



S P H E R A
KFC **Pizza Hut** **Pizza Hut** **TACO BELL**

Sphera Franchise Group

Investor & Analyst Call

2021 Preliminary Results

24.02.2022



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Therefore, the final results achieved may vary significantly from the forecasts, and the variations may be material.

Welcome to SFG's 2021 Preliminary Results Call



Calin Ionescu
CEO



Valentin Budes
CFO



Monica Eftimie
CMO



Zuzanna Kurek
IR

Sphera Franchise Group's unaudited 2021 preliminary results are available for download on our website: www.spheragroup.com.

The recording of this conference call will be available on our website shortly.

For any questions related to Sphera Franchise Group's activity on the Bucharest Stock Exchange, please contact our IR team at: investor.relations@spheragroup.com.

Agenda for today's call

- 1 2021 Highlights**
- 2 Business updates from Q4 2021 & beyond**
- 3 Brand performance**
- 4 Q&A session**
- 5 Annex: Key Q4 2021 & 2021P financials**

2021 Highlights

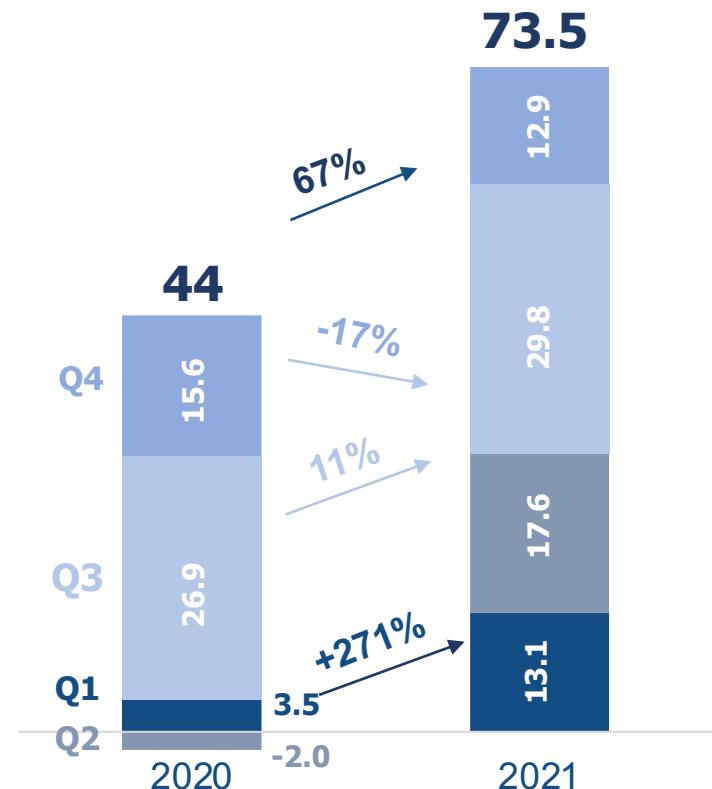
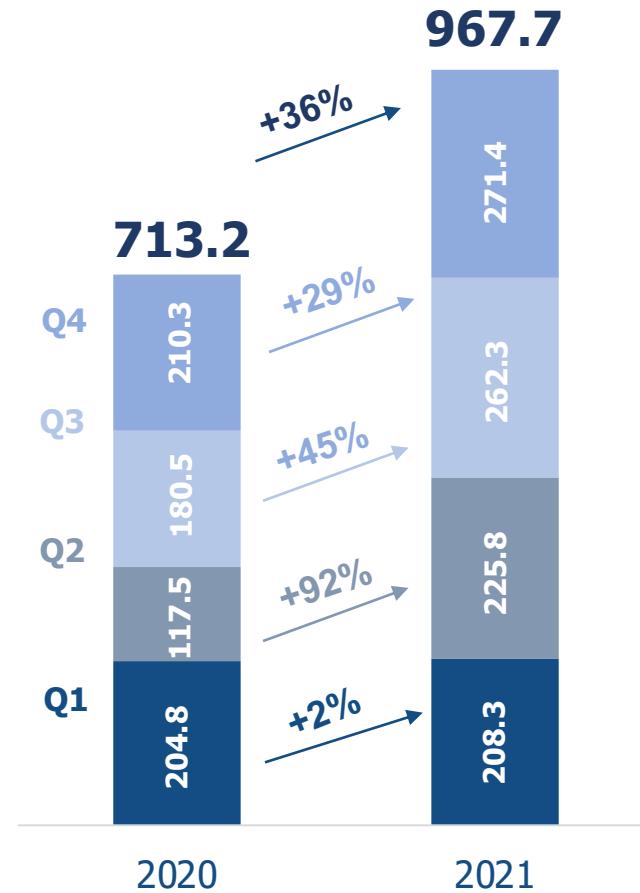
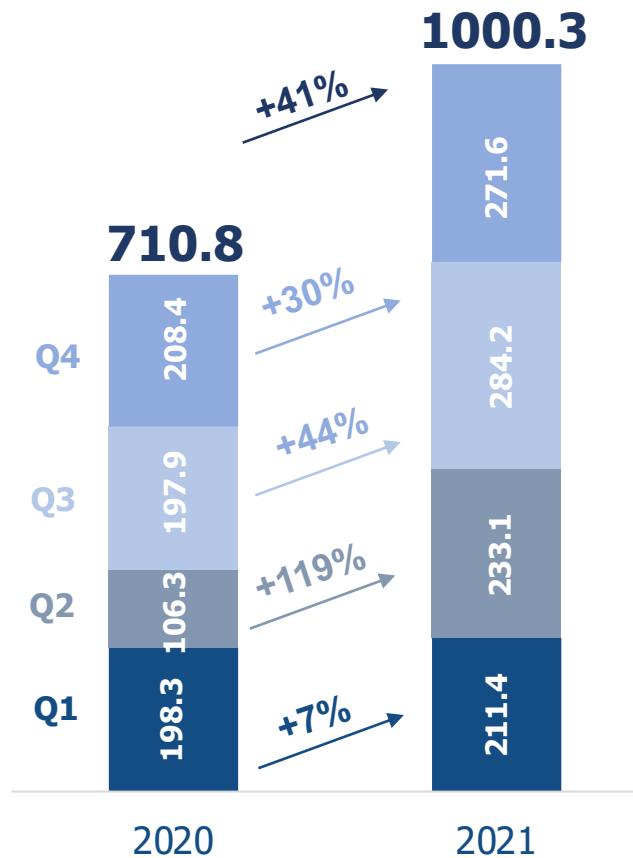
SFG 2021 Preliminary Performance

