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Sphera Franchise Group S.A.

Intention to Float Announcement

9 October 2017

FOR IMMEDIATE RELEASE

SPHERA FRANCHISE GROUP S.A. ANNOUNCES INTENTION TO FLOAT ON THE BUCHAREST STOCK EXCHANGE

Sphera Franchise Group S.A. ("Sphera", or the "Company"), a leading food service operator in Romania announces today its intention to launch an initial public offering (the "IPO" or the "Offering") of existing ordinary shares (the "Offering Shares") to (i) retail and institutional investors in Romania and to (ii) international institutional investors, outside the United States of America in reliance of Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act").

Sphera intends to apply for admission of its shares (the "Shares") to trading on the Regulated Spot Market of the Bucharest Stock Exchange ("BSE"), following the successful closing of the Offering (the "Admission").

The Offering will consist of shares representing approximately 25% of the total number of shares issued by the Company. Detailed information about the Offering will be published in the Prospectus once approved by the Financial Supervisory Authority (the "ASF").

KEY HIGHLIGHTS OF THE BUSINESS

- Portfolio of international brands - KFC, Pizza Hut, Pizza Hut Delivery franchises and from Q4 2017, Taco Bell franchise
- Supportive macroeconomic and sector environment
- Long track record of successful network development
- Highly profitable business model with strong EBITDA and net profit margins
- Fully-fledged development process in place with a scalable platform enabling efficient restaurant roll-out
- Operational excellence evidenced by a constant top ranking in YUM! operational metrics
- Enhanced and efficient marketing capabilities, contributing to a continuous improvement in brand awareness for both KFC and Pizza Hut brands
- Clear strategy for future growth in Romania via organic network roll-out and expansion of brand portfolio, and international expansion via development of a sizable KFC business in Italy

MORE ABOUT SPHERA FRANCHISE GROUP

Sphera is a leading food service group in Romania, operating through its subsidiaries (Sphera and its subsidiaries referred to hereinafter as the “Group”) a portfolio of internationally recognized and successful brands (KFC, Pizza Hut, Pizza Hut Delivery and Taco Bell franchises), as well as the KFC franchise in the Republic of Moldova and in two regions in Northern Italy. On the Romanian market, KFC ranks second in the quick service restaurants (QSR) segment, Pizza Hut Dine-In is the market leader in the full-service restaurants (FSR) segment and Pizza Hut Delivery ranks second in the delivery segment (in terms of sales).

Four main pillars have contributed, over the years, to the strong operating performance and track record of the Group: (1) operation of internationally recognized and successful brands, (2) successful selection of key locations for the roll-out of the restaurant network, (3) strong and efficient marketing efforts and partnerships, and (4) product quality and positioning.

The Group's franchised foodservice business was launched in 1994, with the opening of the first Pizza Hut restaurant, which was followed by the opening in 1997 of the first KFC restaurant, both in Bucharest. Over the past five years, the Company has enjoyed a successful track record of opening restaurants both in Bucharest as well as in other large Romanian cities. Since 2012, the Group expanded its restaurant network by 40 units, or by 63%, to a total of 104 as of 30 September 2017, comprising 67 KFC restaurants (63 restaurants located in Romania, two restaurants located in the Republic of Moldova and two restaurants in Italy) and 37 Pizza Hut units (of which 16 are delivery units).

The Group benefits from a strong scalable platform that enables efficient restaurant roll-out. The platform combines a development team with extensive experience in the roll-out of new restaurants and a fully-fledged integrated process from market analysis to site identification to the construction and opening of new units.

The increase in sales over the past five years has enabled the Group to boost promotion of its operated brands among Romanian consumers, with efficient year-round advertising campaigns on TV and significant online presence. This has contributed to a continuous improvement of brand awareness for both KFC and Pizza Hut brands. The Group has invested directly into creative and distinctive marketing campaigns with notable success and recognition, receiving numerous awards, locally and internationally.

The Group consistently ranked top in Yum!'s internal operational metrics. The most recent distinction was received in 2016, when the Group was awarded first place in the CEE Guest Experience Survey, out of 17 KFC markets within the Yum! network in the region.

The Group has a highly profitable business model, having maintained high operational margins (measured by EBITDA) throughout the past three years, on the back of robust growth in sales and improvement in some key cost elements. The high margins have enabled the Group to keep a very low overall level of indebtedness, while at the same time maintaining a high dividend pay-out ratio.

Sphera was incorporated in May 2017 to consolidate under one company all companies holding franchise rights to operate KFC and Pizza Hut branded restaurants in Romania, Republic of Moldova and in two regions in Northern Italy. One of Sphera's subsidiaries is expected to open its first Taco Bell branded restaurant in Q4 2017.

