

To:

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

CURRENT REPORT 37/2020

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 | 15.12.2020 |
| 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 | 581,990,000 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: Availability of the unaudited interim condensed separate financial statements for the six-month period ended 30 June 2020

Sphera Franchise Group SA informs the shareholders and investors about the availability of the unaudited interim condensed separate (individual) financial statements for Sphera Franchise Group SA for the six-month period ended 30 June 2020.

The separate financial statements for Sphera Franchise Group SA 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

Calin Ionescu

CHIEF FINANCIAL OFFICER

Valentin Budes



SPHERA FRANCHISE GROUP SA

**INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS
(UNAUDITED)**

As of and for six-month period ended 30 June 2020

Prepared in accordance with Order of the Ministry of Public Finance
no. 2844/2016 approving the accounting regulations
compliant with the International Financial Reporting Standards

SPHERA FRANCHISE GROUP SA
INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS (UNAUDITED)
Prepared in accordance with Order of the Ministry of Public Finance no. 2844/2016
30 June 2020
All amounts in RON thousand, unless specified otherwise

INTERIM CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 (UNAUDITED)

| | | Six-month period ended | |
|--|------|-----------------------------|-----------------------------|
| | Note | 30 June 2020 | 30 June 2019 |
| | | <u> </u> | <u> </u> |
| Revenues | | | |
| Dividend revenues | 7 | - | 51,239 |
| Revenue from service contracts | 7 | 12,299 | 13,402 |
| Total revenues | | <u>12,299</u> | <u>64,641</u> |
| Expenses | | | |
| Payroll and employee benefits* | | 11,117 | 11,473 |
| Other expenses | 3 | 3,730 | 3,668 |
| Total expenses | | <u>14,847</u> | <u>15,141</u> |
| Operating profit/(loss) | | <u>(2,548)</u> | <u>49,500</u> |
| Finance costs | | 873 | 1,008 |
| Finance income | | 1,000 | 886 |
| Profit/(Loss) before tax | | <u>(2,421)</u> | <u>49,378</u> |
| Income tax | | 192 | (204) |
| Profit/(Loss) for the period | | <u>(2,613)</u> | <u>49,582</u> |
| Total comprehensive income for the period, net of tax | | <u>(2,613)</u> | <u>49,582</u> |

* Payroll and employee benefits were netted off by (443) representing technical unemployment indemnity recovered by the Company as part of the supportive measures for the employee-related costs granted by the Romanian Government to the companies affected by a temporary reduction and/or interruption of activity due to COVID-19 pandemic.

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Prepared in accordance with Order of the Ministry of Public Finance no. 2844/2016
30 June 2020
All amounts in RON thousand, unless specified otherwise

**INTERIM CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020
(UNAUDITED)**

| | 30 June 2020 | 31 December 2019 |
|---------------------------------------|-------------------------|-----------------------------|
| Assets | | |
| Non-current assets | 612,283 | 593,368 |
| Property, plant and equipment | 2,476 | 2,521 |
| Right-of-use assets | 5,365 | 5,963 |
| Intangible assets | 95 | 138 |
| Investments in subsidiaries | 596,704 | 576,704 |
| Trade and other receivables | 6,836 | 7,043 |
| Deferred tax assets | 807 | 999 |
| Current assets | 64,210 | 91,197 |
| Inventories | 12 | - |
| Trade and other receivables | 61,526 | 71,566 |
| Prepayments | 235 | 398 |
| Cash and short-term deposits | 2,437 | 19,233 |
| Total assets | 676,493 | 684,565 |
| Equity and liabilities | | |
| Equity | | |
| Issued capital | 581,990 | 581,990 |
| Legal reserve | 3,607 | 3,607 |
| Retained earnings | 27,768 | 44,061 |
| Total equity | 613,365 | 629,658 |
| Non-current liabilities | 39,356 | 38,423 |
| Interest-bearing loans and borrowings | 34,651 | 33,331 |
| Lease liabilities | 4,705 | 5,092 |
| Current liabilities | 23,771 | 16,484 |
| Interest-bearing loans and borrowings | 7,943 | 3,778 |
| Lease liabilities | 993 | 1,140 |
| Trade and other payables | 14,835 | 11,566 |
| Total liabilities | 63,127 | 54,907 |
| Total equity and liabilities | 676,493 | 684,565 |

