

To:

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

CURRENT REPORT 15/2022

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.

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|--------------------------------------|---|
| Date of report | 24.03.2022 |
| 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: 2022 Revenue and Expense budget estimate

Sphera Franchise Group S.A. (the “Group”) informs the market, about the availability of the Revenue and Expense Budget for fiscal year 2022. The budget was approved by the Board of Directors of the Company and will be subject to approval in the annual Ordinary General Meeting of Shareholders, which will take place on 28.04.2022.

Revenue and Expense Budget for 2022

| Indicator RON million (mn) | Budget 2022 | | Actual 2021 | | Budget 2022 vs Actual 2021 % |
|--|----------------|---------------|----------------|---------------|------------------------------------|
| | RON million | % Sales | RON million | % Sales | |
| Restaurant sales | 1,330.7 | 100.0% | 1,000.3 | 100.0% | 33.0% |
| Other income | - | - | 2.6 | - | - |
| Food and Material | 440.4 | 33.1% | 327.6 | 32.8% | 34.4% |
| Restaurant Gross Margin | 890.4 | 66.9% | 675.3 | 67.5% | 31.9% |
| Restaurant Operational Expenses | 738.4 | 55.5% | 554.6 | 55.4% | 33.2% |
| Restaurant Operating Profit | 152.0 | 11.4% | 120.7 | 12.1% | 25.9% |
| G&A expenses | 55.9 | 4.2% | 47.3 | 4.7% | 18.3% |
| EBITDA (normalized, excluding IFRS 16 impact) | 96.1 | 7.2% | 73.5 | 7.3% | 30.7% |

Regarding Liquidity and Debt, the Group estimates that the **cash position** available at the end of 2022 will be around RON 90 million, the bank debt will be around RON 260 million with a net bank debt of RON 170 million.

As per the general overview of the activity of the Group, the budget proposal above includes the effects generated by COVID-19 pandemic and considers that RON will continue to slightly depreciate against

EUR, as well as the expectations of the Group regarding an overall inflation of 10% in 2022 and the increase of the minimum wage starting with January 2022.

Concerning restaurant sales, the Group estimates that the sales will increase with 33% compared to 2021 (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), while the delivery will continue to have a significant weight in total sale, of around 27%.

In respect to restaurant operational expenses, despite the inflationary increase in food and material costs, due to the price increase assumed within the year, the weight of food and material costs in net sales is almost in line with the previous year. The costs of labor will be calibrated in order to match the ramp-up of the sales throughout the year. The weight of the normalized G&A expenses in total sales is lower than 2021, due to inelasticity of these costs in relation with activity volume increase.

In terms of development, the Group 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 15.5 million. Store remodeling and digital solutions' implementation are assumed around EUR 4.5 million, these being part of the deal negotiated with master franchisor Yum!.

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.

CHIEF EXECUTIVE OFFICER

Calin Ionescu