

To:

**BURSA DE VALORI BUCUREȘTI 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.

Date of report	24.03.2022
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:** 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	
<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>-</b>	<b>-</b>	<b>2.6</b>	<b>-</b>	<b>-</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, excluding IFRS 16 impact)</b>	<b>96.1</b>	<b>7.2%</b>	<b>73.5</b>	<b>7.3%</b>	<b>30.7%</b>

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



**TACO BELL**