit level; no widespread or systemic negative impacts have been identified across all of the Group's operations.

At the same time, in accordance with the requirements regarding transition plans toward greener and climate-neutral operations in 2025, no significant negative impacts, such as restructuring or job losses, have been identified that are directly generated by emission reduction initiatives or other climate transition measures. On the contrary, the transition to more sustainable practices can generate opportunities for professional development, including through training and adapting employees' skills to new or improved operational requirements.

Positive impacts include initiatives that support employee development, such as implementing professional training programs, promoting an inclusive work environment, and improving working conditions. For example, the E-learn@SPHERA platform allows employees to develop their professional and personal skills to advance their careers. The Energy@SPHERA project brings to employees' attention topics useful for personal development and well-being. Such initiatives contribute to strengthening workplace safety, increasing employee loyalty and satisfaction, and simultaneously support the Group's operational efficiency.

For each category of employees, we have developed an analysis of their specific characteristics and needs. Kitchen staff may be exposed to specific occupational risks, such as workplace accidents caused by slips, cuts, and burns, while staff responsible for interacting with customers may be affected by relational discomfort stemming from changes in behavior .Thus, we ensure that these groups receive specific support and tailored protective measures.

In addition, we have identified opportunities related to creating a fair and inclusive work environment. The integration of people from vulnerable communities, people with disabilities, and diverse nationalities, by reaching a target of 4% of the workforce coming from vulnerable groups by 2030 (3% by 2027). Internal professional training programs also have a significant positive impact on workforce diversity and development.

5.2 Managing Impacts, Risks, and Opportunities

5.2.1 S1-1 – Policies related to the company's in-house workforce

The Sphera Group has implemented a Code of Conduct and a Human Rights Policy, along with key supply chain commitments, across all its subsidiaries. The goal is to ensure respect for human rights and workers' rights within its own workforce, as well as those in its supply chain. These policies are based on current human rights regulations and the promotion of equal rights for all individuals within its own workforce.

The Code of Conduct addresses the impacts of the work environment on the workforce, risks related to harassment, health, safety, and security, as well as compliance issues. It also addresses opportunities for professional development and talent retention, as well as the promotion of diversity, equal opportunity, and the prevention of discrimination. Reporting mechanisms include internal compliance committees, reports to management, and the Speak Up! hotline.

The Human Rights Policy and Key Supply Chain Commitments address potential and actual impacts on human rights, issues related to work scheduling, risks associated with child labor, forced labor, and discrimination, employee communication processes, as well as opportunities to promote a responsible and ethical supply chain. Reporting mechanisms include supplier audits and inspections, unannounced assessments, and an anonymous channel for reporting violations.

In addition, the Group has implemented a Data Protection Policy. This ensures both compliance with European data protection legislation (GDPR) and adherence to relevant national regulations, protecting the personal information of employees, customers, and partners. It includes principles such as lawfulness, fairness, transparency, data minimization, data retention and security, as well as respect for individuals' rights.

This policy addresses the risks associated with security breaches, unauthorized access, and regulatory non-compliance, as well as opportunities to enhance trust and compliance, including potential impacts on the rights and freedoms of data subjects, the reputational and operational risks associated with data security incidents, as well as the risks of legal and financial penalties resulting from non-compliance with GDPR requirements. Reporting mechanisms include internal audits, notification of the Data Protection Officer (DPO), impact assessments, and proactive measures to prevent data breaches.

The scope, responsibility for implementation, and making the policy available to stakeholders affected by or involved in its application are included in the Policies section of the Governance chapter (G1-1).

Furthermore, the Sphera Group adheres to the principles of Directive (EU) 2019/1937 on the protection of persons reporting on breaches of Union law, transposed in Romania by Law 361/2022 on the protection of whistleblowers in the public interest ("the Whistleblower Law"). In this regard, the Sphera Group has an Internal Procedure for Reporting Violations of the Law, which establishes the manner in which any information obtained in a professional context regarding acts that violate the law—including potential incidents in the workplace—should be reported. This procedure is available to all employees via electronic means and on the intranet. Information about the internal integrity channels used for reporting is also available on the company's website at and in informational materials displayed in all its locations.

The Sphera Group offers the following internal integrity channels for submitting reports/notifications:

i. the Speak Up! hotline, available 24/7 at 0373760274, managed by an external provider that ensures caller confidentiality;
ii. email address: integritate@spheragroup.com or postal address: Sphera Franchise Group SA, 239 Calea Dorobanților, 2nd floor, 1st District, Bucharest, to the attention of the Person designated to handle integrity reports;
iii. direct reporting to the Person designated to handle integrity reports within the Group, through a pre-scheduled meeting.
iv. For Italy, Us Food Network has created a direct channel to allow employees to report workplace issues such as isolation, burnout, harassment, and other matters affecting their well-being. They can contact the company via the email address talkwithUS@usfn.it, with the option to submit anonymous reports, which will be reviewed by the Human Resources Department, ensuring confidentiality and providing appropriate responses. This service complements the mechanisms for reporting illegal behavior ("whistleblowing") and fosters a culture of transparency and accountability.

The Code of Conduct is also a tool that provides a series of measures to address impacts on human rights. This document outlines the actions an employee must take if their rights are violated or if they become aware of such human rights violations within the Group. Following a report of a human rights violation, remedial measures are applied depending on the severity of the offense and relevant factors.

The Sphera Group emphasizes the alignment of its policies regarding its own workforce with recognized international instruments. In February 2022, the Sphera Group joined the UN Global Compact initiative, thereby demonstrating its commitment to promoting and implementing universal standards in the areas of human rights, labor, the environment, and anti-corruption. These actions also indirectly highlight compliance with the UN Guiding Principles on Business and Human Rights. The Group's Code of Conduct includes provisions on respect for human rights and the responsibility to prevent potential negative impacts, using concrete examples to express the commitment to respect human rights.

Monitoring was carried out through operational compliance and internal control mechanisms, including the application of the Code of Conduct, the management of complaints and reported incidents, as well as through the operation of reporting channels and procedures for investigating and remedying potential human rights violations.

In 2025, the Group conducted an employee consultation that included human rights-related issues in a manner that was proportionate and appropriate to the operational context.

The consultation focused on, but was not limited to, employees' perceptions regarding respect for rights at the workplace, fair and non-discriminatory treatment, working conditions, health and safety, as well as access to mechanisms for reporting and addressing potential violations. The Group's Code of Conduct and the Policy on Human Rights and Key Supply Chain Commitments address forced labor and child labor. The Group complies with the law, employing only individuals aged 15 or older and prohibiting any form of labor that may be associated with slavery.

Human trafficking is not specifically addressed in the policies, but it is prohibited by law, and the Sphera Group has committed through its adopted policies to comply with human rights regulations.

To this end, standards developed by its franchisor, YUM! Brands, which are incorporated into internal operational materials, training videos/materials, as well as local measures implemented in accordance with legal provisions, detailing health, safety, and security measures, along with strict requirements regarding employee appearance, hand hygiene, personal hygiene, and uniform wear.

In addition, the topic of employee safety is addressed in the Code of Conduct, which establishes measures to ensure a safe and healthy work environment. These include compliance with all applicable laws, regulations, and policies, maintaining a safe work environment, and immediately reporting any risks or incidents. Furthermore, all forms of threats, intimidation, or violence are prohibited, and every employee has a responsibility to contribute to risk prevention. For further details, please refer to the Policies section of this chapter (S1-1), along with the Policies section of the Governance chapter (G1-1).

Furthermore, the Sphera Group conducts regular training in accordance with the applicable legal provisions in each country where it operates (Romania, the Republic of Moldova, and Italy) to maintain employees' skills in this area.

In addition, the Group conducts periodic audits and develops action plans aimed at improving occupational health and safety. To prevent the risk of accidents or fires, it constantly monitors all equipment and technological installations, ensuring they operate under optimal conditions.

Furthermore, the company promotes a culture of responsibility and awareness, encouraging employees to identify and report potential risk situations.

Through these measures, the Sphera Group promotes a safe and healthy work environment, contributing to the protection of employees and compliance with the highest standards of occupational health and safety. However, the Sphera Group has clear measures in place for workplace accident prevention and employees safety management and to adhering to the highest standards of safety. Additionally, the Group has already established goals and targets regarding

employee health and safety in its ESG Strategy, which will be presented in the dedicated section (S1-5).

The Group implements the Code of Conduct and the Human Rights Policy and key supply chain commitments, which set forth strict rules for preventing discrimination. These documents are applied throughout the entire organization and aim to promote a diverse, inclusive, and equitable work environment for all employees, regardless of position or role.

The procedure for preventing and combating discrimination, intimidation, and harassment at the workplace is implemented in the Romanian subsidiaries. Currently, this procedure has not been developed for KFC Moldova. In Italy, these principles are implemented through the internal document "Scheda informativa interna per la gestione di comportamenti pericolosi e aggressivi" (Revision 01 of 07/07/2025), which defines the framework for preventing and managing aggressive behavior in the workplace and includes mechanisms for reporting incidents. The policy applies to all employees and operational activities within the relevant entities. Responsibility for implementing and monitoring compliance with these rules lies with the operational management of the units and human resources functions, and employees may use internal reporting channels to report inappropriate behavior or incidents.

The Group adheres to the principles of the Code of Conduct and the Human Rights Policy, ensuring that standards regarding the prevention of discrimination and the promotion of equality are applied at the organizational level.

The Group's policies are aligned with European Union regulations and national legislation and explicitly cover the following grounds for discrimination: race, nationality, ethnicity, color, language, religion, social origin, genetic characteristics, sex, sexual orientation, age, disability, chronic non-contagious illness, HIV infection, political opinion, family status or responsibilities, trade union membership or activity, membership in a disadvantaged group, as well as other possible forms of discrimination.

Sphera Franchise Group S.A. and its subsidiaries are committed to treating all employees with respect and dignity. The Group promotes measures to include people from vulnerable groups, people with disabilities, and people of diverse nationalities.

Through Strategic Goal 5, Target 2 of the ESG Strategy, the Group aims to achieve a percentage of 4% of its employees coming from categories such as: individuals under the age of 25 or who have completed their studies within the last two years and have not yet been employed in regular paid work; single parents raising one or more children, people over the age of 50, people with disabilities, as well as people of diverse nationalities by 2030.

The Group maintains a reporting and action system to prevent and combat discrimination, harassment, and other violations of ethical and compliance principles. For example, the Procedure on Preventing and Combating Discrimination, Intimidation, and Harassment at the Workplace provides information on how to file complaints/reports, along with a description of the entire process for reviewing and resolving them. Additionally, the Internal Reporting Procedure for Legal Violations details the reporting channels for notifications and acts that violate the law, as well as the actions taken to address them. Last but not least, the Code of Conduct provides additional information for potential reports, questions, or concerns, supporting employees' with specialized resources, as detailed in Chapter VI. Resources for Making the Right Choices.

This information and these measures have been communicated to all employees and are supplemented by training sessions and periodic audits to ensure compliance with ethical standards.

5.2.2 S1-2 – Processes for collaboration with in-house workforce and employee representatives regarding impacts

Collaboration between management teams, the workforce, and employee representatives takes place either through individual discussions or group meetings, with the aim of aligning perspectives. Given the specific nature of the Group's activities in the restaurant industry, the emissions reduction measures implemented have not generated significant impacts on the in-house workforce; consequently, in the consultation processes dedicated to the in-house workforce, including within the DMA, no relevant impacts related to restructuring, employment, skills, equity, or health and safety associated with the climate transition were identified.

Meetings between management teams and employee representatives take place at the registered office of each subsidiary or via electronic means of communication, in accordance with the law, that is, whenever changes to the current Collective Bargaining Agreement were necessary or measures were taken that affected the workforce. In 2025, at least one meeting per Group company took place.

Meetings between management teams and the workforce took place at the offices of the various business locations, in accordance with monthly work routines. In addition, individual discussions between managers and subordinates were also included, initiated at least once a year or whenever necessary.

In 2025, the double materiality analysis was not repeated, but employees continued to be consulted through permanent internal mechanisms—regular meetings, individual discussions, and ethics reporting channels—which allow for the collection of feedback and the management of impacts on the workforce. Restaurant managers maintained an active role in communicating initiatives relevant to staff and in relaying the feedback received to the responsible departments, contributing to the implementation and monitoring of corrective measures. The information is analyzed within the Group's cross-functional teams, composed of representatives from the HR, food safety, supply chain, and legal departments, who propose corrective measures when risks or non-compliances are identified. Groups considered vulnerable within the Sphera Group are people with disabilities (at locations in Italy) and migrants (at locations in Romania). They have access to the same communication and reporting channels, including the internal system for reporting ethical violations, available in languages relevant to employees. No vulnerable groups have been identified in the Republic of Moldova. They have access to dedicated communication channels for reporting ethical violations.

Additionally, all employees can submit suggestions, complaints, or concerns through dedicated internal channels, and feedback is analyzed and integrated into the Group's operational plans.

Periodically, the Sphera Group, through its subsidiaries, conducts a survey to assess employee satisfaction and well-being. The effectiveness of the implemented measures is assessed periodically through satisfaction surveys and feedback sessions, which are analyzed by management teams. In this way, the Group ensures that the measures applied are relevant and effective in relation to employee needs and the operational context. The feedback collected is

forwarded to each team manager, who develops an action plan aimed at improving results. Thus, the feedback is used to adjust existing strategies and measures, thereby contributing to the continuous improvement of working conditions and overall performance. The most recent survey was conducted in September 2025 for US Food Network SA employees, with a participation rate of 96% of the total employees. The purpose of this initiative aimed at reporting both historical employee satisfaction results and current averages achieved in the CEE region by other KFC participants.

Based on the results of the satisfaction survey, we highlight two initiatives implemented in Romania. The first initiative involved identifying new recruitment sources to attract foreign citizens. The second initiative focuses on employee well-being, through the organization of 10 sessions open to all employees, covering topics related to effective communication and collaboration.

Currently, there is no formal process in place to inform employees about the measures taken as a result of the satisfaction survey.

Responsibility for integrating the employee perspective into strategic decisions lies with the senior management team, the Human Resources Department, and the ESG Committee. These bodies coordinate the process of collaboration with employees and ensure that the results of this collaboration are reflected in the Group's strategic plans.

Currently, the Sphera Group does not have a global framework agreement or other similar agreements with worker representatives regarding human rights compliance; however, the company adheres to local laws, international labor standards, and its own Code of Conduct.

Regarding migrant workers employed by the company, Sphera collaborates with an external supplier responsible for their recruitment and placement. The supplier is required to confirm compliance with the Supplier Code of Conduct by signing it, thereby ensuring adherence to ethical standards and working conditions for these workers.

5.2.3 S1-3 – Processes for addressing negative impacts and channels via which the in-house workforce can raise concerns

In accordance with the Code of Conduct, Sphera employees have multiple channels available to express their concerns or needs, including reporting potential violations of laws, regulations, or company policies. Examples of reported issues include discrimination, harassment, favoritism, wages, work schedules, workplace safety, and the handling of hazardous equipment and materials. For such issues, employees are encouraged to contact the Human Resources department. Issues related to financial reporting, accounting, tax reporting, local legal requirements, and contract interpretations are addressed to the Legal department, while for product quality and consumer protection, employees should contact the Quality Assurance department.

If employees wish to report a situation anonymously or confidentially, they may also use the Speak Up! integrity hotline, managed by a specialized external provider. Speak Up! offers specialized assistance and anonymity options, ensuring the confidentiality of the reporter's identity. Every report is treated with the utmost seriousness and in accordance with Sphera's policies.

In situations involving possible violations of the Code of Conduct by senior employees, fraud, conflicts of interest, or other financial irregularities, the Chief Legal Officer must be notified immediately. The company encourages the reporting of violations in a professional context and protects individuals who file reports from retaliation. Protective measures also apply to facilitators, third parties associated with rapporteurs, and affiliated legal entities.

The internal reporting procedure implements the applicable legal framework regarding the receipt of reports, confirmation of receipt within a maximum of 7 days, provided the whistleblower has provided their contact information, the designation of an impartial person or department to manage investigations, and the provision of reasonable feedback within a maximum of three months. Information regarding external reporting procedures is provided to employees to ensure compliance with legal regulations. Any form of retaliation against whistleblowers, threats of retaliation, or attempts at retaliation is prohibited. These measures are intended to create a safe, inclusive, and ethical work environment for all Sphera employees.

To ensure the effectiveness of corrective measures implemented following reports, Sphera constantly monitors the resolution process and evaluates their impact on the work environment. For example, reports received via the Speak Up! hotline are recorded in the Register of Reports Submitted by Whistleblowers, which is compiled annually. This Register includes indicators such as the subject of the report, the whistleblower's contact information, the internal departments involved in the investigation, applicable follow-up measures, if any, as well as the method of resolving the report. The Register is communicated to the company's management annually, or whenever a high-risk report is identified (for example, the report concerns an act of bribery or financial fraud). Furthermore, the Internal Reporting Procedure regarding violations of the law is subject to a review and update process whenever the applicable legal framework requires it. In Italy, the Us Food Network s.r.l. Regulation for the management of reports of unlawful conduct ensures the protection of whistleblowers by guaranteeing confidentiality, prohibiting retaliation, and clearly defining the channels for reporting illegal conduct, including harassment and discrimination.

Access to channels via which Group employees can raise concerns is ensured by including relevant information in the Code of Conduct and internal policies, as well as through regular internal communications. These channels are promoted through onboarding sessions for new employees, ethics and compliance training, and informational materials available at various locations and on internal communication platforms. External parties who obtain information in a professional context may use the Speak Up! integrity hotline to submit reports to the Sphera Group; detailed information is available on the Sphera website under the Corporate Governance/Integrity Channels section.

The company also runs awareness campaigns to encourage the reporting of any non-compliance without fear of retaliation, reminding employees of their rights and the applicable protection mechanisms. Information regarding the Speak Up! procedure and anonymous reporting options is permanently available via displays in facilities and through internal digital channels. Currently, there is no formal process for assessing the level of employee trust in reporting channels.

The Group also applies a policy against retaliation, included in the Code of Conduct, under the chapter "No Retaliation Policy." Additional information regarding this policy is presented in section G1-1 – Policies on Professional Conduct and Corporate Culture.

To manage the impact associated with training and skills development, the Group ensured the implementation of technical, operational, and managerial training programs tailored to the specifics of each role and aligned with the needs identified at the organizational level. Training sessions were planned in accordance with operational volume to facilitate equitable access to training and the effective integration of acquired skills into daily work. The effectiveness of these measures was assessed by tracking progress in the development of role-specific skills.

5.2.4 S1-4 – Adoption of measures regarding significant impacts on the in-house workforce and approaches for managing significant risks and pursuing significant opportunities related to the in-house workforce, as well as the effectiveness of these actions

To address significant impacts, both positive and negative, as well as to prevent or mitigate potential negative effects and support the capitalization of opportunities related to the in-house workforce, as mentioned in the table on Impacts, Risks and Opportunities (IROs) presented in the section on Significant impacts, risks, and opportunities and their interaction with the strategy and business model (SBM-3) in this chapter, the Sphera Group implements a set of dedicated measures and programs. Although the Group does not have a formal process or a separate procedure for managing risks related to its in-house workforce, the measures and programs described below contribute to monitoring and addressing the relevant issues identified in the double materiality analysis. These are presented for each material topic identified. As with positive impacts, risks, or opportunities, the company identifies current or potential negative impacts on employees through the satisfaction survey, the double materiality analysis, and the monitoring of complaints. Based on this information, action plans are developed to eliminate or reduce the negative impact. The measures implemented are evaluated through satisfaction surveys, direct discussions with employees, and analysis of the collected feedback, and the results are used for the continuous improvement of internal policies and working conditions.

Safe Workplaces

The Sphera Group is committed to creating safe, stable jobs that comply with best practices in the labor field, aligning with both Romanian legal requirements and its social commitments. Job security and stability are aspects recognized and valued by Sphera Group employees. Through the initiatives it has implemented, the company supports employee's well-being and ensures their adequate protection.

In this regard, throughout 2025, the Group continued to implement the following actions:

- Permanent contracts and benefits packages

The Group promotes permanent employment as the standard to ensure workforce stability. In 2025, the number of employees with permanent contracts decreased by 4.93% compared to 2024 (see S1-6), a trend correlated with the overall decrease in the total number of employees in Romania, which was 4.8%. The decrease reflects the overall dynamics of the workforce at the level of operations in Romania during the reporting period.

This commitment is complemented by a benefits package tailored to the specific working conditions of each subsidiary, designed to encourage employee loyalty and contribution.

In the Group's restaurants in Romania, the standard package includes, for all employees, meal vouchers worth Lei 40 per day worked, days off for special occasions, one additional day of paid vacation beyond the legal limit, scheduled salary increases after 3 months, 1 year, 2 years, and 5 years of employment, a loyalty bonus after one year of employment, a bonus awarded upon reaching 10, 20, or 30 years of employment, and Christmas bonuses for employees' children under the age of 13. Additionally, in 2025, employees received Christmas and Easter bonuses, awarded according to internal criteria established by the company.

In Italy, benefits offered to KFC employees include access to a wellness platform, which provides them with significant discounts and preferential agreements with various partner companies. Meal vouchers are also provided based on the number of days worked and are available exclusively to team leaders, general managers, and headquarters staff.

In the Republic of Moldova, the standard benefits package offered to all restaurant employees includes meal vouchers worth MDL 70 per workday for an 8-hour shift, days off granted for special occasions, as well as scheduled pay raises at 3-month, 1-year, 2-year, and 5-year intervals following employment. Employees also receive a bonus upon reaching 10, 20, or 30 years of employment with the company. The company provides Christmas bonuses for employees' children under the age of 13. In 2025, all employees also received Christmas and Easter bonuses, in accordance with internal criteria established by the company.

All employees (100%) of the Sphera Group are covered by collective bargaining agreements.

- Access to healthcare services and private insurance

In accordance with Romanian law, all employees are covered by state health insurance, for which payroll contributions are deducted. Depending on their hierarchical level, employees may benefit from private health insurance plans, as well as insurance policies covering major risks such as workplace accidents, disability, and death. These measures are essential for protecting employees' well-being, complementing the requirements of Romanian labor safety legislation (Law 319/2006 on occupational safety and health).

In Italy, employees with permanent contracts have access to Fondo Est, a complementary social protection system that provides additional medical care, supplementing the services offered by the National Health Service.

KFC Moldova employees do not have private health insurance or health plans.

- Support in special situations and relocation

In the event of internal reorganizations or the closure of certain locations, the Sphera Group ensures job continuity through relocation opportunities to other restaurants within its network. This approach offers employees a smooth transition and support during periods of change. Relocation measures are available as needed.

Through these measures, the Sphera Group complies with local and international regulations, contributing to the creation of a safe and stable work environment for all its employees.

In Romania, in 2025, the Sphera Group allocated financial resources totaling approximately RON 132,798,394 in contributions withheld from employees' salaries (including social security contributions, health insurance, and payroll taxes) and RON 53,455975 in direct company expenditures (such as disability fund expenses, taxes and fees for posted staff, benefits in kind, medical insurance and accommodation, meal vouchers, social insurance, and the employer's social insurance contribution). The Group also allocates human resources (OHS teams, operational managers) and operational resources (training programs, protective equipment, monitoring systems) to ensure safe and stable workplaces.

These measures contribute to achieving the target set in the 2025–2030 ESG Strategy regarding the support of employee well-being and retention, by promoting contractual stability and an adequate benefits package, as well as to achieving the target regarding the maintenance of workforce stability, by ensuring job continuity in situations of operational change.

Measures against violence and harassment at the workplace

The Sphera Group is committed, through its Procedure on the prevention and combating of discrimination, intimidation, and harassment at the workplaces of Sphera Franchise Group SA, US Food Network SA, American Restaurant System SA, and California Fresh Flavors SRL, to maintain a safe, respectful, and inclusive work environment for its in-house workforce, preventing any form of violence and harassment in the workplace. In Italy, an internal procedure for managing dangerous and aggressive behavior at the workplace has been implemented ("Scheda informativa interna per la gestione di comportamenti pericolosi e aggressivi," Revision 01 of 07/07/2025). The procedure establishes the framework for preventing and managing inappropriate or aggressive behavior and includes mechanisms for reporting incidents, contributing to maintaining a safe and respectful work environment for employees. In this regard, the Group implements a series of measures and actions designed to protect employees' rights and promote ethical behavior in all professional interactions.

- Code of Conduct

The Sphera Group has a Code of Conduct that includes strict rules against harassment and discrimination at the workplace. It sets out expectations regarding appropriate behavior and prohibits any form of physical, verbal, or psychological harassment. All employees in every country where the Group operates are trained to adhere to these standards, and the Code is periodically reviewed to reflect best practices.

The Group provides two hotlines for employees and anyone outside the organization to report any instances of abuse, harassment, or inappropriate behavior. These hotlines are available 24/7 and guarantee complete confidentiality of reports to protect employees and others who choose to report such incidents. In addition, the Integrity Hotline – SpeakUp! allows employees and external individuals to report any violation of ethical or behavioral standards without fear of retaliation.

- Training and Awareness Sessions

In 2025, the Sphera Group organized six online training sessions on preventing and combating discrimination, intimidation, and harassment at the workplace for all employees. These trainings are designed to raise awareness and support the development of an organizational culture based on respect and equality. Training sessions were also organized for team coordinators so that they

can correctly identify and address any form of discrimination, intimidation, or harassment. The Sphera Group intends to continue organizing these training sessions annually to ensure these results are maintained. During the current reporting period, one notification of harassment was recorded.

- Investigation and Corrective Measures

All reports of violence or harassment are investigated impartially and confidentially, in accordance with the company's internal procedures. If a notification is found to be substantiated, the Sphera Group takes immediate corrective action, which may include disciplinary sanctions, counseling, or other interventions aimed at restoring a healthy work environment. In addition, action plans are implemented to prevent similar incidents in the future.

- Promoting Diversity and Inclusion

To this end, the Sphera Group is diversifying its recruitment efforts, seeking to hire individuals from diverse communities, including vulnerable groups such as people with disabilities or from different ethnic backgrounds. More than 30 nationalities were represented on the team in 2025, promoting diverse perspectives and inclusion. In addition, the Group supports, through policies and practices, the fundamental rights of all employees, regardless of gender, age, race, ethnicity, sexual orientation, religion, or any other personal characteristic. At the same time, the Sphera Group is actively committed to upholding the principle of "equal pay for work of equal value." The Group has also signed the Romanian Diversity Charter, reinforcing its commitment to non-discrimination and equal opportunity.

These measures contribute to achieving the target set in the 2025–2030 ESG Strategy regarding ensuring a safe, respectful, and inclusive work environment, free from abusive or discriminatory behavior, as well as the target regarding the promotion of diversity, inclusion, and fair treatment at the workplace.

Confidentiality

We are committed to respecting employee data protection and taking rigorous measures to ensure their confidentiality. All information is managed in accordance with legal regulations, including the General Data Protection Regulation (GDPR). The company implements strict measures to protect employees' personal data and maintain their trust.

- Principles of Personal Data Protection

The Sphera Group adheres to the fundamental principles of data protection, including the lawfulness, fairness, and transparency of data processing. All personal data is collected and used exclusively for the specific purposes for which it was provided, and employees are clearly informed about how their data is managed.

- Data Security

Sphera implements appropriate security measures to protect personal data against unauthorized access, loss, or destruction. These measures include digital protection of systems and encryption of sensitive data, thereby ensuring that employee information is protected at the highest level.

- Employee rights regarding personal data

The Sphera Group recognizes and facilitates the exercise of employees' rights regarding their personal data, such as the right of access, rectification, erasure, portability, and restriction of data processing. These rights are clearly communicated to employees, and they may request additional information or actions regarding their personal data from the dedicated data protection contact.

- Reporting channels and transparency

To maintain transparency in data management, the Sphera Group provides employees with access to internal policies and channels for reporting confidentiality breaches or other data protection concerns. In addition, the Group has appointed a Data Protection Officer (DPO) who addresses any questions and concerns regarding the processing of employees' personal data. The DPO can be contacted via various channels, including specific email addresses for each subsidiary within the Group.

- Confidentiality and ethics hotlines

The Group offers several hotlines for employees, including the Integrity Hotline – SpeakUp!, which allows for anonymous reporting of any breaches of confidentiality, ethics, or compliance with internal regulations. These hotlines are available 24/7 and guarantee complete confidentiality of notifications.

These measures contribute to achieving the goal set out in the 2025–2030 ESG Strategy regarding strengthening employee trust and protecting personal data.

Health and safety

Throughout 2025, the Sphera Group implemented extensive measures to address impacts on the workforce, ensuring a safe and healthy work environment. The company conducts periodic risk assessments, monitors equipment and technological facilities, and implements concrete programs for the continuous improvement of health and safety.

Among the actions taken are:

- Periodic occupational health and safety (OHS) training: All employees receive annual training sessions, supplemented by additional training in the event of legislative, technological, or equipment-related changes.
- Audits and risk assessments: Conducted periodically to identify potential hazards and plan preventive measures, thereby reducing workplace risks.
- The Energy@Sphera Program: This program continues to support employees' emotional and mental well-being through workshops focused on personal development, stress management, mindfulness, financial education, and resilience.

The Occupational Health and Safety Committee (CSSM) oversees OHS activities, reviewing employee proposals and investigating reported incidents, both internally and with the support of external partners. For each incident, a specific action plan is developed and closely monitored by the management team. Training sessions are also organized periodically, including under special circumstances, such as returning to work after a prolonged absence or changes in legislation.

These measures contribute to achieving the target set in the 2025–2030 ESG Strategy regarding maintaining a low rate of workplace accidents, through risk prevention and the continuous improvement of working conditions.

Training and skills development

The Sphera Group invests in the training and skills development of its employees, recognizing their importance in ensuring the company's long-term success. In 2025, a series of training and professional development programs were implemented, targeting both technical skills and leadership and management competencies, to ensure teams' adaptability to rapid changes in the industry. Key initiatives include:

- Internal professional training programs

Operational certifications and recertifications: Restaurant staff undergo, upon employment and then periodically, internal certifications and recertifications specific to their roles, aimed at acquiring knowledge, developing skills, and achieving targeted results.

Hygiene courses: Restaurant employees regularly take hygiene courses in accordance with current legislation.

Technical and specialization courses: Employees have had access to training programs designed to improve industry-specific technical and operational skills, such as training on the efficient use of restaurant equipment and technological systems.

Periodic training in occupational health and safety (OHS): All employees participated in dedicated training sessions, in accordance with legal and internal requirements, to ensure a safe work environment. Employees also regularly attend first aid courses. These were supplemented by additional training to adapt to legislative and technological changes.

- Leadership and management skills development

Leadership programs for restaurant managers: Specific sessions were organized to develop leadership, team management, performance management, and decision-making skills, aimed at improving team performance and contributing to more efficient management of the locations.

Training for managerial skills development: Managers participated in personal and professional development sessions, which included topics such as performance evaluation, emotional intelligence, psychological safety, agility, self-confidence, and team coaching.

- Continuing education, innovation, and digitalization programs

E-learn@SPHERA: An e-learning platform featuring over 750 courses, offering employees the opportunity to follow personalized learning paths for professional and personal development.

Training on digitalization and the use of restaurant management platforms: As part of the transition to more advanced digital solutions, employees were trained to use platforms for ordering, inventory management, and real-time performance monitoring.

- Leadership programs tailored for management teams

AC Unlock: A program designed for area managers to develop leadership and management skills, focusing on leadership competency development.

4P (4 Pillars: People, Product, Place, Promo): A program designed for KFC management teams, in which each manager takes responsibility for one of the four strategic pillars for a period of 6–12 months. The program launched in 2023 and was expanded to all KFC restaurants in Romania in 2024, and to all Pizza Hut and Taco Bell restaurants in 2025.

- Performance evaluations and personalized development plans

Periodic performance evaluations: Every employee received periodic evaluations, based on which specific learning and development goals were established. These evaluations were used to identify training needs, customize skill development programs, and inspire career development paths.

These measures contribute to achieving the target set in the 2025–2030 ESG Strategy regarding skills development and increasing the internal promotion rate of employees.

- Other initiatives

Empower@Sphera: a development program for department coordinators, aimed at aligning perspectives in the context of a challenging reality, enhancing managerial skills and the level of ownership and autonomy to improve specific results and demonstrated behaviors.

Team Coaching: A module that focuses on how a team works in synergy, based on a shared understanding of the desired outcomes and, above all, through the adoption of effective behaviors. Customer Mania: a program that puts the customer at the center of everyone's attention, in a context where the QSR market has become increasingly competitive and customer loyalty has become a competitive advantage. Thus, a unified direction has been established regarding what Customer Mania means and how we improve our approach to adhering to rules and going the extra mile to exceed customer expectations. Consequently, we support every direct contribution our employees make toward providing an unforgettable experience for our customers.

These initiatives contribute to achieving the goal set out in the 2025–2030 ESG Strategy regarding the support of employee well-being and welfare by maintaining a safe and stable work environment.

5.3 Indicators and Targets

5.3.1 S1-5 – Targets related to managing significant negative impacts, promoting positive impacts, and managing significant risks and opportunities

In 2025, with the approval of the 2025–2030 ESG Strategy, the Sphera Group entered the phase of implementing, monitoring, and periodically reviewing targets and measures regarding the management of significant impacts on the workforce.

In this context, their operationalization into specific targets, indicators, and monitoring mechanisms is carried out as a continuous process, involving our in-house workforce in the following stages:

Setting targets

The setting of strategic and operational targets is based on consultations with employees, conducted primarily through a satisfaction survey, as well as through a double materiality analysis. These tools provide relevant information about employees' perceptions and needs, namely:

- The satisfaction survey allows for the assessment of employee satisfaction regarding key aspects such as working conditions, work-life balance, professional development opportunities, and the organizational climate. The responses provide a detailed picture of employees' concerns and expectations, highlighting both strengths and areas for improvement.
- The double materiality analysis helps identify the issues prioritized by employees and the impact the company has on them, integrating their perspective into the organization's overall strategy

In 2025, the Sphera Group finalized and approved the Sustainability Strategy for the period 2025–2030, which includes objectives dedicated to the workforce. Within this strategy, Strategic goal 5 is defined: Maintaining a balanced and motivating work environment across all Group companies by 2030, which aims to reduce negative impacts on employees, promote inclusion, and support operational performance.

The methodology for setting targets is based on the results of the double materiality analysis, feedback collected through internal employee surveys, and the analysis of operational indicators for human resources and occupational health and safety. In defining the target levels, historical trends in the indicators, the Group's operational context, and the objective of reducing negative impacts on the workforce are taken into account.

The established targets are monitored annually based on relevant operational indicators, and progress is assessed against benchmarks and the interim targets set for the 2025–2030 implementation period.

The targets for this goal are:

- Maintaining an annual accident rate of less than 7 per 1 million hours worked by 2030;

- Achieving a percentage of 4% of the workforce coming from vulnerable groups by 2030 (3% by 2027);
- Maintaining a minimum rate of 80% internal promotion for managerial roles by 2030;
- Implementing annual programs dedicated to supporting employee well-being, starting in 2025.

These targets are closely aligned with the strategic objective of maintaining a balanced and motivating work environment and contribute to the implementation of the Group's policies on human resources, occupational health and safety, and social inclusion. The targets apply to all of the Group's operating entities.

