

To:

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

## CURRENT REPORT 12/2021

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	<b>09.04.2021</b>
Name of the Company	<b>Sphera Franchise Group SA</b>
Registered Office	<b>Bucharest, Romania</b>
Address	<b>Calea Dorobanților nr. 239, 2<sup>nd</sup> floor, Bucharest sector 1</b>
Phone / Fax	<b>+40 21 201 17 57 / +40 21 201 17 59</b>
Email	<b>investor.relations@spheragroup.com</b>
Registration nr. with Trade Registry	<b>J40/7126/2017</b>
Fiscal Code	<b>RO 37586457</b>
Subscribed and paid share capital	<b>581,990,100 RON</b>
Total number of shares	<b>38,799,340</b>
Symbol	<b>SFG</b>
Market where securities are traded	<b>Bucharest Stock Exchange, Main Segment, Premium Category</b>

**Important events to be reported:** Publication of the Voluntary Report on Transactions with Related Parties carried out by companies from the Group in 2020

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 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 FINANCIAL OFFICER

Valentin Budes

## **Voluntary Related Parties Transactions Financial Report**

### **For the year ended 31 December 2020**

<b>Report date:</b>	9 April 2021
<b>Name of the issuing entity:</b>	Sphera Franchise Group SA
<b>Statutory seat:</b>	Bucharest, Romania
<b>Visiting address:</b>	Bucharest, 239 Dorobanti Ave., 2 <sup>nd</sup> Floor, 1 <sup>st</sup> District, Romania
<b>Phone no/Fax no:</b>	0040 21 201 1757 / 0040 21 201 1759
<b>Sole Registration Code:</b>	RO 37586457
<b>Order number with the Trade Registry:</b>	J40/7126/2017
<b>Subscribed and paid-in share capital:</b>	RON 581,990,000
<b>Number of shares in issue:</b>	38,799,340
<b>Number of listed shares:</b>	9,831,753
<b>Regulated market on which the issued securities are traded:</b>	Bucharest Stock Exchange, Main Segment, Category Premium (Shares)
<b>Symbol:</b>	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 year ended 31 December 2020.

#### Contact details:

Investor Relations  
E-mail: [investor.relations@spheragroup.com](mailto: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), accruals booked by the Sphera group entities in the relevant period as per the signed agreements or the decisions of the general shareholders' meetings for the dividend income.

The detailed related parties report is released quarterly on the BVB website.

During the financial year ended 31 December 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

<b>Related party</b>	<b>Nature of the relationship</b>	<b>Country of incorporation</b>	<b>Nature of transactions</b>
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 and Tatika Investments Ltd	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
Fundatia Advance	Entity with common members of key management personnel	Romania	Charity

**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 financial year ended 31 December 2020

Related parties and intercompany transactions for the financial year ended 31 December 2020

\*Amounts in RON

Seller/Lender	Beneficiary	Nature of the relationship	Nature of transactions	Purchases/Interest costs						
				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	Interest		17,375,129	706,249	372,627	2,041,626	-	-	3,120,502
		Support services (service level agreement)			3,896,707	1,231,989	-	-	-	22,503,825
US Food Network SA (USFN)	Subsidiary	Maintenance & spare parts		2,039	23,735	12,851	-	-	-	38,625
		Interest		859,226	340,381	276,125	1,968,814	45,240	45,240	3,489,786
		Rent, utilities & other services (events)		2,905	-	-	-	-	-	2,905
American Restaurant System SA (ARS)	Subsidiary	Maintenance & spare parts		-	-	2,994	-	-	-	2,994
		Recharge of costs		6,701	-	-	-	-	-	6,701
		Recharge of costs - marketing & other		-	109,921	-	-	-	-	109,921
		Rent, utilities & other services (events)		5,520	-	-	-	-	-	5,520
Arggo Software Development and Consulting SRL	Related party	IT services		147,020	220,860	64,973	88,008	50,358	-	571,219
		ERP implementation services		101,997	454,086	68,889	107,053	77,837	-	809,862
Baneasa Developments SRL	Related party	Rent, utilities		-	2,122,430	331,376	474,493	-	-	2,928,299
Baneasa Investments SA	Related party	Rent, utilities		-	-	400,403	-	-	-	400,403
Cinnamon Bake&Roll SRL	Related party	Merchandises & protocol		-	4,875	1,620	720	-	-	7,215
Dorobanti 239 Imobiliare SRL	Related party	Rent, utilities		-	2,654,422	-	-	-	-	2,654,422
Elicom Connect SRL	Related party	Marketing services		-	8,716	2,324	-	-	-	11,040
Elicom SRL	Related party	Call center services		-	731,902	355,576	8,147	-	-	1,095,625
Grand Plaza Hotel SA	Related party	Rent, utilities & other services (events)		3,522	-	591,251	-	-	-	594,773
Lucian Vlad	Related party	Rent		-	200,533	-	-	-	-	200,533
Moulin D'Or SRL	Related party	Recharge of costs - protocol		3,439	35,885	536	183	-	-	40,043
Radu Dimofte	Related party	Rent		-	83,120	-	-	-	-	83,120
Wellkept Group SA	Related party	Rent, utilities		236,390	-	-	-	-	-	236,390
<b>Total</b>				<b>1,368,759</b>	<b>24,001,877</b>	<b>6,784,021</b>	<b>2,575,190</b>	<b>4,138,636</b>	<b>45,240</b>	<b>38,913,721</b>

