

Americana Restaurants International PLC



Consolidated financial statements for the year ended 31 December 2022

Americana Restaurants International PLC

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Americana Restaurants International PLC

DIRECTORS' REPORT

Company overview:

Americana Restaurants International PLC and its subsidiaries (together "Americana Restaurants"/ "Group") are a leading and diversified, pan-regional restaurant platform operator, with presence in 12 countries, across the MENA region and Kazakhstan. Americana Restaurants operates iconic global brands such as KFC, Pizza Hut, Hardee's, Krispy Kreme and TGI Fridays, along with proprietary brands such as Wimpy and Chicken Tikka. Incorporated in Abu Dhabi Global Market ("ADGM"), Americana Restaurants employs more than 40,000 employees. Americana Restaurants listed on the Abu Dhabi Securities Exchange ("ADX") and Saudi Stock Exchange ("Tadawul") on 12 December 2022; in a first of its kind concurrent dual listing in the UAE and KSA.

Diverse portfolio with presence across categories:

The Group operates 2,183 restaurants under a portfolio of 12 brands across key consumer verticals and occasions, including key Quick Service Restaurant (QSR) categories (chicken, burger and pizza), fast casual, casual dining, indulgence and coffee concepts. As part of its growth strategy, in 2022, the Group also successfully launched Pizza Hut in the Kingdom of Saudi Arabia, Krispy Kreme in Jordan, and Wimpy in the United Arab Emirates. We also signed with Peet's Coffee to launch the brand in the GCC markets of the UAE, Saudi Arabia, Kuwait and Qatar: to tap into the region's booming coffee market.

Outlook and strategy

Americana Restaurants' near-term focus will be to leverage the strength of its platform to grow penetration of existing brands, enter new categories and geographic expansion by entering new markets. We will also continue to build and grow our digital footprint to provide superior customer experience.

Members of the Board of Directors:

The Board of Directors consists of seven Non-Executive Directors, three of whom are independent Directors, as follows:

- Mohamed Ali Rashed Alabbar
- Dr. Abdulmalik Al-Hogail
- Raid Abdullah Ismail
- Kesri Singh
- Tracy Ann Gehlan, Independent
- Arif Abdulla Abdulrahman Alharmi Albastaki, Independent
- Graham Denis Allan, Independent

Current year's results:

In 2022, Americana Restaurants continued to maintain a strong revenue growth momentum. The Group achieved USD 2,378.5 million in revenues during the year ended 31 December 2022 (2021: USD 2,051.7 million), resulting in total net profit attributable to the shareholders of the Parent Company/Net Parent Investment attributable to Former Parent Company of USD 259.2 million (2021: USD 203.9 million). Total assets increased to USD 1,340.5 million as at 31 December 2022 (2021: USD 1,087.9 million).

Statement of disclosure to auditors:

The Directors of Americana Restaurants certify that as far as they are aware, there is no relevant audit information of which the Group's auditor is unaware, and that they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

On behalf of the board,



Mohamed Ali Rashed Alabbar
Chairman
Americana Restaurants International PLC

Independent auditor's report to the shareholders of Americana Restaurants International PLC

Report on the audit of the consolidated financial statements

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Americana Restaurants International PLC (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory notes.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the consolidated financial statements in the Abu Dhabi Global Market ("ADGM"). We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Independent auditor's report to the shareholders of Americana Restaurants International PLC (continued)

Emphasis of matter

We draw attention to Note 2 to the consolidated financial statements, which describes the fact that, Americana Restaurants International PLC and its subsidiaries have not operated as a separate group of entities for the period up to 27 June 2022, being the date of transfer of the Americana Restaurants' business ("Restaurant Business") from Kuwait Food Company (Americana) K.S.C.C. into the Group. Therefore, the consolidated financial statements include the carve-out financial information of the Restaurant Business for the period from 1 January 2022 to 27 June 2022 and the comparative information for the year ended 31 December 2021. We also draw attention to Note 2.1 to the consolidated financial statements, which details the basis of preparation and carve-out adjustments applied. Our opinion is not modified in respect of these matters.

Our audit approach

Overview

Key audit matters	<ul style="list-style-type: none"> • Impairment assessment review for non-financial assets • Measurement of lease liabilities and right of use assets
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As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment review for non-financial assets</p> <p>The Group has non-financial assets as the most significant balances in the consolidated statement of financial position as at 31 December 2022. The value of the property and equipment, right of use assets, and intangible assets are USD 269,844 thousand, USD 417,564 thousand and USD 49,591 thousand respectively.</p>	<p>We obtained the impairment assessment carried out by management that was prepared on the basis of the senior management approved business plan and carried out the following substantive audit procedures:</p> <ul style="list-style-type: none"> • Evaluated whether the methodology used by management to calculate the recoverable amount for the cash generating units complies with IAS 36, 'Impairment of assets';

Independent auditor's report to the shareholders of Americana Restaurants International PLC (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment review for non-financial assets (continued)</p> <p>Management has evaluated the recoverability of the carrying amounts of these non-financial assets on a brand (franchise) level for each country in which the Group operates ("brand-country"). Management has determined brand-country to be the most appropriate cash generating unit being the smallest unit generating cashflows that are largely independent of the cash inflows generated by other assets/groups of assets.</p> <p>Based on the impairment assessment performed by management, a reversal of impairment loss of USD 46 thousand has been recognised for these non-financial assets as at 31 December 2022.</p> <p>We considered this to be a key audit matter as the evaluation of the recoverable amount requires significant estimation and critical management judgement in determining the key assumptions that support the expected future discounted cash flows of each cash generating unit and the utilisation of these assets. The key assumptions include sales growth rate, earnings before interest, taxes, depreciation, and amortisation ("EBITDA") margins, and the discount rate.</p> <p>Should management not meet the targets as envisaged in the forecasted cashflows, there would be a reduction in the available headroom and, therefore, the possibility of further impairment. A sensitivity analysis has been performed with the resultant impact on the consolidated financial statements and disclosed in note 4 to the consolidated financial statements.</p>	<ul style="list-style-type: none"> Assessed the appropriateness of the identification of the cash generating unit to be brand-country at which level the impairment assessment has been performed; Tested the mathematical accuracy of the calculations included within management's impairment assessment; Traced the data inputs used in management's assessment to the relevant sources to ensure these are accurate; Obtained and analysed the underlying assumptions used within the impairment assessment to determine whether these are reasonable; Analysed the sales growth rates and EBITDA margins used in management's assessment for reasonableness; Engaged our internal valuation experts to assess the discount rate used by management in discounting future cash flows to determine whether these are reasonable and supportable; Reviewed the sensitivity analysis around the key assumptions used by management to assess the potential impact on the recoverable amount of the non-financial assets; and Assessed the adequacy of the disclosures in note 4 to the consolidated financial statements.

Independent auditor's report to the shareholders of Americana Restaurants International PLC (continued)

Our audit approach (continued)

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Measurement of lease liabilities and right of use assets</p> <p>The Group has recognised right of use assets of USD 417,564 thousand and lease liabilities of USD 434,759 thousand (USD 160,156 thousand as current liabilities and USD 274,603 thousand as non-current liabilities).</p> <p>Management have applied several judgements and estimates in applying IFRS 16 to its large volume of lease agreements. The significant judgements include lease terms impacted by extension or termination options and determining the appropriate incremental borrowing rates ("IBR") to use in discounting the lease liabilities.</p> <p>We considered this to be a key audit matter given its significance to the consolidated financial statements and due to the estimates involved in measuring the lease liabilities and related right of use assets.</p> <p>Refer to note 12 to the consolidated financial statements.</p>	<p>We reviewed management's accounting policies and schedules for IFRS 16, 'Leases' and carried out the following substantive audit procedures:</p> <ul style="list-style-type: none"> • Tested the completeness of the contracts accounted for as leases under IFRS 16. • Assessed the IBR used in discounting the lease liabilities as determined by management for appropriateness. • On a samples basis, we have: <ul style="list-style-type: none"> ○ Inspected lease contracts to assess whether the relevant lease data inputs into management's IFRS 16 calculations are accurate. ○ Performed a recalculation of the lease liability and right of use asset balance and the related interest expense and depreciation expense. ○ Traced lease payments as per management's IFRS 16 calculations to appropriate supporting documentation. ○ Assessed whether management's judgement on extensions or termination options are appropriate and justifiable. • We assessed the adequacy of disclosures with reference to the requirements of IFRS 16 Leases.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

Independent auditor's report to the shareholders of Americana Restaurants International PLC (continued)

Other information

Management is responsible for the other information. The other information comprises of the Directors' report (but does not include the consolidated financial statements and our auditor's report thereon).

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and their preparation in compliance with the applicable provisions of the ADGM Companies Regulation 2020, as amended, and the ADGM Companies Regulations (International Accounting Standards) Rules 2015 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Independent auditor's report to the shareholders of Americana Restaurants International PLC (continued)

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report to the shareholders of Americana Restaurants International PLC (continued)

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

As required by the Abu Dhabi Global Market ("ADGM") Companies Regulation of 2020, as amended, and the ADGM Companies Regulations (International Accounting Standards) Rules 2015, we report that:

- the consolidated financial statements have been prepared, in all material respects, in accordance with the applicable requirements of the ADGM Companies Regulations of 2020, as amended, and the ADGM Companies Regulations (International Accounting Standards) Rules 2015; and
- the information given in the Directors' report is consistent with the consolidated financial statements of the Group.

For and on behalf of PricewaterhouseCoopers (ADGM Branch)
Mohamed Saad Kadiri



22 February 2023

Americana Restaurants International PLC
Consolidated statement of financial position as at 31 December

	Note	US Dollars'000	
		2022	2021
ASSETS			
Non-current assets			
Property and equipment	5	269,844	221,919
Right of use assets	12	417,564	361,975
Loan to a related party	22	-	51,200
Investment properties	6	5,870	9,341
Intangible assets	7	49,591	42,623
Derivative financial instrument	9	8,499	7,512
Deferred tax asset		4,114	2,150
Total non-current assets		755,482	696,720
Current assets			
Inventories	8	173,826	107,297
Trade and other receivables	9	103,610	94,034
Due from related parties	21	237	1,189
Loan to a related party	22	-	12,800
Derivative financial instrument	9	2,832	1,878
Cash and cash equivalents	10	304,560	173,996
Total current assets		585,065	391,194
Total assets		1,340,547	1,087,914
LIABILITIES AND EQUITY			
Non-current liabilities			
Lease liability	12	274,603	248,136
Provision for employees' end of service benefits	13	66,386	76,260
Trade and other payables	14	52,282	50,195
Deferred gain on derivative financial instrument	9	5,634	7,512
Deferred tax liabilities		7	-
Total non-current liabilities		398,912	382,103
Current liabilities			
Bank facilities	11	18,592	7,073
Deferred gain on derivative financial instrument	9	1,878	1,878
Lease liability	12	160,156	136,463
Income tax, zakat and other deductions payable	17	13,055	12,614
Trade and other payables	14	401,173	352,326
Due to related parties	21	21,841	23,683
Provisions for legal, tax and other claims	15	29,189	32,062
Total current liabilities		645,884	566,099
Total liabilities		1,044,796	948,202
Equity			
Share capital	19	168,473	-
Accumulated net contribution from the Former Parent Company		-	148,984
Retained earnings		139,205	-
Foreign currency translation reserve		(23,113)	(20,429)
Equity attributable to shareholders of the Parent Company/Net Parent		284,565	128,555
Investment attributable to the Former Parent Company		11,186	11,157
Non-controlling interests	18	295,751	139,712
Total equity		295,751	139,712
Total liabilities and equity		1,340,547	1,087,914



Harsh Bansal
Chief Financial Officer



Amarpal Sandhu
Chief Executive Officer



Abdulmalik Al Hogail
Vice Chairman



Mohamed Ali Rashed Alabbar
Chairman

Americana Restaurants International PLC
 Consolidated statement of income for the year ended 31 December

