

To:

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

CURRENT REPORT 39/2020

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	22.12.2020
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: Update to the Restaurant Development Plan for KFC Romania

The management of Sphera Franchise Group SA (the “Group”) informs the investors about the successful closing of the negotiations regarding the resizing of the restaurant development plan, as a result of the health crisis, between the franchisor, YUM! and US Food Network SA (“USFN”), the Group’s subsidiary that holds the franchise rights to operate KFC restaurants in Romania.

The original 2017-2022 restaurant rollout plan as agreed between YUM! and USFN considered opening in 2020 8 new KFC restaurants in Romania and 9 new restaurants in 2021.

During the negotiations, the parties have agreed that for the period 2020 - 2021, USFN will open 10 net new stores in Romania. Out of that amount, 4 net new stores were already inaugurated by the Group in 2020. Therefore, USFN has 6 more net new stores to open by the end of 2021.

During the negotiations, the Group also managed to obtain financial incentives that will help in the process of expansion the KFC network in Romania. Moreover, should the Group overpass the goal of opening 10 new locations by the end of 2021, it will benefit from further financial incentives from the franchisor. Due to the confidentiality of the agreement with YUM!, the Group cannot disclose the total value of the financial incentives renegotiated.

The target for 2022 for KFC Romania remains unchanged and includes opening of 9 new restaurants.

The management is currently in ongoing renegotiations regarding the restaurant development plan for American Restaurant System SA, the operator of Pizza Hut and Pizza Hut Delivery brands in Romania. As soon as the agreement is reached, the company will inform the market about the new targets through a separate current report.

CHIEF EXECUTIVE OFFICER

Calin Ionescu