

To:

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

CURRENT REPORT 11/2024

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	25.03.2024
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: 2024 Revenue and Expense budget estimates

The management of Sphera Franchise Group S.A. (hereinafter referred to as the "Group") informs the market about the Revenue and Expense Budget for fiscal year 2024. The budget was approved by the Board of Directors of the Group and will be subject to approval in the annual Ordinary General Meeting of Shareholders, which will take place on 26.04.2024.

Revenue and Expense Budget for 2024

Indicator	Budget 2024		2023		Budget 2024 vs Anul 2023 %
	RON millions	% Sales	RON millions	% Sales	
RON millions (mn)					
Restaurant Sales (*)	1,648.9	100.0%	1,469.2	100.0%	12.2%
Other Income	-	-	-	-	-
Food and Material	528.4	32.0%	479.4	32.6%	10.2%
Restaurant Gross Margin	1,120.5	68.0%	989.8	67.4%	13.2%
Restaurant Operational Expenses	867.1	52.6%	783.3	53.3%	10.7%
Restaurant Operating Profit	253.4	15.4%	206.5	14.1%	22.7%
G&A expenses	63.5	3.9%	58.5	4.0%	8.6%
EBITDA (normalized, excluding IFRS 16 impact) (*)	189.8	11.5%	147.9	10.1%	28.3%
Normalized Net Profit for the year (*)	95.7	5.8%	79.7	5.4%	20.1%
Free Cash Flow ¹⁾ (*)	116.8		108.7		7.4%

(*) Financial indicators included in Sphera Franchise Group S.A. Remuneration Policy relevant for variable remuneration calculation.

1) Free Cash Flow = EBITDA - Δ Working Capital - Investments

The Group estimates the cash position available at the end of 2024 to be around RON 60 million, while the bank debt is estimated to be around RON 160 million with a net bank debt of RON 100 million.

The budget proposal above is based on information available at the time of the publishing this report, under presumption of a normal course of business and considering that the yearly average inflation will be around 6% in 2024. The budget also takes into consideration the increase of the minimum wage starting with January 2024. Regarding the restaurant sales, the Group estimates that the sales will increase with 12% compared to 2023, due to a combined effect of same stores sales growth and new stores sales. In 2024, the split of revenue between the traditional and delivery channels will be comparable to that from 2023, with delivery channel representing estimated 17% of sales. In respect to restaurant operational expenses, the assumed increase of food and material costs in 2024 is estimated to be below the increase in sales. The costs of labor will match the ramp-up of the sales throughout the year, similar to how the Group managed it in 2023. Energy cost is assumed to be predictable and in line with the expenses registered in 2023. The weight of the normalized G&A expenses in total sales in 2024 shall be lower than in 2023, due to inelasticity of these costs in relation with activity volume increase. The company aims to achieve a normalized net profit higher with 20% than in 2023, of RON 95.7 million, with the growth being above the estimated increase in sales (+12%).

In terms of development, the Group plans to open 6 KFC restaurants in Romania. The company will focus also on store remodeling and on the implementation of digital solutions. The total estimated CAPEX for 2024 is around RON 69 million.

Taking into consideration all the aspects mentioned above, the Group estimates an increase in free cash flow of 7.4% versus the result from 2023.

CHIEF EXECUTIVE OFFICER

Călin Ionescu

CHIEF FINANCIAL OFFICER

Valentin Budeş