IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum (the "**document**") and you are therefore advised to read this carefully before reading, accessing or making any other use of the attached document. In accessing the document, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from Americana Restaurants International PLC (the "**Company**") or the Joint Global Co-ordinators (as defined below) as a result of such access. You acknowledge that this electronic transmission and the delivery of the attached document is confidential and intended only for you and **you agree you will not forward, reproduce, copy, download or publish this electronic transmission or the attached document (electronically or otherwise) to any other person.**

THIS DOCUMENT IS AVAILABLE ONLY TO INVESTORS WHO ARE (1) QUALIFIED INSTITUTIONAL BUYERS ("**QIBS**") AS DEFINED IN RULE 144A UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR (2) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**"). NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES REFERRED TO HEREIN HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES, EXCEPT IN TRANSACTIONS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. THERE WILL BE NO PUBLIC OFFERING OF THE SECURITIES IN THE UNITED STATES. ANY FORWARDING, REDISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS NOTICE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

The document and the offer are only addressed to, and directed at, persons in member states of the European Economic Area ("**EEA**") (each, a "**Relevant State**") who are "qualified investors" within the meaning of Article 2(e) of the Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (including any relevant delegated regulations) ("**Qualified Investors**"). In the United Kingdom ("**UK**"), the document and the offer is only addressed to and directed at persons who are "qualified investors" ("**UK Qualified Investors**") (as defined under Article 2(e) of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018) (the "**UK Prospectus Regulation**"). In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); (ii) are high net worth entities falling within in Article 49(2) (a) to (2d) of the Order; and/or (iii) other persons to whom it may lawfully be communicated (all such persons being referred to in (i), (ii), and (iii) are defined as "**Relevant Persons**"). Any investment or investment activity to which this document relates is only available to, and will only be engaged with: (i) in any Relevant State, Qualified Investors; and (ii) in the United Kingdom, UK Qualified Investors and Relevant Persons.

Confirmation of your representation: By accepting electronic delivery of this document, you are deemed to have represented to First Abu Dhabi Bank PJSC ("**FAB**"), Goldman Sachs International ("**Goldman Sachs**"), Morgan Stanley & Co. International plc ("**Morgan Stanley**") and SNB Capital Company ("**SNBC**"), HSBC Bank Middle East Limited ("**HSBC**") and EFG Hermes UAE Limited ("**EFG Ltd.**") acting in conjunction with EFG Hermes UAE LLC ("**EFG LLC**" and together with EFG Ltd., "**EFG Hermes**" and together with FAB, Goldman Sachs, Morgan Stanley, SNBC and HSBC, the "**Banks**") and the Company and the Selling Shareholder that (i) you are acting on behalf of, or you are either (a) outside the United States (as defined in Regulation S under the Securities Act), or (b) in the United States and a QIB that is acquiring securities for your own account or for the account of another QIB; (ii) if you are in the UK, you are a Relevant Person; (iii) if you are in any Relevant State, you are a Qualified Investor; (iv) the securities acquired by you in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, any person in circumstances which may constitute or give rise to an offer of any securities to the public other than their offer or resale in any Relevant State to Qualified Investors; and (v) if you are outside the US, UK and EEA (and the electronic mail addresses that you gave us and to which this document has been delivered are not located in such jurisdictions), you are a person into whose possession this document may lawfully be delivered in accordance with the laws of the jurisdiction in which you are located.

This document has been made available to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Company, the Selling Shareholder, the Joint Global Co-ordinators or any of their respective affiliates, directors, officers, employees or agents accepts any liability or responsibility whatsoever in respect of any difference between the document distributed to you in electronic format and any hard copy version. By accessing the linked document, you consent to receiving it in electronic form.

A hard copy of the document will be made available to you only upon request.

You are reminded that this document has been made available to you solely on the basis that you are a person into whose possession this document may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located in, or a resident of, and you may not deliver, nor are you authorised to, deliver this document, electronically or otherwise, to any other person.

Restriction: Nothing in this electronic transmission constitutes, nor may be used in connection with, an offer of securities for sale to persons other than the specified categories of buyers described above and to whom it is directed and access has been limited so that it shall not constitute a general solicitation. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

THE DOCUMENT CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE. NO OFFER OF SECURITIES WILL BE MADE AND NO INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THIS DOCUMENT ALONE, BUT ONLY ON THE BASIS OF THIS DOCUMENT AS FINALISED AND COMPLETED BY THE RELEVANT PRICING NOTIFICATION.

None of the Joint Global Co-ordinators or any of their respective subsidiary undertakings or affiliates, or any of their (or their subsidiary undertakings' or affiliates') respective directors, officers, employees or agents, accepts any responsibility whatsoever for the contents of this document or for any statement made or purported to be made by it, or on its behalf, in connection with the Company or the offer. The Joint Global Co-ordinators and any of their respective subsidiary undertakings and affiliates and their (or their subsidiary undertakings' or affiliates') respective directors, officers, employees or agents, accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of such document or any such statement. No representation or warranty, express or implied, is made by any of the Joint Global Co-ordinators or any of their respective affiliates as to the accuracy, completeness, reasonableness, verification or sufficiency of the information set out in this document.

The Joint Global Co-ordinators are acting exclusively for the Company and no one else in connection with the offer. They will not regard any other person (whether or not a recipient of this document) as their client in relation to the offer and will not be responsible to anyone other than the Company and the Selling Shareholder for providing the protections afforded to their clients, nor for giving advice in relation to the offer or any transaction or arrangement referred to herein.

You are responsible for protecting against viruses and other destructive items. Your receipt of this document via electronic transmission is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

AMERICANA RESTAURANTS INTERNATIONAL PLC

(a public company limited by shares incorporated in the Abu Dhabi Global Market and subject to the Abu Dhabi Global Market Companies Regulations 2020 (as amended))

Global Offering of 2,527,089,930 Ordinary Shares
Offer Price Range: AED 2.5000 to AED 2.6200 per Ordinary Share offered on the Abu Dhabi Securities Exchange, or SAR 2.5500 to SAR 2.6800 per Ordinary Share offered on the Saudi Stock Exchange

2,527,089,930 ordinary shares with a nominal value of AED 0.073 each (the "**Sale Shares**") of Americana Restaurants International PLC ("**Americana Restaurants**" or the "**Company**" and together with its subsidiaries, the "**Group**") are being offered in this global offering (the "**Global Offering**") by its controlling shareholder, Adeptio AD Investments Ltd. (the "**Selling Shareholder**"), which constitutes approximately 30 per cent. of the Company's share capital. Prior to 29 August 2022, the Company was known as Americana Restaurants LTD.

The Selling Shareholder, is ultimately controlled and beneficially owned in equal shares by (i) H.E. Mohamed Ali Rashed Alabbar ("**H.E. Alabbar**") and (ii) the Public Investment Fund ("**PIF**") of the Kingdom of Saudi Arabia ("**Saudi Arabia**") (each of H.E. Alabbar and PIF a "**Controlling Shareholder**" and jointly the "**Controlling Shareholders**").

Upon completion of the Global Offering, the Selling Shareholder will retain a controlling interest in the Company. The Selling Shareholder will receive all of the proceeds of the Offering and will reimburse the Company for all fees, costs and expenses it incurs in connection with the Global Offering.

The Global Offering comprises a concurrent offering of Sale Shares on the Abu Dhabi Securities Exchange (the "**ADX**", and such Sale Shares, the "**ADX Sale Shares**") and the Saudi Stock Exchange (the "**Saudi Exchange**", and such Sale Shares, the "**Saudi Exchange Sale Shares**") and is made (i) pursuant to this Offering Memorandum (A) outside of the United States in offshore transactions in reliance on Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and (B) in the United States to certain persons reasonably believed to be qualified institutional buyers ("**QIBs**") as defined in Rule 144A under the Securities Act ("**Rule 144A**") pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, (ii) in the United Arab Emirates ("**UAE**") pursuant to a prospectus in Arabic (and English), the publication of which has been approved by the UAE Securities and Commodities Authority (the "**SCA**") (the "**UAE Prospectus**"), and (iii) in Saudi Arabia pursuant to a supplement to the UAE Prospectus, in Arabic (and English), the publication of which has been approved by the Capital Markets Authority of the Kingdom of Saudi Arabia (the "**CMA**") (together with the UAE Prospectus, the "**Saudi Arabia Offering Document**").

The Global Offering consists of three concurrent offer tranches:

(i) a tranche of ADX Sale Shares expected to be listed on the ADX and offered, pursuant to the UAE Prospectus, to the public in UAE consisting of (A) natural persons who hold a NIN with the ADX and have a bank account, and (B) other investors (including natural persons, companies and establishments) who do not participate in the Institutional Offer (as defined below) who hold a NIN with the ADX and have a bank account, except for any person who is resident in the United States within the meaning of the Securities Act (the "**UAE Retail Offer**");

(ii) a tranche of Saudi Exchange Sale Shares expected to be listed on the Saudi Exchange and offered, pursuant to the Saudi Arabia Offering Document, to the public in Saudi Arabia consisting of certain retail investors ordinarily permitted to participate in equity offerings on the Saudi Exchange who do not participate in the Institutional Offer, except for any person who is resident in the United States within the meaning of the Securities Act (the "**Saudi Arabia Retail Offer**"); and

(iii) a tranche of Sale Shares expected to be listed on the ADX and the Saudi Exchange, with eligible investors required to indicate their choice of receiving Saudi Exchange-Listed Shares or ADX-Listed Shares (as defined below) in their bidding forms in the UAE and in Saudi Arabia:

   (a) pursuant to the Saudi Arabia Offering Document, to Participating Parties (as defined below) including certain Qualified Foreign Investors ("**QFI(s)**") under the QFI Rules (as defined below) and Foreign Investors (as defined below); and

   (b) pursuant to this Offering Memorandum (A) to institutional and certain other qualified investors, including in the Abu Dhabi Global Market ("**ADGM**") only as an "Exempt Offer" pursuant to the Market Rules of the Abu Dhabi Financial Services Regulatory Authority ("**FSRA**") (the "**ADGM Exempt Offer**") and in the Dubai International Financial Centre ("**DIFC**") only as an "Exempt Offer" pursuant to the Markets Rules of the Dubai Financial Services Authority ("**DFSA**") (the "**DIFC Exempt Offer**"), (B) to certain institutional investors in the UAE, (C) outside of the United States in offshore transactions in reliance on Regulation S, (D) in the United States to certain persons reasonably believed to be QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and (E) to institutional investors outside the UAE and Saudi Arabia,

(collectively, the "**Institutional Offer**").

In order to effect a concurrent dual-listing, application will be made (i) to the ADX for a tranche of Sale Shares to be admitted to trading on the ADX under the symbol "AMR" (the "**ADX-Listed Shares**"); and (ii) to the CMA for a tranche of Sale Shares to be admitted to trading on the Saudi Exchange under a symbol to be confirmed on or about the Pricing Date (the "**Saudi Exchange-Listed Shares**") (together, the "**Admission**"). There will be no conditional dealings in the Sale Shares prior to Admission. It is expected that Admission will become effective and that dealings in the Sale Shares will commence on the ADX and the Saudi Exchange on or about 6 December 2022 (the "**Closing Date**"). No application has been, or is currently intended to be, made for the Shares to be admitted to listing or trading on any other stock exchange. Prior to the Global Offering, there has been no public market for the Shares.

The final offer price at which the Sale Shares will be sold (such price for each of the Sale Shares being the "**Final Offer Price**") will be set at any point within the price range indicated in this Offering Memorandum (the "**Offer Price Range**"). Among the factors considered in determining the Final Offer Price following the bookbuilding process, will be the Company's future prospects and the prospects of its industry in general, its revenues, its profit and certain other financial operating information with respect to the Company in recent periods, and the financial ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to ours as well as the amount to be raised by the Selling Shareholder pursuant to the Global Offering and the basis of allocation to investors, including the level and nature of the demand for the Sale Shares during the book-building process, prevailing market conditions and the objective of establishing an orderly after-market in the Sale Shares. A pricing notification (the "**Pricing Notification**") containing the Final Offer Price and the final number of Securities offered in the Offering is expected to be published on or about 23 November 2022 (the "**Pricing Date**") on the Company's website (www.americanarestaurants.com), via the regulatory news services of the ADX and through the final Saudi Arabia Offering Document published on the website of the CMA (www.cma.org.sa) and as an announcement in local media outlets in the UAE and Saudi Arabia and international media outlets. Unless required to do so by law or regulation, the Company does not envisage publishing any supplementary offering memorandum or a pricing notification, as the case may be, until the announcement of the Final Offer Price. For details on the Final Offer Price, see *"Subscription and Sale"*.

Investing in the Sale Shares involves significant risks. You should read this entire document and, in particular, "Risk Factors", before making an investment decision with respect to the Global Offering.

The Sale Shares have not been and will not be registered under the Securities Act and, subject to certain limited exceptions, may not be offered or sold within the United States. The Sale Shares are being offered and sold outside the United States in reliance on Regulation S and within the United States only to persons reasonably believed to be QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of these and certain further restrictions on offers, sales and transfers of the Sale Shares and the distribution of this Offering Memorandum, see "*Subscription and Sale*" and "*U.S. Transfer Restrictions*".

The Sale Shares are offered by the Joint Global Co-ordinators (as defined below) when, as and if delivered to, and accepted by, the Joint Global Co-ordinators and subject to their right to reject orders in whole or in part.

The Sale Shares will be priced in AED for ADX Sale Shares and SAR for Saudi Exchange Sale Shares. The Final Offer Price for ADX Sale Shares and Saudi Exchange Sale Shares will be equivalent between both Exchanges effective on the date when the Final Offer Price is announced, subject to rounding. Payment for the Sale Shares purchased in connection with the Global Offering shall be made in AED for ADX Sale Shares, and in SAR for the Saudi Exchange Sale Shares. Offers to purchase the Sale Shares must indicate the preferred listing exchange (the ADX or the Saudi Exchange). Any offers to purchase the Sale Shares that do not indicate the exchange will not be accepted.

