

To:

BURSA DE VALORI BUCUREȘTI S.A.
AUTORITATEA DE SUPRAVEGHERE FINANCIARĂ

CURRENT REPORT 13/2023

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	31.03.2023
Name of the Company	Sphera Franchise Group SA
Registered Office	Bucharest, Romania
Address	Calea Dorobanților nr. 239, 2 nd 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 financial year ended 31 December 2022

In the spirit of transparency, the management of Sphera Franchise Group S.A. (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 year ended 31 December 2022. The report is supplementary to the current reporting of legal acts concluded by Sphera Franchise Group S.A. 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 year ended 31 December 2022

Report date:	31 March 2023
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 year ended 31 December 2022.

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 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 financial year ended 31 December 2022, 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 SA	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, goods and services
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 affiliated to shareholders of the parent	Romania	Services
Grand Plaza Hotel SA	Entity affiliated to a shareholder of the parent	Romania	Rent and utilities store PH Dorobanti, services
Arggo Software Development and Consulting SRL	Entity affiliated to a shareholder of the parent	Romania	IT services

Lunic Franchising and Consulting LTD	Shareholder of the parent until January 2022 and minority shareholder of subsidiaries (USFN, ARS, CFF)	Cyprus	Payment of dividends
Wellkept Group SA	Shareholder and entity under common control of Radu Dimofte, ultimate controlling party of the Group	Romania	Rent training center and payment of dividends
Tatika Investments Ltd.	Shareholder and entity under common control of Radu Dimofte, ultimate controlling party of the Group	Cyprus	Payment of dividends
Computerland Romania SRL	Shareholder with significant influence	Romania	Payment of dividends, acquisition of IT equipment, licenses
Cinnamon Bake&Roll SRL	Entity affiliated to a shareholder of the parent	Romania	Sale of 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, Tatika Investments Ltd and ultimate controlling party of the Group	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 (2021)
Parc Hotels SA	Entity affiliated to a shareholder of the parent	Romania	Accommodation services

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).*

*Amounts in RON										
Seller/ Lender		Nature of the relationship	Nature of transactions	Sales/Interest revenues/Dividends revenues						
				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
Beneficiary										
Sphera Franchise Group SA (SFG)	Parent Company	Recharge of costs		1,379	7,704	-	-	-	9,083	
		Interest		1,198,127	-	-	-	-	1,198,127	
		Rent, utilities & other services		2,960	5,060	-	-	-	8,020	
US Food Network SA (USFN)	Subsidiary	Dividends revenues	49,493,169		-	-	-	-	49,493,169	
		Support services (service level agreement)	26,591,798		-	-	-	-	26,591,798	
		Recharge of costs - marketing & other	-		98,496	-	-	-	98,496	
American Restaurant System SA (ARS)	Subsidiary	Support services (service level agreement)	4,814,965			-	-	-	4,814,965	
		Maintenance & spare parts	-			30,064	-	-	-	30,064
		Interest	74,113			694,827	-	-	-	768,940
California Fresh Flavors SRL (CFF)	Subsidiary	Support services (service level agreement)	2,157,269				-	-	2,157,269	
	Subsidiary	Maintenance & spare parts	-				10,110	-	-	10,110
	Subsidiary	Interest	25,133				602,593	-	-	-
US Food Network Srl -Italia (USFN_ITA)	Subsidiary	Support services (service level agreement)	1,515,784					-	1,515,784	
	Subsidiary	Interest	1,264,945					1,493,143	-	-
US Food Network Srl - Moldova (USFN_MD)	Subsidiary	Dividends revenues	1,008,671	-	-	-	-		1,008,671	
Cinnamon Bake&Roll SRL	Related party	Maintenance & spare parts	-	5,936	-	-	-	-	5,936	
		Interest	-	7,652	-	-	-	-	7,652	
Computerland Romania SRL	Related party	Sale of goods	-	1,184	22,238	-	-	-	23,422	
Total			86,945,848	4,047,974	133,499	-	-	-	91,127,321	