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INTERIM CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 (UNAUDITED)

| | <u>Issued capital</u> | <u>Share premium</u> | <u>Legal reserves</u> | <u>Retained earnings</u> | <u>Total equity</u> |
|-----------------------------------|-----------------------|----------------------|-----------------------|--------------------------|---------------------|
| As at 1 January 2020 | 581,990 | - | 3,607 | 44,061 | 629,658 |
| Profit/(loss) for the period | - | - | - | (2,613) | (2,613) |
| Total comprehensive income | - | - | - | (2,613) | (2,613) |
| Dividends | | | | (13,679) | (13,679) |
| As at 30 June 2020 | 581,990 | - | 3,607 | 27,768 | 613,365 |
| | <u>Issued capital</u> | <u>Share premium</u> | <u>Legal reserves</u> | <u>Retained earnings</u> | <u>Total equity</u> |
| As at 1 January 2019 | 581,990 | (580) | 1,990 | 27,933 | 611,333 |
| Profit for the period | - | - | - | 49,582 | 49,582 |
| Total comprehensive income | - | - | - | 49,582 | 49,582 |
| Transfer to share premium | - | 580 | | (580) | - |
| Dividends | | | | (13,673) | (13,673) |
| As at 30 June 2019 | 581,990 | - | 1,990 | 63,262 | 647,242 |

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Prepared in accordance with Order of the Ministry of Public Finance no. 2844/2016
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INTERIM CONDENSED SEPARATE STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 (UNAUDITED)

| | Six-month period ended | |
|--|-------------------------------|---------------------|
| | 30 June 2020 | 30 June 2019 |
| Operating activities | | |
| Profit/(loss) before tax | (2,421) | 49,378 |
| Adjustments to reconcile profit/(loss) before tax to net cash flows: | | |
| Dividend revenue | - | (51,239) |
| Depreciation and amortization of property, plant and equipment, right-of-use and intangible assets | 915 | 853 |
| Net foreign exchange differences | 145 | 141 |
| Finance income | (1,000) | (886) |
| Finance costs (interest) | 817 | 838 |
| Working capital adjustments: | | |
| Decrease in trade and other receivables, small inventories and prepayments | (4,937) | (2,350) |
| Increase/(Decrease) in trade and other payables | 3,277 | (525) |
| Dividends received | - | - |
| Interest paid | (388) | (335) |
| Net cash flows from operating activities | (3,592) | (4,125) |
| Investing activities | | |
| Purchase of property, plant and equipment and intangible assets | (228) | (48) |
| Loans to related parties | (3,452) | (5,543) |
| Net cash flows used in investing activities | (3,681) | (5,591) |
| Financing activities | | |
| Proceeds from borrowings | 6,000 | - |
| Repayment of borrowings | (1,267) | (938) |
| Payment of lease liabilities | (568) | (283) |
| Dividends paid | (13,687) | - |
| Net cash flows used in financing activities | (9,522) | (1,222) |
| Net increase in cash and cash equivalents | (16,796) | (10,938) |
| Cash and cash equivalents at 01 January | 19,233 | 19,939 |
| Cash and cash equivalents at 30 June | 2,437 | 9,001 |

NOTES TO THE INTERIM SEPARATE FINANCIAL STATEMENTS AS AT AND FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2020 (UNAUDITED)

1 REPORTING ENTITY

These interim condensed separate financial statements are prepared by Sphera Franchise Group SA.

Sphera Franchise Group SA ("Sphera" or "the Company") was incorporated on 16 May 2017 as a joint stock company and is registered at No. 239 Calea Dorobanti, Bucharest, Romania. The Company renders management and support services such as marketing, project management and store network development, sales support, human resources and other services to its subsidiaries. Sphera Franchise Group SA is listed on Bucharest Stock Exchange under the symbol "SFG".

