

Independent Limited Assurance Report on the information included in the current reports issued by the Company in accordance with requirements of Law 24/2017 (Article 82) and Regulation no. 5/2018

To the management of the Sphera Franchise Group S.A

We were engaged by the **Sphera Franchise Group S.A.** (hereinafter “the Company”) to perform certain procedures in accordance with Regulation no. 5/2018 of Financial Supervisory Authority (“ASF”) with all its subsequent amendments and updates and report on the information included in the attached current report (hereinafter “Reporting Schedule”) (dated 4 July 2018) that have been prepared by the Company in accordance with the requirements of the Law 24/2017 (Article 82) (“ the criteria”) to report to the Financial Supervisory Authority (“FSA”) and to the Bucharest Stock Exchange for the period from 1 July 2018 to 31 December 2018. The Reporting Schedules have been prepared by the Company based on legal documents signed by the Company with its administrators, employees and significant shareholders as well as with the persons related to them. The Reporting Schedules are the responsibility of the Company’s management. Our procedures have been performed exclusively on the Reporting Schedules mentioned above covering the period 1 July 2018 to 31 December 2018.

Specific Purpose

This report is intended solely for the purposes specified in the first paragraph above and for your information and must not be used for any other purpose. The report refers exclusively to the Reporting Schedules and must not be associated with any Company’s financial statements as a whole. Our procedures have been performed exclusively on the contracts signed during the period 1 July 2018 to 31 December 2018.

Management’s Responsibilities

The Company’s management is responsible for the preparation of the Reporting Schedules in accordance with the requirements of the Law 24/2017 (Article 82) (“ the criteria”). In particular, the Company’s management is responsible for internal controls being designed and implemented to prevent the Reporting Schedules from being materially misstated.

In addition, the Company’s management is responsible for ensuring that the documentation provided to the auditor is complete and accurate. The Company’s management is also responsible for maintaining the internal control system that reasonably ensures that the documentation described above is free from material misstatements, whether due to fraud or error.

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Auditor's Responsibilities

We conducted our assurance engagement in accordance with International Assurance Standards, particularly ISAE 3000 (revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", as adopted by the Chamber of Financial Auditors in Romania. These regulations require that we comply with ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Reporting Schedules.

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 in law or regulation.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, 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. 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 Reporting Schedules.

The assurance engagement performed represents a limited assurance engagement. 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 lower.

In respect of the Reporting Schedules of the Company we have performed the following procedures:

- 1) We have obtained the attached Reporting Schedule from the Company and agreed that the signatures on the Reporting Schedule are those of relevant representatives of the Company and we have undertaken a comparison of the details required to be included in the Reporting Schedule as indicated in Law 24/2017 (Article 82) to the information actually included by the Company.

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- 2) We have compared details, for the individual contracts/agreements we have considered, as detailed in this Report, to determine if the content of the Reporting Schedules is consistent, in all material respects, with information as per signed contracts and agreements 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 by the Company. As applicable, our procedures have compared Reporting Schedules to the contract and agreement documentation for consistency of details on: the parties which signed the legal document; the date when documentation was signed and the nature of the documentation; the description of the type of goods/services as indicated in the documentation; the total value of the contract/agreement documentation, and, as applicable, contract related terms and conditions.
- 3) We have compared details disclosed in the Reporting Schedule for consistency with the information provided to us from discussion with management and to the extent indicated in contract/agreement documentation, in relation to the basis and nature of the contract/agreement entered into by the parties.
- 4) From discussions with the management and from perusal of Company policies and procedures provided to us, we have considered the consistency of the transactions performed with administrators, employees and significant shareholders, as well as with persons related to them with the Company's policies and procedures.
- 5) To the extent that there is a market price for the goods or services provided by administrators, employees and significant shareholders, as well as with persons related to them, we have discussed the basis for the price agreement and considered if, to the extent applicable, the prices agreed are consistent with that used for third (other) parties, where similar goods or services could be provided. To the extent that no market prices are available, we have analyzed if the transactions have been performed based on the signed approved contracts.

Our procedures have been performed only on the contracts included in the attached Reporting Schedule, that have been concluded/modified during 1 July 2018 to 31 December 2018 and that have an estimated value during the reporting period above 50,000 Euros. We have not performed any procedures to verify whether the Reporting Schedule include all the transactions and details that the Company has to report according to Article 82 of Law 24/2017 for the reporting period.