Progress recorded in 2025 indicates that all targets set for this goal were met or exceeded. Regarding social inclusion, the percentage of employees from vulnerable groups reached approximately 6% in 2025, exceeding the set target of 4%. At the same time, no workplace accidents were recorded in 2025, resulting in an accident rate of 0 per 1 million hours worked, below the threshold set by the strategic target. Furthermore, the internal promotion rate for managerial roles was achieved, and programs dedicated to supporting employee well-being were implemented during 2025, in accordance with the objectives set out in the ESG Strategy.

Tracking performance against targets

Performance monitoring is primarily carried out by management teams through periodic evaluations that include analysis of human resources indicators, employee feedback, and the results of satisfaction surveys. These evaluations allow for the identification of areas requiring improvement and the adjustment of strategies.

Performance results are analyzed during internal sessions held with management teams.

Progress against established targets is monitored annually based on internal human resources and occupational health and safety indicators. The evolution of these indicators is analyzed by Group management to assess the effectiveness of implemented measures and to decide on any adjustments to workforce-related actions or programs.

For the 2025 reporting period, no changes were made to the target levels or the methodology for monitoring them.

5.3.2 S1-6 – Characteristics of the company's employees

Permanent employees refer to employees with an individual employment contract concluded for an indefinite term. This type of contract provides the employee with stability and all rights provided by labor law, including protection against unjustified dismissal, paid vacation, and access to social benefits.

Temporary employees are those with an individual employment contract concluded for a fixed term only under certain conditions, such as replacing an absent temporary employee, performing seasonal activities, or implementing a time-limited project. In Romania, this type of contract may have a maximum duration of 36 months and may be extended no more than twice before being converted into an indefinite-term contract.

Employees with an unguaranteed work schedule are not defined in the Romanian Labor Code; therefore, this category is not applicable in Romania and Moldova. This category applies only in Italy, where these employees have a variable work schedule determined by the employer's needs and enjoy the same rights and protections granted to other categories of employees.

The number of employees presented is reported based on the number of active employment contracts, in accordance with the information used in the Group's financial statements. In certain cases, an individual may have multiple active employment contracts for different brands within the Group. This approach reflects the reporting method used in the financial statements and in the Group's internal systems.

Reporting of the number of employees as of December 31st, 2025

Sphera Group			
Number of employees corresponding to the number of contracts			
Gender	**2023**	**2024**	**2025**
Women	3,071	3,023	2,939
Men	2,025	2,094	1,972
Total Employees	**5,096**	**5,117**	4,911

Sphera Group			
Number of employees corresponding to the number of contracts			
Country	**2023**	**2024**	**2025**
Romania	4,597	4,605	4,394
Italy	418	404	409
Moldova	81	108	108
Total Employees	**5,096**	**5,117**	4,911

Romania		**2023**	**2024**	**2025**
Number of employees corresponding to the number of contracts	Women	2,808	2,756	2,684
	Men	1,789	1,849	1,710
	TOTAL	**4,597**	**4,605**	**4,394**
Number of employees with permanent employment contracts	Women	2,787	2,739	2,671
	Men	1,763	1,834	1,687
	TOTAL	**4,550**	**4,573**	4,358
Number of employees with fixed-term employment contracts	Women	21	17	13
	Men	26	15	23
	TOTAL	**47**	**32**	36

Number of employees with irregular working hours	Women	N/A	N/A	N/A
	Men	N/A	N/A	n/a
	TOTAL	**0**	**0**	0
Number of full-time employees	Women	2,420	2,395	2,234
	Men	1,434	1,431	1,300
	TOTAL	**3,854**	**3,826**	3,534
Number of part-time employees	Women	388	361	451
	Men	355	418	409
	TOTAL	**743**	**779**	860
Italy		**2023**	**2024**	**2025**
Number of employees	Women	210	204	189
	Men	208	200	220
	TOTAL	**418**	**404**	**409**
Number of employees with permanent employment contracts	Women	129	134	106
	Men	109	115	124
	TOTAL	**238**	**249**	**230**
Number of employees with fixed-term employment contracts	Women	48	31	64
	Men	40	37	71
	TOTAL	**88**	**68**	135
Number of employees with irregular working hours	Women	33	39	19
	Men	59	48	25
	TOTAL	**92**	**87**	44
Number of full-time employees	Women	50	44	52
	Men	63	51	56
	TOTAL	113	95	108
Number of part-time employees	Women	127	160	137
	Men	86	149	164
	TOTAL	**213**	**309**	301
Moldova		**2023**	**2024**	**2025**
Number of employees	Women	53	63	66
	Men	28	45	42
	TOTAL	**81**	**108**	108
Number of employees with permanent employment contracts	Women	53	63	66
	Men	28	45	42
	TOTAL	**81**	**108**	108
Number of employees with fixed-term employment contracts	Women	0	0	0
	Men	0	0	0
	TOTAL	**0**	**0**	0
Number of employees with irregular working hours	Women	N/A	N/A	n/a
	Men	N/A	N/A	n/a

	TOTAL	**0**	**0**	0
Number of full-time employees	Women	37	38	42
	Men	7	15	21
	TOTAL	**44**	**53**	63
Number of part-time employees	Women	16	25	24
	Men	21	30	21
	TOTAL	**37**	**55**	45
Total Sphera Group		**2023**	**2024**	**2025**
Number of employees	Women	3,071	3,023	2,939
	Men	2,025	2,094	1,972
	TOTAL	**5,096**	**5,117**	4,911
Number of employees with permanent employment contracts	Women	2,969	2,936	2,843
	Men	1,900	1,994	1,835
	TOTAL	**4,869**	**4,930**	4,696
Number of employees with fixed-term employment contracts	Women	69	48	77
	Men	66	52	94
	TOTAL	135	100	171
Number of employees with irregular working hours (Italy)	Women	33	39	19
	Men	59	48	25
	TOTAL	**92**	**87**	44
Number of full-time employees	Women	2,507	2,477	2,328
	Men	1,504	1,497	1,377
	TOTAL	**4,011**	**3,974**	3,705
Number of part-time employees	Women	531	546	612
	Men	462	597	594
	TOTAL	**993**	**1,143**	1,206

Data on the numerical indicators presented in the ESRS S1 section (S1-6 – S1-17) are reported based on the Group's internal systems and have not been subject to separate independent validation, other than the limited assurance procedures applicable to the sustainability report. The total number of employees reported below corresponds to the number of employees presented in Note 1 - to the consolidated financial statements, with the exception of a difference of one person. This difference results from the inclusion of a mandate contract in Italy in the financial reporting.

5.3.3 S1-7 – Characteristics of non-salaried workers within the company's in-house workforce

The organizational structure of the Sphera Group includes 3 individuals who are not employees but whose professional activities are controlled by the organization. These are independent contractors with whom Sphera Franchise Group SA has entered into service contracts.

Additionally, in Romania, 71 individuals were provided by third-party partners; these are workers of KFC Romania, Pizza Hut, and Taco Bell restaurants.

At the same time, at KFC Italy restaurants, we had 10 workers provided by an employment agency.

The number of non-salaried workers is reported as the number of people as of December 31st, 2025.

Information on non-salaried workers

Romania		**2023**	**2024**	**2025**
Number of self-employed persons	Women	1	1	1
	Men	1	2	2
Number of persons employed by enterprises principally engaged in employment activities	Women	0	0	0
	Men	48	42	71
Number of non-salaried workers	**Women**	**1**	**1**	1
	Men	**49**	**44**	73
	Total	**50**	**45**	74
Italy		**2023**	**2024**	**2025**
Number of self-employed persons	Women	0	0	0
	Men	0	0	0
Number of persons supplied by enterprises principally engaged in employment activities	Women	0	8	3
	Men	0	4	7
Number of non-salaried workers	**Women**	**0**	**8**	3
	Men	**0**	**4**	7
	Total	**0**	**12**	10
Moldova		**2023**	**2024**	**2025**
Number of self-employed persons	Women	0	0	0
	Men	0	0	0
Number of persons supplied by enterprises principally engaged in employment activities	Women	0	0	0
	Men	0	0	0
Number of non-salaried workers	**Women**	**0**	**0**	0
	Men	**0**	**0**	0
	Total	**0**	**0**	0
Total Sphera Group		**2023**	**2024**	**2025**
Number of self-employed persons	Women	1	1	1
	Men	1	2	2
Number of persons employed by enterprises principally engaged in employment activities	Women	0	8	3
	Men	48	46	78
Number of non-salaried workers	**Women**	**1**	**9**	**4**
	Men	**49**	**48**	**80**
	Total	**50**	**57**	**84**

5.3.4 S1-9 – Diversity Indicators

The Sphera Group recognizes that diversity brings new perspectives, stimulates innovation, and contributes to creating a richer and more dynamic work environment. Therefore, it is committed to respecting and promoting human rights and equal opportunities for all employees, regardless of gender, age, ethnic origin, religion, sexual orientation, gender identity, or any other personal characteristic. We value a diverse work environment and provide equal opportunities for all employees.

Senior management consists of individuals holding management positions within the Sphera Group. These individuals work under mandate contracts and, according to the ESRS definition, are not considered part of the company's in-house workforce, as they are neither employees nor non-salaried workers. However, given their influence on organizational strategy and culture, we consider it relevant to report on their diversity.

Table 66 a) Gender distribution by number and percentage at the senior management level

Gender distribution at the management level				
Number of employees (total number of employees) at the senior management level, by gender	2023	Woman	1	14%
		Man	6	86%
		TOTAL	7	
	2024	Woman	1	14%
		Man	6	86%
		TOTAL	7	100%
	2025	Woman	1	14%
		Man	6	86%
		TOTAL	7	100%

Age distribution among employees			
Romania		Number	Percentage
Number of employees under 30 years old	2023	2,486	54.08%
	2024	2,487	54.01%
	2025	2,222	50.57
Number of employees aged 30 to 50	2023	1,663	36.18
	2024	1,634	35.48%
	2025	1,668	37.96
Number of employees over 50 years old	2023	448	9.75%
	2024	484	10.51%
	2025	504	11.47%
Italy		Number	Percentage
Number of employees under 30 years old	2023	251	60.05%
	2024	245	60.64%
	2025	250	61.2

Number of employees aged 30 to 50	2023	162	38.76
	2024	154	38.12%
	2025	154	37.6
Number of employees over 50 years old	2023	5	1.20%
	2024	5	1.24%
	2025	5	1.2%
Moldova		**Number**	**Percentage**
Number of employees under 30 years old	2023	65	77.78%
	2024	83	76.85%
	2025	80	74.07%
Number of employees aged 30 to 50	2023	12	16.67%
	2024	22	20.37%
	2025	21	19.44%
Number of employees over 50 years old	2023	4	5.56%
	2024	3	2.78%
	2025	7	6.48%
Total Sphera Group		**Number**	**Percentage**
Number of employees under 30 years old	2023	2,802	54.98%
	2024	2,815	55.01%
	2025	2552	51.96
Number of employees aged 30 to 50	2023	1,837	36.05
	2024	1,810	35.37%
	2025	1843	37.53%
Number of employees over 50 years old	2023	457	8.97%
	2024	492	9.62%
	2025	516	10.51%

5.3.5 S1-11 – Social Protection

The Sphera Group implements measures that ensure the social protection of its employees, either through participation in public social protection programs or through internal initiatives.

- Disease

All Group employees have access to national health systems, in accordance with the legislation in force in Romania, Italy, and the Republic of Moldova. Employees are entitled to free or subsidized medical care and can access public health services for treatments and consultations, with social contributions covered by the company.

- Unemployment

Protection against the risk of unemployment is guaranteed for all Group employees through contributions to the public unemployment funds specific to each country where the company operates. From the date of employment, all workers are registered in these systems, which gives them access to financial assistance in the event of job loss.

- Workplace injury and acquired disability

In cases where an employee suffers a workplace injury or acquires a disability, protection is provided through contributions to national social security systems. These systems include financial coverage and rehabilitation support, in accordance with national regulations.

- Parental leave

All employees are entitled to paid parental leave in accordance with the law. The company complies with national regulations regarding the duration of this leave and supports employees at this stage of their lives through measures that ensure job security upon their return.

- Retirement

All Group employees are enrolled in the public pension systems of the countries where the company operates. Through employer contributions, employees are guaranteed social protection upon retirement, thereby benefiting from long-term financial support.

5.3.6 S1-12 – People with disabilities

The Sphera Group employs and supports people with disabilities, providing them with adapted working conditions and equal opportunities for professional development.

The total number of employees with disabilities at the Sphera Group as of December 31st, 2025, is 26 in Romania.

Table 79. Percentage of employees with disabilities subject to legal restrictions on data collection for 2025.

Percentage of employees with disabilities subject to legal restrictions on data collection			
		2024	2025
Romania		0%	0%
Moldova		0%	0%
Italy	Women	4.41%	1.7%
	Men	3.00%	1.4

The indicator "Percentage of people with disabilities subject to legal restrictions on data collection" is reported only for operations in Italy, where applicable legislation provides for such restrictions. In Romania and Moldova, the indicator is not applicable in the same form, which is why a Group-level total is not presented.

Under Italian law, people with disabilities are protected by certain restrictions certified by the National Social Security Institute.

5.3.7 S1-13 – Training and Skills Development Indicators

Professional training and skills development are essential elements for the growth and retention of employees within the Sphera Group. Through training and assessment programs, the Group ensures the continuous development of the workforce's skills and its alignment with the organization's operational and strategic requirements.

This section details the level of participation in performance evaluation and career development processes, as well as the average number of training hours. The data is structured in accordance with ESRS requirements and includes relevant breakdowns, reflecting the Sphera Group's commitment to professional growth and the improvement of its teams' skills.

The data presented in section S1-13 also includes a breakdown by role, thus including members of senior management who, according to ESRS definitions, do not fall into either the employee category or the non-salaried worker category, as they collaborate with the Sphera Group through mandate contracts.

The evaluation of workers in Sphera Group restaurants begins after the completion of the 3-month probationary period and is conducted on a monthly basis. For all other Sphera Group employees, the evaluation is conducted once a year. The percentages presented in the tables below refer to the active workforce as of December 31st, 2025, and include members of senior management.

Number of employees who participated in periodic performance and career development evaluations*					
		2024		2025	
Romania	Women	2,376	62%	2,435	90.72%
	Men	1,440	38%	1,437	84.08%
	TOTAL	**3,816**	**83%**	**3,872**	**88.14%**
Italy	Women	55	27%	50	26.45%
	Men	47	24%	43	19.54%
	TOTAL	**102**	**25%**	**93**	**22.73%**
Moldova	Women	54	86%	45	68%
	Men	40	89%	32	76%
	TOTAL	**94**	**87%**	**77**	**71%**
Total Sphera Group	**Women**	**2,485**	**82%**	**2,530**	**86%**
	Men	**1,527**	**73%**	**1,512**	**86.81%**
	TOTAL	**4,012**	**78%**	**4,042**	**82.30%**

**includes middle management and workers*

Performance and career development assessment within the Sphera Group									
		Romania		Italy		Moldova		Total Sphera Group	
		2024	2025	2024	2025	2024	2025	2024	2025
Senior management*	Total	5	6	1	1	1	1	7	8
	Assessed (%)	100%	100%	100%	100%	0%	100%	86%	100%
	Total	797	815	102	93	2	14	899	922

Middle management	Assessed (%)	99%	99%	100%	100%	50%	73.6%	99%	99%
Workers	Total	3,080	3,057	0	0	106	63	3,186	3,120
	Assessed (%)	79%	86%	0%	0%	88%	70.7%	72%	86%

*Senior management works on the basis of mandate contracts. Starting in 2025, one member of senior management will also be employed under an individual employment contract.

Regarding the professional development of employees, a strategy tailored to the Sphera Group's operations is applied, in which the number of hours allocated to training decreases progressively as the level of experience within the team increases. Thus, for restaurant employees, the number of hours allocated to training is higher during the initial phase of their employment. For Sphera Franchise Group SA, the annual training hours presented in the table below focus primarily on mandatory training to update knowledge.

The total number of training hours and the average number of training hours by gender and employee category were calculated based on the total number of employees/non-salaried workers as of December 31st, 2025, and the number of training hours completed by them. The average was calculated as the ratio of total training hours to the total number of employees.

At the Sphera Group level, we recorded a total of 134,141 training hours for employees as of December 31st, 2025, to which we added 4,615 training hours provided to employees in Romania during open sessions, for which it was not possible to track participant categories.

Average number of training hours per employee by gender	**Romania**		**Italy**		**Moldova**		**Total Sphera Group**	
	2024	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**	**2025**
Women average	27.79	26.39	25.33	15.43	25.22	31.5	26.90	25.79
total	74,556	70,792	5,167.4	2,916	1,589	2,079	81,312.4	75,787
Men average	33.80	31.36	26.66	15.43	46.18	30.88	30.22	29.59
total	55,875.5	53,662	5,333.9	3,395	2,078	1,297	63,287.4	58,354
Average per employee	38.14	28.32	25.99	15.43	33.95	31.26	28.27	27.31
Total training hours	130,431.5	124,454	10,501.3	6,311	3,667	3,376	144,599.8	134,141

The decrease in the total number of training hours in 2025 compared to 2024, at the level of operations in Italy, is due to the fact that, in 2024, the company benefited from training programs conducted as part of a government program made available by the Italian authorities. Participation in these initiatives contributed to a higher number of training hours in 2024. In 2025, the number of training hours returned to a level corresponding to current professional development activities.

Average number of training hours per employee by employee category		Romania		Italy		Moldova		Total Sphera Group	
		2024	2025	2024	2025	2024	2025	2024	2025
Middle management	average	62.60	77.25	29.8	10.62	720	110.41	59.77	71.37
	total	49,888.5	58,404	2,890.5	860	1,440	1,325	54,219	60,589
Workers	average	21.15	18.16	26.06	16.62	21.01	35.36	21.6	18.27
	total	80,543	66,001	8,260.8	5,451	2,227	2,051	91,030	73,503

Percentage of non-salaried workers who participated in regular performance and career development evaluations	Romania		Italy		Moldova		Total Sphera Group	
	2024	2025	2024	2025	2024	2025	2024	2025
Women	100%	100%	0%	0	n/a	n/a	11.11%	25%
Men	100%	80.82%	0%	0	n/a	n/a	91.7%	70.2%
TOTAL	100%	81.08%	0%	0	n/a	n/a	79%	68.2%

Number of training hours for non-salaried workers, by gender		Romania		Italy		Moldova		Total Sphera Group	
		2024	2025	2024	2025	2024	2025	2024	2025
Women	average	5	0	25.71	30	n/a	n/a	23.41	30
	total	5	0	205.7	90	n/a	n/a	210.7	90
Men	average	76.59	78.68	26.94	30	n/a	n/a	72.45	74.42
	total	3,370	5,744	107.8	210	n/a	n/a	3,477.8	5,954
Average per non-salaried worker		75	77.62	26.12	30	n/a	n/a	64.71	71.95
Total training hours		3,375	5,744	313.42	300	n/a	n/a	3,688.5	6,044

For operations in Italy, the average number of training hours broken down by gender, for both employees and non-salaried workers, was calculated proportionally based on the gender structure of the workforce by applying the proportion of women and men to the total number of training hours.

5.3.8 S1-14 – Health and Safety Indicators

The Sphera Group ensures full compliance with legal requirements regarding occupational health and safety for all its operations in Romania, Italy, and the Republic of Moldova.

During the reporting period, no cases of occupational illness were reported. The most common accidents were sprains, bruises, and other minor injuries. These incidents were promptly managed in accordance with internal safety procedures. Furthermore, no fatalities were recorded at the sites of the companies belonging to the Group, including among workers in the value chain who worked at these sites.

In 2025, the Sphera Group did not offer direct home delivery services, but only through partners.

All employees and all non-salaried workers within the Sphera Group were covered by the Group's internal health and safety management framework, implemented in accordance with applicable legal requirements and the requirements of franchisor Yum, which includes risk assessments, OHS training, preventive measures, and incident monitoring mechanisms, without being certified to a standard.

The workplace accident rate was calculated by dividing the number of accidents by the total number of hours worked by the Group's own workforce and multiplying by 1,000,000.

Employee health and safety indicators	Romania		Italy		Moldova		Total Sphera Group	
	2024	2025	2024	2025	2024	2025	2024	2025
Number of reportable workplace accidents	36	34	14	14	1	0	**51**	**48**
Recordable workplace accident rate	5.16	4.81	28,916	26.11	6.630	0	**6,697**	**6,16**
Number of occupational disease cases recorded among employees	1	0	0	0	0	0	**1**	**0**
Number of days lost due to work-related accidents and fatalities caused by work-related accidents, occupational diseases, and fatalities caused by occupational diseases	213	86	132	42	15	0	**360**	**128**
Number of fatalities resulting from work-related accidents and occupational diseases	0	0	0	0	0	0	**0**	**0**

Health and safety indicators for non-salaried workers	Romania		Italy		Moldova		Total Sphera Group	
	2024	2025	2024	2025	2024	2025	2024	2025
Number of reportable workplace accidents	1	0	0	0	0	0	**1**	**0**
Recordable workplace accident rate	9.81	0	0	0	0	0	**9.81**	**0**
Number of occupational disease cases recorded among non-salaried workers	0	0	0	0	0	0	**0**	**0**
Number of fatalities resulting from workplace accidents and occupational diseases	0	0	0	0	0	0	**0**	**0**

5.3.9 S1-17 – Incidents, complaints, and serious human rights incidents

During the reporting period, an external petition was filed with the National Council for Combating Discrimination (CNCD) in 2024 against US Food Network SA, regarding a candidate's dissatisfaction with how she was treated during the selection process. This case is still under review by the CNCD, with the parties involved having submitted all requested documents and evidence. At the time of drafting this report, no communication or decision had been received from the CNCD regarding the external complaint filed against US Food Network SA. Furthermore, in 2025, no serious human rights incidents related to the workforce were recorded, and there were no financial losses resulting from legal proceedings concerning violations of the Group's labor-related human rights.

Information on incidents, complaints, and serious impacts on human rights during the reporting period	Romania		Italy		Moldova		Total Sphera Group	
	2024	2025	2024	2025	2024	2025	2024	2025
Total number of discrimination incidents (including harassment)	0	0	0	0	0	0	0	0
Number of complaints submitted via channels through which members of the in-house workforce can express their concerns (including grievance mechanisms)	0	1	0	0	0	0	0	1
Number of complaints filed with the OECD National Contact Points for Multinational Enterprises	0	0	0	0	0	0	0	0
The amount of fines, penalties, and compensation for damages resulting from violations of social and human rights	0	0	0	0	0	0	0	0

During the reporting period, an anonymous report was received via a dedicated customer hotline from an external individual who is not and has never been an employee of the Group, regarding alleged acts of harassment involving a member of the workforce. The report was reviewed through the company's internal investigation mechanisms. Following a review of the available information, no evidence was found to confirm the existence of harassing behavior, and the report was classified as unfounded. The incident did not result in disciplinary sanctions, legal proceedings, or financial impact on the Group.

6 Consumers and end users

6.1 Material impacts, risks, and opportunities and their interaction with the strategy and business model

Consumers represent an important category of stakeholders for the Sphera Group, as they are the downstream entities that interact directly with the company's products and services through the KFC, Pizza Hut, and Taco Bell brands.

In the double materiality analysis process, revised in 2025 and conducted in accordance with ESRS requirements, the short-, medium-, and long-term positive and negative impacts on consumers were assessed. The review aimed to validate and refine the previously identified impacts, risks, and opportunities, without leading to the identification of additional IROs or changes to their materiality.

This assessment enabled the maintenance of an up-to-date understanding of the risks and opportunities associated with the relationship with consumers, as well as the alignment of business strategies to address their needs, expectations, and concerns, and the adaptation of business strategies to address their needs and concerns, in line with regulatory and market developments.

The Sphera Group recognizes the importance of impacts on consumers and end-users and integrates them into its strategic decision-making processes. In the process of developing the 2025-2030 ESG Strategy, the material topics identified as relevant to consumers were taken into account.

Among the significant risks identified, failure to meet quality standards and lack of transparency are considered critical, as they can lead to loss of customer trust, decreased sales, and sanctions from regulatory authorities, such as the Consumer Protection Agency. Furthermore, the costs associated with managing complaints and reputation crises can create additional challenges for the company.

To effectively manage these risks, the Group pays particular attention to the types of consumers who may be significantly affected, including:

- **Vulnerable consumers**, such as children and young people, who may be influenced by marketing strategies. The Group ensures transparency in labeling and promotes strict ethical standards for their protection. In accordance with the Responsible Marketing Policy, the Sphera Group does not directly target children under 15 and avoids distributing marketing materials in environments frequented by them, such as schools or media platforms dedicated to children.
- **Consumers who rely on clear product information**, for whom the Group ensures transparency in labeling and easy access to nutritional information, available in restaurants and on the brands' online platforms. Thus, through labels and information regarding content, including nutritional content, to minimize the risks of product misuse. The Group provides information on ingredients and nutritional content both in restaurants (in print, located near the cash registers, and digitally, via kiosk-style ordering tools) and on the individual websites of each brand in the Sphera Group's portfolio, in the dedicated sections.

- **Digital consumers** who use online ordering apps and digital platforms and who are exposed to data privacy risks. The Group implements a data protection policy aligned with GDPR requirements, ensuring that customer information is used responsibly and protected against unauthorized access.

Negative impacts can be both systemic, such as the contribution of repeated consumption of calorie-dense foods to public health issues, and individual, such as incidents related to product safety or quality. The Group addresses these impacts by promoting healthier food options, providing transparent information on product composition, implementing responsible marketing policies, and through rigorous quality control systems, feedback, and food safety audits.

The Sphera Group relies on consumers for its operational and financial success, and changes in consumer behavior can significantly impact the company's performance. Growing concerns about health, nutrition, and digitalization present both risks and opportunities, which are addressed through strategies focused on innovation, transparency, and the improvement of products and services. The Group's strategy is based on strict standards of food safety, quality, and compliance with Yum! Brands' requirements and international regulations, complemented by constant monitoring of customer feedback through the GES and PARTOO platforms. At the same time, the Group capitalizes on opportunities offered by increased consumer loyalty and product diversification, through the introduction of healthier options, sustainable sources, and an ethical supply chain, thereby strengthening the reputation and appeal of its brands. Below are the main impacts, risks, and opportunities identified during the review process conducted in 2025:

Material suntopic and Material sub-subtopic	Location of the impact	Type	Impact source	Timeframe	Positive impacts (I+)	Timeframe	Negative impacts (I-)	Risks (R)	Opportunities (O)
Impacts related to information for consumers and/or end users Confidentiality	Own and downstream activities	M	B	P	Implementing internal consumer data protection measures, including information security processes, staff training, and dedicated communication mechanisms, helps build customer trust and loyalty. The Group's Information Security Policy supports these efforts by ensuring data integrity and confidentiality in customer interactions. These practices promote transparency in data management, enhance the consumer experience, and strengthen their relationship with the brand.	A	Failure to implement effective data protection measures can lead to confidentiality breaches, complaints, and a loss of consumer trust.	-	-
Access to (quality) information	Own and downstream activities	M, F	B	A, P	Providing clear and accessible information about products helps consumers make informed decisions. Transparency and accessibility through kiosks and an intuitive website that provides up-to-date information, facilitating consumer access to relevant resources. Optimizing the consumer experience through the use of the GES (Guest Experience Survey) digital platform, which enables the collection of feedback as well as the management and evaluation of customer satisfaction	-	-	-	By providing detailed product information, including nutritional values and allergens, both in restaurants (in print and digitally via kiosk-style tools) and on subsidiary websites, and by rigorously verifying this information through accredited laboratories and reviewing supplier specifications, the company strengthens its reputation as a responsible and transparent brand. These measures increase consumer trust and loyalty, improve their experience, and provide a competitive advantage on the market.

Personal safety of consumers and/or end users Health and safety	Own and downstream operations	M, F	B	A	Implementing a rigorous food quality and safety control system, including internal and external audits and collaboration with GFSI-certified suppliers, helps protect consumer health and prevent food incidents. By ensuring access to safe products, these measures support public health.	A, P	Poor food quality and safety control can have a negative impact, affecting the safety and well-being of customers.	-	Compliance with regulations, the implementation of food safety standards, and collaboration with GFSI-certified suppliers give the company the opportunity to stand out as a trusted brand. By transparently communicating these standards and responding quickly to any incident, the company can earn customer trust and loyalty, attract new consumers, and strengthen its reputation in the market.
Social inclusion of consumers and/or end users Responsible marketing practices	Own and downstream activities	M, F	B	A	The adoption of responsible internal marketing practices, complemented by clear and transparent product communication, contributes to increasing consumer trust and preventing misinformation. In 2024 and 2025, performance monitoring using dedicated indicators, including the Net Promoter Score (NPS), confirmed the maintenance of a high level of satisfaction and loyalty. The application of internal processes for verifying and validating communicated information supports transparency and accountability in the relationship with consumers.	A, P	Irresponsible marketing practices can negatively influence consumers' eating habits, particularly those of vulnerable groups, and can lead to a loss of customer trust.	Irresponsible marketing can result in legal penalties, additional costs associated with resolving consumer complaints, decreased customer loyalty, and reputational damage.	Implementing marketing practices strengthens market position and attracts new customer segments.

Key:
Impact type: F = financial impact, M = material impact, MF = material and financial impact
Time horizon: A = current impact (reporting year), P = potential impact (medium and long term)
Source of impact: S = impact stemming from strategy and business model, B = impact underlying the strategy

6.2 Policies regarding consumers and end users

The Sphera Group has implemented policies through which it manages significant impacts, risks, and opportunities related to consumers and end users. These policies address both specific consumer groups (as noted where applicable) and all consumers and end users:

The Responsible Marketing Policy defines guidelines and recommended actions for responsible and fair marketing, with the primary objective of ensuring transparency, integrity, and the protection of consumers, particularly vulnerable groups such as children. It serves as a guide for the Group's marketing and communication activities, emphasizing its commitment to environmental and quality of life standards. The Responsible Marketing Policy applies to all promotional activities conducted by Sphera Franchise Group and its subsidiaries, covering all brands in the portfolio, and governs all communication channels used to promote products. It aims to ensure ethical and transparent marketing, avoiding deceptive commercial practices, protecting vulnerable consumers by prohibiting advertising targeted at children under 15, and excluding advertising near schools or other educational institutions. The policy also promotes inclusion and diversity, avoiding gender stereotypes and content that could offend social groups, while respecting parental authority by avoiding marketing strategies that could undermine parents' decisions. The Responsible Marketing Policy is public and accessible on the Sphera Group's official website, available to both consumers and other stakeholders.

- **The Information Security Policy** establishes the essential principles for protecting the integrity, confidentiality, and availability of information used within the Group. This policy manages risks such as unauthorized access to data, cyberattacks, loss of critical information, and non-compliance with applicable regulations. The opportunities generated by implementing the policy include strengthening the organization's reputation, increasing the trust of customers and partners, and improving operational continuity through effective information security management. The Sphera Group's Information Security Policy is relevant to protecting consumers and end users by ensuring the confidentiality and integrity of their data. In an industry where digital transactions and the use of online platforms for orders and payments are becoming increasingly common, information security is a critical factor in maintaining consumer trust and preventing risks associated with the unauthorized use of personal data.
- **The Data Protection Policy** of Sphera Franchise Group Sphera SA and its subsidiaries describes the processes and procedures implemented to comply with European data protection legislation, including the protection of consumer and/or end-user data, based on principles such as lawfulness, fairness, transparency, purpose limitation, data minimization, data accuracy, data retention, security, international transfers, individual rights, and accountability. For more details, see the Governance chapter.
- **The Code of Conduct** states that all customers are treated equally, without discrimination of any kind. For more details, see the Governance chapter.
- The Sphera Group's **Policy on Genetically Modified Foods** reflects its commitment to comply with all applicable government regulations in the markets where it operates regarding genetically modified organisms (GMOs). Given the variations in perceptions regarding the risks and benefits associated with GMOs globally, as well as regulatory differences between countries, the Group ensures compliance with local legal requirements, adapting to the specificities of each market. By complying with these regulations, the Group ensures transparency in communication regarding GMOs and supports consumers and end users in

accessing products that comply with food safety standards. The policy is public and available on the Group's website, accessible to consumers, partners, and other stakeholders.

In addition to these policies, KFC also has an internal procedure for resolving complaints received from customers. This procedure establishes how to record, analyze, handle, and resolve complaints received.

6.3 Measures taken regarding significant impacts, risks, and opportunities for consumers and end users

To address significant impacts, both positive and negative, and to manage risks, as well as to capitalize on opportunities related to consumers and end users, the Sphera Group implements a set of dedicated measures and programs.

The Sphera Group identifies the actions necessary to prevent or remedy negative impacts on consumers and end users through a process of monitoring consumer feedback, managing complaints, conducting internal and external audits, consulting with stakeholders, and analyzing industry trends, while ensuring compliance with legal requirements and the standards set by the franchisor Yum!

The actions are presented below for each impact associated with the material topics.

Confidentiality

To protect the confidentiality of consumer data and ensure compliance with personal data protection legislation, the Sphera Group and its subsidiaries continued, in 2025, to implement IT security measures aligned with the requirements of the General Data Protection Regulation (GDPR) and applicable international standards (NIST, CIS).

Security systems and processes were strengthened through measures such as:

- restricting data access to authorized personnel only, through advanced authentication and authorization mechanisms;
- role-based access control;
- a significantly improved password policy;
- multi-factor authentication;
- classification and encryption of documents and electronic communications;
- protecting the IT infrastructure through firewall technologies and up-to-date security solutions;

- regular updates of applications and software platforms in accordance with security standards;

- Updating contracts with suppliers to ensure alignment with and compliance with data protection regulations, including specific clauses on confidentiality, security, and GDPR compliance, even in the case of transfers outside the EU.

Legal framework and governance

- Developing and implementing internal data protection policies (Privacy Policy, access policies, retention policies, incident response policies) and appointing a Data Protection Officer (DPO).

- Alignment with recognized ISO 27001 standards for a confidential information management system, as proof of compliance and a competitive advantage

To ensure an organizational culture focused on accountability and prevention, staff received training sessions on data security and best practices in the field. Internal and external audits assessed the effectiveness of these measures and supported the continuous improvement of data protection processes.

In 2025, no incidents of consumer data breaches were reported. The Group maintained transparency and accessibility regarding how personal data is processed, providing dedicated channels through which consumers can submit requests or ask questions related to data protection.

Consumers can contact the Data Protection Officer via the dedicated email addresses:

- protectiadatelor@kfc.ro

- protectiadatelor@pizzahut.ro

- protectiadatelor@taco-bell.ro

- protectiadatelor@spheragroup.com

These actions help build consumer trust and support the objectives set out in the 2025–2030 ESG Strategy regarding zero data privacy incidents and maintaining full compliance with applicable regulations.

The Sphera Group reports annually on the measures taken to ensure consumer data privacy through its Sustainability Report. To prevent negative impacts related to consumer data privacy, the Sphera Group and its subsidiaries continued in 2025 to implement a comprehensive framework of security measures to protect the integrity and confidentiality of customers' personal data. Access to this data, including throughout 2025, was strictly limited to authorized personnel, using advanced authentication and authorization systems. Throughout 2025, the implementation of security measures continued; these measures were designed to prevent information leaks and include the classification and encryption of documents and electronic communications, as well as the protection of IT systems through firewall technologies. Software service applications and platforms were updated in 2025 in accordance with NIST and CIS8 standards and procedures.

Staff have been trained on the importance of data security and best practices in the field, ensuring a deep understanding and consistent adherence to our policies. Internal and external audits critically review our practices, identifying vulnerabilities that need to be addressed.