	Note	US Dollars'000	
		2022	2021
Revenues	23	2,378,547	2,051,747
Cost of revenues	24	(1,148,476)	(970,351)
Gross profit		1,230,071	1,081,396
Selling and marketing expenses	25	(738,928)	(679,603)
General and administrative expenses	26	(193,053)	(176,989)
Other income		16,869	15,478
Monetary (loss)/gain from hyperinflation	4	(1,521)	3,043
Reversal of impairment on non-financial assets	4	46	1,179
Net impairment allowance on financial assets	9	(248)	(1,454)
Fair value gains on derivative financial instrument		1,941	-
Tax claim charges	16	(22,534)	-
Operating profit		292,643	243,050
Finance income	28	3,639	2,208
Finance costs	28	(24,584)	(23,118)
Profit before income tax, zakat, and KFAS		271,698	222,140
Income tax, zakat, and contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	31	(8,743)	(15,732)
Net profit for the year		262,955	206,408
Attributable to:			
The shareholders of the Parent Company /Net Parent Investment attributable to Former Parent Company		259,226	203,917
Non-controlling interests		3,729	2,491
		262,955	206,408
Earnings per share			
		US Dollars	
		2022	2021
Basic and diluted earnings per share	20	0.03077	0.02421

Americana Restaurants International PLC

Consolidated statement of comprehensive income for the year ended 31 December

	US Dollars'000	
	2022	2021
Net profit for the year	262,955	206,408
Other comprehensive income/(loss) items		
<i>Items that will not be reclassified subsequently to consolidated statement of income:</i>		
Remeasurement of employees' end of service benefits (Note 13)	8,579	436
<i>Items that may be reclassified subsequently to consolidated statement of income:</i>		
Exchange differences on translating foreign operations including the effect of hyperinflation	(2,652)	(7,698)
Total other comprehensive income/(loss) items	5,927	(7,262)
Total comprehensive income for the year	268,882	199,146
Attributable to:		
The shareholders of the Parent Company/Net Investment attributable to Former Parent Company	265,121	196,607
Non-controlling interests	3,761	2,539
	268,882	199,146

Americana Restaurants International PLC

Consolidated statement of changes in equity for the year ended 31 December

Note	US Dollars '000						
	Share capital	Accumulated net contribution from the Former Parent Company	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2021	-	89,789	-	(12,683)	77,106	9,509	86,615
Net profit for the year	-	203,917	-	-	203,917	2,491	206,408
<i>Other comprehensive income</i>							
Remeasurement of employees' end of service benefits	-	436	-	-	436	-	436
Hyperinflation adjustment	-	-	-	6,614	6,614	-	6,614
Foreign currencies translation differences	-	-	-	(14,360)	(14,360)	48	(14,312)
Total comprehensive income	-	204,353	-	(7,746)	196,607	2,539	199,146
Changes in non-controlling interest	18	(119)	-	-	(119)	(891)	(1,010)
Distributions to the Former Parent Company	-	(129,817)	-	-	(129,817)	-	(129,817)
Net payments and impact of capital reorganisation with the Former Parent Company	-	(15,222)	-	-	(15,222)	-	(15,222)
Balance at 31 December 2021	-	148,984	-	(20,429)	128,555	11,157	139,712
Net profit for the year	-	121,266	137,960	-	259,226	3,729	262,955
<i>Other comprehensive income</i>							
Remeasurement of employees' end of service benefits	-	5,726	2,853	-	8,579	-	8,579
Hyperinflation adjustment	-	-	-	5,152	5,152	-	5,152
Foreign currencies translation differences	-	-	-	(7,836)	(7,836)	32	(7,804)
Total comprehensive income	-	126,992	140,813	(2,684)	265,121	3,761	268,882
Changes in non-controlling interest	18	(129)	-	-	(129)	(3,732)	(3,861)
Distributions to the Former Parent Company	-	(83,089)	-	-	(83,089)	-	(83,089)
Net payments and impact of capital reorganisation with the Former Parent Company	-	(25,903)	-	-	(25,903)	-	(25,903)
Issuance of shares	19	10	-	-	10	-	10
Capitalisation of shares	19	168,463	(166,855)	(1,608)	-	-	-
Balance at 31 December 2022	-	-	139,205	(23,113)	284,565	11,186	295,751

The accompanying notes form an integral part of these consolidated financial statements.

Americana Restaurants International PLC
Consolidated statement of cash flows for the year ended 31 December

	Note	US Dollars'000	
		2022	2021
Cash flows from operating activities			
Profit before income tax and zakat for the year		271,698	221,059
Adjustments for:			
Depreciation and amortisation	27	219,709	208,629
Provision for employees' end of service benefits, net of transfers	13, 29	8,538	10,074
Impairment allowance on financial assets	9	248	1,454
Provision for obsolete, slow moving, and defective inventories	8	1,860	1,387
Reversal of impairment of non-financial assets	5,7,12	(46)	(1,179)
Loss on disposal of property and equipment and intangible assets		4,444	1,224
Gain on rent concessions		(667)	(6,978)
Finance income	28	(3,639)	(2,208)
Finance cost	28	24,584	23,118
Recognition of deferred gain on derivative financial instrument in other income		(1,878)	-
Fair value gains on financial assets at fair value through profit or loss		(1,941)	-
Tax claim charges	16	22,534	-
Hyperinflation impact		356	1,348
Operating cash flows before changes in working capital		545,800	457,928
Payments of employees' end of service benefits	13	(10,686)	(13,535)
Income tax paid	17	(10,711)	(6,971)
Changes in working capital:			
Trade and other receivables		(11,581)	(62)
Due from related parties		952	(493)
Inventories		(67,789)	(11,274)
Due to related parties		(1,842)	1,264
Trade and other payables, other liabilities and taxes		9,785	41,992
Net cash generated from operating activities		453,928	468,849
Cash flows from investing activities			
Purchase of property and equipment		(120,143)	(91,510)
Proceeds from sale of property and equipment		4,537	1,438
Purchase of intangible assets	7	(8,192)	(8,303)
Payments for key money	12	(3,788)	(1,401)
Interest received on short term deposits		3,639	2,208
Loans to a related party	22	(36,000)	(64,000)
Repayments of loans by a related party	22	100,000	-
Net cash used in investing activities		(59,947)	(161,568)
Cash flows from financing activities			
Payments of finance costs		(1,894)	(1,455)
Changes in non-controlling interests		(3,216)	(826)
Acquisition of additional shares in subsidiary from non-controlling interests		(705)	(184)
Lease payments – principal element		(150,774)	(139,650)
Lease payments – interest on lease liabilities		(21,517)	(20,713)
Distributions to the Former Parent Company		(83,089)	(129,817)
Movement in payments and impact of capital reorganisation with the Former Parent Company		(25,903)	(15,222)
Proceeds from issuance of share capital		10	-
Net cash used in financing activities		(287,088)	(307,867)
Net change in cash and cash equivalents		106,893	(586)
Foreign currency translation differences		12,152	(4,275)
Cash and cash equivalents at the beginning of the year		166,923	171,784
Cash and cash equivalents at the end of the year	10	285,968	166,923

The accompanying notes form an integral part of these consolidated financial statements.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

1 GENERAL INFORMATION

Americana Restaurants International PLC (formerly Americana Restaurants Ltd) ("Americana Restaurants" or the "Parent Company") is an Abu Dhabi Global Market registered entity that was incorporated on 27 May 2022 under registered number 000007712. The registered address is 2428 ResCowork06, 24th Floor, Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

Americana Restaurants' business comprises operating and managing a number of restaurant chains/brands across the region. The operations extend to the United Arab Emirates, Saudi Arabia, Kuwait, Egypt, Qatar, Kazakhstan, Bahrain, Jordan, Oman, Lebanon, Morocco, and Iraq operated by the various subsidiaries of Americana Restaurants. Americana Restaurants' business has been operating since 1969. It was owned and operated by Kuwait Food Company (Americana) K.S.C.C. ("KFC" or the "Former Parent Company") which is 93.42% owned by Adeptio AD Investments Ltd (the "Intermediate Parent Company"). On 2 June 2022, the Board of Directors of KFC approved the transfer of Americana Restaurants' business ("Restaurant Business") and its entities as detailed in Note 32 to Americana Restaurants (together referred to as "the Group") to be effective from 27 June 2022. On 29 August 2022, KFC transferred its shareholding in Americana Restaurants to the Intermediate Parent Company, following the approval of the Board of Directors of KFC and KFC shareholders' approval in the General Assembly.

On 2 November 2022, the Intermediate Parent Company announced its intention to float a 30% shareholding of its investment in Americana Restaurants on the Abu Dhabi Securities Exchange ("ADX") in the United Arab Emirates and on the Saudi Stock Exchange ("Tadawul") in the Kingdom of Saudi Arabia through an Initial Public Offering ("IPO"), pursuant to the resolution of the shareholders of Americana Restaurants. The trading of the shares commenced on 12 December 2022.

Subsequent to the IPO, the Intermediate Parent Company continues to own a majority 66.03% investment in the Group (previously 96.03%). The Intermediate Parent Company is a wholly owned subsidiary of Adeptio AD Holdings Ltd (the "Ultimate Parent Company"). The Ultimate Parent Company is equally owned by Mr. Mohamed Ali Rashed Alabbar and the Saudi Company for Gulf Food Investments ("Gulf Food Investments"), a subsidiary of the Public Investment Fund of the Kingdom of Saudi Arabia, being the 'Ultimate Shareholders'.

The consolidated financial statements were approved for issue by the Board of Directors on 22 February 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRSs") and interpretations issued by the IFRS Interpretations Committee ("IFRS IC") applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on a historical cost convention, unless otherwise stated in the accounting policies.

These consolidated financial statements comprise the carve-out financial information of the Restaurant Business for the period from 1 January 2022 to 27 June 2022 and the consolidated financial information of the Group (primarily comprising the Restaurant Business) for the period from 28 June 2022 to 31 December 2022. The comparative information for the year ended 31 December 2021 represents the carve-out financial information of the Restaurant Business since the Group has operated as part of KFC until 27 June 2022, and not as a separate group of companies.

The following summarises the accounting and other principles applied in preparing the carve-out financial information for the year ended 31 December 2021 and for the period from 1 January 2022 to 27 June 2022.

The carve-out financial statements for the respective periods mentioned above represents consolidation of all the assets, liabilities, revenues and expenses of Americana Restaurants as listed in Note 32 by applying the principles underlying the consolidation procedures of IFRS 10 "Consolidated Financial Statements", subject to the following carve-out adjustments:

- Transfer of the separately identifiable assets and liabilities of the Kuwait restaurants business which was part of KFC under a Business Transfer Agreement ("BTA");
- Transfer of directly attributable income, costs and liabilities specifically in relation to Restaurants Business historically recorded in KFC;

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.1 Basis of preparation** (continued)

- Removing certain shared costs recorded historically by Kuwait Food Co. Americana LLC ("UAE Restaurants") which were incurred to support operations of other businesses of KFC and hence did not relate to the Restaurants Business. These allocated costs have been eliminated on a systematic basis representing the estimated usage of these services by the Restaurants Business and other operations not part of the Restaurant Business. The various allocation methods are described in Note 4;
- Removing the financial information pertaining to the investments of the Egyptian Company for International Touristic Projects ("ECITP") in certain entities of KFC's food business which are not part of the Restaurants Business and which were disposed off by ECITP for the year ended 31 December 2021; and
- Removing the financial information pertaining to the investments of United Food Company LLC ("UFC") in a certain entity of KFC's food business which is not part of the Restaurants Business and which was disposed off during the year ended 31 December 2021.

The comparatives of the consolidated statement of financial position as at 31 December 2021 represents the carve-out of the Restaurants Business and its entities as detailed in Note 32 and includes the Former Parent Company's assets and liabilities that are specifically identifiable or otherwise attributable to Americana Restaurants.

Cash balances of the Former Parent Company that are specifically identifiable and attributable to Americana Restaurants have been included as part of the carve-out financial information for the comparatives of the consolidated financial statements as at 31 December 2021.

All revenues and costs associated with Americana Restaurants are included in the carve-out financial information that are included in the consolidated financial statements as comparatives for the year ended 31 December 2021 and for the period from 1 January 2022 to 27 June 2022 with certain expenses including staff costs, selling and marketing expenses and general and administrative expenses, associated with Americana Restaurants being allocated in the carve-out financial information. These represent certain corporate and shared service function historically provided by the Former Parent Company, including, but not limited to, executive oversight, accounting, treasury, human resources, procurement, information technology, marketing, and other shared services. These were allocated to Americana Restaurants on a systematic basis representing the estimated usage of these services by the Restaurants Business. The various allocation methods are described in Note 4.

Transactions and balances with related parties in the normal course of business were included in the carve-out financial information. All intercompany balances and transactions within Americana Restaurants entities were fully eliminated.

Intercompany balances between the carve-out entities and KFC which were neither expected to be settled nor collected from KFC were included as part of the Former Parent's net investment in the carve-out financial information. As such, the net effect of these balances were either waived in equity or recorded as an equity contribution and reflected as 'Movement in payments and impact of capital reorganisation with the Former Parent Company' in the comparatives of the consolidated statement of changes in equity for the year ended 31 December 2021. These intercompany balances have also been presented in the consolidated statement of cash flows as a financing activity for the year ended 31 December 2021.