Data in RON'000	2021P	2020A	Y/Y %
Restaurant sales	1,000,312	710,797	40.7%
Other restaurant income	2,627	726	262.1%
Restaurant expenses	917,211	662,256	38.5%
Restaurant operating profit	85,729	49,267	74%
General & Admin expenses. net	50,537	50,904	-0.7%
EBITDA	75,004	36,907	103.2%
Normalized EBITDA*	73,477	44,088	66.7%
Operating Profit/(Loss)	35,192	(1,637)	
Finance costs	8,364	5,256	59.1%
Finance income	150	237	-36.9%
Profit/(Loss) before tax	26,978	(6,656)	
Income tax expense/(credit)	(2,853)	(6,156)	-53.7%
Specific Tax	2,424	1,872	29.4%
Profit/(Loss) for the year	27,407	(2,373)	

Results excl. IFRS16

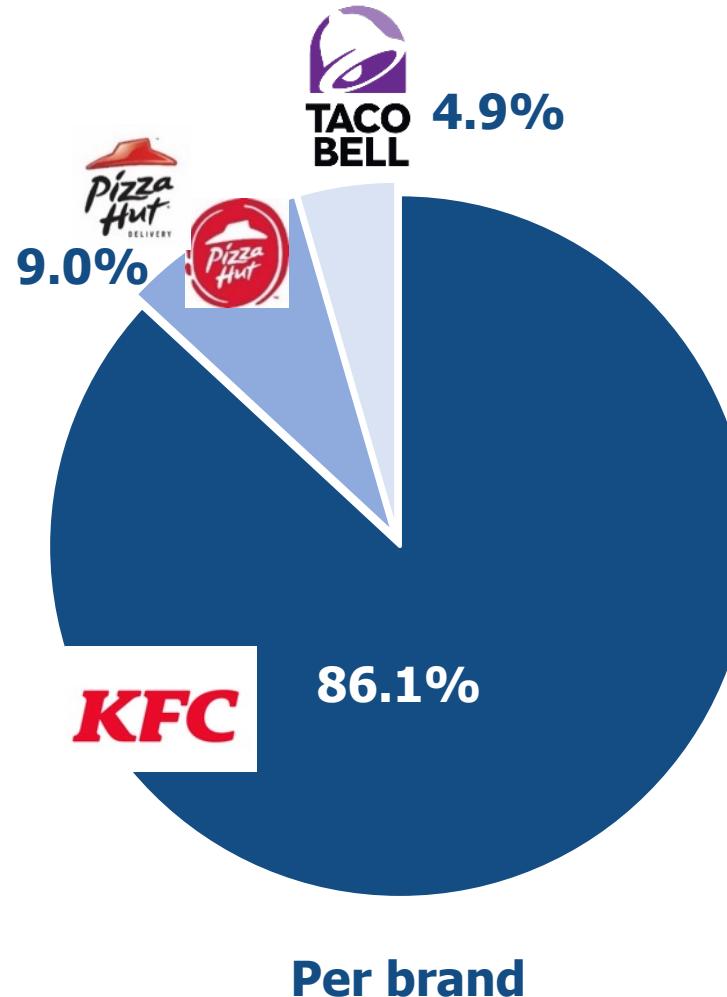
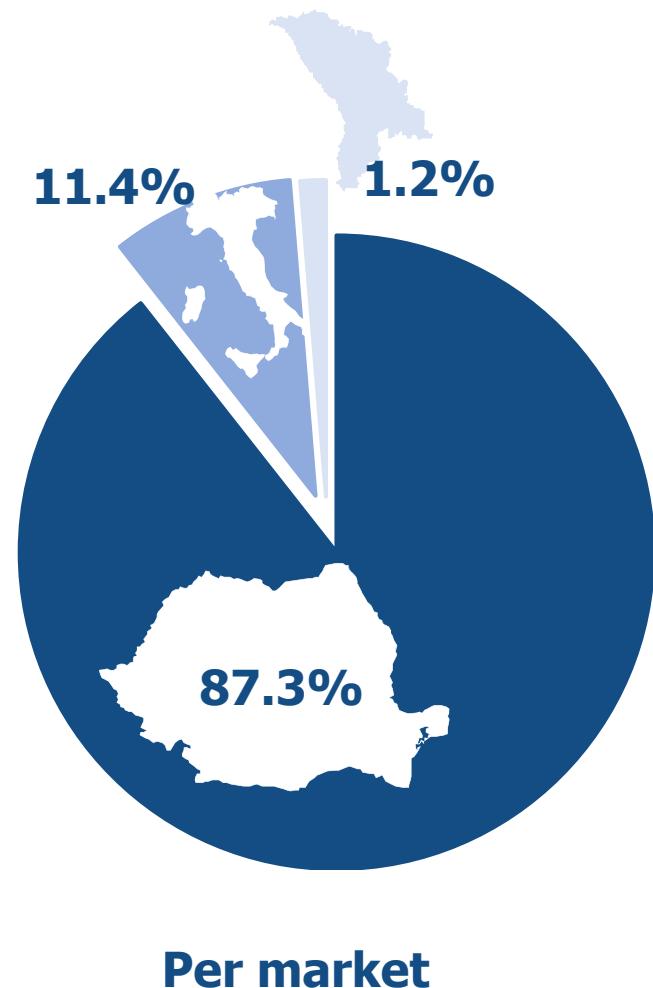
- **Slowdown in restaurant sales in Romania in Q4 due to green certificate:** Sphera Franchise Group generated RON 271.6 mn consolidated sales in Q4 2021, a 30% increase compared to same quarter of 2020 however, due to restrictions caused by the introduction of the green pass in Romania, recorded a slight decline of 4% quarter-on-quarter. Nonetheless, the Group managed to close 2021 reaching milestone revenues of RON 1 billion.
- **Controlled restaurant expenses in 2021:** Restaurant expenses grew marginally faster than the sales in Q4 2021, reaching RON 259.3 mn, a 33% increase compared to Q4 2020. Throughout 2021, the Group improved cost control as the restaurant expenses increased at a slower pace than the sales – 38.5% increase in restaurant expenses vs 41% increase in sales.
- **Growing aggregator fees offset as of Q3:** The third-party expenses, which primarily consist of the aggregator fees, increased 42% compared to 2020, however as of Q3 2021, the Group has been offsetting part of these costs by increasing the prices of the products sold for delivery, thus mitigating a major part of the effect that the increasing sales on delivery had on the bottom line.
- **Significant decrease in G&A in Q4:** In Q4, G&A costs decreased with 23%, reaching RON 12 mn and overall, in 2021, G&A expenses decreased 1% compared to 2020, despite a 5% increase in payroll, which reached RON 30.4 mn, primarily from an increased volume of activity.
- **From net loss to net profit:** The gross profit in 2021 was RON 27 mn versus RON 6.7 mn loss in 2020. Due to the specific tax facilities, the bottom line in 2021 reached RON 27.4 mn, significant improvement compared to the net loss of RON 2.4 mn in 2020.