*\*Amounts in RON*

Beneficiary	Seller/ Lender	Nature of the relationship	Nature of transactions	Sales/Interest revenues/Dividends revenues							Total
				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		2,039	-	-	-	-	-	-	2,039
		Recharge of costs		-	6,701	-	-	-	-	-	6,701
		Interest		859,226	-	-	-	-	-	-	859,226
		Rent, utilities & other services (events)		2,905	5,520	-	-	-	-	-	8,425
US Food Network SA (USFN)	Subsidiary	Dividends revenues	85,223,427								85,223,427
		Support services (service level agreement)	17,375,129		-	-	-	-	-	-	17,375,129
		Recharg of costs - marketing & other	-		109,921	-	-	-	-	-	109,921
American Restaurant System SA (ARS)	Subsidiary	Support services (service level agreement)	3,896,707	-		-	-	-	-	-	3,896,707
		Maintenance & spare parts	-	23,735		-	-	-	-	-	23,735
		Interest	706,249	340,381		-	-	-	-	-	1,046,630
California Fresh Flavors SRL (CFF)	Subsidiary	Support services (service level agreement)	1,231,989	-	-		-	-	-	-	1,231,989
		Maintenance & spare parts	-	12,851	2,994		-	-	-	-	15,845
		Interest	372,627	276,125	-		-	-	-	-	648,752
US Food Network Srl -Italia (USFN_ITA)	Subsidiary	Support services (service level agreement)	-	-	-	-	-	-	-	-	-
		Interest	2,041,626	1,968,814	-		-	-	-	-	4,010,440
US Food Network Srl - Moldova (USFN_MD)	Subsidiary	Interest	-	45,240	-	-	-	-	-	-	45,240
		Maintenance & spare parts	-	9,605	274	-	-	-	-	-	9,879
Cinnamon Bake&Roll SRL	Related party	Interest	-	-	-	-	-	-	-	-	-
		Maintenance & spare parts	-	-	-	-	-	-	-	-	-
Moulin D'Or SRL	Related party	Support services (service level agreement)	159,709	2,607	811	-	-	-	-	-	163,127
		Maintenance & spare parts	-	-	-	-	-	-	-	-	-
Midi Development SRL	Related party	Support services (service level agreement)	9,551	860	42	-	-	-	-	-	10,453
Fundatia Advance	Related party	Support services (service level agreement)	-	12,605	23,394	13,761	-	-	-	-	49,761
<b>Total</b>			<b>111,017,014</b>	<b>3,556,993</b>	<b>149,657</b>	<b>13,761</b>					<b>114,737,424</b>

