



## Financing facility - Alpha Bank





## FRAMEWORK AND SUMMARY OF MAIN PROVISIONS

### **Borrowers / Co-borrowers / Guarantors**

- Alpha Bank is the main financing bank of the Sphera group; current facility is comprised of:
  - Term loan facility no. 120/2006/1 in maximum amount of EUR 42,167,000
  - Overdraft credit line facility, multi optional (short term) no. 120/2006/2 in maximum amount of RON 20,297,611
  - Credit facility for issuance of letters of guarantees (short term) no. 120/2006/3 in maximum amount of EUR 3,500,000
- Considering that the maximum amount of the facility offered by Alpha Bank exceeds the threshold of 20% of the value of total assets of Sphera Franchise Group SA as at 31.12.2021, according to article 9.3.I of the Articles of Incorporation of the company, we submit for the the approval of the general meeting of shareholders the following provisions:
  - Increase/change of the Uncommitted Term loan facility offered by Alpha Bank SA as per Term loan facility agreement 120/2006/1 as presented below;
  - Extending the maturity/ validity of the overdraft credit facility no 120/2006/2 with the approval of maintaining all guarantees previously constituted in the guarantee of the facility, as well as
  - Extending the maturity/ validity of the credit facility for the issuance of letters of guarantees no 120/2006/3 with the approval of maintaining all guarantees previously constituted in the guarantee of the facility
  - The overdraft credit facility and the credit facility for issuing letters of guarantee have been extended on an annual basis, currently they are valid until 31.10.2022. The extension of the Overdraft credit facility and the credit facility for issuing letters of guarantee is subject to AGEA's approval considering the fact that these are short-term credit facilities, which extension is decided annually by the Bank, based on the updated credit analysis, as well as the necessary corporate formalities which Sphera Franchise Group SA must fulfil in a timely manner, in order to facilitate the implementation of the extension of the maturity and the period of use of these facilities, since with each successive, subsequent approval, it is required the adoption of new decisions of the general meetings of the shareholders / associates, subsequent to this approval, exclusively for the extensions of the respective credit facilities.
- Borrowers and, as well, co-borrowers and real guarantors: Sphera Franchise Group SA, US Food Network SA, California Fresh Flavors SRL, American Restaurant System SA



## The maximum amount of the loan facility

- Maximum amount of EUR 42,167,000, the facility consists of 7 sub-limits, of which sub-limits 1-6 are used in full
- The facility is uncommitted which implies the right of the Bank not to make available the amounts of the credit facility

## Available for activation

- The amount of EUR 4,303,817.26 pending to be activated according to the loan agreement in force
- The amounts to be repaid by the Borrowers within Sub-limits 1-7 during 2022 (approx. **EUR 8,260,000** - of which the amount already repaid until 30.04.2022: EUR 2,484,094.76) as well as starting from 2023 (approx. **8,600,000 EUR** for the year 2023), may be activated and used within Sublimit 7 at the request of the Borrowers, by increasing Sublimit 7 up to the maximum Facility Amount of EUR 42,167,000.00
- The changes brought to the credit facility ensure an improvement of the contractual conditions comparing to the previous provisions

## Credit utilization and purpose

The amounts available can be used by:

- The borrower US Food Network SA., for the purpose of: financing / refinancing the development costs of the KFC restaurant network (US FOOD NETWORK S.A.) throughout the country, financing / refinancing of dividend payments, financing / refinancing of loans granted to intra-group companies American Restaurant System SA and California Fresh Flavors SRL
- The borrower Sphera Franchise Group SA, for the purpose of: financing of the Loan Agreements concluded with US Food Network SRL Italy, having as object the financing of the development costs of KFC restaurants in Italy

## Repayment period

## Grace period

## Financial covenants to be fulfilled during the financing period

- For 5 years from the date of the withdrawal, monthly, after the end of the grace period
- Up to 12 months from the date of each withdrawal
- Net debt / EBITDA < 2.5 (at consolidated level, excluding the impact of IFRS 16);
- The covenant will be tested every semester and at the date of each withdrawal based on the: (i) audited and consolidated annual financial statements and (ii) consolidated semi-annual published financial statements of Sphera Franchise Group SA and its subsidiaries, prepared in accordance with International Financial Reporting Standards (IFRS), excluding the impact of IFRS 16;
- At the date of convening the General Shareholders Meeting, the Group's financial covenant in accordance with the contractual conditions (Net debt / EBITDA <2.5, at consolidated level, excluding the impact of IFRS 16) is fulfilled, registering a value of 1.12

## Dividends distribution

- Sphera Franchise Group SA undertakes not to distribute / pay dividends to its shareholders, without the prior written approval of the Bank, which will not be unjustifiably withheld; one of the elements taken into consideration – but not limited to it – is the fulfillment of the financial indicator Net debt / EBITDA < 2.5
- According to the financial forecasts as captured in the approved consolidated budget of the company, it is estimated that the financial indicator will be met. Historically, the company has managed to ensure a solid consolidated financial position, meeting the Net Debt / EBITDA indicator at the end of each financial year, despite the pandemic years, as follows:

Financial covenant	2018	2019	2020	2021	2022*
Net debt/ EBITDA <2.5	0.61	1.52	0.95	1.12	1.80

\*Estimated based on the consolidated approved budget of the company

## Turnover clause

- The borrowers undertake that the receipts through the current accounts opened with the Bank should be at least 90% of the turnover realized by them