

To:

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

CURRENT REPORT 29/2020

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

Date of report	22.10.2020
Name of the Company	Sphera Franchise Group SA
Registered Office	Bucharest, Romania
Address	Calea Dorobanților nr. 239, 2nd floor, Bucharest sector 1
Phone / Fax	+40 21 201 17 57 / +40 21 201 17 59
Email	investor.relations@spheragroup.com
Registration nr. with Trade Registry	J40/7126/2017
Fiscal Code	RO 37586457
Subscribed and paid share capital	581,990,000 RON
Total number of shares	38,799,340
Symbol	SFG
Market where securities are traded	Bucharest Stock Exchange, Main Segment, Premium Category

Important events to be reported: Forecasts 2020 Consolidated Revenue and Expense Budget

The management of Sphera Franchise Group SA ("the Company"), would like to inform the shareholders about the forecasts of the Company regarding the full year results for 2020.

Following the measures taken by the management as a response to the COVID-19 pandemic and the gradual restrictions introduced by authorities regarding the operation of restaurants in Romania, the results of Sphera Franchise Group have recorded a net positive evolution. Therefore, the Company hereby shares with the investors the updated forecasts for full year 2020. The below forecasts are much closer to the operational reality than the budget adopted by the Ordinary General Meeting of Shareholders in May 2020.

The forecasted 2020 Revenue and Expense Budget presents as follows:

Indicator	Forecasted 2020 Budget		Initial 2020 Budget		2019 Results		Forecasted 2020 Budget vs. 2019 Results	Initial 2020 Budget vs. 2019 Results
	RON million	% Sales	RON million	% Sales	RON million	% Sales		
Restaurant Sales	669.7	100.0%	537.0	100.0%	954.7	100.0%	-29.9%	-43.8%
Food and Material	221.6	33.1%	183.2	34.1%	319.1	33.4%	-30.5%	-42.6%
Restaurant Gross Margin	448.0	66.9%	353.8	65.9%	635.7	66.6%	-29.5%	-44.3%
Restaurant Operational Expenses	375.4	56.1%	319.5	59.5%	482.7	50.6%	-22.2%	-33.8%
Restaurant Operating Profit	72.7	10.9%	34.3	6.4%	152.9	16.0%	-52.5%	-77.6%
G&A Expenses	46.2	6.9%	45.6	8.5%	56.9	6.0%	-18.9%	-20.0%
EBITDA (normalized, excluding IFRS 16 impact)	26.5	4.0%	(11.3)	-2.1%	96.0	10.1%	-72.4%	-111.7%



In the context of the uncertainties related to the COVID-19 pandemic, the management has previously refrained from providing any updates to the budget or guidance to investors and analysts.

The new forecasted budget reflects the positive evolution of the Company since the lifting of the state of emergency in Romania, the primary market of the activity of Sphera Franchise Group, as well as in Italy.

The following actions implemented by the management in the past 6 months have helped improve the performance of the Company: extension of delivery services, improvement of menus, redesigning client and production flows, analysis and improvement of cost and cost structures. The Company has also continued to implement the plan for opening new restaurants as well as to identify new locations for future developments.

The quick reaction and adoption of the business model to new realities, including the focus on delivery services, has helped the Group maximize its performance. As a result, the management expects all the key indicators to improve when compared with the budget presented and approved by the shareholders in the OGSM in May.

The management would also like to underline the strong cashflow position that the Company has managed to ensure over the past months. As of June 30th, 2020, the consolidated cash and cash equivalents of the Company totalled RON 80.906 million.

The Company will publish the Q3 2020 results on November 12th, 2020.

CHIEF EXECUTIVE OFFICER

Calin Ionescu

CHIEF FINANCIAL OFFICER

Valentin Budes