Purchasers will be required to make full payment for the Sale Shares to the Joint Global Co-ordinators for receipt by 3:00 p.m. UAE time (2:00 p.m. Saudi Arabia time) on 28 November 2022 (unless otherwise agreed with the Joint Global Co-ordinators). Delivery of the ADX Sale Shares is expected to be made on 5 December 2022 through the book-entry facilities operated by the ADX and delivery of the Saudi Exchange Sale Shares is expected to be made through the book-entry facilities operated by the Saudi Exchange on a date to be announced publicly by Edaa.

The SCA, the ADX, the CMA and the Saudi Exchange, have not approved this Offering Memorandum, take no responsibility for the contents of this Offering Memorandum, make no representations as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon any part of the contents of this Offering Memorandum.

This Offering Memorandum is addressed only to certain qualified institutional investors / professional investors located within certain jurisdictions and will be in compliance with the laws and regulations of such jurisdictions. The Offering Memorandum has not been, and will not be, approved by the SCA and the information contained in it does not form part of any prospectus which may be published in connection with an offering of shares to retail investors in the UAE. The review of this Offering Memorandum and any related advertisements does not fall under the SCA's remit or jurisdiction.

Exempt Offer Statement: This Offering Memorandum relates to an Exempt Offer in the ADGM in accordance with the Market Rules of the FSRA and in the DIFC in accordance with the Market Rules of the DFSA. It is intended for distribution only to persons of a type specified in those rules, respectively. It must not be delivered to, or relied on by, any other person. The FSRA and the DFSA have no responsibility for reviewing or verifying any documents in connection with the Exempt Offers. Neither the FSRA nor the DFSA have approved this Offering Memorandum nor taken steps to verify the information set out in it and have no responsibility for it. The securities to which this Offering Memorandum relates may be illiquid and/or subject to restrictions on their transferability and resale. Prospective purchasers of the securities offered may be required to bear the financial risks of this investment for an indefinite period of time and should conduct their own due diligence on the securities.

Trading of the ADX-Listed Shares and the Saudi Exchange-Listed Shares is expected to commence after all relevant legal requirements and procedures have been fulfilled. Trading will be announced in local newspapers and on the websites of ADX (www.adx.ae) and the Saudi Exchange (www.saudiexchange.sa).

QFIs (as defined above) will be permitted to trade in the Sale Shares in accordance with Rules for Qualified Foreign Financial Institutions Investment in Listed Securities (all as defined below). In addition, Non-GCC individuals living outside Saudi Arabia (being individuals living outside of the countries of the Cooperation Council for the Arab States of the Gulf (the "GCC")) and non-GCC institutions registered outside Saudi Arabia (hereinafter referred to as "Foreign Investors") will have the right to invest indirectly to acquire an economic benefit in the Sale Shares by entering into Swap Agreements (each, as defined below) with Authorised Persons (as defined below) to purchase Sale Shares listed on the Saudi Exchange and to trade these Sale Shares for the benefit of Foreign Investors. It should be noted that the Authorised Persons will be the legal owners of the Sale Shares subject to the Swap Agreements.

Joint Global Co-ordinators and Joint Bookrunners

First Abu Dhabi Bank PJSC   Goldman Sachs International   Morgan Stanley & Co. International plc   SNB Capital

Joint Bookrunners

HSBC   EFG Hermes

Independent Financial Adviser

Rothschild & Co.

This Offering Memorandum is dated 14 November 2022.

IMPORTANT INFORMATION

This Offering Memorandum does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities other than the securities to which it relates or any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, such securities by any person in any jurisdiction or circumstances in which such offer or solicitation is unlawful.

THIS OFFERING MEMORANDUM CONTAINS INFORMATION THAT IS SUBJECT TO COMPLETION AND CHANGE. NO OFFER OF SECURITIES WILL BE MADE AND NO INVESTMENT DECISION SHOULD BE MADE ON THE BASIS OF THIS OFFERING MEMORANDUM ALONE, BUT ONLY ON THE BASIS OF THIS OFFERING MEMORANDUM AS FINALISED AND COMPLETED BY THE RELEVANT PRICING NOTIFICATION.

Recipients of this Offering Memorandum are authorised solely to use this Offering Memorandum for the purpose of considering the acquisition of the Sale Shares, and may not reproduce or distribute this Offering Memorandum, in whole or in part, and may not disclose any of the contents of this Offering Memorandum or use any information herein for any purpose other than considering an investment in the Sale Shares. Such recipients of this Offering Memorandum agree to the foregoing by accepting delivery of this Offering Memorandum.

Prior to making any decision as to whether to invest in the Sale Shares, prospective investors should read this Offering Memorandum in its entirety and, in particular, the section titled "*Risk Factors*" when considering an investment in the Company. In making an investment decision, each investor must rely on their own examination, analysis and enquiry of the Company and the terms of the Global Offering, including the merits and risks involved. The investors also acknowledge that: (i) they have not relied on the Joint Global Co-ordinators or any person affiliated with the Joint Global Co-ordinators in connection with any investigation of the accuracy of any information contained in this Offering Memorandum or their investment decision; and (ii) they have relied only on the information contained in this Offering Memorandum; and (iii) that no person has been authorised to give any information or make any representations concerning the Company or its subsidiaries or the securities to be offered (other than those contained in this Offering Memorandum) and, if given or made, any such information or representations must not be relied on as having been so authorised by the Company, the Selling Shareholder or the Joint Global Co-ordinators. Neither the delivery of this Offering Memorandum nor any subscription or sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in it is correct as at any subsequent time.

None of the Company, the Selling Shareholder, the Joint Global Co-ordinators, or any of their respective representatives is making any representation to any prospective investor of the Sale Shares regarding the legality of an investment in the Sale Shares by such prospective investor under the laws applicable to such prospective investor. The contents of the Offering Memorandum should not be construed as legal, financial or tax advice. Each prospective investor should consult his, her or its own legal, business, financial or tax adviser for legal, business, financial or tax advice applicable to an investment in the Sale Shares.

No person has been authorised to give any information or make any representation other than those contained in this document and, if given or made, such information or representation must not be relied upon as having been so authorised. Neither the delivery of this document nor any subscription or sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this document or that the information in this document is correct as at any time subsequent to the date hereof.

The Company accepts responsibility for the completeness and accuracy of the information contained in this Offering Memorandum, and having taken reasonable care to ensure that such is the case, the information contained in this Offering Memorandum is, to the best of the Company's knowledge, and belief, accurate and complete in all material respects and no material facts, the omission of which would make misleading any statements of fact or opinion herein, have been omitted. None of the Joint Global Co-ordinator, and any of their respective affiliates accepts any responsibility whatsoever for, or makes any representation or warranty, express or implied, as to, the accuracy, completeness or verification of the contents of this Offering Memorandum or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Sale Shares or the Global Offering, and nothing in this Offering

Memorandum will be relied upon as a promise or representation in this respect, whether as to the past or future. Each of the Joint Global Co-ordinators and any of their respective affiliates accordingly disclaims, to the fullest extent permitted by applicable law, all and any responsibility or liability, whether arising in tort, contract or otherwise (save as referred to above), which they might otherwise have in respect of this Offering Memorandum.

None of the Company, the Selling Shareholder or the Joint Global Co-ordinators accepts any responsibility for the accuracy or completeness of any information reported by the press or other media or third-party analysts, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media, regarding the Global Offering or the Company. None of the Company, the Selling Shareholder or the Joint Global Co-ordinators makes any representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication.

First Abu Dhabi Bank PJSC ("**FAB**"), Goldman Sachs International ("**Goldman Sachs**"), Morgan Stanley & Co International plc ("**Morgan Stanley**") and SNB Capital Company ("**SNBC**") have been appointed as Joint Global Co-ordinators (the "**Joint Global Co-ordinators**"). HSBC Bank Middle East Limited ("**HSBC**") and EFG Hermes UAE Limited ("**EFG Ltd.**") acting in conjunction with EFG Hermes UAE LLC ("**EFG LLC**" and together with EFG Ltd., "**EFG Hermes**") have been appointed as joint bookrunners (together with the Joint Global Co-ordinators, the "**Joint Bookrunners**"). FAB is authorised and regulated in the UAE by the Central Bank of the United Arab Emirates and the SCA of the United Arab Emirates. Each of Goldman Sachs and Morgan Stanley is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority (the "**FCA**") and the PRA. SNBC is authorised and regulated in Saudi Arabia by the Central Bank of the Kingdom of Saudi Arabia and the CMA of the Kingdom of Saudi Arabia. EFG Ltd. is regulated and authorised by the DFSA. EFG LLC is regulated and authorised by the SCA. HSBC is lead-regulated by the DFSA and regulated by the Central Bank of the United Arab Emirates and the SCA of the United Arab Emirates for licenced activities in on shore United Arab Emirates. The Joint Global Co-ordinators are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Global Offering, will not regard any other person (whether or not a recipient of this document) as a client in relation to the Global Offering and will not be responsible to anyone other than the Company and the Selling Shareholder for providing the protections afforded to their respective clients, nor for giving advice in relation to the Global Offering or any transaction or arrangement referred to in this document. The Joint Global Co-ordinators and any of their respective affiliates may have engaged in transactions with, and provided various investment banking, financial advisory and other services for, the Company for which they would have received customary fees.

In connection with the Global Offering, the Joint Global Co-ordinators and any of their respective affiliates, may take up a portion of the Sale Shares in the Global Offering as a principal position, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Sale Shares and other securities of the Company or related investments in connection with the Global Offering or otherwise. Accordingly, references in this document to the Sale Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, the Joint Global Co-ordinators and any of their affiliates acting in such capacity. In addition, certain of the Joint Global Co-ordinators or their affiliates may enter into financing arrangements (including swaps, warrants or contract for differences) with investors in connection with which such Joint Global Co-ordinators (or their affiliates) may from time to time acquire, hold or dispose of Sale Shares. Moreover, in the course of their business with the Company and with parties affiliated with the Company, including the Selling Shareholder, the Joint Global Co-ordinators and/or their respective affiliates, have from time to time been engaged, and may in the future engage, in commercial banking, lending, trading, hedging, investment banking, risk management and financial advisory and ancillary activities, for which they have received, and may in the future receive, customary compensation. In addition, the Joint Global Co-ordinators and any of their respective affiliates may also provide risk management products to the Company and/or the Selling Shareholder or any parties related to any of them in connection with the Global Offering for which they could receive payment, earn a profit and/or suffer or avoid a loss contingent on the closing of the Offer (and the quantum of such amounts may potentially be significantly in excess of the fees earned by the relevant Bank for its services acting as Joint Global Co-ordinator in connection with the Offer). In respect of the aforementioned, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by rules and regulations. As a result of any such transactions, any Joint Global Co-ordinator may have interests that may not be aligned, or could potentially conflict, with the interests of holders of Sale Shares or with the interests of the Company or the Selling Shareholder. None of the Joint Global Co-ordinators intends to disclose the extent of any such investments or transactions otherwise than in accordance with any legal or regulatory obligations to do so.

The Global Offering relates to securities of a UAE Abu Dhabi Global Market company to be listed on the ADX and the Saudi Exchange and potential investors should be aware that this Offering Memorandum and any other documents or announcements relating to the Global Offering have been or will be prepared solely in accordance with the disclosure requirements applicable to a Abu Dhabi Global Market company established in the UAE and listed on the ADX and the Saudi Exchange, all of which may differ from those applicable in any other jurisdiction.

NOTICE TO INVESTORS

This Offering Memorandum has been drafted in a specific manner to be addressed only to certain qualified investors and in compliance with the laws and regulations of the relevant competent jurisdictions and acceptable to such jurisdictions, and it has not been approved by the SCA or the CMA. This Offering Memorandum does not form part of the UAE Prospectus or Saudi Arabia Offering Document, and the information contained herein does not form part of the UAE Prospectus or the Saudi Arabia Offering Document. The review of this Offering Memorandum or any related advertisements does not fall under SCA's or CMA's remit or jurisdiction.

The Sale Shares are subject to transfer restrictions in certain jurisdictions. Prospective purchasers should read the restrictions described in the section "*U.S. Transfer Restrictions*". Each purchaser of the Sale Shares will be deemed to have made the relevant representations described therein.

The distribution of this document and the offer of the Sale Shares in certain jurisdictions may be restricted by law. No action has been or will be taken by the Company, the Selling Shareholder and the Joint Global Co-ordinators to permit a public offering of the Sale Shares or to permit the possession or distribution of this document (or any other offering or publicity materials relating to the Sale Shares) in any jurisdiction where action for that purpose may be required, other than the UAE and Saudi Arabia. Accordingly, neither this document nor any advertisement or any other offering material may be distributed or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. For further information on the manner of distribution of the Sale Shares, and the transfer restrictions to which they are subject, see "*U.S. Transfer Restrictions*".

In particular, save for the UAE and Saudi Arabia, no actions have been taken to allow for a public offering of the Sale Shares under the applicable securities laws of any other jurisdiction, including Australia, Canada, the EEA, Japan or the United States. This Offering Memorandum does not constitute an offer of, or the solicitation of an offer to subscribe for or buy any of, the Sale Shares in any jurisdiction where it is unlawful to make such offer or solicitation.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED STATES

The Sale Shares have not been and will not be registered under the Securities Act or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in or into the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Sale Shares have not been approved or disapproved by the US Securities and Exchange Commission (the "**SEC**"), any state securities commission in the United States or any US regulatory authority, nor have such authorities reviewed, passed upon or endorsed the merits of the Global Offering or the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

The Sale Shares are being offered and sold outside the United States in reliance on Regulation S and within the United States to persons reasonably believed to be QIBs pursuant to an exemption from, or in a transaction not subject to the registration requirements of the Securities Act. Prospective purchasers are hereby notified that sellers of the Sale Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of the Sale Shares and the distribution of this Offering Memorandum, see "*Subscription and Sale*" and "*U.S. Transfer Restrictions*".

