



SPHERA



Sphera Franchise Group Investor Presentation

March 2023



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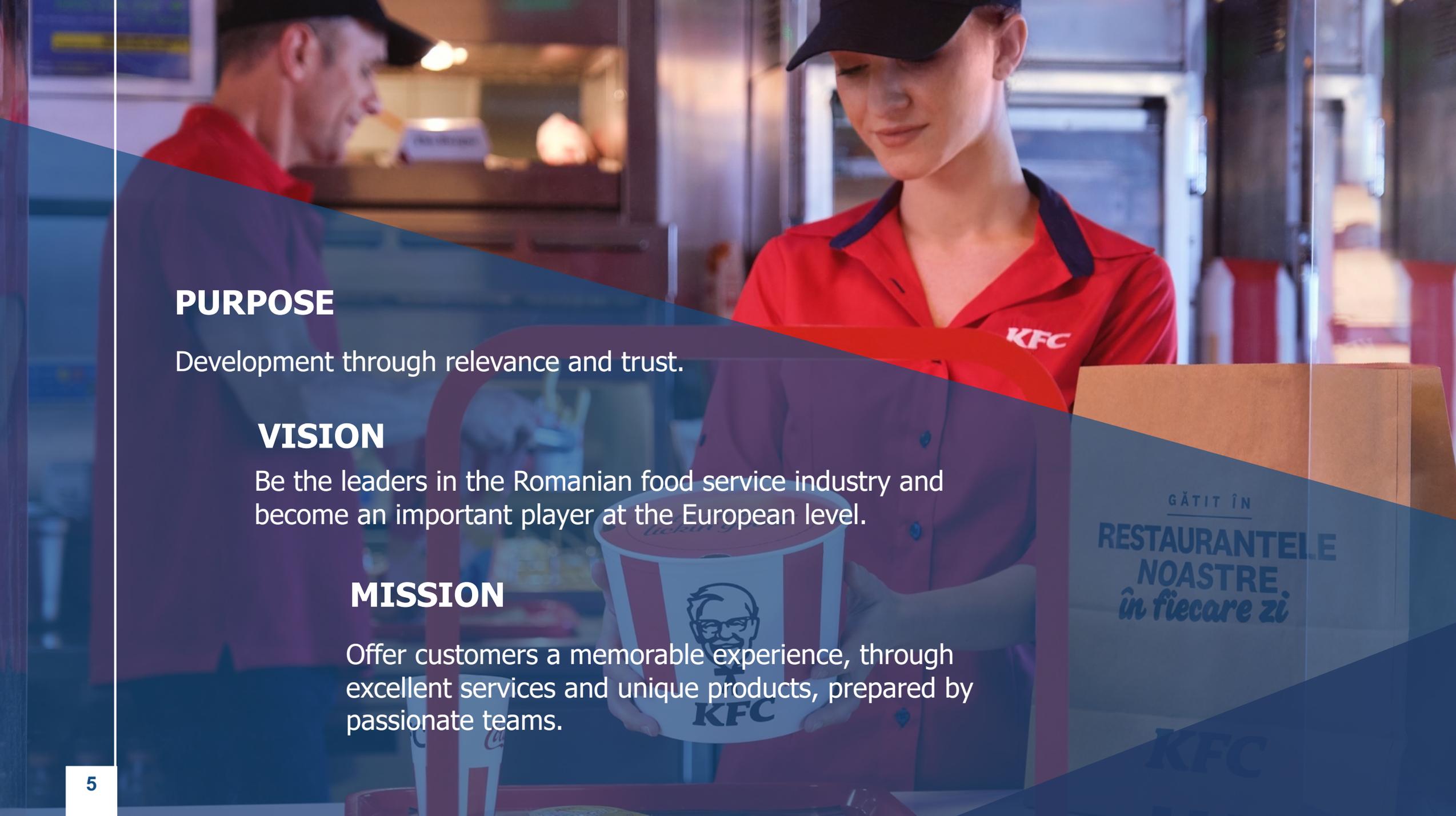
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About Sphera Franchise Group



PURPOSE

Development through relevance and trust.

VISION

Be the leaders in the Romanian food service industry and become an important player at the European level.

MISSION

Offer customers a memorable experience, through excellent services and unique products, prepared by passionate teams.

Sphera Franchise Group at a glance

- Sphera is the leading food operator in **Romania**, operating through subsidiaries in **Moldova and in Italy**.
- Sphera Franchise Group was **incorporated in May 2017** to consolidate all brands operated by the Group since 1994: KFC, Pizza Hut Dine-In, and Pizza Hut Delivery ahead of the IPO.
- In 2017, Sphera secured the franchise for operation of **Taco Bell** restaurants in Romania and opened its first two KFC restaurants in **Italy**; today Sphera is the largest KFC operator in Italy.
- KFC Romania, KFC Italy, Pizza Hut, Pizza Hut Delivery Romania and Taco Bell Romania operate under the **Yum International** Franchise Agreement.
- Quoted on the **Bucharest Stock Exchange** since November 2017; since September 2018 SFG shares are included in the BET index of BVB, and since March 2022, in FTSE Global Micro Cap index.





