

To:

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

## CURRENT REPORT 37/2021

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	12.11.2021
Name of the Company	Sphera Franchise Group SA
Registered Office	Bucharest, Romania
Address	Calea Dorobanților nr. 239, 2 <sup>nd</sup> 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:** 2021 consolidated results guidance

Following the meeting of the Board of Directors of Sphera Franchise Group SA ("the Company") on November 12<sup>th</sup>, 2021, the management of the Company would like to inform the shareholders about the updated guidance of the 2021 consolidated results.

The 2021 Consolidated Revenue and Expenditure Budget was approved in the Ordinary General Meeting of the Shareholders on April 28<sup>th</sup>, 2021, and was later confirmed in the Report of the Company presenting the half year results for 2021, published on August 31<sup>st</sup>, 2021. The budget assumed a progressive recovery of sales throughout 2021 on all three markets of the activity and that as of H2 2021, the normal course of business will be resumed by Sphera Franchise Group. When preparing the 2021 Budget, the management took into consideration, based on the forecasts provided by the Romanian government regarding the success of the vaccination campaign, that the vaccination rate in Romania will be similar with the rest of the European countries and consequently, majority of the population will be immunized in H2 2021 thus no longer requiring significant restrictions. The company has nonetheless underlined that the evolution of the pandemic remained the key risk for Sphera's activity in H2 2021.

Romania was one of the first countries in the EU to lift restrictions and relax other measures throughout 2021, however the vaccinations campaign in Romania slowed down throughout Q3 2021, which lead at to a significant spike in COVID-19 infections starting with September 2021. In the first week of November, Romania recorded the highest daily number of COVID-19 deaths since the pandemic started. In response to the low number of vaccinations, as of October 25<sup>th</sup>, 2021, the COVID-19 'Green Certificate' became mandatory for any indoor access, to public institutions, banks, restaurants, cinemas, gyms, and shopping malls. The pass shows someone has been vaccinated, tested negative or recently recovered from the virus. Since the introduction of the rules that only allow the entrance of persons with 'Green Certificate' in public indoor spaces, the number of vaccinations have increased

however, at the same time, most of economic operators in the HoReCa and retail sectors, Sphera Franchise Group included, have witnessed a decrease in sales due to lower foot traffic.

At the time of publishing of this report, according to European Centre for Disease Prevention and Control's (ECDC) COVID-19 Vaccine Tracker, approximately 34% of Romanian population, 34% of Moldavian population as well as 72% of the Italian population is fully vaccinated. The vaccination rate is lower for the customer segment of 15-18 years old. According to ECDC, Romania is now second to last in the EU for the share of adults vaccinated with at least one dose. The EU-wide percentage of fully vaccinated adults is approximately 65%.

Considering the ongoing evolution of the pandemic, particularly on the main market of the Group's activity – Romania, the management of Sphera Franchise Group decided to inform the market about the new estimate for the consolidated 2021 results:

Indicator	2021 Updated Guidance		2021 Approved Budget		2021 Updated Guidance vs. 2021 Approved Budget	2020 Actual		2021 Updated Guidance vs. 2020 Actual	2021 Approved Budget vs. 2020 Actual
	RON millions	% Sales	RON millions	% Sales	%	RON millions	% Sales	%	%
<b>Restaurant Sales</b>	<b>1,010.7</b>	<b>100.0%</b>	<b>1,157.6</b>	<b>100.0%</b>	<b>-12.7%</b>	<b>710.8</b>	<b>100.0%</b>	<b>42.2%</b>	<b>62.9%</b>
<b>Other income</b>	<b>0.0</b>		<b>0.0</b>			<b>0.7</b>			
Food and Material	329.7	32.6%	379.5	32.8%	-13.1%	232.3	32.7%	41.9%	63.3%
<b>Restaurant Gross Margin</b>	<b>681.0</b>	<b>67.4%</b>	<b>778.1</b>	<b>67.2%</b>	<b>-12.5%</b>	<b>479.2</b>	<b>67.4%</b>	<b>42.1%</b>	<b>62.4%</b>
Restaurant Operational Expenses	559.4	55.3%	627.5	54.2%	-10.9%	390.3	54.9%	43.3%	60.8%
<b>Restaurant Operating Profit</b>	<b>121.6</b>	<b>12.0%</b>	<b>150.5</b>	<b>13.0%</b>	<b>-19.2%</b>	<b>88.9</b>	<b>12.5%</b>	<b>36.8%</b>	<b>69.3%</b>
G&A Expenses	49.2	4.9%	55.5	4.8%	-11.5%	44.8	6.3%	9.7%	23.9%
<b>EBITDA (normalized, excluding IFRS 16 impact)</b>	<b>72.4</b>	<b>7.2%</b>	<b>95.0</b>	<b>8.2%</b>	<b>-23.8%</b>	<b>44.1</b>	<b>6.2%</b>	<b>64.3%</b>	<b>115.5%</b>

Compared with the Approved Budget, the management is estimating a decrease in sales of 12.7%. This is a result of the limited capacity applied in the restaurants in Romania, as imposed by the authorities as well as the introduction of the 'Green Certificate', which is required when entering the restaurants and commercial centers. The management has also revised the restaurant operational expenses as a result of the increase in the energy costs.

The Company will continue to maintain a strong financial profile and liquidity control. As of September 30th, 2021, the consolidated cash and cash equivalents of the Group totalled RON 110.4 million.

The Company will publish the Q3 2021 results on November 15th, 2021, at 8:00AM local time.

CHIEF EXECUTIVE OFFICER

Calin Ionescu

CHIEF FINANCIAL OFFICER

Valentin Budes