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Conclusion

Based on the procedures performed and evidence obtained, as described above, regarding the legal documents which are included in the Reporting Schedules, nothing has come to our attention that causes us to believe that:

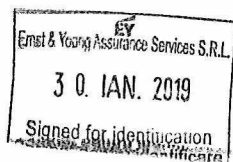
- a) The details as indicated in the Reporting Schedule are not in accordance with the related contracts/agreements presented to us.
- b) The details in the Reporting Schedules are not, in all material respects, consistent with the requirements of the legislation. Please note that the current Reporting Schedule differs from the one published on 4 July 2018, as it includes the name and function of the persons empowered to sign this report.
- c) The related contracts/agreements provided to us were not properly authorized by representatives of the Company.
- 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 in the respective contracts signed between the parties.
- e) The terms and conditions of the contracts reported by the Company under which transactions have been completed with administrators, employees, significant shareholders, as well as with the persons related to them, are not established on the basis of the contracts signed by the Company according to the type of services and to other terms and conditions agreed between the parties.

Our report is solely for the purpose set forth in the first paragraph of this Report and for your information and is not to be used for any other purpose.

This Report relates only to the Reporting Schedule as mentioned above and does not extend to any other reports of the Company, individually or taken as a whole.

On behalf of
Ernst & Young Assurance Services SRL

Alina Dimitriu
Partner



30 January 2019
Bucharest, Romania

Attachment

1. Reporting Schedule

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CURRENT REPORT

Pursuant to Law no. 24/2007 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, as subsequently amended and supplemented, and pursuant to the provisions of article 99 of the Bucharest Stock Exchange Code, Title II, Issuers and Financial Instruments

Report date: 4-Jul-2018
Name of the issuing entity: Sphera Franchise Group SA
Statutory seat: Bucharest, Romania
Visiting address: Bucharest, 239 Dorobanti Ave., 2nd Floor, 1st 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 581,990,000
Number of shares in issue: 38,799,340
Number of listed shares: 9.831,753
Regulated market on which the issued securities are traded: Bucharest Stock Exchange, Main Segment, Category Premium (Shares)
Symbol: SFG

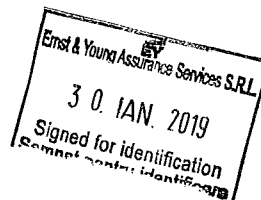
SIGNIFICANT EVENTS TO REPORT

Report of legal acts Sphera Franchise Group SA entered into on June 29th, 2018, according to the provisions of the Law no. 24/2017 and FSA Regulation no. 5/2018.

Contact details:

Investor Relations

E-mail: investor.relations@spheragroup.com

**TACO BELL**

Annex 1

Report of legal acts Sphera Franchise Group SA concluded in June 29th, 2018, according to the provisions of the Law no. 24/2007 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, as subsequently amended and supplemented

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
	Debtor	Creditor							CCY	Amount		Term	Payment method		
1	SPHERA FRANCHISE GROUP S.A.	US FOOD NETWORK S.A.	August 25 th , 2017	5 years	June 29 th , 2018	5 years	Addendum no.3/June 29 th , 2018 to the Loan Agreement/ August 25 th , 2017	Supplementing the Principal Amount	EUR	13,000,000	N/A	5 years	payment order	N/A	4% per annum
2	US FOOD NETWORK S.r.l. (Italy)	SPHERA FRANCHISE GROUP S.A.	September 12 th , 2017	1 year	June 29 th , 2018	1 year	Addendum no.1/June 29 th , 2018 to the Loan Agreement/September 12 th , 2017	Supplementing the Principal Amount	EUR	10,000,000	N/A	1 year	payment order	N/A	4% per annum
3	CALIFORNIA FRESH FLAVORS S.R.L.	SPHERA FRANCHISE GROUP S.A.	June 29 th , 2018	5 years	N/A	N/A	Loan agreement for financing the current business of the Debtor	N/A	EUR	600,000	N/A	5 years	payment order	N/A	4% per annum

Cristian OSIAC

Chairman of the Board of Directors

Mark HILTON

Chief Executive Officer