The Sale Shares offered by this Offering Memorandum have not been approved or disapproved by the SEC, any securities commission of any state in the United States or any other United States regulatory authority, nor have any such authorities passed upon, or endorsed the merits of, the

Global Offering or the accuracy of this Offering Memorandum. Any representation to the contrary is a criminal offence in the United States.

NOTICE TO PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area (the "**EEA**") which has implemented the Prospectus Regulation (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Regulation is implemented in that Relevant Member State, no Sale Shares which are the subject of the Global Offering contemplated herein have been offered or will be offered to the public in that Relevant Member State, except that an offer of Sale Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Regulation, if they are implemented in that Relevant Member State:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) per Relevant State, subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Sale Shares shall result in a requirement for the publication by the Company or any Joint Global Co-ordinators of an Offering Memorandum pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation or any measure implementing the Prospectus Regulation in a Relevant Member State, and each person who initially acquires any Sale Shares or to whom any offer is made under the Global Offering will be deemed to have represented, acknowledged and agreed that it is a "qualified investor" as defined in the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of any Sale Shares to the public**" in relation to any Sale Shares in any Relevant Member State means the communication in any form and by any means of sufficient information of the terms of the offer and any Sale Shares to be offered so as to enable an investor to decide to purchase any Sale Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Regulation in that Relevant Member State; the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 and includes any relevant implementing measure in each Relevant Member State.

In the case of any Sale Shares being offered to a financial intermediary, as that term is used in Article 5(1) of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Sale Shares acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Sale Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Joint Global Co-ordinators has been obtained to each such proposed offer or resale.

The Company, the Selling Shareholder, the Joint Global Co-ordinators and their respective affiliates, and others will rely (and the Company and the Selling Shareholder each acknowledge that the Joint Global Co-ordinators and their respective affiliates and others will rely) upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and will not be responsible for any loss occasioned by such reliance. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Global Co-ordinators of such fact in writing may, with the consent of the Joint Global Co-ordinators, be permitted to subscribe for or purchase Sale Shares.

NOTICE TO PROSPECTIVE INVESTORS IN THE UNITED KINGDOM

The Sale Shares have not been offered or will not be offered pursuant to the Global Offering in the United Kingdom, except that an offer to the public in the United Kingdom of any Sale Shares may be made at any time under the following exemptions under the UK Prospectus Regulation:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or

(iii) in any other circumstances falling under the scope of Section 86 of the FSMA,

provided that no such offer of Sale Shares shall require the Company or the Joint Global Co-ordinators to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of any Sale Shares to the public**" in relation to any Sale Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Sale Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Sale Shares, and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**").

This Offering Memorandum is only being distributed to, and is only directed at, and any investment or investment activity to which this Offering Memorandum relates is available only to, and will be engaged in only with (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (ii) high net worth entities falling within Article 49(2)(a) to (2d) of the Order and/or (iii) other persons to whom it may be lawfully communicated (all being "**Relevant Persons**"). The Sale Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Sale Shares will be engaged only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Offering Memorandum or any of its contents.

The Sale Shares are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA;(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA (the "**UK Prospectus Regulation**").

NOTICE TO PROSPECTIVE INVESTORS IN THE ABU DHABI GLOBAL MARKET

This document relates to a Global Offering which is not subject to any form of regulation or approval by the Financial Services Regulatory Authority ("**FSRA**") of the Abu Dhabi Global Market ("**ADGM**"). The FSRA has not approved this document nor has any responsibility for reviewing or verifying any document or other documents in connection with this Global Offering. Accordingly, the FSRA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it.

The Sale Shares have not been offered and will not be offered to any persons in the ADGM except on the basis that an offer is:

(i) an "**Exempt Offer**" in accordance with the FSRA Financial Services and Markets Regulations and Markets Rules; and

(ii) made only to persons who are "**Authorised Persons**" or "**Recognised Bodies**" (as such terms are defined in the "**FSMR**") or persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of the FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.

The FSRA has not taken steps to verify the information set out in this document, and has no responsibility for it. If you do not understand the contents of this Global Offering or are unsure whether the securities to which the Global Offering relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

NOTICE TO PROSPECTIVE INVESTORS IN THE KINGDOM OF SAUDI ARABIA

This Offering Memorandum may not be distributed in the Kingdom of Saudi Arabia ("**Saudi Arabia**"), except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations (the "**Saudi Regulations**") issued by the Board of the Capital Market Authority (the "**Capital Market Authority**") pursuant to resolution number 3-123-2017, dated 27 December 2017G, based on the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H (as amended by Resolution of the Board of the Capital Market Authority number 5-5-2022 dated 5 January 2022G) (the "**CML**").

The Capital Market Authority does not make any representation as to the accuracy or completeness of this Offering Memorandum, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Offering Memorandum. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If a prospective purchaser does not understand the contents of this Offering Memorandum, he or she should consult an authorised financial adviser.

The Sale Shares must not be advertised, offered or sold and no memorandum, information circular, brochure or any similar document has or will be distributed, directly or indirectly, to any person in Saudi Arabia other than as permitted by the Saudi Regulations.

The Global Offering of the Sale Shares in Saudi Arabia shall not constitute a "**public offer**" pursuant to the Saudi Regulations. Prospective investors are informed that Article 14 of the Saudi Regulations place restrictions on secondary market activity with respect to the Sale Shares. Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the Saudi Regulations shall not be recognised by us.

INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements of Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the UK Product Governance Requirements) may otherwise have with respect thereto, the Sale Shares have been subject to a product approval process, which has determined that such Sale Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in paragraph three of the FCA Handbook Conduct of Business Sourcebook; and (ii) eligible for distribution through all permitted distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Sale Shares may decline and investors could lose all or part of their investment; the Sale Shares offer no guaranteed income and no capital protection; and an investment in the Sale Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to any contractual, legal or regulatory selling restrictions in relation to the Global Offering. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Global Co-ordinators will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Chapter 9A or 10A respectively of the FCA Handbook Conduct of Business Sourcebook; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Sale Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Sale Shares and determining appropriate distribution channels.

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PRESENTATION OF FINANCIAL AND OTHER INFORMATION

General

Historically, the Kuwait Food Company (Americana) K.S.C.C. – Americana Restaurants ("**Americana Restaurants**" or the "**Group**") restaurant business was owned and operated by Kuwait Food Company (Americana) K.S.C.C. (the "**Former Parent Company**"). On 27 May 2022, the Company was incorporated as a wholly-owned subsidiary of the Former Parent Company and was named Americana Restaurants LTD. On 27 June 2022, the Former Parent Company transferred all of its restaurant business to the Company. On 29 August 2022, the Former Parent Company transferred 96.03 per cent. of its shareholding in the Company to the Selling Shareholder and the remaining 3.97 per cent. to certain other legacy minority shareholders as part of the Former Parent Company's corporate reorganisation exercise. The Selling Shareholder is wholly owned by Adeptio AD Holdings Ltd. (the "**Ultimate Parent Company**"). The shares of the Ultimate Parent Company are owned on a fifty-fifty basis by Mr. Mohamed Ali Rashed Alabbar and the Saudi Company for Gulf Food Investments ("**Gulf Food Investments**"), a subsidiary of PIF.

On 29 August 2022, (i) the Company re-registered as a public company limited by shares and (ii) the Company's name was changed from Americana Restaurants Ltd. to Americana Restaurants International PLC.

Presentation of Financial and Other Information

Presentation of Financial Information

The historical financial statements included in this Offering Memorandum beginning on page F-1 include:

- the audited special purpose carve-out financial statements of the Group as at and for the years ended 31 December 2021, 2020 and 2019, including the related notes thereto (the "**Annual Carve-Out Financial Statements**");

- the unaudited condensed interim carve-out financial statements of Americana Restaurants LTD as at and for the six month period 30 June 2022, which include the unaudited comparative financial information for the six month period ended 30 June 2021, and the related notes thereto, (the "**Half Year Interim Carve-out Financial Statements**"); and

- the unaudited condensed interim carve-out financial statements of Americana Restaurants International PLC (formerly, Americana Restaurants LTD) as at and for the nine months ended 30 September 2022, which include the unaudited comparative financial information for the nine month period ended 30 September 2021, and the related notes thereto, (the "**Q3 2022 Interim Carve-out Financial Statements**" and together with the Annual Carve-out Financial Statements and the Half Year Interim Carve-out Financial Statements, the "**Financial Statements**").

The Financial Statements represent the historical operations of the Group and have been derived from the Former Parent Company's historical accounting records and are presented on a carve-out basis.

The Group has historically operated as part of the Former Parent Company and not as a separate group of companies and thus, the Group has not historically prepared financial statements on the basis of preparation presented herein. The entities included in the Financial Statements have historically prepared their own audited financial information.

The Half Year Interim Carve-out Financial Statements and the Q3 2022 Interim Carve-out Financial Statements have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34), and have not been audited, but have been reviewed, by PricewaterhouseCoopers Limited (the "**Independent Auditors**") in accordance with International Standard on Review Engagements 2410 ("**ISRE 2410**"), "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The Annual Carve-Out Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") and interpretations issued by the IFRS Interpretations Committee applicable to companies reporting under IFRS, and audited by the Independent Auditors in accordance with the International Standards on Auditing. The Annual Carve-out Financial Statements comply with IFRS as issued by the International Accounting Standards Board ("**IASB**"). The Group has applied First-Time Adoption of International Financial Reporting Standards in its adoption of IFRS. The transition date

("**Transition Date**") is 1 January 2019, which is the opening balance sheet date for the year ended 31 December 2019. All entities included in the Annual Carve-Out Financial Statements have issued financial statements in accordance with IFRS for all periods presented in these Financial Statements. Therefore, all assets and liabilities included in the Annual Carve-Out Financial Statements have been measured at carrying amounts in the financial statements of each entity included in the Annual Carve-Out Financial Statements.

The Annual Carve-Out Financial Statements represent consolidation of all assets, liabilities, revenues and expenses of Americana Restaurants LTD as historically reported in the stand-alone financial statements of the subsidiaries of Americana Restaurants LTD subject to the following carve-out adjustments:

- Transfer of the separately identifiable assets and liabilities of the Kuwait restaurants business which was part of the Former Parent Company under a Business Transfer Agreement;

- Transfer of directly attributable income, costs and liabilities specifically in relation to Americana Restaurants historically recorded in the Former Parent Company;

- Removing certain shared costs recorded historically by Kuwait Food Co. Americana LLC which were incurred to support operations of other businesses in the Former Parent Company and therefore 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 Former Parent Company's business and other operations are not part of the Company's business;

- Removing the financial information pertaining to the investments of the Egyptian Company for International Touristic Projects SAE ("**ECITP**") in certain entities of the Former Parent Company's food business which are not part of the Company's business, and which were disposed of by ECITP during the years ended 31 December 2019, 2020 and 2021, the six months ended 30 June 2022 and the nine months ended 30 September 2022; and

- Removing the financial information pertaining to the investments of United Food Company LLC in a certain entity of the Former Parent Company's food business which are not part of the restaurants' business, and which were disposed of during the year ended 31 December 2021, the six months ended 30 June 2022 and the nine months ended 30 September 2022.

The Financial Statements are the first set of financial statements of the Group as the business did not constitute a separate legal entity in any of the periods presented. These Annual Carve-Out Financial Statements have been prepared for the purpose of inclusion in the prospectus in connection with the proposed listing of the Group on Abu Dhabi Stock Exchange in the UAE and on the Saudi Exchange in the Kingdom of Saudi Arabia.

Non-IFRS Measures

This Offering Memorandum contains certain financial measures that are not defined or recognised under, and thus, not calculated in accordance with IFRS, or any other generally acceptable accounting principles. These non-IFRS measures include the measures defined in "*—Alternative measures of performance*", "*—Alternative measures of liquidity*" and "*—Operating Metrics*" below (collectively, the "**Non-IFRS Measures**"), each as defined below. The Group presents Non-IFRS measures because it believes that they and similar measures are widely used by certain investors, securities analysts and other interested parties as supplemental measures of performance and liquidity. The Non-IFRS measures may not be comparable to similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS. As these measures are not standardised, these measures, by themselves, do not provide a sufficient basis to compare the Company's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other measure as an indicator of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. The Company has presented these Non-IFRS measures because it believes these are helpful to investors and financial analysts in highlighting trends in the overall business of the Company. The Non-IFRS Measures are set forth, together with, in certain cases, a reconciliation of these Non-IFRS Measures to their respective nearest IFRS measure in the Financial Statements, under "*Selected Financial Information and Operating Data—Other Financial and Operating Data*".

The Non-IFRS Measures and other metrics are unaudited and are not measures recognised under IFRS or any other internationally accepted accounting principles. The Non-IFRS Measures are not a measurement of financial performance under IFRS and should not be considered as alternatives to other indicators of the Group's operating performance, cash flows or any other measure of performance derived in accordance with IFRS. The Non-IFRS Measures and other metrics, each as defined herein, may not be comparable to similarly titled measures presented by other companies as there are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. Even though the Non-IFRS Measures and other metrics are used by management to assess the Group's financial results and these types of measures are commonly used by investors, they have important limitations as analytical tools, and investors should not consider them in isolation or as substitutes for analysis of the Group's position or results as reported under IFRS. The Group believes that each of these measures provides useful information with respect to the performance of the business and operations.

The Non-IFRS Measures in relation to the Group have been derived from (i) management accounts for the relevant accounting periods presented; (ii) internal financial reporting systems supporting the preparation of the Group's Financial Statements; and (iii) the Group's other business operating systems and records. Management accounts are prepared using information derived from accounting records used in the preparation of the Group's Financial Statements.

The Group considers its core operating performance in any period to be that which management can affect in any particular period. The Group believes that these Non-IFRS Measures are key metrics as they allow the Group to evaluate its underlying operating performance by including or excluding certain items that the Group does not consider indicative of, or that may impair period-to-period comparability of, its core operating performance. In addition, the Group uses these Non-IFRS Measures in developing its internal budgets, forecasts and strategic plan, in analysing the effectiveness of the Group's business strategies, to evaluate potential acquisitions, in making compensation decisions and in communications with its stakeholders concerning the Group's financial performance.

