

CURRENT REPORT

Pursuant to Regulation no. 5/2018 on issuers of financial instruments and market operations, issued by the Financial Supervisory Authority

Report date:	24.03.2020
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

MEASURES ADOPTED BY MANAGEMENT TO CONTAIN THE IMPACT OF CORONAVIRUS EPIDEMIC CRISIS

Following the Romanian Government's measures to close restaurant activities and restrict the circulation of individuals in order to contain the coronavirus epidemic, Sphera's management would like to announce the following information with significant impact on its current business:

1) Status of the active business

As a result of the gradual closing of the stores, Sphera's consolidated restaurant sales have dropped by approximately 33% Y/Y during the March 1-22 period and by approximately 75% Y/Y during the March 16-22 period.

Romania

A number of 35 KFC stores have been initially closed starting March 18, which have been increased to 53 starting March 23 (after the Government decided the closure of all commercial centers). As a result, as of March 23, there are 29 KFC stores operating only through their Drive-Thru and Delivery channels (15 Drive-Thru, 8 Street, 6 Foodcourt).

All 23 Pizza Hut Dine-in stores have been closed starting March 18. As many as 15 out of the 22 Pizza Hut Delivery stores are operational.

All 10 Taco Bell stores have been closed starting March 18.

Italy

All 16 KFC Italy stores have been closed starting March 12.

Moldova

Both two KFC restaurants are closed but we are providing delivery services from one store.

2) Measures to contain the impact of the coronavirus epidemic crisis on the business

A crisis management structure has been established at the Sphera Group level to identify and implement all the necessary measures in order to maintain the viability of the group and its business lines.

It has also been agreed that the Board of Directors of Sphera convene as often as necessary (but at least once a week) to review and approve the measures proposed by the management.

As of March 23, the key critical measures implemented or on course of implementation are the following:

- 1) Sending all restaurant staff in technical unemployment, which will be fully supported by the Romanian Government up to a level of 75% of the average national salary, effective March 23. For salaries that exceed the average national salary, the group will support the difference. This measure applies to all closed restaurants and restaurants with significantly diminished activity.
- 2) Reducing the working schedule of the non-critical headquarter staff from 5 to 4 working days/week effective March 23 and sending them in technical unemployment starting April 1. For salaries that exceed the average national salary, the group will support the difference from what is being supported by the Romanian Government.
- 3) Ongoing negotiations with all landlords in which Sphera stores are located with the purpose of reducing the rent expense. To this end, the Group has already obtained certificates of *force majeure* issued by the Romanian authorities will be used to either suspend or reduce the rent payments over the following period.
- 4) Ongoing negotiations with all other suppliers of services in order to suspend or significantly reduce the fees for their services rendered to Sphera group.
- 5) Ongoing discussion with banks for increasing available liquidity to the Group, in the event the current crisis will extend for a longer period.
- 6) Freeze/delay all new-store development projects except four (two in Romania, two in Italy) which are in an advanced stage of finalization.

On the basis of these measures and taking into account the current business environment, Sphera's management considers that it has sufficient liquidity to ensure the group's solvability in the following months and to finance the gradual resumption of the business as the market conditions improve.

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