The carve-out financial information in respect of the comparatives for the year ended 31 December 2021 may not necessarily be indicative of the financial position, results of operations or cash flows of the Americana Restaurants, had it operated as a separate legal group during the periods presented. Americana Restaurants and its subsidiaries have not operated as a separate group of entities for the period up to 27 June 2022, the date of transfer of the Restaurant Business into the Group.

The transfer of subsidiaries to Americana Restaurants post restructuring represented a capital restructuring, being a transfer of business under common control. Therefore, the transfer represented the predecessor method of accounting and retrospective presentation is used. Americana Restaurants had no share capital and reserves in its own right. Therefore, it was not meaningful to present share capital or an analysis of reserves or components of other comprehensive income, other than foreign currency translation reserve which was separately identifiable.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.1 Basis of preparation (continued)**

A merger reserve was created in relation to the capital reorganisation wherein the Restaurant Business was transferred from the Former Parent Company to Americana Restaurants during the year ended 31 December 2022. The difference between the accumulated net contribution from the Former Parent Company and the consideration provided to the Former Parent Company for the transfers (being the value of share capital issued) was initially recorded as a merger reserve in equity as it represented the difference between the carrying value of the net assets transferred and the fair value of the consideration provided. At 31 December 2022, the Group has applied a voluntary change in the accounting treatment to transfer the merger reserve of USD 1,608 thousand to part of the retained earnings in the consolidated statement of changes in equity and applied this change retrospectively.

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4. These have been applied consistently for all periods presented.

2.2 New standards, amendments and interpretations

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2022, have been adopted in these consolidated financial statements. The application of these revised IFRS, except where stated, have not had any material impact on the amounts reported for the current and prior periods:

- amendment to IAS 16 (effective 1 January 2022);
- amendment to IFRS 3 (effective 1 January 2022);
- amendment to IAS 37 (effective 1 January 2022); and
- annual improvements to IAS 41, IFRS 1, IFRS 9 and IFRS 16 (effective 1 January 2022).

New and revised IFRS issued but not yet effective and not early adopted

- IFRS 17, 'Insurance contracts' (deferred until accounting periods starting on 1 January 2023);
- amendments to IAS 12 (effective 1 January 2023);
- amendments to IAS 1 (effective 1 January 2023); and
- amendments to IAS 8 (effective 1 January 2023).

The Group is currently assessing the impact of these standards, and amendments on the future consolidated financial statements of the Group and intends to adopt these, if applicable, when they become effective.

2.3 Foreign currency translation*(a) Functional and presentation currency*

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which each entity operates ("the functional currency"). The consolidated financial statements are presented in United States Dollars ("USD") which is the "presentation currency" of the Group and the currency in which management measures the Group's performance and reports its results.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of income.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Foreign currency translation (continued)

(b) Transactions and balances (continued)

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of income on a net basis within general and administrative expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Group entities

The results and financial position of all the entities in the Group, none of which has the currency of a hyperinflationary economy (except for one legal entity in Lebanon for the year ended 31 December 2022 and 31 December 2021, refer to Note 4) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) Assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that standalone statement of financial position;
- (ii) Income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) All resulting exchange differences are recognised in other comprehensive income and in foreign currency translation reserve in the consolidated statement of financial position.

When a directly held foreign operation is disposed partially or in full, exchange differences that were recorded in equity are recognised in the consolidated statement of comprehensive income as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate at the date of the consolidated statement of financial position. Exchange differences arising are recognised in equity in the consolidated statement of financial position.

2.4 Hyperinflation

The consolidated financial statements (including comparative amounts) of Americana Restaurants' entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit current at the end of the reporting period.

As the presentation currency of the Group is that of a non-hyperinflationary economy, comparative amounts are not adjusted for changes in the price level in the current year. Differences between these comparative amounts and current year hyperinflation adjusted equity balances are recognised in consolidated other comprehensive income. The carrying amounts of non-monetary assets and liabilities are adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment loss is recognised in the consolidated statement of income if the restated amount of a non-monetary item exceeds its estimated recoverable amount. On initial application of hyperinflation prior period gains and losses are recognised directly in equity under foreign currency translation reserve.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.4 Hyperinflation (continued)**

Gains or losses on the net monetary position are recognised in the consolidated statement of income. All items recognised in the income statement are restated by applying the change in the general price index from the dates when the items of income and expenses were initially earned or incurred.

At the beginning of the first period of application, the components of equity, are restated by applying a general price index from the dates the components were contributed or otherwise arose. These restatements are recognised in other comprehensive income as a translation adjustment. If on initial application of hyperinflation accounting the restated value of the non-monetary assets exceed their recoverable amount, the initial adjustment is capped at the recoverable amount and the net increase is recorded directly in retained earnings. At the end of the first period and in subsequent periods, all components of equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.

All items in the consolidated statement of cash flows are expressed in terms of the general price index at the end of the reporting period.

The Lebanese economy has been classified as hyperinflationary. Accordingly, the results, cash flows and financial position of the Group's entity, International Touristic Projects Lebanese Co, has been expressed in terms of the measuring unit current at the reporting date. For further details, refer to Note 4.

2.5 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and impairment, where applicable. The cost of property and equipment is its purchase cost together with any incidental expenses of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of income during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives, as follows:

	Years
Leasehold improvements and furniture	5-7
Buildings	7-20
Cold rooms	5
Equipment and tools	4-7
Vehicles	4

Buildings comprise of construction-related amounts (20 years); electrical fitouts (10 years) and building extensions (7 years).

The Group depreciates leasehold improvements and furniture, over the lower of the useful life of the assets or the property lease term.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the consolidated statement of income.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.5 Property and equipment (continued)**

Capital work-in-progress is stated at cost. When commissioned, capital work-in-progress is transferred to the appropriate category of buildings and equipment and depreciated in accordance with the Group's policy.

2.6 Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the entities in the consolidated financial statements, is classified as investment property. Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met. The investment properties of the Group comprise of several lands and buildings.

Investment properties are measured at their cost less depreciation, including related transaction costs and where applicable borrowing costs.

The fair value of the investment properties for disclosure purposes are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the reporting date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

When an investment property is sold, gains and losses on disposal are determined by reference to its carrying amount and are taken into account in determining profit or loss. This is recorded in the consolidated statement of income as gain or loss on sale of investment properties. Refer to Note 6 for further details.

2.7 Intangible assets

These comprise of franchise agreements with third parties for licensing and operation of restaurant chains. The intangible asset is measured at the cost less amortisation. Amortisation is calculated using the straight-line method to allocate the costs over its estimated useful life of 5 to 10 years. Franchises and agencies are amortised over lower of lease period or franchise agreement.

Amortisation of intangible assets is calculated on the straight-line method, at rates calculated to reduce the cost of assets to their estimated residual value over their expected useful lives, as follows:

Franchises and agencies	lower of 5-10 years or lease period
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2.8 Financial assets*(i) Classification*

The Group classifies its financial assets under the following categories:

- Fair value through profit or loss (FVTPL); and
- Amortised cost.

These classifications are on the basis of business model of the Group for managing the financial assets, and contractual cash flow characteristics.

The Group measures financial asset at amortised cost when it is within the business model to hold assets in order to collect contractual cash flows, and contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will be recorded in the consolidated statement of income

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.8 Financial assets** (continued)*(ii) Recognition and derecognition*

At initial recognition, the Group measures financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of financial asset. Transaction cost of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of income.

Financial assets are derecognised when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership are transferred.

*(iii) Subsequent measurement**Debt instruments*

Subsequent measurement of financial assets is as follows:

- **Amortised cost:** Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of income and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of income.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the consolidated statement of income and presented net within other gains/(losses) in the period in which it arises.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Trade and other receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group has established a provision matrix that is based on the Group's historical credit loss experience, and further adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Loss allowance on trade receivables is written off when there is no reasonable expectation of recovery. Subsequent recoveries of amounts previously written off are credited against the same line item. Management assessed the expected credit losses as prescribed by the requirements of IFRS 9 against trade and other receivables. The information is disclosed in Note 9 of the consolidated financial statements.

Americana Restaurants International PLCNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.8 Financial assets (continued)***(v) IBOR Reform implications*

The areas impacted by the amendments of the Interest Rate Benchmark Reform includes application of the accounting for modifications of financial assets and financial liabilities when transactions are updated for the new IBOR rates (will not result in derecognition), relief on changes to hedge designations and hedge documentation (a change to hedge designations and hedge documentation required by IBOR reform would not result in discontinuation of hedge accounting) and providing disclosures that enable users to understand nature and extent of risks arising from interest rate benchmark reform to which Americana Restaurants is exposed and how it manages those risks. The amendments was applied retrospectively with no restatement required for prior periods.

Management is working on Americana Restaurants' transition activities and continues to engage with its counterparties to support an orderly transition and to mitigate the risks resulting from the transition. Americana Restaurants' major exposure as of 31 December 2021 was a loan to a related party with a carrying value of USD 64,000 thousand which was linked and not transitioned from London Inter-bank Offered Rate ("LIBOR"). As per the latest guidance, Intercontinental Exchange ("ICE") would continue publishing LIBOR till 30th June 2023. Any change of benchmark rate would be economically indifferent to Americana Restaurants and the counterparties, no matter which alternative benchmark is adopted. There is no significant exposure for Americana Restaurants as of 31 December 2022 as the loan to a related party of USD 64,000 thousand was settled during the year (Note 22).

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. Cost is determined by the weighted average method and includes all costs incurred in acquiring the inventories and bringing them to their present location and condition. Net realisable value is the estimate of the selling price in the ordinary course of business, less variable selling expenses, if any. Inventories in transit are recognised when the risks and rewards are transferred to the Group in accordance with the shipping terms agreed with the suppliers.

2.11 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprise of cash on hand, current accounts and term deposits with original maturity of three months or less and net of bank overdrafts. In the consolidated statement of financial position, bank overdrafts are disclosed separately within current liabilities.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.12 Leases***The Group's leasing activities and how these are accounted for*

The Group leases various office space, accommodation, vehicles, restaurants space, land, warehouses and call centres. Rental contracts are typically made for fixed periods of 1 to 25 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated statement of income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted based on the incremental borrowing rate determined by the Group.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received or receivable, as applicable; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated statement of income. Short-term leases are leases with a lease term of 12 months or less. Low-value assets generally comprise of office equipment.

*Variable lease payments**Estimation uncertainty arising from variable lease payments*

Some leases contain variable payment terms that are linked to sales generated from a store. Variable lease payments that depend on sales are recognised in the consolidated statement of income in the period in which the condition that triggers those payments occurs.

Extension and termination options

Extension and termination options are included in a several properties, land and vehicles leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. Management have concluded not to include any extension or termination options in the IFRS 16 lease period on the basis that it is not reasonably certain to exercise the options given the options requires both parties mutually agreeing on renewed terms and conditions.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.12 Leases (continued)***Rent Concessions*

On 31 March 2021, the IASB published a further amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022 in light of the ongoing COVID-19 pandemic. Since Americana Restaurants had already applied the practical expedient in the May 2020 amendment, it is required to continue to apply the practical expedient consistently, to all lease contracts with similar characteristics and in similar circumstances, using the March 2021 amendment. Americana Restaurants has early adopted this amendment on 1 January 2021 and as a result, Americana Restaurants has recognised a gain on the rent concessions amounting to as 'other income' in the consolidated statement of income for the year ended 31 December 2022 USD 667 thousand (2021: USD 6,978 thousand) to reflect changes in lease payments that arise from rent concessions to which they have applied the practical expedient.

2.13 Provision for employees' end of service benefits

The liability for employees end of service benefits recognised in the consolidated statement of financial position in respect of the defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit plan is unfunded where no plan assets are set aside in advance to provide for future liabilities; instead, the liabilities are met out of the Group's own resources as they fall due. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method and in accordance with the labour laws of the countries in which the Group operates.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The net interest cost is calculated by applying the discount rate to the defined benefit obligation. This cost is included in finance costs in the consolidated statement of income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in the accumulated results in the consolidated statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of income as past service costs.

2.14 Financial liabilities

The Group initially recognises debt securities issued on the date that they originated. All other financial liabilities (including liabilities designated as fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. Non-derivative financial liabilities comprise loans and borrowings, sukuk notes and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.16 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. Increases in provisions due to the passage of time are recognised in the consolidated statement of income.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.17 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in the fair value of derivative instruments are included in the consolidated statement of income for the year. The Group does not apply hedge accounting.