The Non-IFRS measures are management’s responsibility and are based on management’s review of its financial results and estimates; accordingly, the above information has not been audited or reviewed by the Independent Auditors or any audit firm and are to be read in conjunction with the historical information presented but is not intended to form part of the Group’s statement of financial position or statement of profit and comprehensive income up to the date hereof. Accordingly, prospective investors should not place undue reliance on the below list of Non-IFRS measures contained in this Offering Memorandum.

The Non-IFRS Measures may not be comparable to other similarly titled measures of other companies, have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS. Some of the limitations of the Non-IFRS Measures are:

- they do not reflect the interest expense or cash requirements necessary to service interest or principal payments on the Group's debt;
- they do not reflect any cash income and certain other taxes that the Group may be required to pay in relation to such income;
- they are not adjusted for all cash income or expense items that are reflected in the Group's statements of cash flows;
- they do not reflect the impact of earnings or charges resulting from certain matters the Group considers not to be indicative of its ongoing operations;
- they may not fully take into account the impact of COVID-19 on the Group's financial performance;
- they do not reflect the Group's cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- they do not reflect changes in, or cash requirements for, the Group's working capital needs;

- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often have to be replaced in the future, and these measures do not reflect any cash requirements for such replacements; and

- non-cash compensation, which is excluded as an expense in these Non-IFRS Measures, is and will remain a key element of the Group's overall long-term incentive compensation package in future periods.

Alternative measures of performance

The alternative measures of performance of the Group, together with their definitions, are:

- *4-Wall EBITDA* is defined as revenues less cost of revenues (excluding depreciation and amortisation) and selling and marketing expenses (excluding depreciation and amortisation).

- *Adjusted EBITDA* is defined as net profit for the period plus finance cost (net), plus income tax and zakat and contribution to Kuwait Foundation for the Advancement of Sciences ("**KFAS**"), plus depreciation and amortisation expenses and other adjustments such as tax provisions, staff restructuring costs, a Lebanon IAS 29 adjustment and an Egypt social insurance claim;

- *Adjusted EBITDA (pre IFRS-16)* is defined as Adjusted EBITDA, excluding the impact of IFRS-16;

- *Adjusted EBITDA Margin* is defined as Adjusted EBITDA divided by revenues; and

- *EBITDA* is defined as net profit for the period plus finance cost (net) plus income tax and zakat and contribution to KFAS, plus depreciation and amortisation expenses;

- *EBITDA (pre IFRS-16)* is defined as EBITDA, excluding the impact of IFRS-16;

- *Net Profit Margin* is defined as Net Profit attributable to parent divided by revenues.

The Group presents 4-Wall EBITDA, Adjusted EBITDA and Adjusted EBITDA (pre IFRS-16), EBITDA and EBITDA (pre-IFRS-16) because it believes that they provide useful information about the Group's results of operations for the following reasons: (i) they are among the measures used by management to evaluate the Group's underlying operating performance, review business trends, identify strategies to improve results and make day-to-day operating decisions and (ii) they allow a comparison of the Group's results across periods and across companies in the industry in which the Group operates on a consistent basis, by removing the effects on the Group's operating performance of (a) the Group's capital structure (such as the varying levels of interest expense), (b) the Group's asset base and capital investment cycle (such as depreciation and amortisation) and (c) items largely outside its control (such as income taxes, zakat and contribution to KFAS), and (d) unusual items that the Group views as not reflective of the Group's underlying operating performance, which include staff restructuring costs, Lebanon IAS 29 adjustments, Egypt social insurance claims and a tax provision to settle an indirect legacy tax claim charge relating to historical periods (2000-2017).

Adjusted EBITDA Margin is a derivative measure of Adjusted EBITDA and Net Profit Margin is a derivative measure of Net Profit attributable to parent. The Group presents Adjusted EBITDA Margin and Net Profit Margin because they measure the Group's operating performance in relation to the Group's revenues, gauging the Group's profitability per dollar of revenues generated and further facilitating comparison of the Group's results across periods and with other companies in the Group's industry.

Alternative measures of liquidity

The alternative measures of liquidity of the Group, together with their definitions, are:

- *Adjusted Free Cash Flow* is defined as Adjusted EBITDA less capital expenditure, income tax and zakat and contribution to KFAS, change in net working capital, change in non-current portion of trade payables and lease payments (including both principal and interest on lease liabilities);

- *Adjusted Free Cash Flow Conversion* is defined as Adjusted Free Cash Flow divided by Adjusted EBITDA less lease payments (including both principal and interest on lease liabilities);

- *Gross Capital Expenditures* is defined as purchase of property and equipment plus purchase of intangible assets, payments for key money and includes the initial franchisor fees;
- *Leverage Ratio* is defined as Net Debt divided by Adjusted EBITDA;
- *Net Capital Expenditures* is defined as Gross Capital Expenditures less proceeds from sale of property and equipment;
- *Net Capital Expenditures Spent* is defined as Gross Capital Expenditures spent excluding purchases not yet paid less proceeds from sale of property and equipment;
- *Net Debt* is defined as bank facilities and lease liabilities outstanding less cash and cash equivalents;
- *Net Working Capital* is defined as the sum of inventories, trade and other receivables, and dues from related parties less trade and other payables, due to related parties, provisions for legal, tax and other claims, income tax, zakat and other deductions payable.

The Group presents Adjusted Free Cash Flow because it utilises this measure to gauge the amount of cash flow available for several uses, including to finance items such as discretionary prepayments of borrowings, dividends and share buybacks. Furthermore, the Group believes that this measure provides useful information about the Group's liquidity in that it allows a comparison of the Group's liquidity across periods and across companies in the industry in which it operate on a consistent basis.

Adjusted Free Cash Flow Conversion is a derivative measure of Adjusted Free Cash Flow. The Group presents Adjusted Free Cash Flow Conversion because it measures the Group's generation of Adjusted Free Cash Flow in relation to the Group's Adjusted EBITDA, gauging the Group's ability to generate cash per dollar of Adjusted EBITDA and further facilitating comparison of the Group's liquidity across periods and with other companies in the Group's industry.

Operating metrics

The operating metrics of the Group, together with their definitions, are:

- *Average Cheque Growth* is defined as percentage increase/ decrease in Average Guest Cheques;
- *Average Guest Cheque* is defined as total revenues divided by the total number of transactions;
- *Average Payback Period* (presented only for restaurants opened in 2020 and 2021) is defined as the average length of time required to recover the original cash investment in an individual Group restaurant. It is calculated as total capital expenditure for a new restaurant (excluding any pre-opening expenses, which are recorded in the consolidated statement of profit or loss), plus the initial franchisor fees paid for the restaurant, divided by annualised year-to-date June 2022 restaurant level EBITDA (post store rental costs);
- *Average Unit Volume* is defined as revenues for the period divided by average number of restaurants in the same period, and is calculated based on like-for-like revenues and like-for-like stores i.e., revenues of restaurants included in the like-for-like revenues growth calculation divided by the average number of such like-for-like restaurants in the same period;
- *Days Inventory Outstanding* is defined as inventory divided by cost of inventory multiplied by 365 (where inventory refers to sum total of raw material, filing and packaging material and goods in transit);
- *Days Payables Outstanding* is defined as trade and other payables divided by cost of inventory multiplied by 365 (where trade and other payables refers to the sum total of trade payables, current portion of unearned income and trade related dues to related parties);
- *Days Revenues Outstanding* is defined as trade and other receivables divided by revenues multiplied by 365 (where trade and other receivables refers to the sum total of trade receivables, and trade related dues from related parties);

- *Direct Spend* is defined as spend related to raw materials, food-related items and packaging materials;
- *Like-for-Like Revenues Growth* is defined as the percentage increase/decrease in the revenues for those Group restaurants which have generated monthly revenues over last 12-month in a given financial period and excludes revenues of those restaurants which have not generated revenues for more than six consecutive months;
- *Net New Openings* is defined as gross new restaurant openings less closures; and
- *Return on Net Assets* is defined as Net Profit attributable to parent, divided by total assets less total liabilities

The Group presents these operating metrics because (i) they are believed to be helpful to investors to provide more directly comparable information across periods and geographical markets and (ii) provides useful information concerning the Group's business. The operating metrics presented in this Offering Memorandum have been extracted without material adjustment from management records and are unaudited. The Group's use or computation of this data may not be comparable to use or computation of similarly titled data reported by other companies in the same industry.

Rounding

Certain data in this Offering Memorandum, including financial, statistical, and operating information has been rounded. As a result of the rounding, the totals of data presented in this Offering Memorandum may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent. Where the symbol "—" or the term "N/A" appear in a table, it means that no amount exists for the relevant item.

Currencies

Unless otherwise indicated, in this document, all references to:

- "**Saudi Riyal**", "**Riyal**" or "**SAR**" are to the lawful currency of the Kingdom of Saudi Arabia;
- "**UAE dirham**" or "**AED**" are to the lawful currency of the United Arab Emirates; and
- "**U.S. dollars**" and "**U.S.$**" are to the lawful currency of the United States.

Unless otherwise indicated, the financial information contained in this document has been expressed in U.S. dollars. The Company's primary functional currency is the U.S. dollar and its financial statements have been prepared in U.S. dollars.

Third-party and market share data

This document contains information regarding the Group's business and the industry in which it operates and competes, which has been obtained primarily from Euromonitor International ("**Euromonitor**"), an independent provider of strategic market research, which has prepared at the request of the Company for the purposes of this Offering Memorandum, information on the market and industry (the "**Euromonitor International Report**"). Euromonitor has no material interest in the Company. The sources and methodology used to prepare the Euromonitor International Report are described under "*Industry Overview—Research Methodology*".

In some cases, independently determined industry data is not available. In these cases, any market share data included in this document is referred to as having been estimated. The Company has made all such estimates using its own information and other market information that is publicly available. The Company believes that these estimates of market share are helpful as they give prospective investors a better understanding of the industry in which it operates as well as its position within that industry. Although all such estimations have been made in good faith based on the information available and the Company's knowledge of the market within which it operates, it cannot be guaranteed that a third-party expert using different methods would reach the same conclusions.

Where information has not been independently sourced, it is the Company's own information.

No incorporation of website information

The Company's website is www.americanarestaurants.com. The information on this website or any other website mentioned in this document or any website directly or indirectly linked to these websites has not been verified, is not incorporated by reference into this document and does not form part of this document, and investors should not rely on it.

Definitions

Certain defined terms in this document and technical and other terms related to the industry and the Group's business are defined in the glossary. See "*Glossary—Defined Terms*".

In addition, unless the context otherwise requires, all references in this document to:

- the "**Company**" are to Americana Restaurants International PLC and all references to "**Group**" are to the Company and its subsidiaries;
- "**Abu Dhabi**" are to the Emirate of Abu Dhabi;
- the "**UAE**" are to the United Arab Emirates;
- "**Saudi Arabia"**" are to the Kingdom of Saudi Arabia;
- "**MENA**" are to the Middle East and North Africa;
- "**OOHD**" are to out-of-home dining;
- "**QSR**" are to quick-service restaurants; and
- the "**GCC countries**" or the "**GCC region**" are to the countries comprising the Gulf Cooperation Council (being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE).

Information Regarding Forward-Looking Statements

This document includes forward-looking statements. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Company's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "**believe**", "**expects**", "**may**", "**will**", "**could**", "**should**", "**shall**", "**risk**", "**intends**", "**estimates**", "**aims**", "**plans**", "**predicts**", "**continues**", "**assumes**", "**positioned**" or "**anticipates**" or the negative thereof, other variations thereon or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding intentions, beliefs and current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy and the industry in which the Company operates. In particular, the statements under the headings regarding the Company's strategy and other future events or prospects in the following sections are forward-looking statements: "*Summary*", "*Risk Factors*", "*Business*" (in particular, the sub-heading "*Guidance*"), "*Industry Overview*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

These forward-looking statements, as well as other statements contained in this document regarding matters that are not historical facts involve predictions and are based on the beliefs of the Company's management, as well as the assumptions made by, and information currently available to, the Company's management. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, the Company cannot assure you that such expectations will prove to be correct. Given these uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. Important factors that could cause actual results to differ materially from the Company's expectations are contained in cautionary statements in this document, including, without limitation, in conjunction with the forward-looking statements included in this document and specifically under the section titled "*Risk Factors*" or the underlying assumptions.

If any of these risks and uncertainties materialises, or if any of the Company's underlying assumptions proves to be incorrect, the Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. Under no circumstances should the inclusion of such forward-looking statements in this document be regarded as a representation or warranty by the Company, the Selling Shareholder, the Joint Global Co-ordinators or any other person with respect to the achievement of the results set out in, or implied by, such statements. Please refer to "*Risk Factors*" for further information in this regard.

The forward-looking statements contained in this document speak only as at the date of this document. The Company, the Selling Shareholder and the Joint Global Co-ordinators expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the document to reflect any change in their expectations or any change in events, conditions or circumstances on which such statements are based unless required to do so by applicable law.

