

Independent Limited Assurance Report on the information included in the current reports issued by the Company in accordance with requirements of Law 24/2017 (Article 82) and Regulation no. 5/2018

To the management of the Sphera Franchise Group S.A

We were engaged by the Sphera Franchise Group S.A (hereinafter "the Company ") to perform certain procedures in accordance with Regulation no. 5/2018 of Financial Supervisory Authority ("ASF") with all its subsequent amendments and updates and report on the information included in the attached current reports (hereinafter "Reporting Schedules") (dated 30 July 2019, 01 November 2019 and 29 January 2020) that have been prepared by the Company in accordance with the requirements of the Law 24/2017 (Article 82) (" the criteria") to report to the Financial Supervisory Authority ("FSA") and to the Bucharest Stock Exchange for the period from 1 July 2019 to 31 December 2019. The Reporting Schedules have been prepared by the Company based on legal documents signed by the Company with its administrators, employees and significant shareholders as well as with the persons related to them. The Reporting Schedules are the responsibility of the Company's management. Our procedures have been performed exclusively on the Reporting Schedules mentioned above covering the period 1 July 2019 to 31 December 2019.

Specific Purpose

This report is intended solely for the purposes specified in the first paragraph above and for your information and must not be used for any other purpose. The report refers exclusively to the Reporting Schedules and must not be associated with any Company's financial statements as a whole. Our procedures have been performed exclusively on the contracts signed during the period 1 July 2019 to 31 December 2019.

Management's Responsibilities

The Company's management is responsible for the preparation of the Reporting Schedules in accordance with the requirements of the Law 24/2017 (Article 82) (" the criteria"). In particular, the Company's management is responsible for internal controls being designed and implemented to prevent the Reporting Schedules from being materially misstated.

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In addition, the Company's management is responsible for ensuring that the documentation provided to the auditor is complete and accurate. The Company's management is also responsible for maintaining the internal control system that reasonably ensures that the documentation described above is free from material misstatements, whether due to fraud or error.

Auditor's Responsibilities

We conducted our assurance engagement in accordance with International Assurance Standards, particularly ISAE 3000 (revised), "Assurance Engagements Other than Audits or Reviews of Historical Financial Information", as adopted by the Chamber of Financial Auditors in Romania. These regulations require that we comply with ethical standards and plan and perform our assurance engagement to obtain limited assurance about the Reporting Schedules.

We apply International Standard on Quality Control 1 (ISQC 1), and accordingly, we maintain a robust system of quality control, including policies and procedures documenting compliance with relevant ethical and professional standards and requirements in law or regulation.

We comply with the independence and other ethical requirements of the IESBA Code of Ethics for Professional Accountants, which establishes the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The procedures selected depend on the auditor's judgment. The procedures include, in particular, inquiry of the personnel responsible for financial reporting and risk management and additional procedures aimed at obtaining evidence about the Reporting Schedules.

The assurance engagement performed represents a limited assurance engagement. The nature, timing and extent of procedures performed in a limited assurance engagement is limited compared with that necessary in a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower.

In respect of the Reporting Schedules of the Company we have performed the following procedures:

- 1) We have obtained the attached Reporting Schedules from the Company and agreed that the signatures on the Reporting Schedules are those of relevant representatives of the Company and we have undertaken a comparison of the details required to be included in the Reporting Schedules as indicated in Law 24/2017 (Article 82) to the information actually included by the Company.