The Company's ultimate beneficial owners are Mr. Radu Dimofte (43.67% indirect stake), Mr. Lucian Vlad (33.33% indirect stake) and Mr. Nicolae Badea (23.00% indirect stake). The three shareholders are amongst the founders of the KFC and Pizza Hut franchised business in Romania.

Selected financial data (pro-forma) of Sphera (2014 – 2016):

Data in RON million	2016	Change 2016/2015	2015	Change 2015/2014	2014
Restaurant sales	514.5	26.8%	405.8	24.9%	324.9
Restaurant operating profit	92.3	14.3%	80.7	41.0%	57.2
EBITDA	73.5	8.3%	67.9	43.6%	47.3
Net profit	51.6	9.2%	47.3	63.5%	28.9

% Like-for-like sales growth	2016	2015	2014
KFC	17%	19%	12%
Pizza Hut	13%	10%	4%

OVERVIEW OF THE FOODSERVICE SECTOR IN ROMANIA

Between 2011 and 2016, the Romanian foodservice market enjoyed a continuous growth on the back of the improving macroeconomic environment coupled with developing consumer appetite. The Romanian population's purchasing power increased significantly on the back of minimum and average gross salary increases, declining unemployment rates and successive VAT rate cuts.

The foodservice sector is highly fragmented, with independent restaurants accounting for 92% of total units and 85.5% of sales value in 2016 (source: Euromonitor, Consumer Foodservice in Romania, May 2017), while the chained restaurants segment is dominated by international brands such as McDonald's, KFC and Pizza Hut.

The Romanian foodservice sector has grown at a compounded annual growth rate of 3.4% between 2011 and 2016, driven mainly by an increasing number of transactions (3.7% average annual growth rate during the same period). The growth rate of sales for independent units has been significantly lower than that of the chained units during the same period (compounded annual growth rate of 2.5% vs. 9.8% respectively) (source: Euromonitor, Consumer Foodservice in Romania, May 2017).

The Romanian foodservice sector is expected to grow at an average annual growth rate of 4.6% between 2017 and 2022 given the current under-penetration of foodservice units per capita and also due to the expected growth in disposable incomes.

KEY HIGHLIGHTS OF THE OFFERING

The Offering will consist of shares representing approximately 25% of the total number of shares issued by the Company. The Company will not raise new capital in connection with the public offering and will not receive any of the proceeds.

The Offering will consist of (i) a public offering to retail and institutional investors in Romania and (ii) an offering to international institutional investors, outside the United States of America in reliance of Regulation S under the U.S. Securities Act of 1933, as amended. Full details of the Offering will be

included in the Prospectus, expected to be published in due course by the Company, subject to the approval of the ASF. The Offering is expected to be completed in Q4 2017.

The shareholders of the Company will be subject to a lock-up agreement for a period of 180 days from the date of the listing of the Company's shares on the BSE. The Company will be subject to a 180-day lock-up period in respect of, among others, issuance of new shares.

WOOD & Company is acting as Sole Global Coordinator and Joint Bookrunner in connection with the Offering. Raiffeisen Bank (Romania) is acting as Joint Bookrunner and Alpha Finance Romania S.A. as Co-Lead Manager in connection with the Offering. Rothschild is acting as Financial Adviser to the Company.

The Company's shares are envisaged to be listed on the Regulated Spot market of the BSE.

The launch of the Offering is dependent on market conditions and fulfilment of other conditions typically pertaining to international share offerings, including obtaining all necessary approvals from supervisory authorities (such as, among others, approval of the Prospectus by the ASF) and registration of the Company's shares with the Romanian Central Depository (Depozitarul Central S.A.), and adoption of the relevant corporate resolutions.

Commenting on Sphera's IPO, Mark Hilton, CEO, said: "Our business model has proven to be successful and allowed the roll-out of 40 new restaurants between 2012 and September 2017, while maintaining strong levels of like-for-like sales growth. We have further ambitious development plans with another 10 new openings planned by the end of 2017. We believe we have significant growth potential in the coming years, both in the performance of our existing restaurants and also through the roll-out of KFC, Pizza Hut and Taco Bell in Romania and the development of a sizeable KFC business in Italy. Our plan is to exceed 240 restaurants by the end of 2022. We are encouraged by the market environment and anticipate that the positive macroeconomic and industry trends will continue in and beyond 2017. We believe in the Group's prospects and are looking forward to this next important milestone in the Company's development, the listing of its shares on the Bucharest Stock Exchange and raising the Group's profile and visibility as a public listed entity."