Available Information

For so long as any of the Sale Shares are in issue and are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) under the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), nor exempt from reporting under the Exchange Act pursuant to Rule 12g3-2(b) thereunder, make available to any holder or beneficial owner of a Sale Share, or to any prospective purchaser of a Sale Share designated by such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

SUMMARY

*This summary should be read as an introduction to this Offering Memorandum (the "**Offering Memorandum**") and is qualified in its entirety by, and is subject to, the detailed information contained elsewhere in this Offering Memorandum. Accordingly, any decision to invest in the Sale Shares should be based on consideration of this Offering Memorandum as a whole by the investor. Potential investors should read this entire Offering Memorandum carefully, including "Risk Factors", before making any decision to invest in the Sale Shares.*

Overview

The Group is the largest out-of-home dining ("**OOHD**") and QSR operator in its 12 countries of operation, across the MENA region and Kazakhstan, based on the number of restaurants in the Group's countries of operations according to the Euromonitor International Report. The Group achieved revenues of $2.05 billion and $1.15 billion for the year ended 31 December 2021 and the six months ended 30 June 2022, respectively, with strong profitability and return on invested capital. The Group has operated restaurants across the MENA region for almost fifty years for iconic global brands such as KFC, Pizza Hut, Hardee's, Krispy Kreme and TGI Friday's ("**TGIF**"), amongst others. In addition to the franchise brands, the Group operates two notable proprietary brands, Wimpy and Chicken Tikka. Despite the impact of the COVID-19 pandemic, the Group continued to expand its restaurant network and opened a gross total of 164, 61, 116 and 66 new restaurants for the years ended 31 December 2021, 2020, 2019 and the six months ended 30 June 2022, respectively. As at 30 June 2022, the Group operated 2,050 restaurants across 12 countries.

The Group is a franchisee in the MENA region for the following brands: KFC, Pizza Hut, Hardee's, Krispy Kreme, TGIF, Costa Coffee and Baskin Robbins. In July 2022, the Group signed franchise and development agreements to act as the trusted and preferred operator for Peet's Coffee across the UAE, Saudi Arabia, Kuwait and Qatar. The Group considers KFC, Pizza Hut, Hardee's and Krispy Kreme to be its power brands ("**Power Brands**") which represented 92.4 per cent. of the Group's revenues for the year ended 31 December 2021 and 92.9 per cent. of the Group's revenues for the six months ended 30 June 2022. The Group's two principal proprietary brands are Wimpy and Chicken Tikka.

As the leading restaurant platform in its markets with the restaurant footprint exceeding the next four players combined in 2021, the Group is uniquely positioned to benefit from the opportunities in its large, fragmented and structurally growing markets. The Group's markets of presence have a large and growing addressable population of over 270 million as at 2021, with over 78 per cent. of the population below the age of 45, and the presence of strong spending enablers such as high economic and disposable income growth, a favourable taxation environment as well as high purchasing power parity in the GCC markets (source: Euromonitor International Report). Despite rapid growth, OOHD in the Group's countries remains significantly underpenetrated from both a supply and demand side perspective as compared to other emerging and developed markets, and presents significant potential for further development.

The Group's proprietary omnichannel platform allows customers to experience the Group's iconic restaurant brands across the entire MENA region and Kazakhstan – when they want, and how they want. Specifically, the Group's proprietary digital omnichannel platform provides customers the option of ordering via mobile apps, online ordering, kiosks, QR code ordering and point-of-sale; and its omnichannel access includes delivery, drive through ("**drive thru**"), car hop ("**car hop**"), click & collect, take-away and dine-in channels.

The Group's value proposition to customers is predicated on several factors, such as food safety and quality, competitive pricing, speed of service ("**SOS**"), guest courtesy and restaurant aesthetic / design appeal. The Group is actively engaged in marketing and advertising activities, as well as launching new products and services to enhance the salience, relevance and customer engagement of its portfolio of brands with consumers across the MENA region and Kazakhstan. The Group relies upon the worldwide appeal and customer recall of its iconic brands, its sustained focus on customer satisfaction and implementation of digital measures to increase its efficiency in operations and enhance customer experience. Raw materials for the Group's operations are sourced from pre-approved vendors which are selected to meet international food safety, quality and ethical sourcing standards. The Group's restaurants are routinely subjected to independent third-party audits by its franchisors and accredited to ensure compliance with global best-in-class QSR and casual dining standards. The Group consistently ranks as a leading global performer in its key franchise systems. The Group's services and menu are diversified – tailored to local tastes and preferences – and are regularly reviewed to meet the growing and evolving customer demands across the Group's countries of operation, whilst retaining the key customer associations of its brand.

The Group expects the importance of home delivery in the MENA and Kazakhstan QSR industry to continue to grow due to changing lifestyles and evolving consumer behaviour in the post-COVID-19 food-consumption environment. In response, the Group has enhanced its own capabilities and invested heavily in its last mile delivery operations, expanding its own delivery driver fleet. As at 30 June 2022, the Group had a fleet of more than 7,800 drivers across the MENA region and intends to continue growing this fleet in line with the growth of the delivery business. The Group's brands are highly popular on restaurant aggregator platforms such as Talabat, Hunger Station, Jahez, Deliveroo and Glovo, across its countries of operation. The Group has long term agreements (typically five years) with strategic aggregator partners, and because the Group's own delivery fleet fulfils more than 80 per cent. of its orders (in 2021), aggregator platforms are used primarily for additional customer acquisition. In instances where the Group relies on its aggregator partners for delivery, the Group works closely with these platforms to ensure safe and efficient deliveries, without compromising food quality.

Following the onset of COVID-19 and the increased focus on health and safety by consumers globally, the Group prioritised the health and safety of both customers and employees, including through the introduction of contactless delivery and takeaway, as well as re-training its entire restaurant staff and drivers on health, safety and personal hygiene standards. The Group aims to maintain a sustained focus on consumer and employee health and safety through routine refresher training. The Group has also re-developed its menus for greater delivery and takeaway compatibility.

The Group has modernised and digitised its operations to meet customers' continually changing demands. In particular, the Group's focus on a frictionless customer experience, supported by culinary, technology and design innovations, have led it to achieve strong brand-health and brand relevance as well as supporting revenues growth. In April 2020, the Group launched its first proprietary mobile application for KFC on its proprietary digital platform in the UAE, through which consumers can explore the menu, find offers, place orders online and view real time order tracking. By 2021, the Group's KFC mobile application had been launched in seven countries including the UAE, Saudi Arabia, Kuwait, Egypt, Oman, Bahrain and Qatar. Further, the Group operates four other brand-specific mobile applications for Pizza Hut, Hardee's, Wimpy and Krispy Kreme across different MENA countries. As at 30 June 2022, the Group has launched 17 proprietary super-apps ("**SuperApps**"), similar to the KFC app, for five brand ecosystems on its digital platform.

Strengths

The Group believes it possesses several competitive advantages rooted in its heritage, scale and platform that differentiate it from other restaurant operators in the MENA region and Kazakhstan.

Standout Operator of Iconic Global Brands with Customer-Centric Operating Culture and Multiple Platform Efficiencies

The Group is the leading OOHD and QSR operator (based on the number of restaurants) in its 12 countries of operation, across the MENA region and Kazakhstan. It operates restaurants under a portfolio of 11 brands across key consumer verticals and occasions, including key QSR categories (chicken, burger and pizza), fast casual, casual dining, indulgence and coffee concepts, with the aim of maximising share of wallet within a complete, omnichannel ecosystem. The Group's diverse portfolio of iconic global brands includes KFC (the top global Chicken QSR brand by number of restaurants globally), Pizza Hut (the second largest global Pizza QSR brand), Hardee's (the iconic Burger QSR brand in the MENA region) and Krispy Kreme (the globally leading Indulgence and doughnut brand). With its proven track-record of success for over 50 years, the Group's platform attracts internationally successful brands. The Group replicates, improves and adapts to local tastes with tried-and-tested dining solutions from some of the world's most popular brands. Additionally, the Group enjoys multi-decade global brand equity and highly embedded customer trust, appeal and preference.

The Group believes it has been able to consistently serve as a trusted and preferred partner for franchisors through its unique strengths as a multi-brand and multi-region operator.

Culture of Operating Excellence

The Group is deeply focused on product quality, SOS and overall customer experience, and embeds related key performance indicators in its managerial and remuneration decisions.

The Group's service standards have earned its restaurants numerous awards and accolades within its franchisors' systems, with the Group-managed KFC brand, for instance, ranking amongst the top global markets according to the to the Yum Brands, Inc.'s ("**Yum**") third party restaurant operations compliance check ("**ROCC**") during 2019 to 2021. All of the Group's Power Brands are recognised as top quartile performers by their respective franchisors. The Group has a performance-driven culture that incentivises employees at all levels to pursue high standards of excellence, guest service and financial performance. This culture was instilled by the new management team introduced after the Adeptio Acquisition, and has enabled a significant improvement in compliance scores across brands, for instance, driving an improvement in KFC ROCC score from 64 per cent. in 2017 to 90 per cent. in 2021.

Alignment of incentives across all employee levels, combined with the Group's organisational agility, allowed for rapid and successful transformation and improvement to the Group's operations, during the COVID-19 pandemic. For instance, between 2019 and 2021, the Group pivoted its strategy and operations to focus on growing its delivery capabilities, which significantly increased restaurant productivity. The average number of employees per restaurant decreased from 20.6 for the year ended 31 December 2019 to 19.0 for the year ended 31 December 2021 while revenues increased by 8.5 per cent. during the same period.

In 2021, the Group, after identifying the potential through its transformation office, prioritised improving its SOS, a key metric in the QSR industry. With the objective of improving customer experience, throughput and productivity in restaurants, the Group's SOS enhancement programme carefully analysed existing service-times of dine-in, take-away and drive thru, and other aspects including restaurant layout, restaurant organisation, operation systems and staff recognition. As a result: (1) in-restaurant SOS dashboards are now available in KFC, Hardee's, Pizza Hut and Wimpy restaurants, and these dashboards not only monitor speed of order-taking and food preparation (by restaurant and day) but also provide actionable insights to improve the same, (2) speed playbooks and diagnostic tools were also rolled out to train entire operations teams, from brand COO to team members, (3) SOS competitor benchmarking was also carried out with support of restaurant support staff, (4) restaurant team member feedback was collected and analysed, (5) a daily/weekly performance ranking of area managers was implemented, fostering a spirit of friendly competition and (6) recognition and rewards were given whenever any restaurant broke its own peak hour record transactions.

Strong Franchisor Relationships

The Group has a 100 per cent. brand retention record (other than brands which it exited voluntarily and intentionally). The Group has a well-established footprint in some of the most attractive countries for OOHD across the MENA and Kazakhstan region, with well-developed omnichannel and multi-format capabilities, a long track record of delivery and in-house expertise. The Group has been a partner of choice for iconic global brands with its longest-standing relationships going back approximately 50 years. For all of its territories and brands, where the Group has the territory-franchise rights, it is the only franchisee within that territory (save for the limited exceptions of Pizza Hut in Jeddah, and certain non-traditional channels like military bases and airport locations).

Synergies of Scale

The Group's management of multiple brands and markets is backed by a single operational platform, which creates significant efficiencies and negotiating strength through its combined purchasing power, including *vis-à-vis* suppliers, landlords, contractors, aggregators and other counterparties. The Group's shared use of key assets, systems and resources results in a number of benefits, including:

- **Strategic supplier partnerships and sourcing strategies:** The Group's scale and significance allows it to establish a significant degree of diversification in its supply structure. The Group's abilities to reduce supply costs and leverage joint purchasing are further supported by its relationship with the Former Parent Company, which acts both as a supplier of select products as well as a partner in the procurement for key input categories such as french-fries, beef and other protein products (see "*Related Party Transactions*").

- **Multi-brand warehousing:** The Group has a well-invested supply chain infrastructure, capable of supporting future growth across the platform with a network of 38 multi-brand warehouses.

- **Optimised and lean shared services**: The Group has built a strong end-to-end value chain to support its business across 12 countries and all brands. Central functions, such as finance, technology, supply chain management, procurement, quality assurance, culinary, real estate, design & construction and administration, are represented in each country and support the Group's business across all brands, thus enabling consistency, agility and synergies.

- **Last mile capabilities and driver pooling, for improved productivity:** The Group's digitised last mile capability also enables optimised driver utilisation and ensures SOS targets are met. In particular, the Group's platform allows the sharing of its fleet of delivery drivers, who fulfil orders across all the Group's restaurants in a given area, irrespective of brand.

Innovation Focus

The Group actively pursues category, channel and operational innovation and it approaches innovation with a 360-degree view that touches the entire value chain of the Group's brands and business. The Group introduces specific local products, menus and bundle innovations designed to enhance appeal to local tastes and preferences of its global brands. The Group is equally focused on bringing new experiences to its consumers, being the first franchisee to introduce stone oven artisanal pizzas to the international Pizza Hut brand in 2022, and is expecting to introduce in-restaurant robotics in partnership with Miso Technologies at its forthcoming Wimpy restaurant in the UAE.

The Group believes it has one of the strongest home delivery and off-premise businesses in the region, primarily due to its investment in light, highly adaptive physical assets, as well as the Group's own delivery fleet, which leverages high route densities and attractive channel economics. As at 30 June 2022, the Group had a fleet of more than 7,800 drivers across the MENA region, and it intends to grow this fleet in line with the growth in the business.

Market Leader in an Attractive Region, Supported by Structural Tailwinds

The Group is the leading OOHD and QSR operator based on the number of restaurants in its 12 countries of operation, across the MENA region and Kazakhstan, which collectively represented a $56 billion OOHD market in 2021, growing at an estimated CAGR of 14 per cent. in USD terms over the period 2022 to 2026, compared to only three per cent. over the same period in developed markets such as the United States, UK, Canada and Australia (source: Euromonitor International Report). Through its multi-brand, multicategory platform encompassing principal QSR segments (including Fast Casual, Indulgence, Casual Dining and Coffee), the Group addresses a significant share of the overall OOHD market. For instance, the share of the Group's addressable and service segments in its key markets, as at 2021, comprised approximately 81 per cent. of the overall OOHD category in value terms in Saudi Arabia, 71 per cent. in the UAE, 65 per cent. in Kuwait and 36 per cent. in Egypt (source: Euromonitor International Report). Across its countries of operation, the Group is the clear number one diversified operator of OOHD brands by number of restaurants, with continuous increase in its market shares across the OOHD market and its key subsegments over years 2019-2021. The Group is also the number one QSR operator, both in terms of number of outlets and revenues across its 12 countries, as well as in the top three position in each country of operation by value of sales. It has a larger restaurant footprint than the combined operations of the next four largest restaurant players in its countries of operation. The Group believes its leadership is particularly evident in the Chicken QSR segment, where the KFC brand, for which the Group is one of the largest franchisors across the MENA region and Kazakhstan, is a clear market leader with strong appeal to local tastes and chicken-focused dining traditions.

