

To:

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

CURRENT REPORT 20/2020

According to Law no. 24/2017 regarding issuers of financial instruments and market operations and ASF Regulation no. 5/2018 regarding the issuers of financial instruments and market operations.

Date of report	01.09.2020
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: Publication of the Voluntary Report on Transactions with Related Parties carried out by companies from the Group

In the spirit of transparency, the management of Sphera Franchise Group SA (hereinafter referred to as the "Group") informs all the interested parties about the publishing of the voluntary report on the transactions with related parties carried out by the companies from the Group. The report is supplementary to the current reporting of legal acts concluded by Sphera Franchise Group SA according to the provisions of Law no. 24/2007 on issuers of financial instruments and market operations and pursuant to the Financial Supervisory Authority Regulation no.5/2018 on issuers and operations with securities.

The transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions. The details can be consulted on the following pages that are integral part of this current report.

The management informs the stakeholders that it will publish the voluntary report on a quarterly basis, through a current report, starting with this quarter.

INTERIM CHIEF EXECUTIVE OFFICER

Calin Ionescu

CHIEF FINANCIAL OFFICER

Valentin Budes

Voluntary Related Parties Transactions Financial Report

For the six-month period ended 30 June 2020 (H1-2020)

Report date:	1 September 2020
Name of the issuing entity:	Sphera Franchise Group SA
Statutory seat:	Bucharest, Romania
Visiting address:	Bucharest, 239 Dorobanti Ave., 2 nd Floor, 1 st District, Romania
Phone no/Fax no:	0040 21 201 1757 / 0040 21 201 1759
Sole Registration Code:	RO 37586457
Order number with the Trade Registry:	J40/7126/2017
Subscribed and paid-in share capital:	RON 581,990,000
Number of shares in issue:	38,799,340
Number of listed shares:	9,831,753
Regulated market on which the issued securities are traded:	Bucharest Stock Exchange, Main Segment, Category Premium (Shares)
Symbol:	SFG

Note: The Voluntary Related Parties Transactions Financial Report is concluded in compliance with the International Financial Reporting Standards, as adopted by EU ("IFRS") for the six-month period ended 30 June 2020 (H1-2020).

Contact details:

Investor Relations
E-mail: investor.relations@spheragroup.com

DETAILED RELATED PARTIES REPORT

This voluntary reporting is supplementary to the current reporting of legal acts concluded by Sphera Franchise Group SA according to the provisions of Law no. 24/2007 on issuers of financial instruments and market operations and pursuant to the Financial Supervisory Authority Regulation no.5/2018 on issuers and operations with securities.

The transactions with related parties are made at terms equivalent to those that prevail in arm's length transactions.

The table in Annex 1 provides the total amount of transactions that have been entered into with related parties, the amount of transactions that have been entered into between the Sphera group entities (the "Group") for the relevant period, as well as the value of the trade and other receivables and payables balances at the reporting period date. No threshold has been used for the reporting; all transactions are included.

The transactions are summarized based on the nature of the costs/ revenues incurred between the parties and they are based on the fiscal documents (invoices, receipts) and accruals booked by the Sphera group entities in the relevant period as per the signed agreements.

The detailed related parties report will be released quarterly on the BVB website, with the first reporting period referring to the six-month period transactions ended 30 June 2020 and the balances due as of June 30, 2020.

During the six-month period ended 30 June 2020, the Group companies have carried out transactions with the following related parties:

Group companies	Nature of the relationship	Country of incorporation	Nature of transactions
Sphera Franchise Group SA	Parent company	Romania	Sale of services, loans
US Food Network SRL	Subsidiary	Romania	Dividends, loans, acquisition of goods and services
American Restaurant System SA	Subsidiary	Romania	Sale of services, loans, VAT tax group
California Fresh Flavors SRL	Subsidiary	Romania	Sale of services, loans
US Food Network SRL	Subsidiary	Republic of Moldova	Dividends, loan
US Food Network SRL	Subsidiary	Italy	Sale of goods and services, loans