2.18 Revenue from contracts with customers

The Group recognises revenue, based on the five-step model as set out in IFRS 15:

Step 1 - Identify the contract with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

Step 2 - Identify the performance obligations in the contract: A performance obligation in a contract is a promise to transfer a good or service to the customer.

Step 3 - Determine the transaction price: Transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods and services to a customer, excluding amounts collected on behalf of third parties.

Step 4 - Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Group will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Group expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognise revenue as and when the Group satisfies a performance obligation.

Revenue is measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or an agent and has concluded that it is acting as a principal in all its revenue arrangements.

Revenue is recognised in the consolidated financial statements to the extent that it is probable that the economic benefits will flow to the Group and the revenue and costs, if and when applicable, can be measured reliably. Revenue represents the amounts received from food and beverage sales and rental income.

Revenue is recognised from the Group's activities as follows:

(a) *Food and beverage*

Revenue from food and beverage sales is recognised in the accounting period in which the goods are sold. The revenue is stated net of discounts.

Americana Restaurants International PLCNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)****2.18 Revenue from contracts with customers (continued)***(b) Investment property rental income*

Rental income from operating leases is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. It is presented as part of revenue in the consolidated statement of income.

2.19 Finance income and costs

Finance income comprises interest income on short term investments and other bank deposits. Interest income is recognised as it is accrued in the consolidated statement of income, using the effective interest method.

Finance costs are mainly interest payable on borrowings obtained from financial institutions at normal commercial rates and is recognised as an expense in the consolidated statement of income in the period in which it is incurred.

2.20 Current and deferred income tax and zakat

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the consolidated statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such a case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group's operations in the Kingdom of Saudi Arabia are subject to zakat in accordance with the regulations of the Zakat, Tax & Customs Authority ("ZTCA"), any amount accrued under these regulations is charged to the consolidated statement of income.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the consolidated statement of financial position in the countries where the Group's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting, nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the consolidated statement of income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such a case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**2.21 Rounding of amounts**

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

2.22 Royalties

The Group has entered into agreements with various international franchisors for the use of the trademarks and business models. The royalty fee payable for the use of trademarks and business models is computed as a percentage of gross sales and is expensed in the year in which it accrues against the revenue recognised.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the resource allocation and risk management by the chief operating decision makers. The chief operating decision makers assess the financial performance and position of the Group and makes strategic decisions. The chief operating decision makers consist of the chief executive officer, the chief financial officer and the chief operating officer.

2.24 Basis of consolidation*(a) Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group applies the acquisition method of accounting to account for business combinations, except for acquisitions involving entities under common control, which are accounted for using the predecessor method. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group.

The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of income. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated statement of income.

The excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interests recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of income.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of financial position respectively.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Basis of consolidation (continued)

(a) Subsidiaries (continued)

The consolidated financial statements comprises the consolidated financial statements of Americana Restaurants International PLC and its subsidiaries that were transferred to it by Kuwait Food Company (Americana) K.S.C.C.

The subsidiaries of Americana Restaurants International PLC were transferred to it under a capital reorganisation during the year ended 31 December 2022. The transfer is treated as a capital reorganisation under common control and the predecessor method of accounting and retrospective presentation is used.

(b) Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(c) Changes in interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant shares acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of income.

2.25 Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the number of ordinary shares outstanding after share split during the year ended 31 December 2022. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the number of shares on formation for the effects of all dilutive potential ordinary shares. The denominator has been adjusted retrospectively in calculating historical EPS for the year ended 31 December 2021 by using the number of ordinary shares outstanding after share split as on 31 December 2022. Given the number of ordinary shares changed as a result of a share split, the calculation of basic and diluted earnings per share for all periods presented are adjusted retrospectively.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities may expose it to a variety of financial risks: market risk (including foreign exchange risk, price and cash flow and fair value interest rate risk), credit risk and liquidity risk. The management carries out risk assessment for managing each of these risks. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is predominately controlled by a central treasury department of the Group under policies approved by the Board of Directors. The central treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board of Directors provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Group's exposure to market risk arises from:

(i) Foreign exchange risk

The Group operates in various countries and undertakes transactions denominated in various currencies, other than the functional currency of each of the Group's entities. Foreign exchange risk arises from its future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group is mainly exposed to foreign currency risk as a result of gain or losses from translated assets and liabilities denominated in foreign currencies, such as cash and cash equivalents balances, trade and other receivables, trade and other payables and bank facilities.

The Group is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the Kuwaiti Dinar ("KWD"), Saudi Riyal ("SAR"), UAE Dirham ("AED"), and Egyptian Pound ("EGP"). Foreign exchange risk between KWD, SAR, and AED is limited. Furthermore, with respect to the Lebanese Lira ("LL"), The Group is exposed to the hyperinflationary environment on its operations in Lebanon (please refer to Note 4 for the critical accounting estimates used by management). However, the exposure of the exchange rate fluctuation is deemed insignificant to the financial statements for the year ended 31 December 2022.

Below is the sensitivity analysis for foreign exchange risk exposed under EGP.

At 31 December 2022, if the EGP had weakened/strengthened by 5% (2021: 5%) against the USD with all other variables held constant, the consolidated comprehensive income for the year would have been lower/higher by USD 596 thousand (2021: USD 720 thousand), mainly as a result of foreign exchange gains/losses on translation of EGP-denominated trade payables.

At 31 December 2022, if the EGP had weakened/strengthened by 5% (2021: 5%) against the USD with all other variables held constant, the consolidated comprehensive income for the year would have been higher/lower by USD 160 thousand (2021: USD 266 thousand), mainly as a result of foreign exchange gains/losses on translation of EGP-denominated trade receivables.

There are no significant risks from the other currencies as at 31 December 2022 and 2021.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)

3 FINANCIAL RISK MANAGEMENT (continued)**3.1 Financial risk factors (continued)***(ii) Price risk*

The Group is not exposed to significant price risk as it does not have investments in traded equity securities or similar assets and liabilities.

(iii) Cash flow and fair value interest rate risk

The financial assets and liabilities exposed to interest rate fluctuations are cash deposits and bank facilities.

The Group's central treasury ensures that deposits are maintained at the best prevailing market rate at the time of initiating each deposit.

Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

(b) Credit risk

Credit risk is the risk that the Group will incur a loss because of its customer or counterparty failed to discharge their contractual obligation.

The financial instruments exposed to credit risk are as follows:

	US Dollars'000	
	31 December 2022	31 December 2021
Cash and bank balances excluding cash on hand	300,198	169,687
Loan to a related party	-	64,000
Trade and other receivables*	67,391	60,046
Due from related parties	237	1,189
	367,826	294,922

*Trade and other receivables noted above exclude advances to suppliers and prepaid expenses. Advances to suppliers and prepaid expenses are primarily related to landlords where the Group occupies the premises as per the lease agreements. There is no official credit rating for trade and other receivables.

(i) Cash and cash equivalents

The Group manages credit risk exposure arising from cash at banks by dealing with well-established banks of repute in the countries in which it operates. This is assessed based on Moody's credit rating of the bank with which balances are maintained by the Group which primarily range from Aa3 to B3 at the reporting date of which majority of the cash and cash equivalents are with investment grade banks.

(ii) Trade and other receivables

The credit quality of the customers is assessed according to their financial positions, past experience and other relevant factors. The utilisation of credit limits and outstanding receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of trade and other receivables mentioned above.

(iii) Loan to a related party and due from related parties

Credit risk on loan to a related party and due from related parties is considered minimal as management monitors and reconciles related party balances on a regular basis and assesses the related parties to ensure they have sufficient resources to settle the obligations and, hence, recoverability is not considered to be doubtful. Management does not expect any losses from non-performance by such related parties. At 31 December 2022, and 31 December 2021 the expected credit loss allowance on loan to a related party and due from related parties was immaterial.

Americana Restaurants International PLCNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)**3 FINANCIAL RISK MANAGEMENT** (continued)**3.1 Financial risk factors** (continued)*(c) Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining year at the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	US Dollars'000			
	As on 31 December 2022			
	Within 1 year	1 year to 5 years	More than 5 years	Total
Bank facilities	18,592	-	-	18,592
Lease liabilities	163,260	263,285	61,186	487,731
Trade and other payables (excluding value added tax payable and unearned income)	369,647	-	-	369,647
	551,499	263,285	61,186	875,970

(c) Liquidity risk (continued)

	US Dollars'000			
	As on 31 December 2021			
	Within 1 year	1 year to 5 years	More than 5 years	Total
Bank facilities	7,073	-	-	7,073
Lease liabilities	138,869	233,796	69,462	442,127
Trade and other payables (excluding value added tax payable and unearned income)	325,212	-	-	325,212
	471,154	233,796	69,462	774,412

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure comprises of the equity plus debt.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

The below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market is based on valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, these instruments are included in level 2. If one or more of the significant inputs is not based on observable market data, these instruments are included in level 3.

As at 31 December 2022, the derivative financial instrument under the agreement with REEF Technology Inc and REEF SPV ME Holdings LLC is held at fair value under level 3. The fair value as at 31 December 2022 is estimated to be USD 11,131 thousand (2021: USD 9,390 thousand) (refer to Note 9). There are no other assets and liabilities measured at fair value as at 31 December 2022 and 2021.

The carrying value less impairment provision of current trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. Other receivables and payables approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements

Control of a subsidiary

The management has concluded that the Group controls Bahrain and Kuwait Restaurants Company, even though it holds less than half of the voting rights of this subsidiary. Americana Restaurants, the largest shareholder with a 40% equity interest, has the exclusive right to manage Bahrain and Kuwait Restaurants Company. According to the contractual arrangements in place, the Group appoints all key management and makes all the key operating decisions which further suggests it has power over the investee and thus consolidates based on these facts.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)*Hyperinflation*

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiary is the currency of a hyperinflationary economy.

Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

- the general population prefers to keep its wealth in non-monetary assets or in a relatively stable foreign currency;
- prices are quoted in a relatively stable foreign currency;
- sales or purchase prices take expected losses of purchasing power during a short credit period into account;
- interest rates, wages and prices are linked to a price index; and
- the cumulative inflation rate over three years is approaching, or exceeds, 100%.

Management exercises judgement as to when a restatement of the financial statements of a subsidiary becomes necessary. Following management's assessment, the subsidiary of the Group, International Touristic Projects Lebanese Co has been accounted for as entity operating in hyperinflationary economies. The results, cash flows and financial positions of International Touristic Projects Lebanese Co have been expressed in terms of the measuring units current at the reporting date.

The economy of Lebanon was assessed to be hyperinflationary effective September 2020, and hyperinflation accounting has been applied since.