In the area of data privacy protection, to prevent negative impacts, the Sphera Group has ensured compliance with the Data Protection Policy by implementing IT security measures. Additionally, internal and external audits are conducted to verify compliance with applicable regulations and to improve security processes. In 2025, these measures prevented any incidents of consumer data breaches and helped increase consumer trust.

To contribute to the positive impact and prevent the negative impact caused by a lack of access to information about personal data, in 2025, the Sphera Group continued to maintain transparency and accessibility regarding personal data protection, providing consumers with dedicated communication channels to exercise their rights and access information about data processing. Anyone who had questions regarding how personal data is managed or wished to exercise their data protection rights could contact the Data Protection Officer, available through communication channels dedicated to personal data protection to ensure transparency in data management processes. Contact details are available in the Data Processing Policy, published on the Sphera Franchise Group website, as well as on the websites of its subsidiaries, in the Data Processing Policy/Data Processing section.

The contact email addresses are:

- protectiadatelor@kfc.ro
- protectiadatelor@pizzahut.ro
- protectiadatelor@taco-bell.ro
- protectiadatelor@spheragroup.com.

Access to (quality) information

To support the positive impact of providing clear and accessible product information and to capitalize on opportunities to strengthen consumer loyalty, the Sphera Group continued in 2025 to maintain and improve consumer access to relevant information. To ensure consumer access to quality information, the Group implements ongoing measures in accordance with its Responsible Marketing Policy. Thus, the Group provides information about its products, including nutritional details and allergen information, both in restaurants (in print, located near the cash registers, and digitally, via kiosk-style ordering tools) and on the websites of each entity. The information is verified to eliminate the risk of errors and ensure its accuracy. Verification procedures include a detailed review of supplier specifications and their analysis by accredited laboratories.

Health and safety

To protect consumer health and safety, the Sphera Group continued, throughout 2025, to implement food safety control and monitoring measures, ensuring compliance with the quality standards required by Yum! Brands and applicable national and international regulations.

The food safety management system included internal and third-party audits, periodic supplier evaluations, maintenance of ISO 22000:2018 certification for restaurants in Romania, and the implementation of the QSA (Quality System Audit). All poultry suppliers are GFSI- (Global Food Safety Initiative) certified and are audited in accordance with animal welfare requirements.

To prevent and manage potential incidents, the Group maintains a monitoring and rapid response system that enables the immediate identification, reporting, and resolution of food safety non-conformities.

At the same time, the Group works continuously with its suppliers and partners to ensure product quality, monitoring the implementation of corrective measures where necessary. These actions support the objectives set out in the 2025–2030 ESG Strategy regarding the improvement of product performance, consumer safety, and the assurance of a responsible supply chain.

To support a positive impact on consumers, the Sphera Group maintained, throughout 2025, the food safety measures implemented in previous years, ensuring compliance with quality standards and thereby protecting their health and safety. The Group continued to implement food quality and safety control procedures, adhering to international practices and national regulations. These included supplier audits and maintaining ISO 22000:2018 certification for its restaurants in Romania.

During the reporting year, 100% of the restaurants inspected by food safety oversight bodies met the required standards, with no critical violations recorded (0%).

Furthermore, no product recalls were recorded for food safety reasons.

However, a situation involving the recall of a product that did not meet quality standards, but posed no risk to food safety, was managed. Upon receipt of a batch of spicy ketchup used in Pizza Hut restaurants, deviations from the agreed specifications were reported (non-conforming appearance—whitish deposits, different color compared to the previous batch, different consistency and taste).

The notifications were escalated to the Quality Assurance (QA) department, which notified the manufacturer and requested the withdrawal of the affected batch from the operational cycle. The manufacturer confirmed the verification of counter-samples (with results compliant from a food safety perspective), the blocking of the affected batch's stock from delivery (approximately 2,400 units), and the implementation of corrective measures, including the sanitization of the production line and the retraining of staff.

The QA Department monitored the implementation of corrective measures and requested the root cause analysis report and official confirmation of the incident closing. To ensure that processes for addressing significant negative impacts on consumer health and safety are in place and effective, the Sphera Group continued to apply a monitoring system and rapid-response intervention for incidents affecting food safety. In addition, throughout 2025, the Group

maintained constant dialogue with suppliers to prevent similar situations. These measures are integrated into a broader food safety assurance framework, aligned with both legal regulations and the standards set by the franchisor Yum!

All suppliers of key raw materials are regularly audited by an independent company approved by the franchisor Yum! Brands. Throughout 2025, all suppliers' poultry farms were audited in accordance with the provisions of the Animal Welfare audit.

To capitalize on the opportunity to strengthen the organization's reputation and ensure a safe product offering, the Sphera Group collaborated exclusively, throughout 2025, with GFSI (Global Food Safety Initiative)-certified poultry suppliers and supported the QSA (Quality System Audit), and animal welfare is an essential principle that they must adhere to.

We collaborate in the medium and long term with suppliers that hold GFSI (Global Food Safety Initiative) certifications.

Furthermore, during the same period, no confirmed outbreaks of foodborne illness associated with Sphera restaurants were reported, with the incidence rate remaining at 0%, and no outbreak required further investigation.

Responsible marketing practices

To strengthen consumer trust and prevent risks associated with irresponsible marketing, the Sphera Group continued, in 2025, to implement the measures set forth in the Responsible Marketing Policy, ensuring transparency and compliance in all commercial communications.

The Group continued to enforce rules regarding advertising directed at minors, avoiding direct promotion to children under 15 and the dissemination of advertising materials in media dedicated to them. All marketing campaigns were conducted in accordance with legal regulations and voluntary codes regarding marketing communications, with no non-compliance, sanctions, or warnings recorded.

To support informed consumer decisions, the Group ensured transparency regarding nutritional information and ingredients by updating product labels and maintaining their availability in restaurants and on the brands' digital platforms.

The Group also continued to use digital feedback platforms and reporting channels to promptly identify and address consumer concerns, with no reported cases of significant negative impact on their rights.

By implementing these measures, the Sphera Group contributes to fostering a culture of ethical, transparent, and responsible communication, aligned with the principles of the 2025–2030 ESG Strategy.

By implementing the Responsible Marketing Policy, the Group has ensured transparency in its marketing campaigns, complying with legal regulations, particularly regarding promotions targeting minors.

This measure has helped prevent negative influence on consumer behavior, thereby reducing the risk of losing their trust and strengthening the organization's market position by attracting new customer segments.

During the reporting period, no incidents of non-compliance with regulations regarding product and service information and labeling were recorded within the companies of the Sphera Group.

6.4 Indicators and targets

The ESG Strategy 2025–2030 includes measurable goals and targets for consumer protection, food safety, and responsible communication. These are:

Strategic goal: Ensuring access to quality information and protecting consumer privacy by 2030 with the following targets:

- Zero incidents involving consumer data privacy.
- Maintaining full compliance with regulations and voluntary codes regarding marketing communications throughout the 2025–2030 period.

Strategic goal: Improve performance related to products, consumer safety, and animal welfare, in line with the principles of responsible and sustainable marketing by 2030, with the following targets:

- Continuously improve food quality and safety across all Sphera Group locations by 2030.
- Sourcing all key raw materials exclusively from certified suppliers by 2025.

In addition to defining strategic goals and targets, the Sphera Group monitors the effectiveness of implemented actions through mechanisms specific to each material area, such as internal and external food safety audits, data protection security tests, verification of advertising message compliance, and analysis of consumer feedback.

Progress will be reported annually, based on qualitative and quantitative indicators associated with each target, starting with the report for the year 2025.

Indicator	U.M.	2025	Target
Number of data privacy incidents	No. of incidents/year	0	Zero incidents/year
Number of data privacy training sessions for management	No. of sessions/year	1	≥ 1 session/year, 100% management participation, starting in 2025
Number of marketing non-compliance incidents	No. of incidents/year	0	Zero incidents/year

Indicator	U.M.	2025	Target
Employees trained on food safety	% of staff trained/year	100%	100% annually
Raw materials purchased from GFSI-certified suppliers	% of purchased volumes	100%	100% by 2025 and maintained thereafter
Meat suppliers monitored for animal welfare	% of suppliers monitored/year	100%	100% monitored annually

7 Governance information

7.1 ESRS G1 Professional conduct

7.1.1 ESRS 2 GOV-1 Role of the administrative, management, and supervisory bodies

Within the Sphera Group, the primary role regarding professional conduct rests with the Board of Directors (BoD) and the CEO, who, through executive management and internal operational structures, coordinate compliance activities. In this way, the company's executive management ensures that its operations are conducted in a socially responsible manner, in accordance with ethical standards, while also ensuring transparency in the decision-making process and promoting an organizational culture based on integrity.

At the same time, the Audit Committee, through the internal auditor, ensures compliance with legal provisions and internal regulations regarding the management of financial risks, fraud, and criminal risks, including those associated with corruption, bribery, or the giving of bribes.

At the operational level, the Legal Department plays a central role in safeguarding integrity and ensuring compliance with the ethical framework across all Sphera Group activities. It provides legal assistance in interpreting legislation and managing conflicts of interest, monitors the implementation of the Code of Conduct, and actively participates in internal investigations to ensure compliance with ethical standards.

The Board of Directors is responsible for setting the main directions of activity and development, including the implementation of accounting policies and the financial control system, which entails standards of integrity and ethics in all of the Group's processes. In addition, the Board of Directors oversees the work of the CEO and other executive directors to ensure they adhere to standards of professional conduct.

The CEO plays a direct role in overseeing compliance and in liaising with the Board, maintaining active communication to ensure adherence to internal standards and policies.

Board members are selected based on their skills and experience, including in areas such as business ethics, compliance, and corporate governance. The CEO and executive directors actively monitor adherence to standards of conduct in daily operations.

Board members and the executive team annually update their knowledge of professional conduct by accessing specialized resources and participating in training sessions based on regulatory materials (policies and procedures) and awareness-raising activities (presentations and informational materials).

7.1.2 ESRS 2 IRO-1 – Description of the processes for identifying and assessing significant impacts, risks, and opportunities

Identifying impacts, risks, and opportunities related to professional conduct is part of the broader process of identifying all sustainability impacts, risks, and opportunities.

To address the requirement regarding the identification of impacts, risks, and opportunities associated with professional conduct (the effects and situations that may arise if the organization and its employees do not comply with ethical standards), the double materiality analysis, revised in 2025, focused on relevant aspects such as corporate culture, animal welfare, supplier relationship management, and the prevention of corruption and bribery. The review of the analysis did not result in a change to the previously identified material topics, but rather in a clarification and reformulation of certain associated impacts, risks, and opportunities. The analysis took into account all relevant criteria, including the location of operations, activities carried out, the sector of activity, and the structure of transactions. Corporate culture is guided by internal policies and employee training programs, aimed at fostering professional conduct that upholds ethics, diversity, inclusion, and mutual respect.

Regarding animal welfare, the company ensures compliance with international animal protection standards throughout its supply chain by collaborating with suppliers who adhere to strict regulations in this area. Supplier relationship management is governed by a Supplier Code of Conduct, which sets out expectations regarding responsible and ethical practices toward animals.

The prevention of corruption and bribery is integrated into the Group's overall governance framework through the implementation of strict compliance measures. These measures include mechanisms for reporting violations and zero-tolerance policies toward unethical behavior.

Risks are assessed and classified based on the severity of their impact on operations and financial reporting. Categories include financial, compliance, operational, and ESG (Environmental, Social, and Governance) risks. This process involves both an analysis of traditional risks (e.g., credit, liquidity, currency) and emerging risks, such as cyber or climate-related risks.

Among the criteria relevant for identifying impacts, risks, and opportunities related to professional conduct are:

- *Location*: The analyses take into account the diversity of operations across the three geographic markets (Romania, Italy, and the Republic of Moldova), considering local regulations and specificities.
- *Activity*: All operational segments are evaluated, including KFC, Pizza Hut, and Taco Bell restaurants, with a focus on customer interactions, the supply chain, and internal operations.
- *Sector*: Sphera aligns its risk analysis with international standards applicable to the food industry (e.g., SASB) and the requirements of franchisor Yum! Brands regarding integrity and ethical conduct. As part of the double materiality analysis process, we used the SASB standards specific to the restaurant industry to identify relevant material topics. These standards provide a structured framework for addressing issues such as food safety, supply chain management, nutritional content, fair labor conditions, as well as the efficient use of energy, water, and waste management. The process began with the identification of these material topics in accordance with SASB guidelines, followed by a detailed assessment of their impact on Sphera Group's operations, value chain, and stakeholder relationships.

- *Transaction Structure*: Within the franchise relationships with Yum! Brands, risks of contractual non-compliance are assessed, as well as opportunities for expansion and innovation.

In addition, as part of the risk identification and assessment process described in detail in the Annual Report, the Group has implemented a robust internal control system.

The Board of Directors oversees risk management at all levels of the organization, and direct responsibility is delegated to the Audit Committee. The Audit Committee assesses the effectiveness of the risk management system, receives periodic reports on identified risks, and verifies the corrective measures implemented.

The Internal Auditor plays a key role in identifying risks and opportunities. The Internal Auditor verifies the implementation of action plans and prepares an Annual Audit Plan, reporting functionally to the Audit Committee and administratively to the CEO.

At the operational level, department managers are responsible for the day-to-day implementation of risk management processes.

Below are the main impacts, risks, and opportunities identified during the review process conducted in 2025:

Material subtopic and Material sub-subtopic	Location of Impact	Type	Impact source	Timeframe	Positive impacts (I+)	Timeframe	Negative impacts (I-)	Risks (R)	Opportunities (O)
Corporate culture	upstream, own operations	M, F	B	A, P	Implementing the Code of Conduct and anonymous reporting mechanisms contribute to a safer work environment from an ethical and psychosocial perspective. Training managers through "Leading with Heart" can improve interpersonal relationships and reduce discrimination or harassment.	A	The lack of a strong corporate culture within the Sphera Group and sector-specific working conditions (high turnover rate) can affect employee well-being and lead to decreased satisfaction and mental health. It can also create challenges related to compliance and alignment among the organization's various structures at the country and location levels.	-	A strong corporate culture can attract and retain talent, improve employee morale, and strengthen the company's reputation as an ethical and responsible leader.
Animal welfare	upstream, own operations	M, F	B	A,	The company supports animal welfare by working with suppliers who adhere to ethical standards in farming and caring for livestock.	A	The persistence of inappropriate practices in the supply chain (e.g., overcrowding, lack of medical care) negatively affects animal health and welfare.	-	Implementing stricter welfare standards than competitors can lead to market differentiation and foster loyalty among ethically conscious consumers.
Managing supplier relationships, including payment practices	upstream, own operations	M, F	B	A	The existence of the Supplier Code of Conduct and periodic assessments promote better working conditions and respect for human rights upstream. A high percentage of local suppliers (91% for chicken, 68% for other raw materials in Romania by 2024) ensures support for regional economic development.	A	Poor management of supplier relationships in general, and payment terms in particular, could have a negative impact on their operations (e.g., cash flow), on their staff (delayed payments), and could lead to disruptions in the supply chain or unfair market practices.	Reliance on a few local suppliers creates a financial risk in the event of their instability.	-
Corruption and Bribery Prevention and detection, including training	upstream, own operations	M	S	A	The zero-tolerance policy toward bribery and corruption and anonymous reporting channels contribute to a more ethical and equitable work environment for employees and partners.	-	-	-	-

Key:
Impact type: F = financial impact, M = material impact, MF = material and financial impact

Time horizon: A = current impact (reporting year), P = potential impact (medium and long term)
Source of impact: S = impact stemming from strategy and business model, B = impact underlying the strategy

7.1.3 G1-1 Policies on professional conduct and corporate culture

The Sphera Group emphasizes maintaining high standards of ethics and integrity in the conduct of its business activities. Management's commitment to complying with applicable laws in every country where it operates has led to the adoption of internal policies and procedures that are mandatory for all employees, regardless of position or type of contract. The Group's existing policies promoting ethical and honest conduct, as well as compliance with local and international regulations, are summarized below.

The Sphera Group **Code of Conduct** applies to all subsidiaries and employees in all countries where the Group operates, including Romania, Italy, and Moldova, providing a framework for ethics, transparency, and compliance with the law. Its main objective is to promote a corporate culture based on integrity, thereby strengthening trust and relevance, the two pillars of the Sphera Group's vision. The Code addresses the risks associated with unethical behavior and its impact on the company's reputation. Compliance with the Code of Conduct is monitored through a set of formal mechanisms through which any violations can be reported. These include internal reporting channels made available to employees (speak-up line, employee hotline, or email to the direct supervisor or company management), through which suspicions of violations of the Code of Conduct can be reported, including confidentially. Depending on the channel, the report is investigated, monitored, and resolved. Responsibility for implementation lies with executive management. The Code is accessible to all employees and stakeholders on the Group's website and is aligned with international standards of ethics and corporate governance.

The Supplier Code of Conduct is the document governing the Sphera Group's supply chain. This Code is an integral part of the commercial contract and is signed and adopted by all raw material suppliers. We thus establish criteria for social responsibility and environmental protection for the supply chain, forming sustainable partnerships that comply with the Group's principles.

The Code helps prevent risks of human rights violations and negative environmental impacts. Compliance is monitored through unannounced on-site inspections at manufacturing facilities (including those of subcontractors) and at housing provided by the employer, review of employment records and registers, and private interviews with the supplier's employees.

Responsibility for implementation lies with the procurement and compliance department. The Code is available to all partners and stakeholders on the Sphera Franchise Group website.

The Anti-Corruption Policy promotes zero tolerance for bribery and corruption, ensuring compliance with legislation and ethical practices. It applies to all employees, subsidiaries, and partners, prohibiting the influence of public officials, the offering of gifts or improper payments, as well as the misuse of company resources. It also includes rules regarding gifts and donations and imposes sanctions for any violation of this policy.

The main objective is to prevent and combat corruption by holding employees accountable while ensuring that the Group's activities are conducted in a socially responsible manner. All employees are responsible for preventing, detecting, and reporting bribery and any acts of corruption encountered in their daily activities, regardless of their position or role within the Company. The roles most vulnerable to the risk of corruption and bribery are executive management, general managers of subsidiaries, and department heads responsible for various procurement activities, as they are directly involved in decision-making processes and transactions with potential exposure to unethical practices. The Policy mitigates legal and reputational risks and internally monitors any suspicion regarding an act of corruption or bribery, past, present, or future, that violates this Policy, by immediately reporting it to a superior or to any member of the Company's

executive management. Additionally, via the Speak Up Line hotline, reports of corruption can be made both internally and externally, with anonymity and confidentiality guaranteed. The Board of Directors approves and oversees the implementation of the anti-corruption policy; executive management is responsible for monitoring and enforcement; and control mechanisms, including internal audits and the Speak Up Line anonymous reporting channel, are managed by the units designated for compliance and internal control. The policy is accessible to all stakeholders on the organization's website.

The Group's **compensation policy** aims to strengthen the alignment between its business strategy and its long-term interests. It establishes a link between compensation and actual performance, encouraging individual and team contributions to the Group's achievements, as well as adherence to the corporate culture and values. The policy applies to the company's executives, namely any member of the board of directors, as well as any director in the case of a unitary management system, in accordance with Law 31/1990. It addresses the risk of unfair labor practices. The Compensation Policy is drafted by Sphera's Nomination and Compensation Committee, which submits it, as a recommendation, for discussion by the Board of Directors, with the final version to be submitted for approval to the Company's Annual General Meeting of Shareholders. Once approved by Sphera's Ordinary General Meeting of Shareholders, the compensation policy becomes applicable and binding. If the Ordinary General Meeting of Shareholders of the Sphera Group does not approve the compensation policy, the Board of Directors will continue to apply the current policy, while also being obligated to propose an alternative version of it, which will be submitted for approval at the next Ordinary General Meeting of Shareholders. Shareholders are encouraged to submit written proposals to the company, with a view to aligning them with the remuneration policy subsequently proposed for approval. The company will put the compensation policy to a vote at the Ordinary General Meeting of Shareholders whenever there is a significant change and, in any case, at least once every four years. The policy is available on the company's website for stakeholders. The implementation and monitoring of the compensation policy within the Sphera Group is the responsibility of the Nomination and Compensation Committee. Monitoring of the implementation of the compensation policy is carried out by the Nomination and Compensation Committee, which periodically reviews the application of the principles set forth in the policy and, when necessary, makes recommendations to the Board of Directors. The Board of Directors exercises oversight over the application of the policy within the corporate governance processes, and any significant amendment to it is subject to the approval of the General Meeting of Shareholders, in accordance with applicable legal and statutory provisions. It consists of three members appointed from among the members of the Board of Directors by vote, and their term of office is valid for the duration of their membership on Sphera's Board of Directors. The compensation policy was revised in April 2025, with no significant changes from the version applicable in 2024, and its basic principles and mechanisms were maintained.

The Conflict of Interest Policy governs situations in which the personal or professional interests of directors and executive directors may conflict with their obligations to the company. It imposes obligations to disclose conflicts, refrain from decisions in such cases, and ensure transparency in reporting transactions with related parties.

The policy applies to all directors or executive directors of the Sphera Group. Its objective is to protect the integrity of corporate decisions, thereby addressing risks related to financial loss, reputational damage, and legal sanctions.

The Audit Committee reviews conflicts of interest subject to the Policy and oversees transactions with related parties to identify and manage potential conflicts of interest. Monitoring is carried out through mandatory annual reports, internal audits, and ad hoc controls, and in the event of identified irregularities, the Audit Committee may request corrective measures, reporting to the Board of Directors, and the application of sanctions in accordance with applicable law. The policy is supplemented as appropriate by applicable legal provisions and the Company's Articles of Incorporation, in particular, but not limited to: Law 31/1990 on companies and the Corporate Governance Code of the Bucharest Stock Exchange. The policy is public and available on the company's website for stakeholders.

The Data Protection Policy ensures compliance with European data protection legislation (GDPR), protecting the personal information of employees, customers, and partners. It includes principles such as lawfulness, fairness, transparency, data minimization, secure storage, and respect for individuals' rights. Technical and organizational measures, such as encryption, impact assessments, and periodic audits, are implemented to ensure security and confidentiality.

It applies to all legal representatives, executive and non-executive directors, administrators, managers, and employees of the Company, including temporary employees, staff under personnel leasing arrangements, and contractors. Staff must read, understand, and adhere to this Policy and applicable legislation.

The risks addressed include data breaches and cyberattacks, while also minimizing legal penalties in the event of non-compliance with applicable laws. Security measures include encryption and periodic audits. The Policy has been approved by the Board of Directors and is implemented under the supervision of the Data Protection Officer, and is accessible to stakeholders on the company's website.

Sphera's human rights policy and key supply chain commitments promote respect for human rights, equality, and the prohibition of discrimination, forced labor, and child exploitation, by imposing ethical standards on suppliers and conducting compliance audits, with mechanisms for anonymous reporting of violations.

The policy applies to all employees and core suppliers, preventing risks of fundamental rights violations. Monitoring is conducted through audits and anonymous reporting mechanisms, and its implementation is ensured by the compliance and procurement department. The policy is available on the company's website for stakeholders.

Sphera's animal welfare policy is a key element of the process of supplying food to consumers. The policy upholds the commitment to continuously improve animal welfare at all stages of the supply chain.

It applies to farms that supply meat, and its objective is to reduce the risks of non-compliance with international animal welfare regulations. The policy is monitored through audits and imposes strict requirements on suppliers. Implementation is overseen by the procurement and quality departments and is available on the company's website.

The procurement procedure is a key component of the supply chain process, outlining the steps that companies within the Sphera Group must follow, including evaluation criteria. Its objective is to optimize the supplier selection process and ensure suppliers' compliance with the Sphera Group's ethical and sustainability standards. This includes the steps necessary for evaluating and selecting suppliers, using criteria such as price, quality, respect for human rights, and environmental protection. In addition, suppliers for the KFC, Pizza Hut, and Taco Bell brands are evaluated according to Yum! Brands' global methodology, and all suppliers are verified by the

Legal Department prior to inclusion in the selection process, thereby ensuring there are no conflicts of interest or pending litigation.

The procurement procedure applies to all global and local sourcing activities, including supplier selection and contract negotiation, and covers the entire value chain, from upstream to downstream suppliers. For global procurement processes, the Yum! Brands team coordinates the selection and negotiation of commercial terms, while local procurement teams are responsible for their implementation. Significant risks managed through this procedure include fraud, conflicts of interest, and non-compliance with legal regulations, while opportunities relate to increasing sustainability and improving supplier relationships. Furthermore, within the procurement process, special attention is given to evaluating suppliers based on additional criteria, such as reducing the carbon footprint, adhering to ethical standards, and supporting sustainable economic development.

The policy is implemented at the highest level of the organization, being approved and overseen by the Board of Directors, which ensures its alignment with the Group's regulations and strategic objectives. Monitoring is carried out by local and global procurement teams, in collaboration with the Legal Department, through periodic contract reviews, internal audits, and dedicated reporting mechanisms. Assessments include verifying the compliance of suppliers and the supply chain with policy requirements, and any non-compliance is reported to executive management, which may order corrective measures or escalate the matter to the Board of Directors. The Group is committed to comply with relevant international standards, including the principles of the International Labour Organization and other international regulations.

The Sphera Group has an internal reporting procedure for violations of the law through which, in addition to fulfilling the legal obligations imposed by the Whistleblower Law, the Group commits to comply with the highest standards of openness, integrity, and accountability in protecting individuals who report violations of the law, such as acts of corruption, illegal conduct, or behavior inconsistent with applicable legal provisions. This policy has been communicated electronically to all employees and is available on the company's intranet for ongoing reference. Information regarding internal integrity channels is also accessible on the company's website and in informational materials displayed in all organizational units. The Sphera Group offers the following internal channels for reporting incidents:

- the Speak Up! hotline, available 24/7, at 0373760274;
- the email address integritate@spheragroup.com or via mail to Sphera Franchise Group, 239 Calea Dorobanților, 2nd floor, 1st District, Bucharest, for the attention of the Person designated to handle integrity notifications.
- direct reporting to the Person designated to handle integrity notifications within the Group, through a pre-scheduled meeting.

The Sphera Group adheres to the principles of Directive (EU) 2019/1937 on the protection of persons reporting breaches of Union law, transposed in Romania by Law 361/2022 on the protection of whistleblowers in the public interest ("the Whistleblower Law"). Currently, the Sphera Group establishes principles and actions for the protection of whistleblowers within the Internal Reporting Procedure for Legal Violations, as well as within the Code of Conduct. More details are available on the Group's dedicated webpage.

The Sphera Group ensures that the identity of the person making the report is not disclosed to anyone without their explicit consent, except to authorized members of staff who are competent to receive reports or take subsequent action. All processing of personal data carried out under

the Whistleblower Law is conducted in accordance with Regulation (EU) 2016/679, Law 363/2018, and the provisions of Regulation (EU) 2018/1725.

The Sphera Group takes the necessary measures to prohibit any form of retaliation, including threats and attempts at retaliation against those who report such incidents.

All reported incidents are directed to a designated member of the Sphera Group who initiates a compliance verification process, requesting additional information and documents and, if necessary, launching an internal investigation. This process involves the selective participation of management members, depending on the nature of the reported incident, with strict confidentiality of data and information. Additionally, the Internal Reporting Procedure for Legal Violations is communicated electronically to all employees and is available for future reference on the company's intranet. It details the internal rules and principles underlying the reporting channels available to whistleblowers, as well as the contact information of the Group's Designated Person, who is responsible for conducting the necessary investigations required based on each individual report. The Designated Person was appointed by decision of the CEO, acts impartially, and is independent in the exercise of these duties. This person reports directly to the CEO and also holds specialized legal qualifications that contribute to the professional management of the Group's integrity channels.

The Sphera Group has various internal regulations, such as the Internal Regulations, the Code of Conduct, the Work Instruction on Conducting Disciplinary Investigations, and the Procedure on Preventing and Combating Discrimination, Intimidation, and Harassment regarding aspects related to employee conduct during the employment relationship.

Furthermore, managers' behavior is also regulated by the internal professional development program "Leading with Heart," which promotes professional conduct through effective behaviors. Every manager with more than six months of seniority participates in the "Leading with Heart" training program, held twice a year. The program is not limited to providing information but starts with an individual assessment report, which allows for a personalized approach to manager development. The training includes interactive sessions based on awareness techniques and practical tools, helping managers improve their behaviors. Through this structured approach, the program contributes to a professional and balanced work environment.

The Code of Conduct applies to all subsidiaries and is the document that highlights the commitment to transparency, integrity, ethics, and compliance with the law, intended for all employees, regardless of their position in the hierarchy.

Upon starting collaboration, new employees are explicitly informed of the obligation to adhere to the Code of Conduct, which can be accessed at any time by any stakeholder. Additionally, annual awareness campaigns are organized regarding the provisions of the Code and any changes or updates.

7.1.4 ESRS2 MDR-T

The Sphera Group has established measurable sustainability targets, such as auditing suppliers of raw materials and ensuring compliance with the Code of Conduct, which were achieved by 2025.

In 2025, the Sphera Group finalized and approved the Sustainability Strategy for 2025–2030, which includes goals and targets for the governance component. In this context, Strategic goal 1 was defined: Improving the ESG governance model and continuing to implement sustainable policies in business operations and supplier relationships by 2030.

The targets associated with this objective include:

- establishing an integrated process for identifying, assessing, and managing risks, including ESG risks, by the end of 2026;
- incorporating ESG performance indicators into the management team's bonus system and rolling them out to operational teams by the end of 2028;
- strengthening the framework for responsible supplier selection and collaboration by integrating ESG criteria into procurement and the annual evaluation of key suppliers.

The targets were defined in direct correlation with the impacts, risks, and opportunities identified through the double materiality analysis and reflect an integrated approach to material issues regarding corporate culture, animal welfare, supplier relationship management, as well as the prevention of corruption and bribery.

Thus, the development of an integrated process for identifying, assessing, and managing ESG risks directly addresses the identified risks related to supply chain disruption, supplier dependency, and compliance and integrity risks, explicitly including risks associated with payment practices, as well as bribery and corruption risks. Integrating these dimensions into a formal risk management framework helps strengthen a corporate culture based on ethics, responsibility, and prevention, reducing exposure to non-compliant behavior and operational risks

Integrating ESG indicators into the bonus system helps strengthen corporate culture and align managerial behavior with adopted ethical standards, including criteria regarding compliance, responsible conduct in relations with partners, and the prevention of bribery and corruption. By linking managerial performance to ESG objectives, the Group operationalizes its commitments to integrity and responsibility in business decisions.

Strengthening the framework for responsible supplier selection and collaboration by integrating ESG criteria into procurement processes and the annual evaluation of key suppliers addresses the IROs related to supplier relationship management, including those regarding payment practices and supply chain stability, as well as those concerning animal welfare. This approach reduces the risk of inappropriate practices upstream and supports a responsible and resilient value chain.

The 2024 report indicated the intention to define measurable targets for the material issues identified through the double materiality analysis. In finalizing the 2025–2030 ESG Strategy, the Group decided to structure these in an integrated manner, so that certain sub-themes, including the prevention of corruption and bribery, are addressed through cross-cutting targets aimed at strengthening the ESG governance framework. In this regard, risks related to corruption and bribery are included in the target to establish an integrated process for identifying, assessing, and managing ESG risks by the end of 2026, as well as in the target to incorporate ESG performance indicators into the management team's bonus system, which will also include ethics and compliance criteria.

Consequently, no separate numerical targets have been set for corruption and bribery, as the Group concluded that integrating them into the risk management framework and managerial accountability mechanisms is an approach more suited to the preventive and systemic nature of these risks.

In this way, the established targets operationalize the results of the materiality analysis and ensure the cross-cutting integration of material issues into the Group's governance mechanisms and operational processes.

The targets presented apply to all entities within the Group and cover the Group's own operations in all countries where it operates. They do not impose direct obligations on the downstream value chain, but they do include elements related to the upstream value chain regarding the integration of ESG criteria into procurement processes and supplier evaluation. Since two of the targets involve the development and implementation of new processes and mechanisms (integrated ESG risk management by 2026 and the integration of ESG indicators into the bonus system by 2028), a historical baseline year is not applicable; progress will be assessed relative to the implementation status by the established deadlines. For the target regarding the annual assessment of key suppliers, progress is monitored through internal procurement and periodic reporting processes and presented below.

The targets were based on the results of the double materiality analysis, during which stakeholders were consulted on material topics. The specific definition of the targets and the implementation timeline was carried out by internal experts and Group management, based on the prioritization of identified impacts, risks, and opportunities.

There have been no changes to the targets or monitoring methodologies since the approval of the 2025–2030 ESG Strategy.Corporate Culture

Within the Sphera Group, corporate culture is grounded in principles of ethics, responsibility, and compliance, integrated both internally and in relationships with business partners. The objectives set out in the 2020–2024 Sustainability Strategy included, *inter alia*, having all suppliers of basic products sign the Code of Conduct and auditing chicken suppliers against animal welfare standards. These objectives were achieved and contributed to reducing supply chain risks and strengthening ethical practices during the reporting period. Through the implementation of the 2025–2030 Sustainability Strategy, the Group continues its commitments regarding professional conduct and responsibility in the supply chain. Through Strategic goal 1—Improving the ESG Governance Model—the Group aims to strengthen its supplier selection and responsible collaboration processes by integrating ESG criteria into procurement and the annual assessment of key suppliers. Thus, ethical principles, compliance with applicable laws, and human rights standards remain key requirements for the Group's business partners.

Among the targets related to Strategic goal 1, the development of an integrated ESG risk management process (deadline 2026) and the integration of ESG indicators into the bonus system (deadline 2028) represent future implementation goals, for which progress will be reported in stages until the established deadlines. The target regarding the integration of ESG criteria into procurement and the annual assessment of key suppliers is operational during the reporting period and is monitored through annual audits and evaluations, as described below.

Compliance with professional conduct is monitored via the Speak Up Line system, which allows employees and external partners to confidentially report deviations from the Group's policies and values. Notifications are analyzed, and, depending on the case, investigations are conducted and corrective measures are implemented. In addition, analyzing reporting trends helps identify recurring risks and improve internal procedures.

Animal welfare

In 2025, poultry suppliers were audited against animal welfare standards. For other key suppliers, unannounced inspections were conducted, along with employee interviews during visits to supplier sites, as well as reviews of processes and documentation. Sphera maintains the same vigilant approach when there are indications or suspicions of non-compliance with the nine categories in the code of conduct. Furthermore, discussions regarding the monitored categories of conduct took place during year-end meetings.

These measures are part of an ongoing monitoring process designed to ensure compliance with sustainability requirements and contractual obligations, helping to identify and manage risks in the supply chain.

The categories monitored and assessed throughout the process are:

Child labor (under the age of 14 or 15)
Coercion and harassment
Discrimination
Health and safety
Non-voluntary labor
Freedom of association
Environmental protection
Regulations regarding fair compensation
Other local and national laws, as well as industry standards.

These commitments reinforce a responsible approach to animal welfare and product safety, helping to reduce risks and strengthen ethical practices throughout the supply chain.

Supplier relationship management, including payment practices

In 2025, the Sphera Group maintained a responsible approach to managing supplier relationships, with a focus on compliance with contractual terms, transparency, and fair payment processing. Payment practices continue to be monitored periodically by analyzing processing times and identifying situations that could cause delays. This monitoring aims to prevent the risk of unfair treatment, particularly for small and medium-sized enterprises, and to ensure supply chain stability.

The Sphera Group's 2025–2030 ESG Strategy foresees the strengthening relationships with suppliers by integrating ESG criteria into the selection, collaboration, and annual evaluation processes, with the aim of reducing risks and improving the sustainable performance of the supply chain.