Sphera Franchise Group SA together with its subsidiaries are referred hereinafter as "SFG" or "the Group". The Group operates quick service and takeaway restaurant concepts (a chain of 99 restaurants) under the Kentucky Fried Chicken ("KFC"), spread across Romania as well as in the Republic of Moldova and in Italy. The Group also operates a chain of pizza restaurants (23 restaurants as at 30 June 2020) as well as pizza delivery points (21 locations as at 30 June 2020) under the Pizza Hut ("PH") and Pizza Hut Delivery ("PHD") brands, spread across Romania, one chain of restaurants under the "Taco Bell" brand (10 restaurants as at 30 June 2020) and one restaurant under Paul brand, in Romania.

2 BASIS OF PREPARATION OF THE INTERIM CONDENSED SEPARATE FINANCIAL STATEMENTS

The interim condensed separate unaudited financial statements of Sphera Franchise Group SA as of and for the six-month period ended 30 June 2020 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed separate financial statements have been prepared on a historical cost basis and are presented in Romanian Lei ("RON"). All values are rounded to the nearest thousand RON, except when otherwise indicated; accordingly, there may be rounding differences.

The interim condensed separate financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual separate financial statements as at 31 December 2019.

The interim condensed separate financial statements for six-month period ended 30 June 2020 included in this report are unaudited.

General accounting policies

The accounting policies and valuation methods adopted in the preparation of the interim condensed separate financial statements are consistent with those followed in the preparation of the Company's annual separate financial statements for the year ended 31 December 2019.

The amendments effective since 1 January 2020 do not have a material effect on the Company's interim condensed separate financial statements.

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 All amounts in RON thousand, unless specified otherwise

Foreign currencies

The exchange rate RON – EUR as at 30 June 2020 and 31 December 2019 were:

| | 30 June 2020 | 31 December 2019 |
|-----------|-------------------------|-----------------------------|
| RON – EUR | 4.8423 | 4.7793 |
| RON – USD | 4.3233 | 4.2608 |

3 OTHER EXPENSES

| | Six-month period ended | |
|-------------------------------|-------------------------------|---------------------|
| | 30 June 2020 | 30 June 2019 |
| Third-party expenses | 1,183 | 1,703 |
| Advertising and sponsorship** | 934 | 92 |
| Depreciation and amortization | 915 | 853 |
| Travel expenses | 187 | 440 |
| Office supplies | 126 | 197 |
| Insurance | 135 | 141 |
| Other taxes | 91 | 52 |
| Rent*** | (1) | 40 |
| Banking charges | 24 | 20 |
| Maintenance & Repairs | 53 | 39 |
| Utilities | 26 | 29 |
| Miscellaneous expenses | 57 | 63 |
| Total other expenses | 3,730 | 3,668 |

**Including the value of sponsorship of 484 granted to Romania Red Cross organisation for acquiring medical equipment

***Including the impact of rent discounts of (80) related to the COVID-19 pandemic, recognised in accordance with requirements of the amendment to IFRS 16 Leases, *Covid-19-Related Rent Concessions*

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4 INVESTMENTS IN SUBSIDIARIES

Details of the carrying value of investments in subsidiaries as of 30 June 2020 are as follows:

| <u>Company name</u> | <u>Country of in- corporation</u> | <u>Field of activity</u> | <u>Share interest per- cent</u> | <u>Carrying value</u> |
|------------------------------------|---------------------------------------|------------------------------|---|---------------------------|
| US Food Network SA | Romania | Restaurants | 99.9997% | 519,704 |
| American Restaurant Sys- tem SA | Romania | Restaurants | 99.9997% | 45,524 |
| California Fresh Flavors SRL | Romania | Restaurants | 99.9900% | 100 |
| US Food Network SRL | Moldova | Restaurants | 80.0000% | 1,735 |
| US Food Network SRL | Italy | Restaurants | 100.0000% | 29,641 |
| Total | | | | 596,704 |

In 2020, the Company increased the value of the investment in the subsidiary American Restaurant System SA with the amount of 20,000 by converting a part of the existing shareholder's loan to share capital.