The Group's markets benefit from strong macro and socio-economic tailwinds supporting strong consumer disposable income growth, changing consumption habits and resulting in further development of the OOHD market and its subsegments. While these markets are geographically, economically, socially and ethnically diverse and distinct from each other, they share common characteristics that differentiate them globally, such as fast-growing economies with high GDP growth rates (e.g., a forecast GDP CAGR of 6.8 per cent. in annual nominal USD terms across the Group's 12 countries of operation between 2022 and 2026, compared to 4.5 per cent. across developed markets over the same period), a large share of young population cohorts (e.g., 55 per cent. of population below 30 years of age as at 2021 across the Group's 12 countries, compared to 37 per cent. across developed markets over the same period), and overall high population growth (a forecast CAGR of 1.4 per cent. annually across the Group's 12 countries between 2022 and 2026 compared to 0.5 per cent. across developed markets over the same period) (source: Euromonitor International Report). Many of the Group's markets, in particular in the GCC countries, also benefit from large government-led economic transformation and diversification projects, high purchasing power parity, large-scale new infrastructure development and high overall level of economic resilience, underpinned by stable currencies pegged to the US dollar or currency baskets. Overall, 80 per cent. of the Group's revenues for the year ended 31 December 2021 came from countries with such stable currencies.

Given the macroeconomic tailwinds supporting the sector, there is an increasing supply of restaurant capacity in the markets, particularly by international brand operators, such as the Group itself. Overall, however, the OOHD market and its subsegments remain underpenetrated in relative terms from both a demand and supply perspective, with overall number of OOHD outlets per 10,000 population more than three times lower in the Group's core markets versus developed markets, and more than eight times lower in terms of outlet penetration in the Chained QSR segment, where the Group generates most of its revenues (source: Euromonitor International Report).

Attractive financial model with strong unit economics and efficient capital deployment

The Group's business has strong revenues growth momentum, high profitability, and a significant cash generation track record. The Group's financial performance for the year ended 31 December 2021 improved upon the Group's performance for the year ended 31 December 2019, showing a strong rebound from the COVID-19 pandemic. The Group generated $2.05 billion in revenues for the year ended 31 December 2021 (an increase of 8.5 per cent. from the year ended 31 December 2019) with Adjusted EBITDA of $464 million, Adjusted EBITDA Margin of 22.6 per cent, Net Profit attributable to parent of $204 million and Net Profit Margin of 9.9 per cent. The Group generated Adjusted Free Cash Flow of $229 million with 75.4 per cent. Adjusted Free Cash Flow Conversion for the year ended 31 December 2021. In addition, for the six months ended 30 June 2022, the Group achieved 16.2 per cent. Like-for-Like Revenues Growth. The Group's Average Payback Period was 1.7 years for restaurants opened in the years ended 31 December 2021 and 2020.

Strong revenue momentum following portfolio re-balancing and business transformation

The Group has strong revenue momentum, and achieved higher revenues for the year ended 31 December 2021 as compared to the year ended 31 December 2019, despite the impact of COVID-19 primarily due to its smart pricing and marketing efforts. The Group has achieved 16.2 per cent. Like-for-Like Revenues Growth for the six months ended 30 June 2022. The Group's smart pricing is executed through a dedicated team of revenue management and data scientists who study price elasticity continuously. This helps the Group identify the right balance between maximum value to customer and the Group's margin. The Group has prioritised its focus areas and has strategically divested brands it believes have revenues potential of less than $50 million annually, which reduced its number of brands from 20 brands in 2016 to 11 brands as at 30 June 2022. The majority of the Group's restaurant closures historically have been driven by portfolio optimisation and brand rationalisation, which is now substantially complete, and as a result, the Group believes the portfolio is now significantly healthier than previously.

The Group's historical revenues growth has been relatively consistent, but for the impact of portfolio optimisation and the COVID-19 pandemic. The Group had 19 per cent. revenues growth for the six months ended 30 June 2022 as compared to the six months ended 30 June 2021, as a result of both 16.2 per cent. Like-for-Like Revenues Growth, and new restaurant openings.

The below table indicates the Group's year-on-year revenues growth anchored by Power Brands.

	For the year ended 31 December				
	2017	**2018**	**2019**	**2020**	**2021**
			(US$ millions)		
Power Brands	1,467	1,581	1,677	1,442	1,896
Growth / Niche brands	186	182	174	108	132
Other Brands	52	47	39	27	24
Total Revenues	**1,705**	**1,810**	**1,890**	**1,578**	**2,052**

The below table indicates the Group's Year-to-Year Like-for-Like Revenues Growth for the periods indicated (in each case, as compared to the same quarter in the preceding year).

	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
Year-to-Year Like-for-Like Revenues Growth (%)……...	10.5%	106.0%	24.0%	13.0%	16.5%	15.9%

For the three months ended 31 March 2022, Average Cheque Growth was 2.1 per cent. and 1.7 per cent. for the three months ended 30 June 2022. Growth in number of transactions was 14.1 per cent. for the three months ended 31 March 2022 and 14.0 per cent. for the three months ended 30 June 2022.

High profitability rooted in strong unit economics

Backed by strong platform efficiencies and cost optimisation benefits, the Group achieved a 22.6 per cent. Adjusted EBITDA Margin, a 9.9 per cent. Net Profit Margin for the year ended 31 December 2021 and an Average Payback Period of 1.7 years for restaurants opened in the years ended 31 December 2021 and 2020. The Group's growth and customer focus has fostered a cost-conscious culture and this has helped the Group improve margins in parallel to significant investment in technology.

Efficient capital expenditure deployment and cash generative business

The Group's capital deployment is disciplined, with a strong focus on new restaurant openings, followed by investments in technology and restaurant remodelling. Efficient restaurant formats and rigour in organisational management through due diligence, an experienced investment committee, use of procurement management techniques such as standardised bills of quantity, and other tools has contributed to industry leading new restaurant opening Average Payback Period of 1.7 years (for restaurants opened in the years ended 31 December 2021 and 2020), versus the typical industry average which management believes to be three to five years.

The Group's Net Working Capital as a percentage of revenues was negative 11 per cent. (as at 31 December 2021) which is a significant improvement since the Adeptio Acquisition. This has been backed by the Group's efforts to focus on improving its inventory, payables and receivables management, resulting in negative trade working capital days. This negative working capital has created a virtuous cycle which results in more cash generation as the Group grows its business, which can be re-invested in the business for future growth.

Powerful Digital Platform with an Advanced Technology Stack

Over recent years, the Group has made significant investments in its front and back-end business intelligence systems, and has created what the Group believes to be one of the MENA region's most advanced digitally driven platforms in the food service industry. On the front end, the Group operates 17 proprietary, brand-specific customer facing applications it refers to as SuperApps, which have multi-country and multi-currency functionality. The SuperApps, together with partnering aggregators and the Group's call centres, form the core enablers of the Group's home delivery offering.

The SuperApps have been downloaded more than eight million times as at 31 December 2021 with an average rating of 4.4 (out of 5.0). The number of transactions on the SuperApps has increased from 0.3 million in 2019 to 4.7 million in 2021 and revenues derived from orders through the SuperApps have increased from $5 million in 2019 to $78 million in 2021.

The Group is further augmenting its digital platform with the development of a single cross-platform customer relationship management system ("**CRM**") and a voice of customer ("**VoC**") query resolution solution, developed exclusively by the Group in partnership with Sprinklr, a US based software company that specialises in customised customer experience management platforms. The Group has also invested in advanced front-of-house technology, launching self-ordering kiosks, digital menus, car hops and other innovations to create a more seamless and efficient ordering experience for its customers.

This digital ecosystem allows the Group to gather direct insights into customers' preferences, drive loyalty and maximise share of wallet with personalised offers, while promoting a high quality customer experience. The ecosystem approach is reinforced by the Group's deliberate focus on controlling the "last mile" of order fulfilment. In 2021, approximately 81 per cent. of the Group's home delivery orders placed on either aggregator platforms or the Group's SuperApps and call centres were fulfilled by the Group directly, with an average delivery time of 26 minutes for approximately 45 million deliveries. As a result, the Group believes it has one of the MENA region's largest home delivery businesses.

The Group has also invested in the development of its own and third-party systems to improve the effectiveness of its business operations, enhance the agility of the business, and the speed and quality of key business decisions. The entirety of the Group's operations is enhanced through the "**machine+human**" approach, for instance, by leveraging custom location software provided by Tango. Tango is a company specialising in smart lease management and, together with the Group, has developed a location search algorithm and database in conjunction with the local development teams' expertise to constantly fill, expand and progress a pipeline of new locations for the Group's restaurants.

The Group's front-of-the-house ("**FOH**") and back-of-the-house ("**BOH**") capabilities are well-integrated to ensure reliable and timely provision of business-critical data. For instance, as at 30 June 2022, all of the Group's 2,050 restaurants, call centres, SuperApps and delivery aggregators provide live data feeds into the Group's business information system which are used to drive decisions on pricing, resource allocation and supply.

Well-invested, Diversified Supply Chain Infrastructure Supporting Future Growth

The Group believes its supply chain infrastructure is a competitive advantage, given its regional presence. The Group leverages the significant scale of its business to build a robust operation which ensures maximum stock availability while keeping working capital requirements at a minimum. This is achieved by a mix of experienced professionals at the Group and partnerships with third parties. Regardless of ownership, supply chain performance is measured by industry standard measures such as the "**On Time In Full**" standard, while maintaining a continuous improvement mindset.

The Group places strong focus on supply diversity, consistency and cost discipline with a global supply network, a balanced approach towards imports versus locally sourced products and low supplier concentration. The Group's top 10 suppliers (excluding the Former Parent Company and its affiliates) account for only 36 per cent. of Direct Spend for the year ended 31 December 2021). Other than the Former Parent Company and its affiliates, no single supplier has represented more than 10 per cent. of Direct Spend on supplies in the period covered by the Financial Statements. The Group benefits from significant bargaining power with 86 per cent. of its Direct Spend for the year ended 31 December 2021 being centrally managed, as well as due to long standing relationships with trusted supply parties and reduced dependence on external parties with the Former Parent Company providing 16 per cent. of Direct Spend for the year ended 31 December 2021.

Experienced Management Team with a Proven Track Record of Delivery Supported by Strong Shareholders

The Group's management team was significantly reinforced in the years following the Adeptio Acquisition in 2016. The Group's current CEO, Mr. Amarpal Singh Sandhu, was assigned responsibility for the restaurants business of the Former Parent Company in 2019, and the Group's current CFO and Chief Growth Officer, Mr. Harsh Bansal, joined the Former Parent Company immediately following the Adeptio Acquisition.

Through the support of its shareholders and efforts of the current management, the Group has experienced significant improvements to its portfolio, growth and profitability profile. The Group has simplified its brand portfolio to focus on its most attractive brands, reducing its count from 20 brands in 2016 to 11 as at 30 June 2022, and rebalancing its restaurant portfolio to emphasise its Power Brands. Between 1 January 2017 and 31 December 2021, the Group closed 285 restaurants to focus on improving the Like-for-Like Revenues Growth in its continued portfolio. As a result, the Group's flagship KFC brand increased its Average Unit Volumes from $1.2 million per restaurant for the year ended 31 December 2017 to $1.5 million per restaurant for the year ended 31 December 2021, representing a CAGR of 6.9 per cent. Further, portfolio optimisation with an emphasis on Like-for-Like Revenues Growth, combined with continued restaurant openings, resulted in a revenues CAGR of 4.7 per cent. over the period (6.6 per cent. CAGR for the Group's Power Brands).

In addition, a focus on higher sales densities and exits from unprofitable locations, the introduction of stricter cost discipline and zero-based budgeting, the streamlining of internal processes and a comprehensive technology adoption across the business have driven an increase in profitability of the Group, despite COVID-19-related closures and additional costs in the year ended 31 December 2020. The Group's Adjusted EBITDA Margin (pre-IFRS 16) increased from 13.4 per cent. for the year ended 31

December 2018 to 15.0 per cent. for the year ended 31 December 2021, and its Net Profit Margin increased from 7.3 per cent. to 9.9 per cent. during the same period.

The above transformational changes introduced by the management have been accompanied by a comprehensive shift towards a performance and key performance indicator ("KPI") driven values-led culture. The Group believes that its "culture of performance" and "customer obsession" are key to its position as the leading restaurant platform in the MENA region and are instrumental in fulfilling the management's vision to become a globally leading restaurant operator delivering the greatest customer value, trust and impact.

Over recent years, the Group has managed to enhance employee retention across all organisation levels and has transformed internal processes by creating a relatively non-hierarchical organisational structure despite significant levels of complexities across countries, brands and channels. Through high operational data focus, a KPI-driven incentive structure and numerous tools automating and simplifying data operations, management believes they have created a highly transparent, meritocratic and supportive work environment, which has been recognised with the "**Exceptional Workplace**" award by Gallup in 2022.