These measures contribute to a business partnership based on compliance, ethics, and sustainable performance, supporting the reduction of risks in the supply chain and ensuring operational continuity (particularly for SMEs).

For the component regarding supplier relationship management, including payment practices, the Sphera Group has not currently established measurable, results-oriented targets; the implementation of the strategy is supported by the use of operational tools, such as ESG assessment forms and surveys administered to suppliers.

Corruption and bribery

There is currently no target in the area of corruption and bribery prevention, but the policy is monitored only through periodic reviews of reporting mechanisms and the verification of incidents reported through anonymous reporting channels. During the reporting period, no other measures were implemented to monitor the implementation of the policy on bribery and corruption.

7.1.5 ESRS 2 MDR-A

The Sphera Group implements a set of actions to manage material sustainability issues. These actions are structured to prevent, mitigate, and remedy current and potential impacts, address relevant risks and opportunities, and contribute to achieving professional conduct objectives.

Corporate culture

Regarding corporate culture and business ethics, in 2025, the Sphera Group continued to implement and monitor the Employee Code of Conduct, which establishes fundamental ethical principles for employees. The Group also maintained the Supplier Code of Conduct, which regulates standards of ethics and responsibility in commercial relationships with partners. All employees and collaborators were informed about the Code of Conduct through onboarding training, the signing of the Supplier Code of Conduct, and the fact that these documents are publicly available.

Additionally, the mechanism for anonymously reporting irregularities via dedicated channels remained active throughout 2025, ensuring transparency and accountability within the organization.

Animal welfare

Regarding animal welfare, the Sphera Group conducts annual audits at farms that supply chicken meat. These audits are performed by an independent company approved by the franchisor Yum! Brands. Throughout 2025, all farms supplying chicken meat were audited in accordance with the provisions of the Animal Welfare audit.

The Animal Welfare audit aims to ensure compliance with the "Five freedoms" of animal welfare established by the Farm Animal Welfare Council (FAWC). Thus, suppliers are required to adhere to practices that promote animal health and comfort, including proper nutrition, a safe and stimulating environment, and adequate medical care, to support the animals' robustness and vitality. KFC also imposes strict bans on genetic modification, cloning, and the use of growth promoters, emphasizing the need for humane treatment at all stages of production, including at the time of slaughter

Supplier relationship management, including payment practices

This aspect is addressed through the implementation of the Supplier Code of Conduct, which includes clear requirements regarding respect for human rights, environmental protection, and business ethics. The supplier audit process is implemented to ensure compliance with sustainability and ethical standards. Throughout 2025, all suppliers of basic products were assessed.

In addition, local sourcing is promoted to reduce the carbon footprint and support the regional economy. In 2025, approximately 94% of the chicken sourced, and 68% of the other categories of raw materials sourced, came from local suppliers for the entities in Romania.

Another tool that ensures transparency and efficiency in supplier relationships is the Procurement Procedure. This requires that suppliers to the KFC, Pizza Hut, and Taco Bell brands be audited in accordance with Yum! requirements. Suppliers invited to participate in the evaluation process are first reviewed and approved by the legal department in accordance with specific procedures (including, but not limited to, the assessment of potential conflicts of interest, ongoing litigation etc.) and by the procurement department, which conducts an annual assessment of the supplier's financial health. Throughout 2025, all poultry suppliers and staple products were assessed in this manner.

Corruption and bribery

To prevent the impacts and risks associated with corruption and bribery, the Group implements the Anti-Corruption Policy, which prohibits any form of bribery, fraud, or influence peddling, both within its own operations and in its relationships with business partners. Additionally, the mechanism for reporting illegal and unethical practices has been kept active, guaranteeing anonymity for whistleblowers. At the same time, the Sphera Group has strengthened preventive measures by organizing training sessions dedicated to preventing and identifying bribery and corruption practices. All individuals identified as being at risk of corruption and bribery, as well as members of management, participated in specific training on compliance obligations, conflicts of interest, internal reporting mechanisms, and the consequences of non-compliance with the ethical framework. The expected outcome is to strengthen the capacity for prevention and early identification of non-compliant behavior, reduce the risk of legal violations, and reinforce a corporate culture based on integrity.

In accordance with the 2025–2030 ESG Strategy, approved in 2025, the Group has defined as a strategic action the development and implementation by the end of 2026 of an integrated process for identifying, assessing, and managing risks, including bribery and corruption risks. This action applies to all of the Group's own operations and will integrate integrity risks into formal internal control and management reporting processes. The expected outcome is a shift from a predominantly preventive approach (based on policies and training) to a systemic one, integrated into the overall governance and risk management framework. The initiative was formalized by its inclusion in the 2025–2030 ESG Strategy and approved by executive management. Implementation will involve defining the risk assessment methodology, establishing internal responsibilities, and integrating integrity risks into existing internal control and governance processes. No impacts requiring external remedial measures were identified during the reporting year. If complaints are received through the reporting mechanism, they are investigated in accordance with internal procedures, and corrective measures are implemented as appropriate.

7.1.6 G1-2 Management of supplier relationships

The Supplier Code of Conduct governs the Sphera Group's supply chain. The Code is incorporated into the commercial contract and is signed and adopted by all suppliers. The Group thus establishes criteria for social responsibility and environmental protection, forming sustainable partnerships. Group representatives conduct annual visits and performance evaluations of key raw material suppliers, continuously maintaining and improving service efficiency and quality standards.

The procurement procedure does not contain specific provisions regarding payment terms, as these are established through negotiations and set forth in the contracts signed with suppliers. In this regard, the Sphera Group is committed to making payments on the contractually agreed dates, ensuring full compliance with commercial obligations. Furthermore, the Group's procurement policy does not distinguish between SMEs and other types of commercial entities regarding payment terms.

Further information regarding the Sphera Group's payment practices is included in section G1-6.

The Sphera Group engages in a supplier monitoring process, including on-site visits and annual performance evaluations. This helps maintain a high standard of quality and efficiency, as well as reduce risks associated with the supply chain. At the same time, the Group encourages the use of online communication technologies to reduce physical travel, thereby contributing to a lower carbon footprint and more efficient management of time and resources.

The group works with certified manufacturers and suppliers to use sustainable materials. Among the certifications they hold are the Programme for the Endorsement of Forest Certification (PEFC) and the Forest Stewardship Council (FSC), thereby ensuring that materials are sourced responsibly. Sphera also works with suppliers that hold GFSI (Global Food Safety Initiative) certifications, thereby guaranteeing high standards of safety and quality throughout the supply chain. These requirements are part of the Group's procurement procedure and are integrated into the supplier selection process. In addition, they are reiterated annually by the franchisor (Yum!), reinforcing the commitment to responsible sourcing. The Group prioritizes partnerships with local chicken suppliers, ensuring product freshness, supporting local farmers, and optimizing procurement costs and fuel consumption.

7.1.7 G1-3 Prevention and detection of corruption and bribery

Through its actions, the Sphera Group aims to contribute to the detection and prevention of illegal and unethical behavior, including corruption and bribery. At the Group level, there are several control mechanisms designed to ensure compliance with standards of ethics and integrity in all activities.

Upon joining the company, employees are trained and sign documents detailing specific responsibilities related to the prevention of bribery and corruption. This includes the obligation not to solicit or accept material benefits in exchange for performing job duties and not to offer gifts or other benefits to individuals involved in business relationships with the company, in accordance with the Anti-Corruption Policy of Sphera Franchise Group S.A. and its subsidiaries.

The company promotes a culture of ethics and integrity, encouraging employees to report any violation of these principles without fear of retaliation. Sphera Group implements policies and procedures that ensure transparency in handling questions, ambiguities, concerns, or complaints from employees and other stakeholders.

The internal procedure for reporting legal violations has been communicated to all employees via electronic means and is permanently available on the company's intranet. Throughout 2025, this procedure was communicated to new employees upon hiring and is reiterated annually to all employees.

The reporting channel is the "Integrity Hotline – Speak up!", managed by a call center service provider, which guarantees the confidentiality and anonymity of callers. In addition, the Sphera Group also offers the following reporting methods: a) electronic communication to the email address integritate@spheragroup.com, b) communication via mail/courier to the postal address Sphera Franchise Group, 239 Calea Dorobanților, 2nd floor, 1st District, Bucharest, as well as c) direct reporting by prior appointment at the Sphera Franchise Group headquarters.

All reports are directed to a designated member of the Group, who initiates a process to verify the validity of the complaints. This process involves requesting additional information and documents and, if necessary, launching an internal investigation, which is conducted with strict respect for data confidentiality and the selective involvement of certain members of management, depending on the nature of the reported incident.

With regard to investigations, the investigative process is carried out by the Designated Person within the company, who acts impartially and is independent in the performance of these duties.

All notifications and investigations conducted via the Speak Up Line or other integrity channels are documented and reported to the CEO, ensuring that all cases are treated with the utmost seriousness and transparency. Reporting is carried out by the company's Designated Person, who is independent in the performance of these duties. Furthermore, the Designated Person will inform the Chief Executive Officer and the Chief Legal Officer when recording and reviewing reports regarding potential violations of the Code of Conduct involving the following: i) Any violation of the Code of Conduct involving a senior-level employee; ii) any risk of criminal investigation or civil or criminal penalties; iii) Fraud; iv) Conflicts of interest; v) Financial irregularities; vi) Misuse of inside information; vii) Potential reputational risk to the company. Information about internal integrity channels and reporting policies is available on the company's website (Sphera Group) and in informational materials displayed in all organizational units. This information is available in Romanian and English, thereby facilitating effective and inclusive communication. The external call center service handles telephone reports in both languages, Romanian and English, thus ensuring accessibility and understanding of the policies by all employees and stakeholders.

Sphera upholds the principles of zero tolerance for corruption and bribery, having approved and published an Anti-Corruption Policy aimed at ensuring the Group's compliance with applicable anti-bribery measures and regulations regarding corruption.

All employees are informed, upon employment, of the content and implementation of the Policy, and throughout their employment they have permanent access to the Policy via the company's website.

Throughout 2025, the company initiated training sessions on the prevention of corruption and bribery, aimed at all Sphera Group employees, regardless of position. Within the restaurants, the training targets management staff, including directors, deputy directors, managers, assistant managers, area managers, and regional managers.

7.1.8 G1-4 Incidents of corruption or bribery

During the reporting period, the SpeakUp! integrity platform received 23 reports, all of which were reviewed impartially and in strict confidence. Investigations revealed that 22 reports were unfounded and no violations of the law were found. One report, concerning a violation of the Internal Product Regulations, was confirmed. This was resolved by drafting a report on the disciplinary violation found and by retraining the restaurant team on product standards. Consequently, 1 notification was appropriately resolved, and 226 notifications were closed in accordance with the procedures set forth in Law 361/2022 on the protection of whistleblowers in the public interest. None of the 23 notifications concerned the reporting of incidents of corruption or the giving or receiving of bribes.

During the reporting period, no convictions or fines were recorded for violations of anti-corruption and anti-bribery laws.

No specific actions were required to address violations of procedures and standards regarding the fight against corruption and bribery during this period.

During the reporting period, no cases of bribery or corruption were recorded.

There were no confirmed incidents in which our own employees were dismissed or subject to disciplinary proceedings for incidents of corruption or bribery.

There were no confirmed incidents involving contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery.

No public cases of corruption or bribery against the company and its employees were reported during the reporting period.

No incidents of corruption or bribery involving actors in our value chain in which the organization or its employees were directly involved were reported.

7.1.9 G1-6 Payment practices

The Sphera Group's procurement procedure does not explicitly regulate payment terms, which are established through contractual terms agreed upon with each supplier. Consequently, payments are made in accordance with the agreed terms, and to prevent delays, we have implemented internal measures to monitor the payment process. Furthermore, the procurement procedure does not distinguish between SMEs and other types of commercial entities regarding payment terms.

In 2025, there were no pending legal proceedings related to late payments.

On average, in 2025, for companies in Romania, the Sphera Group paid invoices within 20 days of the start of the contractual payment period, with variations depending on the nature of the purchase: approximately 14 days for goods and approximately 29 days for services. On average, in Italy in 2025, invoices were paid within approximately 8 days. This average payment term, for both the Romanian and Italian subsidiaries, is calculated solely for operating expenditures (OPEX), excluding capital expenditures (CAPEX).

Payment terms are calculated based on the average of payments made. The average was calculated based on the supplier balance for the entire year 2025, using the following formula:

Number of payment days = (Supplier credit balance / Supplier credit turnover during the period) * 360.

This calculation was applied to all suppliers, except for those subject to offsets, intercompany suppliers, and franchisors.

Chairman of the Board of Directors
Lucian Hoanca

L.S.

SPHERA

SPHERA FRANCHISE GROUP SA

CONSOLIDATED FINANCIAL STATEMENTS

Prepared in accordance with Order of the Ministry of Public Finance
no. 2844/2016 approving the accounting regulations
compliant with the International Financial Reporting Standards

31 December 2025

CONTENTS

Consolidated statement of comprehensive income	2
Consolidated statement of financial position	3
Consolidated statement of changes in equity	4
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7 - 50

SPHERA FRANCHISE GROUP SA
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025
All amounts in RON thousand, unless specified otherwise

	Note	2025	2024
Restaurant sales	27	1,570,926	1,548,382
Other restaurant income	27	8,989	3,286
Restaurant expenses			
Food and material expenses		491,155	483,551
Payroll and employee benefits	8.1	373,035	344,065
Rental expenses	14	30,666	33,863
Royalties expenses	2.4.15	94,391	93,014
Advertising expenses		81,645	79,750
Other operating expenses	6	216,752	202,633
Depreciation, amortization and impairment	8.2	123,660	107,273
Restaurant operating profit		**168,611**	**207,519**
General and administrative expense	7	67,117	63,338
Profit from operating activities		**101,494**	**144,181**
Finance costs	9.1	31,017	25,499
Finance income	9.2	598	564
Profit before tax		**71,075**	**119,246**
Income tax	10	14,202	21,859
Profit		**56,873**	**97,387**
Attributable to:			
Owners of the parent		56,335	96,776
Non-controlling interests		538	611
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		46	18
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Remeasurement loss on defined benefit plan	8.1	(160)	(69)
Total comprehensive income		**56,759**	**97,336**
Attributable to:			
Owners of the parent		56,217	96,705
Non-controlling interests		542	631
Earnings per share, basic and diluted (RON/share)	24	1.4581	2.5022

These consolidated financial statements from page 2 to page 50 were approved by the Board of Directors and were authorised for issue on 25 March 2026.

Chief Executive Officer
Calin Ionescu

Chief Financial Officer
Valentin Budes

SPHERA FRANCHISE GROUP SA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
All amounts in RON thousand, unless specified otherwise

	Note	31 December 2025	31 December 2024
Assets			
Non-current assets		**636,852**	**632,258**
Property, plant and equipment	11	256,776	249,618
Right-of-use assets	14	285,821	293,279
Intangible assets and goodwill	12	61,430	59,304
Financial assets (cash collateral)	18	6,916	7,152
Deferred tax assets	10	25,909	22,905
Current assets		**141,191**	**151,286**
Inventories	16	17,104	16,396
Trade and other current receivables	17	12,993	12,661
Prepayments		8,539	6,465
Cash and short-term deposits	18	102,555	115,764
Total assets		**778,043**	**783,544**
Equity and liabilities			
Equity			
Share capital	19	581,990	581,990
Share premium	19	(519,998)	(519,998)
Treasury shares	19	(6,381)	(4,789)
Reserves for share-based remuneration	8.1	3,808	3,685
Other reserves	8.1	(1,512)	(1,352)
Retained earnings	20	68,766	95,158
Reserve of exchange differences on translation		(221)	(263)
Equity attributable to owners of the parent		**126,452**	**154,431**
Non-controlling interests		472	556
Total equity		**126,924**	**154,987**
Non-current liabilities		**365,466**	**357,781**
Long-term borrowings	13	106,197	92,192
Non-current lease liabilities	14	251,844	258,430
Net employee defined benefit liabilities	8.1	6,172	5,485
Trade and other payables		330	330
Deferred income		375	490
Deferred tax liabilities	10	548	854
Current liabilities		**285,653**	**270,776**
Trade and other current payables	21	163,563	155,773
Contract liabilities		652	615
Short-term borrowings	13	42,492	43,633
Current lease liabilities	14	71,267	64,851
Income tax payable		5,243	5,599
Provisions	22	2,436	305
Total liabilities		**651,119**	**628,557**
Total equity and liabilities		**778,043**	**783,544**

These consolidated financial statements from page 2 to page 50 were approved by the Board of Directors and were authorised for issue on 25 March 2026.

Chief Executive Officer	Chief Financial Officer
Calin Ionescu	Valentin Budes

SPHERA FRANCHISE GROUP SA
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025
All amounts in RON thousand, unless specified otherwise

	Share capital	Share premium	Treasury shares	Reserves for share-based remuneration	Other reserves	Retained earnings	Foreign currency translation reserve	Equity attributable to owners of the parent	Non-controlling interest	Total equity
As at 1 January 2025	**581,990**	**(519,998)**	**(4,789)**	**3,685**	**(1,352)**	**95,158**	**(263)**	**154,431**	**556**	**154,987**
Profit	-	-	-	-	-	56,335	-	56,335	538	56,873
Other comprehensive income										
Losses on remeasurements of defined benefit plan (Note 8.1)	-	-	-	-	(160)	-	-	(160)	-	(160)
Translation differences	-	-	-	-	-	-	42	42	4	46
Total comprehensive income	**-**	**-**	**-**	**-**	**(160)**	**56,335**	**42**	**56,217**	**542**	**56,759**
Acquisition of own shares (Note 19)	-	-	(2,881)	-	-	-	-	(2,881)	-	(2,881)
Shares granted (Note 8.1)	-	-	1,289	(897)	-	(392)	-	-	-	-
Share based remuneration (Note 26)	-	-	-	1,020	-	-	-	1,020	-	1,020
Dividends declared (Note 20)	-	-	-	-	-	(82,335)	-	(82,335)	(626)	(82,961)
At 31 December 2025	**581,990**	**(519,998)**	**(6,381)**	**3,808**	**(1,512)**	**68,766**	**(221)**	**126,452**	**472**	**126,924**

These consolidated financial statements from page 2 to page 50 were approved by the Board of Directors and were authorised for issue on 25 March 2026.

Chief Executive Officer
Calin Ionescu

Chief Financial Officer
Valentin Budes

	Share capital	Share premium	Treasury shares	Reserves for share-based remuneration	Other reserves	Retained earnings	Foreign currency translation reserve	Equity attributable to owners of the parent	Non-controlling interest	Total equity
As at 1 January 2024	**581,990**	**(519,998)**	**(2,037)**	**3,894**	**(1,283)**	**79,825**	**(261)**	**142,130**	**486**	**142,616**
Profit	-	-	-	-	-	96,776	-	96,776	611	97,387
Other comprehensive income										
Losses on remeasurements of defined benefit plan (Note 8.1)	-	-	-	-	(69)	-	-	(69)	-	(69)
Translation differences	-	-	-	-	-	-	(2)	(2)	20	18
Total comprehensive income	**-**	**-**	**-**	**-**	**(69)**	**96,776**	**(2)**	**96,705**	**631**	**97,336**
Acquisition of own shares (Note 19)	-	-	(4,789)	-	-	-	-	(4,789)	-	(4,789)
Shares granted (Note 8.1)	-	-	2,037	(2,037)	-	-		-	-	-
Share based remuneration (Note 26)	-	-	-	1,828	-	-	-	1,828	-	1,828
Dividends declared (Note 20)	-	-	-	-	-	(81,443)	-	(81,443)	(561)	(82,004)
At 31 December 2024	**581,990**	**(519,998)**	**(4,789)**	**3,685**	**(1,352)**	**95,158**	**(263)**	**154,431**	**556**	**154,987**

These consolidated financial statements from page 2 to page 50 were approved by the Board of Directors and were authorised for issue on 25 March 2026.

Chief Executive Officer
Calin Ionescu

Chief Financial Officer
Valentin Budes

SPHERA FRANCHISE GROUP SA
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
All amounts in RON thousand, unless specified otherwise

	Note	2025	2024
Operating activities			
Profit before tax		71,075	119,246
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of right-of-use assets	14	70,904	67,068
Depreciation and impairment of property, plant and equipment	11	53,776	41,154
Amortisation and impairment of intangible assets and goodwill	12	6,380	5,314
Adjustments for share-based remuneration		1,020	1,829
Adjustments for net impact from liability written off and other adjustments		(4,151)	(1,299)
Adjustments for unrealized foreign exchange losses/(gains)		10,045	(397)
Adjustments for (gain)/loss on disposals of property, plant and equipment and right-of-use assets		(2,988)	(1,024)
Adjustments for finance income	9.2	(599)	(564)
Adjustments for finance costs (interest and bank charges)	9.1	22,279	24,933
Movements in provisions	22	2,131	-
Working capital adjustments:			
Adjustments for decrease in trade and other receivables and prepayments		(2,169)	1,010
Adjustments for decrease/(increase) in inventories		(709)	(1,442)
Adjustments for /increase in trade and other payables		8,959	11,100
Interest received, classified as operating activities		596	533
Interest paid, classified as operating activities		(21,953)	(24,178)
Income tax paid		(17,583)	(20,068)
Cash flows from operating activities		**197,013**	**223,215**
Investing activities			
Proceeds from sales of property, plant, and equipment		134	350
Purchase of intangible assets		(8,595)	(6,482)
Purchase of property, plant and equipment		(60,034)	(51,691)
Cash flows used in investing activities		**(68,495)**	**(57,823)**
Financing activities			
Acquisition of treasury shares	8.1	(2,881)	(4,789)
Proceeds from borrowings	13	54,205	44,079
Repayment of borrowings	13	(44,536)	(42,051)
Payment of lease liabilities		(68,666)	(64,801)
Net dividends paid to owners of the parent		(78,835)	(79,784)
Net dividends paid to non-controlling interests		(626)	(561)
Cash flows used in financing activities		**(141,339)**	**(147,907)**
Net (decrease) / increase in cash and cash equivalents		**(12,821)**	**17,485**
Net foreign exchange differences		(388)	132
Net increase / (decrease) of cash and cash equivalents, including net foreign exchange differences		**(13,209)**	**17,617**
Cash and cash equivalents at 1 January		**115,764**	**98,147**
Cash and cash equivalents at 31 December		**102,555**	**115,764**

These consolidated financial statements from page 2 to page 50 were approved by the Board of Directors and were authorised for issue on 25 March 2026.

Chief Executive Officer	Chief Financial Officer
Calin Ionescu	Valentin Budes

1. CORPORATE INFORMATION

These consolidated financial statements are prepared by Sphera Franchise Group SA and include the activities carried out by the Company and its subsidiaries, together referred to as ''SFG'' or ''the Group''. Sphera Franchise Group SA is listed on Bucharest Stock Exchange under the symbol "SFG".
Sphera Franchise Group SA (''the legal Parent'', or ''Sphera'') was incorporated on 16 May 2017 as a joint stock company and is registered at No. 239 Calea Dorobantilor, Bucharest, Romania.

The consolidated financial statements for the year ended 31 December 2025 were authorized for issue in accordance with the resolution of the Board of Directors dated 25 March 2026.

The Group operates quick service and takeaway restaurant concepts under the Kentucky Fried Chicken (''KFC'') brand (131 restaurants as at 31 December 2025 and 128 restaurants as at 31 December 2024, spread across Romania, as well as in the Republic of Moldova and in Italy), a chain of pizza restaurants (28 restaurants and one sub-franchise as at 31 December 2025 and 28 resataurants and one sub-franchise as at December 2024) under the Pizza Hut ("PH") brand, a chain of 18 restaurants under the "Taco Bell" brand (16 restaurants at 31 December 2024) and 1 Cioccolatitaliani location in Italy, opened during 2025.

The Group's total number of employees at 31 December 2025 was 4,922 employees, plus 74 lease employees (31 December 2024: 5,117).

US Food Network SA (USFN), the subsidiary which operates the KFC franchise in Romania was incorporated in 1994 as a joint stock company and is registered at No. 239 Calea Dorobantilor Street, Bucharest, Romania. The Parent company owns 99,9997% of the company's shares.

American Restaurant System SA (ARS) operating the Pizza Hut franchise in Romania was incorporated in 1994 as a joint stock company and is registered at No. 239 Calea Dorobantilor Street, Bucharest, Romania. The Parent company owns 99,9997% of the company's shares.

The Moldavian subsidiary, US Food Network SRL which operates the KFC franchise in Moldova, was incorporated in 2008 as a limited liability company and is registered at No. 45 Banulescu Bodoni Street, Chisinau, Republic of Moldova. The Parent company owns 80% of the company's shares.

The Italian subsidiary, US Food Network Srl operating the KFC franchise in Italy was incorporated in 2016 as a limited liability company and is registered at No. 5 Viale Francesco Restelli Street, Milano, Italy. The Parent company owns 100% of the company's shares.

California Fresh Flavors SRL ("Taco Bell") was set up on 19 June 2017 and operates Taco Bell franchise in Romania. Sphera owns 99.99% of the company's shares. The company operates as a limited liability company and is registered at No. 239 Calea Dorobantilor, Bucharest, Romania.

Choco Franchise Srl (CHOCO), operating the Cioccolatitaliani franchise in Italy was incorporated in 2024 as a limited liability company and it is registered at No. 5 Viale Francesco Restelli Street, Milano, Italy. US Food Network SRL (Italy) owns 100% of the company's shares.

HRC Restaurants SRL (HRC), operating Hard Rock franchise in Romania was incorporated in September 2025 as a limited liability company and it is registered at No. 239 Calea Dorobantilor, Bucharest, Romania. The Parent company owns 100% of the company's shares.

2. MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies applied by the Group in preparing its financial statements.

2.1 Basis of preparation

Statement of Compliance

The financial statements of the Group have been prepared in accordance with Order of Public Finance Ministry no. 2844/2016 (with subsequent modifications), for approval of accounting regulation in accordance with International Financial Reporting Standards applicable to entities which are listed on stock exchanges.

The Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, is in accordance with the International Financial Reporting Standards (IFRS Accounting Standards) adopted by the European Union (EU), except for IAS 21 The effects of changes in foreign exchange rates regarding functional currency, except for the provisions of IAS 20 Accounting for Government Grants regarding the recognition of revenue from green certificates, except for the provisions of IFRS 15 Revenue from contracts with customers regarding the revenue from taxes of connection to the distribution grid .

The financial statements have been prepared on a historical cost basis, using going concern principle. The financial statements are presented in Romanian Lei (''RON'') and all values are rounded to the nearest thousand RON, except when otherwise indicated. Accordingly, there may be rounding differences.

During the current year the Group made a profit of RON 56,873 thousand (2024: RON 97,387 thousand) and had a net current liability position of RON 144,462 thousand (31 December 2024: RON 119,490 thousand). The Group holds a cash and cash equivalent balance of RON 102,555 thousand and has undrawn cash facilities of RON 87,311 thousand as at 31 December 2025, thus being able to respond to any unforeseen higher cash outflow needs.

Management has assessed the appropriate use of the going concern principle, taking into account the Group's current and expected profitability, as well as the repayment schedule of existing financing facilities. This assessment was based on the detailed cash flow forecasts through December 31, 2026, considering the Group's cash resources available as of December 31, 2025, the existing lease agreements, and additional anticipated costs from lease agreements to be concluded during the period covered by the forecasts, as well as financing from contracted loans, the current classification of loans as of the reporting date, the level of planned investments, and other commitments.

The war in Ukraine and the related sanctions against the Russian Federation continue to generate economic volatility, both at European level and globally, with potential impact on energy costs, raw materials and overall inflation. The Group does not have any significant direct exposure to Ukraine, Russia or Belarus.

Starting with February 2026, the conflict between Iran and Israel intensified, generating regional tensions and disruptions in transportation and trade routes in the Middle East. This contributed to the rise of global prices and attracted the involvement of the United States of America in the context of military operations.
The Group does not have significant direct exposures in these countries, and management considers that, currently, there is no impact on the Group's activities or financial results. Management is monitoring international developments and believes that the Group has the necessary capacity to manage any indirect effects on the macroeconomic environment.

Based on these analyses, the projections show that the Group has sufficient resources to continue its operations and to support the planned development of its assets. Management concludes that the use of going concern principle is appropriate for preparation of the consolidated financial statements and that no significant uncertainties have been identified regarding the Group's ability to continue its operations.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2025.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group re-assesses whether or not it controls an investee, if facts and circumstances indicate that there are changes to one or more of the elements of control.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Business combination and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in profit or loss.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Where a business combination is realised primarily by exchanging equity interests, the acquirer is usually the entity that issues the equity. However, when a new entity is set up to issue equity shares to effect a business combination, the new entity has no economic substance and cannot be the acquirer.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.4 Summary of material accounting policies

2.4.1 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- It does not have the right at the end of the reporting period to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.4.2 Fair value measurement

Fair value related disclosures for financial instruments and non-financial assets are summarised in the relevant notes.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

2.4.3 Revenue

Revenue from contracts with customers is recognised when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group operates in the quick service and take away restaurants business. Restaurant revenues are recognised at the moment of the transaction, in the amount of consideration received for the meals and services delivered, net of value added tax charged to customers; the goods are sold to customers on a cash basis.

Disaggregation of revenue from contracts with customers by primary geographical market and type of revenues is presented in the Segment information note.

2. MATERIAL ACCOUNTING POLICIES (continued)

Loyalty points programme - Contract liability

The Group has a loyalty points programme which allows customers to accumulate points that can be redeemed for free or discounted products. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of products by the customer. When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a monthly basis and any adjustments to the contract liability balance are charged against revenue.

2.4.4 Foreign currencies

The Group's financial statements are presented in Romanian Lei (''RON''), which is also the parent Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency (namely Moldavian Leu ''MDL'' for the Moldavian subsidiary and the Euro ''EUR'' for the Italian subsidiary).

The exchange rates as at 31 December 2025 and 31 December 2024 and the average exchange rates for the years 2025 and 2024 were:

	Closing exchange rates		Average exchange rates	
	31 December 2025	**31 December 2024**	**2025**	**2024**
RON – EUR	5.0985	4.9741	5.0415	4.9746
RON – USD	4.3417	4.7768	4.4705	4.5984
RON – MDL	0.2580	0.2576	0.2573	0.2584

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency spot rate at the date the transaction first qualifies for recognition.
Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date.
Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RON at the rate of exchange prevailing at the reporting date and their revenues and expenses are translated using the average exchange rates of daily exchange rates published by National Bank of Romania (NBR) as detailed above. Equity items are translated into RON at the historical exchange rate.
The exchange differences arising on the translation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the profit or loss.

2.4.5 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

2. MATERIAL ACCOUNTING POLICIES (continued)

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for: all deductible temporary differences and the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and any unused tax losses that can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, no deferred tax is recognized, and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. MATERIAL ACCOUNTING POLICIES (continued)

Sales tax (VAT)

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.4.6 Property, plant and equipment

Property, plant and equipment is measured at cost less accumulated depreciation and impairment losses, if any. Where appropriate, the cost of property, plant and equipment includes site preparation costs, installation costs and the cost of obtaining permits required to bring the asset ready for use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

The cost of property, plant and equipment also includes the cost of replacing parts of the property, plant and equipment.

All repair and maintenance costs are recognised in the profit or loss as incurred. The Group leases its restaurant locations by way of lease contracts, which were recognised in the Group's statement of financial position in accordance with the IFRS 16 provisions starting 1 January 2019. The cost of improvements to leasehold assets is recognised as leasehold improvements and then depreciated as outlined below.

Costs directly related to construction or purchasing of assets connected with opening restaurants in leased locations, including the costs of architecture design, wages and salaries, and benefits of employees directly involved in launching a given location are included in "property, plant and equipment". These assets are depreciated over the expected useful life of the restaurant.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold buildings	40 years
Leasehold improvements	over the lease contract duration (usually 10 years, including first renewal period)
Equipment and vehicles	2 to 10 years for equipment and 5 years for vehicles
Other equipment and furniture	3 to 10 years for other equipment and 2 to 10 years for furniture

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. MATERIAL ACCOUNTING POLICIES (continued)

Start-up expenses for new restaurants

Start-up expenses for new restaurants represent costs related to the opening of new restaurant premises. Such expenses include some new personnel training costs and other overhead expenses that arise before the opening of new restaurants. Start-up expenses for new restaurants are recognised as operating expense in the accounting period in which the related work was performed.

2.4.7 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Right of use of restaurant properties (land)	20 years
Right of use of restaurant properties (freehold buildings)	3 to 20 years
Right-of-use assets of motor vehicles and other equipment	3 to 5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.
The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.
Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2. MATERIAL ACCOUNTING POLICIES (continued)

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

2.4.8 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the useful economic lives from 3 to 5 years (except for the franchise rights with an economic useful live of 10 years, as presented below) and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortisation periods are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Franchise rights

Franchise costs are incurred in obtaining franchise rights or licences to operate quick service and take-away restaurant concepts. They include the initial fee paid to the system franchisor when a new restaurant is opened or when the rights and licences are renewed. These are measured at cost less accumulated amortisation and accumulated impairment. Amortisation is on a straight line basis over the life of the applicable franchise or licence agreement, of 10 years.

2.4.9 Impairment of non-financial assets, including goodwill

At each reporting date, management assesses whether there is any indication of impairment for property, plant and equipment or intangible assets, excluding goodwill. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount, and the difference is recognised as an expense (impairment loss) in the statement of comprehensive income. An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset’s recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

2. MATERIAL ACCOUNTING POLICIES (continued)

The Group is organised into business units based on the restaurants' brands, each being considered as a single CGU (cash generating unit), as follows:

- KFC restaurants, Romania, Moldova and Italy
- Pizza Hut restaurants
- Taco Bell restaurants

Goodwill acquired through business combinations was allocated to the Pizza Hut restaurant chain CGU, which is also an operating and reportable segment.

Impairment is determined for goodwill by assessing the recoverable amount of the cash generating unit (CGU) (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods. Further disclosures related to impairment test are also presented in Note 12.

2.4.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost

With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus transaction costs.

Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent measurement

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:
• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets are represented by loans, trade and other receivables and cash and cash equivalents.

2. MATERIAL ACCOUNTING POLICIES (continued)

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when the Group has transferred substantially all the risks and rewards of the asset.

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision methodology that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Disclosures relating to impairment of financial assets are summarised in Note 17.

ii) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities measured at amortised cost, net of directly attributable transaction costs.

The Group's financial liabilities include only financial liabilities measured at amortised cost (trade and other payables, loans and borrowings and lease liabilities).

Subsequent measurement

After initial recognition, interest bearing loans and borrowings and any other long-term payables are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.4.11 Inventories

Inventories, which include food, beverages and other supplies, are stated at the lower of cost or net realisable value. Cost of inventory is determined on the weighted-average basis and includes expenditures incurred in acquiring inventories and bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense and reported as a component of cost of sales in the statement of comprehensive income in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognised as an expense in the same component of the statement of comprehensive income as the consumption of the respective inventory, in the period the write-down or loss occurs.

2.4.12 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand, cash in transit with the banks or in transit with food aggregating platforms, and short-term deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

2.4.13 Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year. Prepayments to acquire current assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Prepayments to acquire property, plant and equipment are classified as fixed assets in progress. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognized in profit or loss.

2.4.14 Equity

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds. Any excess or deficit of the fair value of consideration received over the par value of shares issued is recognised as share premium.