SFG 2021 Preliminary Performance



SFG 2021 Performance breakdown

Contribution to 2021 turnover



Brand & market evolution in Q4 2021

- Q4 2021 brought a slowdown in sales on the Romanian market due to the restrictions imposed by the introduction of green certificated.
- In Q4 2021, KFC brought revenues in the total amount of RON 234.1 mn lei (28% increase compared to Q4 2020; 4% q-o-q decline), Pizza Hut – RON 24.7 mn (55% increase compared to Q4 2020; 7% q-o-q decline) and Taco Bell – RON 12.7 mn (44% increase compared to Q4 2020; 9% q-o-q decline).
- KFC registered lowest decline in Q4 2021 due to strong performance in Italy and best in history performance in Moldova.

Brand & market evolution in 2021

- In 2021, sales generated in Romania contributed with RON 873.7 mn, Italy with RON 114.1 mn while Republic of Moldova with RON 12.4 mn.
- All the brands on all three markets of activity improved their performance in 2021 compared to 2020 – Taco Bell sales grew 65%, KFC Moldova by 43%, KFC Romania by 39%, KFC Italy by 49% and Pizza Hut by 32%.

Business updates from Q4 2021 & beyond

Facilities granted by the state, lease discounts

Facilities granted by the state

- **RON 2.77 mn received in technical unemployment in 2021:** There were limited technical unemployment grants provided in Q4 2021 (RON 0.3 mn). In Q1 2021 the Group registered RON 1.27 mn in the technical unemployment indemnities, RON 1.2 mn in Q2 2021, and RON 15K in Q3 2021.
- **HORECA specific tax facility:** The Group has posted specific income tax in amount of RON 2.4 mn due for 2021, taking into consideration the total period of 180 days of exemption when calculating 2021 annual tax amount.
- **HORECA aid in Romania:** On December 30th, 2020, Emergency Ordinance 224/30.12.2020 was published that stipulated that companies from HoReCa sector could apply for a state aid in the amount that represents 20% of the loss of turnover in 2020 compared to 2019, capped at EUR 800K at Group level. The Group received a total amount of RON 2.6 mn from the State, in two tranches, one paid in December 2021 and another in January 2022, for USFN Romania and ARS.

Leases

- **RON 3.85 mn discounts in 2021:** In Q4 2021, the Group continued to renegotiate the lease agreements whenever possible. Consequently, in Q4, the Group benefitted from rent discounts amounting to RON 0.6 mn, out of which RON 0.4 mn were granted to USFN Italy and 0.2 mn to ARS. In 2021, the Group registered savings in total amount of RON 3.85 mn, a third of savings registered in 2020 (RON 11.6 mn).

Capital markets

OGSM on February 4th 2022

- **Election of the new Board of Directors:** In the OGSM, the shareholders elected a new Board of Directors consisting of Mr. Silviu-Gabriel Carmaciu, Mr. Mihai Ene, Mr. Lucian Hoanca, Mr. Razvan Lefter and Mr. Georgios Repidonis. The mandate of the Board of Directors is until May 30th, 2023.
- **Dividend distribution:** The shareholders approved the dividend distribution amounting to RON 35,000,884.61 from the undistributed net profit of 2020, fixing a gross dividend per share at RON 0.9021. The ex-date is May 6th, 2022, registration date is May 9th, 2022, and the payment date is May 30th, 2022.
- **Auditor:** The shareholders also approved the appointment of Ernst & Young Assurance Services S.R.L. as the statutory financial auditor of the Company, for a period of 3 years related to the financial years of 2022, 2023 and 2024.