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- 2) We have compared details, for the individual contracts/agreements we have considered, as detailed in this Report, to determine if the content of the Reporting Schedules is consistent, in all material respects, with information as per signed contracts and agreements presented to us and that the presented documents have been signed by representatives of the Company that are indicated in the authorized signature schedule provided to us by the Company. As applicable, our procedures have compared Reporting Schedules to the contract and agreement documentation for consistency of details on: the parties which signed the legal document; the date when documentation was signed and the nature of the documentation; the description of the type of goods/services as indicated in the documentation; the total value of the contract/agreement documentation, and, as applicable, contract related terms and conditions.
- 3) We have compared details disclosed in the Reporting Schedules for consistency with the information provided to us from discussion with management and to the extent indicated in contract/agreement documentation, in relation to the basis and nature of the contract/agreement entered into by the parties.
- 4) From discussions with the management and from perusal of Company policies and procedures provided to us, we have considered the consistency of the transactions performed with administrators, employees and significant shareholders, as well as with persons related to them with the Company's policies and procedures.
- 5) To the extent that there is a market price for the goods or services provided by administrators, employees and significant shareholders, as well as with persons related to them, we have discussed the basis for the price agreement and considered if, to the extent applicable, the prices agreed are consistent with that used for third (other) parties, where similar goods or services could be provided. To the extent that no market prices are available, we have analyzed if the transactions have been performed based on the signed approved contracts.

Our procedures have been performed only on the contracts included in the attached Reporting Schedules, that have been concluded/modified during 1 July 2019 to 31 December 2019 and that have an estimated value during the reporting period above 50,000 Euros. We have not performed any procedures to verify whether the Reporting Schedules include all the transactions and details that the Company has to report according to Article 82 of Law 24/2017 for the reporting period.

Conclusion

Based on the procedures performed and evidence obtained, as described above, regarding the legal documents which are included in the Reporting Schedules, nothing has come to our attention that causes us to believe that:


- a) The details as indicated in the Reporting Schedules are not in accordance with the related contracts/agreements presented to us.
- b) The details in the Reporting Schedules are not, in all material respects, consistent with the requirements of the legislation.
- c) The related contracts/agreements provided to us were not properly authorized by representatives of the Company.
- d) The prices have not been established by mutual agreement between the parties in accordance with the type of goods/services and also by considering other terms and conditions mentioned in the respective contracts signed between the parties.
- e) The terms and conditions of the contracts reported by the Company under which transactions have been completed with administrators, employees, significant shareholders, as well as with the persons related to them, are not established on the basis of the contracts signed by the Company according to the type of services and to other terms and conditions agreed between the parties.

Our report is solely for the purpose set forth in the first paragraph of this Report and for your information and is not to be used for any other purpose.

This Report relates only to the Reporting Schedules as mentioned above and does not extend to any other reports of the Company, individually or taken as a whole.

On behalf of
Ernst & Young Assurance Services SRL

Alina Dimitriu
Partner


Ernst & Young Assurance Services S.R.L.
30. IAN. 2020
Signed for identification
Semnat pentru identificare

30 January 2020
Bucharest, Romania

Attachment

1. Reporting Schedules

The English version of the limited assurance report on the information included in the current reports issued by the Company in accordance with requirements of Law 24/2017 (Article 82) and Regulation no. 5/2018 represents a translation of the original limited assurance report issued in Romanian language.

CURRENT REPORT

Pursuant to Law no. 24/2007 on issuers of financial instruments and market operations and pursuant to the Financial Supervisory Authority Regulation no.5/2018 on issuers and operations with securities, as subsequently amended and supplemented, and pursuant to the provisions of article 99 of the Bucharest Stock Exchange Code, Title II, Issuers and Financial Instruments

Report date:	30.07.2019
Name of the issuing entity:	Sphera Franchise Group SA
Statutory seat:	Bucharest, Romania
Visiting address:	Bucharest, 239 Dorobanti Ave., 2 nd Floor, 1 st 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

Report of legal acts Sphera Franchise Group SA entered into on 29.07.2019, according to the provisions of the Law no. 24/2017 and FSA Regulation no. 5/2018.

Contact details:

Investor Relations

E-mail: investor.relations@spheragroup.com

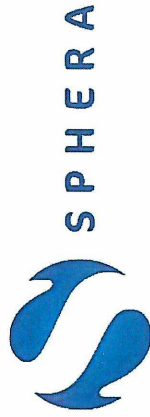

Ernst & Young Assurance Services S.R.L.

30. IAN. 2020

Signed for identification
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www.spheragroup.com



Annex 1

Report of legal acts Sphera Franchise Group SA concluded on 29.07.2019, according to the provisions of the Law no. 24/2017 and FSA Regulation no. 5/2018.