Dividends

The Group recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is authorized and the distribution is no longer at the discretion of the Group. As per the corporate laws of Romania, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, the difference between the purchase price and the fair value at the date of grant being recognized in equity as a gain or loss related to the acquisition of the treasury shares.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.4.15 Royalties

Royalties in connection to franchise rights are computed based on percentage of the applicable restaurants' sales and are recognised as an expense as restaurants revenue is earned.

2.4.16 Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.4.17 Employee benefits and share-based payments

The Group, in the normal course of business, makes payments on behalf of its employees for pensions (defined contribution plans), health care, employment and personnel tax which are calculated according to the statutory rates in force during the year, based on gross salaries and wages. Food allowances, travel expenses and holiday allowances are also calculated according to the local legislation.

The cost of these payments is charged to profit or loss in the same period as the related salary cost. Accruals are created for holiday allowances if there are non-used holidays according the local legislation.

The Group does not operate any other pension scheme or post-retirement benefits plan and consequently, has no obligation in respect of pensions, except for the below plan for the Italian subsidiary.

Defined benefit plans (Italian subsidiaries)

In accordance with the Italian labour regulations, the Group operates a leaving-service indemnity plan in Italy only, which requires contributions to be made to a separately administered fund. These benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, excluding amounts included in net interest on the net defined benefit liability, are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognizes related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognises the following changes in the net defined benefit obligation under 'restaurant expenses' for operating staff and 'general and administration expenses' for administrative staff:

- Service costs comprising current service costs, past-service costs,
- Gains and losses on curtailments

Net interest expense or income is recognised under 'finance costs' in the consolidated statement of profit or loss.

2. MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

Senior executives of the Group might receive part of their variable remuneration in the form of share-based payments. The cost of equity-settled transactions with senior management is measured by reference to awarding fair value at the grant date. That cost is recognised in employee benefits expense together with a corresponding increase in equity (in Reserves for share-based remuneration), over the period in which the performance conditions are fulfilled (the vesting period). The expense or credit in the profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. When allocating the treasury shares to the senior executives, the reduction of “Treasury shares" is offset by "Reserves from share-based payment remuneration" at the fair value at the grant date, and the difference up to the acquisition cost of the treasury shares is recorded as a loss/gain from shares in equity within Retained Earnings.

3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group’s consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Judgements

In the process of applying the Group’s accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The majority lease contracts of the Group include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group's lease contracts terms vary between 5 and 20 years, depending on the location of the restaurants; Drive-Thru and in-line restaurants have an initial lease term greater than mall restaurants which are more exposed to renegotiations for repositioning within the food-court area or other architectural changes initiated by the lessors. Assessment of lease term is performed on a lease-by-lease basis; the lease term includes the non-cancellable period of the lease and the renewal option, when it is reasonably certain the renewal option will be exercised. The renewal periods for leases with longer non-cancellable periods (i.e., more than 10 years) are not included as part of the lease term as these are not reasonably certain to be exercised.

There are no significant economic factors (incentives or penalties) that might enforce the extension of the lease beyond the contractual duration if the restaurant does not reach the expected operating performance. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of property and equipment and right-of-use assets

The Group assesses the remaining useful lives of items of property and equipment and right-of-use assets at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 ''Accounting Policies, Changes in Accounting Estimates and Errors''. These estimates may have a material impact on the amount of the carrying values of property and equipment and right of use and on depreciation recognised in profit or loss.

In particular, regarding the useful lives of property plant and equipment, the Group assesses the leasehold improvements' useful life is of 10 years due to the fact that, generally, significant refurbishment is realised after 10 years of use and that 10 years is also the duration of the related franchise (renewable every 10 years).

Leasehold improvements are depreciated over a ten years period, this estimation of expected useful life taking in consideration the length of time the assets can reasonably be used to generate income and be of benefit to the Group, the economic period of use until major refurbishment (in line with franchise agreements too), the franchise licence period (franchise renewal cycle) - as well as the historical experience regarding the period in which similar assets generated significant economic benefits to the Group.

Regarding the estimation of the useful lives of right-of-use assets the lease term, thus the useful life of right-of-use assets, as determined in accordance with IFRS 16, includes the extension period at the commencement date of the lease, when the Group determined it is reasonably certain to exercise the renewal option (normally for leases with a initial duration no longer than 10 years). However, a different threshold (i.e., the expected usage of the asset) is used for the determination of the useful life of the leasehold improvement, an asset in the scope of IAS 16, as described previous paragraph.

Impairment of goodwill

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. If either of these amounts exceeds the asset's carrying amount, the asset is not impaired and it is not necessary to estimate the other amount.

The fair value less costs of disposal calculation is based on future cash flows, for which some of the main assumptions were future restaurants opening, growth rates, gross and net operating margins, working capital needs and discount rates, as well as economic assumptions such as the evolution of salaries in the economy and inflation.

The key assumptions used to determine the recoverable amount for the CGU, including a sensitivity analysis, are disclosed and further explained in Note 12.

Deferred for tax losses carried forward

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

4. CHANGES IN ACCOUNTING POLICIES

4.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

THE STANDARDS/AMENDMENTS THAT ARE EFFECTIVE AND HAVE BEEN ENDORSED BY THE EUROPEAN UNION

The accounting policies adopted are consistent with those of the previous financial year, except for IAS 21 which has been adopted by the Group as of 1 January 2025:

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments). The Standard was endorsed by EU.

The newly adopted IFRS Accounting Standard did not have a material impact on the Group's accounting policies.

4.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED

i) The standards/amendments that are not yet effective, but have been endorsed by the European Union:

- IFRS 18 Presentation and Disclosure in Financial Statements. In April 2024, IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements, which replaces IAS 1 - Presentation of Financial Statements and it becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. The standard has been endorsed by the EU in February 2026.
  The group is analyzing the IFRS 18 provisions and the presentation changes that will result from its adoption starting January 1, 2027. As of the date of approval of these financial statements, this analysis is in progress.

- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments (Amendments).
- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity (Amendments).
- Annual Improvements to IFRS Accounting Standards – Volume 11

ii) The standards/amendments that are not yet effective and have not yet been endorsed by the European Union:

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments).
- IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments).
- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

Except for IFRS 18, management has assessed that application of these amendments will not have a material impact on the financial statements of the Group.

5. GROUP INFORMATION

Details of the Group consolidated subsidiaries at 31 December 2025 and 31 December 2024 are as follows:

Company name	Country of incorporation	Field of activity	Control 31 December 2025	Control 31 December 2024
US Food Network SA	Romania	Restaurants	99.9997%	99.9997%
American Restaurant System SA	Romania	Restaurants	99.9997%	99.9997%
California Fresh Flavors SRL	Romania	Restaurants	99.9900%	99.9900%
US Food Network SRL	Moldova	Restaurants	80.0000%	80.0000%
US Food Network SRL	Italy	Restaurants	100.0000%	100.0000%
Choco Franchise SRL	Italy	Restaurants	100.0000%	-
HRC Restaurants SRL	Romania	Restaurants	100.0000%	-

6. OTHER OPERATING EXPENSES

	2025	2024
Third-party services	110,403	106,734
Utilities	45,959	40,624
Maintenance and repairs	22,014	17,984
Cleaning supplies	10,813	10,401
Small-wares	4,291	4,529
Transport	8,046	8,454
Bank charges	6,516	6,645
Telephone and postage	1,398	1,258
Insurance	721	603
Miscellaneous expenses	5,362	4,068
Excise duty	1,229	1,333
Total	**216,752**	**202,633**

Third party services refer to services rendered to restaurants and include: services provided by the food aggregating platforms (Glovo, Wolt, Bolt, Uber Eats etc.), security, cleaning, waste disposal, meal tickets settlement, cash collection, IT and HR services etc. These costs are directly dependent on number of restaurants in operation or sales volume (i.e. food delivery services) and are influenced by contract prices negotiated with suppliers.

Miscellaneous expenses mainly include expenses with other local taxes and duties, environmental fund taxes, expenses with unstocked materials, and other miscellaneous expenses.

7. GENERAL AND ADMINISTRATIVE EXPENSES

	2025	2024
Payroll and employee benefits (Note 8.1)	46,138	44,997
Third-party services	9,350	8,278
Depreciation, amortization and impairment of non-current assets (Note 8.2)	7,400	6,263
Rent	230	227
Banking charges	612	637
Transport	1,820	1,474
Maintenance and repairs	243	293
Smallwares	110	79
Insurance	155	243
Telephone and postage	354	382
Miscellaneous expenses and income, net	705	465
Total	**67,117**	**63,338**

Third party services include mainly consulting services, audit services, IT services, HR services.

8. DISCLOSURE OF TOTAL PAYROLL AND EMPLOYEE BENEFITS EXPENSE AND TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT

8.1 Payroll and employee benefits

	2025	2024
Payroll and employee benefits recognized in “Restaurant expenses”	373,035	344,065
Payroll and employee benefits recognized in "General and administrative expenses" (Note 7)	46,138	44,997
Total Payroll and employee benefits	**419,173**	**389,062**

Payroll costs of RON 2,080 thousand representing the value of project management and other technical activities performed by the Group’s employees for the year ended 31 December 2025 (RON 1,775 thousand for the year ended 31 December 2024) for the construction or refurbishment of restaurants were capitalized in the cost of construction of the non-current assets.

Employee defined benefit liabilities (Italian subsidiaries)

In accordance with the local labour regulations, Italian companies have to pay to their employees a leaving-service indemnity (“TFR”). The accrual for the benefits in amount of RON 6,172 thousand (RON 5,485 thousand as at 31 December 2024) was calculated as a career-average lump sum, in accordance with the Italian statutory regulations. The Group performs an actuarial computation of these benefits in line with the IAS 19 “Employee benefits”.

The amount of RON 6,172 thousand representing defined benefit liabilities recorded at balance sheet date was determined based on the actuarial valuation performed by an authorised actuary.

8. DISCLOSURE OF TOTAL PAYROLL AND EMPLOYEE BENEFITS EXPENSE AND TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT (continued)

	2025	2024
Net benefit expense (recognized in profit or loss)		
Current service cost - Payroll and employee benefits	1,542	1,463
Current service cost - G&A expenses	236	236
Interest cost on benefit obligation (Note 9.1)	162	132
Net benefit expense	**1,940**	**1,831**
Reconciliation of benefit obligation		
Defined benefit obligation as at 1 January	**5,485**	**4,607**
Interest cost	162	132
Current service cost - Payroll and employee benefits	1,542	1,463
Current service cost - G&A expenses	236	236
Benefits paid	(1,603)	(862)
Gross remeasurement loss on defined benefit plan	210	(91)
Exchange difference	140	-
Defined benefit obligation as at 31 December	**6,172**	**5,485**

Remeasurement loss on defined benefit plan (recognized in other comprehensive income and Other reserves)

	Other reserves 1 January 2025	OCI 2025	Other reserves 31 December 2025
Gross remeasurement loss on defined benefit plan	1,782	210	1,992
Deferred tax credit	(430)	(50)	(480)
Net remeasurement loss on defined benefit plan	**1,352**	**160**	**1,512**

Remeasurement loss on defined benefit plan (recognized in other comprehensive income and Other reserves)

	1 January 2024	2024	31 December 2024
Gross remeasurement gain on defined benefit plan	1,691	91	1,782
Deferred tax credit	(408)	(22)	(430)
Net remeasurement loss on defined benefit plan	**1,283**	**69**	**1,352**

The tax impact on the remeasurement loss on defined benefit plan of RON 480 thousand (31 December 2024: RON 430 thousand) is presented in Note 10.

The assumptions used in determining pension and post-employment medical benefit obligations for the Group's plans are shown below:

	2025	2024
Discount rate	3.96%	3.38%
Inflation rate	2.00%	2.00%
Annual termination indemnity (TFR) increase rate	3.00%	3.00%
Annual salary increase rate	1.00%	1.00%
Withdrawal annual rate	4.00%	4.00%

8. DISCLOSURE OF TOTAL PAYROLL AND EMPLOYEE BENEFITS EXPENSE AND TOTAL DEPRECIATION, AMORTIZATION AND IMPAIRMENT (continued)

The demographic assumptions (mortality, inability and retirement age) are based on the national statistical databases.
A quantitative sensitivity analysis for key assumptions as at 31 December 2025 is as shown below:

Key assumptions and impact on defined benefit obligation	31 December 2025	31 December 2024
Withdrawal Annual rate +1.00%	91	45
Withdrawal Annual rate -1.00%	(109)	(55)
Annual Price Inflation +0.25%	158	152
Annual Price Inflation -0.25%	(151)	(145)
Annual Discount rate +0.25%	(182)	(174)
Annual Discount rate -0.25%	192	184

Share-based remuneration

The Group has in place a share option plan for senior executives, part of their variable remuneration being granted in shares of the parent company with a vesting period of one year from the date of granting.
As of December 31, 2025, the Group recognized an equity reserve associated with share-based remuneration amounting RON 3,808 thousand (RON 3,685 thousand as of December 31, 2024) for the qualifying variable remuneration.
In 2025, the Group allocated 33,888 free shares with a total value of RON 1,289 thousand to the executive directors, for implementing the Share Option Plan (“SOP”) related to 2023. This allocation was made by offsetting the “Treasury shares” against the related “Reserves for share-based remuneration”.
In accordance with the shareholders' resolutions, during 2025, the Group acquired 74,489 shares related to the share capital reduction program and to the ongoing Share Option Plan (SOP) (Note 19).
The own equity instruments that were acquired (treasury shares) were recognized at cost and deducted from equity. No gain or loss was recognized in profit or loss on the purchase, the difference between the purchase price and the fair value at the date of grant being recognized in equity as a loss related to the acquisition of the treasury shares (RON 392 thousand).

8.2 Depreciation and amortization

	2025	2024
Depreciation of right-of-use assets recognized in "Restaurant expenses" (Note 14)	67,241	63,927
Depreciation, amortization and impairment of other non-current assets recognized in "Restaurant expenses"	56,419	43,346
Depreciation, amortization and impairment recognized in "Restaurant expenses"	**123,660**	**107,273**
Depreciation of non-operating right-of-use assets recognized in "General and administrative expenses" (Note 14)	3,663	3,141
Depreciation, amortization and impairment of non-current assets recognized in "General and administrative expenses"	3,737	3,122
Depreciation, amortization and impairment recognized in "General and administrative expenses" (Note 7)	**7,400**	**6,263**
Total depreciation, amortization and impairment	**131,060**	**113,536**

In 2025, depreciation and impairment expenses include an impairment charge of a total amount of RON 7,261 thousand, comprising: an amount of RON 1,820 thousand related to the leasehold improvements and other non-recoverable non-current assets, following the relocation of KFC IS Palas Drive and Taco Bell Palas IS to new areas, as a part of the landlord’s initiative to redesign the commercial park; RON 3,543 thousand related to the non-current assets associated with the closure of two KFC restaurant located in Bari and Verona, Italy; and RON 1,898 thousand related to the closing of seven Pizza Hut restaurants in 2026 (please see also Note 11).

9. FINANCE COSTS AND INCOME

9.1 Finance costs

	2025	2024
Interest on loans and borrowings and bank charges related to financing	5,552	8,796
Finance costs on bank facilities for letters of guarantees and other debts	872	702
Interest on lease liabilities (Note 14)	15,692	15,302
Interest cost on benefit obligation (Note 8.1)	162	132
Foreign exchange loss, net	8,739	567
Total finance costs	**31,017**	**25,499**

The increase in net loss from foreign exchange in 2025 compared to the previous year reflects the impact of the increase in the exchange rate on the Group's financial liabilities denominated in EUR (especially lease liabilities (Note 14) and bank loans (Note 13)).

9.2 Finance income

	2025	2024
Interest income	596	533
Other finance income	2	31
Total finance income	**598**	**564**

10. INCOME TAX

The major components of income tax expense for the years ended 31 December 2025 and 31 December 2024 are:

	2025	2024
Current income tax:		
Income tax expense	14,202	21,859
Current income tax charge	16,929	20,983
Deferred tax:		
Relating to origination and reversal of temporary differences	(2,727)	876
Total income tax expense reported in the statement of comprehensive income	**14,202**	**21,859**

A reconciliation between tax expense and the product of accounting profit multiplied by Romania's domestic tax rate for the years ended 31 December 2025 and 31 December 2024 is as follows:

	2025	2024
Accounting profit before income tax	**71,075**	**119,246**
At Romanian statutory income tax rate of 16%	11,372	19,079
Effect of higher tax rates in Italy on tax result	(380)	1,039
Effect of lower tax rates in the Republic of Moldova	(125)	(142)
Other income and legal reserves exempted from tax	(1,763)	(1,392)
Non-deductible expenses for tax purposes	4,293	3,254
Utilisation of previous unrecognised tax losses	1,478	922
Sponsorship fiscal credit and other tax facilities	(673)	(901)
At the effective income tax rate	**14,202**	**21,859**

10. INCOME TAX (continued)

For the years ended 31 December 2025 and 31 December 2024, the tax on profit was applicable for all Group entities.

Deferred tax

Deferred tax reconciliation with corresponding items in the consolidated statement of financial position and consolidated statement of comprehensive income is as follows:

	Statement of financial position		Statement of comprehensive income	
	31 December 2025	31 December 2024	2025	2024
Right-of-use assets	(45,410)	(46,157)	(747)	7,882
Property, plant and equipment	(2,955)	(3,537)	(582)	1,414
Intangible assets	29	(3)	(32)	17
Prepayments	289	426	137	(84)
Lease liabilities	51,295	50,354	(941)	(9,150)
Fiscal losses	21,763	20,513	(1,250)	686
Deferred income	52	118	66	40
Provisions	(182)	(93)	89	38
Translation difference		-	583	55
			(2,677)	**898**
Deferred tax benefit				
Remeasurement benefit/(loss) on defined benefit plan (Note 8.1) – recognized OCI	480	430	(50)	(22)
Net deferred tax assets	**25,361**	**22,051**	**(2,727)**	**876**

Reflected in the statement of financial position as follows:

	31 December 2025	31 December 2024
Net deferred tax assets	**25,361**	**22,051**
Deferred tax assets	25,909	22,905
Deferred tax liabilities	(548)	(854)

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Deferred tax asset arising from carried forward unused fiscal losses include:

- RON 21,732 thousand (31 December 2024: RON 20,909 thousand) arising from the tax losses of the Italian subsidiary US Food Network Srl that are available indefinitely for offsetting against its own future taxable profits;
- RON 31 thousand (31 December 2024: RON thousand 83) arising from the unused carried-forward tax losses of Sphera Franchise Group SA that are available for offsetting against the Company's tax profits within the next two years.

As of December 31, 2025, the Group records total deductible tax losses of RON 25,993 thousand, for which no deferred tax assets have been recognized. The tax loss recorded by the subsidiary American Restaurant System SA amounting to RON 24,086 thousand can be used for a remaining period of up to five years from December 31, 2025, while the tax loss of Choco Franchise Srl (RON 1,907 thousand) can be used indefinitely by offsetting it against future taxable profits.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold buildings and leasehold improvements	Equipment and vehicles	Other equipment and furniture	Fixed assets in progress	Total
Cost					
At 1 January 2024	**251,399**	**134,918**	**66,561**	**29,531**	**482,409**
Additions	1,636	4,546	1,968	43,649	**51,799**
Transfers	30,823	13,266	7,050	(51,139)	**-**
Disposals	7,938	9,176	5,434	-	**22,548**
Exchange differences	(5)	(2)	(2)	-	**(9)**
At 31 December 2024	**275,915**	**143,552**	**70,143**	**22,041**	**511,651**
Additions	6,260	2,588	4,193	46,993	**60,034**
Transfers	14,862	13,473	7,787	(36,122)	**-**
Disposals	14,424	6,381	2,769	-	**23,574**
Exchange differences	1,368	572	442	3	**2,385**
At 31 December 2025	**283,981**	**153,804**	**79,796**	**32,915**	**550,496**
Depreciation and impairment					
At 1 January 2024	**111,280**	**87,487**	**44,343**	**-**	**243,110**
Depreciation charge for the year	21,564	11,797	7,307	-	**40,668**
Impairment charge	507	165	20	-	**692**
Disposals	7,938	9,063	5,434	-	**22,435**
Exchange differences	-	(1)	(1)	-	**(2)**
At 31 December 2024	**125,413**	**90,385**	**46,235**	**-**	**262,033**
Depreciation charge for the year	24,087	14,407	8,287	-	**46,781**
Impairment charge	6,629	433	73	-	**7,135**
Disposals	14,424	6,381	2,769	-	**23,574**
Exchange differences	705	370	270	-	**1,345**
At 31 December 2025	**142,410**	**99,214**	**52,096**	**-**	**293,720**
Net Book Value					
At 1 January 2024	**140,119**	**47,431**	**22,218**	**29,531**	**239,299**
At 31 December 2024	**150,502**	**53,167**	**23,908**	**22,041**	**249,618**
At 31 December 2025	**141,571**	**54,590**	**27,700**	**32,915**	**256,776**

The depreciation charge for the year presented above of RON 53,916 thousand (2024: RON 40,668 thousand) is netted off with the amounts related to the income from subsidies received (RON 140 thousand for the year 2025 and RON 206 thousand for the year 2024).

As at 31 December 2025 and 31 December 2024, the gross book value of fully depreciated property, plant and equipment that were still in use amounted to RON 92,027 thousand and RON 117,730 thousand, respectively.

The Group has pledged non-current assets (mostly equipment) in favour of Unicredit Bank for the financing received. The net carrying amount of pledged assets as at 31 December 2025 is of RON 61,400 thousand (31 December 2024: RON 64,767 thousand).

The additions during the years ended 31 December 2025 and 31 December 2024 consist mainly in new restaurants' leasehold improvements, as well as restaurants' kitchen equipment and furniture. In 2025, Sphera opened seven new restaurants – four KFC locations, of which three new stores were inaugurated in Romania and one in Italy, two Taco Bell store in Romania and one Cioccolatitaliani in Italy. These new openings were offset by the closure of one KFC location in Italy. Fixed assets in progress refers to the restaurants under development or refurbishment at the end of the reporting period.

Disposals of property, plant and equipment refer mainly to the leasehold improvements of the restaurants refurbished or closed during the year and other obsolete equipment and furniture fully depreciated.

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Analysis regarding the impairment of property, plant and equipment

The management has assessed property, plant and equipment for impairment indicators as at 31 December 2025. Based on impairment analysis performed at the level of each CGU no additional impairment needs to be recognised. Please see more details in Note 12.

In 2025, the Group recognized an impairment of property, plant, and equipment of RON 7,135 thousand for the Pizza Hut and KFC IT units closed in 2025 and scheduled to be closed at the beginning of 2026, as well as for two units KFC and Taco Bell that are in the process of relocation due to the redesign of the shopping park where they operate (please see also Note 8.2 for details). Their recoverable amount, determined as fair value less costs to sell (level 3 hierarchy), was estimated to be zero. In 2024, an impairment expense of RON 692 thousand was recognized for obsolete property, plant, and equipment whose recoverable amount was estimated to be zero.

12. INTANGIBLE ASSETS AND GOODWILL

	Goodwill	Franchise rights	Other intangible assets	Intangibles in progress	Total
Cost					
At 1 January 2024	**50,585**	**30,507**	**13,403**	**3,658**	**98,153**
Additions	-	287	221	6,098	**6,606**
Transfers	-	4,114	3,960	(8,074)	**-**
Disposals	-	1,082	392	-	**1,474**
At 31 December 2024	**50,585**	**33,826**	**17,192**	**1,682**	**103,285**
Additions	-	472	301	7,822	**8,595**
Transfers	-	2,864	2,188	(5,052)	**-**
Disposals	-	1,295	296	-	**1,591**
Exchange rate differences	-	87	50	-	**137**
At 31 December 2025	**50,585**	**35,954**	**19,435**	**4,452**	**110,426**
Amortisation and impairment					
At 1 January 2024	**15,138**	**16,228**	**8,650**	**-**	**40,016**
Amortisation	-	2,831	2,342	-	**5,173**
Impairment charge	-	136	5	-	**141**
Accumulated amortisation and impairment of disposals	-	1,082	267	-	**1,349**
At 31 December 2024	**15,138**	**18,113**	**10,730**	**-**	**43,981**
Amortisation	-	3,353	2,821	-	**6,174**
Impairment charge	-	182	24	-	**206**
Accumulated amortisation and impairment of disposals	-	1,295	175	-	**1,470**
Exchange rate differences	-	60	45	-	**105**
At 31 December 2025	**15,138**	**20,413**	**13,445**	**-**	**48,996**
Net book value					
At 1 January 2024	**35,447**	**14,279**	**4,753**	**3,658**	**58,137**
At 31 December 2024	**35,447**	**15,713**	**6,462**	**1,682**	**59,304**
At 31 December 2025	**35,447**	**15,541**	**5,990**	**4,452**	**61,430**

The additions consisted mainly in franchise operating licenses acquired for newly opened restaurants and renewal franchise licenses for restaurants achieving ten years of operations.
Other intangible assets consist mainly of the ERP application and various platforms used in restaurants. The intangible assets additions from 2025 mainly represent new licenses for the locations opened in 2025, and improvements to the ERP platform.

12. INTANGIBLE ASSETS AND GOODWILL (continued)

For impairment testing, goodwill acquired through business combinations was allocated to the Pizza Hut restaurant chain CGU, which is also an operating and reportable segment. The Group performed its annual impairment test as of 31 December 2025.

The recoverable amount of the CGU as at 31 December 2025, has been determined at RON 64,719 thousand (2024: RON 59,606 thousand) based on fair value less costs to sell determined using forecasted free cash-flows in RON for a discrete period of 5 years (2026-2030). The terminal value was estimated based on the net cash-flow of the year following the explicit forecast period and using a 3% growth factor. This fair value measurement is on level 3 of the fair value hierarchy. The cashflow projections are based on financial budgets approved by senior management covering the above referred period.

The key assumptions used in the calculation of the recoverable amounts are sales growth rates, EBITDA margins, discount rates, net working capital and terminal value growth rates. Capital expenditure/restaurant is also a key assumption. The values assigned to these key assumptions reflect past experience and a number of actions with the purpose to improve the performance indicators and the agility of the brand: the streamlining of restaurant network (7 locations planned to be closed in 2026 to boost profitability, part of the delivery sales in Bucharest assumed to be saved taking into consideration the similar delivery areas), a tighter control of costs (restaurant payroll, rent, other operating expenses, general and administrative costs), outsourcing of the own delivery fleet, increase of operational efficiency, focusing more on product innovation.

Discount rate (post tax) used is 12.5% (2024: 12.7%). The discount rate reflects the current market assessment of the risks specific to ARS and was estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessment of any risk specific to ARS for which further estimates of cash-flows have not been adjusted. The WACC was determined by considering the debt equity structure of the peers.

The Group considers the sales growth rates used in the impairment test to be reasonable, based on the measures it has undertaken to support sales, including the level of selling prices and alignment of its sales channels and the recent evolution of Pizza Hut restaurants.

Budget EBITDA margins are based on the following assumptions:

- Improving the current profitability for the existing restaurants as a result of the restaurants network optimization plan (7 locations planned to be closed in 2026 to boost profitability, part of the delivery sales in Bucharest assumed to be saved taking into consideration the similar delivery areas)
- Increased effectiveness of the delivery activity by outsourcing the own delivery which allowed costs optimization in terms of personnel, other operating expenses (own fleet costs); The rest of the main expense categories trend will be relatively constant as percentage of sales.
- Strengthening the operating performance of the existing network, no new units assumed to be opened or closed for 2026-2030 period (with the exception of the locations to be closed during 2026, mentioned above).
- Launching new products, focus on product innovation.

As a result of the analysis, as compared to the CGU carrying value of RON 22,946 thousand (2024: RON 26,543 thousand), there was no need to recognise an impairment loss in the financial statements as at and for the year ended 31 December 2025 (2024: impairment loss of RON 0).

With regard to the assessment of impairment, the model is most sensitive to:

- cost of capital (WACC)
- terminal growth assumptions
- EBITDA margin
- NWC

12. INTANGIBLE ASSETS AND GOODWILL (continued)

EBITDA margin reflects management's estimates regarding the operational profitability of the CGU, in line with historical levels and market evolution.

Key drivers	Key drivers (%)	Fair value less cost to sell	Headroom
	12.5%	**64,719**	**41,773**
Cost of capital	13.0%	60,833	37,888
	12.0%	69,043	46,097
	0.00%	**64,719**	**41,773**
EBITDA margin	-0.50%	58,412	35,466
	0.50%	71,026	48,081
	3.00%	**64,719**	**41,773**
Perpetuity growth factor	2.50%	61,175	38,230
	3.50%	68,656	45,711
	0.00%	**64,719**	**41,773**
Net working capital (%/sales)	-0.5pp	65,420	42,474
	+0.5pp	64,018	41,072

13. BORROWINGS

	Interest rate, %	Maturity	31 December 2025	31 December 2024
Current borrowings				
Current portion of bank loan	EURIBOR 3M + relevant spread	6 years / 5 years from each withdrawal	42,492	43,633
Total current borrowings			**42,492**	**43,633**
Non-current borrowings				
Non-current portion of bank loan	EURIBOR 3M + relevant spread	6 years / 5 years from each withdrawal	106,197	92,192
Total non-current borrowings			**106,197**	**92,192**
Total borrowings			**148,689**	**135,825**

The Group's financing facilities consist of:

- Financing facilities with Unicredit Bank Romania (Alpha Bank Romania). Starting November 4, 2024, Alpha Bank Romania became part of the UniCredit Group, the merger between the two banks being completed on August 15, 2025.
  The Group has an uncommitted long term credit facility in maximum amount of EUR 42,167 thousand, out of which it is used the amount of EUR 27,462 thousand, for the development of new locations and financing of the foreign subsidiaries, with a maturity of 6 years from each withdrawal, a credit facility for issuance of bank guarantee letters of EUR 3,500 thousand, out of which it is used the amount of EUR 2,774 thousand, as well as a multi-optional short-term facility in a maximum amount of RON 11,678 thousand for financing of working capital and guarantee letters, out of which is used the amount of RON 1,173 thousand (for guarantee letters) as at 31 December 2025. The loan facilities are secured with property, plant and equipment of restaurant locations for which the credit limit has been utilised, pledge on business goodwill, pledge on current accounts opened with the bank, promissory notes issued, pledge on receivables from and shares owned by the Group in its subsidiaries from Moldova and Italy. The carrying amount of pledged property, plant and equipment and cash and cash equivalents is disclosed in Notes 11 and 18.

In July 2025, the Group signed the extension of the maturity/validity of the short-term facility and the facility for issuance of letters of guarantees with maintaining all guarantees previously constituted in the guarantee of the facilities and the extension of the availability of the long-term facility. The short-term facility limit was reduced to RON 11,678 thousand.

13. BORROWINGS (continued)

- An uncommitted short-term facility agreement signed in June 2024 with Citibank Europe PLC Dublin – Romania Branch by Sphera Franchise Group SA and USFN Romania, as Borrowers, in total amount of EUR 3,500 thousand, to be used by the borrowers for issuance of letters of guarantee for borrowers' use or on behalf of other Group entities. The facility is secured with a movable mortgage on the bank accounts of the borrowers opened at the Bank. As of 31 December 2025, it was used for issuance of guarantee letters the amount of RON 10,316 thousand, equivalent of EUR 2,023 thousand.
- During 2025, Choco Franchise SRL signed an uncommitted long-term facility agreement with Banca Popolare di Milano (BPM) for an amount of EUR 460,000 (in June 2025) and a facility for an amount of EUR 410,000 (in October 2025), each facility being repayable in 60 monthly instalments. The credit facilities are intended to support the development activities of the Cioccolatitaliani brand. The loans are unsecured, carry no financial covenants, and are backed by a binding letter of comfort issued by Sphera Franchise Group SA.
- In October 2025, respectively December 2025, USFN Italy signed two uncommitted long-term facility agreements with Banca Popolare di Milano (BPM) for an amount of EUR 890,000, respectively EUR 360,000 repayable in 60 monthly instalments from drawdown date. The credit facilities are intended to support the development activities of the KFC brand in Italy. The loans are unsecured, carry no financial covenants and are backed by a binding letter of comfort issued by Sphera Franchise Group SA. As of December 31, 2025, the financing facility contracted in December in amount of EUR 360,000 had not been utilized yet.

Covenants:

The Group's borrowing arrangement with Unicredit Bank and Citi Bank contains several covenants, mainly of quantitative nature, out of which the most important relates to the ratio bank net debt, including non-cash loan utilized for letter of guarantee / EBITDA at a consolidated level, excluding the impact of IFRS 16, which should not exceed at any point in time 2.5.
Breaches in meeting the financial covenant at Group consolidated level would permit the bank to call the loan amount needed to meet the financial covenant. There have been no breaches of the consolidated financial covenant for the years ended 31 December 2025 and 31 December 2024.
The Group's borrowing arrangements with Banco Popolare di Milano do not include financial covenants.

The following table shows a reconciliation of the changes in liabilities arising from financing activities:

	31 December 2024	**Non-cash changes**			**Cash changes**				**31 December 2025**
		Interest accrual	Bank charges related to financing	Foreign exchange gains/losses	Drawings	Repayments	Interest paid	Bank charges paid	
Borrowings	**135,825**	**5,485**	**67**	**3,297**	**54,205**	**(44,536)**	**(5,608)**	**(46)**	**148,689**
Bank loans	135,825	5,485	67	3,297	54,205	(44,536)	(5,608)	(46)	148,689

	31 December 2023	**Non-cash changes**			**Cash changes**				**31 December 2024**
		Interest accrual	Bank charges related to financing	Foreign exchange gains/losses	Drawings	Repayments	Interest paid	Bank charges paid	
Borrowings	**133,772**	**8,717**	**79**	**30**	**44,079**	**(42,051)**	**(8,744)**	**(57)**	**135,825**
Bank loans	133,772	8,717	79	30	44,079	(42,051)	(8,744)	(57)	135,825

14. LEASE LIABILITIES

The Group has lease contracts for restaurants and administrative premises, motor vehicles and equipment used in its operations. Leases for restaurants premises generally have lease terms between 3 and 10 years (building and leasehold improvements), 20 years (land and land improvements), while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Group has leases of certain office equipment (i.e. printing and photocopying machines) that are considered of low value. The Group applies the "short-term leases" and "lease of low-value assets" recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Restaurant properties – (Land)	Restaurant properties – (Freehold buildings)	Motor vehicles and other equipment	Total
As at 1 January 2024	**14,448**	**221,730**	**3,359**	**239,537**
Additions	248	123,476	2,044	125,768
Depreciation expense	1,007	64,687	1,374	67,068
Disposals	4,703	-	315	5,018
Exchange difference	-	59	1	60
As at 31 December 2024	**8,986**	**280,578**	**3,715**	**293,279**
Additions	-	72,241	1,728	73,969
Depreciation and impairment expense	530	68,794	1,580	70,904
Disposals	-	11,523	41	11,564
Exchange difference	-	1,028	13	1,041
As at 31 December 2025	**8,456**	**273,530**	**3,835**	**285,821**

The amount related to the disposals of RON 11,564 thousand refers mainly to the lease contracts terminated early for the Pizza Hut and KFC It, restaurants closed in 2025 and that are scheduled to be closed at the beginning of 2026.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

As at 1 January 2025	**323,281**
Additions	74,729
Accretion of interest	15,692
Payments (principal and interest)	84,358
Disposals	14,325
Unrealized forex exchange gain	6,915
Translation difference	1,177
As at 31 December 2025	**323,111**
Non-current	251,844
Current	71,267

The difference between the value of the additions of the right of use assets and the value of the lease liabilities arising from the recognition of these assets is represented by the lease incentives received from the space owners (fit-out contribution amounting to RON 760 thousand), which contribute to reducing the initial value of the asset, but do not change the value of the lease liability.