*Amounts in RON

			Purchases/Interest costs							
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
Seller/Lender										
Sphera Franchise Group SA (SFG)	Parent Company	Interest			-	74,113	25,133	1,264,945	-	1,364,191
		Support services (service level agreement)			26,591,798	4,814,965	2,157,269	1,515,784	-	35,079,817
US Food Network SA (USFN)	Subsidiary	Maintenance & spare parts		-		28,895	10,110	-	-	39,005
		Advertising		-		1,169	-	-	-	1,169
		Interest		1,198,127		694,827	602,593	1,493,143	-	3,988,690
		Rent, utilities & other services (events)		2,960		-	-	-	-	2,960
		Recharge of costs		1,379		-	-	-	-	1,379
American Restaurant System SA (ARS)	Subsidiary	Recharg of costs - marketing & other		7,704	98,496		-	-	-	106,200
		Rent, utilities & other services (events)		5,060	-		-	-	-	5,060
Arggo Software Development and Consulting SRL	Related party	IT services		172,022	467,225	267,829	98,296	64,682	-	1,070,054
		ERP implementation services		33,687	232	-	39,869	-	-	73,788
Baneasa Developments SRL	Related party	Rent, utilities		-	2,922,999	852,463	805,985	-	-	4,581,447
Baneasa Investments SA	Related party	Rent, utilities		-	-	615,461	-	-	-	615,461
Cinnamon Bake&Roll SRL	Related party	Merchandises & protocol		-	2,433	-	-	-	-	2,433
Dorobanti 239 Imobiliare SRL	Related party	Rent, utilities		-	3,376,167	-	-	-	-	3,376,167
Elicom Connect SRL	Related party	Marketing services		-	8,881	2,368	-	-	-	11,250
Elicom SRL	Related party	Call center services		-	267,751	289,753	31,015	-	-	588,518
Grand Plaza Hotel SA	Related party	Rent, utilities & other services (events)		4,110	-	1,072,591	-	-	-	1,076,701
Lucian Vlad	Related party	Rent		-	223,565	-	-	-	-	223,565
Moulin D'Or SRL	Related party	Acquisition of goods		1,059	866	92	-	-	-	2,017
Radu Dimofte	Related party	Rent		-	92,648	-	-	-	-	92,648
Wellkept Group SA	Related party	Rent, utilities		498,764	-	-	-	-	-	498,764
Midi Development SRL	Related party	Acquisition of goods		59,014	43,864	18,695	6,969	-	-	128,541
Parc Hotels SA	Related party	Accomodation		328	12,667	3,237	1,642	-	-	17,874
Computerland Romania SRL	Related party	Acquisition of IT equipment, licenses		239,409	4,084	-	-	-	-	243,493
Total				2,223,623	34,113,676	8,736,457	3,778,880	4,338,555	-	53,191,191