2nd QSR Operator in Romania



1st Full-Service Restaurant Operator in Romania



Almost 30 years track-record



3 iconic brands: KFC, Pizza Hut, Taco Bell



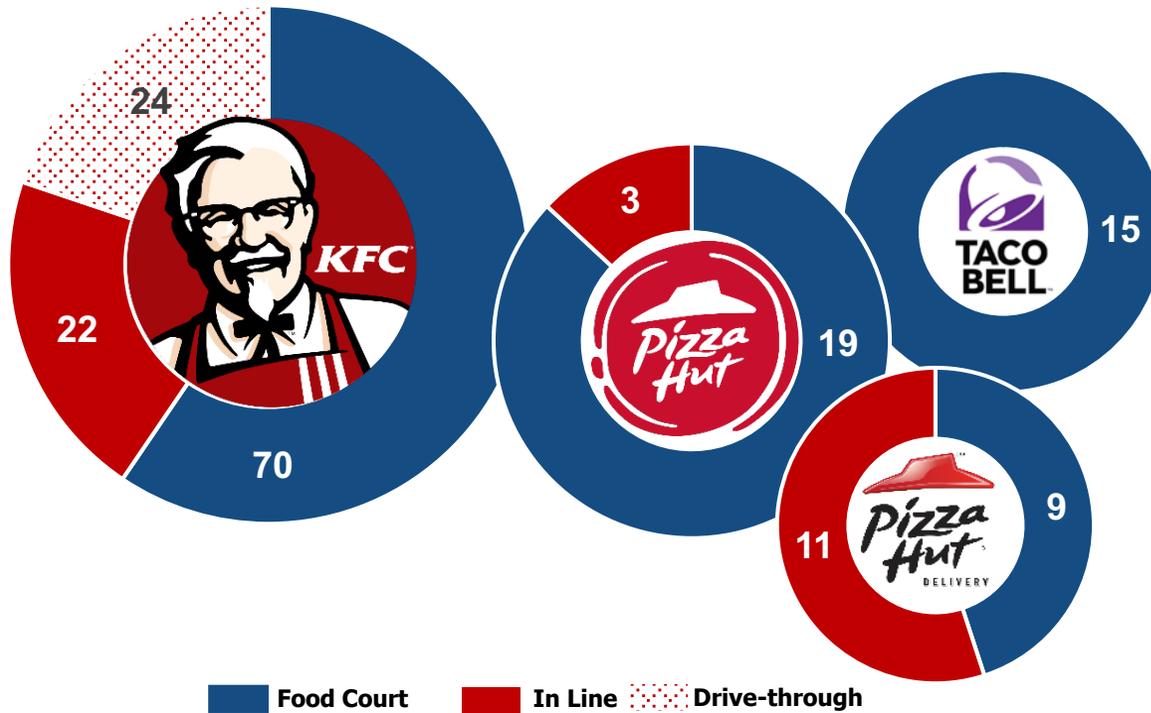
175 restaurants in 3 countries



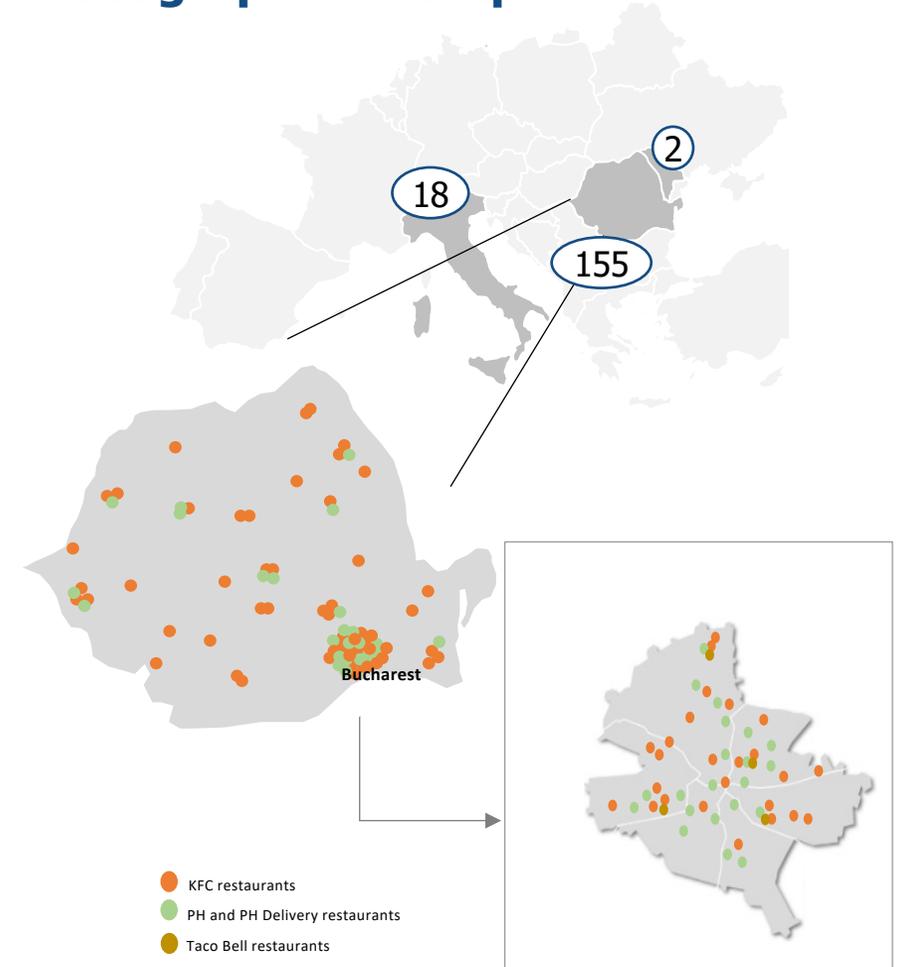
**SFG shares included in BVB
BET & FTSE Russell Micro-cap**

Sphera Franchise Group at a glance

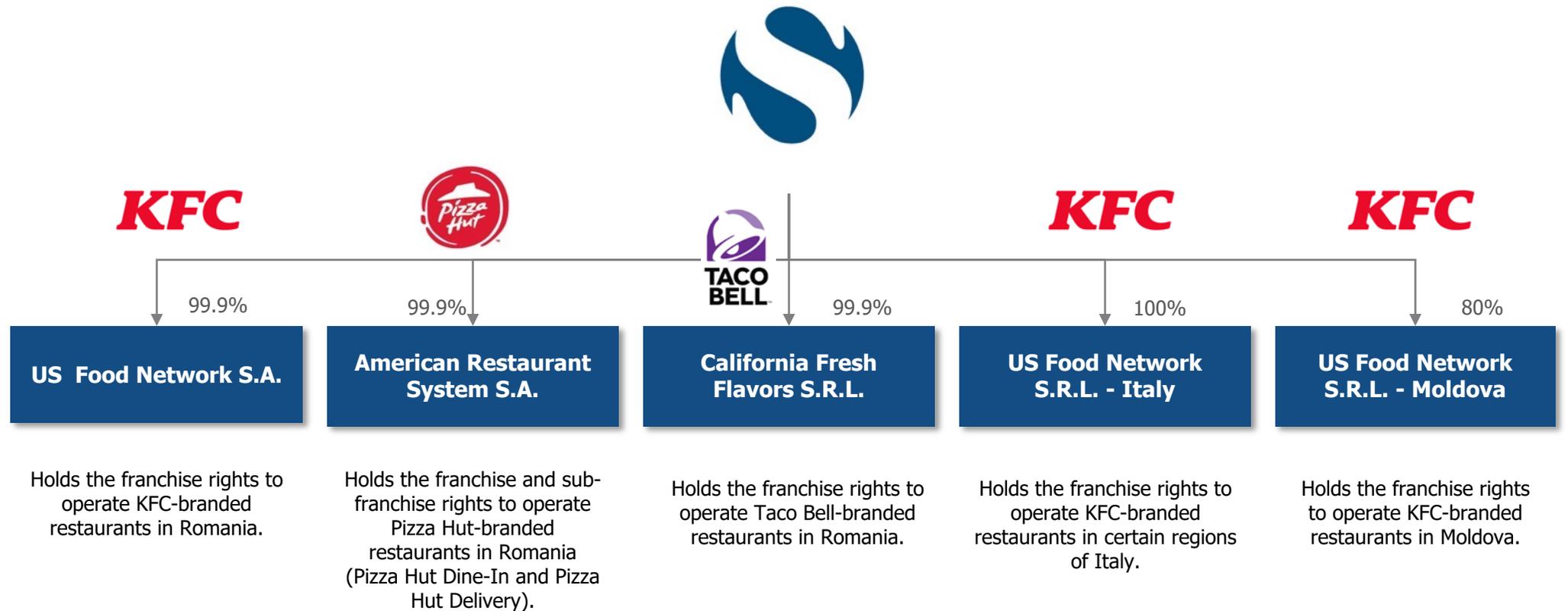
Locations split per brand



Geographical footprint



Sphera Franchise Group corporate structure



Management team



CALIN IONESCU

CEO

Mr Ionescu is the CEO of Sphera Franchise Group since October 2020. Mr. Ionescu has been involved in the restaurant business since 1994, when the first Pizza Hut restaurant operated by ARS was opened. He has occupied various operational positions, from Restaurant Manager to General Manager and, in 2012, Mr. Ionescu was promoted to COO of the Group. During this time, he has actively participated in all expansions of the KFC and Pizza Hut brands in Romania and the Republic of Moldova and in 2016, he laid the foundations for developing the KFC brand in Northeast and North-Western Italy.



VALENTIN BUDES

CFO

Mr Budes is the CFO of the Sphera Franchise Group since May 2019. Mr. Budes is a senior member of the ACCA, holds a certification in risk management issued by the Institute of Internal Auditors of the USA. In Romania, Valentin Budes is an accounting expert member of CECCAR and an insolvency practitioner being a member of UNPIR. His prior experience include financial consulting at KPMG Romania, the financial division within the telecommunications companies of the Telekom Romania group, as well as coordinated the financial activities of the Medicover Romania Group.



MONICA EFTIMIE

CMO

Mrs Eftimie is the CMO of Sphera Franchise Group since August 2017. From 2013 until 2017 Monica was the Marketing Director of ARS Romania and USFN Romania. In this capacity she led the marketing activities for a portfolio of brands which included KFC, Pizza Hut and Pizza Hut Delivery and for which she developed and implemented marketing campaigns. Mrs Eftimie led the successful launch in Romania of Taco Bell. Mrs Eftimie has 14 years of experience in the QSR experience, including Paul, Accor Group and Saatchi & Saatchi Advertising.



CRISTIAN OSIAC

CDO

Mr Osiac has been the Chief Development Officer of the Group since June 2017. He was the Chairman of the BoD of Sphera between May 2017 – 2018. Cristian Osiac has been with the Group since 1994, when he managed the opening of the first Pizza Hut in Romania. Since 2007, he was involved from executive position in the development of Paul and Cinnabon bakeries and Hard Rock Café restaurant in Bucharest. In 2008, he was appointed as Chairman of the BoD of ARS Romania and USFN Romania, holding this position until Sphera was established in 2017.