The general price index used as published by the International Monetary Fund is as follows:

Date	Base year	General price index	Inflation rate (%)
31 December 2021	2019	921	759%
31 December 2022	2019	1917	1,687%

Whilst the impact of hyperinflation accounting is insignificant to the Group's consolidated financial statements, the Group's management has assessed the impact and adjusted for the effects of hyperinflation as set out below:

	31 December 2022	31 December 2021
	USD'000	USD'000
Income statement		
Increase in revenue	4,223	4,889
Monetary (loss)/gain from hyper inflation	(1,521)	3,043
Reversal of impairment of non-financial assets	-	1,025
Increase in cost of revenues	(1,938)	(4,718)
Increase in selling and marketing expenses	(2,044)	(1,581)
Increase in general and administrative expenses	(117)	(1,100)
Others	1,041	(1,881)
Decrease in profit after tax	(356)	(323)

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**Critical accounting estimates and assumptions (continued)***Impairment of non-financial assets*

The Group has determined that the smallest cash generating units ("CGU") is its Brand-Country level primarily on the basis that the Group is required to maintain a minimum number of stores in each country in order to maintain the exclusivity right in line with the franchise agreements. Management also leverages its shared services infrastructure in each country, and it has developed financial and operating performance indicators on a brand-country level. Management performs a quarterly study to identify indications of impairment according to IAS 36, Impairment of Assets ("IAS 36"), in which discounted future cash flows are calculated to ascertain whether the value of assets has become impaired. However, a risk exists whereby the assumptions used by management to calculate future cash flows may not be fair based on current conditions and those prevailing in the foreseeable future. The non-financial assets which relate to restaurant outlets, that were assessed for impairment are property and equipment, right-of-use assets and intangible assets amounting to USD 736,999 thousand as at 31 December 2022 (2021: USD 626,517 thousand). The reversal of impairment recognised in the consolidated income statement on these non-financial assets are as follows:

	31 December 2022 USD'000	31 December 2021 USD'000
Property and equipment (Note 5)	(59)	(1,356)
Right-of-use assets (Note 12)	24	292
Intangible assets (Note 7)	(11)	(115)
Total	<u>(46)</u>	<u>(1,179)</u>

The following table presents the Group's key assumptions and the effect of the sensitivity analysis on the consolidated statement of comprehensive income on those assumptions:

	Headroom/(Impairment of non-financial assets) US Dollars'000			
	Change in assumption	Year ended 31 December 2022	Year ended 31 December 2021	
Growth rate	+/-0.5%	-	-	94 (93)
Discount rate	+/-0.5%	-	-	(17) 18
EBITDA margin	+/-1.0%	-	-	135 (704)

Americana Restaurants International PLC

 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
 (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)
Critical accounting estimates and assumptions (continued)
Impairment of non-financial assets (continued)

Key assumptions used in value in use calculations for the year ended 31 December 2022 and 2021 are as follows:

	CGUs impairment testing: Key assumptions 2022			
	GCC	Lower Gulf	North Africa	Others
Growth rate	4% - 6%	4% - 6%	5% - 18%	4% - 46%
Discount rate	11%	11% - 15%	13% - 17%	13% - 29%
Increase/decrease in EBITDA margin	2% - 4%	2% - 3%	2% - 12%	2% - 35%

	CGUs impairment testing: Key assumptions 2021			
	GCC	Lower Gulf	North Africa	Others
Growth rate	3% - 15%	3% - 13%	9% - 14%	(49%) - 29%
Discount rate	7% - 8%	7% - 10%	9% - 11%	9% - 24%
Increase/decrease in EBITDA margin	2% - 3%	2% - 3%	1% - 7%	2% - 100%

Taxes

The Group is subject to corporate income tax and Zakat. Significant judgment is required in determining the provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises a liability for anticipated taxes based on estimates of whether additional taxes will be due to be paid. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made (Note 31).

Impairment of financial assets

The impairment of trade receivables and other receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Corporate allocations

In the preparation of these consolidated financial statements for the year ended 31 December 2021 in accordance with IFRS, management has made judgements, estimates and assumptions relating to the allocation of certain expenses and income historically maintained by Kuwait Food Company (Americana) K.S.C.C. Such items have been allocated to the Group and included in the consolidated financial statements based on the most relevant allocation method that are considered to be reasonable for the purpose of these consolidated financial statements. Actual results may differ from these estimates. A 10% increase or decrease change in allocation percentages would result in approximately USD 2.0 million change in expense allocated to the Group for the year ended 31 December 2021.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)**Critical accounting estimates and assumptions (continued)***Corporate allocations (continued)*

The expenses as mentioned above are allocated on the following basis:

Nature of costs	Basis of allocation
Employees related benefits and costs	Allocation is based on the estimated time spent and activities among the Restaurant Business, Food Business, and corporate function.
Rent and utilities	These costs have been allocated based on headcount of the employees from each business utilising the office space.
Professional, legal, and office administrative fees	These costs are identifiable and have been allocated based on the activity

Foreign currency translation - International Touristic Projects Lebanese Co.

International Touristic Projects Lebanese Co. ("Americana Lebanon") is a wholly owned subsidiary of the Group. During the previous year, the banks in Lebanon implemented unofficial foreign exchange controls in the banking sector to manage the shortages. The US Dollar ("USD") has been in wide use and circulation over the last 2 decades or more and against which the Lebanese Pound has been pegged throughout that period at Lebanese Lira ("LL") 1,507.5 per USD ("official exchange rate").

In terms of IFRS, where a country has multiple exchange rates, judgement is required to determine which exchange rate qualifies as a spot rate that can be used for the translation of foreign operations. Factors to determine this include whether the currency is available at an official exchange rate. After the launching of an official electronic platform ("Sayrafa") by the Central Bank of Lebanon where the exchange rate is published on a regular basis for the participating banks and for settlement of foreign payables, management has considered Sayrafa as an alternative official exchange rate, being a more relevant spot rate. As a result, management has used the alternate official exchange rate being the Sayrafa rate to translate Americana Lebanon's operations to the USD presentation currency as at 31 December 2022 and 31 December 2021.

Derivative financial instruments

The fair value of derivative financial instruments that are not traded in an active market are determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

Extension or termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. Management have concluded not to include any extension or termination options in the IFRS 16 lease period on the basis that it is not reasonably certain to exercise the options given the options requires both parties mutually agreeing on renewed terms and conditions.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022 (continued)

5 PROPERTY AND EQUIPMENT

	US Dollars '000						Total
	Land	Leasehold improvements and furniture	Buildings and cold rooms and tools	Equipment and tools	Vehicles	Capital work in progress	
Cost							
As at 1 January 2022	19,095	450,374	89,388	270,081	15,795	20,965	865,698
Additions	-	27,663	1,172	40,219	1,522	69,094	139,670
Disposals	(1,571)	(61,631)	(5,277)	(19,060)	(1,745)	(330)	(89,614)
Hyperinflation adjustment	3,061	3,762	4,256	2,468	133	-	13,680
Transfers	-	37,439	1,393	11,147	-	(61,825)	(11,846)
Foreign currency translation difference	(3,496)	(17,591)	(6,201)	(7,864)	(815)	(759)	(36,726)
As at 31 December 2022	17,089	440,016	84,731	296,991	14,890	27,145	880,862
Accumulated depreciation and impairment							
As at 1 January 2022	-	350,636	69,144	211,801	12,198	-	643,779
Charge for the year	-	34,355	3,437	20,011	1,490	-	59,293
Disposals	-	(60,556)	(3,228)	(18,208)	(1,734)	-	(83,726)
Hyperinflation adjustment	-	3,566	3,811	2,421	133	-	9,931
Transfers	-	250	-	(3)	-	-	247
Reversal of impairment	-	127	(58)	(128)	-	-	(59)
Foreign currency translation difference	-	(9,808)	(3,313)	(4,829)	(497)	-	(18,447)
As at 31 December 2022	-	318,570	69,793	211,065	11,590	-	611,018
Net book amount							
As at 31 December 2022	17,089	121,446	14,938	85,926	3,300	27,145	269,844

Capital work in progress mainly comprises of outlets under construction and equipment under assembly.

Property and equipment with a carrying amount of USD 19,746 thousand as on 31 December 2021 are pledged as security for a borrowing held by the Former Parent Company. There was no property and equipment pledged as security as on 31 December 2022.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022 (continued)

5 PROPERTY AND EQUIPMENT (continued)

	US Dollars '000						Total
	Land	Leasehold improvements and furniture	Buildings and cold rooms and canteens	Equipment and tools	Vehicles	Capital work in progress	
Cost							
As at 1 January 2021	32,877	461,548	110,853	284,536	18,456	13,744	922,014
Additions	-	22,001	709	19,591	1,173	48,036	91,510
Disposals	-	(37,441)	(803)	(20,937)	(2,833)	(81)	(62,095)
Hyperinflation adjustment	3,082	4,660	4,498	3,653	232	-	16,125
Transfers	-	27,264	581	4,861	104	(40,606)	(7,796)
Foreign currency translation difference	(16,864)	(27,658)	(26,450)	(21,623)	(1,337)	(128)	(94,060)
As at 31 December 2021	19,095	450,374	89,388	270,081	15,795	20,965	865,698
Accumulated depreciation and impairment							
As at 1 January 2021	7,024	373,628	86,766	231,827	14,882	-	714,127
Charge for the year	-	37,219	3,742	16,413	1,233	-	58,607
Disposals	-	(36,648)	(804)	(19,687)	(2,804)	-	(59,943)
Hyperinflation adjustment	-	4,559	3,928	3,497	232	-	12,216
Transfers	-	26	(102)	(30)	4	-	(102)
Reversal of impairment	(490)	(87)	(605)	(170)	(4)	-	(1,356)
Foreign currency translation difference	(6,534)	(28,061)	(23,781)	(20,049)	(1,345)	-	(79,770)
As at 31 December 2021	-	350,636	69,144	211,801	12,198	-	643,779
Net book amount							
As at 31 December 2021	19,095	99,738	20,244	58,280	3,597	20,965	221,919

Capital work in progress mainly comprises of outlets under construction and equipment under assembly.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)

6 INVESTMENT PROPERTIES

	US Dollars'000	
	2022	2021
Balance as at 1 January	9,341	7,521
Transfers from property and equipment	-	2,454
Foreign currency translation difference	(2,926)	12
Depreciation	(545)	(646)
Balance as at 31 December	5,870	9,341

The fair value for disclosure purposes is determined by professionally qualified external valuers once every year.

A formal external valuation of the investment property was undertaken by independent qualified appraisers, on an open market basis at 31 December 2022 and 2021. Based on such valuation, the fair value of the Group's investment at that date was determined at USD 19,972 thousand (2021: USD 31,958 thousand).

The lease income recognised during the year ended 31 December 2022 is USD 3,611 thousand (2021: USD 2,764 thousand). Refer to Note 23. Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the consolidated financial statements are receivable as follows:

	US Dollars'000	
	31 December 2022	31 December 2021
Within one year	2,960	2,868
Between 1 and 2 years	2,234	2,581
Between 2 and 3 years	1,862	2,151
Between 3 and 4 years	1,117	1,291
Between 4 and 5 years	2,234	2,581
Later than 5 years	5,440	4,302
	15,847	15,774

Revaluation of investment property (for disclosure purposes)

The fair valuation for the leased properties for disclosure purpose was done using the 'Income approach' which involves determination of the value of the investment property by calculating the net present value of expected future earnings. The valuation method adopted for these properties is based on inputs that are not based on observable market data (that is, unobservable inputs - Level 3). The valuation method adopted for these properties fall under level 3.

For vacant investment property, the 'Market approach' was used to determine the fair value. This involves determination of the value of the asset with reference to comparable market transactions for assets in close proximity. These values are adjusted for differences in key attributes such as size, gross floor area and location (that is, significant observable input - Level 3).

The significant unobservable inputs used and related sensitivity analysis are as follows:

Year ended 31 December	Assumption	Average value of the assumption	Sensitivity analysis
2022	Sales rate	USD 1,491 per m ²	An increase (decrease) of 1% would increase (decrease) the investment properties' fair value by USD 200 thousand.
2021	Sales rate	USD 2,577 per m ²	An increase (decrease) of 1% would increase (decrease) the investment properties' fair value by USD 320 thousand.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)

7 INTANGIBLE ASSETS

	US Dollars'000		
	Franchise and agencies	Others	Total
Cost			
At 1 January 2022	81,520	9,455	90,975
Additions	8,192	-	8,192
Transfers	11,104	-	11,104
Hyperinflation adjustment	557	-	557
Disposals	(10,621)	-	(10,621)
Foreign currency translation difference	(3,683)	-	(3,683)
At 31 December 2022	87,069	9,455	96,524
Accumulated amortisation and impairment			
At 1 January 2022	47,355	997	48,352
Amortisation	7,105	-	7,105
Transfers	(45)	-	(45)
Disposals	(7,528)	-	(7,528)
Hyperinflation adjustment	454	-	454
Reversal of impairment	(11)	-	(11)
Foreign currency translation difference	(1,394)	-	(1,394)
At 31 December 2022	45,936	997	46,933
Net book amount			
At 31 December 2022	41,133	8,458	49,591
	US Dollars'000		
	Franchise and agencies	Others	Total
Cost			
At 1 January 2021	75,318	9,455	84,773
Additions	8,303	-	8,303
Transfers	3,397	-	3,397
Hyperinflation adjustment	602	-	602
Disposals	(2,567)	-	(2,567)
Foreign currency translation difference	(3,533)	-	(3,533)
At 31 December 2021	81,520	9,455	90,975
Accumulated amortisation and impairment			
At 1 January 2021	46,084	997	47,081
Amortisation	6,133	-	6,133
Disposals	(2,057)	-	(2,057)
Hyperinflation adjustment	494	-	494
Reversal of impairment	(115)	-	(115)
Foreign currency translation difference	(3,184)	-	(3,184)
At 31 December 2021	47,355	997	48,352
Net book amount			
At 31 December 2021	34,165	8,458	42,623

'Franchise and agencies' comprise of franchise fee paid to third parties for licensing and operation of restaurant chains in line with the related franchise agreements.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

8 INVENTORIES

	US Dollars'000	
	31 December 2022	31 December 2021
Raw materials	132,131	69,528
Filling and packing materials	15,006	11,546
Other materials	13,973	12,879
Goods in transit	11,805	13,425
Spare parts	7,037	6,400
	179,952	113,778
Provision for obsolete, slow moving and defective inventories	(6,126)	(6,481)
	173,826	107,297

The cost of inventories recognised as an expense during the year was USD 760,322 thousand (2021: USD 623,720 thousand) (Note 24).