As at 1 January 2024	**267,887**
Additions	125,768
Accretion of interest	15,302
Payments (principal and interest)	80,103
Disposals	6,024
Unrealized forex exchange gain	200
Translation difference	251
As at 31 December 2024	**323,281**
Non-current	258,430
Current	64,851

14. LEASE LIABILITIES (continued)

The following are the amounts recognized in profit or loss:	**2025**
Depreciation and impairment expense of right-of-use assets	70,904
Interest expense on lease liabilities	15,692
Forex exchange differences, net	6,915
Rent presented in restaurant expenses, including:	*30,670*
• Variable lease payments (included in restaurant expenses - rent)	29,747
• Expense relating to short-term leases and low value assets (included in restaurant expenses)	923
Rent presented in "General and administrative expenses"	230
Net (gain)/ loss on disposal	(2,893)
Total amount recognized in profit or loss	**121,518**

	2024
Depreciation expense of right-of-use assets	67,068
Interest expense on lease liabilities	15,302
Forex exchange differences, net	200
Rent presented in restaurant expenses, including:	*33,863*
• Variable lease payments (included in restaurant expenses - rent)	32,923
• Expense relating to short-term leases and low value assets (included in restaurant expenses)	940
Rent presented in "General and administrative expenses"	226
Net (gain)/ loss on disposal	(1,005)
Total amount recognized in profit or loss	**115,654**

Variable lease payments depend on sales, the turnover rent being accounted as operating expenses ("Rent").

15. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Group's principal financial liabilities comprise loans and borrowings, lease liabilities and trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's financial assets are represented by trade and other receivables, and cash and short-term deposits that derive directly from its operations, as well as long-term deposits to guarantee rent and other payables.

The Group is exposed to several financial risks in connection with its activities, including the market risk (interest rate risk, foreign exchange rate risk), risk related to the financial liquidity, and, to a limited extent to credit risk.
The Group's senior management oversees the management of these risks, setting up the appropriate financial risk governance framework for the Group. The Group's senior management ensures the Group's financial risk activities are performed under appropriate procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives.
The Group's financial policies for managing the main financial risks with the objective to limit the negative impact on the Group's financial results are summarised below:

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Trade and other receivables and payables are non-interest bearing financial assets and liabilities. The borrowings are usually exposed to interest rate risk through market value fluctuations of interest-bearing long-term and short-term credit facilities. Interest rates on the Group's debt finance are variable. The interest rates on credit facilities of the Group are disclosed in Note 13. Changes in interest rates impact primarily loans and borrowings by changing their future cash flows (variable rate debt). Management policy is to resort mainly to variable rate financing. However, at the time of rising new loans or borrowings management uses its judgment to decide whether it believes that fixed or variable rate would be more favourable to the Group over the expected period until maturity.

15. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on loans and borrowings. With all other variables held constant, the Group's profit before tax and equity are affected through the impact on floating rate borrowings, as follows:

	Increase in basis points	Effect on profit before tax
31 December 2025	1%	(1,487)
EUR		
31 December 2024		
EUR	1%	(1,358)

The Group does not hedge its interest rate risk.
The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment. An equal decrease of the interest rate would have the same effect but of opposite impact.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's financing activities, as the financing contracted by the Group is Euro based. The vast majority of revenues and expenses, trade and other receivables and payables, are in RON.

The Group monitors the currency risk by following changes in exchange rates in currencies in which its intercompany balances and external debts are denominated. The Group does not have formal arrangements to mitigate its currency risk.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the EUR and US dollar exchange rate. The Group's exposure to foreign currency changes for all other currencies is not material. With all other variables held constant the Group's profit before tax and equity (excluding translation of Italian subsidiary for presentation into RON) are affected as follows:

	Increase in EUR rate	Effect on profit before tax	Increase in USD rate	Effect on profit before tax
31 December 2025	1.4%	(5,893)	1%	(122)
31 December 2024	1%	(4,074)	1%	(112)

An equal decrease of the EUR/USD rate would have the same effect but of opposite impact.

Credit risk

The Group is not significantly exposed to credit risk as the majority of its sales are on a cash basis. The Group's credit risk is primarily attributed to trade and other receivables and balances with banks, including the cash in transit with the banks or in transit with food aggregating platforms. The carrying amount of trade and other receivables, net of allowance for impairment (trade receivables - Note 17 and deposits for rent guarantee as per statement of financial position) plus cash and cash equivalents (Note 18), represent the maximum amount exposed to credit risk. Management believes that there is no significant risk of loss to the Group beyond the allowances already recorded.

15. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

The Group invests cash and cash equivalents with highly reliable financial institutions. The Group has only plain vanilla deposits with reputable banks, none of which has experienced any difficulties in 2025, 2024 or up to the date of these consolidated financial statements. Also, the food aggregating platforms the Group collaborates with, are reputable commercial partners, part of international group of companies. The majority of cash is transacted through and placed with banks like Unicredit Group (which took over Alpha Bank Romania since November 2024, the merger between the two banks being finalized in 15 August 2025), BRD- SGS, a member of Societe Generale Group, Banca Transilvania, Vista Bank, Citi Bank Romania, Banco BPM (Italy), Unicredit Bank Italy, Victoria Bank (Republic of Moldova), Mobiasbanca (Republic of Moldova) – part of OTP Group.

The long-term credit rating of Unicredit Romania is A3 as provided by Moody's rating agency. The long-term credit rating of BRD is Baa1, while the one for Unicredit Group is A3, both provided by Moody's. The long-term credit rating of BPM Bank is Baa1 and Unicredit Bank Italy is A3, provided by Moody's rating agency. According to Fitch Ratings, the long-term credit rating of Banca Transilvania is BBB-, for Victoria Bank is B+ and for Vista Bank (Vista Bank Global) is B+. According to Moody's rating agency, the long-term credit rating of OTP Group in Republic of Moldova is B3, no credit rating being available for Mobiasbanca. The long-term credit rating of Citibank Europe PLC is Aa3 as provided by Moody's rating agency, no specific credit rating being available for its Romanian branch.

As at 31 December 2025, more than 73% of the Group's cash and cash equivalents balance is placed at bank institutions with a stable credit rating (63% - A3, 8% - Baa1 and 2% B+). As at 31 December 2024, more than 80% of the Group's cash and cash equivalents balance is placed at bank institutions with a stable credit rating (58% - Ba1, 11% - Baa1 and 11% - B+).

For both 2025 and 2024, the remaining cash balance of the Group up to 100% is represented by cash on hand and cash in transit from aggregators, as well as the amounts in the under settlement related to card payment transactions.

There is no significant concentration of credit risk in respect of trade and other receivables due to the fact that sales are based mainly on cash and credit card payments.

Liquidity risk

The Group has adopted a prudent financial liquidity management approach, assuming that sufficient cash and cash equivalents are maintained and that further financing is available from guaranteed funds from credit lines. The tables below summarize the maturity profile of the Group's financial liabilities, including principal amounts and interests according to contractual terms, at 31 December 2025 and 31 December 2024 based on contractual undiscounted payments.

31 December 2025	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Borrowings	148	12,289	34,502	106,458	6,067	**159,464**
Lease liability	-	20,906	62,720	201,900	103,757	**389,283**
Total trade and other payables	22,837	76,113	-	331	-	**99,281**
Total:	**22,985**	**109,308**	**97,222**	**308,689**	**109,824**	**648,028**

31 December 2024	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Borrowings	239	12,181	37,598	86,410	13,853	**150,281**
Lease liability	-	18,684	56,052	205,025	99,486	**379,247**
Total trade and other payables	23,440	72,467	27	330	-	**96,264**
Total:	**23,679**	**103,332**	**93,677**	**291,765**	**113,339**	**625,792**

15. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

At 31 December 2025, the Group had available RON 87,311 thousand of undrawn uncommitted borrowing facilities (31 December 2024: RON 93,298 thousand), thus being able to respond to any unforeseen higher cash outflow needs.

Capital management

Capital includes the equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it considering changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group may monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group does not have a target gearing ratio, as the overall gearing is low. The Group includes within net debt, interest bearing loans and borrowings, lease liabilities, financial trade and other payables, less cash and cash deposits.

	31 December 2025	31 December 2024
Borrowings	148,689	135,825
Leases	323,111	323,281
Financial trade and other payables	99,280	96,264
Less: cash and cash equivalents	102,555	115,764
Net debt	**468,525**	**439,606**
Equity	126,924	154,987
Capital and net debt	**595,449**	**594,593**
Gearing ratio:	79%	74%

The Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. For the covenants in force as at 31 December 2025 and 31 December 2024 please refer to Note 13.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

Fair values

The Group has no financial instruments carried at fair value in the statement of financial position.

The carrying amount of the interest-bearing loans and borrowings approximate their fair value. Management estimates that the margin applicable over Euribor at the balance sheet date would be similar to the ones at the dates of each previous withdrawal, due to the fact that the Group maintained over the past years a low gearing ratio and a stable financial condition and also based on statistics published by the National Bank of Romania. The carrying amounts of these financial instruments are considered to approximate their fair values, of these instruments (level 3 measurement).

Financial instruments which are not carried at fair value on the statement of financial position also include deposits to guarantee rent, trade and other receivables, cash and cash equivalents, and trade and other payables. The carrying amounts of these financial instruments are also considered to approximate their fair values (level 3 measurement).

16. INVENTORIES

	31 December 2025	31 December 2024
Raw materials	13,071	12,276
Consumables	2,936	2,826
Finished goods	1,097	1,294
Total inventories	**17,104**	**16,396**

For the year ended 31 December 2025, inventories amounting to RON 506,259 thousand (2024: RON 498,560 thousand) were recognised as an expense in profit or loss, in ''Food and materials'' as well as in ''General and administrative expenses'' ("Small-wares" and "Cleaning supplies").

17. TRADE AND OTHER CURRENT RECEIVABLES

	31 December 2025	31 December 2024
Trade receivables	1,715	1,160
Trade receivables from related parties (Note 25)	2	4
Tax receivables (VAT receivables mainly)	5,049	4,400
Income tax receivables	345	
Meal tickets	59	69
Social security – medical leave to be received	4,807	4,710
Interest to be received	-	34
Other debtors	1,016	2,284
Total	**12,993**	**12,661**

Terms and conditions relating to related party transactions are described in Note 6.
Trade receivables are non-interest bearing and are generally on terms of 30-90 days.

As of 31 December 2024, other debtors include the amount of RON 1,575 thousand representing cash paid to the broker for the purpose of purchasing treasury shares, designated for the execution of the share buyback program aimed at reducing the share capital, in accordance with EGMS Resolution no. 3 dated 26.04.2024.

As at 31 December 2025, trade receivables with a value of RON 440 thousand (31 December 2024: RON 440 thousand) were impaired and fully provided for.

As at 31 December 2025 and 31 December 2024, the ageing analysis of trade receivables, net of allowances, is as follows:

	Trade receivables					
			Days past due			
31 December 2025	**Total**	Current	< 30 days	30-60 days	61-90 days	>91 days
Expected credit loss rate		0%	0%	0%	0%	79%
Estimated total gross carrying amount at default	**2,155**	770	622	83	124	556
Expected credit loss	**440**	-	-	-	-	440
Net value	**1,715**	770	622	83	124	116

17. TRADE AND OTHER CURRENT RECEIVABLES (continued)

	Trade receivables					
			Days past due			
31 December 2024	**Total**	Current	< 30 days	30-60 days	61-90 days	>91 days
Expected credit loss rate		0%	0%	0%	0%	93%
Estimated total gross carrying amount at default	**1,600**	679	456	-	-	465
Expected credit loss	**440**	-	-	-	-	440
Net value	**1,160**	679	456	-	-	25

For the loans attributed to related parties, the Group's considers the probability of losses being remote.

18. CASH AND CASH EQUIVALENTS

	31 December 2024	31 December 2023
Cash at banks and on hand	83,395	88,518
Cash in transit	8,693	1,319
Cash in transit – food aggregating platforms	10,467	15,927
Short-term deposits	-	10,000
Total	**102,555**	**115,764**

Deposits at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group.

As part of the financing agreement with banks the Group has pledged the cash available in the accounts opened with the banks. The balance of the pledged bank accounts as at 31 December 2025 is of RON 64,117 thousand (31 December 2024: RON 66,706 thousand).

Long term financial assets (cash collateral)

As at 31 December 2025, long term financial assets (cash collateral) include the amount of RON 6,916 thousand (31 December 2024: RON 7,152 thousand) representing bank deposits set up as collateral guarantees based on contracts with various suppliers (landlords, utilities, supply etc.).

19. SHARE CAPITAL

	31 December 2025	31 December 2024
Authorised shares		
Ordinary shares of 15 RON each	38,799,340	38,799,340
Share capital (RON thousand)	581,990	581,990

The shareholders of Sphera Franchise Group SA as at 31 December 2025 are: Shaletia Ventures LTD (29.5466%), Computerland Romania SRL (20.5326%), Wellkept Group SA (17.0739%) and free float (32.8469%).

The shareholders of Sphera Franchise Group SA as at 31 December 2024 are: Shaletia Ventures Ltd. (29.5466%), Computerland Romania SRL (20.5327%), Wellkept Group SA (17.0739%) and free float (32.8468%).

As at 31 December 2025, Sphera Group held 163,503 own treasury shares, representing 0.421% of the parent company's share capital (31 December 2024: 122,902 own treasury shares, representing 0.317%).

19. SHARE CAPITAL (continued)

The structure of the share capital and share premium, as set up in 2017, was as follows:

	Share capital	Share premium
Balance as at 1 January 2017 (including the hyperinflation adjustment)	**190**	**-**
Share capital contribution in cash upon set-up of Sphera	1,500	-
Increase of Sphera share capital upon contribution of ARS shares (at fair value of ARS business)	60,786	-
Increase of Sphera share capital upon contribution of USFN shares (at fair value of USFN business)	519,704	(519,704)
Sphera becoming legal parent of the Group	(190)	190
Reclassification of USFN legal reserves	-	19
Costs related to reorganization	-	(1,083)
Balance as at 31 December 2017	**581,990**	**(520,578)**

Costs related to reorganisation in amount of RON 580 thousand were covered in 2019, therefore as of 31 December 2019 the share premium balance became RON 519,998 thousand.

The share capital and share premium have not suffered any changes in 2025 and 2024.

Buyback programs (one program for the reduction of the share capital and one program for share option plan)

In accordance with the decisions of the General Meetings of Shareholders, the Group executed two buyback programs through market operations: one program was aimed at implementing the share option plan for top management, while the other (started in 2024 and ended in January 2025) was focused on reducing the share capital by canceling the redeemed shares.
As of December 31, 2025, the Group held 163,503 own treasury shares for the two buyback programs (December 31, 2024: 122,902 own shares). During the year ended December 31, 2025, the Group acquired 74,489 shares with the full price paid of RON 2,881 thousand.
As part of the Group's share option plan, during the year ended December 31, 2025, SFG assigned 33,888 free shares with a total value of RON 1,289 thousand to the executive directors of the Group, representing the SOP for activity carried out in 2023.

20. PROFIT DISTRIBUTION

	2025	2024
Dividends declared during the period:		
To shareholders of Sphera Franchise Group SA	82,335	81,443
To non-controlling interests	626	561
Total dividends declared during the period	**82,961**	**82,004**
Total dividends declared per share SFG (RON/share)	**2.13**	**2.10**
Dividends paid during the period:		
To shareholders of Sphera Franchise Group SA	82,335	81,443
To non-controlling interests	626	561
Total dividends declared and paid during the period	**82,961**	**82,004**

The net dividends paid to the shareholders of Sphera Franchise Group, after withholding the dividend tax of RON 3,500 thousand (2024: RON 1,659 thousand), were RON 78,835 thousand in 2025 (2024: RON 79,784 thousand).

As at 31 December 2025, Sphera Group held 163,503 own treasury shares, representing 0.421% of the parent company's share capital (31 December 2024: 122,902 own treasury shares, representing 0.317%).

20. PROFIT DISTRIBUTION (continued)

The proposal for the allocation of profit for the financial year ended December 31, 2025, to be approved at the general shareholders' meeting is detailed in Note 29 Events after the reporting period.

Proposed dividends on ordinary shares, subject to approval at the annual general meeting, are not recognised as a liability as at 31 December 2024 and as at 31 December 2025.

As at 31 December 2025, the consolidated legal reserves balance, included into Retained earnings, is in amount of RON 23,613 thousand (2024: RON 18,537 thousand).

21. TRADE AND OTHER CURRENT PAYABLES

	31 December 2025	31 December 2024
Trade payables	97,474	94,488
Other payables to related parties (Note 26)	1,011	724
Other payables	795	1,051
Salary liability	44,399	39,795
Social contribution liability	11,686	11,221
Other employee related liabilities	2,018	3,357
VAT payable	4,380	5,038
Other taxes	2,118	416
Dividends payable	14	13
Total	**163,895**	**156,103**
Less: non-current portion of other payables	330	330
Trade and other payables, current	**163,565**	**155,773**

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 30-day terms
- For terms and conditions relating to related parties, refer to Note 26.

22. PROVISONS

	Litigation provisions	Restructuring provisions	**Total**
As at 31 December 2023	**305**	**-**	**305**
Recording	-	-	-
Utilization	-	-	-
Reversals	-	-	-
As at 31 December 2024	**305**	**-**	**305**
Recording	-	3,801	**3,801**
Utilization	-	(1,382)	**(1,382)**
Reversals	(305)		**(305)**
Foreign exchange differences	-	17	**17**
As at 31 December 2025	**-**	**2,436**	**2,436**

Restructuring provisions recorded during 2025 relate to estimated costs (early termination penalties for lease contracts and severance pay) for the restructuring and closure of two KFC restaurants in Italy (balance RON1,626 thousand), as well as estimated costs (early termination penalties for lease contracts and severance pay) related to the closure in 2026 of seven Pizza Hut locations in Romania (balance RON 810 thousand). The reversal of the litigation provisions (RON 305 thousand) occurred as a result of a favorable legal decision regarding a dispute with a former non-executive director.

23. EBITDA

	2025	2024
Operating profit	**101,494**	**144,181**
Adjustments to bridge operating profit to EBITDA:		
Depreciation, amortization and impairment of non-current assets included in restaurant expenses	123,660	107,273
Depreciation, amortization and impairment of non-current assets included in general and administration expenses	7,400	6,263
EBITDA	**232,554**	**257,717**
Normalization adjustments	1,279	-
Normalized EBITDA	**233,833**	**257,717**

EBITDA is not a financial indicator defined by IFRS Accounting Standards, but one of the key performance measures relevant for the business operations and monitored by the Group senior management.

For the year ended 31 December 2025, EBITDA was normalized to exclude one-off items mainly related to restructuring and store closures (RON 3,801 thousand) and also the reversal of a litigation provision (RON 305 thousand) (Note 22), and revenues from the lease liabilities written off due to the early termination of the leases for the closing restaurants locations (RON 2,217). Total normalized EBITDA items amounted to RON 1,279 thousand.
For the year ended 31 December 2024, no normalization items were required.

24. EARNINGS PER SHARE (EPS)

	31 December 2025	31 December 2024
Profit attributable to ordinary equity holders of the parent	56,335	96,776
Weighted average number of ordinary shares ((without own shares, Note 19)	38,635,837	38,676,438
Earnings per share, basic and diluted (RON/share)	**1.4581**	**2.5022**

There are no other dilutive instruments to be considered.

25. COMMITMENTS AND CONTINGENCIES

Lease commitments

The Group has entered into several lease agreements for restaurants that are going to be opened in the forthcoming period. The estimated value of the commitments related to the future lease payments for right-of-use assets is of RON 12,928 thousand (2024: RON 6,400 thousand), comprising RON 4,645 thousand (2024: 0) for 5-year contractual period, RON 2,117 thousand for 10-year contractual period (2024: RON 6,400 thousand) and RON 6,166 thousand (2024: 0) for 20-year contractual period, being related to four new restaurants that will be opened during 2026 (2024: two new restaurants expected to be opened during 2025) and for which the rent agreements had been signed at the reporting date.

Other commitments

The Group restaurants are operating under franchise agreements with YUM! and its subsidiaries. In accordance with these agreements, the Group is committed to maintain the identity, reputation, and high-quality standards of each brand, and to develop the restaurants network.

25.COMMITMENTS AND CONTINGENCIES (continued)

In 2024, the Group expanded its brand portfolio by adding the Cioccolatitaliani franchise, part of Gioia Group. The franchising rights are held by CHOCO FRANCHISE SRL, a newly established entity in Italy, fully owned by US Food Network Italy. The first Cioccolatitaliani location was opened in Italy on June 20, 2025. The Group estimates about 20 new openings for the following five years, initially focusing on the northern regions of Italy, but is also considering the Romanian market, as the agreement signed with Gioia Group covers also the local market.

During September 2025, the Group added a new brand, Hard Rock Café ("HRC") in its portfolio. The development of the new brand is planned to start in 2026 and it is estimated that five restaurants will be opened in Romania and the Republic of Moldova over the next five years.

For the other brands, the Group has no development agreements in place. Nevertheless, the Group will continue the network development, with plans to open new KFC units, in Romania, Italy and Moldova and new units Taco Bell in Romania and Moldova.

Climate change

In the context of climate change and increasingly stringent sustainability requirements, Sphera Group conducted an analysis integrating the evaluation of climate-related risks and opportunities developed on recommendations issued by the Task Force on Climate-related Financial Disclosure (TCFD).
The analysis covers the Group's own operations, including restaurants in Romania, Italy, and the Republic of Moldova, as well as its value chain, encompassing suppliers of raw materials and services.
To adapt its strategy and business model to climate change, through a series of clear measures, Sphera Group implemented quick solutions to reduce energy consumption in the short term, such as the transition to LED lighting. In the medium term, planned programs include investments in green technologies and the modernization of HVAC (Heating, Ventilation, and Air Conditioning) and energy management systems.
In the long term, Sphera Group plans its portfolio of products and services according to market requirements for sustainability, while ensuring the workforce retraining to adapt to new operational demands. Long-term contractual relationships with suppliers, source diversification, and the implementation of more energy-efficient processes contribute to stability and maintaining accessible capital costs. For each material topic, associated impacts, risks, and opportunities have been analyzed to guide the long-term strategy and business model concerning climate change.
Further details about climate change strategy and energy efficiency are presented in the Group's Sustainability report.

Bank letter of guarantees

The Group has issued bank letters of guarantee in favour of suppliers as at 31 December 2025 in amount of RON 28,202 thousand (31 December 2024: RON 23,655 thousand).

Other contingencies

Taxation risk
The interpretation of the text and practical implementation procedures of the tax regulations could vary, and there is a risk that certain transactions could be viewed differently by the tax authorities as compared to the Group's treatment.
The tax legislation, especially in Romania, was subject to significant changes and contradictory interpretations, which may apply retroactively. Moreover, in practice, the tax authorities can take a strong approach and assess additional tax liabilities and related late payment penalties based on their individual interpretations of the tax legislation. As a result, penalties and delay payment interest could result in a significant amount payable to the state budget.
Contingent liabilities may arise in relation to additional tax assessments that may be imposed by the tax authorities as a result of reviews performed. Corporate tax returns can be subject to review by tax authorities within a 5-year period in Romania and Italy and a 4-years period in Republic of Moldova.
Recently, there has been an increase in audits carried out by the tax authorities.

25. COMMITMENTS AND CONTINGENCIES (continued)

Transfer pricing
According to the applicable relevant tax legislation in the countries in which the Group operates, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle"). It is likely that transfer pricing reviews will be undertaken in the future in order to assess whether the "arm's length principle" is followed and therefore no distortion exists that may affect the taxable base of the tax payer.
The Group has prepared transfer pricing files.

Legal proceedings
During the period, the Group was involved in a small number of court proceedings (both as a plaintiff and a defendant) arising in the ordinary course of business. In the opinion of Management, based on legal advice, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Group and which have not been accrued or disclosed in these consolidated financial statements.

26. RELATED PARTY DISCLOSURES

During the years ended 31 December 2025 and 31 December 2024, the Group has carried out transactions with the following related parties:

Related party	Nature of the relationship	Country of incorporation	Nature of transactions
Moulin D'Or SRL	Entity affiliated to shareholders of the parent	Romania	Goods and services
Midi Development SRL	Entity affiliated to shareholders of the parent	Romania	Services
Grand Plaza Hotel SA	Entity affiliated to a shareholder of the parent	Romania	Rent and utilities store PH Dorobanti
Arggo Software Development and Consulting SRL	Entity affiliated to a shareholder of the parent	Romania	IT services
Wellkept Group SA	Shareholder and entity under common control of Radu Dimofte, ultimate controlling party of the parent	Romania	Rent training center and payment of dividends
Tatika Investments Ltd.	Shareholder (until December 2024) and entity under common control of Radu Dimofte, ultimate controlling party of the parent	Cyprus	Payment of dividends
Shaletia Ventures Ltd.	Shareholder (from December 2024) and entity under common control of Radu Dimofte, ultimate controlling party of the parent	Cyprus	Payment of dividends
Computerland Romania SRL	Shareholder with significant influence	Romania	Payment of dividends, acquisition of IT equipment, licenses
Radu Dimofte	Beneficial owner of Wellkept Group SA, Tatika Investments Ltd and ultimate controlling party of the parent	Romania	Rent store KFC Mosilor
Elicom SRL	Entity affiliated to a shareholder of the parent	Romania	Call-centre services
Dorobanti 239 Imobiliare SRL	Entity affiliated to a shareholder of the parent	Romania	Rent and utilities for restaurant and administrative area
Baneasa Developments SRL	Entity affiliated to a shareholder of the parent	Romania	Restaurant rent

Related party	Nature of the relationship	Country of incorporation	Nature of transactions
Baneasa Investments SA	Entity affiliated to a shareholder of the parent	Romania	Restaurant rent
Parc Hotels SA	Entity affiliated to a shareholder of the parent	Romania	Accommodation services
Casa Doina SRL	Entity affiliated to a shareholder of the parent	Romania	Acquisition of services

The following table provides the total amount of transactions that have been entered into with related parties for the relevant period:

	2025		31 December 2025	
Related party	**Sales (without VAT) to related parties**	**Purchases (without VAT) from related parties**	**Amounts owed by related parties**	**Amounts owed to related parties**
Moulin D'Or SRL	-	2	-	-
Radu Dimofte	-	105	-	-
Wellkept Group SA	-	369	-	-
Midi Development SRL	-	134	-	-
Grand Plaza Hotel SA	15	1,302	66	9
Arggo Software Development and Consulting SRL	-	1,300	28	46
Elicom SRL	-	610	-	49
Dorobanti 239 Imobiliare SRL	-	4,115	-	140
Baneasa Developments SRL	6	4,921	-	151
Baneasa Investments SA	-	714	172	5
Computerland Romania SRL	33	687	503	606
Casa Doina	-	4	-	-
Parc Hotels SA	-	39	-	5
	54	**14,302**	**769**	**1,011**

	2024		31 December 2024	
Related party	**Sales (without VAT) to related parties**	**Purchases (without VAT) from related parties**	**Amounts owed by related parties**	**Amounts owed to related parties**
Moulin D'Or SRL	-	4	-	-
Radu Dimofte	-	92	-	-
Wellkept Group SA	-	493	-	17
Midi Development SRL	-	125	-	128
Grand Plaza Hotel SA	-	1,250	66	22
Arggo Software Development and Consulting SRL	-	1,438	-	61
Elicom SRL	-	611	-	49
Dorobanti 239 Imobiliare SRL	-	3,859	-	114
Baneasa Developments SRL	-	4,781	-	196
Baneasa Investments SA	-	692	172	2
Computerland Romania SRL	57	258	4	1
Parc Hotels SA	-	96	-	-
	57	**13,699**	**242**	**590**

As at 31 December 2025, out of the total amount owed by related parties of RON 769 thousand, RON 238 thousand represent long term deposits for rent guarantees (31 December 2024: RON 238 thousand out of RON 242 thousand), RON 529 thousand (31 December 2024: 0) represents paid advances and the remaining RON 2 thousand represent trade receivables from related parties (31 December 2024: RON 4 thousand).

26. RELATED PARTY DISCLOSURES (continued)

Terms and conditions of transactions with related parties

Outstanding balances at period end are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables, except for the amounts presented above as security deposits for rent agreements.

For the years ended 31 December 2025 and 31 December 2024, the Group has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel of the Group:

	2025	2024
Short-term employee benefits	9,497	10,401
Total compensation paid to key management personnel	**9,497**	**10,401**

The amounts disclosed in the table are the amounts recognised as an expense during each reporting period.
The above compensation of key management personnel includes a share - based payment expense (see Note 8.1), amounting to RON 1,020 thousand (2024: RON 1,828 thousand), included in Payroll and employee benefits recognized in "General and administrative expenses".

27. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on the restaurants' brands, as follows:

- KFC restaurants
- Pizza Hut restaurants
- Taco Bell restaurants
- Choco restaurants (Cioccolatitaliani)

Inter-segment revenues for services are presented in the "Inter-segment revenues" line and are eliminated during consolidation.
At the end of the year 2024, the Group has incorporated a new brand, Cioccolatitaliani ("CHOCO"), into its portfolio. CHOCO inaugurated its first location in Italy on 20 June 2025, contributing RON 795 thousand in restaurant operating revenues during this reporting period.
In September 2025, the Group added a new brand Hard Rock Café ("HRC") to its portfolio. The development of the new brand is planned to start in 2026.

The Board of Directors monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment operating profit and is measured consistently with ''Restaurant operating profit'' in the statement of comprehensive income in the consolidated financial statements.

2025	KFC	Pizza Hut	Taco Bell	Choco	Other	Eliminations	Consolidated
Revenues from external customers	1,356,631	106,777	106,744	795	-	(21)	1,570,926
Inter-segment revenues	-	-	-	-	42,384	(42,384)	-
Other income	6,023	1,916	168	-	982	(100)	8,989
Dividend revenues	-	-	-	-	106,756	(106,756)	-
Operating expenses	1,262,180	115,151	101,076	2,724	48,579	(51,289)	1,478,421
Segment operating profit	**100,474**	**(6,458)**	**5,836**	**(1,929)**	**101,543**	**(97,972)**	**101,494**

2025	KFC	Pizza Hut	Taco Bell	Choco	Other	Eliminations	Consolidated
Finance costs	29,005	2,434	2,377	328	1,678	(4,805)	31,017
Finance income	3,700	4	-	-	1,699	(4,805)	598
Income taxes	13,548	-	609	(23)	68	-	14,202
Net profit/(loss)	**61,621**	**(8,888)**	**2,850**	**(2,234)**	**101,496**	**(97,972)**	**56,873**
Total assets	**681,638**	**40,238**	**56,624**	**12,390**	**754,507**	**(767,354)**	**778,043**
Total liabilities	**633,209**	**75,173**	**52,544**	**12,325**	**45,019**	**(167,151)**	**651,119**
Capital expenditure, including right-of-use additions	100,752	12,243	19,521	9,492	798	(208)	142,598
Depreciation of right-of-use assets	54,841	8,307	5,810	195	1,751	-	70,904
Depreciation, amortization and impairment	48,990	5,622	4,693	177	965	(291)	60,156

2024	KFC	Pizza Hut	Taco Bell	Other	Eliminations	Consolidated
Revenues from external customers	1,348,129	108,409	91,875	(31)	-	1,548,382
Inter-segment revenues	-	1	-	42,510	(42,511)	-
Other revenues	2,501	779	106	11	(111)	3,286
Dividend revenues	-	-	-	94,025	(94,025)	-
Operating expenses	1,206,530	113,360	85,825	46,346	(44,574)	1,407,487
Segment operating profit	**144,100**	**(4,171)**	**6,156**	**90,169**	**(92,073)**	**144,181**
Finance costs	22,751	2,736	2,186	3,632	(5,806)	25,499
Finance income	4,039	4	-	2,327	(5,806)	564
Income taxes	20,987	-	706	166	-	21,859
Net profit/(loss)	**104,401**	**(6,903)**	**3,264**	**88,698**	**(92,073)**	**97,387**
Total assets	**666,569**	**46,369**	**47,065**	**81,261**	**(57,720)**	**783,544**
Total liabilities	**572,427**	**72,415**	**45,836**	**53,192**	**(115,313)**	**628,557**
Capital expenditure, including right-of-use additions	149,301	15,569	16,819	2,818	(334)	184,173
Depreciation of right-of-use assets	52,682	7,757	5,289	1,340	-	67,068
Depreciation, amortization and impairment	37,775	4,351	3,804	655	(117)	46,468

Other income include revenues from recycled oil sales in amount of RON 882 thousand (2024: RON 510 thousand), sub-franchise fees in amount of RON 267 thousand (2024: RON 297 thousand), revenues from canceled debts in amount of RON 4,424 thousand (2024: RON 1,299 thousand), net gain from the early termination of lease contracts in amount of RON 2,770 thousand (2024: RON 1,005 thousand), reversal of provisions for litigation in amount of RON 305 thousand in 2025, as well as other miscellaneous income in amount of RON 341 thousand (2024: RON 175 thousand).

27. SEGMENT INFORMATION (continued)

Geographic information:

Revenue from external customers	**2025**	**2024**
Romania	1,346,166	1,332,962
Italy	196,424	191,748
Republic of Moldova	28,336	23,672
Total restaurant revenue	**1,570,926**	**1,548,382**

The revenue information above is based on the location of the customers.

Non-current assets (other than financial assets and deferred tax assets)	**31 December 2025**	**31 December 2024**
Romania	506,007	509,389
Italy	86,833	85,816
Republic of Moldova	11,187	6,996
Total	**604,027**	**602,201**

Non-current assets consist mainly of right-of-use assets, leasehold improvements and kitchen related equipment.

28. AUDITOR'S FEES

The auditor of the Group is Ernst & Young Assurance Services SRL.

The total fee for the statutory audit of the consolidated and standalone financial statements as of 31 December 2025 of Sphera Franchise Group SA prepared in accordance with MOF 2844/2016 and of the statutory audit of the financial statements as of 31 December 2025 of US Food Network SA, American Restaurant System SA and California Fresh Flavors in accordance cu MOF 1802/2014, the statutory audit of US Food Network Srl Italy and the limited review procedures of the sustainability reporting was of RON 1,106 thousand (excluding VAT).

Other non-assurance services amounted RON 20 thousand (excluding VAT) in connection with the procedures performed by the audit company for the Group's year-end related parties' reports, prepared in accordance with the stock exchange regulations.

29. EVENTS AFTER THE REPORTING PERIOD

Proposed profit allocation for the financial year 2025

For the year ended 31 December 2025, the Board of Directors has proposed to the shareholders' approval, the following allocation of the net profit of Sphera Franchise Group SA in amount of RON 101,511 thousand as presented in its separate financial statements as at and for the year ended 31 December 2025:

- Setting up the legal reserves in accordance with the statutory regulations in amount of RON 5,076 thousand.
- Covering the loss related to the acquisition of treasury shares in amount of RON 392 thousand.
- Allocation of undistributed profit of RON 96,045 thousand to retained earnings.

Also, the Board of Directors has proposed to the shareholders' approval the distribution of a gross dividend of RON 1.06/share from the undistributed profit (2024 and 2025) of the Company.

