

To:

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

CURRENT REPORT 24/2021

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	26.07.2021
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: Publication of the Auditor Report regarding transactions in 1st semester of 2021 reported according to art. 92³ from Law no. 24/2017

The management of Sphera Franchise Group SA (the “Company”) informs the investors about the availability of the Independent Limited Assurance Report on the information included in the current reports issued by the Company in accordance with the requirements of Law 24/2017, with all subsequent changes and clarifications, and with the provisions of the ASF Regulation no. 5/2018, prepared by the Ernst & Young Assurance Services SRL.

The report covers the first semester of 2021 and it is attached to this current report.

CHIEF FINANCIAL OFFICER

Valentin Budes

Independent Limited Assurance Report on the information included in the current report issued by the Company in accordance with requirements of Law 24/2017, with all subsequent changes and clarifications, and with the provisions FSA Regulation no. 5/2018

To the Board of Directors of the Sphera Franchise Group S.A

Purpose of the report

We were engaged by the Sphera Franchise Group S.A (hereinafter "the Company ") to report based on the requirements of Law 24/2017 for issuers of financial instruments and market operations, with all subsequent changes and clarifications (hereinafter referred to as "Law 24/2017") on the information included in the attached current report (dated 28 May 2021) (hereinafter "Reporting Schedule") that has been prepared by the Company in accordance with the requirements of article 92³ from Law 24/2017 and with the provisions of Regulation no. 5/2018 of Financial Supervisory Authority ("FSA") reported to Financial Supervisory Authority ("FSA") and to Bucharest Stock Exchange ("BVB") for the period 1 January 2021 – 30 June 2021 in the form of a limited assurance conclusion.

Specific Purpose

Our report is intended solely for the purpose specified in the first paragraph above and for the Company, BVB and FSA information and will not be used for any other purpose. Our report must not be considered appropriate for use by any other party willing to rely on our work, other than the Company for any purpose and in any context.

Any party other than the Company who obtains access to our report or a copy of it and chooses to rely on it (or part of it) will do so taking their own responsibility. We performed our engagement to be able to report those matters that we must report in a limited assurance report, and not for any other purposes. The current report refers only to the Reporting Schedule and should not be associated with the Company's financial statements or other reports of the Company, individually or taken as a whole.

Responsibilities of the Management of the Company

The Company's management is responsible for the preparation of the Reporting Schedule and performing the transactions reported in accordance with the requirements of the Law 24/2017 and of FSA Regulation no. 5/2018, with subsequent changes and clarifications. In particular, the Company's management is responsible for internal controls being designed, implemented and maintained to prevent the preparation of the Reporting Schedule from being materially misstated, due to fraud or error.

In addition, the Company's management is responsible for ensuring that the supporting documents underlying the preparation of the current Reporting Schedule, as well as the evidence provided to the auditor is complete, accurate and justified.

Auditor's Responsibilities

We conducted our limited assurance engagement in accordance with International Assurance Standards, particularly ISAE 3000 (revised) *"International Standard on Assurance Engagements Other than Audits or Reviews of Historical Financial Information"*. These standards require that we comply with ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Reporting Schedule.

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements from the applicable laws or regulations.

We comply with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) as issued by the International Ethics Standards Board for Accountants ("IESBA Code"), which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on the auditor's judgment and our understanding of the transactions included in the Reporting Schedule and of other circumstances of the engagement, as well as our consideration of areas where material misstatements may occur. In obtaining an understanding of the reported transactions included in the Reporting Schedule, we considered the process applied by the Company to conclude the transactions and to prepare and present the Reporting Schedule in accordance with the requirements of Law 24/2017 and FSA Regulation no. 5/2018 in order to design audit procedures that are appropriate in these circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control related to concluding the reported transactions or preparation and presentation of the attached Reporting Schedule.

The procedures include, in particular, inquiry of the personnel responsible for financial reporting and risk management and additional procedures aimed at obtaining evidence about the information included in the Reporting Schedule.

The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is considerably lower as compared to the one obtained in a reasonable assurance engagement.

In respect of the Reporting Schedule of the Company, in order to assess correctness and justification of the transactions reported, we have performed the following procedures:

- 1) We have obtained the attached Reporting Schedule from the Company for the current period and the detail of the transactions included in these Reporting Schedule.
- 2) We observed if the approving persons of the Reporting Schedule are the authorized representatives of the Company and we have requested the authorized signatures schedule.

- 3) For the reported transactions included in the Reporting Schedule, we have considered if the details included of the Reporting Schedule are consistent, in all material respects, with information as per signed contracts/contractual documentation presented to us and that the presented documents have been signed by representatives of the Company that are indicated in the authorized signature schedule provided to us. As applicable, in performing our procedures we have compared information included in the Reporting Schedule to the contract/contractual documentation for consistency of details on: the parties which signed the supporting documentation; the date when documentation was signed and its nature; the description of the type of goods/services as indicated in the documentation; the actual or estimated total value of the contract/ contractual documentation, and, as applicable, the guarantees constituted and the stipulated penalties, the terms and the method of payment; as well as the related contractual conditions.
- 4) For the reported transactions, we have compared details disclosed in the attached Reporting Schedule for consistency with the information obtained by us based on the inquiries made to the management and other responsible personnel within the Company and based on other documents attached to the contracts, as applicable.
- 5) For the reported transactions, to the extent that there is a market price available for the goods delivered or services rendered between the Company and its related parties, we have discussed with the Company's management the basis for the price determination and considered if, to the extent applicable, the prices agreed are consistent with those applied in the contracts signed with third (other) parties, where similar goods or services could be provided, and if the related contracts are approved by the Board of Directors or Supervisory Board.