Inclusion FTSE Global Micro Cap index

- **Inclusion as of March 21st:** On February 18th, 2022, FTSE Russell announced that SFG shares will be included, as of March 21st, 2022, in the FTSE Russell indices for Emerging Markets, FTSE Global Micro Cap index. FTSE Global Micro Cap Index includes global micro-cap stocks, and it is suitable as the basis for investment products, such as funds, derivatives, and exchange-traded funds.
- **IR strategy:** Inclusion in the FTSE index has been part of Sphera Franchise Group's strategy to increase the visibility of the company on an international arena as well as improve the daily liquidity of the stock.

Development & Sales

Number of stores

- **170 restaurants operated:** SFG operated 170 stores, out of which 148 based in Romania (92 KFC, 22 Pizza Hut, 19 Pizza Hut Delivery and 13 Taco Bell restaurants, 1 restaurant under Paul brand and 1 PHD subfranchise), 20 KFC restaurants in Italy and 2 KFC restaurants in Moldova.
- **6 new openings in Q4 2021:** In 2021, Sphera Franchise Group fulfilled the restaurant development plan as agreed with the Master Franchisor, YUM!, and opened a total of 13 new restaurants, out of which 6 KFC restaurants in Romania and 2 KFC restaurants in Italy as well as 3 Pizza Hut restaurants and 2 Taco Bell restaurants in Romania.

Sales

- **Delivery sales gained share in Q4 2021:** 30% of all orders (RON 82.3 mn) were delivered in Q4 2021 by aggregators or using Sphera's own delivery capacity, registering a 6pp increase QoQ to the detriment of in-store sales. The QoQ increase in all three markets was due to the colder weather, another wave of COVID-19 infections, and the introduction of the green vaccination pass in the Romanian market.
- **Increase of delivery prices:** In Q3 2021, the Group decided to offset part of the aggregator costs by increasing the prices of the products sold for delivery, thus mitigating a major part of the negative effect that the increased sales "for delivery" had on the bottom line.
- **Green vaccination pass impact:** Sphera generated RON 271.6 mn consolidated sales in Q4 2021, a 30% increase compared to Q4 2020. However, due to restrictions caused by the introduction of the green vaccination pass in Romania, sales recorded a slight decline of 4% QoQ. The green vaccination pass is mandatory in Romania as of October 25, 2021 for any indoor access, to public institutions, banks, restaurants, cinemas, gyms, and shopping malls including food courts.

Marketing

KFC: Build sales through transactions

- Building on the “traditional” Christmas campaign, KFC launched a special bucket with the aim of strengthening sales and targeted specific moments and placements in order to tap into the holiday spirit at the right moment and place.
- As a secondary campaign, KFC successfully launched Star Wrap with the objective of increasing frequency among regular users. The product is an innovation in terms of format, and it supports our efforts of strengthening the burgers and wraps territory.
- In order to interact with specific targets while building brand awareness, KFC partnered with XFactor, one of the most popular talent TV shows and launched a dedicated bucket called XBucket.
- We restarted the “I want to go to high school!” campaign by which we collect donations from customers to provide financial assistance to youths from difficult backgrounds who wish to continue their education.

Pizza Hut: Regain lost visits

- With the objective of improving transaction levels, the brand communicated “five-star deals”, offering disruptive dine-in value with a 10.9 lei price point for any small pizza and abundant delivery value with the well known Duo Mix, a two medium pizza bundle for 45 lei.
- For the winter campaign Pizza Hut brought into focus one of the iconic products – Stuffed Crust, the dough filled inside with delicious Mozzarella. The campaign successfully delivered sales and increased consideration by building on distinctiveness and strengthening our “best pizza” attribute.
- In December 2021 we launched the Pizza Hut Express outlet concept in Buzau providing a more convenient and affordable format catering to grab-and-go customers.

Marketing

Taco Bell: Focus on brand trial

- The brand focused its efforts to build relevance, generate awareness and strengthen the craveable innovation territory by re-launching Quesadilla, a fan favourite.
- For the winter campaign the brand concentrated its communication on a range of Boxes, with a promo layer offering prizes for purchases, which resulted in trial by light users.

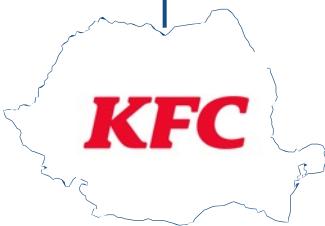
Digitize or Die

- Focusing on ease of access for our consumers, we continued our digital journey and launched our “click & collect” service for both KFC and Pizza Hut dine-in. We communicated the launch through digital media, with the objective of expanding our user base. The service was launched for Taco Bell in the previous quarter.