Details of the carrying value of investments in subsidiaries as of 31 December 2019 are as follows:

| <u>Company name</u> | <u>Country of in- corporation</u> | <u>Field of activity</u> | <u>Share interest per- cent</u> | <u>Carrying value</u> |
|------------------------------------|---------------------------------------|------------------------------|---|---------------------------|
| US Food Network SA | Romania | Restaurants | 99.9997% | 519,704 |
| American Restaurant Sys- tem SA | Romania | Restaurants | 99.9997% | 25,524 |
| California Fresh Flavors SRL | Romania | Restaurants | 99.9900% | 100 |
| US Food Network SRL | Moldova | Restaurants | 80.0000% | 1,735 |
| US Food Network SRL | Italy | Restaurants | 100.0000% | 29,641 |
| Total | | | | 576,704 |

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All amounts in RON thousand, unless specified otherwise

5 INTEREST-BEARING LOANS AND BORROWINGS

| | <u>Interest rate, %</u> | <u>Maturity</u> | <u>30 June 2020</u> | <u>31 December 2019</u> |
|---|------------------------------|---|---------------------|-------------------------|
| Current interest-bearing loans and borrowings | | | | |
| Bank loan | EURIBOR 3M + relevant spread | 6 years from each withdrawal | 1,914 | 3,778 |
| Short-term working capital facility | ROBOR 3M + relevant spread | 1 year from contract date | 6,029 | - |
| Total current interest-bearing loans and borrowings | | | 7,943 | 3,778 |
| Non-current interest-bearing loans and borrowings | | | | |
| Bank loan | EURIBOR 3M + relevant spread | 6 years from each withdrawal | 13,309 | 12,506 |
| Loan from related parties (including accrued interest) (Note 7) | 4% fixed interest rate | Within 5 years from contract signing date | 21,342 | 20,825 |
| Total non-current interest-bearing loans and Borrowings | | | 34,651 | 33,331 |
| Total interest-bearing loans and borrowings | | | 42,594 | 37,109 |

The Company has received a multicurrency credit facility from its subsidiary US FOOD NETWORK SA, the maximum limit being 20 million EUR. The loan agreement contains no covenants or other special terms.

The Company is part of a credit facility from Alpha Bank Romania signed jointly by the Company and its Romanian subsidiaries. The loan is secured with pledge on current accounts opened with the bank, promissory notes issued, pledge on receivables from and shares owned by the Company in its Moldova and Italia subsidiary as well as on future dividends from these subsidiaries.

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As a result of a request made to Alpha Bank Romania by the Borrowers (the Company together with its subsidiaries) on the base of Emergency Ordinance 37/2020, the parties agreed by an addendum to loan contract to suspend temporarily all loan principal payments due by the Borrowers between and including 11 May 2020 and 31 December 2020. All principal amounts initially due during suspension period will be paid beginning 1 January 2021 and loan maturities will be postponed in accordance. The split between current and non-current loans and borrowings take into account new loan repayment schedule agreed by the parties by addendum to loan contract. Interest payments are not suspended.

Starting with 29 May 2020, Sphera entered in a short-term borrowing arrangement with Vista Bank Romania. Credit facility is revolving and may be used by the Borrower during 12 months for financing of working capital needs and of generic company costs, as well as intragroup loans.

6 ISSUED CAPITAL

| | 30 June 2020 | 31 December 2019 |
|--------------------------------|-------------------------|-----------------------------|
| Authorised shares | | |
| Ordinary shares of 15 RON each | 38,799,340 | 38,799,340 |
| Share capital (RON thousand) | 581,990 | 581,990 |

The shareholders of Sphera Franchise Group SA as of 30 June 2020 and 31 December 2019, respectively are: Tatika Investments Ltd. (27.3300%), Computerland Romania SRL (21.4347%), Wellkept Group SA (16.3400%), Lunic Franchising and Consulting LTD (10.9900%) and free float (23.9053%).

At the Ordinary General Shareholders Meeting held on 02 March 2020, the shareholders of Sphera Franchise Group SA approved the distribution of the net profit remained undistributed related to 2018 financial year, respectively of the amount of 13,679. The payment of the dividends has started on 31 March 2020.