Crt. No.	Parties		Date of initial contract	Duration of initial contract	Date of addendum	Duration of addendum	Object of contract/addendum	Notes	Value of the Contract/Addendum		Guarantees	Payment		Penalties	Interest
	Debtor	Creditor							CCY	Amount		Term	Payment method		
1	US FOOD NETWORK S.r.l. (Italy)	SPHERA FRANCHISE GROUP S.A.	12.09.2017	1 year, extended by Addendum no. 2 dated 17.01.2019	29.07.2019	N/A	Addendum no.3/ 29.07.2019 to the Loan Agreement/ 12.09.2017	The Parties agree to waive the refund of Euro 1,323,180.86 as part of the existing interest-bearing shareholder loan, and further the interest rate	EUR	1,323,180.86	N/A	N/A	non-refundable	N/A	non-refundable

George ARGENTOPOULOS

General Manager

Ernst & Young Assurance Services SRL

30. JAN. 2020

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CURRENT REPORT

Pursuant to Law no. 24/2007 on issuers of financial instruments and market operations and pursuant to the Financial Supervisory Authority Regulation no.5/2018 on issuers and operations with securities, as subsequently amended and supplemented, and pursuant to the provisions of article 99 of the Bucharest Stock Exchange Code, Title II, Issuers and Financial Instruments

Report date:	01.11.2019
Name of the issuing entity:	Sphera Franchise Group SA
Statutory seat:	Bucharest, Romania
Visiting address:	Bucharest, 239 Dorobanti Ave., 2 nd Floor, 1 st 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
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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

Report of legal acts Sphera Franchise Group SA entered into on October, 29th 2019 and October, 31st 2019 according to the provisions of the Law no. 24/2017 and FSA Regulation no. 5/2018.

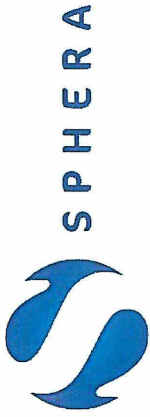
Contact details:

Investor Relations

E-mail: investor.relations@spheragroup.com

Ernst & Young Assurance Services S.R.L.
30. IAN. 2020
Signed for identification
Semnat pentru identificare





Annex 1

Report of legal acts Sphera Franchise Group SA concluded on October, 29th 2019 and October, 31st 2019, according to the provisions of the Law no. 24/2017 and FSA Regulation no. 5/2018.

Crt. No.	Parties		Date of initial contract	Duration of initial contract	Date of addendum	Duration of addendum	Object of contract/addendum	Notes	Value of the Contract/Addendum		Guarantees	Payment		Penalties	Interest
	Debtor	Creditor							CCY	Amount		Term	Payment method		
1	US FOOD NETWORK S.r.l. (Italy)	SPHERA FRANCHISE GROUP S.A.	12.09.2017	1 year, extended by Addendum no. 2 dated 17.01.2019	31.10.2019	1 year	Addendum no.7/ 29.10.2019 to the Loan Agreement/ 12.09.2017	The Parties agree to extend the period of the agreement and to supplement the exposure with EUR 12,500,000	EUR	12,500,000	N/A	1 year	non-refundable	N/A	4% / year
2	AMERICAN RESTAURANT SYSTEM SA.	SPHERA FRANCHISE GROUP S.A.	08.06.2018	1 year	31.10.2019	1 year	Addendum no 7/31.10.2019 to the Loan Agreement 08.06.2018	The Parties agree to extend the period of the agreement and to supplement the exposure with EUR 5,000,000	EURO	5,000,000	N/A	1 year	Payment order	N/A	4 /year

George ARGENTOPOULOS

General Manager

Ernst & Young Assurance Services S.R.L.