Related party	Nature of the relationship	Country of incorporation	Nature of transactions
Moulin D'Or SRL	Entity with common members of key management personnel	Romania	Sale of goods and services
Midi Development SRL	Entity with common members of key management personnel	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	Implementation services
Lunic Franchising and Consulting LTD	Shareholder (since November 2019)	Cyprus	Payment of dividends

Related party	Nature of the relationship	Country of incorporation	Nature of transactions
Wellkept Group SA	Shareholder	Romania	Rent training center and payment of dividends
Tatika Investments Ltd.	Shareholder	Cyprus	Payment of dividends
Computerland Romania SRL	Shareholder	Romania	Payment of dividends
Cinnamon Bake&Roll SRL	Entity with common members of key management personnel	Romania	Sale of goods and services, loans provided
Lucian Vlad	Beneficial owner of Lunic Franchising and Consulting Ltd.	Romania	Rent store KFC Mosilor
Radu Dimofte	Beneficial owner of Wellkept Group SA	Romania	Rent store KFC Mosilor
Elicom SRL	Entity affiliated to a shareholder of the parent	Romania	Call-centre services
Elicom Connect SRL	Entity affiliated to a shareholder of the parent	Romania	Marketing 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 and utilities
Baneasa Investments SA	Entity affiliated to a shareholder of the parent	Romania	Restaurant rent

Definition as per IAS 24 - Related party and related party transaction

Related party – A related party is a person or entity that is related to the entity that is preparing its financial statements, the “reporting entity” (referred to in IAS 24, Related Party Disclosures”).

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - i) has control or joint control over the reporting entity;
 - ii) has significant influence over the reporting entity; or
 - iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
 - i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii) Both entities are joint ventures of the same third party.
 - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi) The entity is controlled, or jointly controlled by a person identified in (a).

- vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

- a) a government that has control, or joint control of, or significant influence over the reporting entity; and
- b) another entity that is a related party because the same government has control or joint control of, or significant influence over, both the reporting entity and the other entity.

Related party transaction – A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Annex 1 - Related parties and intercompany balances and transactions - H1 2020
Related parties and intercompany transactions - H1 2020

*Amounts in RON			Purchases/Interest costs							
Seller/Lender	Beneficiary	Nature of the relationship	Nature of transactions	Sphaera	US Food	American	California	US Food	US Food	Total
				Franchise Group SA (SFG)	Network SA (USFN)	Restaurant System SA (ARS)	Fresh Flavors SRL (CFF)	Network Srl - Italia (USFN_ITA)	Network Srl - Moldova (USFN_MD)	
Sphaera Franchise Group SA (SFG)	Parent Company		Interests		370,535	194,938	679,984			1,245,457
			Support services (service level agreement)	8,764,746	2,099,843	588,399	434,738			11,887,726
US Food Network SA (USFN)	Subsidiary		Maintenance & spare parts	1,745	14,800	4,893				21,439
			Interests	398,806	16,394	76,678	961,537	27,600		1,481,015
			Rent, utilities & other services (events)	1,270						1,270
American Restaurant System SA (ARS)	Subsidiary		Recharge of costs	2,166						2,166
			Recharge of costs - marketing & other		64,581					64,581
			Rent, utilities	2,760						2,760
Arggo Software Development and Consulting SRL	Related party		IT services	71,808	143,434	44,805	36,210	94,736		390,994
			ERP implementation services	20,337	80,476	60,560	22,272			183,646
Baneasa Developments SRL	Related party		Merchandise, protocol expenses & events	2,000						2,000
			Rent, utilities		1,050,779	209,870	226,673			1,487,322
Baneasa Investments SA	Related party		Rent, utilities			187,340				187,340
Cinnamon Bake&Roll SRL	Related party		Merchandises & protocol		4,875	1,620	720			7,215
Dorobanti 239 Imobiliare SRL	Related party		Rent, utilities		1,177,023					1,177,023
Elicom Connect SRL	Related party		Marketing services		4,342	1,158				5,499
Elicom SRL	Related party		Call center services		448,199	196,341	3,783			648,323
Grand Plaza Hotel SA	Related party		Rent, utilities & other services (events)	3,522		254,411				257,933
Lucian Vlad	Related party		Rent		108,902					108,902
Moulin D'Or SRL	Related party		Recharge of costs - protocol	3,019		361				3,380
Radu Dimofte	Related party		Rent		45,130					45,130
Wellkept Group SA	Related party		Rent, utilities	193,739						193,739
Total				701,172	11,892,488	3,458,038	1,154,566	2,170,996	27,600	19,404,860