7 RELATED PARTY DISCLOSURES

During the six-month period ended 30 June 2020 and 30 June 2019 respectively, the Company has carried out transactions with the following related parties:

| Related party | Nature of the relationship | Country of incorporation | Nature of transactions |
|-------------------------------|--|---------------------------------|---|
| US Food Network SA | Subsidiary | Romania | Dividends, loan received, sale of services, acquisition of goods and services |
| American Restaurant System SA | Subsidiary | Romania | Sale of services, loan provided, acquisition of goods and services, VAT tax group |
| California Fresh Flavors SRL | Subsidiary | Romania | Loan provided, sale of services |
| US Food Network SRL | Subsidiary | Republic of Moldova | Dividends |
| US Food Network SRL | Subsidiary | Italy | Sale of services |
| Cinnamon Bake&Roll SRL | Entity with several common members of key management personnel | Romania | Acquisition of goods |

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| Related party | Nature of the relationship | Country of incorporation | Nature of transactions |
|---------------------------------------|--|---------------------------------|--|
| Midi Development SRL | Entity with several common members of key management personnel | Romania | Services |
| Moulin D'Or SRL | Entity affiliated to shareholders of the parent | Romania | Sale of services, acquisition of goods Rent training center |
| Wellkept Group SA | Shareholder | Romania | Dividends |
| Lunic Franchising and Consulting Ltd. | Shareholder (from 22 November 2019) | Cyprus | Dividends |
| Computerland Romania SRL | Shareholder | Romania | Dividends |
| Anasa Properties SA | Shareholder (until 22 November 2019) | Romania | Dividends |
| Grand Plaza Hotel SA | Entity affiliated to a shareholder of the parent | Romania | Acquisition of goods and services |
| Baneasa Developments SRL | Entity affiliated to a shareholder of the parent | Romania | Acquisition of goods and services |

The following table provides the total amount of transactions that have been entered into with related parties for the relevant period:

| Related party | Six-month period ended 30 June 2020 | | | 30 June 2020 | |
|--|--|---------------|------------------|--|--|
| | Dividends revenues | Sales | Purchases | Amounts owed by related parties | Amounts owed to related parties |
| US Food Network SA | - | 8,765 | 3 | 9,860 | 3 |
| US Food Network SRL (Republic of Moldova) | - | - | - | - | - |
| American Restaurant System SA | - | 2,100 | 5 | 2,901 | 5,206 |
| California Fresh Flavors SRL | - | 588 | - | 526 | - |
| US Food Network SRL (Italy) | - | 680 | - | 682 | - |
| Moulin D'Or SRL | - | 160 | 3 | 190 | - |
| Midi Development SRL | - | 6 | - | - | - |
| Wellkept Group SA | - | - | 194 | - | 129 |
| Grand Plaza Hotel SA | - | - | 4 | 1 | - |
| Baneasa Developments SRL | - | - | 2 | - | - |
| Arggo Software Development and Consulting SRL | - | - | 92 | - | 53 |
| Loans and interest from related parties | - | - | 399 | - | 21,342 |
| Loans and interest to related parties (please see below) | - | - | - | 50,226 | - |
| Total | - | 12,299 | 701 | 64,387 | 26,733 |

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| Related party | Six-month period ended 30 June 2019 | | | 31 December 2019 | |
|---|--|---------------|------------|--|--|
| | Dividends revenues | Sales | Purchases | Amounts owed by re- lated par- ties | Amounts owed to re- lated par- ties |
| US Food Network SA | 50,419 | 9,344 | 5 | 4,494 | - |
| US Food Network SRL (Md) | 820 | - | - | - | - |
| American Restaurant System SA | - | 2,364 | 5 | 2,065 | 4,174 |
| California Fresh Flavors SRL | - | 839 | - | 1,690 | 120 |
| US Food Network SRL (Italy) | - | 238 | - | 343 | - |
| Moulin D'Or SRL | - | 615 | 22 | 157 | - |
| Midi Development SRL | - | 2 | 3 | 1 | 53 |
| Wellkept Group SA | - | - | 231 | - | - |
| Grand Plaza Hotel SA | - | - | 9 | - | - |
| Arggo Software Development and Consulting SRL | - | - | 27 | - | - |
| Loans and interest from re- lated parties | - | - | - | - | 20,826 |
| Loans and interest to related parties (please see below) | - | - | - | 65,429 | - |
| Total | 51,239 | 13,402 | 302 | 74,179 | 25,173 |

