

To:

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

CURRENT REPORT 19/2021

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	28.05.2021
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	581,990,100 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 Q1 2021

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 Q1 2021. 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 three-months period ended 31 March 2021

Report date:	28 May 2021
Name of the issuing entity:	Sphaera 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 three-month period ended 31 March 2021.

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), 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 three-month financial period ended 31 March 2021, 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	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, sale of goods
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	Sale of goods

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 three-month period ended 31 March 2021

Related parties and intercompany transactions for the three-month period ended 31 March 2021

*Amounts in RON

Beneficiary	Seller/ Lender	Nature of the relationship	Nature of transactions	Sphera Franchise Group SA (SFG)	Sales/Interest revenues/Dividends revenues						Total
					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		Sphera Franchise Group SA (SFG)	-	-	-	-	-	-	-
		Recharge of costs			908	1,293	-	-	-	-	2,201
		Interest			292,745	-	-	-	-	-	292,745
		Rent, utilities & other services (events)			734	1,380	-	-	-	-	2,114
US Food Network SA (USFN)	Subsidiary	Dividends revenues		US Food Network SA (USFN)	-	-	-	-	-	-	-
		Support services (service level agreement)			5,705,111	-	-	-	-	-	5,705,111
		Recharg of costs - marketing & other			-	-	-	-	-	-	23,701
American Restaurant System SA (ARS)	Subsidiary	Support services (service level agreement)		American Restaurant System SA (ARS)	1,077,498	-	-	-	-	-	1,077,498
		Maintenance & spare parts			-	3,477	-	-	-	-	3,477
		Interest			88,923	132,976	-	-	-	-	221,900
California Fresh Flavors SRL (CFF)	Subsidiary	Support services (service level agreement)		California Fresh Flavors SRL (CFF)	380,635	-	-	-	-	-	380,635
		Maintenance & spare parts			-	9,814	9,814	-	-	-	19,628
		Interest			87,407	88,359	-	-	-	-	175,766
US Food Network Srl -Italia (USFN_ITA)	Subsidiary	Support services (service level agreement)		US Food Network Srl -Italia (USFN_ITA)	232,854	-	-	-	-	-	232,854
	Subsidiary	Interest			91,465	511,266	-	-	-	-	602,731
US Food Network Srl - Moldova (USFN_MD)	Subsidiary	Interest		US Food Network Srl - Moldova (USFN_MD)	-	6,954	-	-	-	-	6,954
Cinnamon Bake&Roll SRL	Related party	Maintenance & spare parts			-	-	-	-	-	-	-
		Interest			-	2,399	-	-	-	-	2,399
Moulin D'Or SRL	Related party	Maintenance & spare parts			-	-	-	-	-	-	-
Midi Development SRL	Related party	Maintenance & spare parts			297	-	-	-	-	-	297
Computerland Romania SRL	Related party	Sale of goods			-	-	231	-	-	-	231
Fundatia Advance	Related party	Sale of goods			-	-	-	-	-	-	-
Total					7,664,191	1,049,632	36,418	-	-	-	8,750,241

*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)
Sphera Franchise Group SA (SFG)	Parent Company	Interest	-	88,923	87,407	91,465	-	267,795	
		Support services (service level agreement)	5,705,111	1,077,498	380,635	232,854	-	-	7,396,099
		Maintenance & spare parts	-	3,477	9,814	-	-	-	13,291
US Food Network SA (USFN)	Subsidiary	Interest	292,745	132,976	88,359	511,266	6,954	1,032,300	
		Recharge of costs	908	-	-	-	-	-	908
		Rent, utilities & other services (events)	734	-	-	-	-	-	734
		Maintenance & spare parts	-	9,814	-	-	-	-	9,814
American Restaurant System SA (ARS)	Subsidiary	Recharge of costs	1,293	23,701	-	-	-	-	24,993
		Recharge of costs - marketing & other	-	-	-	-	-	-	-
		Rent, utilities & other services (events)	1,380	-	-	-	-	-	1,380
Arggo Software Development and Consulting SRL	Related party	IT services	39,599	220,694	234,109	21,236	11,067	-	526,705
		ERP implementation services	3,472	-	3,472	-	-	-	6,944
Baneasa Developments SRL	Related party	Rent, utilities	-	537,406	92,183	136,119	-	-	765,708
Baneasa Investments SA	Related party	Rent, utilities	-	-	47,537	-	-	-	47,537
Cinnamon Bake&Roll SRL	Related party	Merchandises & protocol	-	-	-	-	-	-	-
Dorobanti 239 Imobiliare SRL	Related party	Rent, utilities	-	809,450	-	-	-	-	809,450
Elicom Connect SRL	Related party	Marketing services	-	2,199	586	-	-	-	2,786
Elicom SRL	Related party	Call center services	-	110,304	86,058	6,730	-	-	203,091
Grand Plaza Hotel SA	Related party	Rent, utilities & other services (events)	-	-	183,555	-	-	-	183,555
Lucian Vlad	Related party	Rent	-	55,301	-	-	-	-	55,301
Moulin D'Or SRL	Related party	Recharge of costs - protocol	-	-	420	12,584	-	-	13,004
Radu Dimofte	Related party	Rent	-	22,917	-	-	-	-	22,917
Wellkept Group SA	Related party	Rent, utilities	116,752	-	-	-	-	-	116,752
Total			456,883	7,487,082	1,947,323	756,170	846,652	6,954	11,501,065

