

To:

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

CURRENT REPORT 34/2020

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	24.11.2020
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 in the nine-month period ended September 30th, 2020. 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 and Law no. 158/2020 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.

CHIEF EXECUTIVE OFFICER

Calin Ionescu

CHIEF FINANCIAL OFFICER

Valentin Budes



Voluntary Related Parties Transactions Financial Report

For the nine-month period ended 30 September 2020

Report date:	24 November 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
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 nine-month period ended 30 September 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 and Law no. 158/2020 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 is released quarterly on the BVB website.

During the nine-month period ended 30 September 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 affiliated to shareholders of the parent	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, IT 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
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 for the nine-month period ended 30 September 2020

Related parties and intercompany transactions for the nine-month period ended 30 September 2020

*Amounts in RON										
Purchases/Interest costs										
Benficiary		Nature of the relationship	Nature of transactions	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
Seller/Lender										
Sphera Franchise Group SA (SFG)		Parent Company	Interest			539,014	283,543	955,433		1,777,990
			Support services (service level agreement)		12,600,261	2,907,669	863,252	656,631	17,027,814	
US Food Network SA (USFN)		Subsidiary	Maintenance & spare parts	1,924		19,478	5,809			27,212
			Interest	601,372		208,952	186,004	1,459,122	32,885	2,488,335
			Rent, utilities & other services (events)	1,997						1,997
American Restaurant System SA (ARS)		Subsidiary	Recharge of costs	3,293	87,238		414			3,707
			Recharg of costs - marketing & other							87,238
			Rent, utilities	4,020						4,020
Arggo Software Development and Consulting SRL		Related party	IT services	109,173	180,567	65,304	55,068	31,613		441,725
			ERP implementation services	21,446	86,023	63,889	25,803	77,687		274,848
Baneasa Developments SRL		Related party	Merchandise, protocol expenses & events	2,000	1,574,983	282,014	358,003			2,000
			Rent, utilities							
Baneasa Investments SA		Related party	Rent, utilities			305,402				305,402
Cinnamon Bake&Roll SRL		Related party	Merchandises & protocol		4,875	1,620	720			7,215
Dorobanti 239 Imobiliare SRL		Related party	Rent, utilities		1,916,678					1,916,678
Elicom Connect SRL		Related party	Marketing services		6,523	1,740				8,263
Elicom SRL		Related party	Call center services		576,413	269,274	4,383			850,070
Grand Plaza Hotel SA		Related party	Rent, utilities & other services (events)	3,522		442,485				446,007
Lucian Vlad		Related party	Rent		163,430					163,430
Moulin D'Or SRL		Related party	Recharge of costs - protocol	3,019	35,282	711				39,013
Radu Dimofte		Related party	Rent		67,846					67,846
Wellkept Group SA		Related party	Rent, utilities	206,573						206,573
Total				958,340	17,300,119	5,107,552	1,783,000	3,180,486	32,885	28,362,382

<i>*Amounts in RON</i>									
Beneficiary	Seller/ Lender	Nature of the relationship	Nature of transactions	Sales/Interest revenues					
				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)
Sphera Franchise Group SA (SFG)	Parent Company	Maintenance & spare parts			1,924				
		Recharge of costs				3,293			
		Interest			601,372				
		Rent, utilities & other services (events)			1,997	4,020			
US Food Network SA (USFN)	Subsidiary	Support services (service level agreement)		12,600,261					
		Recharg of costs - marketing & other				87,238			
American Restaurant System SA (ARS)	Subsidiary	Support services (service level agreement)		2,907,669					
		Maintenance & spare parts			19,478				
		Interest		539,014	208,952				
California Fresh Flavors SRL (CFF)	Subsidiary	Support services (service level agreement)		863,252					
		Maintenance & spare parts			5,809	414			
		Interest		283,543	186,004				
US Food Network Srl -Italia (USFN_ITA)	Subsidiary	Support services (service level agreement)		656,631					
		Interest		955,433	1,459,122				
US Food Network Srl - Moldova (USFN_MD)	Subsidiary	Interest			32,885				
Cinnamon Bake&Roll SRL	Related party	Maintenance & spare parts			9	230			
		Interest			7,197				
Moulin D'Or SRL	Related party	Support services (service level agreement)		159,709					
		Maintenance & spare parts			2,607	811			
Midi Development SRL	Related party	Maintenance & spare parts		8,024	815	42			
Total				18,973,537	2,528,172	96,047	-	-	-
									21,597,756