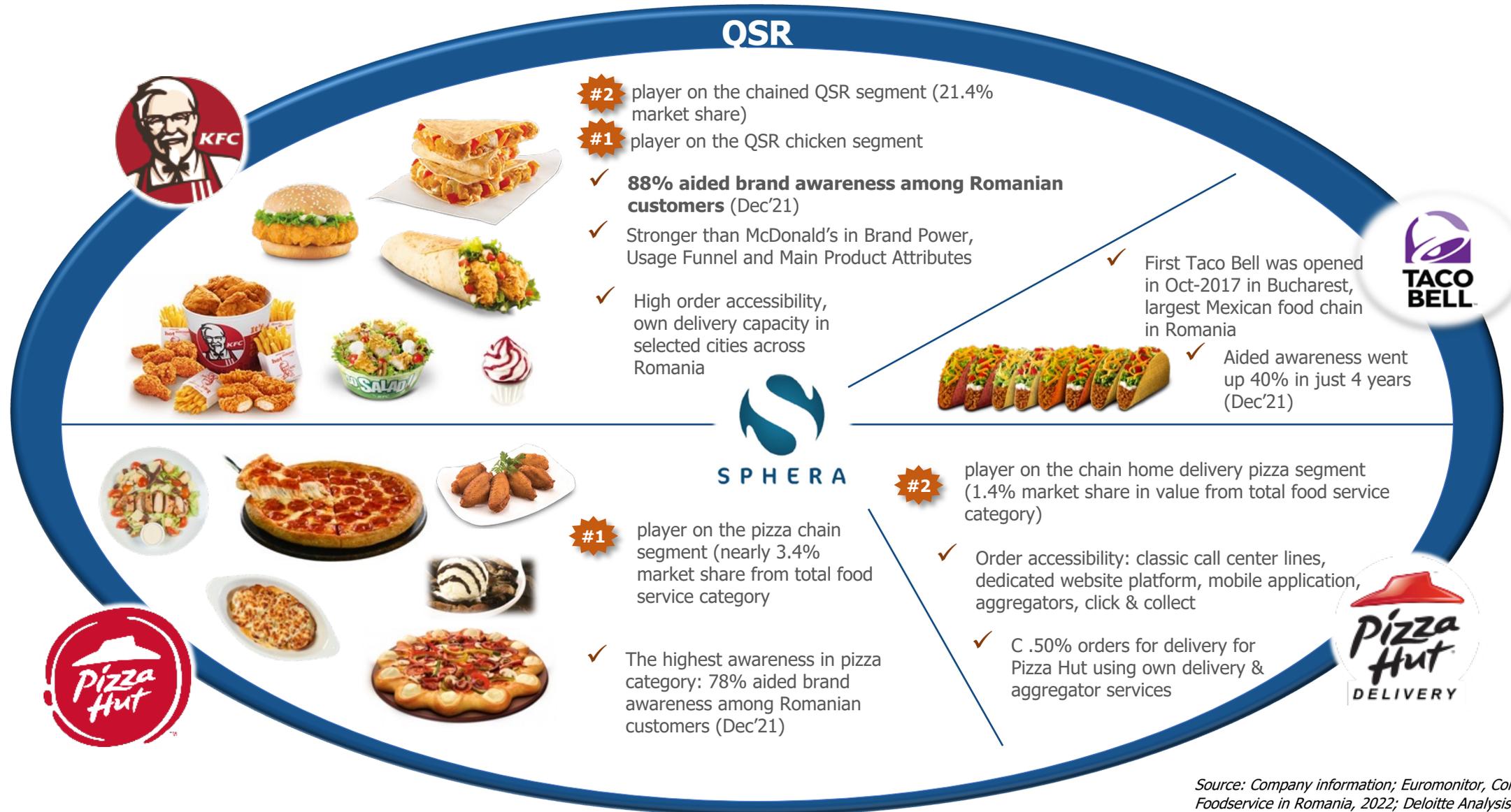


MARINA TOPŞA

Legal Director

Mrs Topşa is the Legal Director at Sphera Franchise Group and its Italian and Moldovan branches since May 2017. Mrs Topşa is member Bucharest Bar since February 2005. After graduation, Mrs. Topşa worked for 10 years as a senior lawyer, respectively Partner within a national law firm and opened her own office in February 2015. Before taking over the position of Legal Director of the Sphera Group, Mrs Topşa was for one year Head of Legal, Compliance & Corporate Affairs – Legal Director, First Vice President at UniCredit Bank SA.

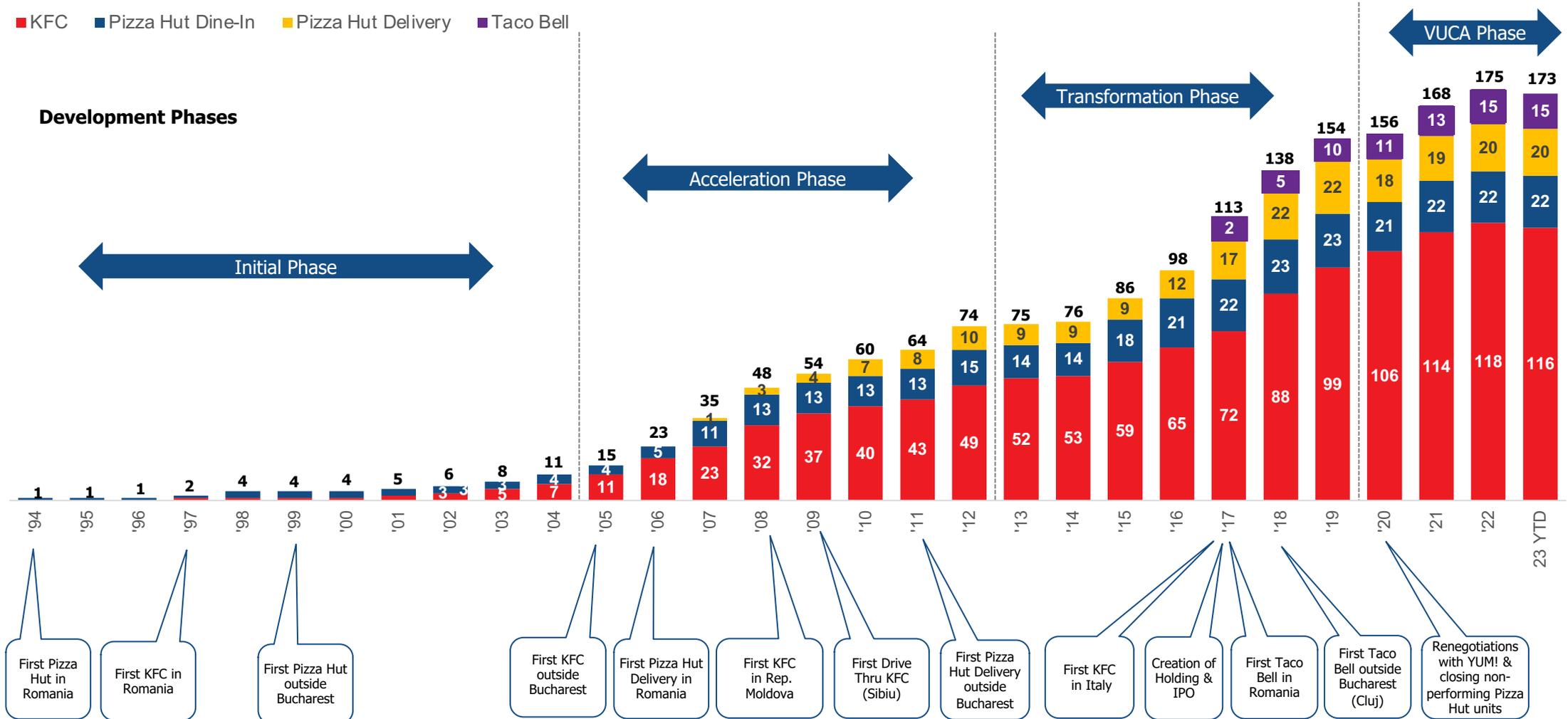
Leading foodservice group in Romania



Key investment highlights



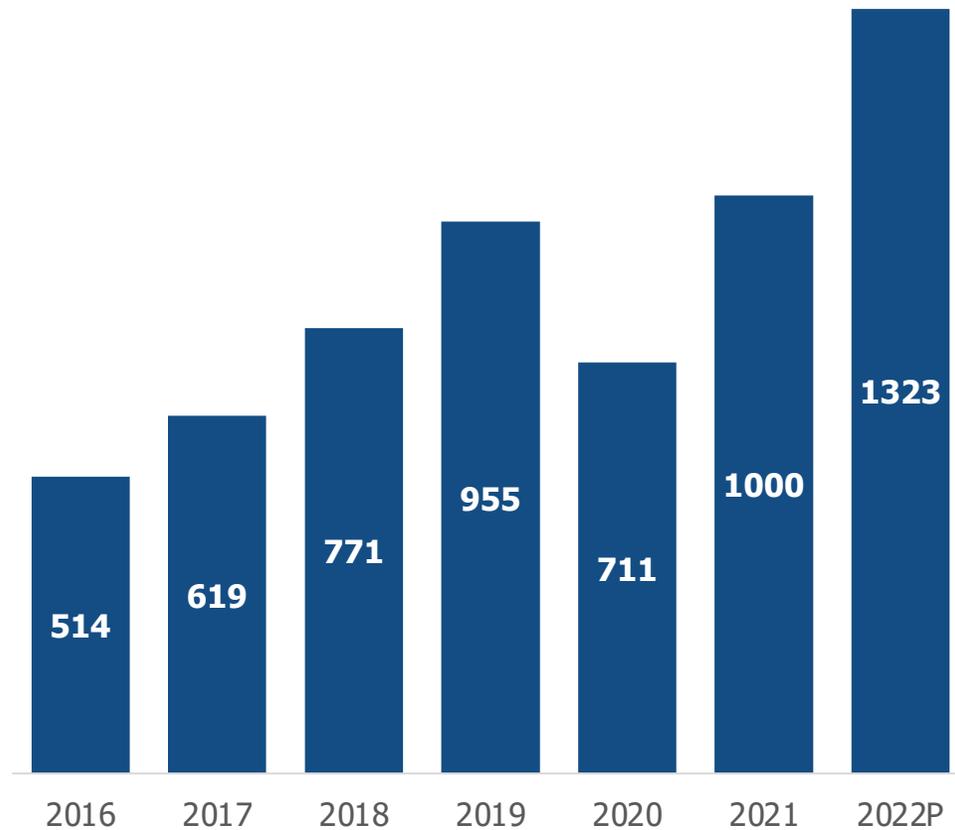
Track record of growth & network development



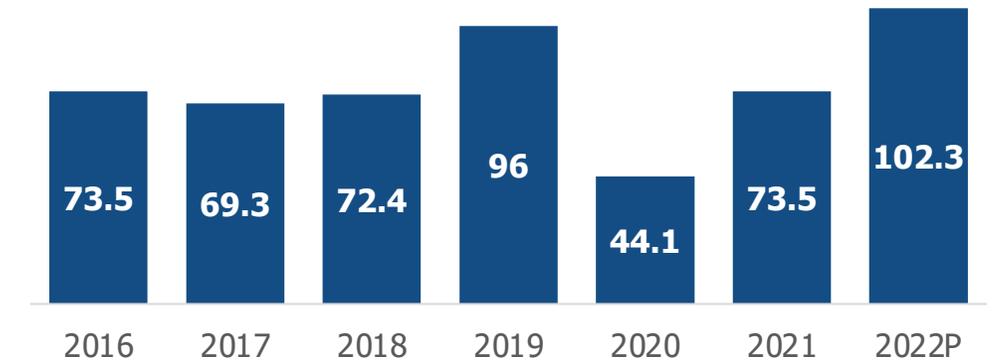
Historical performance, slowed by the pandemic