Strategies

The Group aims to continue its growth and development through four principal strategic levers:

Growth in Restaurant Portfolio

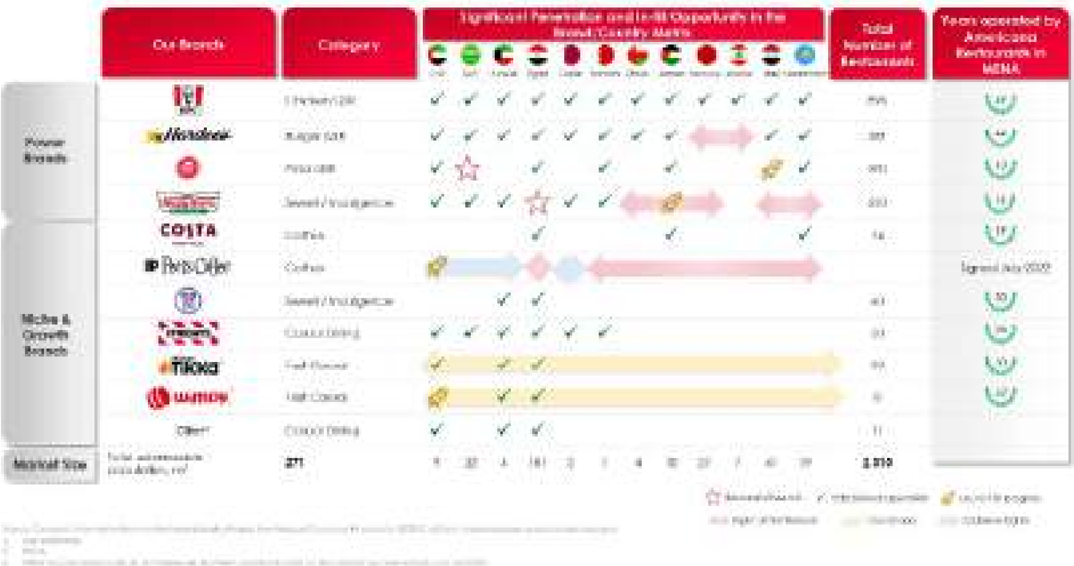
Given the relatively low levels of penetration across its markets and existing gaps in its country and brand presence, the Group sees significant further rollout potential across its entire portfolio. The Group expects its Power Brands, KFC, Pizza Hut, Hardee's and Krispy Kreme, to continue to contribute significantly to new restaurant growth in the medium term. Within the Group's current brand portfolio and cross-border network, the Group expects to deliver between 250 and 300 net new restaurant openings per annum in the medium term, whilst maintaining a similar level of geographical focus on GCC countries and increasing focus on its brands such as Krispy Kreme, Wimpy and Peet's Coffee. The Group distinguishes among three vectors of its portfolio development: deeper penetration of existing markets, expansion (in existing and new markets) and entry into new categories, in each case underpinned by its core rollout capabilities.

Drive Deeper Penetration

In the markets where the Group has an established presence, it sees further potential to grow its market share and scale, as the overall OOHD market continues to grow and new whitespace is created through, for instance, new urban developments, as well as the continued shift from traditional and fragmented operations to modern restaurant chains with highly desirable, iconic global brands. In particular, the Group seeks to reinforce its clusters with "restaurants of the future", with smaller and more productive restaurants with a deliberate focus on off-premise consumption, as well as with new concepts such as drive thru and car hops, and new food destinations. At the same time, the Group seeks to maintain its strict discipline on restaurant portfolio quality, and may continue to carve out or relocate select restaurants not meeting its IRR expectations.

Expansion Across the Group's Markets

The Group believes that it has a significant "right to play" in its countries of operation, meaning that some of the brands in its portfolio are not yet present in the geographies where the Group already has either the right to operate, or has a right of first refusal with the franchisor. For instance, the Group was only recently awarded rights to operate Pizza Hut in Saudi Arabia (excluding Jeddah) and Iraq, and the Group has not yet deployed the Krispy Kreme brand in half of its markets. Similarly, for its proprietary brands, the Group sees significant potential to drive rollout beyond its current countries of operation.



Entry into New QSR Categories

The Group's ambition is to provide comprehensive food service across all principal categories and occasions, thereby maximising its share of wallet with consumers. The Group, therefore, sees significant strategic upside in adding new niches to its offering, such as salads, juice bars, ethnic food and others. In particular, the Group is currently focused on development of its coffee vertical with the ongoing launch of Peet's Coffee in the UAE. The Group's exclusive franchise and development agreement with Peet's Coffee allows the Group to launch the Peet's Coffee brand in the GCC markets of the UAE, Saudi Arabia, Kuwait and Qatar, providing a powerful new opportunity to tap into the region's booming coffee market.

Like-for-Like Revenues Growth

The Group aims to continue driving revenues growth at its existing restaurants. It believes marketing, smart pricing and innovation execution are key drivers of its Like-for-Like Revenues Growth. The size and scale of the Group's brands make it one of the biggest marketing and advertising spenders across the MENA region and Kazakhstan. The Group's advertising spend allocation is in the process of a significant shift towards digital and social media marketing, and other mediums such as outdoor, television and radio.

While the Group's QSR brands enjoy mass appeal to all significant customer segments, to attract younger consumers and drive salience with the 18 to 45 year female and male cohorts, the Group (and its brands) also actively engages genre-relevant social influencers, food bloggers and YouTube artists, in addition to seeking to engage and emotionally connect with younger consumers via gaming, sports and music. The Group rigorously reviews the annual marketing and advertising plans for each brand to generate strong and sticky messaging on product love, value for money, capturing occasions and brand connect. The Group's key objectives for these campaigns are to drive retention, trial, repetition and relevance.

In addition, the Group expects to continue its digital investment to further enhance its ability to gain additional customer wallet share across its existing footprint. This is enabled by off-premise focus of the restaurant portfolio on the physical infrastructure side, as well as digitally through the leveraging of a cross-brand CRM, the expected launch of a digital loyalty program, and other enhancements to the Group's loyalty and retention toolkit. In addition, the Group believes that its commitment to product quality and innovation, operational excellence and delivering the best customer experience will further support customer satisfaction, engagement and retention. The Group has rigorous and regular review processes in place to evaluate and improve the product, price and experience offerings. A strong value proposition for each of its brands in the portfolio is central to staying ahead of consumer needs and their ever-changing habits.

Margin Expansion

The Group believes that its focus on cost discipline is reflected in its zero-based budgeting approach across the organisation, where the Group continuously aims to identify opportunities for efficiencies in operating expenses and driving value through matrixed driver-based budgets, dual ownership and accountability, tracking and clear KPIs across the entire profit and loss statement. In addition, the Group believes its ability to pass on the inflationary cost impacts through smart pricing, a focus on the quality of its restaurant portfolio and restaurant management efficiencies (such as waste reduction, demand forecasting, labour scheduling and production planning), and its use of real-time integrated software systems will allow it to maintain and strengthen restaurant-level profitability. The Group expects to see support for its margins through cyclical renormalisation of commodity costs and pricing initiatives, as well as post-COVID-19 normalisation of home delivery channel mix. In addition, the Group believes that increasing revenues will contribute to margin-enhancing operating leverage, at both individual restaurant and Group levels. The Group targets an Adjusted EBITDA Margin expansion between 250 and 300bps in the medium term.

Optionality in the Platform

As a trusted and preferred franchise partner for global owners of restaurant brands, the Group engages in discussions for new potential franchising opportunities on an ongoing basis. While the Group may not be permitted to add brands in direct competition with its portfolio of existing brands, it believes it has the infrastructure, pan-regional presence and know-how to operate in a wide range of occasions and formats, and will be considering other potential additions to the platform in the short- to- medium term.

As the leading restaurant operator in the MENA region with a strong balance sheet and cash generation track record, the Group may additionally consider strategic actions, such as the entry into new geographic markets or in-market consolidation, encompassing both potential brand and restaurant portfolio acquisitions. As at 30 June 2022, the Group has no concrete plans to acquire specific assets, however the Group consistently evaluates opportunities to potentially pursue in the near term.

Guidance

The Group expects to maintain a similar balance between its current exposure in the GCC and non GCC countries, which was 77.1 per cent. and 22.9 per cent. of Group revenues for the year ended 31 December 2021 and was 78.9 per cent. and 21.1 per cent. of Group revenues for the six months ended 30 June 2022. However, it is expecting some of its brands to grow faster in Saudi Arabia where the Group was recently awarded rights to operate the Pizza Hut brand (excluding Jeddah). In addition, over the last two years the Group has opted to shift towards smaller physical units with a higher focus on off-premise consumption and invested heavily in delivery operations to respond to the post-COVID 19 environment. With the aforementioned developments in mind, the Group is targeting to reach approximately 2,200 restaurants by the end of 2022 and to open between 250-300 net new restaurants per annum thereafter, over the medium term. The Group expects its annual restaurant closure rate to be around 1.5 per cent. of its total restaurant count over the medium term. As a result, the Group is targeting a solid medium-term mid-single digit Like-for-Like Revenues Growth and aiming to double the total revenues which the Group generated for the year ended 31 December 2021 over the medium term.

In 2022, the Group anticipates its Adjusted EBITDA Margin to be marginally better compared to the level reached during the year ended 31 December 2021. Going forward, from 2023 the Group expects to see a margin expansion between 250 and 300bps in the medium term driven by (1) cyclical re-normalisation of commodity costs and pricing initiatives; (2) post COVID-19 home delivery channel mix to stabilise; (3) the impact of Like-for-Like Revenues Growth and restaurant productivity improvements; and (4) operating leverage through the Group's well-invested, single back-end platform. Costs relating to the transitional service agreement ("**TSA**"), under which the Former Parent Company provides certain services to the Group, which are captured within EBITDA are priced at 0.25 per cent. of revenues and capped at $7.5 million annually. Similar costs are reflected at their historical cost in the carve-out accounts.

The Group anticipates its effective tax rates on a Group level will reach approximately eight per cent. over the medium-term (taking into account expected implementation of tax increase in the UAE). This tax increase is expected to be phased in beginning 2022 and throughout 2024. The Group expects Net Working

Capital to stay at approximately negative nine to 10 per cent. of revenues in 2022 and remain at approximately similar levels in the near-to-medium term.

The Group expects its depreciation on property and equipment, right of use assets and finance lease interest, as presented in the income statement, to remain between approximately similar rates to historical levels, 10.5 to 11.0 per cent. of the Group's revenues from 2023 onwards.

The Group expects maintenance and information technology capital expenditures as a percentage of revenues to remain stable at around 2.5 per cent. of revenues going forward, which is in line with the historical percentage. Additionally, the Group expects growth capital expenditures per new restaurant, which includes each restaurant's initial franchise fee, to remain at approximately $330,000 per restaurant. The Group expects royalties to increase moderately in proportion to the Group's revenues from 2022 to 2023 and to remain stable thereafter. The Group expects to mitigate any potential inflationary increases in respect of growth capital expenditures through smaller format restaurants and ongoing capital expenditure optimisation initiatives.

The Group does not expect to raise any additional debt in the medium term but will retain flexibility to add more leverage in the future to help support any potential corporate activities such as acquisitions. The Group targets a partial dividend distribution of approximately 75 per cent. of the expected Net Profit attributable to parent from the second half of 2022. This dividend distribution, intended to be paid in cash, is envisaged to take place during the first half of 2023.

From 2023 onwards, the Group expects to adopt an annual dividend distribution policy. The Group intends to distribute a minimum of 50 per cent. of the Net Profit attributable to parent, with the further intent to distribute any cash not specifically reserved for general corporate purposes, growth investment or acquisition activity. The first full year dividend from the Net Profit attributable to parent earned in 2023 would be payable to shareholders in the first half of 2024.

Risk Factors

The Group's business is subject to numerous risks and uncertainties, including those highlighted in the section entitled "*Risk Factors*" following this summary, that represent challenges the Group faces in connection with the successful implementation of its strategy and the growth of its business. The Group expects a number of factors to cause its operating results to fluctuate, which may make it difficult to predict its future performance. Such factors include:

Risks Relating to the Group's Business

- Real and perceived health concerns arising from food-borne illnesses, epidemics, quality or other negative food related incidents could have a material adverse effect on the Group's reputation as well as its business, results of operations and financial condition.

- Any failure to maintain effective quality control systems or protocols of the Group's supply chain or restaurants could have a material adverse effect on its business, reputation, results of operations and financial condition.

- The Group is dependent on the adequate and timely delivery of quality ingredients, packaging materials and other necessary supplies and if suppliers fail to provide sufficient quality and quantities of ingredients, packaging materials and other necessary supplies, the Group's business, results of operations and financial condition could be adversely affected.

- The operation of the Group's restaurants depends on their respective material agreements with its franchisors, which impose certain restrictions, limitations and other obligations on the Group's operations that could adversely affect its ability to grow its business.

- The Group is dependent on its development and franchise agreements with Yum and non-compliance with, termination of, or inability to renew, these agreements would have a material adverse effect on the Group's business, results of operations and financial condition.

- The Group is dependent on its development and country licence agreements with Hardee's Restaurants and non-compliance with, termination of, or inability to renew, these agreements would have a material adverse effect on the Group's business, results of operations and financial condition.

- The Group's business depends on the continued success and reputation of its franchisors globally, and any negative impact on these brands, or a failure by the franchisor to protect these brands or their proprietary information may adversely affect the Group's business, results of operations and financial condition.
- The Group relies on a select group of third parties for logistics services and if they fail to deliver, there may be disruptions or delays in the Group's services, which could have an adverse effect on its business, results of operations and financial condition.
- Any failure, disruption or breaches of the Group's information technology systems or an inability to adapt to newer systems could adversely impact its business and operations.
- Any significant disruption in service to the Group's digital ordering applications could prevent the Group from operating its business effectively and affect its operations and reputation.
- The Group is exposed to risks related to data breaches and cyber-attacks.
- Delivery aggregators, as well as the performance of those third-party food delivery aggregators, may adversely affect the Group's business, results of operations and financial condition.
- The QSR industry in the MENA region is competitive, and the Group's business and financial results may be adversely affected by actions of its competitors and its inability to respond to competition.
- The impact of future pandemics on the Group's operations, including its effect on the ability or desire of customers to dine-in at restaurants, is uncertain and may be significant.
- The Group may not be able to protect the intellectual property rights and other proprietary information assigned to it by its franchisors, which may affect the reputation of a franchise and the Group's operations.
- Failure to obtain or maintain or renew licences, registrations, permits and approvals in a timely manner or at all may adversely affect the Group's business, results of operations and financial condition.
- Staff shortages and high employee turnover rates may adversely affect the Group's business, results of operations and financial condition.
- The Group is dependent on a number of key personnel, and inability to attract or retain skilled professionals could adversely affect its business, results of operations and financial condition.
- The Group relies on a fleet of riders to carry out its delivery business and any reckless behaviour or other misconduct by the riders could have an adverse effect on the Group's reputation, business, results of operations and financial condition.
- The Group is exposed to risks associated with inflation that could adversely affect its business, results of operations and financial conditions.
- The Group is exposed to risks related to prices of energy, electricity, water and related services.
- The Group is exposed to risks associated with leasing real estate.
- The Group may be involved in disputes and legal proceedings, and if they are determined to be unfavourable for the Group, they may have a material adverse effect on its business, results of operations and financial condition.
- The Group may incur tax liabilities as a result of its internal corporate restructuring ahead of the Global Offering.