29. EVENTS AFTER THE REPORTING PERIOD (continued)

Share capital reduction

Following the decision of the general meeting of shareholders, in February 2026 the share capital of Sphera Franchise Group SA was reduced by the amount of RON 1,888,170, from RON 581,990,100 to RON 580,101,930 by canceling 125,878 treasury shares purchased by Sphera Franchise Group SA for this purpose in accordance with AGEA Resolution no. 3/26.04.2024. After the reduction, the share capital is RON 580,101,930, divided into 38,673,462 shares.

Tax inspections

At the beginning of 2026, the tax authorities have started a tax inspection at the level of US Food Network SA, with the objective of verifying value-added tax and corporate income tax for the period 01.01.2019–31.12.2023. At the date of the preparation of the financial statements, the inspection is ongoing.

Development of the restaurant network

To date, the Group has opened two new restaurants, one KFC in Centro Piave Shopping Center in San Donà di Piave, in the province of Venice, Italy, and one KFC in M Park Titan, in Bucharest, Romania.
On February 19, 2026, the Group announced that, following the process of operational efficiency improvement and consolidation of the restaurant network, which took place in the period 2023-2024, the Group's management, together with that of American Restaurant System S.A., decided to close 7 Pizza Hut restaurants, units that recorded operational performance below expectations and a significant negative impact on financial results. Management estimates that the closure of these underperforming units will have a positive impact on operational profitability, by eliminating recurring losses and optimizing the cost structure.
The impact of the closure of these units was appropriately reflected in the financial statements, through the recognition of the effects on the financial result and position (Note 11, Note 12, Note 22).

New loan facilities

In March 2026, the Board of Directors proposed for the shareholders' approval the contracting of two new loan facilities from Raiffeisen Bank: a committed long-term facility up to EUR 27 million for development activities, with Sphera Franchise Group SA, US Food Network SA, and California Fresh Flavors SRL as co-borrowers and guarantors and a short-term facility up to EUR 3 million for working capital and the issuance of letters of guarantee with Sphera Franchise Group SA, US Food Network SA, California Fresh Flavors SRL, and American Restaurant System SA, as co-borrowers and guarantors.

The War in Iran

At the end of February 2026, a significant geopolitical event occurred in the Middle East, which led to increased regional tensions and uncertainty. As a result of the escalation of geopolitical tensions, starting with February 2026, there was a significant increase in market volatility, as well as fluctuations in energy, oil, and gas prices. High inflationary pressures, disruptions in global supply chains, and a slowdown in economic growth are expected.
The Group has no direct exposure to affiliated parties and/or key customers or suppliers or bank institutions in the affected region. The impact of these events may influence macroeconomic conditions at the national and European level and, in the long term, the volume of activity, cash flows, as well as profitability.
The Group considers these events as subsequent events that do not lead to the adjustment of the financial statements, the effect of which cannot be estimated at the date of approval of these consolidated financial statements, with a sufficient degree of certainty.
Currently, the Group's management is analyzing the potential impact of changes in macroeconomic conditions on the Group's financial position and operational results.

These consolidated financial statements from page 2 to page 50 were approved by the Board of Directors and were authorised for issue on 25 March 2026.

Chief Executive Officer	Chief Financial Officer
Calin Ionescu	Valentin Budes

SPHERA FRANCHISE GROUP SA

SEPARATE FINANCIAL STATEMENTS

Prepared in accordance with Order of the Ministry of Public Finance
no. 2844/2016 approving the accounting regulations
compliant with the International Financial Reporting Standards

31 December 2025

CONTENTS

Statement of comprehensive income	2
Statement of financial position	3
Statement of changes in equity	4
Statement of cash flows	5
Notes to the separate financial statements	6 - 38

	Note	2025	2024
Revenues			
Dividend revenues	19	106,756	94,025
Revenue from contracts with related parties	19	42,384	42,479
Other operating income		981	18
Total operating revenues		**150,121**	**136,522**
Expenses			
Payroll and employee short-term benefits		36,232	35,892
Impairment loss of investments in subsidiaries	10	2,712	2,165
Other operating expenses	5	9,618	8,293
Total operating expenses		**48,562**	**46,350**
Profit from operating activities		**101,559**	**90,172**
Finance expenses	6.1	1,917	3,614
Finance income	6.2	1,938	2,327
Profit before tax		**101,580**	**88,885**
Income tax expense	7	69	165
Profit		**101,511**	**88,720**
Comprehensive income		**101,511**	**88,720**

These separate financial statements from page 2 to page 38 were approved by the Board of Directors and were authorised for issue on 25 March 2026.

Chief Executive Officer

Calin Ionescu

Chief Financial Officer

Valentin Budes

	Note	31 December 2025	31 December 2024
Assets			
Non-current assets		**709,304**	**706,994**
Property, plant and equipment	8	704	1,278
Right-of-use assets	12	2,077	4,064
Intangible assets	9	770	654
Investments in subsidiaries	10	661,526	663,899
Loan and other receivables	14	44,196	37,016
Deferred tax asset	7	31	83
Current assets		**45,176**	**36,630**
Trade and other current receivables (including short-term loans)	14	42,885	23,669
Current prepayments		194	505
Cash and cash equivalents	15	2,097	12,456
Total assets		**754,480**	**743,624**
Equity and liabilities			
Equity			
Share capital	16	581,990	581,990
Treasury shares	16,19	(6,381)	(4,789)
Legal reserve		23,406	18,331
Retained earnings	17	106,482	92,773
Reserves for share-based remuneration	19	3,808	3,686
Total equity		**709,305**	**691,991**
Non-current liabilities		**30,064**	**33,895**
Long-term borrowings	11	28,578	30,856
Non-current lease liabilities	12	1,486	3,039
Current liabilities		**15,111**	**17,738**
Short-term borrowings	11	4,045	7,496
Current lease liabilities	12	874	1,416
Trade and other current payables	18	10,192	8,521
Provisions for risks and charges		-	305
Total liabilities		**45,175**	**51,633**
Total equity and liabilities		**754,480**	**743,624**

These separate financial statements from page 2 to page 38 were approved by the Board of Directors and were authorised for issue on 25 March 2026.

Chief Executive Officer — Chief Financial Officer

Calin Ionescu — Valentin Budes

	Share capital	Treasury shares	Reserves for share-based remuneration	Legal reserves	Retained earnings	Total equity
As of 1 January 2025	**581,990**	**(4,789)**	**3,686**	**18,331**	**92,773**	**691,991**
Profit	-	-	-	-	101,511	101,511
Total comprehensive income	**-**	**-**	**-**	**-**	**101,511**	**101,511**
Acquisition of treasury shares (Note 16 and Note 19)	-	(2,881)	-	-	-	(2,881)
Shares granted (Note 19)	-	1,289	(897)	-	(392)	-
Share-based remuneration (Note 19)	-	-	1,020	-	-	1,020
Legal reserves	-	-	-	5,075	(5,075)	-
Dividends declared (Note 17)	-	-	-	-	(82,335)	(82,335)
As of 31 December 2025	**581,990**	**(6,381)**	**3,808**	**23,406**	**106,482**	**709,305**

	Share capital	Treasury shares	Reserves for share-based remuneration	Legal reserves	Retained earnings	Total equity
As of 1 January 2024	**581,990**	**(2,037)**	**3,894**	**13,894**	**89,933**	**687,674**
Profit	-	-	-	-	88,720	88,720
Total comprehensive income	**-**	**-**	**-**	**-**	**88,720**	**88,720**
Acquisition of treasury shares (Note 16 and Note 19)	-	(4,789)	-	-	-	(4,789)
Shares granted (Note 19)	-	2,037	(2,037)	-	-	-
Share-based remuneration (Note 19)	-	-	1,829	-	-	1,829
Legal reserves	-	-	-	4,437	(4,437)	-
Dividends declared (Note 17)	-	-	-	-	(81,443)	(81,443)
As of 31 December 2024	**581,990**	**(4,789)**	**3,686**	**18,331**	**92,773**	**691,991**

The share capital has not suffered any changes during 2025 and 2024.

These separate financial statements from page 2 to page 38 were approved by the Board of Directors and were authorised for issue on 25 March 2026.

Chief Executive Officer — Chief Financial Officer

Calin Ionescu — Valentin Budes

	Note	2025	2024
Operating activities			
Profit before tax		101,580	88,885
Adjustments to reconcile profit before tax to net cash flows:			
Dividend revenue	19	(106,756)	(94,025)
Depreciation, amortization and impairment	5	2,718	1,995
Impairment loss of investments in subsidiaries	10	2,712	2,165
Adjustments for unrealized foreign exchange losses/(gains)		(300)	(7)
(Gain)/loss on disposal of property, plant and equipment and right of use assets		(675)	(8)
Share-based remuneration	19	881	1,404
Adjustments for finance income	6.2	(1,699)	(2,327)
Adjustments for finance costs (interest and commissions)	6.1	1,917	3,596
Movements in provisions, net		(305)	-
Working capital adjustments:			
Adjustments for decrease/(increase) in trade and other receivables and prepayments		(4,587)	(4,777)
Adjustments for (decrease)/increase in trade and other payables		(1,667)	(1,159)
Dividends received		92,417	114,109
Interest received, classified as operating activities		480	341
Interest paid, classified as operating activities		(665)	(1,609)
Income tax paid		(116)	(23)
Cash flows from operating activities		**85,935**	**108,560**
Investing activities			
Proceeds from sale of property, plant and equipment		5	178
Purchase of property, plant and equipment and intangible assets, classified as investing activities		(526)	(561)
Loans granted to related parties		(5,649)	(4,960)
Loans reimbursed by related parties		600	-
Acquisitions/Increase of investments in subsidiaries	10	(200)	-
Cash flows used in investing activities		**(5,770)**	**(5,343)**
Financing activities			
Acquisition of treasury shares		(2,881)	(4,789)
Repayment of borrowings	11	(7,559)	(7,714)
Payment of lease liabilities	12	(1,249)	(1,371)
Net dividends paid		(78,835)	(79,784)
Cash flows used in financing activities		**(90,524)**	**(93,658)**
Net (decrease)/ increase in cash and cash equivalents		**(10,359)**	**9,559**
Cash and cash equivalents at 01 January		**12,456**	**2,897**
Cash and cash equivalents at 31 December		**2,097**	**12,456**

These separate financial statements from page 2 to page 38 were approved by the Board of Directors and were authorised for issue on 25 March 2026.

Chief Executive Officer — Chief Financial Officer

Calin Ionescu — Valentin Budes

1. REPORTING ENTITY

Sphera Franchise Group SA (''Sphera'' or "the Company") was incorporated on 16 May 2017 as a joint stock company and is registered at No. 239 Calea Dorobanti, Bucharest, Romania. The Company renders management and support services such as marketing, development, sales support, human resources and other services to its subsidiaries. Sphera Franchise Group SA is listed on Bucharest Stock Exchange under the symbol "SFG".

As at 31 December 2025 and 31 December 2024, the Company has the following subsidiaries:

Company name	Brand	Country of incorporation	Field of activity	Share interest % 31 December 2025	Share interest % 31 December 2024
US Food Network SA	KFC	Romania	Restaurants	99.9997%	99.9997%
American Restaurant System SA	Pizza Hut	Romania	Restaurants	99.9997%	99.9997%
California Fresh Flavors SRL	Taco Bell	Romania	Restaurants	99.9900%	99.9900%
US Food Network SRL	KFC	Moldova	Restaurants	80.0000%	80.0000%
US Food Network SRL	KFC	Italy	Restaurants	100.0000%	100.0000%
Choco Franchise SRL *(subsidiary of US Food Network SRL Italy)*	Cioccolatitaliani	Italy	Restaurants	100.0000%	100.0000%
HRC Restaurants SRL	Hard Rock Cafe	Romania	Restaurants	100.0000%	-

HRC Restaurants SRL was incorporated at the end of 2025 for the development of the Hard Rock Cafe brand in Romania and in Republic of Moldova.

Sphera Franchise Group SA together with its subsidiaries are referred hereinafter as ''SFG'' or ''the Group''.

The Group operates quick service and takeaway restaurant concepts (a chain of 131 restaurants as at 31 December 2025) under the Kentucky Fried Chicken (''KFC''), spread across Romania as well as in the Republic of Moldova and in Italy. The Group also operates in Romania a chain of 28 pizza restaurants under the Pizza Hut ("PH") brand, a chain of restaurants under the "Taco Bell" brand (18 restaurants) and one Pizza Hut sub-franchise. During 2025, the Group opened a Cioccolatitaliani location in Italy.

As at 31 December 2025, the Company has a total number of 165 employees and 3 employees for whom the services were contracted (2024:174).

The separate financial statements for the year ended 31 December 2025 were authorized for issue in accordance with the resolution of the Board of Directors dated 25 March 2026.

2. MATERIAL ACCOUNTING POLICIES

The following are the material accounting policies applied by the Company in preparing its separate financial statements.

2.1 Statement of Compliance

The separate financial statements ("financial statements") of the Company have been prepared in accordance with the provisions of the Ministry of Public Finance Order no. 2844/2016 approving the accounting regulations compliant with the International Financial Reporting Standards, with all subsequent modifications and clarifications.
The Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, is in accordance with the International Financial Reporting Standards (IFRS Accounting Standards) adopted by the European Union (EU), except for IAS 21 The effects of changes in foreign exchange rates regarding functional currency, except for the provisions of IAS 20 Accounting for Government Grants regarding the recognition of revenue from green certificates, except for the provisions of IFRS 15 Revenue from contracts with customers regarding the revenue from taxes of connection to the distribution grid.

2. MATERIAL ACCOUNTING POLICIES (continued)

The Company also prepares consolidated financial statements in accordance with Order of Public Finance Ministry no. 2844/2016 (with subsequent modifications), for approval of accounting regulation in accordance with International Financial Reporting Standards applicable to entities which are listed on stock exchanges.

During the current year the Company has a net profit of RON 101,511 thousand and has a net current assets position of RON 30,065 thousand. As at 31 December 2025, the Company holds a cash and cash equivalent balance of RON 2,097 thousand and has available RON 74,971 thousand undrawn bank facilities, thus being able to respond to any unforeseen higher cash outflow needs.

The Company's main revenues refer to management services and other support function services provided to its operating subsidiaries (i.e. its customers) and receives dividends from investments in these subsidiaries.

During the current year, the Group, which the Company is part of, made a net profit of RON 56,873 thousand and had a net current liability position of RON 144,462 thousand. The Group holds a cash and cash equivalent balance of RON 102,555 thousand and has undrawn bank facilities of RON 87,311 thousand as at 31 December 2025, thus being able to respond to any unforeseen higher cash outflow needs.

The management has assessed the appropriate use of the going concern principle, taking into account the current and anticipated profitability of the Company and of the Group, as well as the repayment schedule of the existing financing facilities.

This assessment was based on the detailed cash flow projections for the period up to 31 December 2026, taking into consideration the current available cash resources of the Group as of 31 December 2025, the contracts in place in relation to rental expenses, anticipated additional expenses from new lease agreements to be concluded during the period covered by the projections, as well as contracted debt financing and the current classification of loans at the reporting date, the level of planned investments and other commitments.

The ongoing war in Ukraine and the related sanctions targeted against the Russian Federation have a continuous impact on the European economies and globally. The Company does not have any significant direct exposure to Ukraine, Russia or Belarus.

Starting with February 2026, the conflict between Iran and Israel intensified, generating increased regional tensions and disruptions in transportation and trade routes in the Middle East. This contributed to global price increases and drew the involvement of the United States of America in the context of military operations.
The Group does not have significant direct exposures in these countries, and management considers that, currently, there is no significant impact on the Group's activities or financial results. Management is monitoring international developments and believes that the Group has the necessary capacity to manage any indirect effects on the macroeconomic environment.

Based on these analyses, the projections show that the Company has sufficient resources to continue its operations and to support the planned development of its assets. Management concludes that the use of going concern principle is appropriate for preparation of the financial statements and that no significant uncertainties have been identified regarding the Company's ability to continue its operations.

2.2 Basis of preparation

The separate financial statements have been prepared on a historical cost basis, using going concern principle. The separate financial statements are presented in Romanian Lei (''RON'') and all values are rounded to the nearest thousand RON, except when otherwise indicated. Accordingly, there may be rounding differences.

2. MATERIAL ACCOUNTING POLICIES (continued)

2.3 Summary of material accounting policies

2.3.1 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.
A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- It does not have the right at the end of the reporting period to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.3.2 Fair value measurement

Disclosures regarding fair value of financial instruments and non-financial assets that are measured at fair value or cases in which fair values are presented are summarised in the relevant notes.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

2.3.3 Revenue

Rendering of services

The Company is engaged in providing management and other support function services to its operating subsidiaries (i.e. its customers).
Revenue from these contracts is recognised when control of goods and services is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods and services.

The Company recognises revenue from these services over time, as it progresses towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

2. MATERIAL ACCOUNTING POLICIES (continued)

If the contracts include fees for various activities performed, revenue is recognised in the amount to which the Company has a right to invoice.

Revenues related to services rendered are recognised in the period in which the services were rendered based on statements of work performed, regardless of when paid or received, in accordance with the accrual basis.

Dividend income

Dividend revenue from investments is recognized when the shareholder's right to receive payment has been established which is when shareholders approve the dividend payment.

Interest income

Interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in ''Finance income'' in profit or loss.

2.3.4 Foreign currencies

The Company's separate financial statements are presented in Romanian New Lei (''RON''), which is the Company's functional currency.

Transactions and balances

Foreign currency transactions are recorded at the exchange rate ruling on transaction date. Monetary assets and liabilities expressed in foreign currency are translated into RON at the exchange rate on the reporting date, communicated by the National Bank of Romania:

The exchange rates as at 31 December 2025 and 31 December 2024 and the average exchange rates for the years 2025 and 2024 were:

	Closing exchange rates		Average exchange rates	
	31 December 2025	**31 December 2024**	**2025**	**2024**
RON – EUR	5.0985	4.9741	5.0415	4.9746
RON – USD	4.3417	4.7768	4.4705	4.5984
RON – MDL	0.2580	0.2576	0.2573	0.2584

Differences arising on settlement or translation of monetary items are recognised in profit or loss.

2.3.5 Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities, using tax rates enacted or substantively enacted at the reporting date. Taxable profit differs from profit as reported in the profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation, and it establishes provisions where appropriate.

2. MATERIAL ACCOUNTING POLICIES (continued)

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for: all deductible temporary differences and the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. The carry forward of unused tax credits and any unused tax losses that can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss, no deferred tax is recognized, and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Sales tax (VAT and similar taxes)

Revenues, expenses and assets are recognised net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- Receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.3.6 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

2. MATERIAL ACCOUNTING POLICIES (continued)

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Right of use of buildings and leasehold improvements	3 to 10 years
Right-of-use assets of plant and machinery (motor vehicles and other equipment)	3 to 5 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, and amounts expected to be paid under residual value guarantees. The lease payments also include the payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company performs a remeasurement of the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The amount of the remeasurement of the lease liability is recognized as an adjustment to the right-of-use asset i.e. with no impact on profit or loss.

2. MATERIAL ACCOUNTING POLICIES (continued)

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.3.7 Impairment of non-financial assets

At each reporting date, management assesses whether there is any indication of impairment for property, plant and equipment or intangible assets. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount, and the difference is recognised as an expense (impairment loss) in the statement of comprehensive income.

An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the asset's recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.3.8 Investments in subsidiaries

In the Company's financial statements, the investments in subsidiaries are accounted for at cost in accordance with IAS 27 "Separate financial statements".
At each reporting date, management assesses whether there is any indication of impairment over investments in subsidiaries. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount, and the difference is recognised as an expense (impairment loss) in profit or loss.
An impairment loss recognised in prior years is reversed if there has been a change in the estimates used to determine the investment's recoverable amount. An impairment loss is reversed only to the extent that the investment's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

2.3.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Financial assets that are debt instruments are classified, at initial recognition, as subsequently measured at amortised cost.

With the exception of trade receivables that do not contain a significant financing component, the Company initially measures a financial asset at its fair value plus transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

2. MATERIAL ACCOUNTING POLICIES (continued)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

• The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding;

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets are represented by loans, trade and other receivables and cash and cash equivalents. For more information on receivables, refer to Note 14. Receivables due in less than 12 months are not discounted.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when the Company has transferred substantially all the risks and rewards of the asset.

Impairment of financial assets

The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision methodology that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.
Disclosures relating to impairment of financial assets are summarised in the Note 14 - Trade receivables.

ii) Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities measured at amortised cost, net of directly attributable transaction costs.
The Company's financial liabilities include only financial liabilities measured at amortised cost (trade and other payables, lease liabilities and loans and borrowings).

Subsequent measurement

After initial recognition, interest bearing loans and borrowings and any other long-term payables are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss.

2. MATERIAL ACCOUNTING POLICIES (continued)

De-recognition

A financial liability is derecognised when the obligation related to the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.
Trade and other payables with a maturity of 12 months or less are not discounted.

2.3.10 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand.

2.3.11 Equity

Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds. Any excess or deficit of the fair value of consideration received over the par value of shares issued is recognised as share premium.

Dividends

The Company recognises a liability to make cash or non-cash distributions to owners of equity when the distribution is no longer at the discretion of the Company. As per the corporate laws of Romania, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Legal reserves

The Company sets its legal reserves under the Companies Law, which requires that 5% of the annual accounting profit before taxes is transferred to „Legal Reserves" until the balance of this reserve reaches the threshold of 20% of share capital. Legal reserves are not distributable.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, the difference between the purchase price and the fair value at the date of grant being recognized in equity as a gain or loss related to the acquisition of the treasury shares.

2.3.12 Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.3.13 Employee benefits and share-based remuneration

The Company, in the normal course of business, makes payments on behalf of its employees for pensions (defined contribution plans), health care, employment and personnel tax which are calculated

2. MATERIAL ACCOUNTING POLICIES (continued)

according to the statutory rates in force during the year, based on gross salaries and wages. Food allowances, travel expenses and holiday allowances are also calculated according to the local legislation.
The cost of these payments is charged to the statement of comprehensive income in the same period as the related salary cost. Accruals are created for holiday allowances if there are non-used holidays according to the local legislation.

The Company does not operate any other pension scheme or post-retirement benefits plan and consequently, has no obligation in respect of pensions.

Share-based payments

Senior executives of the Group might receive part of their variable remuneration in the form of share-based payments. The cost of equity-settled transactions with senior management is measured by reference to fair value at the grant date. That cost is recognized as an expense for employee benefits for the company's directors, respectively as an investment in subsidiaries for the subsidiary directors, together with a corresponding increase in equity (in "Reserves from share-based remuneration"), over the period to satisfy the vesting conditions (vesting period). The expense or credit in the profit or loss account for a period represents the movement of cumulative expenses recognized at the beginning and end of that period. When allocating treasury shares to directors, the exit from "Treasury shares" is offset by "Reserves from share-based remuneration" at the fair value at the grant date, and the difference up to the purchase cost of the treasury shares is recorded as a loss/gain on shares in equity within Retained Earnings.

3. MATERIAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of asset or liability affected in future periods.

Judgements

In the process of applying the Company’s accounting policies, management has made no judgement with significant effect on the amounts recognised in the financial statements during 2025.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.
The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Recoverability of investments in subsidiaries

The Company assesses the recoverability of investments in subsidiaries at least at each financial year-end. The determination of recoverable amounts of the Company’s investments in subsidiaries relies on management’s estimates of future cash flows, for which some of the main assumptions were future restaurants opening, growth rates, gross and net operating margins, working capital needs, capital expenditure and discount rates, as well as economic assumptions such as the evolution of salaries in the economy and inflation. The key assumptions used to determine the recoverable amount for the investment in subsidiaries and loans to subsidiaries, including a sensitivity analysis, are disclosed and further explained in Note 10.

4. CHANGES IN ACCOUNTING POLICIES

4.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

THE STANDARDS/AMENDMENTS THAT ARE EFFECTIVE AND HAVE BEEN ENDORSED BY THE EUROPEAN UNION

The accounting policies adopted are consistent with those of the previous financial year, except for the following IFRS Accounting Standard which has been adopted by the Company as of 1 January 2025:

- IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (Amendments).

The newly adopted IFRS Accounting Standard did not have a material impact on the Company's accounting policies.

4.2 STANDARDS ISSUED BUT NOT YET EFFECTIVE AND NOT EARLY ADOPTED

i) The standards/amendments that are not yet effective, but have been endorsed by the European Union:

- IFRS 18 Presentation and Disclosure in Financial Statements. In April 2024, IASB issued IFRS 18 – Presentation and Disclosure in Financial Statements, which replaces IAS 1 - Presentation of Financial Statements and it becomes effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. IFRS 18 introduces new requirements on presentation within the statement of profit or loss. It requires an entity to classify all income and expenses within its statement of profit or loss into one of the five categories: operating; investing; financing; income taxes; and discontinued operations. These categories are complemented by the requirements to present subtotals and totals for 'operating profit or loss', 'profit or loss before financing and income taxes' and 'profit or loss'. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards. IFRS 18 is effective for reporting periods beginning on or after January 1, 2027, with earlier application permitted. Retrospective application is required in both annual and interim financial statements. The standard has been endorsed by the EU in February 2026.
  The Company is analyzing the IFRS 18 provisions and the presentation changes that will result from its adoption starting January 1, 2027. As of the date of approval of these financial statements, this analysis is in progress.
- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments (Amendments).
- IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity (Amendments).
- Annual Improvements to IFRS Accounting Standards – Volume 11

ii) The standards/amendments that are not yet effective and have not yet been endorsed by the European Union:

- IFRS 19 Subsidiaries without Public Accountability: Disclosures (including amendments).
- IAS 21 The Effects of Changes in Foreign Exchange Rates: Translation to a Hyperinflationary Presentation Currency (Amendments).
- Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

Except for IFRS 18, management has assessed that application of these amendments and new standards will not have a material impact on the financial statements of the Company.

5. OTHER OPERATING EXPENSES

	2025	2024
Third-party services	5,141	4,540
Depreciation and amortization	2,718	1,995
Insurance	34	55
Transport, travel and fuel expenses	738	693
Office supplies	85	174
Maintenance and repairs	43	73
Other taxes	288	139
Advertising	278	316
Rental expenses	82	113
Banking charges	44	39
Utilities	38	52
Miscellaneous expenses	129	104
Total	**9,618**	**8,293**

Third party services include mainly audit services, consulting services, IT services, and HR services.

For the year 2025, depreciation and impairment loss expenses include also depreciation adjustments amounting RON 882 thousand for improvements (RON 328 thousand) and right of use assets (RON 554 thousand) that are unrecoverable for storage and office spaces that the company abandoned in 2025, following the reorganization of the administrative space. The depreciation expenses presented above are netted off with the amounts related to income from subsidies received (RON 12 thousand for the year 2025 and RON 8 thousand for the year 2024).

6. FINANCE EXPENSES AND INCOME

6.1 FINANCE EXPENSES

	2025	2024
Interest on debts and borrowings and bank charges related to financing	467	1,433
Interest on lease liabilities	146	188
Interest on loans from related parties (Note 19)	1,304	1,975
Foreign exchange loss	-	18
Total finance costs	**1,917**	**3,614**

6.2 FINANCE INCOME

	2025	2024
Interest income from loans to related parties (Note 19)	1,371	1,965
Interest income from banks	326	331
Foreign exchange gain	239	-
Other finance income	2	31
Total finance income	**1,938**	**2,327**

7. INCOME TAX

The major components of income tax for the years ended 31 December 2025 and 31 December 2024 are:

	2025	2024
Current income tax:		
Income tax expense	69	165
Current income tax charge	17	14
Deferred tax:		
Relating to fiscal losses carried forward	52	151
Income tax expense reported in the statement of comprehensive income	**69**	**165**

A reconciliation between tax expense and the accounting profit multiplied by the tax rate for the years ended 31 December 2025 and 31 December 2024 is as follows:

	2025	2024
Accounting profit before income tax	**101,580**	**88,885**
At Romanian statutory income tax rate of 16%	16,253	14,222
Non-taxable income and legal reserves exempted from tax	(17,893)	(15,755)
Non-deductible expenses for tax purposes	1,657	1,615
Reversal of deferred tax receivables previously recognized for losses carried forward	52	83
At the effective income tax rate	**69**	**165**

Deferred tax

Deferred tax reconciliation with corresponding items in the statement of financial position and statement of comprehensive income is as follows:

	Statement of financial position 31 December 2025	Statement of comprehensive income 2025
Current income tax charge		17
Fiscal losses carried forward	31	52
Deferred tax expense		**69**
Net deferred tax assets	**31**	

	Statement of financial position 31 December 2024	Statement of comprehensive income 2024
Current income tax charge		14
Fiscal losses carried forward	83	151
Deferred tax expense		**165**
Net deferred tax assets	**83**	

The deferred tax asset of RON 31 thousand (31 December 2024: RON 83 thousand) arose from the tax losses carried forward in amount of RON 192 thousand, which are available for offsetting against the Company's future tax profits within the next year (i.e. the tax loss may still be used in the next two years until the expiration date).

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Plant and machinery	Other equipment	Construction in progress	Total
Cost					
At 1 January 2024	**2,236**	**189**	**1,874**	**-**	**4,299**
Additions	7	-	178	-	185
Disposals	-	-	53	-	53
At 31 December 2024	**2,243**	**189**	**1,999**	**-**	**4,431**
Additions	9	-	125	167	301
Disposals	28	3	25	134	190
At 31 December 2025	**2,224**	**186**	**2,099**	**33**	**4,542**
Depreciation and impairment losses					
At 1 January 2024	**1,170**	**153**	**1,430**	**-**	**2,753**
Depreciation charge	227	24	201	-	452
Disposals	-	-	52	-	52
At 31 December 2024	**1,397**	**177**	**1,579**	**-**	**3,153**
Depreciation charge	182	11	215	-	408
Impairment	328	-	-	-	328
Disposals	29	3	19	-	51
At 31 December 2025	**1,878**	**185**	**1,775**	**-**	**3,838**
Net Book Value					
At 1 January 2024	**1,066**	**66**	**414**	**-**	**1,546**
At 31 December 2024	**846**	**12**	**420**	**-**	**1,278**
At 31 December 2025	**346**	**1**	**324**	**33**	**704**

The additions during the year ended 31 December 2025 consisted mainly in office computers and other office equipment. Impairment losses refer to unrecoverable improvements related to rented administrative spaces (warehouse and offices) that were abandoned during 2025.

9. INTANGIBLE ASSETS

	Software, licenses	Total
Cost		
At 1 January 2024	**1,321**	**1,321**
Additions	214	214
At 31 December 2024	**1,535**	**1,535**
Additions	358	358
At 31 December 2025	**1,893**	**1,893**
Amortisation		
At 1 January 2024	**670**	**670**
Amortisation	211	211
At 31 December 2024	**881**	**881**
Amortisation	242	242
At 31 December 2025	**1,123**	**1,123**
Net book value		
At 1 January 2024	**651**	**651**
At 31 December 2024	**654**	**654**
At 31 December 2025	**770**	**770**

10. INVESTMENTS IN SUBSIDIARIES

Details of the investments in subsidiaries at 31 December 2025 are as follows:

Company name	Country of incorporation	Field of activity	Share interest percent	Investment at cost	Impairment	Carrying value
US Food Network SA ('USFN')	Romania	Restaurants	99.9997%	520,152		520,152
American Restaurant System SA ('ARS')	Romania	Restaurants	99.9997%	114,568	69,556	45,012
California Fresh Flavors SRL ('CFF')	Romania	Restaurants	99.9900%	16,528		16,528
US Food Network SRL ('USFN Moldova')	Moldova	Restaurants	80.0000%	1,735		1,735
US Food Network SRL ('USFN Italy')	Italy	Restaurants	100.0000%	77,899		77,899
HRC Restaurants SRL	Romania	Restaurants	100.0000%	200		200
Total				**731,082**	**69,556**	**661,526**

Details of the investments in subsidiaries at 31 December 2024 are as follows:

Company name	Country of incorporation	Field of activity	Share interest percent	Investment at cost	Impairment	Carrying value
US Food Network SA ('USFN')	Romania	Restaurants	99.9997%	520,013	-	520,013
American Restaurant System SA ('ARS')	Romania	Restaurants	99.9997%	114,568	66,844	47,724
California Fresh Flavors SRL ('CFF')	Romania	Restaurants	99.9900%	16,528	-	16,528
US Food Network SRL ('USFN Moldova')	Moldova	Restaurants	80.0000%	1,735	-	1,735
US Food Network SRL ('USFN Italy')	Italy	Restaurants	100.0000%	77,899	-	77,899
Total				**730,743**	**66,844**	**663,899**

In 2025, the Company increased the investment in USFN with the amount of RON 139 thousand, representing the value of its own treasury shares that are to be granted to the management of subsidiaries, as part of the share-based payment program. At the same time, the impairment for the investment with ARS has increased by RON 2,712 thousand.

The shareholding structure of the subsidiaries remained unchanged.

As of December 31, 2025 and 2024, the Company assessed whether there are indicators of impairment for its cost of investment in subsidiaries, as follows:

- USFN Romania, USFN Moldova and CFF's activities in 2025 and 2024 have registered a very good performance, the subsidiaries mentioned above are in a profit position; therefore, no impairment indicators were identified.
- USFN Italy activities in 2025 and 2024 have registered a stable performance, having a positive normalized profit position. In 2025 due to the normalized items of RON 6.5mn related with the closures of 2 restaurants (KFC Bari, KFC Verona Piazza Delle Erbe) a loss has resulted in FY2025. In the impairment test run, no impairment indicators were identified, the recoverable amount of the CGU's assets exceeding its carrying amount.

10. INVESTMENTS IN SUBSIDIARIES (continued)

The cash flow projections are based on financial budgets approved by senior management covering the above-referred period.

Impairment test for Pizza Hut (ARS)

The key assumptions used in the calculation of the recoverable amounts are sales growth rates, EBITDA margins, discount rates, net working capital and terminal value growth rates. Capital expenditure/restaurant is also a key assumption. The values assigned to these key assumptions reflect past experience and a number of actions with the purpose to improve the performance indicators and the agility of the brand: the streamlining of restaurant network (7 locations planned to be closed in 2026 to boost profitability, part of the delivery sales in Bucharest assumed to be saved taking into consideration the similar delivery areas), a tighter control of costs (restaurant payroll, rent, other operating expenses, general and administrative costs), outsourcing of the own delivery fleet, increase of operational efficiency, focusing more on product innovation.

Discount rate (post tax) used is 12.5% (2024: 12.7%). The discount rate reflects the current market assessment of the risks specific to ARS and was estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the market assessment of any risk specific to ARS for which further estimates of cash-flows have not been adjusted. The WACC was determined by considering the debt equity structure of the peers.
The Company considers the sales growth rates used in the impairment test to be reasonable, based on the measures it has undertaken to support sales, including the level of selling prices and alignment of its sales channels and the recent evolution of Pizza Hut restaurants.

Budget EBITDA margins are based on the following assumptions:

- Improving the current profitability for the existing restaurants as a result of the restaurants network optimization plan (7 locations planned to be closed in 2026 to boost profitability, part of the delivery sales in Bucharest assumed to be saved taking into consideration the similar delivery areas)
- Increased effectiveness of the delivery activity by outsourcing the own delivery fleet which allowed costs optimization in terms of personnel, other operating expenses (own fleet costs); The rest of the main expense categories trend will be relatively constant as percentage of sales.
- Strengthening the operating performance of the existing network, no new units assumed to be opened or closed for 2026-2030 period.
- Launching new products, focus on product innovation.