Related parties and intercompany balances as of 31 March 2021

Seller/ Lender			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	547	3,014,506	-	-	-	-	3,015,053
		Loan receivable		28,643,150	-	-	-	-	28,643,150
		Interest receivable		2,875,706	-	-	-	-	2,875,706
US Food Network SA (USFN)	Subsidiary	Trade and other receivables	5,530,108		20,202	-	83,967	-	5,634,278
		Dividends receivables	71,824,227		-	-	-	-	71,824,227
American Restaurant System SA (ARS)	Subsidiary	Trade and other receivables	2,586,355	6,345		-	-	-	2,592,700
		Loan receivable	7,882,536	9,436,580		-	-	-	17,319,116
		Interest receivable	2,147,604	470,811		-	-	-	2,618,415
California Fresh Flavors SRL (CFF)	Subsidiary	Trade and other receivables	893,066	6,589	-		-	-	899,655
		Loan receivable	8,474,607	7,764,385		-	-	-	16,238,992
		Interest receivable	831,123	367,876		-	-	-	1,198,999
US Food Network Srl - Italia (USFN_ITA)	Subsidiary	Trade and other receivables	1,407,519	14,608	-	-		-	1,422,128
		Loan receivable	11,952,326	51,713,550	-	-		-	63,665,876
		Interest receivable	2,372,274	5,535,696	-	-		-	7,907,970
US Food Network Srl - Moldova (USFN_MD)	Subsidiary	Loan receivable	-	300,978	-	-	-	-	300,978
		Interest receivable	-	2,166	-	-	-	-	2,166
Cinnamon Bake&Roll SRL	Related party	Trade and other receivables	-	90,115	303	-	-	-	90,418
		Loan receivable	-	643,216	-	-	-	-	643,216
		Interest receivable	-	63,347	-	-	-	-	63,347
Midi Development SRL	Related party	Trade and other receivables	-	3	-	-	-	-	3
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	-	-	19,102	-	-	-	19,102
Baneasa Developments SRL	Related party	Trade and other receivables	-		128,264				128,264
Computerland Romania SRL	Related party	Trade and other receivables	-	-	252	-	-	-	252
Fundatia Advance	Related party	Trade and other receivables	-	-	12,750	-	-	-	12,750
Total			115,901,747	107,935,668	3,261,004	-	83,967	-	227,182,385

**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		5,530,108	2,586,355	893,066	1,407,519	-	-	10,417,049
		Dividends payable		71,824,227	-	-	-	-	-	71,824,227
		Loan payable		-	7,882,536	8,474,607	11,952,326	-	-	28,309,470
		Interest payable		-	2,147,604	831,123	2,372,274	-	-	5,351,002
US Food Network SA (USFN)	Subsidiary	Trade and other payables	547		6,345	6,589	14,608	-	-	28,089
		Loan payable	28,643,150		9,436,580	7,764,385	51,713,550	300,978	97,858,642	
		Interest payable	2,875,706		470,811	367,876	5,535,696	2,166	-	9,252,256
American Restaurant System SA (ARS)	Subsidiary	Trade and other payables	3,014,506	20,202	-	-	-	-	-	3,034,708
US Food Network Srl - Italia (USFN_ITA)	Subsidiary	Trade and other payables	-	83,967	-	-	-	-	-	83,967
Arggo Software Development and Consulting SRL	Related party	Trade and other payables	10,067	128,558	89,623	3,035	3,637	-	-	234,920
Baneasa Developments SRL	Related party	Trade and other payables	-	130,157	22,866	14,460	-	-	-	167,484
Dorobanti 239 Imobiliare SRL	Related party	Trade and other payables	-	10,313	-	-	-	-	-	10,313
Elicom Connect SRL	Related party	Trade and other payables	-	1,747	1,390	-	-	-	-	3,137
Elicom SRL	Related party	Trade and other payables	-	43,638	36,015	3,410	-	-	-	83,063
Grand Plaza Hotel SA	Related party	Trade and other payables	-	831	87,284	-	-	-	-	88,115
Midi Development SRL	Related party	Trade and other payables	288	-	-	-	-	-	-	288
Wellkept Group SA	Related party	Trade and other payables	4,504	-	-	-	-	-	-	4,504
Total			34,548,768	77,773,748	22,767,411	18,358,551	72,999,611	303,144	226,751,233	

Chief Financial Officer

Valentin Budes