Rise of homebody

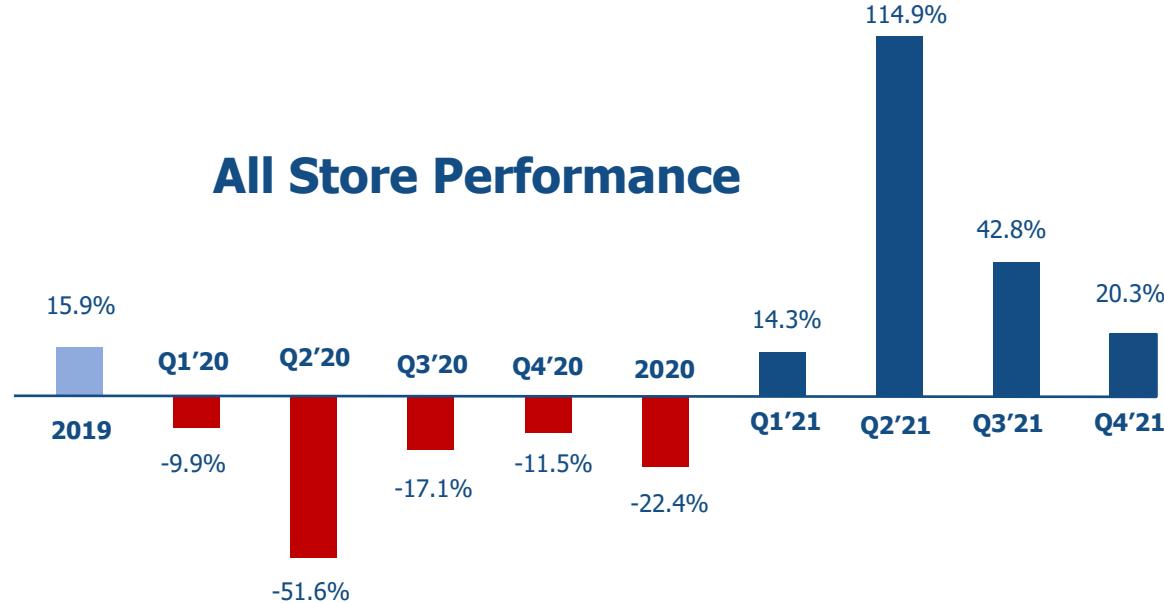
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Brand performance

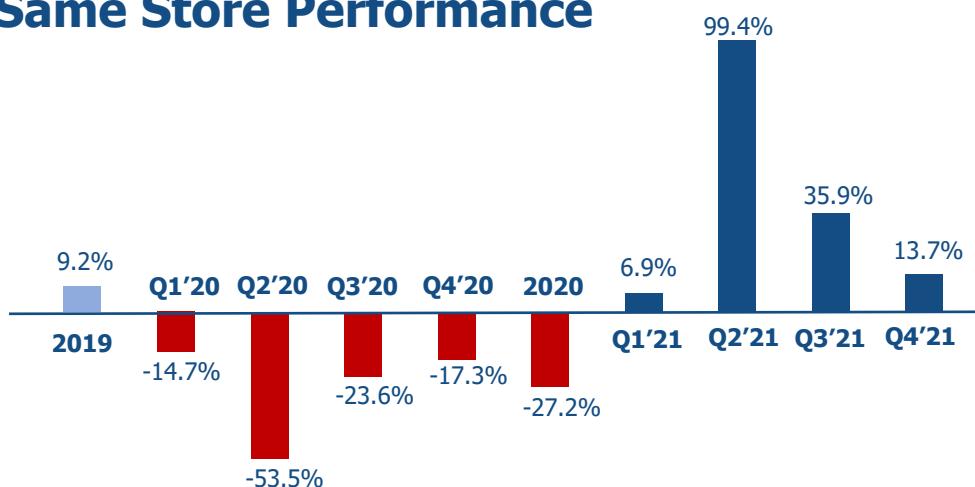


KFC Romania

- In Q4 2021, the KFC Romania all store performance results improved 20% YoY, despite the negative effect of the green vaccination pass on the traffic in the restaurants.
- Same-store performance of KFC Romania registered a 14% increase YoY.
- 30% of all orders at KFC Romania were made for delivery in Q4 2021, a 6pp QoQ increase. In Romania, KFC delivers through own delivery fleet as well as through third-party courier services (i.e. aggregators).
- USFN Romania generated restaurant operating profit in 2021 of RON 87.4 million, operating profit of RON 51.9 million, EBITDA normalized of RON 79.8 million and a net profit of RON 47.6 million.



Same Store Performance



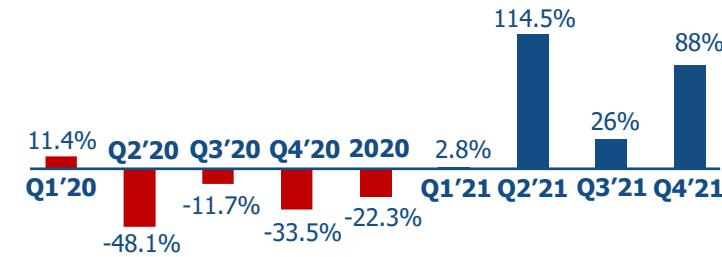


KFC Italy & KFC Republic of Moldova

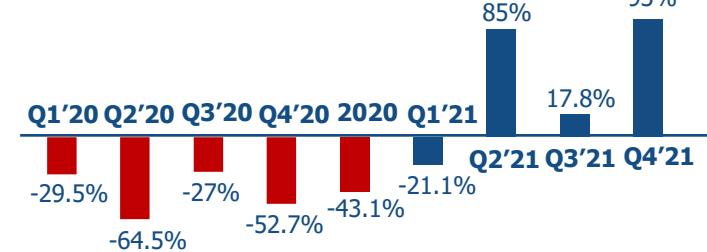
KFC Italy

- Like-for-like performance in Italy in Q4 2021 almost doubled (+93%) YoY due to a reopening of the local economy at the end of 2021 as well as the fact that Q4 2020 was one of the weakest quarters due to the spread of COVID-19 and the related restrictions. Locations opened in 2021 have not yet reached full maturity therefore the all store performance registered a slightly smaller increase, of 88%.
- USFN Italy was the only company that did not reach restaurant operating profit and registered a net loss of 13.7 mn in 2021. The result was impacted by the effect of the COVID-19 restrictions from the H1 2021, paired with a still relatively smaller scale of activity and the fact that significant part of the stores has not yet reached maturity.
- 12% of orders in Q4 2021 were "for delivery", 1pp QoQ increase.