Turnover

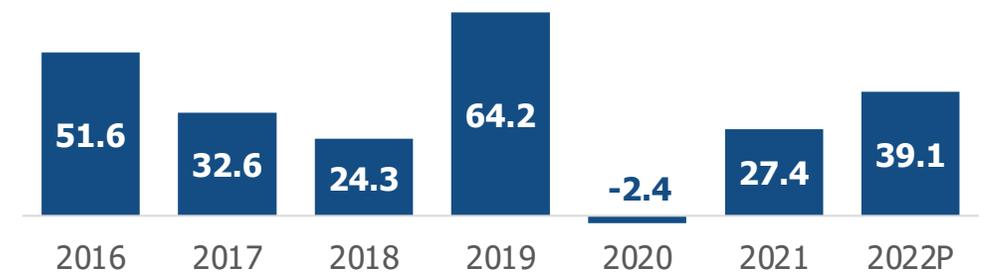
17% CAGR 2016-2022



Normalized EBITDA



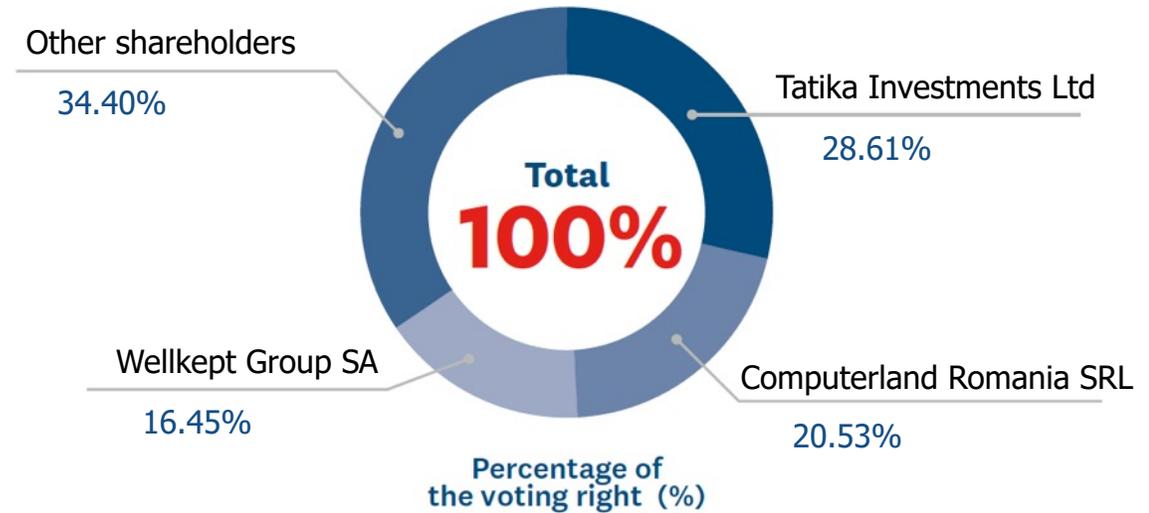
Net profit



SFG on BVB

SFG is quoted on the Main Market of Bucharest Stock Exchange since November 2017. Since September 2018, SFG shares are included in the reference index of BVB, BET and since March 2022, in FTSE Global Micro Cap index.

SHAREHOLDING STRUCTURE



INDICES



ANALYST COVERAGE



MARKET MAKER



GOLDRING

Sustainability

Sphera Franchise Group strategy is based on four pillars and relevant material topics defined together with the organization stakeholders. The management set general and specific medium and long-term objectives, with targets until 2025, aligned with the Sustainable Development Goals. More details about Sphera’s sustainability approach can be found in [2020/2021 Sustainability Report](#).



Target 1

Audits of basic product suppliers according to the Code of Ethics and Conduct and the Sustainability Approach, by 2025.

Target 2

100% of restaurants equipped with kiosk ordering systems (where the surface area and design allow it), by 2021

Target 3

100% of restaurants equipped with digital menu boards, in all KFC and Taco Bell restaurants, by 2022

Target 4

100% of consumption packaging made of recoverable or reusable plastic, by 2025

Target 5

100% energy efficient lighting (LED lighting), by 2024

Target 6

2% of staff hired from vulnerable communities or from among people with disabilities, as well as various nationalities, by 2023

Target 7

50% of operations training programs being available on apps/in digital format or using gamification, by 2022

Target 8

80% rate of inhouse promotion for restaurant management positions, by 2025



2022 Financial Highlights

SFG Performance in 2022P



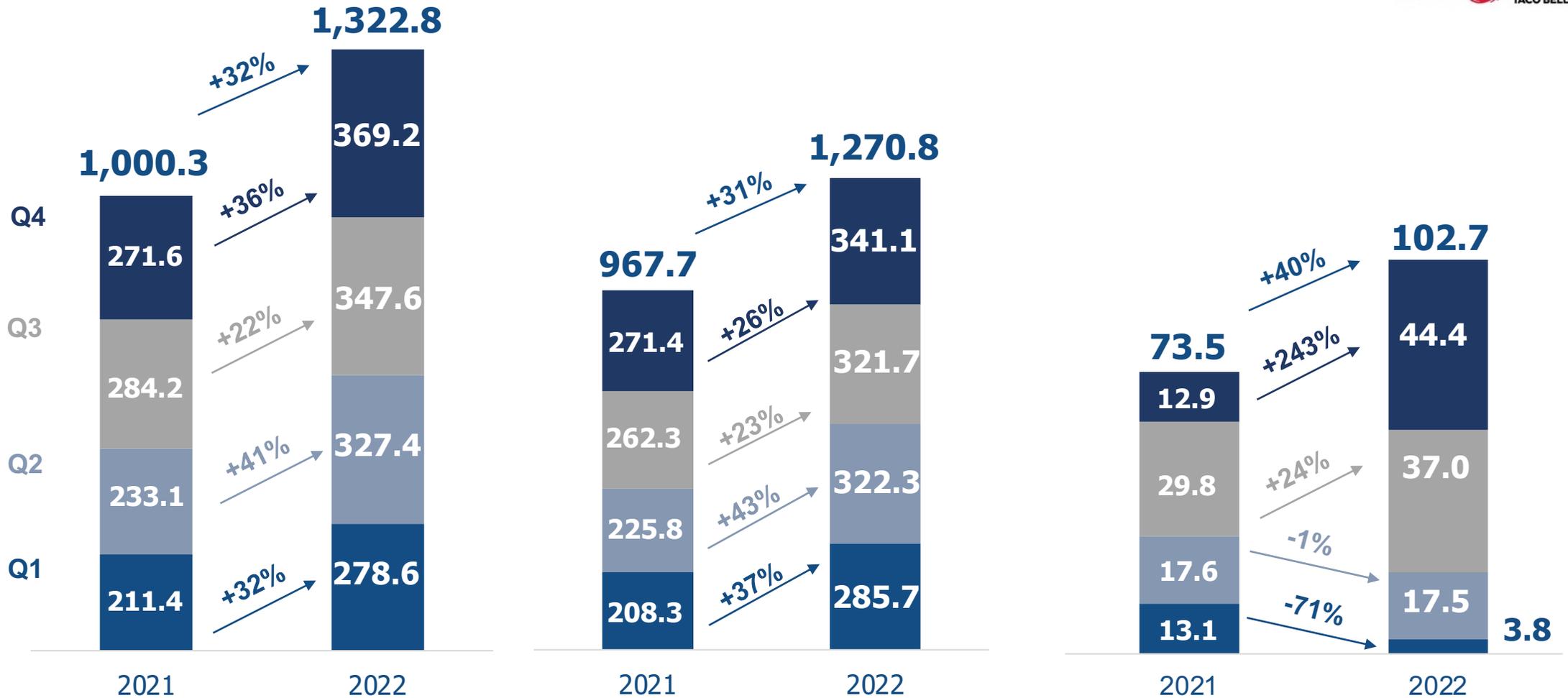
Data in RON'000	2022P	2021A	Y/Y %
Restaurant sales	1,322,822	1,000,312	32.2%
Other restaurant income	1,172	2,627	-55.4%
Restaurant expenses	1,214,438	917,211	32.4%
Restaurant operating profit	109,555	85,728	27.8%
General & Admin expenses	56,389	50,537	11.6%
EBITDA	102,161	75,004	36.2%
Normalized EBITDA*	102,655	73,477	39.7%
Operating Profit	53,166	35,192	51.1%
Finance costs	13,307	8,364	59.1%
Finance income	496	150	231.4%
Profit/(Loss) before tax	40,355	26,977	49.6%
Income tax expense/(credit)	(1,264)	(2,853)	-55.7%
Specific Tax	2,565	2,424	5.8%
Profit for the year	39,054	27,407	42.5%
Normalized profit for the year**	44,270	25,880	71.1%

(*) Normalized EBITDA for 2022 – excludes other provisions related to closing of stores. Normalized EBITDA for 2021 – excludes the reversal of penalties from franchisor Pizza Hut.