## Related parties and intercompany balances as of 31 December 2020

*Amounts in RON, nominal values		Trade and other payables/Loans and interest payables								
Seller/Lender	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 payables	4,316,480	1,308,654	450,008	1,159,371	-	-	7,234,513
			Dividends payable		79,223,427	-	-	-	-	79,223,427
			Loan payable		-	7,882,536	8,457,897	4,756,523	-	21,096,956
			Interest payable		-	2,034,742	734,660	2,254,407	-	5,023,809
US Food Network SA (USFN)	Subsidiary		Trade and other payables	307	1,163	-	31,143	-	-	32,613
			Loan payable		9,436,580	7,764,385	51,128,700	409,188	97,298,452	97,298,452
			Interest payable		340,680	276,803	4,963,784	2,728	-	8,135,651
American Restaurant System SA (ARS)	Subsidiary		Trade and other payables	2,650,373	11,556	-	-	-	-	2,661,929
US Food Network Srl - Italia (USFN_ITA)	Subsidiary		Trade and other payables	-	83,017	-	-	-	-	83,017
Argo Software Development and Consulting SRL	Related party		Trade and other payables	36,508	196,651	-	41,927	3,675	-	278,761
Baneasa Developments SRL	Related party		Trade and other payables	-	113,350	29,808	13,922	-	-	157,080
Baneasa Investments SA	Related party		Trade and other payables	-	-	56,533	-	-	-	56,533
Cinnamon Bake&Roll SRL	Related party		Trade and other payables	-	-	-	-	-	-	-
Dorobanti 239 Imobiliare SRL	Related party		Trade and other payables	-	36,634	-	-	-	-	36,634
Elicom Connect SRL	Related party		Trade and other payables	-	869	1,388	-	-	-	2,257
Elicom SRL	Related party		Trade and other payables	-	46,615	36,767	1,360	-	-	84,742
Grand Plaza Hotel SA	Related party		Trade and other payables	-	831	17,728	-	-	-	18,560
Lucian Vlad	Related party		Trade and other payables	-	-	-	-	-	-	-
Midi Development SRL	Related party		Trade and other payables	288	-	-	-	-	-	288
Moulin D'Or SRL	Related party		Trade and other payables	420	-	-	183	-	-	603
Radu Dimofte	Related party		Trade and other payables	-	-	-	-	-	-	-
Wellkept Group SA	Related party		Trade and other payables	1,200	-	-	-	-	-	1,200
<b>Total</b>				<b>33,800,353</b>	<b>84,029,431</b>	<b>21,146,578</b>	<b>17,741,144</b>	<b>64,297,604</b>	<b>411,916</b>	<b>221,427,026</b>

\*Amounts in RON, nominal values

Trade and other receivables/Loans and interest receivables										
Beneficiary	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
Sphera Franchise Group SA (SFG)	Parent Company	Trade and other receivables		307	2,650,373	-	-	-	-	2,650,680
		Loan receivable			28,559,600	-	-	-	-	28,559,600
		Interest receivable			2,551,657	-	-	-	-	2,551,657
US Food Network SA (USFN)	Subsidiary	Trade and other receivables	4,316,480		11,556	-	83,017	-	-	4,411,053
		Dividends receivables	79,223,427		-	-	-	-	-	79,223,427
American Restaurant System SA (ARS)	Subsidiary	Trade and other receivables	1,308,654	1,163		-	-	-	-	1,309,817
		Loan receivable	7,882,536	9,436,580		-	-	-	-	17,319,116
		Interest receivable	2,034,742	340,680		-	-	-	-	2,375,422
California Fresh Flavors SRL (CFF)	Subsidiary	Trade and other receivables	450,008	-	-		-	-	-	450,008
		Loan receivable	8,457,897	7,764,385	-		-	-	-	16,222,282
		Interest receivable	734,660	276,803	-		-	-	-	1,011,463
US Food Network Srl -Italia (USFN_ITA)	Subsidiary	Trade and other receivables	1,159,371	31,143	-	-		-	-	1,190,515
		Loan receivable	4,756,523	51,128,700	-	-		-	-	55,885,223
		Interest receivable	2,254,407	4,963,784	-	-		-	-	7,218,191
US Food Network Srl - Moldova (USFN_MD)	Subsidiary	Loan receivable	-	409,189	-	-	-	-	-	409,189
		Interest receivable	-	2,728	-	-	-	-	-	2,728
Cinnamon Bake&Roll SRL	Related party	Trade and other receivables	-	110,115	303	-	-	-	-	110,418
		Loan receivable	-	639,442	-	-	-	-	-	639,442
		Interest receivable	-	60,948	-	-	-	-	-	60,948
Midi Development SRL	Related party	Trade and other receivables	267	53	-	-	-	-	-	320
Moulin D'Or SRL	Related party	Trade and other receivables	-	-	-	-	-	-	-	-
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
Fundatia Advance	Related party	Trade and other receivables	-	10,500	12,750	12,000	-	-	-	35,250
<b>Total</b>			<b>112,578,973</b>	<b>106,287,775</b>	<b>2,868,871</b>	<b>12,000</b>	<b>83,017</b>	-	-	<b>221,830,636</b>

Chief Financial Officer

Valentin Budes