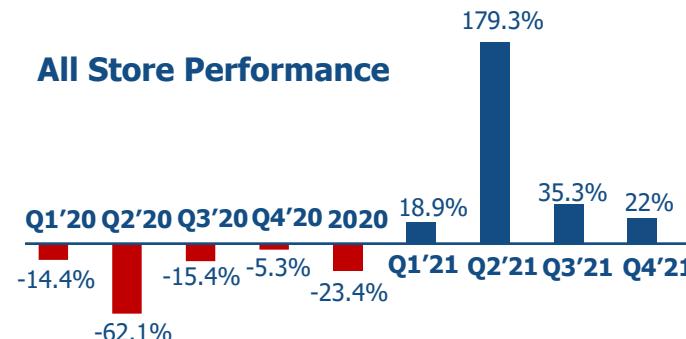
All Store Performance



Same Store Performance



All Store Performance



KFC Moldova

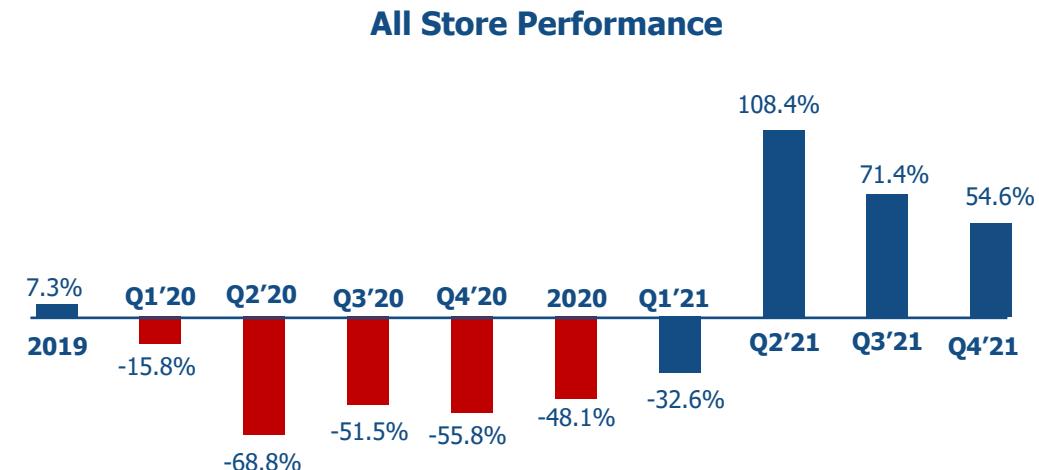
- Sales in the Republic of Moldova increased 22% in Q4 2021 YoY.
- Sales for delivery increased 9pp QoQ, reaching 37% of total sales in Q4 2021.
- USFN Moldova closed 2021 with a restaurant operating profit of RON 2 mn, a positive EBITDA of RON 2 mn and a net result of RON 1.4 mn.



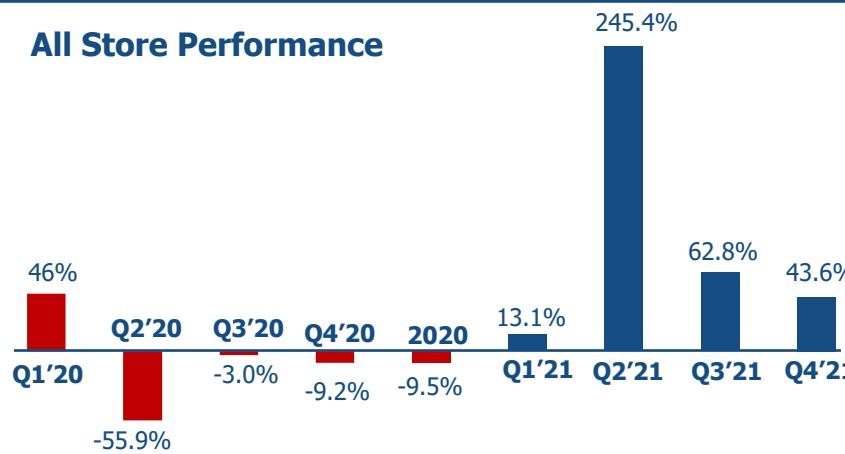
Pizza Hut & Taco Bell

Pizza Hut

- After a difficult period, Pizza Hut continued the positive trend in Q4 2021, growing sales 55% YoY in terms of all store performance. Same store performance increased 47%, as the Group restarted the process of opening new restaurants in Q4 2021.
- 56% of all orders were made for delivery in Q4 2021, a QoQ increase of 14pp.
- In 2021, ARS registered restaurant operating profit of RON 1.1 mn, a negative normalized EBITDA of RON -3.5 mn and a net loss of RON 9 mn.



All Store Performance



Taco Bell

- Taco Bell's same store performance in Q4 2021 registered a 25% increase YoY, while all-store performance saw 44% increase.
- 42% of all orders in Q4 2021 were for delivery, a 8pp QoQ increase.
- CFF ended 2021 with a restaurant operating profit of RON 0.8 mn, a positive EBITDA of RON 0.9 mn and a net loss of RON 3.7 mn.

Q&A session

Annex: Key Q4 2021 & 2021 financials

Summary of Q4 2021 Consolidated FS

Summary of Preliminary Consolidated Financial Statements for Q4 (results excluding IFRS 16 impact):