The movements in the provision for obsolete, slow moving and defective inventories are given below:

	US Dollars'000	
	2022	2021
Balance at 1 January	6,481	6,758
Net provision for slow moving items	1,860	1,387
Write-offs against provision for slow moving items	(1,643)	(1,271)
Reclassification	(105)	-
Foreign currency translation difference	(467)	(393)
Balance at 31 December	6,126	6,481

9 TRADE AND OTHER RECEIVABLES

	US Dollars'000	
	31 December 2022	31 December 2021
Trade receivable	29,325	26,800
Less: loss allowance	(1,315)	(1,856)
	28,010	24,944
Prepaid expenses	31,210	28,489
Advances to suppliers	5,009	5,499
Refundable deposits	19,524	18,627
Accrued income	5,703	5,304
Insurance receivables	692	752
Staff receivables	2,357	2,313
Others	11,105	8,106
	103,610	94,034

The Group has a broad base of customers with no concentration of credit risk within trade receivables at 31 December 2022 and 31 December 2021.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

9 TRADE AND OTHER RECEIVABLES (continued)

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable:

	US Dollars'000	
	31 December 2022	31 December 2021
Up to 3 months	28,154	25,044
3 to 6 months	243	561
Over 6 months	928	1,195
	29,325	26,800

The loss allowance on trade receivables is primarily concentrated in the balances over 6 months which had an expected credit loss allowance of 100% amounting to USD 928 thousand (2021: 100% amounting to USD 1,195 thousand).

Balances between 3 to 6 months had an expected credit loss allowance of 56% amounting to USD 136 thousand (2021: 27% amounting to USD 153 thousand). Balances up to 3 months had a expected credit loss allowance of 1% amounting to USD 251 thousand (2021: 2% amounting to USD 508 thousand)

Movement in the loss allowance on trade receivables during the year:

	US Dollars'000	
	2022	2021
Balance at 1 January	1,856	1,744
Charge during the year	248	1,454
Write-offs against the loss allowance on trade receivables	(582)	(1,319)
Reclassification	-	(26)
Foreign currency translation differences	(207)	3
Balance at 31 December	1,315	1,856

The other classes within trade and other receivables do not contain impaired assets and are not exposed to significant credit risk.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	US Dollars'000	
	31 December 2022	31 December 2021
UAE Dirham	9,153	8,563
Saudi Riyal	4,633	4,455
Egyptian Pound	3,207	5,316
Kuwaiti Dinar	3,512	4,151
US Dollar	100	54
Other	8,720	4,261
	29,325	26,800

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)

9 TRADE AND OTHER RECEIVABLES (continued)

The carrying value less loss allowance on trade and other receivables is assumed to approximate their fair values due to the short-term nature of trade receivables.

Agreement with REEF Technology Inc and REEF SPV ME Holdings LLC:

The Group entered into an agreement on 9 December 2021 with a third party to operate cloud kitchens in the region through an investment in REEF Technology Middle East Limited (the "Entity"). The Group acquired 25% shares in the Entity in exchange for loan notes of USD 28,500 thousand which are non-interest bearing and have a non-recourse against the Group. As per the agreement, the loan notes are to be settled against the future cash flows (i.e., dividends) received from the investment of the Group. The Group neither bear any significant risk or rewards until the loan notes have been fully settled nor additional liability in case the Entity fails to generate sufficient cash flows to cover the loan notes. Moreover, the Group contributed a working capital loan of USD 1,000 thousand towards the Entity which is non-interest bearing and has no fixed repayment terms. The working capital loan is recorded as a part of other receivables.

Under the same Agreement, the put option and call option is provided to both parties that is exercisable after 9 December 2024. Management has estimated the fair valuation of the stake along with the underlying derivative instrument to be USD 9,390 thousand and accordingly recorded the derivative financial instrument with the corresponding deferred gain as at 31 December 2021.

The Group has revalued the derivative financial instrument and estimated the fair value to be USD 11,331 thousand as at 31 December 2022 (2021: USD 9,390 thousand). The valuation methodology utilised is consistent with the prior year valuation, being the binomial lattice model with key assumptions as at 31 December 2022 being an expected life of 4 years (2021: 5 years), an asset volatility of 21% (2021: 22%), and a risk free interest rate of 4.11% (2021: 1.1%). The difference on revaluation is recorded in the consolidated statement of income.

10 CASH AND CASH EQUIVALENTS

	US Dollars'000	
	31 December 2022	31 December 2021
Cash on hand	4,362	4,309
Cash at banks	77,414	89,420
Short-term deposits with original maturity of 3 months or less	222,784	80,267
Cash and cash equivalents	304,560	173,996

Bank balances are held with local and international branches of reputable banks. Management views these banks as having a sound performance history and satisfactory credit ratings. Deposits are presented as cash equivalents only if they have a maturity of three months or less from the date of acquisition or are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value.

Cash and cash equivalents include the following for the purpose of the consolidated statement of cash flows:

	US Dollars'000	
	31 December 2022	31 December 2021
Cash and cash equivalents	304,560	173,996
Less: Bank overdraft (Note 11)	(18,592)	(7,073)
Balances per consolidated statement of cash flows	285,968	166,923

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

11 BANK FACILITIES

	US Dollars'000	
	31 December 2022	31 December 2021
Short term		
Bank overdraft	18,592	7,073

	US Dollars'000	
	31 December 2022	31 December 2021
Maturity of bank facilities are as follows:		
Within one year	18,592	7,073

12 LEASES

(i) Amounts recognized in the consolidated statement of financial position

	US Dollars'000				
	Building and Leasehold	Vehicles	Land	Key money	Total
Right of use assets					
Cost					
As at 1 January 2022	706,776	27,697	8,466	9,965	752,904
Additions	223,801	4,886	1	3,788	232,476
Hyperinflation adjustment	1,747	-	-	445	2,192
Disposal	(32,316)	(294)	(142)	(82)	(32,834)
Transfers	-	-	-	721	721
Foreign currency translation difference	(28,325)	(76)	(46)	(1,118)	(29,565)
As at 31 December 2022	871,683	32,213	8,279	13,719	925,894
Accumulated depreciation and impairment					
As at 1 January 2022	364,638	20,100	3,423	2,768	390,929
Charge for the year	142,837	6,572	1,186	2,171	152,766
Hyperinflation adjustment	1,121	-	-	445	1,566
Impairment charges	24	-	-	-	24
Disposal	(24,137)	(257)	(1)	(82)	(24,477)
Transfers	-	-	-	45	45
Foreign currency translation difference	(11,616)	(45)	(29)	(833)	(12,523)
As at 31 December 2022	472,867	26,370	4,579	4,514	508,330
Net book amount					
Balance as at 31 December 2022	398,816	5,843	3,700	9,205	417,564

The additions of right-of-use assets (excluding key money) is a non-cash activity.

Americana Restaurants International PLCNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)**12 LEASES** (continued)

(i) Amounts recognised in the consolidated statement of financial position (continued)

	US Dollars'000				
	Building and Leasehold	Vehicles	Land	Key money	Total
Right of use assets					
Cost					
As at 1 January 2021	596,590	21,220	8,249	10,871	636,930
Additions	125,884	6,589	414	1,401	134,288
Hyperinflation adjustment	1,987	-	-	467	2,454
Disposal	(5,731)	(150)	(95)	(1,980)	(7,956)
Transfers	-	-	-	1,843	1,843
Foreign currency translation difference	(11,954)	38	(102)	(2,637)	(14,655)
As at 31 December 2021	706,776	27,697	8,466	9,965	752,904
Accumulated depreciation and impairment					
As at 1 January 2021	245,749	12,202	2,317	5,115	265,383
Charge for the year	132,361	7,933	1,167	1,782	143,243
Hyperinflation adjustment	442	-	-	467	909
Impairment charges	292	-	-	-	292
Disposal	(3,961)	(44)	-	(1,980)	(5,985)
Foreign currency translation difference	(10,245)	9	(61)	(2,616)	(12,913)
As at 31 December 2021	364,638	20,100	3,423	2,768	390,929
Net book amount					
Balance as at 31 December 2021	342,138	7,597	5,043	7,197	361,975

The additions of right-of-use assets (excluding key money) is a non-cash activity.

	31 December 2022 USD'000	31 December 2021 USD'000
Lease liabilities		
Non-current	274,603	248,136
Current	160,156	136,463
	434,759	384,599

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

12 LEASES (continued)

(ii) Amounts recognised in the consolidated statement of income

	2022 USD'000	2021 USD'000
Finance costs on lease liabilities (Note 28)	<u>21,517</u>	<u>20,713</u>
	2022 USD'000	2021 USD'000
Other rent expenses		
Expense relating to short-term and low-value leases	34,781	45,481
Expense relating to variable lease payments not included in lease liabilities	<u>14,586</u>	<u>11,437</u>
	<u>49,367</u>	<u>56,918</u>

The Group recognised a gain on COVID-19 related rent concessions of USD 667 thousand for the year ended 31 December 2022 (2021: USD 6,978 thousand) under other income in the consolidated statement of income.

13 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	Note	2022 USD'000	2021 USD'000
At 1 January		<u>76,260</u>	<u>80,413</u>
Current service cost	29	8,538	10,074
Interest expense	28	1,173	950
Total amount recognised in the consolidated statement of income		<u>9,711</u>	<u>11,024</u>
<i>Remeasurement of employees' end of service benefits</i>			
- changes in financial assumptions		(7,811)	(2,846)
- changes in experience / demographic assumptions		<u>(768)</u>	<u>2,410</u>
Total amount recognised in the consolidated statement of other comprehensive income		<u>(8,579)</u>	<u>(436)</u>
Payments		(10,686)	(13,535)
Transfer to staff accruals		-	(2)
Foreign currency translation differences		<u>(320)</u>	<u>(1,204)</u>
At 31 December		<u>66,386</u>	<u>76,260</u>

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligation as at 31 December 2022 and 31 December 2021, using the projected unit credit method, in respect of employees' end of service benefits payable under labour laws prevailing in the countries in which the subsidiaries operate. Under this method, an assessment is made of the employee's expected service life with the Group and the expected basic salary at the date of leaving the service. A provision is made, using actuarial techniques, for the full amount of end of service benefits due to the employees in accordance with the local labour law of the country where they are employed, for their year ended of service up to the reporting date. Management's assumptions and sensitivity analysis are provided below.

Below is the maturity analysis of the expected benefit payments:

	US Dollars'000	
	31 December 2022	31 December 2021
Within one year	17,124	15,297
Between 2 and 5 years	47,995	46,722
Later than 5 years	58,355	69,226

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

13 PROVISIONS FOR EMPLOYEES' END OF SERVICE BENEFITS (continued)

Actuarial assumptions and sensitivity

	2022	2021
Average discount rate used	5.25%	1.95%
Average salary growth rate	1.69%	1.69%
Salary growth effective date during the year	April - July	April - July
Withdrawal rates per annum	20-25%	20%
Employee retirement age	60	60
Average duration	3-4 years	4-5 years

Sensitivity of the key actuarial assumptions

US Dollars '000

Increase/(decrease) of employees' end of service benefits as on

	Change in assumption	31 December 2022		31 December 2021	
Discount rate	+/-1.0%	(2,152)	2,023	(4,717)	1,312
Salary growth rate	+/-1.0%	2,222	(2,376)	1,448	(4,899)

14 TRADE AND OTHER PAYABLES

	US Dollars'000	
	31 December 2022	31 December 2021
Trade payables	159,640	126,543
Non-trade payables	40,839	40,250
Accrued expenses	104,237	95,944
Unearned income	75,897	71,303
Accrued staff benefits	49,305	46,903
Value added tax payable	7,911	6,006
Deposits	2,636	2,979
Other payables	12,990	12,593
	453,455	402,521

Analysed as follows:

	US Dollars'000	
	31 December 2022	31 December 2021
Current portion	401,173	352,326
Non-current portion*	52,282	50,195
	453,455	402,521

* Non-current portion pertains to the portion of unearned income with a performance obligation expected to be satisfied and recognised within a period exceeding 12 months.

