



# Consolidated Budget and Activity Plan

## Proposal for Year 2022





### Macroeconomic environment

- The current budget proposal includes the effects generated by Covid-19;
- RON will continue a slight depreciation trend against EUR, due to further deterioration of the current account deficit;
- We expect overall inflation around 10% in 2022;
- Minimum wage increase starting with January 2022.

### Restaurant Sales

- We estimate an increase in total sales of 33% versus previous year. Starting with Q2, gradual recovery is considered, Q1 continuing being affected by restrictions imposed by the state and by local authorities due to pandemic situation.
- The delivery will continue to have a significant weight in total sales of around 27%.

### Restaurant Operational Expenses

- Food and Material cost: inflationary increase in food and material costs has been covered by the increase in prices within the year and, as a result, the weight of food and material costs in net sales is almost in line with the previous year.
- Cost of labor will be calibrated in order to match the ramp-up of the sales throughout of year.

### G&A expenses

- The weight of normalized G&A expenses in total sales is lower than 2021, due to inelasticity of these costs in relation with activity volume increase.

### Development Plan

- The development plan will focus on the opening of 18 restaurants (9 KFC Romania, 2 KFC Italy, 4 Pizza Hut (both Fast Casual Delivery and Express stores) and 3 Taco Bell), with an estimated capex of approximately EUR 15.5mn.
- Store remodeling and digital solutions' implementation are assumed around EUR 4.5mn, these being part of Yum! deal negotiated.
- In 2022, the Group will continue to focus on sustainability and, mid this year, a new Sustainability Report for 2020 and 2021 will be published.

*The budget has been approved by Board of Directors and this will be discussed in Annual General Meeting on 28<sup>th</sup> of April 2022.*

*All the assumptions mentioned above are taking into consideration only the current evolution of the Covid-19 pandemic, based on information available at this moment. We cannot anticipate accurately the further evolution of the pandemic; however, we are taking all actions to respond promptly to any such evolution and revise our plans accordingly.*



Indicator	Budget 2022		Actual 2021		Budget 2022 vs Actual 2021
	RON millions	% Sales	RON millions	% Sales	
<b>Restaurant Sales</b>	<b>1,330.7</b>	<b>100.0%</b>	<b>1,000.3</b>	<b>100.0%</b>	<b>33.0%</b>
<b>Other Income</b>	-	-	<b>2.6</b>	-	-
Food and Material	440.4	33.1%	327.6	32.8%	34.4%
<b>Restaurant Gross Margin</b>	<b>890.4</b>	<b>66.9%</b>	<b>675.3</b>	<b>67.5%</b>	<b>31.9%</b>
Restaurant Operational Expenses	738.4	55.5%	554.6	55.4%	33.2%
<b>Restaurant Operating Profit</b>	<b>152.0</b>	<b>11.4%</b>	<b>120.7</b>	<b>12.1%</b>	<b>25.9%</b>
G&A expenses	55.9	4.2%	47.3	4.7%	18.3%
<b>EBITDA (normalized)</b>	<b>96.1</b>	<b>7.2%</b>	<b>73.5</b>	<b>7.3%</b>	<b>30.7%</b>

### Liquidity and Debt

- **Cash position:** we estimate that the cash available at the end of this year will be around RON 90 millions
- **Bank Debt:** at the end of this year, the bank debt will be around RON 260 millions
- **Net Bank Debt:** as a result, the net bank debt will be around RON 170 millions
- Starting with March 21st, 2022, SFG shares will be included in the FTSE Russell Micro Cap index, covering Emerging and Developed markets.