Seller/ Lender		Nature of the relationship		Nature of transactions		Sales/Interest revenues					
Beneficiary				Sphaera Franchise Group SA (SFG)	US Food Network SA (USFN)	American Restaurant System SA (ARS)	California Fresh Flavors SRL (CFF)	US Food Network Srl -Italia (USFN_ITA)	US Food Network Srl - Moldova (USFN_MD)	Total	
Sphaera Franchise Group SA (SFG)	Parent Company	Maintenance & spare parts			1,745						1,745
		Recharge of costs				2,166					2,166
		Interests			398,806						398,806
		Rent, utilities & other services (events)			1,270	2,760					4,030
US Food Network SA (USFN)	Subsidiary	Support services (service level agreement)	8,764,746								8,764,746
		Recharg of costs - marketing & other				64,581					64,581
American Restaurant System SA (ARS)	Subsidiary	Support services (service level agreement)	2,099,843								2,099,843
		Maintenance & spare parts			14,800						14,800
		Interests	370,535		16,394						386,929
California Fresh Flavors SRL (CFF)	Subsidiary	Support services (service level agreement)	588,399								588,399
		Maintenance & spare parts			4,893	-					4,893
		Interests	194,938		76,678						271,616
US Food Network Srl -Italia (USFN_ITA)	Subsidiary	Support services (service level agreement)	434,738								434,738
		Interests	679,984		961,537						1,641,522
US Food Network Srl - Moldova (USFN_MD)	Subsidiary	Interests			27,600						27,600
Cinnamon Bake&Roll SRL	Related party	Maintenance & spare parts			9	230					239
		Interests			4,798						4,798
Moulin D'Or SRL	Related party	Support services (service level agreement)	159,709								159,709
		Maintenance & spare parts			2,211	789					3,000
Midi Development SRL	Related party	Maintenance & spare parts	5,969		726	42					6,737
Total			13,298,861		1,511,467	70,568	-	-	-	-	14,880,896

Related parties and intercompany balances as of 30 June 2020

*Amounts in RON		Trade and other payables/Loans and interest payables							
Beneficiary Seller/Lender	Nature of the relationship	Description	Sphaera Franchise Group SA (SFG)	US Food Network SA (USFN)	American Restaurant System SA (ARS)	California Fresh Flavors SRL (CFF)	US Food Network Srl - Italia (USFN_ITA)	US Food Network Srl - Moldova (USFN_MD)	Total
Sphaera Franchise Group SA (SFG)	Parent Company	Trade and other payables		9,860,410	2,901,349	525,542	681,770	-	13,969,071
		Loan payable		-	15,582,480	8,449,767	22,162,331	-	46,194,578
		Interest payable		-	1,688,966	553,566	1,789,252	-	4,031,784
US Food Network SA (USFN)	Subsidiary	Trade and other payables	3,153		5,459,719	1,829,563	14,527	-	7,306,962
		Loan payable	19,263,450		4,000,000	5,938,621	50,844,150	739,796	80,786,017
		Interest payable	2,078,724		17,534	76,678	3,922,887	18,310	6,114,133
American Restaurant System SA (ARS)	Subsidiary	Trade and other payables	5,205,575	17,614		-	-	-	5,223,189
US Food Network Srl - Italia (USFN_ITA)	Subsidiary	Trade and other payables	-	82,555		-	-	-	82,555
Arggo Software Development and Consulting SRL	Related party	Trade and other payables	53,433	135,436	107,596	52,762	13,588	-	362,815
Baneasa Developments SRL	Related party	Trade and other payables	-	17,181	16,894	43,420	-	-	77,495
Baneasa Investments SA	Related party	Trade and other payables	-	-	140,217	-	-	-	140,217
Cinnamon Bake&Roll SRL	Related party	Trade and other payables	-	7,945	-	785	-	-	8,730
Elicom Connect SRL	Related party	Trade and other payables	-	865	692	-	-	-	1,556
Elicom SRL	Related party	Trade and other payables	-	63,479	68,670	-	-	-	132,148
Grand Plaza Hotel SA	Related party	Trade and other payables	-	5	38,879	-	-	-	38,884
Lucian Vlad	Related party	Trade and other payables	-	18,272	-	-	-	-	18,272
Midi Development SRL	Related party	Trade and other payables	288	-	-	-	-	-	288
Radu Dimofte	Related party	Trade and other payables	-	7,572	-	-	-	-	7,572
Wellkept Group SA	Related party	Trade and other payables	128,824	-	-	-	-	-	128,824
Total			26,733,447	10,211,334	30,022,995	17,470,704	79,428,505	758,106	164,625,091

