

To:

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

CURRENT REPORT 33/2021

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	08.09.2021
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 H1 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 H1 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 six-month period ended 30 June 2021

Report date:	8 September 2021
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 581,990,100
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 six-month period ended 30 June 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 six-month financial period ended 30 June 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, dividends
US Food Network SRL	Subsidiary	Romania	Dividends, loans, 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	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	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 (IAS 24.9).*

Annex 1 - Related parties and intercompany balances and transactions for the six-month period ended 30 June 2021

Related parties and intercompany transactions for the six-month period ended 30 June 2021

*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		Recharge of costs	1,159	2,257	-	-	-	-	3,415
			Interest	590,843	-	-	-	-	-	590,843
			Rent, utilities & other services (events)	1,472	2,760	-	-	-	-	4,232
US Food Network SA (USFN)	Subsidiary		Dividends revenues	36,300,372	-	-	-	-	-	36,300,372
			Support services (service level agreement)	11,615,917	-	-	-	-	-	11,615,917
			Recharge of costs - marketing & other	-	46,014	-	-	-	-	46,014
American Restaurant System SA (ARS)	Subsidiary		Support services (service level agreement)	2,062,794	-	-	-	-	-	2,062,794
			Maintenance & spare parts	-	10,357	-	-	-	-	10,357
			Interest	179,472	263,397	-	-	-	-	442,869
California Fresh Flavors SRL (CFF)	Subsidiary		Support services (service level agreement)	789,046	-	-	-	-	-	789,046
			Maintenance & spare parts	-	21,840	9,814	-	-	-	31,654
			Interest	176,411	178,127	-	-	-	-	354,538
US Food Network Srl -Italia (USFN_ITA)	Subsidiary		Support services (service level agreement)	515,335	-	-	-	-	-	515,335
			Interest	246,173	915,785	-	-	-	-	1,161,958
US Food Network Srl - Moldova (USFN_MD)	Subsidiary		Dividends revenues	1,224,897	-	-	-	-	-	1,224,897
			Interest	-	16,322	-	-	-	-	16,322
Midi Development SRL	Related party	Maintenance & spare parts	398	873	-	-	-	-	-	1,271
MBL Computers	Related party	Sale of goods	-	-	231	-	-	-	-	231
Fundatia Advance	Related party	Sale of goods	-	19,266	31,593	22,500	-	-	-	73,359
Total			53,110,816	2,019,440	92,669	22,500	-	-	-	55,245,425

**Amounts in RON*

Seller/Lender	Beneficiary	Nature of the relationship	Nature of transactions	Sphera Franchise Group SA (SFG)	Purchases/Interest costs					
					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			-	179,472	176,411	246,173	-	602,056
		Support services (service level agreement)			11,615,917	2,062,794	789,046	515,335	-	14,983,092
US Food Network SA (USFN)	Subsidiary	Maintenance & spare parts	-		10,357	21,840	-	-	-	32,197
		Interest	590,843		263,397	178,127	915,785	16,322	1,964,473	
		Rent, utilities & other services (events)	1,472		-	-	-	-	-	1,472
		Recharge of costs	1,159		-	-	-	-	-	1,159
American Restaurant System SA (ARS)	Subsidiary	Maintenance & spare parts	-		9,814	-	-	-	-	9,814
		Recharge of costs	2,257	46,014	-	-	-	-	-	48,270
		Rent, utilities & other services (events)	2,760	-	-	-	-	-	-	2,760
Arggo Software Development and Consulting SRL	Related party	IT services	80,541	298,921	206,978	42,968	36,775	-	-	666,183
		ERP implementation services	3,472	112,978	95,255	10,371	-	-	-	222,076
Baneasa Developments SRL	Related party	Rent, utilities	-	1,107,133	181,523	279,942	-	-	-	1,568,598
Baneasa Investments SA	Related party	Rent, utilities	-	-	306,251	-	-	-	-	306,251
Cinnamon Bake&Roll SRL	Related party	Merchandises & protocol	-	2,232	-	-	-	-	-	2,232
Dorobanti 239 Imobiliare SRL	Related party	Rent, utilities	-	1,575,167	-	-	-	-	-	1,575,167
Elicom Connect SRL	Related party	Marketing services	-	4,415	1,177	-	-	-	-	5,593
Elicom SRL	Related party	Call center services	-	201,576	149,361	12,843	-	-	-	363,780
Grand Plaza Hotel SA	Related party	Rent, utilities & other services (events)	1,900	-	360,972	-	-	-	-	362,871
Lucian Vlad	Related party	Rent	-	129,345	-	-	-	-	-	129,345
Moulin D'Or SRL	Related party	Acquisition of goods	568	-	-	12,584	-	-	-	13,152
Radu Dimofte	Related party	Rent	-	53,602	-	-	-	-	-	53,602
Wellkept Group SA	Related party	Rent, utilities	239,668	-	-	-	-	-	-	239,668
Total				924,639	15,147,301	3,817,536	1,533,946	1,714,068	16,322	23,153,811