(**) Normalized profit for 2022 – excludes other provisions related to closing of stores and the related thereto depreciation. Normalized profit for 2021 excludes the reversal of penalties from franchisor Pizza Hut.

- **Best quarter in Group's history:** Q4'22 continued the positive trend of QoQ increases, with the Group closing the period with record-high results, registering RON 369.2 mn in consolidated sales, a 36% increase compared to Q4'21 and normalized EBITDA of RON 44.4, +243%.
- **All brands had positive restaurant operating profit Q4'22:** Restaurant operating profit tripled YoY, reaching RON 44.6 mn due to the increased customer presence in stores leading to higher transactions overall as well as price adjustments paired with the highest rate of delivery sales through own channels since the onset of the pandemic.
- **Record-high topline of RON 1.3bn:** In 2022, the Group recorded RON 1.3 bn in consolidated restaurant sales, a 32% increase compared to 2021, normalized EBITDA of RON 102.7 mn, a 40% increase YoY, and a normalized net profit of RON 44.3 mn, a 71% increase.
- **Restaurant expenses aligned with pace of sales for FY 2022:** The restaurant expenses in 2022 amounted to RON 1.21 bn, a 32% YoY increase. H1 2022 was very challenging, however, the weight of these costs in net sales in H2 2022 decreased by 7.7pp vs H1 2022.
- **Aggregator sales at sustainable levels:** Aggregator commissions increased 4% in 2022, with the weight of aggregators' commissions in net sales decreasing by 1pp in 2022 vs. 2021.
- **G&A in check:** The weight of G&A in sales decreased with 0.8pp in 2022 vs. 2021, despite a 12% YoY increase, as these expenses reached RON 56.4 mn.
- **Profitable growth trajectory:** The excellent topline performance and positive bottom line in H2'22 helped recover the losses that the Group registered in Q1'22. Normalized net profit for 2022 was RON 44.3 mn, versus RON 25.9 mn for 2021 (+71%).

SFG 2022P Performance



Restaurant Sales

in RON mn

Expenses (Restaurant + G&A)

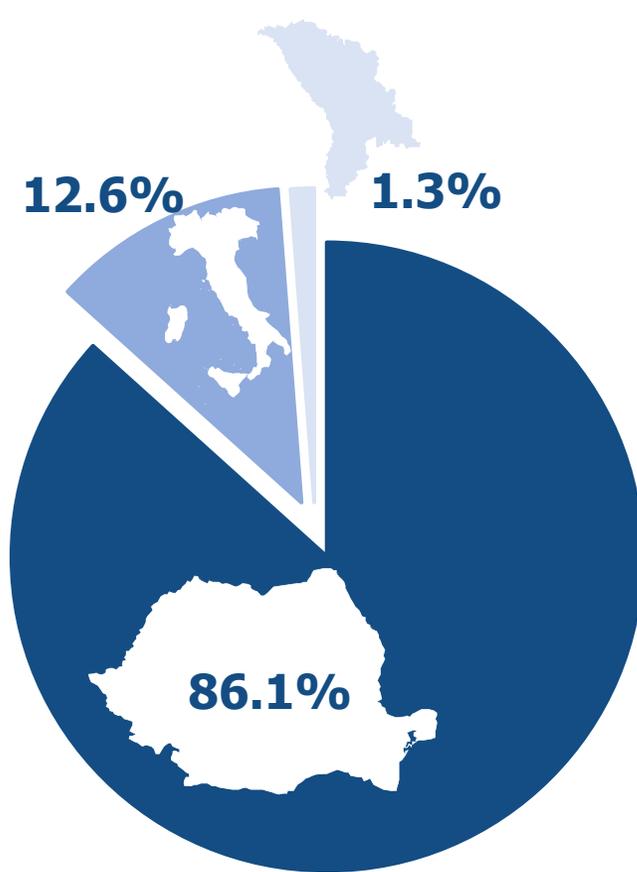
in RON mn, excl. IFRS16

Normalized EBITDA

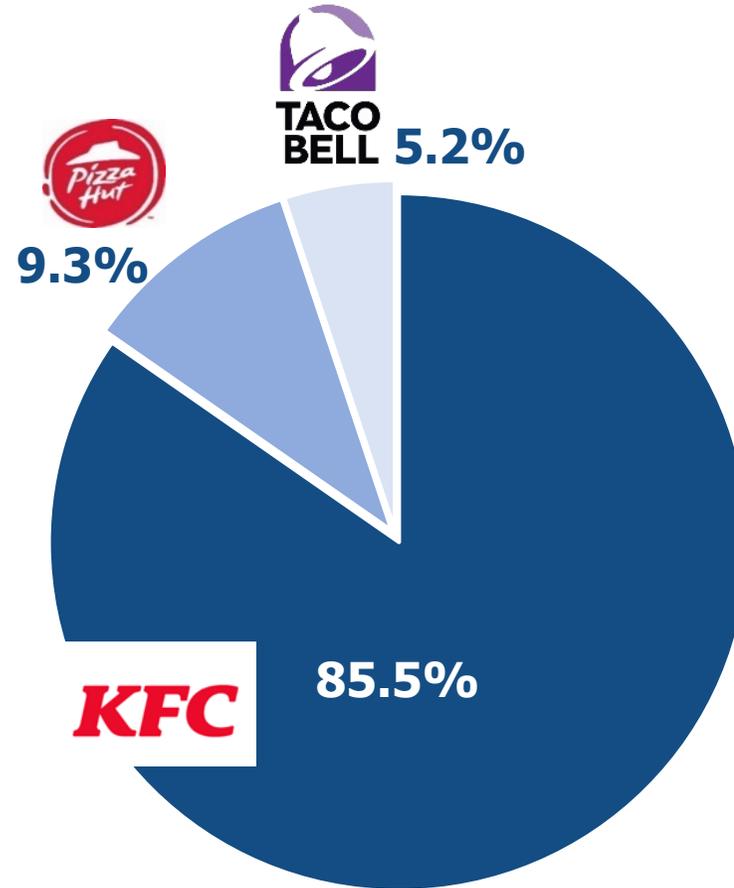
in RON mn, excl. IFRS16

SFG 2022P Performance breakdown

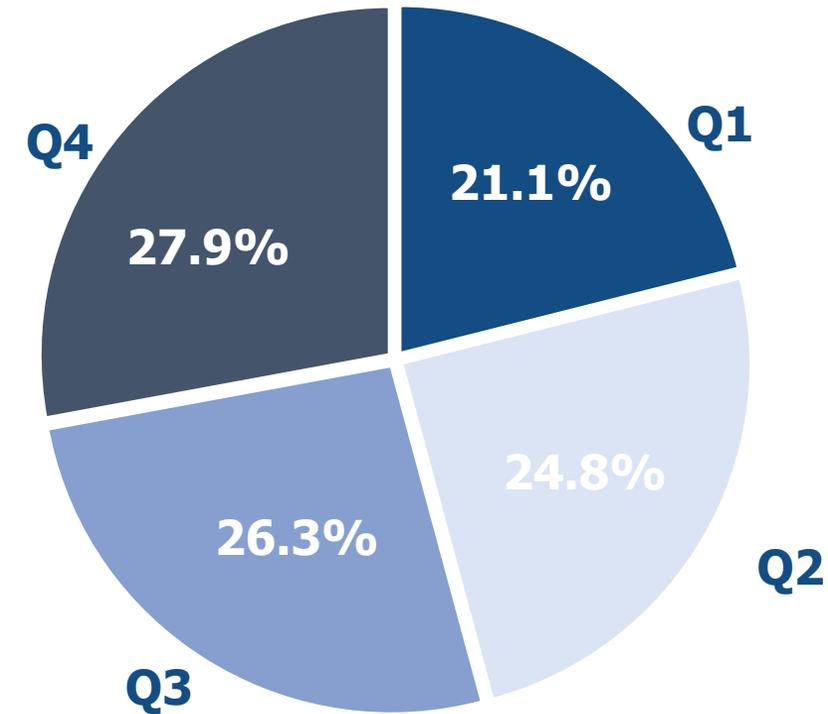
Contribution to 2022P turnover



Per market



Per brand



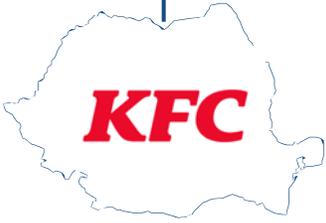
Per quarter

2021-2022 Brand Performance



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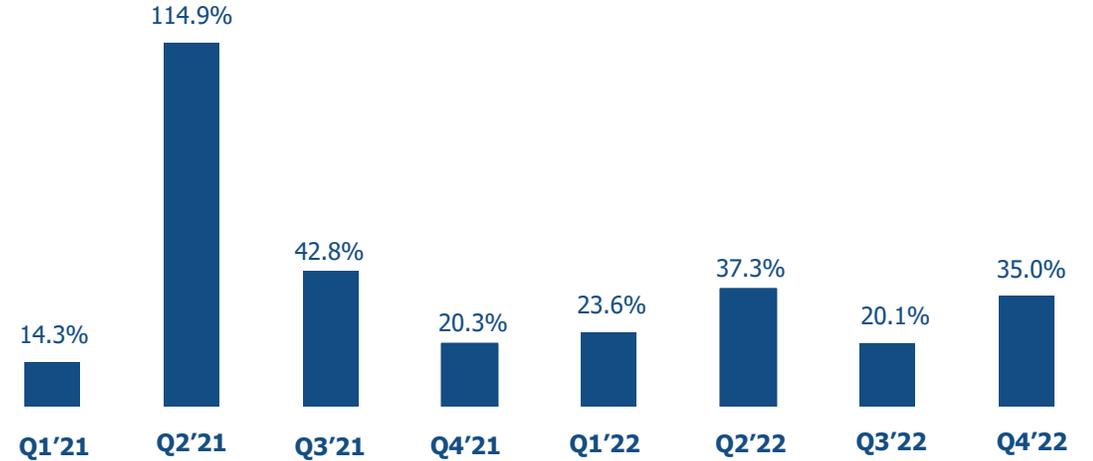




