

To:

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

CURRENT REPORT 08/2024

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	29.02.2024
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: 2023 Preliminary financial results

Q4 2023 brought another quarter of historical sales for Sphera Franchise Group S.A. (hereinafter referred to as the "Group"), as the Group reported another best quarter in history in terms of overall sales, registering revenues of RON 394.4 million, a 6.8% year-on-year increase versus RON 369.2 million generated in Q4 2022. It is important to underline that, as previously reported, as of Q2 2023, Sphera registers more moderate, single digit YoY growth rates. These rates are reflective of pre-pandemic growth levels and indicate the consolidation of the Group's network across the three markets, with the principal focus of the management being on profit margins.

Romania contributed RON 340 million to the Q4 2023 turnover, bringing in 86.2% of the total sales as the revenues registered a 7.7% YoY increase. Italy brought RON 48.8 million, 12.4% of total revenues, with sales registering a 0.6% YoY increase, while the Republic of Moldova contributed RON 5.6 million, amounting to 1.4% of revenues and an 9.9% appreciation in sales. At the level of the brands, in Q4 2023, KFC saw a 9% increase in sales, generating RON 343.3 million, while Taco Bell grew 13.3% to RON 22.6 million. Pizza Hut sales declined 16.6% to RON 28.6 million. Pizza Hut's network reorganization program formally began in Q3 2023 with the aim to optimize costs, increase the agility of the brand and improve profitability indicators, therefore having a moderate impact on the Q4 2023 topline evolution.

The gross profit for the quarter of RON 40.1 million registered a 58.1% YoY increase, and the net profit for the period of RON 36.3 million increased 54.9% YoY. Excluding the impact of the one-offs, the normalized gross profit for the period amounted to RON 40.7 million, a 33% YoY increase, the normalized net profit was RON 36.9 million, a 28.7% increase, while the normalized EBITDA was RON 53.2 million, a 19.9% YoY increase.

The continued strong performance in Q4 2023 contributed to significantly improved results generated by the Group in 2023, particularly the overall profitability. The Group ended 2023 with another record high result, registering RON 1,469.2 million in restaurant sales, an 11.1% increase compared to RON 1,322.8 million generated in 2022. The restaurant expenses increased at a slower pace than sales, growing 7.8% YoY, from RON 1,214.4 million in 2022 to

RON 1,309.6 million in 2023, also reducing their weight in sales with almost 3pp, reaching 89.1% of sales in 2023 versus 91.8% in 2022.

All cost categories saw small to moderate YoY increases, with food and material expenses increasing 4.9% to RON 479.4 million, lower than the inflation rate for food products registered at the national level in 2023.

Attributable to an effective pricing strategy, internal cost-control measures, and higher sales volumes, the Group reported a restaurant operating profit of RON 159.6 million in 2023, reflecting a 45.7% YoY increase. The G&A increased 11.1% YoY to RON 62.7 million maintaining the same weight in sales as in 2022, of 4.3%. Consequently, the operating profit for the period was RON 96.9 million, an 82.3% YoY increase compared to RON 53.2 million generated in 2022.

The net finance costs decreased 18.7% YoY to RON 10.4 million for 2023 vs. RON 12.8 million for 2022. Consequently, the gross profit for 2023 amounted to RON 86.5 million, more than double versus RON 40.4 million registered in 2022. As the income tax expense amounted to RON 14.4 million in 2023, the bottom-line ended at RON 72.1 million for 2023, versus RON 39.1 million in 2022, reflecting an 84.6% increase.

Excluding the impact of one-off costs, due primarily to the stores closing, the normalized net profit for the 2023 amounted to RON 79.8 million, an 80.3% YoY increase. The normalized EBITDA was RON 147.9 million, a 44.1% YoY increase.

Data presented above is excluding the impact of IRFS 16 adoption.

Investor Call

The conference call for presenting the preliminary condensed financial results (unaudited) as of December 31st, 2023, will take place on February 29th, 2024. The Group will organize two calls – one in English, at 15:00 local time (14:00 CET | 13:00 UK), and another one in Romanian, at 16:00 local time. The call is open to all the stakeholders. The conference call will take place on [Microsoft Teams](#), and the call log-in details are provided below:

SFG 2023 Preliminary Results Call in English

29.02.2024, 15:00 hrs EET | [Click here to join the meeting](#)

Meeting ID: 328 203 227 390 | Passcode: K8GFaS | [Add to Google Calendar](#) | [Add to Outlook Calendar](#)

SFG 2023 Preliminary Results Call in Romanian

29.02.2024, 16:00 hrs EET | [Click here to join the meeting](#)

Meeting ID: 344 825 474 161 | Passcode: cJy8TD | [Add to Google Calendar](#) | [Add to Outlook Calendar](#)

Report Availability

The Group's preliminary condensed consolidated financial statements for the twelve-month period ended December 31st, 2023 (unaudited), accompanied by the Director's Report, are available on the company's website, www.spheragroup.com, in the Investor Relations section, on the website of the Bucharest Stock Exchange, www.bvb.ro, as well as are attached to this Report.

CHIEF EXECUTIVE OFFICER

Călin Ionescu

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Valentin Budeș