For further information, please contact:

Sphera Franchise Group

Stylianos Bairaktaris +40 727 225 147

WOOD & Company

Nick Kaufmann +44 7534 664 275
Bogdan Campianu +40 727 299 529

Raiffeisen Bank

Dana Mirela Ionescu +40 722 130 458
Laurentiu Ciocirlan +40 722 581 773

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This announcement does not constitute an advertisement for the purposes of article 11 of the Romanian Law no 24/2017 on issuers of financial instruments and market operations.

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This announcement has not been approved by any regulatory or supervisory authority.

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This announcement may contain statements that are not historical facts and are "forward-looking statements", which include, without limitation, any statements preceded by, followed by or that include the words: "may", "will", "would", "should", "expect", "intend", "estimate", "forecast", "anticipate", "project", "believe", "seek", "plan", "predict", "continue", "commit", "undertake" and, in each case, similar expressions or their negatives. These forward-looking statements include all matters that are not historical facts. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond the Company's control, and relate to events and depend on circumstances that may or may not occur in the future, which could cause the Company's actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. The forward-looking statements included herein are based on numerous assumptions and are intended only to illustrate hypothetical results under those assumptions. As a result of these risks, uncertainties and assumptions, the recipients of this announcement should in particular not place reliance on these forward-looking statements as a prediction of actual results, or a promise or representation as to the past or future, nor as an indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared or the information or statements herein are accurate or complete. Past performance of the Group cannot be relied on as a guide to future performance. No statement in this announcement is intended to be a profit forecast. Each of the Company and the Banks expressly disclaim any obligation or undertaking to update, review or revise any of the forward-looking statements contained in this announcement whether as a result of new information, future developments or otherwise.

This announcement does not purport to contain all information that may be necessary in respect of the Company or its group and in any event each recipient of this announcement needs to make an independent assessment. Neither the Company nor any of the Banks undertakes any obligation to update or keep current the information contained herein.

Before purchasing any Offering Shares, persons viewing this announcement should ensure that they fully understand and accept the risks which will be set out in the Prospectus when published.

The Offering timetable, including the date of Admission, may be influenced by a range of circumstances such as market conditions. There is no guarantee that the Offering will proceed and that Admission will occur and recipients of this announcement should not base their financial decisions on the Group's intentions in relation to the Offering and Admission. Acquiring investments to which this announcement relates may expose an investor to a significant risk of losing all or part of the amount invested. Persons considering making such an investment should consult an authorised person specialising in advising on such investments. The value of Shares can decrease as well as increase.

WOOD & Company Financial Services a.s., Raiffeisen Bank S.A. and Alpha Finance Romania S.A. are acting exclusively for the selling shareholders and the Company and no-one else in connection with the Offering and N M Rothschild & Sons Limited is acting exclusively for the Company and no-one else in connection with the Offering. None of the Banks will regard any other person (whether or not a recipient of this announcement) as a client in relation to the Offering and will not be responsible to anyone other than their respective clients for providing the protections afforded to such respective clients nor for providing financial advice in relation to the Offering.

In connection with the Offering, each of WOOD & Company Financial Services a.s., Raiffeisen Bank S.A. and Alpha Finance Romania S.A. and any of their respective affiliates, acting as investors for their own accounts, may purchase Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Group or related investments in connection with the Offering or otherwise. Accordingly, references in the final Prospectus, once published, to the Shares being offered, acquired, sold, placed or otherwise dealt in should be read as including any offer, sale, acquisition, placing or dealing in the Shares by any of WOOD & Company Financial Services a.s., Raiffeisen Bank S.A. and/or Alpha Finance Romania S.A. and/or any of their

respective affiliates acting as investors for their own accounts. In addition, certain of WOOD & Company Financial Services a.s., Raiffeisen Bank S.A. and/or Alpha Finance Romania S.A. and/or their respective affiliates may enter into financing arrangements and swaps in connection with which they or their respective affiliates may from time to time acquire, hold or dispose of Shares. None of WOOD & Company Financial Services a.s., Raiffeisen Bank S.A. and/or Alpha Finance Romania S.A. intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

Certain financial data included in this announcement are “non-IFRS financial measures.” These non-IFRS financial measures may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with International Financial Reporting Standards. Although Sphera believes these non-IFRS financial measures provide useful information to recipients of this announcement in measuring the financial performance and condition of Sphera’s business, recipients of this announcement are cautioned not to place undue reliance on any non-IFRS financial measures or any ratios included in this announcement.

Unless otherwise indicated, market, industry, market share and competitive position data in this announcement are estimates (and accordingly, approximate) and should be treated with caution. Such information has not been audited or independently verified, nor has the Company ascertained the underlying economic assumptions relied upon therein.

Certain figures contained in this announcement, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum or percentage change of the numbers contained in this announcement may not conform exactly to the total figure given.