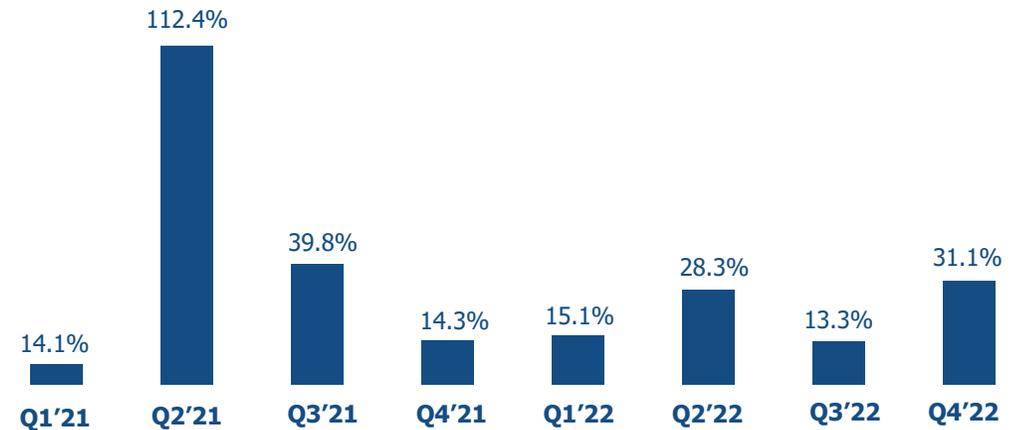
KFC Romania

- Q4'22 was another quarter of continued increases for KFC Romania as all store performance improved 35% YoY due to excellent same store results (+31%) paired with the sales generated by the new KFC restaurants that were opened in 2021 and 2022.
- For second quarter in the row, in Q4'22, KFC Romania had the highest share of own sales channels since the onset of the pandemic, with sales for delivery decreasing to 16% (of which 90% through aggregators and 10% through own delivery).
- KFC Romania ended 2022 with EBITDA of RON 99.8 mn and a net profit of RON 68.6 mn.

All Store Performance



Same Store Performance



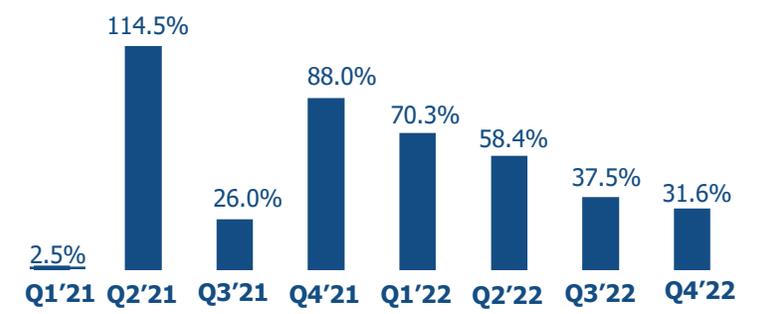


KFC Italy & KFC Republic of Moldova

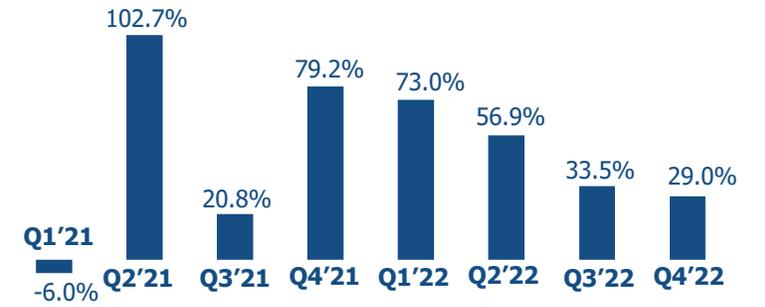
KFC Italy

- All-stores recorded 32% sales increase in Q4'22 vs. Q4'21, while the same store evolution saw a 29% sales increase.
- 10% of orders in Q4'22 were for delivery, 1pp QoQ increase.
- USFN Italy significantly decreased the restaurant operating loss due to strong H2'22 performance (from RON 5.9 mn loss for FY 2021, to RON 1.7 mn loss for FY 2022). Normalized EBITDA for 2022 stood at RON 3.7 mn.

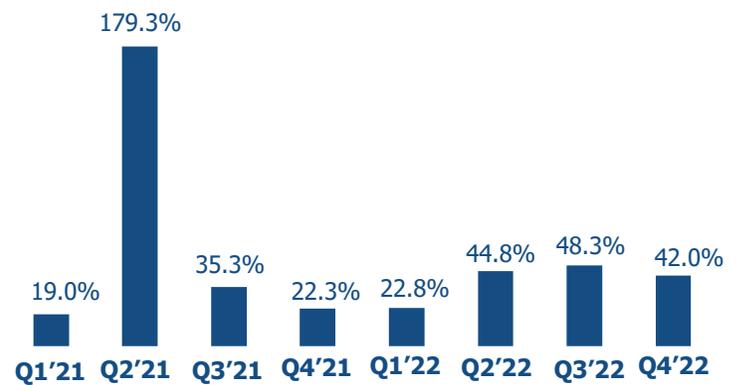
All Store Performance



Same Store Performance



All Store Performance



KFC Moldova

- Milestone of RON 5.1 mn lei in sales generated in a single quarter was reached in Q4'22 (+42% YoY).
- Sales for delivery decreased in Q4'22 2pp versus previous two Qs, standing at 29% of total sales.
- KFC Moldova closed 2022 with EBITDA of RON 2.7 mn and net profit of RON 2 mn.

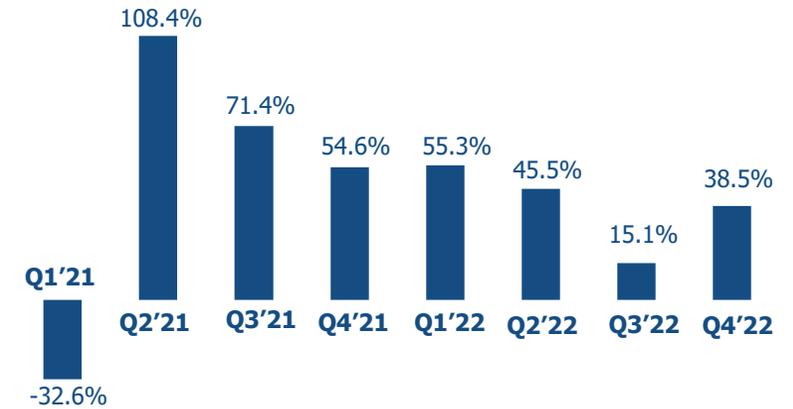


Pizza Hut & Taco Bell

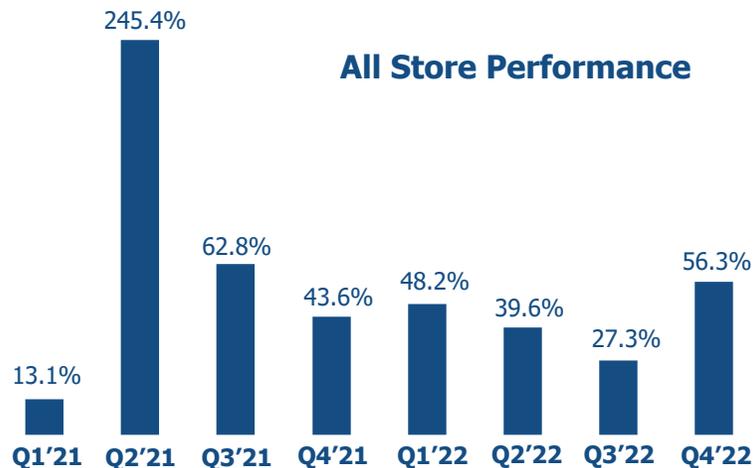
Pizza Hut

- The YoY increase dynamic took up again in Q4'22 as the brand registered 39% increase in all store performance and a 34% increase in the same store performance. In 2022, ARS opened 2 new units.
- 39% of all orders were made for delivery in Q4'22, the largest share of the Group companies.
- Pizza Hut closed 2022 with negative EBITDA of RON 5.1 mn and a normalized loss RON 12.9 mn.

