

CURRENT REPORT 25/2021

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	13.08.2021
Name of the Company	Sphera Franchise Group SA
Registered Office	Bucharest, Romania
Address	Calea Dorobanților nr. 239, 2nd floor, Bucharest sector 1
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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: Update to the Restaurant Development Plan for Pizza Hut Romania

The management of Sphera Franchise Group SA (the "Group") informs the investors about the successful closing of the negotiations regarding the restaurant development plan between the franchisor, YUM! and American Restaurant Systems ("ARS"), the Group's subsidiary that holds the franchise rights to operate Pizza Hut and Pizza Hut Delivery brands in Romania.

The original restaurant rollout plan as agreed between YUM! and ARS, applicable for period 2017-2021, considered opening of 8 new restaurants in 2020 and 9 new restaurants in 2021, in Romania.

During the renegotiations, the parties have agreed on a minimum net new unit target (base tier) for the period 2021- 2023. The new minimum net unit target as agreed by the parties is as follows:

- 3 new Pizza Hut restaurants in 2021;
- 3 new Pizza Hut restaurants in 2022;
- 4 new Pizza Hut restaurants in 2023.

All net new units shall be fast-casual delivery outlets, however out of the new restaurants, ARS will be permitted to open 1 express outlet in 2021, 1 express outlet in 2022, and no more than 2 express outlets in 2023.

ARS will also benefit of progressive financial incentives, depending on the number of net new restaurants being opened. For each new net restaurant that exceeds the base tier, ARS will benefit of additional financial incentives. Due to the confidentiality of the agreement with YUM!, the Company cannot disclose the total value of the financial incentives negotiated.

In terms of the initial franchise fees for years 2019 and 2020 related to the previous development plan as well as accrued penalties for not meeting the minimum target for new Pizza Hut restaurants from 2019, the parties agreed to use these amounts in entirety as a reinvestment credit, which will be deployed into development of the Pizza Hut and Pizza Hut Delivery network in Romania.

CHIEF EXECUTIVE OFFICER

Calin Ionescu

CHIEF FINANCIAL OFFICER

Valentin Budes



TACO BELL