Related parties and intercompany balances as of 30 June 2021

*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		396	3,546,074	-	-	-	-	3,546,470
		Loan receivable		28,645,550	-	-	-	-	-	28,645,550
		Interest receivable		3,174,946	-	-	-	-	-	3,174,946
US Food Network SA (USFN)	Subsidiary	Trade and other receivables	6,184,344		46,026	-	83,994	-	-	6,314,364
		Dividends receivables	79,187,639		-	-	-	-	-	79,187,639
American Restaurant System SA (ARS)	Subsidiary	Trade and other receivables	3,760,818	8,187		-	-	-	-	3,769,006
		Loan receivable	7,882,536	9,436,580		-	-	-	-	17,319,116
		Interest receivable	2,238,914	601,069		-	-	-	-	2,839,984
California Fresh Flavors SRL (CFF)	Subsidiary	Trade and other receivables	1,381,955	409		-	-	-	-	1,382,364
		Loan receivable	8,475,087	7,764,385		-	-	-	-	16,239,472
		Interest receivable	920,460	457,347		-	-	-	-	1,377,807
US Food Network Srl -Italia (USFN_ITA)	Subsidiary	Trade and other receivables	1,690,624	14,759		-	-	-	-	1,705,383
		Loan receivable	20,824,269	51,730,350		-	-	-	-	72,554,619
		Interest receivable	2,527,860	5,942,206		-	-	-	-	8,470,066
US Food Network Srl - Moldova (USFN_MD)	Subsidiary	Loan receivable	-	188,172		-	-	-	-	188,172
		Interest receivable	-	5,617		-	-	-	-	5,617
		Dividends receivables	698,705	-	-	-	-	-	-	698,705
Cinnamon Bake&Roll SRL	Related party	Trade and other receivables	-	78,855	303	-	-	-	-	79,158
		Loan receivable	-	643,325	-	-	-	-	-	643,325
		Interest receivable	-	65,746	-	-	-	-	-	65,746
Midi Development 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
Dorobanti 239 Imobiliare SRL	Related party	Trade and other receivables	-	4,809	-	-	-	-	-	4,809
MBL Computers	Related party	Restaurant sales	-	-	252	-	-	-	-	252
Fundatia Advance	Related party	Trade and other receivables	-	-	-	-	-	-	-	-
Total			135,773,212	108,762,707	3,786,543	-	83,994	-	248,406,456	

*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 Sri -Italia (USFN_ITA)	US Food Network Sri - Moldova (USFN_MD)	Total
Sphera Franchise Group SA (SFG)	Parent Company	Trade and other payables		6,184,344	3,760,818	1,381,955	1,690,624	-	13,017,741	
		Dividends payable		79,187,639	-	-	-	698,705	79,886,344	
		Loan payable		-	7,882,536	8,475,087	20,824,269	-	37,181,892	
		Interest payable		-	2,238,914	920,460	2,527,860	-	5,687,234	
US Food Network SA (USFN)	Subsidiary	Trade and other payables	396		8,187	409	14,759	-	23,752	
		Loan payable	28,645,550		9,436,580	7,764,385	51,730,350	188,146	97,765,011	
		Interest payable	3,174,946		601,069	457,347	5,942,206	1,771	10,177,339	
American Restaurant System SA (ARS)	Subsidiary	Trade and other payables	3,546,074	46,026	-	-	-	-	3,592,099	
US Food Network Srl - Italia (USFN_ITA)	Subsidiary	Trade and other payables	-	83,994	-	-	-	-	83,994	
Argo Software Development and Consulting SRL	Related party	Trade and other payables	-	41,611	24,026	2,484	7,215	-	75,336	
Baneasa Developments SRL	Related party	Trade and other payables	-	179,131	26,685	71,389	-	-	277,205	
Baneasa Investments SA	Related party	Trade and other payables	-	-	23,440	-	-	-	23,440	
Cinnamon Bake&Roll SRL	Related party	Trade and other payables	-	-	-	-	-	-	-	
Dorobanti 239 Imobiliare SRL	Related party	Trade and other payables	-	-	-	-	-	-	-	
Elicom Connect SRL	Related party	Trade and other payables	-	1,753	1,391	-	-	-	3,144	
Elicom SRL	Related party	Trade and other payables	-	39,226	59,246	3,286	-	-	101,758	
Grand Plaza Hotel SA	Related party	Trade and other payables	-	831	16,272	-	-	-	17,103	
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	-	-	-	-	-	-	-	
Radu Dimofte	Related party	Trade and other payables	-	-	-	-	-	-	-	
Wellkept Group SA	Related party	Trade and other payables	1,120	-	-	-	-	-	1,120	
Total			35,368,374	85,764,555	24,079,165	19,076,801	82,737,283	888,622	247,914,800	

Chief Financial Officer

Valentin Budes