Data in RON'000	Q4-21	Q4-20	Y/Y % Q4-21/Q4-20	% of Sales		
				Q4-21	Q4-20	Δ%
Restaurant sales	271,594	208,352	30.4%			
Other restaurant income	2,627	726	262.1%			
Restaurant expenses	259,302	194,635	33.2%	95.5%	93.4%	2.1%
Food and material	91,404	67,818	34.8%	33.7%	32.5%	1.1%
Payroll and employee benefits	63,579	44,114	44.1%	23.4%	21.2%	2.2%
Rent	18,847	15,440	22.1%	6.9%	7.4%	-0.5%
Royalties	16,275	11,835	37.5%	6.0%	5.7%	0.3%
Advertising	17,571	9,598	83%	6.5%	4.6%	1.9%
Other operating expenses, net	42,440	35,527	19.5%	15.6%	17.1%	-1.4%
Depreciation and amortization	9,185	10,303	-10.9%	3.4%	4.9%	-1.6%
Restaurant operating profit	14,919	14,442	3.3%	5.5%	6.9%	-1.4%
General & Admin expenses, net	12,060	15,669	-23.0%	4.4%	7.5%	-3.1%
Operating Profit/(Loss)	2,859	(1,226)		1.1%	-0.6%	1.6%
Finance costs	2,813	1,283	119.2%	1.0%	0.6%	0.4%
Finance income	24	55	-55.6%	0.0%	0.0%	0.0%
Profit/(Loss) before tax	70	(2,455)		0.0%	-1.2%	1.2%
Income tax expense	70	(5,110)		0.0%	-2.5%	2.5%
Specific tax expense	654	316	106.8%	0.2%	0.2%	0.1%
Profit/(Loss) for the period	(655)	2,339		-0.2%	1.1%	-1.3%
EBITDA	12,930	9,596	34.7%	4.8%	4.6%	0.2%
Normalized EBITDA*	12,930	15,618	-17.2%	4.8%	7.5%	-2.7%

(*)EBITDA normalized to exclude the reversal of accrued penalties due to Pizza Hut Europe (Master Franchisor) for the restaurants committed to be opened in 2019 and postponed for the future periods, following the signing of the new Development Agreement.

Summary of 2021 Consolidated FS

Summary of Preliminary Consolidated Financial Statements for FY (results excluding IFRS16 impact):

Data in RON'000	2021P	2020	Y/Y % 2021/2020	% of Sales		
				2021	2020	Δ%
Restaurant sales	1,000,312	710,797	40.7%			
Other restaurant income	2,627	726	262.1%			
Restaurant expenses	917,211	662,256	38.5%	91.7%	93.2%	-1.5%
Food and material	327,645	232,338	41.0%	32.8%	32.7%	0.1%
Payroll and employee benefits	225,869	150,124	50.5%	22.6%	21.1%	1.5%
Rent	72,515	58,593	23.8%	7.2%	8.2%	-1.0%
Royalties	59,987	41,274	45.3%	6.0%	5.8%	0.2%
Advertising	52,919	33,033	60.2%	5.3%	4.6%	0.6%
Other operating expenses, net	141,735	110,004	28.8%	14.2%	15.5%	-1.3%
Depreciation and amortization	36,540	36,889	-0.9%	3.7%	5.2%	-1.5%
Restaurant operating profit	85,729	49,267	74.0%	8.6%	6.9%	1.6%
General & Admin expenses, net	50,537	50,904	-0.7%	5.1%	7.2%	-2.1%
Operating Profit/(Loss)	35,192	(1,637)		3.5%	-0.2%	3.7%
Finance costs	8,364	5,256	59.1%	0.8%	0.7%	0.1%
Finance income	150	237	-36.9%	0.0%	0.0%	0.0%
Profit/(Loss) before tax	26,978	(6,656)		2.7%	-0.9%	3.6%
Income tax expense (credit)	(2,853)	(6,156)	-53.7%	-0.3%	-0.9%	0.6%
Specific Tax	2,424	1,872	29.4%	0.2%	0.3%	0.0%
Profit/(Loss) for the year	27,407	(2,373)		2.7%	-0.3%	3.1%
EBITDA	75,004	36,907	103.2%	7.5%	5.2%	2.3%
Normalized EBITDA*	73,477	44,088	66.7%	7.3%	6.2%	1.1%

(*) For 2021, EBITDA was normalized to exclude the reversal of accrued penalties due to Pizza Hut Europe (Master Franchisor) for the restaurants committed to be opened in 2019 and postponed for the future periods, following the signing of the new Development Agreement. For the year ended 31 December 2020, EBITDA was normalized to exclude the following expenses: impairment loss of goodwill (4,420), accrued penalties due to Pizza Hut Europe (Master Franchisor - YUM!) for the restaurants committed to be opened in 2019 and postponed for the future periods (1,528) and accrued costs related to the Italian subsidiary's development agreement terminated in 2020 (1,234).

Summary of 2021 Consolidated FS

(with and without IFRS 16 impact)

Summary of Preliminary Consolidated Financial Statements for FY – results and evolution presented with and without IFRS16 impact

Data in RON'000	2021P	2021P	2020	2020	Change (%)	
	1	2	1	2	2021/ 2020 (1)	2021/ 2020 (2)
Restaurant sales	1,000,312	1,000,312	710,797	710,797	40.7%	40.7%
Other restaurant sales	2,627	2,627	726	726	262.1%	262.1%
Restaurant expenses	915,260	917,211	657,425	662,256	39.2%	38.5%
Food and material	327,645	327,645	232,338	232,338	41.0%	41.0%
Payroll and employee benefits	225,869	225,869	150,124	150,124	50.5%	50.5%
Rent	17,058	72,515	5,293	58,593	222.3%	23.8%
Royalties	59,987	59,987	41,274	41,274	45.3%	45.3%
Advertising	52,919	52,919	33,033	33,033	60.2%	60.2%
Other operating expenses, net	141,735	141,735	109,479	110,004	29.5%	28.8%
Depreciation and amortization	90,046	36,540	85,884	36,889	4.8%	-0.9%
Restaurant operating Profit	87,680	85,729	54,098	49,267	62.1%	74.0%
General & Admin expenses, net	49,947	50,537	51,140	50,904	-2.3%	-0.7%
Operating Profit/(Loss)	37,733	35,192	2,958	(1,637)	1,175.4%	
Finance costs	20,497	8,364	17,314	5,256	18.4%	59.1%
Finance income	150	150	237	237	-36.9%	-36.9%
Profit/(Loss) before tax	17,386	26,978	(14,118)	(6,656)		
Income tax expense/(credit)	(3,701)	(2,853)	(6,380)	(6,156)	-42.0%	-53.7%
Specific tax	2,424	2,424	1,872	1,872	29.4%	29.4%
Profit/(Loss) for the year	18,664	27,407	(9,610)	(2,373)		
EBITDA	133,921	75,004	93,810	36,907	42.8%	103.2%
Normalized EBITDA*	132,394	73,477	100,992	44,088	31.1%	66.7%

Notes: (1) Including the impact of the adoption of IFRS 16; (2) Excluding the impact of the adoption of IFRS 16.