To the extent that no market prices are available, we have analyzed if the respective transactions have been performed based on the Company's internal procedures for price determination and if the related contracts are approved by the Board of Directors or Supervisory Board of the Company in accordance with its internal procedures.

Our procedures have been performed, as described above, only on the selected transactions included in the attached Reporting Schedule, that are referring to the period 1 January 2021 - 30 June 2021. We have not performed any procedures to verify whether the Reporting Schedule includes all the transactions that the Company has to report according to Article 92³ of Law 24/2017 for the current period.

Conclusion

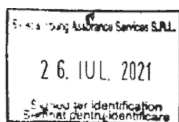
We formed our conclusion on the basis and considering the matters presented in the current limited assurance report. Based on the procedures performed as described above and evidence obtained, nothing has come to our attention that causes us to believe that:

- a) The information included in the Reporting Schedule attached is not, in all material respects, in accordance with the documents provided to us by the Company.
- b) The details included in the attached Reporting Schedule are not, in all material respects, consistent with the requirements of Law 24/2017 and FSA Regulation no. 5/2018 regarding the parties which signed the supporting documentation; the date when documentation was signed and its nature; the description of the type of goods/services as indicated in the documentation; the actual or estimated total value of the contract/agreement documentation, and, as applicable, the guarantees constituted and the stipulated penalties, the terms and the method of payment; as well as the related contractual conditions.

- c) The contracts related to the reported and selected transactions were not properly authorized by representatives of the Company and were not approved by the Board of Directors or Supervisory Board in line with the Company's internal procedures.
- d) The prices have not been established by mutual agreement between the parties in accordance with the type of goods/services and also by considering other terms and conditions mentioned, as applicable, in the agreements between the parties and, respectively, were not determined in accordance with the criteria mentioned at point 5) from the list of procedures detailed above.

On behalf of,
Ernst & Young Assurance Services SRL

Alina Dimitriu
Partner



26 July 2021
Bucharest, Romania

Attachment

1. Reporting Schedule

To:

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

CURRENT REPORT 20/2021

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	28.05.2021
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

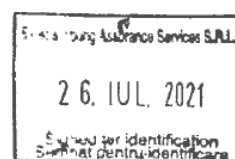
Important events to be reported: Conclusion of legal acts with affiliated parties

The management of Sphera Franchise Group SA informs the investors about the conclusion, on 28.05.2021 of multiple addendums to existing legal acts with related parties. The addendums were concluded by Sphera Franchise Group SA as well as by the Group's subsidiaries.

Details on the legal acts concluded including the beneficiaries, object, and total value of the contracts, are presented in Annex 1 attached to this report.

CHIEF FINANCIAL OFFICER

Valentin Budes



TACO BELL

Annex 1

Report of legal acts concluded by Sphera Franchise Group SA and its subsidiaries according to the provisions of the Law no. 24/2017 and FSA Regulation no. 5/2018.

Crt. No.	Parties		Date of initial contract	Duration of initial contract	Date of addendum	Duration of addendum	Object of contract/addendum	Notes	Value of the Contract/Addendum		Guarantees		Payment		Penalties	Interest
	Provider	Beneficiary							CCY	Amount	Term	Payment method				
1	SPHERA FRANCHISE GROUP S.A.	AMERICAN RESTAURANT SYSTEM S.A.	08.06.2018	1 year, extended by subsequent addenda	28.05.2021	N/A	Addendum no. 14/28.05.2021 to the Loan agreement dated 08.06.2018 having as object to extend the duration of the loan for an additional one year period starting upon the original period expiration (i.e. June 8th, 2021)	-	N/A	N/A	N/A	08.06.2022	N/A	N/A	N/A	N/A
2	US FOOD NETWORK S.A.	US FOOD NETWORK S.r.l. (Italy)	30.03.2020	1 year	28.05.2021	N/A	Addendum no 2/28.05.2021 to the Loan Agreement dated 30.03.2020 in amount of EUR 1,000,000, interest rate 4% p.a. having as object to extend the duration of the loan for an additional one year period starting upon the original period expiration (i.e. March 30th, 2021)	-	N/A	N/A	N/A	30.03.2022	N/A	N/A	N/A	N/A



3	US FOOD NETWORK S.A.	AMERICAN RESTAURANT SYSTEM S.A. CALIFORNIA FRESH FLAVORS S.R.L	08.05.2020	1 year	28.05.2021	N/A	Addendum no 1/28.05.2021 for extending the duration of the agreement for an additional one year period starting upon the original period expiration (i.e. May 8th, 2021) to the Agreement dated 08.05.2020	The agreement dated 08.05.2020 was in total amount of RON 7,262,342 (out of which RON 5,436,579 representing the amount due by American Restaurant System SA, interest rate 6.4% p.a. and RON 1,825,764 - the amount due by California Fresh Flavors SRL, interest rate 6.63% p.a)	N/A	N/A	N/A	08.05.2022	N/A	N/A	N/A
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Chief Financial Officer

Valentin Budes

Ernst & Young Assurance Services S.R.L.
26. IUL. 2021
Signed for identification
Semnat pentru identificare