15 PROVISIONS FOR LEGAL, TAX AND OTHER CLAIMS

	US Dollars'000	
	31 December 2022	31 December 2021
Legal cases	5,004	9,430
Provision for termination and closure	3,204	5,060
Tax	16,819	13,781
Other provisions	4,162	3,791
	29,189	32,062

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

15 PROVISIONS FOR LEGAL, TAX AND OTHER CLAIMS (continued)

	2022 (USD'000)				
	Legal cases	Provision for termination and closure	Tax	Other provisions	Total
Balance as at 1 January 2022	9,430	5,060	13,781	3,791	32,062
<i>Charged/(credited) to profit or loss</i>					
Additional provisions recognised	1,073	957	19,468	4,216	25,714
Unused amounts reversed	(1,611)	(965)	-	(1,535)	(4,111)
Amounts used during the year	(2,556)	(1,839)	(17,027)	(1,533)	(22,955)
Foreign currency translation difference	(195)	(9)	(272)	(440)	(916)
Others	(1,137)	-	869	(337)	(605)
Balance as at 31 December 2022	5,004	3,204	16,819	4,162	29,189
	2021 (USD'000)				
	Legal cases	Provision for termination and closure	Tax	Other provisions	Total
Balance as at 1 January 2021	7,737	3,849	7,906	2,818	22,310
<i>Charged/(credited) to profit or loss</i>					
Additional provisions recognised	3,671	3,774	10,799	2,235	20,479
Unused amounts reversed	(1,072)	(3,935)	(38)	(202)	(5,247)
Amounts used during the year	(210)	(1,242)	(1,895)	(2,938)	(6,285)
Foreign currency translation difference	(396)	(207)	(1,008)	-	(1,611)
Others	(300)	2,821	(1,983)	1,878	2,416
Balance as at 31 December 2021	9,430	5,060	13,781	3,791	32,062

Legal cases

The provision consists of the total amount provided to meet specific legal claims against the Group from external parties. Management believes that after obtaining appropriate legal advice, the outcome of such legal claims will not substantially exceed the value of the provision as at 31 December 2022 and 31 December 2021.

Provision for termination and closure

The provision relates to the closure and termination charges along with other related costs which are expected to be incurred for the closure of stores over the upcoming period.

Tax and other provisions

Other provisions include of ongoing assessments by the relevant authorities for open years dispute in relation to taxes, Zakat and NLST. Management believes that provision for probable future tax assessments is adequate based upon previous years' tax examinations and past interpretations of the tax laws and that the position taken in tax returns will be sustained upon examination by the relevant tax authorities (Note 33). The other provisions also comprise of restructuring expenses and expected claims from external parties in relation to the Group's activities. The management reviews these provisions on a yearly basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

16 TAX CLAIM CHARGES

The tax claim charges is a non-recurring provision to settle an indirect tax claim relating to the historical period 2000-2017. Prior to 2016, restaurants not having a 'touristic' status benefited from an exemption to sales tax. This exemption law was repealed in 2016 pursuant to a change in tax law. The revised tax laws have been applied going forward. In August 2022, the Group has entered into settlement agreements with the tax authorities to settle the tax claims for the period from 2005 to 2017 which has been adequately provided for during the year.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

17 INCOME TAX, ZAKAT AND OTHER DEDUCTIONS PAYABLE

	31 December 2022 USD'000	31 December 2021 USD'000
<i>Other taxes payable within one year comprise:</i>		
Income Tax	5,193	6,018
Zakat	2,307	3,310
Income tax and zakat payable	7,500	9,328
Property and other taxes	13	829
Other taxes payable	5,542	2,457
Income tax, zakat and other deductions payable	13,055	12,614

The movement of income tax and zakat payable is as follows:

	2022 USD'000	2021 USD'000
At 1 January	9,328	5,553
Income tax and zakat of subsidiaries	8,743	14,651
Payments	(10,711)	(6,971)
Others	140	(3,905)
At 31 December	7,500	9,328

18 NON-CONTROLLING INTERESTS

	US Dollars'000	
	31 December 2022	31 December 2021
Balance as at 1 January	11,157	9,509
Share from net profit of the year	3,729	2,491
<i>Other comprehensive income item:</i>		
Foreign currency translation differences	32	48
<i>Other changes in non-controlling interests:</i>		
Effects of acquisition of additional shares in a subsidiary	(516)	(65)
Cash dividends paid by subsidiaries	(3,216)	(826)
Total other changes in non-controlling interests	(3,732)	(891)
Balance as at 31 December	11,186	11,157

19 SHARE CAPITAL

Initially 10,000 shares were issued in cash and 168,462,662 shares were issued through a share-for-share exchange for the transfer of the Restaurants Business from Kuwait Food Company (Americana) K.S.C.C. with nominal value of USD 1 each per share. On 28 July 2022, the number of authorised shares changed from 168,472,662 shares to 8,423,633,100 shares as a result of share split prior to the Group's IPO, resulting in the nominal value per share changing from USD 1.00 per share to USD 0.02 per share. On 29 August 2022, Kuwait Food Company (Americana) K.S.C.C. transferred its shareholding to Adeptio AD Investments Ltd. As at 31 December 2022, Americana Restaurants International PLC's authorised, issued and paid up capital is USD 168,472,662 comprising of 8,423,633,100 shares with nominal value of USD 0.02 per share.

20 EARNINGS PER SHARE

Earnings	For the year ended 31 December 2022	For the year ended 31 December 2021
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to ordinary equity holders of the parent) USD'000	259,226	203,917
Number of ordinary shares outstanding after share split	8,423,633,100	8,423,633,100
Basic and diluted earnings per share attributable to Shareholders of the Parent Company (USD)	0.03077	0.02421

Americana Restaurants International PLCNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
(continued)**21 RELATED PARTIES TRANSACTIONS AND BALANCES**

Related parties represent shareholders who have representatives in the Boards of Directors, members of the Boards of Directors, Senior Management and the companies which are controlled by the major shareholders. In the ordinary course of business, the Group has entered into arms-length transactions with related parties during the year. The following are the transactions and balances resulting from these transactions:

	US Dollars'000	
	31 December 2022	31 December 2021
Transactions with fellow subsidiaries		
Purchases of raw materials	117,784	107,168
Interest income from loan to a related party	670	1,502
Interest income from short-term deposits held with a related party*	3	-
Investment property rental income	320	383
Delivery and payment support	1,134	587

Key management personnel

Short term employee benefits	6,578	4,656
Termination benefits	125	113
Board of Directors' remuneration	233	-

Due from related parties

		USD'000	
Name	Place of incorporation	31 December 2022	31 December 2021
<i>Fellow subsidiaries under the Intermediate Parent Company:</i>			
Americana Food Investment Group Company	UAE	-	457
Gulf Food Industries (California Garden)	UAE	-	68
Others		237	574
<i>Entity controlled by a major shareholder:</i>			
Nshmi Development LLC	UAE	-	90
		<u>237</u>	<u>1,189</u>

Due to related parties

		USD'000	
Name	Place of incorporation	31 December 2022	31 December 2021
<i>Fellow subsidiaries under the Intermediate Parent Company:</i>			
National Food Industries Co.	KSA	6,380	7,110
The International Co. for Agricultural development ('Farm Frites')	Egypt	7,140	6,261
Seniorita Co. for Food Industries	Egypt	-	2,551
Gulf Food Co. Americana LLC	UAE	999	2,295
Gulf Food Industries (California Garden)	UAE	2,708	1,467
Cairo Poultry Company	Egypt	1,575	1,213
Others		9	162
<i>Division of the Former Parent Company:</i>			
Kuwait Foods Divisions (Meat, Cake, Agencies)	Kuwait	2,420	2,282
<i>Entities controlled by a major shareholder:</i>			
Noon AD Holdings	UAE	251	274
Noon Payments Digital Limited	KSA	14	68
Barakat Vegetables and Fruits Co. LLC	UAE	159	-
Nshmi Development LLC	UAE	186	-
		<u>21,841</u>	<u>23,683</u>

***Cash and cash equivalents**

The Group has a short-term deposit of USD 10,600 thousand as on 31 December 2022 (2021: NIL) with original maturity of 3 months or less with a financial institution (Zand Bank PJSC), controlled by a major shareholder.

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

22 LOAN TO A RELATED PARTY

	US Dollars'000	
	31 December 2022	31 December 2021
Loan to a related party		
Americana Foods Investments Group Company LLC	-	64,000

On 21 March 2021, Americana Prime Investments Limited (an entity of the Group) entered into an agreement with Americana Foods Investments Group Company LLC, a fellow subsidiary, to provide a loan of USD 64,000 thousand for a period of 5 years ending on 21 March 2026 and repayable in five equal annual instalments of USD 12,800 thousand. As at 31 December 2021, the loan carries an interest set at arms-length of LIBOR plus margin payable quarterly commencing immediately after the drawdown date (i.e 21 March 2021). Accordingly, USD 12,800 thousand has been classified as current and USD 51,200 thousand has been classified as non-current due from related parties.

On 11 March 2022, Americana Prime Investments Limited entered into an additional agreement with Americana Foods Investments Group Company LLC to provide a loan of USD 36,000 thousand for a period of 4 years ending on 11 March 2026, the loan carries an interest set at arms-length of LIBOR plus margin payable quarterly commencing immediately after the drawdown date (i.e. 11 March 2022). On 20 April 2022, both related party loans have been early settled in full (USD 100,000 thousand) by Americana Foods Investments Group Company LLC.

23 REVENUES

	US Dollars'000	
	2022	2021
Food and beverage	2,374,936	2,048,983
Investment properties rental income	3,611	2,764
	2,378,547	2,051,747

24 COST OF REVENUES

	US Dollars'000	
	2022	2021
Cost of inventory (Note 8)	760,322	623,720
Staff costs (Note 29)	130,104	121,101
Royalties	127,077	105,773
Depreciation and amortisation	78,886	75,623
Rent (Note 30)	17,482	21,612
Others	34,605	22,522
	1,148,476	970,351

25 SELLING AND MARKETING EXPENSES

	US Dollars'000	
	2022	2021
Staff costs (Note 29)	225,382	207,772
Depreciation and amortisation	121,860	117,308
Advertisement and business development	108,475	89,828
Home delivery and transportation	86,948	76,493
Utilities and communication	62,356	62,040
Maintenance and other operating expenses	55,528	48,521
Rent (Note 30)	21,535	23,317
Others	56,844	54,324
	738,928	679,603

Americana Restaurants International PLC

 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
 (continued)

26 GENERAL AND ADMINISTRATIVE EXPENSES

	US Dollars'000	
	2022	2021
Staff costs (Note 29)	108,375	95,593
Depreciation and amortisation	18,963	15,698
Provision for tax and legal claims	11,255	14,557
Rent (Note 30)	9,094	8,965
Repairs and maintenance	6,280	5,867
Utilities	5,277	5,375
Professional and legal	3,111	4,146
Travel and accommodation	1,972	2,118
Office administrative	2,039	2,116
Loss on foreign exchange	3,727	2,905
Others	22,960	19,649
	193,053	176,989

27 DEPRECIATION AND AMORTISATION

	US Dollars'000	
	2022	2021
Property and equipment (Note 5)	59,293	58,607
Intangible assets (Note 7)	7,105	6,133
Right of use assets (Note 12)	152,766	143,243
Investment property (Note 6)	545	646
	219,709	208,629

28 FINANCE COST - NET

	US Dollars'000	
	2022	2021
Finance income	3,639	2,208
Finance costs on bank facilities	1,894	1,455
Finance costs on lease liabilities (Note 12)	21,517	20,713
Interest on employees' end of service benefit (Note 13)	1,173	950
Finance costs	24,584	23,118
Finance cost – net	20,945	20,910

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

29 STAFF COSTS

	US Dollars'000	
	2022	2021
Salaries and other benefits	455,323	414,392
End of service benefits (Note 13)	8,538	10,074
	463,861	424,466

Allocation of staff costs:

	US Dollars'000	
	2022	2021
Cost of revenues (Note 24)	130,104	121,101
Selling and marketing expenses (Note 25)	225,382	207,772
General and administrative expenses (Note 26)	108,375	95,593
	463,861	424,466

30 RENT

	US Dollars'000	
	2022	2021
Cost of revenues (Note 24)	17,482	21,612
Selling and marketing expenses (Note 25)	21,535	23,317
General and administrative expenses (Note 26)	9,094	8,965
Vehicle rent included under home delivery cost (Note 25)	1,256	3,024
	49,367	56,918

31 INCOME TAX, ZAKAT, AND CONTRIBUTION TO KFAS

	US Dollars'000	
	2022	2021
Current tax		
Current tax of subsidiaries on taxable profits for the year	7,011	10,666
Zakat of subsidiaries	1,732	3,985
Total income tax and zakat	8,743	14,651
KFAS	-	1,081
Income tax, zakat, and KFAS	8,743	15,732

The effective tax rate on 31 December 2022 is 3% (2021: 7%).