All Store Performance



All Store Performance



Taco Bell

- Taco Bell's same store performance in Q4'22 registered a 46% increase YoY while all store performance appreciated 56%. In 2022, two new Taco Bell restaurants were opened.
- 27% of all orders in Q4'22 were for delivery, a 1pp QoQ increase.
- Taco Bell closed 2022 with EBITDA of RON 2.5 mn and a loss of RON 3.8 mn.

Q4 2022 Business Updates

COVID-19 & staff updates



COVID-19 updates

- **Lifting of the restrictions in all markets of activity in Q2'22:** Romania lifted all the COVID-19 restrictions as of 09.03.2022, Republic of Moldova as of 19.04.2022, and Italy as of 01.05.2022.
- **Not substantial facilities granted:** With the lifting of the COVID-19 restrictions, in Q1'22 the rent renegotiations were not substantial and as of Q2'22, there were none. Same for technical unemployment indemnities: there were limited technical unemployment grants provided in Q1'22, which amounted to RON 0.1 mn, none as of Q2'22.

Staff

- **YoY increase in number of employees:** As of 31.12.2022, the Group had 4,935 employees, out of which 4,450 in Romania, 411 in Italy and 74 in the Republic of Moldova.
- **Continuing the digitalization to simplify the sales process:** The Group continued the process of digitalizing its network through further deployment of digital kiosks to simplify the selling process as well as continued the project of hiring employees from abroad. So far, Sphera hired approx. 190 employees from Sri Lanka, with most of them currently working for USFN Romania.

Restaurant development & fiscal updates



Number of stores

- **177 restaurants operated:** SFG operated 177 restaurants as of 31.12.2022, out of which 96 KFC restaurants in Romania, 2 in Moldova and 20 in Italy, as well as 15 Taco Bell restaurants, 42 Pizza Hut restaurants (of which 22 Pizza Hut and 20 Pizza Hut Delivery), 1 PHD subfranchise and 1 Paul restaurant in Romania.
- **8 openings in 2022:** Sphera opened 8 new restaurants in 2022 (4 in Q1'22, 1 in Q2'22 and 3 in Q4'22): 4 KFC, 2 Taco Bell, 2 Pizza Hut (1 Fast Casual Delivery & 1 Express). One restaurant was closed in Q2'22 – Pizza Hut in AFI Cotroceni.
- **Closings in Q1'23:** In January 2023, two KFC stores in Italy were closed: KFC Verona Corso Milano and KFC Torino Moncalieri.

Fiscal changes

- **No more specific HORECA tax as of 01.01.2023:** HORECA tax is replaced by profit tax or tax on micro-company income, at the choice of the companies. The option must be exercised by 31.03.2023. Application norms have not been issued; therefore, uncertainties still exist with respect to the implementation of these changes that could influence the Group's option.

Capital markets updates



SFG evolution on BVB

- **Increases registered in Q4 2022 after volatile 9 months:** The total traded value on SFG shares between 01.10.2022 and 31.12.2022, was RON 5.5 mn, as 404,931 shares were traded (3.1% of the free float). SFG shares registered in Q4 2022 a positive evolution, increasing 11.6% in Q4'22.
- **SFG outperforms reference index in 2022:** In 2022, investors traded a total of 2,774,890 SFG shares (21% of free float), in total value of RON 41.8 mn. The share price evolution in 2022 outperformed the BVB reference index BET with 4pp (SFG - 6.7% vs. BET -10.7%) and BET-TR index with 1.2pp (SFG -0.65% vs. BET-TR -1.85%).

Dividend payment approved

- **Gross dividend per share of RON 0.5155:** OGMS on 20.12.2022 approved the Board of Director's proposal of dividend distribution amounting to RON 20,001,059.77 from the undistributed net profit of 2020. The ex-date for the dividend payment is 10.03.2023, record date is 13.03.2023, and the payment date is 31.03.2023.

Marketing



Pricing adaptation to the market conditions

- In the current economic climate, SFG increased the prices in December for the three brands in order to protect the bottom line and absorb the increased cost of inputs. At the same time, the Group focused on value offerings to the customer to ensure continued traffic, visits, and transactions.

KFC: Drive frequency and maximize relevance

- Building on the winter campaign “the almost-Christmas meal”, 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 Double Down 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 territory.
- We continued our effort to reinforce the “value for money” perception by communicating the Tuesday Bucket through a 360 campaign that drove traffic in the stores and by offering coupons through our mobile app.
- With the objective of offering consumers easier access to our products through click & collect, we launched a campaign with prizes in collaboration with Coca-Cola which increased active users of our mobile app
- We restarted the “I want to go to high school!” campaign where we collect donations from customers to provide financial assistance to youths from difficult backgrounds who wish to continue their education.

Marketing



Pizza Hut: Build sales and increase distinctiveness

- For the winter campaign Pizza Hut brought into focus one of its iconic products – Cheesy Bites, and added an innovation called Meaty Bites. The campaign successfully delivered sales and increased consideration by building on distinctiveness and strengthening our “best pizza” attribute.
- As a secondary layer the brand communicated value offers for the dine-in and delivery channels which resulted in same-store sales growth.
- In December 2022 Pizza Hut finalized a complex menu optimization process which was rolled out in all stores and will result in a lower cost of goods and a more efficient back-of-house operation.

Taco Bell: Drive trial and build brand

- The Mexican-inspired brand focused its communication in Q4 on product innovation by launching Double Crunchwrap, a fan favorite with a twist, which resulted in both trial by light users and increased frequency among regular users.
- Taco Bell continued its journey of building a cult brand and for its 5-year anniversary we offered prizes and discounts to both loyal customers and dedicated employees.
- The brand focused on communicating its mobile app with a rewards program on top, with the aim of making our digital assets so ownable that customers can only come to us for certain exclusive features and offers.

The digital normal

- Focusing on ease of access for our consumers who expect frictionless experiences, we continued our digital journey and communicated through digital media our “click & collect” services and ecommerce platforms, with the objective of expanding our user base and gaining repeat visits from existing users.



Annex 1: Key 2022 Financials

Summary of Q4 2022 Consolidated FS

Summary of Preliminary Consolidated Financial Statements for Q4 standalone (excluding IFRS16):

Data in RON'000	Q4-22	Q4-21	Y/Y % Q4-22/ Q4-21	% of Sales		Δ%
				Q4-22	Q4-21	
Restaurant sales	369,228	271,594	35.9%	-	-	-
Other restaurant income	-	2,627	-	-	-	-
Restaurant expenses	324,582	259,302	25.2%	87.9%	95.5%	-7.6%
Food and material	122,365	91,404	33.9%	33.1%	33.7%	-0.5%
Payroll and employee benefits	74,581	63,579	17.3%	20.2%	23.4%	-3.2%
Rent	25,692	18,847	36.3%	7.0%	6.9%	0.0%
Royalties	21,853	16,275	34.3%	5.9%	6.0%	-0.1%
Advertising	18,408	17,571	4.8%	5.0%	6.5%	-1.5%
Other operating expenses	46,883	42,440	10.5%	12.7%	15.6%	-2.9%
Depreciation and amortization	14,799	9,185	61.1%	4.0%	3.4%	0.6%
Restaurant operating profit	44,646	14,919	199.3%	12.1%	5.5%	6.6%
General & Admin expenses	16,566	12,060	37.4%	4.5%	4.4%	0.0%
Operating Profit	28,080	2,858	882.3%	7.6%	1.1%	6.6%
Finance costs	2,848	2,813	1.2%	0.8%	1.0%	-0.3%
Finance income	128	24	427.1%	0.0%	0.0%	0.0%
Profit before tax	25,360	70	36,236.5%	6.9%	0.0%	6.8%
Income tax expense	1,266	70	1,696.0%	0.3%	0.0%	0.3%
Specific Tax	651	654	-0.5%	0.2%	0.2%	-0.1%
Profit/(Loss) for the year	23,444	(655)	-	6.3%	-0.2%	6.6%
Normalized Profit/(Loss) for the year*	28,660	(655)	-	7.8%	-0.2%	8.0%
EBITDA	43,889	12,930	239.4%	11.9%	4.8%	7.1%
Normalized EBITDA*	44,383	12,930	243.3%	12.0%	4.8%	7.3%

(*) EBITDA for 2022 was normalized to exclude the provisions related to the closing of non-performing stores in amount of RON 494k. Net profit was normalized to exclude the impairment of non-current assets (RON 4,723k) and other costs related to the closing of non-performing stores (RON 494k).