Related parties and intercompany balances as of 30 September 2020

Beneficiary			Trade and other payables/Loans and interest payables						
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	
Seller/Lender									
Sphera Franchise Group SA (SFG)	Parent Company	Trade and other payables		3,348,508	1,621,063	209,986	962,578	-	6,142,135
		Loan payable		-	15,582,480	8,458,017	22,288,194	-	46,328,691
		Interest payable		-	1,867,780	645,719	2,022,296	-	4,535,795
US Food Network SA (USFN)	Subsidiary	Trade and other payables	1,401		5,463,691	1,830,652	14,609	-	7,310,353
		Loan payable	19,304,700		4,000,000	5,938,621	51,132,900	557,973	80,934,194
		Interest payable	2,294,239		209,280	186,730	4,454,772	7,732	7,152,753
American Restaurant System SA (ARS)	Subsidiary	Trade and other payables	3,499,776	21,868		-	-	-	3,521,644
US Food Network Srl - Italia (USFN_ITA)	Subsidiary	Trade and other payables	-	83,024	-	-		-	83,024
Arggo Software Development and Consulting SRL	Related party	Trade and other payables	10,765	-	50,506	2,852	6,431	-	70,554
Baneasa Developments SRL	Related party	Trade and other payables	-	111,305	7,469	-	-	-	118,774
Baneasa Investments SA	Related party	Trade and other payables	-	-	56,351	-	-	-	56,351
Cinnamon Bake&Roll SRL	Related party	Trade and other payables	-	7,945	1,766	-	-	-	9,710
Dorobanti 239 Imobiliare SRL	Related party	Trade and other payables	-	36,119					36,119
Elicom Connect SRL	Related party	Trade and other payables	-	870	692	-	-	-	1,562
Elicom SRL	Related party	Trade and other payables	-	50,090	62,832	238	-	-	113,160
Grand Plaza Hotel SA	Related party	Trade and other payables	-	836	75,755	-	-	-	76,591
Lucian Vlad	Related party	Trade and other payables	-	-	-	-	-	-	-
Midi Development SRL	Related party	Trade and other payables	-	106	-	-	-	-	106
Moulin D'Or SRL	Related party	Trade and other payables	-		1,505				1,505
Radu Dimofte	Related party	Trade and other payables	-	-	-	-	-	-	-
Wellkept Group SA	Related party	Trade and other payables	107,502	-	-	-	-	-	107,502
Total			25,218,383	3,660,671	29,001,170	17,272,816	80,881,780	565,705	156,600,525

*Amounts in RON									
			Trade and other receivables/Loans and interest receivables						
Beneficiary	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
Sphera Franchise Group SA (SFG)	Parent Company	Trade and other receivables		1,401	3,499,776	-	-	-	3,501,177
		Loan receivable		19,304,700	-	-	-	-	19,304,700
		Interest receivable		2,294,239	-	-	-	-	2,294,239
US Food Network SA (USFN)	Subsidiary	Trade and other receivables	3,348,508		21,868	-	83,024	-	3,453,401
American Restaurant System SA (ARS)	Subsidiary	Trade and other receivables	1,621,063	5,463,691		-	-	-	7,084,754
		Loan receivable	15,582,480	4,000,000		-	-	-	19,582,480
		Interest receivable	1,867,780	209,280		-	-	-	2,077,060
California Fresh Flavors SRL (CFF)	Subsidiary	Trade and other receivables	209,986	1,830,652	-		-	-	2,040,638
		Loan receivable	8,458,017	5,938,621	-		-	-	14,396,638
		Interest receivable	645,719	186,730	-		-	-	832,449
US Food Network Srl -Italia (USFN_ITA)	Subsidiary	Trade and other receivables	962,577	14,609	-	-		-	977,187
		Loan receivable	22,288,194	51,132,900	-	-		-	73,421,094
		Interest receivable	2,022,296	4,454,772	-	-		-	6,477,068
US Food Network Srl - Moldova (USFN_MD)	Subsidiary	Loan receivable	-	557,974	-	-	-		557,974
		Interest receivable	-	7,732	-	-	-		7,732
Cinnamon Bake&Roll SRL	Related party	Trade and other receivables	-	-	303	-	-	-	303
		Loan receivable	-	639,470	-	-	-	-	639,470
		Interest receivable	-	58,549	-	-	-	-	58,549
Midi Development SRL	Related party	Trade and other receivables	288	-					288
Moulin D'Or SRL	Related party	Trade and other receivables	190,054	2,848	965	-	-	-	193,867
Grand Plaza Hotel SA	Related party	Trade and other receivables	-	-	65,625	-	-	-	65,625
Baneasa Investments SA	Related party	Trade and other receivables	-	-	128,264	-	-	-	128,264
Total			57,196,964	96,098,167	3,716,800	-	83,024	-	157,094,955

Chief Executive Officer

Calin Ionescu

Chief Financial Officer

Valentin Budes