

To:

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

CURRENT REPORT 41/2021

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	22.11.2021
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 during the nine-month period ended 30 September 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 during the nine-month period ended 30 September 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 EXECUTIVE OFFICER

Calin Ionescu

CHIEF FINANCIAL OFFICER

Valentin Budes



Voluntary Related Parties Transactions Financial Report

For the nine-month period ended 30 September 2021

Report date:	22 November 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 nine-month period ended 30 September 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 nine-month financial period ended 30 September 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, loans
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 nine-month period ended 30 September 2021
Related parties and intercompany transactions for the nine-month period ended 30 September 2021

		Sales/Interest revenues/Dividends revenues							Total
Beneficiary	Seller/ Lender	Nature of the relationship	Nature of transactions	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)	
			Recharge of costs		3,467	3,340	-	-	6,807
Sphera Franchise Group SA (SFG)	Parent Company		Interest		892,878	-	-	-	892,878
			Rent, utilities & other services (events)		2,213	4,140	-	-	6,353
			Dividends revenues	36,300,372		-	-	-	36,300,372
US Food Network SA (USFN)	Subsidiary		Support services (service level agreement)	17,300,877		-	-	-	17,300,877
			Recharg of costs - marketing & other	-		76,587	-	-	76,587
			Support services (service level agreement)	3,070,339	-		-	-	3,070,339
American Restaurant System SA (ARS)	Subsidiary		Maintenance & spare parts	-	15,372		-	-	15,372
			Interest	271,217	395,340		-	-	666,557
			Support services (service level agreement)	1,218,069	-	-		-	1,218,069
California Fresh Flavors SRL (CFF)	Subsidiary		Maintenance & spare parts	-	26,867	9,814		-	36,681
			Interest	266,591	269,016	-		-	535,607
			Support services (service level agreement)	817,084	-	-	-		817,084
US Food Network Srl -Italia (USFN_ITA)	Subsidiary		Interest	454,734	1,413,674	-	-		1,868,408
			Dividends revenues	1,224,897	-	-	-	-	1,224,897
			Interest	-	19,899	-	-	-	19,899
Cinnamon Bake&Roll SRL	Related party		Interest	-	7,197	-	-	-	7,197
Wellkept Group SA	Related party		Sale of goods	-	143	121	-	-	264
Midi Development SRL	Related party		Maintenance & spare parts	398	873	-	-	-	1,271
Computerland Romania SRL	Related party		Sale of goods	-	-	231	-	-	231
Fundatia Advance	Related party		Sale of goods	-	19,266	31,593	22,500	-	73,359
Total				60,924,579	3,066,205	125,828	22,500	-	64,139,111

**Amounts in RON*

		Purchases/Interest costs								
Seller/Lender	Beneficiary	Nature of the relationship	Nature of transactions	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
						(ARS)	(CFF)	(USFN_ITA)	(USFN_MD)	
Sphera Franchise Group SA (SFG)	Parent Company	Interest Support services (service level agreement)			- 17,300,877	271,217 3,070,339	266,591 1,218,069	454,734 817,084	- -	992,542 22,406,369
US Food Network SA (USFN)	Subsidiary	Maintenance & spare parts	-			15,372	26,867	-	-	42,239
		Interest	892,878			395,340	269,016	1,413,674	19,899	2,990,807
		Rent, utilities & other services (events)	2,213		-	-	-	-	-	2,213
		Recharge of costs	3,467		-	-	-	-	-	3,467
American Restaurant System SA (ARS)	Subsidiary	Maintenance & spare parts	-				9,814	-	-	9,814
		Recharge of costs	3,340	76,587			-	-	-	79,928
		Rent, utilities & other services (events)	4,140	-			-	-	-	4,140
Arggo Software Development and Consulting SRL	Related party	IT services	112,453	412,171	239,293	75,426	49,326	-	-	888,669
		ERP implementation and development services	13,997	112,978	95,255	10,371	-	-	-	232,602
Baneasa Developments SRL	Related party	Rent, utilities	-	1,792,470	314,249	454,769	-	-	-	2,561,488
Baneasa Investments SA	Related party	Rent, utilities	-	-	354,408	-	-	-	-	354,408
Cinnamon Bake&Roll SRL	Related party	Merchandises & protocol	-	2,232	-	-	-	-	-	2,232
Dorobanti 239 Imobiliare SRL	Related party	Rent, utilities	-	2,287,389	-	-	-	-	-	2,287,389
Elicom Connect SRL	Related party	Marketing services	-	6,636	1,770	-	-	-	-	8,405
Elicom SRL	Related party	Call center services	-	276,911	212,296	19,940	-	-	-	509,147
Grand Plaza Hotel SA	Related party	Rent, utilities & other services (events)	6,469	-	613,452	-	-	-	-	619,921
Lucian Vlad	Related party	Rent	-	166,466	-	-	-	-	-	166,466
Moulin D'Or SRL	Related party	Goods and equipment	568	-	-	62,680	-	-	-	63,249
Radu Dimofte	Related party	Rent	-	68,985	-	-	-	-	-	68,985
Wellkept Group SA	Related party	Rent, utilities	353,489	-	-	-	-	-	-	353,489
Total			1,393,013	22,503,704	5,582,991	2,413,543	2,734,818	19,899	34,647,968	