As a result of the analysis, as compared to the investment carrying value of RON 114,568 thousand (RON 114,568 thousand as at December 31, 2024) and also considering the other receivables with ARS of RON 19,706 thousand (RON 12,008 thousand as at December 31, 2024) and the accumulated impairment loss already recognized in the financial statements as at and for the year ended 31 December 2024 of RON 66,844 thousand, there was a decrease of the investment's recoverable amount of additional RON 2,712 thousand (RON 2,165 thousand for year 2024) for which the Company recognized an impairment loss in the financial statements as at and for the year ended 31 December 2025. This impairment loss may be reversed in the future financial years, subject to improving performance of the subsidiary.

Regarding the assessment of impairment, management believes that the model is most sensitive to:

- cost of capital (WACC)
- terminal growth assumptions
- EBITDA margin
- Net working capital (NWC)

10. INVESTMENTS IN SUBSIDIARIES (continued)

EBITDA margin reflects management's estimates regarding the operational profitability of ARS, in line with historical levels and market evolution (and is not disclosed due to the strategic nature of this information).

Key drivers	Key drivers (%)	Fair value less cost to sell	(Impairment) / Headroom
	12.5%	**64,719**	**(2,712)**
Cost of capital	13.0%	60,833	(6,598)
	12.0%	69,043	1,612
	0.00%	**64,719**	**(2,712)**
EBITDA margin	-0.50%	58,412	(9,020)
	0.50%	71,026	3,595
	3.00%	**64,719**	**(2,712)**
Perpetuity growth factor	2.50%	61,175	(6,256)
	3.50%	68,656	1,225
	0.0 pp	**64,719**	**(2,712)**
Net working capital (%/sales)	-0.5pp	65,420	(2,012)
	+0.5pp	64,018	(3,413)

11. BORROWINGS

	Interest rate %	Maturity	31 December 2025	31 December 2024
Short-term borrowings				
Current portion of the long-term bank loan	EURIBOR 3M + relevant spread	6 years from each withdrawal	4,045	7,496
Total current borrowings			**4,045**	**7,496**
Long-term borrowings				
Long-term portion of the bank loan	EURIBOR 3M + relevant spread	6 years from each withdrawal	2,870	6,717
Loan from related parties (including accrued interest) (Note 19)	EURIBOR 3M + relevant spread	5 years from contract signing date	25,708	24,139
Total long-term borrowings			**28,578**	**30,856**
Total borrowings			**32,623**	**38,352**

The Company has received a multicurrency credit facility from its subsidiary US FOOD NETWORK SA, with term extension option, the maximum limit being EUR 20 million. The credit facility is valid until March 2027 and does not contain covenants or other special terms. The interest is payable at the end of the contract, together with the principal balance. The balance of the loan as at December 31, 2025 is RON 25,708 thousand (RON 24,139 thousand as at December 31, 2024).

The Company is part of a credit facility from Unicredit Bank Romania (Alpha Bank Romania) signed jointly by the Company and its Romanian subsidiaries. Starting with 4 November 2024, Alpha Bank Romania is part of UniCredit Group, the merger between the two banks being finalized on 15 August 2025.

11. BORROWINGS (continued)

The financing facilities of Sphera Franchise Group taken over by Unicredit Bank Romania once the merger process with Alpha Bank was finalized, consist of: an uncommitted long term credit facility in maximum amount of EUR 42,167,000 for the development of new locations and financing of the foreign subsidiaries, with a maturity of 6 years from each withdrawal (final maturity 29 October 2032) and with an utilized balance as at December 31, 2025 in amount of EUR 27,462 thousand, and a credit facility for issuance of guarantee letters in amount of 3,500,000 EUR, with current maturity until 30 October 2026 and an option for yearly renewal, with an utilized balance in common by Sphera and its subsidiaries in amount of EUR 2,774 thousand as at 31 December 2025.

The loan facilities are secured with property, plant and equipment of restaurant locations for which the credit limit has been utilised, pledge on business goodwill, pledge on current accounts opened with the bank, promissory notes issued, pledge on receivables from the shares owned by the Group in its subsidiaries from Moldova and Italy. In June 2024, the Company signed together with US Food Network SA (USFN Romania) ("debtors") an uncommitted short-term facility agreement with Citibank Europe PLC Dublin – Romania Branch in total amount of EUR 3,500,000, for issuance of guarantee letters for borrowers' use or on behalf of other Group entities. The facility is valid until June 2026, with an option for yearly renewal. As of December 31, 2025, it was used for the issuance of guarantee letters the amount of RON 10,316 thousand, equivalent to EUR 2,203 thousand.

Covenants
The Group's borrowing arrangements with Unicredit Bank and Citi Bank contain several covenants, mainly of quantitative nature, out of which the most important relates to the ratio bank net debt including non-cash loan utilized for guarantee letters / EBITDA at a consolidated level, excluding the impact of IFRS 16, which should not exceed at any point in time 2.5.
Breaches in meeting the financial covenant at Group consolidated level would permit the bank to call the loan amount needed to meet the financial covenant. There have been no breaches of the consolidated financial covenant for the years ended 31 December 2025 and 31 December 2024.

11. BORROWINGS (continued)

Information related to cash flows from financing

The following table shows a reconciliation of the changes in liabilities arising from financing activities:

	31 December 2024	Non-cash changes				Cash changes				31 December 2025
		Interest accrual	Bank charges related to financing	Deferred bank charges recognized in the period	Foreign exchange gains/losses	Drawings	Repayments	Interest paid	Bank charges paid	
Borrowings	**38,352**	**1,750**	**21**	**-**	**577**	**-**	**(7,559)**	**(470)**	**(48)**	**32,623**
Bank loans	14,213	446	21	-	312	-	(7,559)	(470)	(48)	6,915
Loans from related parties	24,139	1,304	-	-	265	-	-	-		25,708

	31 December 2023	Non-cash changes				Cash changes				31 December 2024
		Interest accrual	Bank charges related to financing	Deferred bank charges recognized in the period	Foreign exchange gains/losses	Drawings	Repayments	Interest paid	Bank charges paid	
Borrowings	**44,086**	**3,377**	**31**	**-**	**23**	**-**	**(7,714)**	**(1,421)**	**(30)**	**38,352**
Bank loans	21,921	1,402	31	-	24	-	(7,714)	(1,421)	(30)	14,213
Loans from related parties	22,165	1,975	-	-	(1)	-	-	-	-	24,139

12. LEASE LIABILITIES

The Company has lease contracts for administrative premises, motor vehicles and equipment used in its operations. Leases for administrative premises have a lease term between 3 and 10 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years.
The Company has leases of certain office equipment (i.e. printing and photocopying machines) that are considered of low value. The Company applies the "short-term leases" and "lease of low-value assets" recognition exemptions for these leases.
Set out below are the carrying amounts of right-of-use assets recognized and the movements during the period:

	Buildings	Motor vehicles and other equipment	Total
As at 1 January 2024	**2,630**	**1,922**	**4,552**
Additions	40	1,111	1,151
Depreciation expense and impairment losses	666	674	1,340
Disposals	-	299	299
As at 31 December 2024	**2,004**	**2,060**	**4,064**
Additions	-	245	245
Depreciation expense and impairment losses (Note 5)	1,040	712	1,752
Disposals	480	-	480
As at 31 December 2025	**484**	**1,593**	**2,077**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

As at 1 January 2025	**4,455**
Additions	245
Accretion of interest	147
Payments (principal and interest)	1,396
Disposals	1,157
(Unrealized) forex exchange gain	66
As at 31 December 2025	**2,360**
Current	874
Non-current	1,486
As at 1 January 2024	**4,975**
Additions	1,151
Accretion of interest	188
Payments (principal and interest)	1,559
Disposals	299
(Unrealized) forex exchange gain	(1)
As at 31 December 2024	**4,455**
Current	1,416
Non-current	3,039

The following are the amounts recognized in profit or loss:

	2025	2024
Depreciation expense and impairment losses of right-of-use assets	1,752	1,340
Interest expense on lease liabilities	146	188
Net gain from disposals	(677)	-
Forex exchange differences, net	66	-
Expense relating to short-term leases and leases of low value assets	82	113
Total amount recognized in profit or loss	**1,369**	**1,641**

13. FINANCIAL INSTRUMENTS RISK MANAGEMENT

The Company's principal financial liabilities comprise a bank loan, lease liabilities, a loan from a subsidiary and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations.

The Company's financial assets are represented by investments in subsidiaries, loans, trade receivables and other receivables, and cash and short term deposits that derive directly from its operations.

The Company is exposed to interest rate risk, foreign exchange rate risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks, setting up the appropriate financial risk governance framework for the Company. The Company's senior management ensures the Company's financial risk activities are performed under appropriate procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.
The Company's financial policies for managing the main financial risks with the objective to limit the negative impact on the Company's financial results are summarised below:

Interest rate risk

The Company's income and operating cash flows are substantially independent of changes in market interest rates. Trade receivables and payables and other receivables and payables are non-interest-bearing financial assets and liabilities. The borrowings are usually exposed to interest rate risk through market value fluctuations of interest-bearing long-term and short-term credit facilities. Interest rate on the Company's debt finance from bank and Group companies is variable and mirror, as a natural hedge, the variable interest rate for financing offered to Group companies. In connection to loans granted or obtained from related parties, management policy is to resort mainly to variable rate financing. However, at the time of raising new loans or borrowings management shall use its judgment to decide whether it believes that fixed or variable rate would be more favourable to the Company over the expected period until maturity.

Interest rate sensitivity

All other variables held constant, the Company's profit before tax and equity would not be affected by the impact of a change in market interest rates, since both loans, those granted to and those received from affiliated parties, have a fixed interest rate.

The impact generated by the interest rate for bank loans is:

	Increase in basis points	Effect on profit before tax
31 December 2025		
EUR	1%	23
31 December 2024	1%	(92)
EUR		

The Company does not use formal arrangements to hedge its interest rate risk.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's financing activities, as the financing contracted by the Company is Euro based. The vast majority of revenues and expenses, trade receivables and payables and other receivables and payables is in RON. Part of the loans granted to related parties are denominated in EUR. Natural hedging occurs from the Company's financing activities, as the Company grants loans to its subsidiaries in the same currencies in which the funds are obtained from the bank.

13. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

The Company monitors the currency risk by following changes in exchange rates in currencies in which its intercompany balances and external debts are denominated. The Company does not have formal arrangements to mitigate its currency risk.

Foreign currency sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in the EUR exchange rate. The Company's exposure to foreign currency changes for all other currencies is not material. With all other variables held constant the Company's loss before tax and equity are affected as follows:

	Increase in EUR rate	Effect on profit before tax
31 December 2025	1.4%	(280)
31 December 2024	1%	(76)

An equal decrease of the EUR rate would have the same effect but of opposite impact.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The carrying amount of trade and other receivables, plus balances with banks, plus the loans and receivables from related parties (Note 19), represent the maximum amount exposed to credit risk.

The Company collaborates with highly reliable financial institutions. The majority of cash is transacted through and placed with Unicredit Bank Romania, member of Unicredit Group (which took over Alpha Bank Romania since November 2024, the merge process of the two banks being finalized in August 2025), BRD–SGS, a member of Societe Generale Group, Vista Bank Romania and Citi Bank Romania. The long-term credit rating of Unicredit is Ba1, as provided by Moody's rating agency. The long-term credit rating of BRD is Baa1, while for Unicredit Group is A3, both ratings being provided by Moody's. The long-term credit rating of Vista Bank (Vista Bank Global) granted by Fitch Agency is B+.
The long-term credit rating of Citibank Europe PLC is Aa3 as provided by Moody's rating agency, no specific credit rating being available for its Romanian branch.

As at 31 December 2025, 99% of cash and cash equivalents are placed at the bank institutions rated A or B+. The remaining cash balance of the Company up to 100% is represented by cash in transit.
As at 31 December 2024, 99% of cash and cash equivalents are placed at the bank institutions rated B+.

Liquidity risk

The Company has adopted a prudent financial liquidity management approach, assuming that sufficient cash and cash equivalents are maintained, and that further financing is available from guaranteed funds from credit lines. The tables below summarize the maturity profile of the Company's financial liabilities, including principal amounts and interests according to contractual terms, at 31 December 2025 based on contractual undiscounted payments.

31 December 2025	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	9	1,197	3,036	30,110	-	**34,352**
Lease liability	-	223	670	1,494	-	**2,387**
Trade and other payables	133	1,423	-	-	-	**1,556**
Total:	**142**	**2,843**	**3,706**	**31,604**	**-**	**38,295**

13. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

31 December 2024	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	33	2,154	6,030	33,628	-	**41,845**
Lease liability	-	372	1,116	3,101	-	**4,589**
Trade and other payables	300	1,404	2	-	-	**1,706**
Total:	**333**	**3,930**	**7,148**	**36,729**	**-**	**48,140**

At 31 December 2025, the Company had available RON 74,971 thousand from the bank credit facility with UniCredit Bank (2024: RON 74,101 thousand), thus being able to respond to any unforeseen higher cash outflow needs.

Capital management

Capital includes the equity attributable to the Company's shareholders.

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the requirements of the financial commitments. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company may monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company does not have a target gearing ratio, as the overall gearing is low. The ratio is not a financial indicator defined by IFRS Accounting Standards. The Company includes within net debt, interest bearing loans and borrowings, lease liabilities, financial trade and other payables, less cash and cash equivalents.

	31 December 2025	31 December 2024
Borrowings	32,623	38,352
Lease liabilities	2,360	4,455
Financial trade and other payables	1,558	1,706
Less: cash and cash equivalents	2,097	12,456
Net debt	**34,444**	**32,057**
Equity	709,305	691,991
Capital and net debt	**743,749**	**724,048**
Gearing ratio:	4.6%	4.4%

Fair values

The Company has no financial instruments carried at fair value in the statement of financial position.
The carrying amount of the interest-bearing loans and borrowings approximates their fair value (level 3 measurement).
Financial instruments which are not carried at fair value on the statement of financial position also include trade and other receivables, cash and cash equivalents, and trade and other payables. The carrying amounts of these financial instruments are considered to approximate their fair values (level 3 measurement).

14. TRADE AND OTHER RECEIVABLES

	31 December 2025	31 December 2024
Trade receivables from related parties (Note 19)	26,850	20,773
Dividends to be received (Note 19)	15,251	1,080
Loans to related parties (Note 19)	34,902	29,168
Interest accrual from loans to related parties (Note 19)	9,243	7,797
Income tax receivable	109	-
Other receivables	726	1,867
Total	**87,081**	**60,685**
Less non-current portion:		
Loans to related parties (Note 19)	34,902	29,168
Interest accrual from loans to related parties (Note 19)	9,243	7,797
Other receivables	51	51
Total	**44,196**	**37,016**
Trade and other receivables, current	**42,885**	**23,669**

Terms and conditions relating to related party transactions are described in Note 19.

Trade receivables are non-interest bearing and are generally on terms of 15 – 30 days.

As at 31 December 2025 and 31 December 2024, the ageing analysis of trade receivables from related parties, net of allowances, is, as follows:

	Trade receivables					
			Days past due			
31 December 2025	**Total**	Current	< 30 days	30-60 days	61-90 days	>91 days
Expected credit loss rate		0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	**26,850**	10,321	1,152	1,306	332	13,739
Expected credit loss	**-**	-	-	-	-	-

	Trade receivables					
			Days past due			
31 December 2024	**Total**	Current	< 30 days	30-60 days	61-90 days	>91 days
Expected credit loss rate		0%	0%	0%	0%	0%
Estimated total gross carrying amount at default	**20,773**	4,515	156	1,373	314	14,415
Expected credit loss	**-**	-	-	-	-	-

For the receivables above, as well as for the loans attributed to related parties, the Company's considers the probability of losses being remote (Note 19).

15. CASH AND CASH EQUIVALENTS

	31 December 2025	31 December 2024
Cash at banks and on hand	2,097	2,361
Cash in transit	-	61
Short-term deposits	-	10,034
Total	**2,097**	**12,456**

As part of the financing agreement with Unicredit Bank and Citibank, the Company has pledged the cash available in the accounts opened with each bank. The balance of the pledged bank accounts as at 31 December 2025 is of RON 1,752 thousand (31 December 2024: RON 1,919 thousand).

16. ISSUED CAPITAL

	31 December 2025	31 December 2024
Authorised shares		
Ordinary shares of 15 RON each	38,799,340	38,799,340
Share capital (RON thousand)	581,990	581,990

Out of the total number of ordinary shares, the number of own shares held by the Company as of 31 December 2025, is 163,503 own treasury shares, representing 0.421% of the share capital (31 December 2024: 122,902 own treasury shares, representing 0.317% of the share capital).

Buyback programs of shares (one program for the reduction of the share capital and one program for share option plan)

In accordance with the decisions of the General Meetings of Shareholders, the Group executed two buyback programs through market operations: one program was aimed at implementing the share option plan, while the other, started in 2024 and finalized in January 2025, was focused on reducing the share capital by canceling the redeemed shares.
As of December 31, 2025, the Company held 163,503 own treasury shares for two buyback programs (December 31, 2024: 122,902 own treasury shares). During the year ended December 31, 2025, the Company acquired 74,489 shares with a total amount paid of RON 2,881 thousand, During 2024, the Company acquired 122,902 shares with a total redemption value of RON 4,789 thousand.
As part of the Group's share option plan, during the year ended December 31, 2025, SFG granted the Group's executive directors a total of 33,888 free shares with a total value of RON 1,289 thousand, representing the first tranche of the share option plan for the activity carried out in 2023. During 2024, SFG granted 104,100 free shares with a total value of RON 2,037 thousand to the Company's executive directors as part of the share option plan for the years 2021 and 2022.

Shareholding structure

The shareholders of Sphera Franchise Group SA as at 31 December 2025 are: Shaletia Ventures LTD (29.5466%), Computerland Romania SRL (20.5326%), Wellkept Group SA (17.0739%) and free float (32.8469%).
The shareholders of Sphera Franchise Group SA as at 31 December 2024 are: Shaletia Ventures LTD (29.5466%), Computerland Romania SRL (20.5327%), Wellkept Group SA (17.0739%) and free float (32.8468%). During December 2024, all the shares held by Tatika Investments Ltd were transferred to Shaletia Ventures LTD.

17. PROFIT DISTRIBUTION

	2025	2024
Total dividends declared during the period	82,335	81,443
Total dividends declared per share SFG (RON/share)	2.13	2.10
Gross dividends paid during the period to shareholders	82,335	81,443

In 2025, the Company made two separate payments of dividends to its shareholders, totalling RON 82,335. These distributions were authorised during the Ordinary General Shareholders Meetings held on April 29th, 2025, and November 5th, 2025. The gross dividend per share for first dividend payment was set at RON 1.09 and the second payment was RON 1.04.

The proposal for the allocation of profit for the financial year ended December 31, 2025 to be approved at the general shareholders' meeting is detailed in Note 22 Events after the reporting period.

Proposed dividends on ordinary shares, subject to approval at the annual general meeting, are not recognised as a liability as at 31 December.

18. TRADE AND OTHER PAYABLES

	31 December 2025	31 December 2024
Trade payables	1,119	1,147
Trade and other payables to related parties (Note 19)	405	523
Salary liability	5,584	5,315
Social contribution liability	963	969
Other employee related liabilities	190	187
Other payables	30	35
VAT payable	769	345
Other taxes	1,132	-
Total	**10,192**	**8,521**

Trade payables are non-interest bearing and are normally settled on 15-day terms.

For terms and conditions relating to related parties, refer to Note 19.

As at 31 December 2025, the tax on dividends is included in “Other taxes”.

19. RELATED PARTY DISCLOSURES

During the year ended 31 December 2025 and 31 December 2024, respectively, the Company has carried out transactions with the following related parties:

Related party	Nature of the relationship	Country of incorporation	Nature of transactions
US Food Network SA	Subsidiary	Romania	Dividends received, loan received, sale of services, acquisition of goods and services
American Restaurant System SA	Subsidiary	Romania	Sale of services, loan provided, acquisition of goods and services, VAT tax group
California Fresh Flavors SRL	Subsidiary	Romania	Loan provided, sale of services
US Food Network SRL	Subsidiary	Republic of Moldova	Dividends received, loan provided
US Food Network SRL	Subsidiary	Italy	Loan provided, sale of services
Arggo Software Development and Consulting SRL	Entity affiliated to a shareholder of the company	Romania	IT services
Wellkept Group SA	Shareholder and entity under common control of Radu Dimofte, ultimate controlling party of company	Romania	Rent training center and payment of dividends
Tatika Investments Ltd.	Shareholder (until December 2024) and entity under common control of Radu Dimofte, ultimate controlling party of the company	Cyprus	Payment of dividends
Shaletia Ventures Ltd.	Shareholder (from December 2024) and	Cyprus	Payment of dividends

Related party	Nature of the relationship	Country of incorporation	Nature of transactions
	entity under common control of Radu Dimofte, ultimate controlling party of the company		
Computerland Romania SRL	Shareholder with significant influence	Romania	Payment of dividends, acquisition of IT equipment, licenses
Midi Development SRL	Entity affiliated to shareholders of the company	Romania	Services
Moulin D'Or SRL	Entity affiliated to shareholders of the company	Romania	Acquisition of goods
Parc Hotels SA	Entity affiliated to a shareholder of the company	Romania	Accommodation services
Elicom SRL	Entity affiliated to a shareholder of the company	Romania	Call-center services
Casa Doina SRL	Entity affiliated to a shareholder of the company	Romania	Acquisition of services

The following table provides the total amount of transactions that have been entered into with related parties for the relevant period:

31 December 2025 **Related party**	**Dividends revenues**	**Revenues (without VAT) from service contracts to related parties**	**Purchases (without VAT) from related parties**	**Amounts owed by related parties**	**Amounts owed to related parties**
US Food Network SA (Romania)	104,251	33,864	10	26,164	-
US Food Network SRL (Moldova)	2,505	-	-	4	-
American Restaurant System SA	-	4,002	5	15,008	402
California Fresh Flavors SRL	-	2,855	3	637	-
US Food Network SRL (Italy)	-	1,663	-	288	-
Computerland Romania SRL	-	-	27	-	-
Moulin D'Or SRL	-	-	1	-	-
Midi Development SRL	-	-	62	-	-
Wellkept Group SA	-	-	369	-	-
Arggo Software Development and Consulting SRL	-	-	279	-	-
Elicom SRL	-	-	15	-	3
Casa Doina	-	-	4	-	-
Loans and interest from related parties	-	-	1,304	-	25,708
Loans and interest to related parties (please see below)	-	1,371	-	44,145	-
	106,756	**43,755**	**2,079**	**86,246**	**26,113**

19. RELATED PARTY DISCLOSURES (continued)

31 December 2024 Related party	Dividends revenues	Revenues from service contracts to related parties (without VAT)	Purchases from related parties (without VAT)	Amounts owed by related parties	Amounts owed to related parties
US Food Network SA	89,722	33,851	38	11,000	28
US Food Network SRL (Moldova)	2,160	-	-	-	-
American Restaurant System SA	-	4,407	18	10,100	386
California Fresh Flavors SRL	-	2,602	6	580	1
US Food Network SRL (Italy)	2,143	1,619	-	173	-
Computerland Romania SRL	-	-	40	-	-
Moulin D'Or SRL	-	-	3	-	-
Midi Development SRL	-	-	61	-	65
Wellkept Group SA	-	-	493	-	17
Arggo Software Development and Consulting SRL	-	-	275	-	22
Elicom SRL	-	-	15	-	4
Parc Hotels SA	-	-	1	-	-
Loans and interest from related parties	-	-	1,975	-	24,139
Loans and interest to related parties (please see below)	-	1,965	-	36,965	-
	94,025	**44,444**	**2,925**	**58,818**	**24,662**

In addition to the revenues presented in the statement of comprehensive income, sales from service contracts to related parties also include reinvoices of direct costs that did not pass through profit or loss, in total amount of RON 462 thousand, respectively: US Food Network SA (RON 341 thousand), American Restaurant System SA (RON 73 thousand), California Fresh Flavors SRL (RON 48 thousand).

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding trade balances at the period end are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended 31 December 2025, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

The Company and American Restaurant System are registered as a tax group for VAT purpose. As at 31 December 2025, VAT payable amounts to RON 402 thousand (31 December 2024: VAT receivable of RON 374 thousand).

The balances with related parties comprise also loans receivables and payables, included in the Statement of financial position under "Trade and other receivables" (Note 14) and "Borrowings" respectively (Note 11).

19. RELATED PARTY DISCLOSURES (continued)

Interest income and interest expense and related accrued balances as well as the balances of the intercompany loan receivables and payables are presented below:

	Interest expense 2025	Interest payable 31 December 2025	Loan payable 31 December 2025
Related party			
US Food Network SA (Romania)	1,304	3,905	21,803
Total	**1,304**	**3,905**	**21,803**
Related party	**Interest income 2025**	**Interest receivable 31 December 2025**	**Loan receivable 31 December 2025**
US Food Network SRL (Italy)	1,109	9,021	24,865
US Food Network SRL (Moldova)	137	16	5,537
American Restaurant System SA	125	206	4,500
Total	**1,371**	**9,243**	**34,902**

	Interest expense 2024	Interest payable 31 December 2024	Loan payable 31 December 2024
Related party			
US Food Network SA (Romania)	1,975	2,522	21,617
Total	**1,975**	**2,522**	**21,617**
	Interest income 2024	**Interest receivable 31 December 2024**	**Loan receivable 31 December 2024**
US Food Network SRL (Italy)	1,825	7,706	24,258
US Food Network SRL (Moldova)	62	13	2,910
American Restaurant System SA	78	78	2,000
Total	**1,965**	**7,797**	**29,168**

In 2025, the Company increased the investment in USFN with the amount of RON 139 thousand. At the same time, the impairment of the investment in ARS was increased with RON 2,712 thousand. (Note 10)

As of December 31, 2025 and 2024, the Company has granted long-term intercompany loans to US Food Network Srl (Italy), California Fresh Flavors SRL, both contracts being valid until 2028, and American Restaurant System, contract valid until 2027. All intercompany loans bear a variable rate of EURIBOR 3m+ margin, payable at the end of the contract, together with principal.

As of December 31, 2025, CFF has not utilized the available financing from the parent company.

Also, the Company has granted intercompany loans to US Food Network SRL (Moldova) to support restaurant network development. The first contract with US Food Network SRL (Moldova) in amount of EUR 595 thousand was signed in June 2024. In August 2025, a new loan agreement in amount of EUR 620 thousand was signed. The contracts are valid until 2029 and 2031, respectively, have a variable interest rate of EURIBOR 3m+ margin, and are repaid monthly, based on the agreed repayment schedules.

All intercompany loan balances and accrued interest at the end of reporting period are detailed in the table above.
Refer to Note 20 for the related value of undrawn borrowing facilities.

Total gross dividends paid in 2025 to the Company's shareholders were RON 82,335 thousand (2024: RON 81,443 thousand) (Note 17).

19. RELATED PARTY DISCLOSURES (continued)

Compensation of key management personnel of the Company:

	2025	2024
Short-term employee benefits	6,527	7,266
Total compensation paid to key management personnel	**6,527**	**7,266**

The amounts disclosed in the table are the amounts recognised as an expense during each reporting period.

Share-based remuneration and buyback program

The Company has in place a share option plan for senior executives, part of their variable remuneration being granted in shares of the parent company with a vesting period of one year from the date of grant.

For the year ended December 2025, the share - based payment expense included in Payroll and employee short-term benefits amounted to RON 881 thousand (2024: RON 1,404 thousand).

As of 31 December 2025, the Company has an equity reserve related to the share-based remuneration in amount of RON 3,808 thousand (31 December 2024: RON 3,685 thousand) for the qualifying variable remuneration. The reserve includes the value of RON 510 thousand (December 31, 2024: RON 425 thousand), representing the reserves for shares to be granted to the executive management of the subsidiaries, as part of the group's SOP.

In 2025, SFG allocated 33,888 free shares with a total value of RON 1,289 thousand to the executive directors of the Company, for SOP related to 2023. This allocation was made by offsetting the "Treasury shares" against the related "Reserves for share-based remuneration".

During 2025, in accordance with EGSM resolution no.1/29.04.2025, the Company initiated the first stage of the share buyback program for the 2024 Stock Option Plan, as well as the second stage of the SOP for 2023, in accordance with EGSM resolution no 2/26.04.2024, the acquired shares being held by the Company as of December 31, 2025 (Note 16).

The own equity instruments that were acquired (treasury shares) were recognized at cost and deducted from equity. No gain or loss was recognized in profit or loss on the purchase, the difference between the purchase price and the fair value at the date of grant being recognized in equity as a gain or loss related to the acquisition of the treasury shares (RON 392 thousand).

20. COMMITMENTS AND CONTINGENCIES

Borrowing facilities granted to related parties

At 31 December 2025, the value of the undrawn borrowing facilities granted to related parties was of RON 71,569 thousand (31 December 2024: RON 72,279 thousand).

Bank letter of guarantees

The Company has issued bank letters of guarantee in favour of suppliers as at 31 December 2025 in amount of RON 2,058 thousand (31 December 2024: RON 343 thousand).

Climate change

In the context of climate change and increasingly stringent sustainability requirements, Sphera Group conducted an analysis integrating the evaluation of climate-related risks and opportunities developed on recommendations issued by TCFD (the presentation of financial information related to climate changes).
The analysis covers the Group's own operations, including restaurants in Romania, Italy, and the Republic of Moldova, as well as its value chain, encompassing suppliers of raw materials and services.

20. COMMITMENTS AND CONTINGENCIES (continued)

To adapt its strategy and business model to climate change, through a series of clear measures, Sphera Group implemented quick solutions to reduce energy consumption in the short term, such as the complete transition to LED lighting. In the medium term, planned programs include investments in green technologies and the modernization of HVAC (Heating, Ventilation, and Air Conditioning) and energy management systems.
In the long term, Sphera Group plans its portfolio of products and services according to market requirements for sustainability, while ensuring the workforce retraining to adapt to new operational demands. Long-term contractual relationships with suppliers, source diversification, and the implementation of more energy-efficient processes contribute to stability and maintaining accessible capital costs. For each material topic, associated impacts, risks, and opportunities have been analyzed to guide the long-term strategy and business model concerning climate change.
Further details about climate change strategy and energy efficiency are presented in the Group's Sustainability report.

Contingencies

Taxation

The interpretation of the text and practical implementation procedures of the tax regulations could vary, and there is a risk that certain transactions could be viewed differently by the tax authorities as compared to the Company's treatment.
The Romanian tax legislation was subject to significant changes and contradictory interpretations, which may apply retroactively. Moreover, in practice, the tax authorities can take a strong approach and assess additional tax liabilities and related late payment penalties based on their individual interpretations of the tax legislation. As a result, penalties and delay payment interest could result in a significant amount payable to the state.
Contingent liabilities may arise in relation to additional tax assessments that may be imposed by the tax authorities as a result of reviews performed. Corporate tax returns can be subject to review by tax authorities within a 5-year period in Romania.

Transfer pricing

According to the applicable relevant tax legislation in Romania, the tax assessment of related party transactions is based on the concept of market value for the respective transfers. Following this concept, the transfer prices should be adjusted so that they reflect the market prices that would have been set between unrelated companies acting independently (i.e. based on the "arm's length principle"). It is likely that transfer pricing reviews will be undertaken in the future in order to assess whether the transfer pricing policy observes the "arm's length principle" and therefore no distortion exists that may affect the taxable base of the taxpayer in Romania.
The Company has prepared transfer pricing files.

21. AUDITOR'S FEES

The auditor of the Company is Ernst & Young Assurance Services SRL.

The fee for the statutory audit of the consolidated and separate financial statements as of 31 December 2025 of the Sphera Franchise Group SA prepared in accordance with MOF 2844/2016 and of the statutory audit of the financial statements as of 31 December 2025 of US Food Network SA, American Restaurant System SA and California Fresh Flavors in accordance with MOF 1802/2014 and of the statutory audit of US Food Network Srl Italy and the limited review procedures of the sustainability reporting was of RON 1,106 thousand (excluding VAT).
Fees for other non-assurance services amounted RON 20 thousand (excluding VAT), representing fees paid to the audit firm in connection with the procedures performed on the first Semester report on related parties transaction, report prepared in accordance with the legal regulations.

22. EVENTS AFTER THE REPORTING PERIOD

Proposed profit allocation for the financial year 2025

For the year ended 31 December 2025, the Board of Directors has proposed to the shareholders' approval, the following allocation of the net profit of the Company in amount of RON 101,511 thousand:

- Setting up the legal reserves in accordance with the statutory regulations in amount of RON 5,076 thousand.
- Covering the loss related to the acquisition of treasury shares of RON 392 thousand.
- Allocation of undistributed profit of RON 96,045 thousand to retained earnings.

Also, the Board of Directors has proposed to the shareholders' approval the distribution of a gross dividend of RON 1.06/share per share from the undistributed profit (2024 and 2025) of the Company.

Reduction of share capital

Following the decision of the general meeting of shareholders, in February 2026 the company's share capital was reduced by the amount of RON 1,888,170, from RON 581,990,100 to RON 580,101,930 through the cancellation of 125,878 own shares purchased by the Company for this purpose in accordance with EGSM Resolution no. 3/26.04.2024. After the reduction, the share capital is RON 580,101,930, divided into 38,673,462 shares.

Loans granted to related parties

In January 2026, the Company granted a long-term loan to its subsidiary HRC Restaurants SRL to support the development activity of the group's new brand, Hard Rock Cafe. The contract, with a total value of EUR 5 million, is valid until 2031, has a variable interest rate (EURIBOR 3m + margin), can be used according to the subsidiary's financing needs, and is repayable monthly based on the agreed schedules for each drawdown.

In February 2026, the Company concluded two financing contracts with US Food Network Moldova to support the development of the KFC and Taco Bell brands in the Republic of Moldova: a loan agreement of EUR 300 thousand, valid until 2031, and a contract of EUR 592 thousand, valid until 2032. Both contracts have variable interest rate (EURIBOR 3m + margin) and are repayable in equal monthly installments according to the agreed schedules.

New loan facilities

In March 2026, the Board of Directors proposed for the shareholders' approval the contracting of two new loan facilities from Raiffeisen Bank: a committed long-term facility up to EUR 27 million for development activities, with Sphera Franchise Group SA, US Food Network SA, and California Fresh Flavors SRL as co-borrowers and guarantors and a short-term facility up to EUR 3 million for working capital and the issuance of letters of guarantee with Sphera Franchise Group SA, US Food Network SA, California Fresh Flavors SRL, and American Restaurant System SA, as co-borrowers and guarantors.

The war in Iran

At the end of February 2026, a significant geopolitical event took place in the Middle East, which generated an increase in regional tensions and uncertainty. As a result of the intensification of geopolitical tensions, starting from February 2026, a significant increase in market volatility was recorded, as well as fluctuations in energy, oil, and gas prices. High inflationary pressures, disruptions in global supply chains, and a slowdown in economic growth are anticipated.

The Company does not have direct exposures to affiliated parties and/or key clients or suppliers or banking institutions in the affected region. The impact of these events may influence macroeconomic conditions at the national and European level and, in the long term, activity volumes, cash flows, as well as profitability.

22. EVENTS AFTER THE REPORTING PERIOD (continued)

The Company considers these events as subsequent events that do not lead to the adjustment of the financial statements, whose effect cannot be estimated at the date of approval of these financial statements, with a sufficient degree of certainty.

Currently, the Company's management is analyzing the potential impact of changes in macroeconomic conditions on the Company's financial position and operational results.

These separate financial statements from page 2 to page 38 were approved by the Board of Directors and were authorised for issue on 25 March 2026.

Chief Executive Officer	Chief Financial Officer
Calin Ionescu	Valentin Budes