Provision for income tax is made in accordance with relevant tax laws and regulations of countries where the Group has business operations. Tax laws and regulations are subject to interpretations by the tax authorities. Tax returns are filed periodically but the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Management believes that provision for probable future tax assessments is adequate based upon previous years' tax examinations and past interpretations of the tax laws and that the position taken in tax returns is expected to be adequate upon examination by the relevant tax authorities (Note 33).

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

31 INCOME TAX, ZAKAT, AND CONTRIBUTION TO KFAS (continued)*Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate*

The income tax rate applicable to the income of subsidiaries ranges from 1% to 34.5%. A reconciliation between the expected and the actual taxation charge is provided below

	2022 USD'000	2021 USD'000
Profit before income tax, zakat, and KFAS	271,698	222,140
Theoretical tax charge at each subsidiaries' statutory rate	9,036	8,754
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income which is exempt from taxation	(188,392)	(55,502)
- Non-deductible expenses	21,876	26,224
- Income subject to withholding tax	37,735	28,475
- Carried forward losses	(724)	(2,721)
Taxable profit	142,193	218,616
Current tax of subsidiaries on taxable profits for the year	7,011	10,666
Zakat of subsidiaries	1,732	3,985
KFAS	-	1,081

32 SUBSIDIARIES

The Group's subsidiaries overall ownership structure as at 31 December 2022 is as reflected below. The subsidiaries were transferred to the Group during the year ended 31 December 2022 (Note 1):

Company's Name	Activity	Place of incorporation	Effective Ownership (%) As at 31 December 2022
Americana Restaurants Investments Group Company LLC	Holding Company	United Arab Emirates	100%
Americana Kuwait Company Restaurants WLL	Restaurants	Kuwait	100%
Americana Holding for UAE Restaurants LTD	Holding Company	United Arab Emirates	100%
Americana Holding for Egyptian Restaurants LTD	Holding Company	United Arab Emirates	100%
Americana Company for Restaurants Holding LTD	Holding Company	United Arab Emirates	100%
Americana Holding for KSA Restaurants LTD	Holding Company	United Arab Emirates	100%
Americana Holding for Restaurants LTD	Holding Company	United Arab Emirates	100%
Kuwait Food Company Americana LLC	Restaurants	United Arab Emirates	100%
Egyptian Company for International Touristic Projects SAE	Restaurants	Egypt	99.90%
Egyptian International Company for Food Industries SAE	Restaurants	Egypt	100%
Al Ahlia Restaurants Company LLC	Restaurants	Saudi Arabia	100%
United Food Company LLC	Others	Saudi Arabia	100%
Americana Prime Investments Limited	Others	United Arab Emirates	100%
International Tourism Restaurants Company LLC	Restaurants	Oman	100%
The Caspian International Restaurants Company LLP	Restaurants	Kazakhstan	100%
Gulf & Arab World Restaurant WLL	Restaurants	Bahrain	94.00%
Bahrain & Kuwait Restaurant Co. WLL	Restaurants	Bahrain	40.00%
Lebanese International Touristic Projects Company LLC	Restaurants	Lebanon	100%
Qatar Food Company WLL	Restaurants	Qatar	100%
Ras Bu abboud Trading Company WLL	Restaurants	Qatar	99.00%
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd.	Restaurants	Iraq - Kurdistan	90.00%
Société Marocaine De Projects Touristiques SARL	Restaurants	Morocco	100%
Touristic Projects & International Restaurants Co. (Americana) LLC	Restaurants	Jordan	67.44%
Jordanian Restaurants Company for Fast Food LLC	Restaurants	Jordan	67.44%
The International Co. for World Restaurants Limited	Restaurants	United Arab Emirates	51.00%
Americana Restaurants India Private Limited	Others	India	100%

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

33 CONTINGENT LIABILITIES, OPERATING AND CAPITAL COMMITMENTS

	US Dollars'000	
	31 December 2022	31 December 2021
Contingent liabilities		
Letters of guarantee	12,849	12,839

Taxes

The Group operates in several different countries, Note 32 indicates the Group's structure and the countries in which it operates), and thus its operations are subject to various types of taxes. The significant impacts of the various types of taxes are concentrated in Kingdom of Saudi Arabia and Arab Republic of Egypt as follows:

Arab Republic of Egypt:

The Group's operations in Egypt are subject to various types of taxes, especially income tax, sales tax, salary tax and others.

Kingdom of Saudi Arabia:

The Group's operations are subject to Zakat in the Kingdom of Saudi Arabia.

The Group assesses the tax position of each subsidiary separately, in light of the years that have been inspected, the inspection results, the received tax claims, the legal advice of its external tax advisor on these claims and the legal situation of any existing dispute between the respective entity and the relevant official authorities with respect to these claims. Further, The Group takes in consideration the contingent liabilities for the years that have not been inspected yet.

The tax claims and contingent tax liabilities, at the Group's level, are amounted to USD 373 thousand as at 31 December 2022 (2021: USD 94,628 thousand). Considering tax claims which fully settled previously in past years were significantly less than initial tax claims submitted by the Tax Administration, and based on the opinion of the external consultants, the Group's management believes that the provisions made for this purpose are adequate and sufficient.

United Arab Emirates: Implementation of UAE Corporation Tax Law and application of IAS 12 Income Taxes in relation to the operations in the UAE

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (Corporate Tax Law or the Law) to enact a Federal corporate tax regime in the UAE. The Law was previously gazetted on 10 October 2022, becoming law 15 days later. The Corporate Tax regime will become effective for accounting periods beginning on or after 1 June 2023. Generally, UAE businesses will be subject to a 9% corporate tax rate, while a rate of 0% will apply to taxable income not exceeding a particular threshold to be prescribed by way of a Cabinet Decision (expected to be AED 375,000 based on information released by the Ministry of Finance). However, there are a number of significant decisions that are yet to be finalised by way of a Cabinet Decision, including the threshold mentioned above, that are critical for entities to determine their tax status and the amount of tax due. Therefore, pending such important decisions by the Cabinet, the Group has determined that the Law was not practically operational as at 31 December 2022, and so not enacted or substantively enacted from the perspective of IAS 12 – Income Taxes. The Group shall continue to monitor the timing of the issuance of these critical Cabinet Decisions to determine its tax status and the applicability of IAS 12 – Income Taxes. In relation to its operations in the UAE, the Group is currently in the process of assessing the possible impact on its consolidated financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.

	US Dollars'000	
	31 December 2022	31 December 2021
Operating lease commitments – Lessee		
Less than one year	34,781	45,481
	34,781	45,481
Capital commitments		
Letters of credit	6,102	12,719
Projects in progress	9,209	13,896

Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022

(continued)

34 FINANCIAL INSTRUMENTS BY CATEGORY

	US Dollars'000	
	31 December 2022	31 December 2021
Financial assets		
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents (Note 10)	304,560	173,996
Loan to a related party (Note 22)	-	64,000
Trade and other receivables (excluding prepayments, advances to suppliers) (Note 9)	67,391	60,046
Due from related parties (Note 21)	237	1,189
	<u>372,188</u>	<u>299,231</u>
<i>Financial assets at fair value</i>		
Derivative financial instrument	11,331	9,390
	<u>383,519</u>	<u>308,621</u>
Financial liabilities		
<i>Other financial liabilities at amortised cost</i>		
Trade and other payables (excluding value added tax payable and unearned income) (Note 14)	369,647	325,212
Bank facilities (Note 11)	18,592	7,073
Lease liabilities (Note 12)	434,759	384,599
	<u>822,998</u>	<u>716,884</u>

35 NET DEBT RECONCILIATION

	US Dollars'000	
	31 December 2022	31 December 2021
Cash and cash equivalents (Note 10)	304,560	173,996
Bank facilities (Note 11)	(18,592)	(7,073)
Lease liabilities (Note 12)	(434,759)	(384,599)
Net debt	<u>(148,791)</u>	<u>(217,676)</u>
	US Dollars'000	
	31 December 2022	31 December 2021
Cash and cash equivalents	304,560	173,996
Net debt – variable interest rates	(453,351)	(391,672)
Net debt	<u>(148,791)</u>	<u>(217,676)</u>

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
 (continued)

35 NET DEBT RECONCILIATION (continued)

	US Dollars'000		
	Liabilities from financing activities	Other assets	Total
	Leases	Cash/bank overdraft	
Net debt as at 1 January 2022	(384,599)	166,923	(217,676)
Foreign currencies translation differences	18,730	12,152	30,882
Others	(13,160)	-	(13,160)
Principal elements of lease payments	172,291	-	172,291
Gain on rent concessions	667	-	667
Acquisition of leases	(228,688)	-	(228,688)
Cash flows, net	-	106,893	106,893
Net debt as at 31 December 2022	(434,759)	285,968	(148,791)

	US Dollars'000		
	Liabilities from financing activities	Other assets	Total
	Leases	Cash/bank overdraft	
Net debt as at 1 January 2021	(403,439)	171,784	(231,655)
Foreign currencies translation differences	3,128	(4,275)	(1,147)
Others	(18,742)	-	(18,742)
Principal elements of lease payments	160,363	-	160,363
Gain on rent concessions	6,978	-	6,978
Acquisition of leases	(132,887)	-	(132,887)
Cash flows, net	-	(586)	(586)
Net debt as at 31 December 2021	(384,599)	166,923	(217,676)

36 SEGMENT REPORTING

The Group is organized into operating segments based on geographical location. The results are reported to the top executive management in The Group. In addition, the revenue, profit, assets, and liabilities are reported on a geographic basis and measured in accordance with the same accounting basis used for the preparation of the consolidated financial statements. There are three major reportable segments: the Major Gulf Cooperation Council countries which include KSA, Kuwait and UAE, Lower Gulf countries (comprising of Qatar, Oman and Bahrain) and North Africa (Egypt and Morocco). All other operating segments that are not reportable segments are combined under "Others" (Kazakhstan, Iraq, Lebanon and Jordan).

The segments are concentrated in the restaurants sector which include operating all kinds of restaurants, representing international franchises.

Following is the segment information which is consistent with the internal reporting presented to management for the years ended:

	Reportable segments		Intercompany transactions		Total	
	31 December		31 December		31 December	
	2022	2021	2022	2021	2022	2021
	USD'000		USD'000		USD'000	
Major GCC	1,604,514	1,365,447	-	(1,433)	1,604,514	1,364,014
Lower Gulf	314,426	251,574	(52,761)	(32,906)	261,665	218,668
North Africa	294,661	273,601	-	-	294,661	273,601
Others	217,707	195,464	-	-	217,707	195,464
Total	2,431,308	2,086,086	(52,761)	(34,339)	2,378,547	2,051,747

Americana Restaurants International PLC
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2022
 (continued)

36 SEGMENT REPORTING (continued)

Net profits	Reportable segments	
	31 December	
	2022	2021
	USD'000	
Major GCC	251,268	179,560
Lower Gulf	22,360	16,225
North Africa	(26,217)	8,061
Others	28,014	21,199
Total	275,425	225,045
Unallocated:		
Income tax, zakat and other deductions	(8,743)	(15,732)
Losses of foreign exchange	(3,727)	(2,905)
Net profit for the year	262,955	206,408

31 December 2022 USD'000

	Major GCC	Lower Gulf	North Africa	Others	Total
Assets	941,382	141,685	132,738	124,742	1,340,547
Liabilities	741,931	109,932	124,415	68,518	1,044,796

31 December 2021 USD'000

	Major GCC	Lower Gulf	North Africa	Others	Total
Assets	685,325	139,980	145,590	117,019	1,087,914
Liabilities	648,573	105,210	123,324	71,095	948,202

Below is the analysis of the revenue (before eliminations) and related non-current assets for the significant geographical locations:

	2022 USD'000			
	UAE	KSA	Kuwait	Egypt
Revenues	703,648	527,585	373,281	258,424
Non-current assets	197,298	191,575	107,247	65,183
	2021 USD'000			
	UAE	KSA	Kuwait	Egypt
Revenues	598,455	434,869	330,689	247,711
Non-current assets	161,601	134,967	93,078	90,852

37 SUBSEQUENT EVENTS

On 22 February 2023, the Board of Directors proposed cash dividends of USD 0.0123 per share amounting to USD 103.5 million based on the results for the year ended 31 December 2022.