Summary of 2022P Consolidated FS

Summary of preliminary Consolidated Financial Statements for FY (excluding IFRS16):

Data in RON'000	2022P	2021	Y/Y %	% of Sales		Δ%
			2022/2021	2022P	2021	
Restaurant sales	1,322,822	1,000,312	32.2%	-	-	-
Other restaurant income	1,172	2,627	-55.4%	-	-	-
Restaurant expenses	1,214,438	917,211	32.4%	91.8%	91.7%	0.1%
Food and material	457,108	327,645	39.5%	34.6%	32.8%	1.8%
Payroll and employee benefits	287,056	225,869	27.1%	21.7%	22.6%	-0.9%
Rent	94,646	72,515	30.5%	7.2%	7.2%	-0.1%
Royalties	78,803	59,987	31.4%	6.0%	6.0%	0.0%
Advertising	66,988	52,919	27%	5.1%	5.3%	-0.2%
Other operating expenses	184,560	141,735	30.2%	14.0%	14.2%	-0.2%
Depreciation and amortization	45,276	36,540	23.9%	3.4%	3.7%	-0.2%
Restaurant operating profit	109,555	85,728	27.8%	8.3%	8.6%	-0.3%
General & Admin expenses	56,389	50,537	11.6%	4.3%	5.1%	-0.8%
Operating Profit	53,166	35,192	51.1%	4.0%	3.5%	0.5%
Finance costs	13,307	8,364	59.1%	1.0%	0.8%	0.2%
Finance income	496	150	231.4%	0.0%	0.0%	0.0%
Profit before tax	40,355	26,977	49.6%	3.1%	2.7%	0.4%
Income tax expense/credit	(1,264)	(2,853)	-55.7%	-0.1%	-0.3%	0.2%
Specific Tax	2,565	2,424	5.8%	0.2%	0.2%	0.0%
Profit for the year	39,054	27,407	42.5%	3.0%	2.7%	0.2%
Normalized Profit for the year**	44,270	25,880	71.1%	3.3%	2.6%	0.8%
EBITDA	102,161	75,004	36.2%	7.7%	7.5%	0.2%
Normalized EBITDA*	102,655	73,477	39.7%	7.8%	7.3%	0.4%

(*) EBITDA for 2022 was normalized to exclude the provisions related to the closing of non-performing stores in amount of RON 494k. EBITDA for 2021 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 (RON 1,527k).

(**) Net profit for 2022 was normalized to exclude the impairment of non-current assets (RON 4,723k) and other costs related to the closing of non-performing stores (RON 494k). Net profit for 2021 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 (RON 1,527k).

Summary of 2022P Consolidated FS

(with and without IFRS 16 impact)



Summary of preliminary Consolidated Financial Statements for FY – results and evolution presented with and without IFRS 16 impact

Data in RON'000	2022P		2021		Change (%)	
	(1)	(2)	(1)	(2)	2022/2021 (1)	2022/2021 (2)
Restaurant sales	1,322,822	1,322,822	1,000,312	1,000,312	32.2%	32.2%
Other restaurant income	1,172	1,172	2,627	2,627	-55.4%	-55.4%
Restaurant expenses	1,207,065	1,214,438	915,260	917,211	31.9%	32.4%
Food and material	457,108	457,108	327,645	327,645	39.5%	39.5%
Payroll and employee benefits	287,056	287,056	225,869	225,869	27.1%	27.1%
Rent	32,109	94,646	17,058	72,515	88.2%	30.5%
Royalties	78,803	78,803	59,987	59,987	31.4%	31.4%
Advertising	66,988	66,988	52,919	52,919	26.6%	26.6%
Other operating expenses	184,450	184,560	141,735	141,735	30.1%	30.2%
Depreciation and amortization	100,551	45,276	90,046	36,540	11.7%	23.9%
Restaurant operating Profit	116,928	109,555	87,680	85,728	33.4%	27.8%
General & Admin expenses	55,572	56,389	49,947	50,537	11.3%	11.6%
Operating Profit	61,356	53,166	37,733	35,192	62.6%	51.1%
Finance costs	23,062	13,307	20,497	8,364	12.5%	59.1%
Finance income	496	496	150	150	231.4%	231.4%
Profit before tax	38,790	40,355	17,386	26,977	123.1%	49.6%
Income tax expense/(credit)	(1,725)	(1,264)	(3,701)	(2,853)	-53.4%	-55.7%
Specific Tax	2,565	2,565	2,424	2,424	5.8%	5.8%
Profit for the period	37,950	39,054	18,664	27,407	103.3%	42.5%
Normalized Profit/ for the year**	43,167	44,270	17,137	25,880	151.9%	71.1%
EBITDA	168,495	102,161	133,921	75,004	25.8%	36.2%
Normalized EBITDA*	168,988	102,655	132,394	73,477	27.6%	39.7%

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

(*) Normalized EBITDA for 2022 – excludes other provisions related to closing of stores. Normalized EBITDA for 2021 – excludes the reversal of penalties from franchisor Pizza Hut.

(**) Normalized profit for 2022 – excludes other provisions related to closing of stores and the related thereto depreciation. Normalized profit for 2021 excludes the reversal of penalties from franchisor Pizza Hut.

Breakdown of 2022P results by entity

Breakdown of consolidated results by Group companies in 2022 (excluding IFRS 16 Impact):

	2022							
Data in RON'000	USFN (RO)	ARS	USFN (MD)	USFN (IT)	CFF	SFG	Cons. Adj.	SFG Cons
Restaurant sales	946,881	122,918	17,393	166,335	69,303	35,080	(35,088)	1,322,822
Dividends revenue	-	-	-	-	-	50,502	(50,502)	-
Other restaurant income	1,172	-	-	-	-	-	-	1,172
Restaurant expenses	839,637	125,544	14,739	168,023	66,908	-	(414)	1,214,438
Food and material	342,281	36,515	7,783	46,659	23,870	-	-	457,108
Payroll and employee benefits	195,704	33,989	2,287	39,077	16,000	-	-	287,056
Rent	63,345	11,337	995	13,614	5,355	-	-	94,646
Royalties	56,374	7,272	1,045	9,929	4,184	-	-	78,803
Advertising	45,951	6,750	506	10,717	3,452	-	(389)	66,988
Other operating expenses	114,770	24,803	1,797	32,312	10,883	-	(5)	184,560
Depreciation	21,212	4,878	326	15,716	3,163	-	(20)	45,276
Restaurant operating profit/(loss)	108,415	(2,626)	2,654	(1,688)	2,395	85,582	(85,176)	109,555
G&A expenses	31,782	8,032	305	11,001	3,180	40,641	(38,550)	56,389
Operating profit/(loss)	76,633	(10,658)	2,349	(12,689)	(785)	44,941	(46,626)	53,166
Finance costs	9,792	1,059	87	2,965	1,844	2,913	(5,353)	13,307
Finance income	4,033	8	-	1	-	1,807	(5,353)	496
Profit/(Loss) before tax	70,874	(11,709)	2,262	(15,653)	(2,628)	43,835	(46,626)	40,355
Income tax expense	631	724	297	(4,289)	908	464	-	(1,264)
Specific tax expense	1,629	719	-	-	217	-	-	2,565
Profit/(Loss) for the period	68,614	(13,153)	1,966	(11,364)	(3,753)	43,370	(46,626)	39,054
Normalized Profit/(Loss) for the period**	68,614	(12,869)	1,966	(6,432)	(3,753)	47,392	(50,648)	44,270
EBITDA	99,817	(5,117)	2,712	3,206	2,548	45,648	(46,653)	102,161
Normalized EBITDA*	99,817	(5,117)	2,712	3,700	2,548	49,670	(50,675)	102,655

(*) Normalized EBITDA for 2022 – excludes other provisions related to closing of stores. At individual level, normalized EBITDA for 2022 excludes the impairment loss for the investment in ARS (4,022) registered in SFG.

(**) Normalized profit for 2022 – excludes other provisions related to closing of stores and the related thereto depreciation.

Overview of the 2022P G&A expenses

(with and without IFRS 16 impact)

	Data in RON '000				Change (%)		Percentage of sales			
	2022P (1)	2022P (2)	2021 (1)	2021 (2)	2022/ 2021 (1)	2022/ 2021 (2)	2022 (1)	2022 (2)	2021 (1)	2021 (2)
General and administration (G&A) expenses	55,572	56,389	49,947	50,537	11.3%	11.6%	4.2%	4.3%	5.0%	5.1%
Payroll and employee benefits	36,488	36,488	30,374	30,374	20.1%	20.1%				
Third-party services	7,210	7,210	5,925	5,925	21.7%	21.7%				
Depreciation and amortization	6,588	3,720	6,142	3,272	7.3%	13.7%				
Rent	264	3,949	357	3,816	-26.1%	3.5%				
Banking charges	773	773	4,122	4,122	-81.2%	-81.2%				
Transport	1,203	1,203	781	781	53.9%	53.9%				
Other*	3,047	3,047	2,246	2,246	35.6%	35.6%				

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.

Starting 1st of January 2022, the banking charges related to the POS commissions, in amount of 4,506 in 2022 are presented within Other operating expenses category, being directly related to the operating sales activity. In 2021, these banking charges in amount of 2,262 were presented within General and administrative expenses category.



SFG 2023 Financial Calendar

- 27.04.2023 – Annual GSM
- 15.05.2023 – Q1 2023 Results
- 15.05.2023 – Q1 2023 Results Call
- 30.08.2023 – H1 2023 Results
- 30.08.2023 – H1 2023 Results Call
- 15.11.2023 – Q3 2023 Results
- 15.11.2023 – Q3 2023 Results Call

Thank you!

For any follow-up questions related to Sphera Franchise Group's activity on the Bucharest Stock Exchange, please contact **Zuzanna Kurek**, IRO at: investor.relations@spheragroup.com.