**Amounts in RON*

Trade and other receivables/Loans and interest receivables											
Seller/ Lender		Nature of the relationship	Description	Sphera Franchise Group SA (SFG)	US Food Network SA (USFN)	American Restaurant System SA (ARS)	California Fresh Flavors SRL (CFF)	US Food Network Srl -Italia (USFN_ITA)	US Food Network Srl - Moldova (USFN_MD)	Total	
Beneficiary											
Sphera Franchise Group SA (SFG)	Parent Company	Trade and other receivables		3,153	5,205,575	-	-	-	-	5,208,728	
		Loan receivable		19,263,450	-	-	-	-	-	19,263,450	
		Interest receivable		2,078,724	-	-	-	-	-	2,078,724	
US Food Network SA (USFN)	Subsidiary	Trade and other receivables		9,860,410	17,614	-	82,555	-	-	9,960,580	
American Restaurant System SA (ARS)	Subsidiary	Trade and other receivables		2,901,349	5,459,719	-	-	-	-	8,361,067	
		Loan receivable		15,582,480	4,000,000	-	-	-	-	19,582,480	
		Interest receivable		1,688,966	17,534	-	-	-	-	1,706,500	
California Fresh Flavors SRL (CFF)	Subsidiary	Trade and other receivables		525,542	1,829,563	-	-	-	-	2,355,105	
		Loan receivable		8,449,767	5,938,621	-	-	-	-	14,388,388	
		Interest receivable		553,566	76,678	-	-	-	-	630,244	
US Food Network Srl -Italia (USFN_ITA)	Subsidiary	Trade and other receivables		681,770	14,527	-	-	-	-	696,297	
		Loan receivable		22,162,331	50,844,150	-	-	-	-	73,006,481	
		Interest receivable		1,789,252	3,922,887	-	-	-	-	5,712,139	
US Food Network Srl - Moldova (USFN_MD)	Subsidiary	Loan receivable		-	739,796	-	-	-	-	739,796	
		Interest receivable		-	18,310	-	-	-	-	18,310	
Cinnamon Bake&Roll SRL	Related party	Trade and other receivables		-	-	1,766	-	-	-	1,766	
		Loan receivable		-	637,606	-	-	-	-	637,606	
		Interest receivable		-	56,150	-	-	-	-	56,150	
Moulin D'Or SRL	Related party	Trade and other receivables		190,054	2,376	1,505	-	-	-	193,935	
Grand Plaza Hotel SA	Related party	Trade and other receivables		1,253	-	65,625	-	-	-	66,878	
Baneasa Investments SA	Related party	Trade and other receivables		-	-	128,264	-	-	-	128,264	
Total				64,386,740	94,903,243	5,420,350	-	82,555	-	164,792,888	

Interim Chief Executive Officer

Calin Ionescu

Chief Financial Officer

Valentin Budes