Related parties and intercompany balances as of 30 September 2021

*Amounts in RON, nominal values											
Seller/ Lender		Nature of the relationship	Descriere tranzactii	Description	Trade and other receivables/Loans and interest receivables						
Beneficiary					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		Creante comerciale si alte creante	Trade and other receivables		459	1,561,086	-	-	-	1,561,545
			Imprumuturi acordate	Loan receivable		28,676,150	-	-	-	-	28,676,150
			Dobanzi de primit	Interest receivable		3,490,996	-	-	-	-	3,490,996
US Food Network SA (USFN)	Subsidiary		Creante comerciale si alte creante	Trade and other receivables	9,013,013		42,645	-	84,342	-	9,140,001
			Dividende de incasat	Dividends receivables	56,184,374		-	-	-	-	56,184,374
American Restaurant System SA (ARS)	Subsidiary		Creante comerciale si alte creante	Trade and other receivables	1,954,171	2,786	-	-	-	-	1,956,958
			Imprumuturi acordate	Loan receivable	7,882,536	9,436,580	-	-	-	-	17,319,116
			Dobanzi de primit	Interest receivable	2,340,172	734,105	-	-	-	-	3,074,277
California Fresh Flavors SRL (CFF)	Subsidiary		Creante comerciale si alte creante	Trade and other receivables	1,453,241	5,208	-	-	-	-	1,458,449
			Imprumuturi acordate	Loan receivable	8,481,207	7,764,385	-	-	-	-	16,245,592
			Dobanzi de primit	Interest receivable	1,014,690	550,153	-	-	-	-	1,564,843
US Food Network Srl -Italia (USFN_ITA)	Subsidiary		Creante comerciale si alte creante	Trade and other receivables	2,000,062	13,065	-	-	-	-	2,013,127
			Imprumuturi acordate	Loan receivable	20,910,496	51,944,550	-	-	-	-	72,855,046
			Dobanzi de primit	Interest receivable	2,747,432	6,465,998	-	-	-	-	9,213,429
US Food Network Srl - Moldova (USFN_MD)	Subsidiary		Creante comerciale si alte creante	Trade and other receivables	-	18,139	-	-	-	-	18,139
			Imprumuturi acordate	Loan receivable	-	75,580	-	-	-	-	75,580
			Dobanzi de primit	Interest receivable	-	5,067	-	-	-	-	5,067
			Dividends receivables		747,190	-	-	-	-	-	747,190
Cinnamon Bake&Roll SRL	Related party		Creante comerciale si alte creante	Trade and other receivables	-	68,855	303	-	-	-	69,158
			Imprumuturi acordate	Loan receivable	-	644,707	-	-	-	-	644,707
			Dobanzi de primit	Interest receivable	-	68,145	-	-	-	-	68,145
Midi Development SRL	Related party		Creante comerciale si alte creante	Trade and other receivables	-	-	-	-	-	-	-
Wellkept Group SA	Related party		Creante comerciale si alte creante	Trade and other receivables	-	156	-	-	-	-	156
Grand Plaza Hotel SA	Related party		Creante comerciale si alte creante	Trade and other receivables	-	-	65,625	-	-	-	65,625
Baneasa Investments SA	Related party		Creante comerciale si alte creante	Trade and other receivables	-	-	128,264	-	-	-	128,264
Dorobanti 239 Imobiliare SRL	Related party		Creante comerciale si alte creante	Trade and other receivables	-	5,101	-	-	-	-	5,101
Computerland Romania SRL	Related party		Creante comerciale si alte creante	Trade and other receivables	-	-	-	-	-	-	-
Fundatia Advance	Related party		Creante comerciale si alte creante	Trade and other receivables	-	-	-	-	-	-	-
Total					114,728,586	109,970,183	1,797,923		84,342		226,581,034

*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		9,013,013	1,954,171	1,453,241	2,000,062	-	-	14,420,488
		Dividends payable		56,184,374	-	-	-	747,190	56,931,564	
		Loan payable		-	7,882,536	8,481,207	20,910,496	-	-	37,274,240
		Interest payable		-	2,340,172	1,014,690	2,747,432	-	-	6,102,294
US Food Network SA (USFN)	Subsidiary	Trade and other payables	459		2,786	5,208	13,065	18,139	39,656	
		Loan payable	28,676,150		9,436,580	7,764,385	51,944,550	1,117	97,822,781	
		Interest payable	3,490,996		734,105	550,153	6,465,998	75,579	11,316,830	
American Restaurant System SA (ARS)	Subsidiary	Trade and other payables	1,561,086	42,645	-	-	-	-	-	1,603,731
US Food Network Srl - Italia (USFN_ITA)	Subsidiary	Trade and other payables	-	84,342	-	-	-	-	-	84,342
Arggo Software Development and Consulting SRL	Related party	Trade and other payables	2,328	20,378	4,215	1,405	3,085	-	-	31,413
Baneasa Developments SRL	Related party	Trade and other payables	-	197,124	19,584	67,141	-	-	-	283,849
Baneasa Investments SA	Related party	Trade and other payables	-	-	-	-	-	-	-	-
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	-	1,756	236	-	-	-	-	1,992
Elicom SRL	Related party	Trade and other payables	-	27,195	25,474	2,352	-	-	-	55,021
Grand Plaza Hotel SA	Related party	Trade and other payables	-	831	16,089	-	-	-	-	16,920
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	0	-	-	-	-	-	-	0
Radu Dimofte	Related party	Trade and other payables	-	-	-	-	-	-	-	-
Wellkept Group SA	Related party	Trade and other payables	1,170	-	-	-	-	-	-	1,170
Total			33,732,477	65,571,660	22,415,948	19,339,782	84,084,688	842,025	225,986,580	

Chief Executive Officer
Calin Ionescu

Chief Financial Officer
Valentin Budes