Interest income and interest expense and related accrued balances as well as the balances of the intercompany loan receivables and payables are presented below:

| Related party | Six-month period ended 30 June 2020 | | |
|--------------------|---|------------------|---------------|
| | Interest expense | Interest payable | Loan payable |
| US Food Network SA | 399 | 2,079 | 19,263 |
| Total | 399 | 2,079 | 19,263 |

| Related party | Six-month period ended 30 June 2020 | | |
|---|---|---------------------|-----------------|
| | Interest income | Interest receivable | Loan receivable |
| California Fresh Flavors SRL | 195 | 554 | 8,450 |
| US Food Network SRL (Italy) | 680 | 1,789 | 22,162 |
| American Restaurant System SA (Note 4) | 371 | 1,689 | 15,582 |
| Total | 1,245 | 4,032 | 46,194 |

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| | 31 December 2019 | | |
|-------------------------------|--|---------------------|-----------------|
| | Six-month period ended 30 June 2019 | Interest payable | Loan payable |
| Related party | | | |
| US Food Network SA | 391 | 1,657 | 19,169 |
| Total | 391 | 1,657 | 19,169 |
| | | Interest receivable | Loan receivable |
| California Fresh Flavors SRL | 70 | 354 | 11,072 |
| US Food Network SRL (Italy) | 465 | 1,335 | 20,918 |
| American Restaurant System SA | 465 | 1,299 | 30,451 |
| Total | 1,000 | 2,988 | 62,441 |

The intercompany loans granted by the Company to California Fresh Flavors is payable within a period of one to five years from the contract date and the loans granted to US Food Network Srl (Italy) and American Restaurant System SA are payable within one-year period, with renewal option.

In 2020, Sphera Franchise Group SA paid dividends to its shareholders of a total gross amount of 13,679, (representing 0.3526 RON/ordinary share), as approved by the Annual General Shareholders Meeting held on 2 March 2020.

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding trade balances at the period end are unsecured, interest free and settled in cash. There have been no guarantees provided or received for any related party receivables or payables.

Compensation of key management personnel of the Company:

| | Six-month period ended | |
|--|------------------------|--------------|
| | 30 June 2020 | 30 June 2019 |
| Short-term employee benefits | 4,320 | 3,185 |
| Total compensation paid to key management personnel | 4,320 | 3,185 |

The amounts disclosed in the table are the amounts recognised as an expense during each reporting period.

8 EVENTS AFTER THE REPORTING PERIOD

In August 2020, the Group (USFN Romania - Borrower and Sphera Franchise Group SA -Guarantor) entered in a short-term credit facility agreement with Intesa Sanpaolo Romania Bank. The uncommitted credit facility amounting to RON 9.6 million is revolving and may be used by the Borrower to finance the working capital needs.

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Management changes

On October 8th, 2020, the Board of Directors of Sphera Franchise Group appointed Mr. Calin Ionescu, as the Chief Executive Officer of the Company. The mandate of Mr. Calin Ionescu is effective as of October 8th, 2020, until May 1st, 2023.

On October 8th, 2020, the Board of Directors took note of the resignation of Mr. Anastasios Tzoulas from the position of the member of the Board of Directors, the Vice-Chairman of the Board as well as the member of the Audit Committee of the Company. The resignation became effective as of October 9th, 2020.

On October 14th, 2020, the Board of Directors appointed Mr. Lucian Hoanca, as the Chairman of the Board and Mr. Silviu Carmaciu, as the Vice-Chairman of the Board. The term of Mr. Hoanca's and Mr. Carmaciu's mandates is until 2023, in line with the appointment of the whole Board of Directors.

General shareholders' meeting

On November 25th, 2020, the Company called the Ordinary General Meeting of Shareholders (OGSM) and the Extraordinary General Meeting of Shareholders (EGSM). Among the subjects voted by the shareholders were: the reduction of the number of the Board Members of the Company, from 7 to 5 members and the amendment of the Company's Articles of Association.

Declaration of the management

We confirm to the best of our knowledge that the unaudited interim condensed separate financial statements for the six-month period ended 30 June 2020 give a true and fair view of Sphera Franchise Group's assets, liabilities, financial position and profit and loss, as required by the applicable accounting standards, and that the information provided therein provides a true and fair view of important events that have occurred during the first six months of the 2020 financial year and their impact on the interim condensed separate financial statements.

Bucharest, 15 December 2020

Chief Executive Officer
Calin Ionescu

Chief Financial Officer
Valentin Budes