Related parties and intercompany balances as of 31 December 2022

**Amounts in RON, nominal values*

Seller/ Lender Beneficiary		Nature of the relationship	Description	Trade and other receivables/Loans and interest receivables						Total
				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)	
Sphera Franchise Group SA (SFG)	Parent Company		Trade and other receivables		3,581	1,128,454	-	-	-	1,132,035
			Loan receivable		28,676,600	-	-	-	-	28,676,600
			Interest receivable		806,505	-	-	-	-	806,505
US Food Network SA (USFN)	Subsidiary		Trade and other receivables	7,688,446		44,422	-	-	-	7,732,868
			Dividends receivables	19,677,544		-	-	-	-	19,677,544
American Restaurant System SA (ARS)	Subsidiary		Trade and other receivables	4,957,577	6,095		-	-	-	4,963,672
			Loan receivable	2,980,583	18,480,000		-	-	-	21,460,583
			Interest receivable	2,514,889	1,069,576		-	-	-	3,584,464
California Fresh Flavors SRL (CFF)	Subsidiary		Trade and other receivables	1,047,357	6,349	-		-	-	1,053,705
			Loan receivable	2,412,014	14,938,621	-		-	-	17,350,635
			Interest receivable	1,134,081	405,628	-		-	-	1,539,710
US Food Network Srl -Italia (USFN_ITA)	Subsidiary		Trade and other receivables	428,683	-	-	-		-	428,683
			Loan receivable	24,127,574	37,105,500	-	-		-	61,233,074
			Interest receivable	4,423,566	5,925,281	-	-		-	10,348,847
US Food Network Srl - Moldova (USFN_MD)	Subsidiary		Trade and other receivables	-	40,923	-	-	-		40,923
			Dividends receivables	-	-	-	-	-		-
Arggo Software Development and Consulting SRL	Related party		Trade and other receivables	-	-	-	-	-	-	-
Cinnamon Bake&Roll SRL	Related party		Trade and other receivables	-	7,063	-	-	-	-	7,063
			Loan receivable	-	(0)	-	-	-	-	(0)
			Interest receivable	-	-	-	-	-	-	-
Wellkept Group SA	Related party		Trade and other receivables	-	-	-	-	-	-	-
Grand Plaza Hotel SA	Related party		Trade and other receivables	-	-	65,625	-	-	-	65,625
Baneasa Investments SA	Related party		Trade and other receivables	-	-	128,264	-	-	-	128,264
Computerland Romania SRL	Related party		Trade and other receivables	-	1,038	4,759	-	-	-	5,797
Total				71,392,314	107,472,760	1,371,524	-	-	-	180,236,598

*Amounts in RON, nominal values

			Trade and other payables/Loans and interest payables						
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
Seller/Lender									
Sphera Franchise Group SA (SFG)	Parent Company	Trade and other payables		7,688,446	4,957,577	1,047,357	428,683	-	14,122,063
		Dividends payable		19,677,544	-	-	-	-	19,677,544
		Loan payable		-	2,980,583	2,412,014	24,127,574	-	29,520,171
		Interest payable		-	2,514,889	1,134,081	4,423,566	-	8,072,536
US Food Network SA (USFN)	Subsidiary	Trade and other payables	3,581		6,095	6,349	-	40,923	56,947
		Loan payable	28,676,600		18,480,000	14,938,621	37,105,500	-	99,200,721
		Interest payable	806,505		1,069,576	405,628	5,925,281	-	8,206,990
American Restaurant System SA (ARS)	Subsidiary	Trade and other payables	1,128,454	44,422		-	-	-	1,172,876
US Food Network Srl - Italia (USFN_ITA)	Subsidiary	Trade and other payables	-	-	-	-		-	-
Arggo Software Development and Consulting SRL	Related party	Trade and other payables	-	4,382	8,361	(0)	-	-	12,743
Baneasa Developments SRL	Related party	Trade and other payables	-	210,226	24,941	34,501	-	-	269,668
Baneasa Investments SA	Related party	Trade and other payables	-	-	10,585	-	-	-	10,585
Cinnamon Bake&Roll SRL	Related party	Trade and other payables	-	-	-	-	-	-	-
Dorobanti 239 Imobiliare SRL	Related party	Trade and other payables	-	68,819	-	-	-	-	68,819
Elicom Connect SRL	Related party	Trade and other payables	-	1,756	705	-	-	-	2,461
Elicom SRL	Related party	Trade and other payables	-	20,839	31,093	1,651	-	-	53,583
Grand Plaza Hotel SA	Related party	Trade and other payables	-	831	26,801	-	-	-	27,632
Lucian Vlad	Related party	Trade and other payables	-	-	-	-	-	-	-
Midi Development SRL	Related party	Trade and other payables	-	-	-	-	-	-	-
Radu Dimofte	Related party	Trade and other payables	-	-	-	-	-	-	-
Wellkept Group SA	Related party	Trade and other payables	10,120	-	-	-	-	-	10,120
Parc Hotels SA	Related party	Trade and other payables	-	-	3,398	-	-	-	3,398
Computerland Romania SRL	Related party	Trade and other payables	208,342	4,860	-	-	-	-	213,202
Total			30,833,602	27,722,125	30,114,603	19,980,201	72,010,604	40,923	180,702,059

Chief Executive Officer
Calin Ionescu

Chief Financial Officer
Valentin Budes