(*) In 2021, Normalized EBITDA – excludes the reversal of accrued penalties from franchisor for postponed development of Pizza Hut restaurants in 2019, following the signing of the new Development Agreement. In 2020, Normalized EBITDA – excludes the following expenses: impairment loss of goodwill ARS (4,420), accrued penalties due to Pizza Hut Europe (Master Franchisor - YUM!) for the restaurants committed to be opened in 2019 and postponed for the future periods (1,528) and accrued costs related to the Italian subsidiary's development agreement terminated in 2020 (1,234).

Breakdown of 2021 results by entity

Breakdown of consolidated preliminary results by Group companies – 12M-2021 (excluding IFRS 16 Impact):

Data in RON'000	12M-21							SFG Cons
	USFN (RO)	ARS	USFN (MD)	USFN (IT)	CFF	SFG	Cons. Adj.	
Restaurant sales	734,962	90,011	12,428	114,141	48,771	28,968	(28,970)	1,000,312
Dividend revenue	-	-	-	-	-	37,525	(37,525)	-
Other restaurant income	1,314	1,314	-	-	-	-	-	2,627
Restaurant expenses	648,876	90,254	10,474	120,078	47,958	-	(429)	917,211
Food and material	250,878	24,476	5,203	31,557	15,531	-	-	327,645
Payroll and employee benefits	154,995	25,809	1,685	31,879	11,501	-	-	225,869
Rent	51,324	8,867	702	7,669	3,953	-	-	72,515
Royalties	44,358	5,299	746	6,849	2,736	-	-	59,987
Advertising	38,062	4,911	471	7,137	2,737	-	(399)	52,919
Other operating expenses	90,214	16,882	1,361	24,529	8,760	-	(12)	141,735
Depreciation	19,045	4,010	305	10,458	2,739	-	(18)	36,540
Restaurant operating profit/(loss)	87,400	1,071	1,955	(5,937)	813	66,493	(66,066)	85,729
G&A expenses	35,502	7,881	322	9,080	2,656	36,156	(41,061)	50,537
Operating profit/(loss)	51,898	(6,810)	1,632	(15,017)	(1,844)	30,337	(25,005)	35,192
Finance costs	5,810	1,510	69	2,946	1,704	2,003	(5,678)	8,364
Finance income	4,140	8	-	5	-	1,675	(5,678)	150
Profit/(Loss) before tax	50,229	(8,313)	1,564	(17,959)	(3,547)	30,009	(25,005)	26,978
Income tax expense/(credit)	1,053	31	210	(4,286)	-	139	-	(2,853)
Specific tax expense	1,534	689	-	-	200	-	-	2,424
Profit/(Loss) for the year	47,641	(9,033)	1,354	(13,673)	(3,748)	29,869	(25,005)	27,407
EBITDA	72,576	(2,010)	1,974	(4,403)	940	30,955	(25,028)	75,004
Normalized EBITDA*	79,839	(3,537)	1,974	(4,403)	940	36,355	(37,691)	73,477

* At individual level, Normalized EBITDA excludes the following: USFN RO - the impairment loss for the intercompany loan granted to ARS (7,263), ARS - the impact of reversal of penalties due to the master franchisor, following the signing of the new Development Agreement (-1,527) and SFG - the impairment loss for the investment in ARS (5,360).

Overview of the 2021 G&A expenses

(with and without IFRS 16 impact)

	Data in RON '000				Percentage of sales							
	2021	2021	2020	2020	Change (%)	2021/2020 (1)	2021/2020 (2)	2021	2021	2020	2020	
	(1)	(2)	(1)	(2)				(1)	(2)	(1)	(2)	
General and administration (G&A) expenses, net	49,947	50,537	51,140	50,904	-2.3%	-0.7%	5.0%	5.1%	7.2%	7.2%		
Payroll and employee benefits	30,374	30,374	28,955	28,955	4.9%	4.9%						
Third-party services	5,925	5,925	6,041	6,041	-1.9%	-1.9%						
Depreciation and amortization	6,142	3,272	4,968	1,655	23.6%	97.7%						
Impairment of goodwill	-	-	4,420	4,420	-100.0%	-100.0%						
Rent	357	3,816	394	3,472	-9.4%	9.9%						
Banking charges	4,122	4,122	2,810	2,810	46.7%	46.7%						
Transport	781	781	929	929	-16.0%	-16.0%						
Other*	2,246	2,246	2,622	2,622	-14.3%	-14.3%						

Note: (1) Including the impact of the adoption of IFRS 16; (2) Excluding the impact of the adoption of IFRS 16.

*Other expenses include maintenance & repairs, smallware, insurance, advertising, phone & postage, miscellaneous expenses.

Thank you for joining!

Sphera Franchise Group's unaudited 2021 preliminary results are available for download on our website: www.spheragroup.com.

The recording of this conference call will be available on our website shortly.

For any questions related to Sphera Franchise Group's activity on the Bucharest Stock Exchange, please contact our IR team at: investor.relations@spheragroup.com.