30. JAN. 2020

signed for identification
of company identificare

CURRENT REPORT

Pursuant to Law no. 24/2007 on issuers of financial instruments and market operations and pursuant to the Financial Supervisory Authority Regulation no.5/2018 on issuers and operations with securities, as subsequently amended and supplemented, and pursuant to the provisions of article 99 of the Bucharest Stock Exchange Code, Title II, Issuers and Financial Instruments

Report date:	29.01.2020
Name of the issuing entity:	Sphera Franchise Group SA
Statutory seat:	Bucharest, Romania
Visiting address:	Bucharest, 239 Dorobanti Ave., 2 nd Floor, 1 st 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

Report of legal acts concluded by Sphera Franchise Group SA according to the provisions of the Law no. 24/2017 and FSA Regulation no. 5/2018 and Errat of the Annex 1 of Current Report dated 01.11.2019- Therefore, regarding the Addendum concluded between Sphera Franchise Group SA and US Food Network S.r.l (Italy) the date of the Addendum it will be read: 29.10.2019 instead of 31.10.2019 and the Payment method mentioned in Annex 1, English version, it will be read " *Payment order*" instead of " *non-refundable*".

Contact details:

Investor Relations

E-mail: investor.relations@spheragroup.com

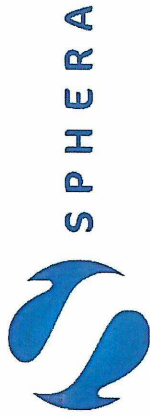

Ernst & Young Assurance Services S.R.L.

30. IAN. 2020

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Annex 1

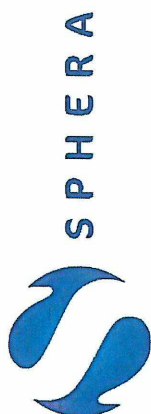
Report of legal acts Sphera Franchise Group SA according to the provisions of the Law no. 24/2017 and FSA Regulation no. 5/2018.

Crt. No.	Parties		Date of initial contract	Duration of initial contract	Date of addendum	Duration of addendum	Object of contract/addendum	Notes	Value of the Contract/Addendum		Guarantees	Payment		Penalties	Interest
	Debtor	Creditor							CCY	Amount		Term	Payment method		
1	AMERICAN RESTAURANT SYSTEM SA	SPHERA FRANCHISE GROUP SA	08.06.2018	1 year extended by Addendum no. 7 dated 31.10.2019	28.01.2020	N/A	Addendum no. 9/ 28.01.2020 to the Loan agreement dated 08.06.2018 having as object to accelerate the partial repayment of the loan.	The capital increase of the company ARS with the purpose of covering the losses, by partial compensation of the debt that the debtor holds.	lei	20,000,000	N/A	Due on 28.01.2020	N/A	N/A	N/A
2	US Food Network S.r.l.(Italy)	SPHERA FRANCHISE GROUP SA	12.09.2017	1 year, extended by Addendum no. 2 dated 17.01.2019 and by Addendum no. 7/ 29.10.2019	28.01.2020	N/A	Addendum no 8/28.01.2020 to the Loan Agreement dated 12.09.2017 having as object to waiving the refund of a part of the existing interest-bearing shareholder loans that USFN Italy owns to Sphera Franchise Group SA, up to the amount of EUR 2,000,000.	Cover the losses by way of setting up a capital reserve of EUR 2,000,000 for US Fodd Network S.r.l. (USFN Italy)	EURO	2,000,000	N/A	N/A	N/A	N/A	N/A
3	CALIFORNIA FRESH FLAVORS SRL	SPHERA FRANCHISE GROUP SA	09.12.2019	1 year (the contract may be terminated before the deadline is fulfilled, in case of full repayment of the amount due)	N/A	N/A	Loan Agreement for covering development and working capital needs.	The principal amount will be made available in several and different instalment according to the Borrower's requests, recorded in the Addenda that will become an integral part of the Loan Agreement. Any payments made under this Agreement will be made in EURO and /or Lei,	EUR	1,500,000	N/A	1 year	Payment order	N/A	4% per year

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30. JAN. 2020

Signed for identification
Semnat pentru identificare

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Georgios ARGENTOPOULOS

General Manager

Ernst & Young Assurance Services S.R.L.
30. IAN. 2020
Signed for identification
Semnat pentru identificare