- The Group may be affected by updates to competition law across various jurisdictions in the Middle East, and any adverse application or interpretation of these laws could adversely affect the Group's Business.

- The Group may not be able to set up and profitably operate new restaurants or expand its existing menu offerings, which could impact its ability to achieve its growth strategy and adversely impact its business, results of operations and financial condition.

- The Group is exposed to risks related to related party transactions.

- The Group faces foreign exchange risks that could adversely affect its business, results of operation and financial condition.

Risks Relating to Geographical, Political and Economic Conditions

- Governments in the MENA region have exercised and continue to exercise significant influence over their respective economies, legal and regulatory systems, which may create an uncertain environment for investment and business activities.

- Potential instability and unrest in the MENA region, or the escalation of armed conflict, may materially adversely affect the Group's operations.

- The developing legal systems and the introduction of new laws and regulations in the jurisdictions in which the Group currently operates or may in the future operate can create an uncertain or changed environment for investment and business activity.

- The Group may be affected by general economic, market and political conditions, and the economic impact of COVID-19 and other local or global crises.

Risks Relating to the Global Offering and to the Shares

- After the Global Offering, the Selling Shareholder will continue to be able to exercise control over the Company, its management and its operations.

- Substantial sales of Shares by the Selling Shareholder could depress the price of the Shares.

- The Global Offering may not result in an active or liquid market for the Shares, and trading prices of the Shares may be volatile and may decline. As the Shares will be listed on both the ADX and the Saudi Exchange, liquidity may migrate from one exchange to the other over time, affecting liquidity in the Shares on each respective exchange.

- Because the Company is a holding company and substantially all of its operations are conducted through its subsidiaries, the Company's ability to pay dividends on the Shares depends on its ability to obtain cash dividends or other cash payments or obtain loans from such entities.

- Holders of the Shares in certain jurisdictions outside of the UAE, including the U.S., may not be able to exercise their pre-emptive rights if the Company increases its share capital.

- Prior to the Global Offering, there was no existing market for trading in the Shares.

- Following the Global Offering, the price of the Shares on the ADX and the Saudi Exchange may differ from the Final Offer Price and could be adversely affected by several factors.

- It may be difficult for shareholders to enforce judgments against the Company in the UAE, or against its directors and senior management.

- The ADX and the Saudi Exchange have different characteristics which could affect the trading price of the Shares. Liquidity on the Saudi Exchange may reduce over time.

- The Company may be a PFIC, which could result in materially adverse U.S. federal income tax consequences to U.S. investors in the Sale Shares.

Recent Developments

In July 2022, the Group signed an exclusive master franchise agreement with Peet's Coffee for the UAE, Saudi Arabia, Kuwait and Qatar with a right of first refusal across the Group's remaining eight countries of operation. The Group has signed leases for its Peet's Coffee restaurants in three locations in the UAE and the Group's Peet's Coffee restaurant in the Dubai Mall is currently under construction. In October 2022, the Group rolled out its Krispy Kreme brand in Jordan by opening a hot light theatre shop in Amman.

The Group has opened 132 new restaurants (gross) during the period from 1 January 2022 to 31 October 2022. As of 31 October 2022, the Group had another 87 restaurants under construction, had seven sites under mobilisation and secured leases for the Group's new restaurants in one additional location.

The Company

The Company's registered office is located at: Americana Restaurants International PLC, Office – 2447, 24th Floor, Al Sila Tower, P.O. Box 128666, Al Maryah Island, Abu Dhabi Global Market Square, Abu Dhabi, United Arab Emirates. The Company's telephone number is +971 (2) 694 8629 and its website is www.americanarestaurants.com. The information contained on the Company's website is not incorporated by reference into, or otherwise included in, this Offering Memorandum.

THE GLOBAL OFFERING

Company	Americana Restaurants International PLC incorporated in Abu Dhabi Global Market with registered number 000007712.
Joint Global Co-ordinators	First Abu Dhabi Bank PJSC, Goldman Sachs International, Morgan Stanley & Co. International plc and SNB Capital Company.
Joint Bookrunners.......................	HSBC Bank Middle East Limited and EFG Hermes.
Global Offering	A total of 2,527,089,930 Sale Shares are being offered by the Selling Shareholder in the Global Offering, which constitutes approximately 30 per cent. of the Company's share capital. The Sale Shares are being offered (i) pursuant to this Offering Memorandum (A) outside of the United States in offshore transactions in reliance on Regulation S, and (B) in the United States to certain persons reasonably believed to be QIBs as defined in Rule 144A pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, (iii) in the UAE pursuant to the UAE Prospectus, and (iv) in Saudi Arabia pursuant to the Saudi Arabia Offering Document. The Global Offering consists of three concurrent offer tranches: (i) the UAE Retail Offer (ii) the Saudi Arabia Retail Offer and (iii) the Institutional Offer.
Institutional Offer	The Institutional Offer consists of a tranche of Sale Shares offered on the ADX and the Saudi Exchange, to institutional and certain other qualified investors, including the ADGM Exempt Offer, the DIFC Exempt Offer and in Saudi Arabia to certain QFIs and Foreign Investors.
ADGM Exempt Offer.................	A number of Sale Shares to be determined by the Joint Global Co-ordinators and the Company offered to institutional investors in the ADGM only as an "Exempt Offer" in the ADGM pursuant to the Market Rules of the FSRA.
DIFC Exempt Offer....................	A number of Sale Shares to be determined by the Joint Global Co-ordinators and the Company offered to institutional investors in the DIFC only as an "Exempt Offer" pursuant to the Market Rules of the DFSA.
UAE Retail Offer.........................	126,354,496 Sale Shares (representing 5 per cent. of the Global Offering) on the ADX offered to the public in the UAE pursuant to the UAE Prospectus, the publication of which was approved by the SCA, to (A) natural persons who hold a NIN with the ADX and have a bank account, and (B) other investors (including natural persons, companies and establishments) who do not participate in the Institutional Offer who hold a NIN with the ADX and have a bank account, except for any person who is resident in the United States within the meaning of the Securities Act. The final tranche size is to be determined based on the demand at the end of the book building process.

Saudi Arabia Retail Offer	252,708,993 Sale Shares (representing 10 per cent. of the Global Offering) on the Saudi Exchange offered to the public in Saudi Arabia pursuant to the Saudi Arabia Offering Document the publication of which was approved by the CMA, to Saudi natural persons including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person who can subscribe for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in Saudi Arabia and GCC persons, in each case who has a bank account with one of the Receiving Agents, and is entitled to open an investment account with them and are otherwise eligible to receive Saudi Exchange-Listed Shares settled through Edaa, and who do not participate in the Institutional Offer, except for any person who is resident in the United States within the meaning of the Securities Act. The final tranche size is to be determined based on the demand at the end of the book building process.
Shares	As at the date of this Offering Memorandum, the Company's share capital consists of 8,423,633,100 Ordinary Shares, each with a nominal value of AED 0.073 (equivalent to $0.02), which are fully paid, issued and outstanding. The Shares have the rights described under "*Description of Share Capital*". All Shares carry equal voting rights and rank *pari passu* in all other rights (including dividend rights) and obligations.
Offer Price Range........................	The Offer Price Range is AED 2.5000 to AED 2.6200 per ADX Sale Share or SAR 2.5500 to SAR 2.6800 per Saudi Exchange Sale Share.
Commencement of the Global Offering	On or about 14 November 2022.
Institutional Offer Period............	Under the Institutional Offer tranche from the morning of 14 November 2022 after announcement of the Offer Price Range to 12:00 p.m. UAE time (11:00 a.m. Saudi Arabia time) on 22 November 2022 inclusive, namely nine days.
UAE Retail Offer Period.............	under the UAE Retail Offer tranche from the morning of 14 November 2022 after announcement of the Offer Price Range to 1:00 p.m. UAE time (12:00 p.m. Saudi Arabia time) on 21 November 2022 inclusive, namely eight days.
Saudi Arabia Retail Offer Period	under the Saudi Arabia Retail Offer tranche from the morning of 14 November 2022 after announcement of the Offer Price Range to 1:00 p.m. UAE time (12:00 p.m. Saudi Arabia time) on 21 November 2022 inclusive, namely eight days.
Pricing Date.................................	On or about 23 November 2022.
Closing Date	On or about 6 December 2022.

Payment and settlement	Payment for the Sale Shares purchased in connection with the Global Offering shall be made in AED for ADX Sale Shares, and in SAR for the Saudi Exchange Sale Shares. Purchasers will be required to make full payment for the Sale Shares to the Joint Global Co-ordinators for receipt by 3:00 p.m. UAE time (2:00 p.m. Saudi Arabia time) on 28 November 2022 (unless otherwise agreed with the Joint Global Co-ordinators). In the event of a failure to make timely payment, purchasers of Sale Shares will forfeit their Sale Shares. Delivery of the ADX Sale Shares is expected to be made on 5 December 2022 to the accounts of purchasers through the book-entry facilities operated by the ADX. Delivery of the Saudi Exchange Sale Shares is expected to be made to the accounts of purchasers through the book-entry facilities operated by the Saudi Exchange on a date to be announced publicly by Edaa. Trading of the Sale Shares on ADX will take place through the trading system of the ADX. Sale Shares will be held under national investor numbers ("**NINs**") assigned by the ADX either to the holders directly or through custodian omnibus accounts and the ownership of the Sale Shares will be evidenced by the holdings under each such NIN. Clearing and settlement of trades on the ADX by brokers or custodians may be performed only through members of the ADX that are authorised clearing members (the "**Clearing Members**"). Settlement of securities trading on the ADX is governed by the ADX's rules and regulations, which are available from its website, www.adx.ae. Trading of the Sale Shares on the Saudi Exchange will take place through the trading system of the Saudi Exchange. The Saudi Exchange will announce the commencement of trading of the Sale Shares on the Exchange on its website, www.saudiexchange.sa.
Restrictions on purchases and transfers of Sale Shares	The Sale Shares are subject to certain restrictions on their purchase, resale and transfer. For more information, see "*Subscription and Sale*" and "*U.S. Transfer Restrictions*".
Dividends	The Group intends to maintain a robust dividend policy and is targeting a partial dividend distribution of approximately 75 per cent. of the Net Profit attributable to parent for the six months ended 31 December 2022. The Group intends to pay dividends in cash and this dividend cash distribution is envisaged to take place in the six months ended 30 June 2023. From 2023 onwards, the Company expects to adopt an annual dividend distribution policy. The Company intends to distribute a minimum of 50 per cent. of the Net Profit attributable to parent to shareholders, with intention to further distribute any cash not specifically reserved for general corporate purposes, growth investment or M&A activity. The first full year dividend for the year ended 31 December 2023 would be payable in the six months ended 30 June 2024. In addition, the Company expects that when deciding on dividend distribution, the Board of Directors will also consider market conditions, the then current operating environment in the

	markets in which the Company operates, and the outlook for the Group's business.
Use of proceeds............................	All expenses of the Global Offering (including underwriting commissions) will be borne by the Selling Shareholder. The Company will not receive any proceeds of the Global Offering. The Global Offering is being conducted, among other reasons, to allow the Controlling Shareholders to sell part of their shareholdings to more actively manage and optimise their portfolio of assets, while providing increased trading liquidity in the Sale Shares and raising the profile of the Company with the domestic and international investment community.
Listing and trading......................	The Company has applied for the Sale Shares to be listed on the ADX under the symbol "AMR" and on the Saudi Exchange under a symbol to be confirmed on or about the Pricing Date. Prior to the Global Offering, there has not been any public market for the Sale Shares. There will be no conditional dealings in the Sale Shares prior to Admission. It is expected that Admission will become effective and that dealings in the ADX-Listed Shares and the Saudi Exchange-Listed Shares will commence on the Closing Date.
Lock-up.......................................	Pursuant to the terms of an underwriting agreement among the Company, the Selling Shareholder and the Joint Bookrunners with respect to the ADX Sale Shares (the "**ADX Underwriting Agreement**") and the terms of an underwriting agreement among the Company, the Selling Shareholder and the Joint Bookrunners or their Saudi Arabia-licenced affiliates (the "**Saudi Arabia Banks**") with respect to the Saudi Exchange Sale Shares (the "**Saudi Arabia Underwriting Agreement**"), each of the Company and the Selling Shareholder has contractually agreed, for a period of 180 calendar days after the Closing Date, not to (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Sale Shares or other shares of the Company, or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Sale Shares, (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Sale Shares, in each case, whether any such transaction is to be settled by delivery of Sale Shares or other securities, in cash or otherwise, or (iii) announce publicly such an intention to effect any such transaction, in each case, without the prior written consent of the Joint Global Co-ordinators, such consent not to be unreasonably withheld or delayed. For more information, see "*Subscription and Sale*". In respect of the Selling Shareholder only, the foregoing restrictions will not apply to: i. the sale of the Sale Shares to be sold pursuant to the Global Offering;

	ii. any inter-company transfers of Shares by the Selling Shareholder in favour of its affiliates ("**Transferees**"), provided that: (a) prior to the making of any such transfer, the Transferees shall agree to be bound by the lock-up obligations of the Selling Shareholder; (b) any of such inter-company transfers of Shares shall be performed on terms and conditions that do not conflict with the Global Offering; and (c) in the event that a Transferee ceases to be an affiliate of the Selling Shareholder, the Shares transferred to such Transferee shall, prior to such cessation, be transferred back to the Selling Shareholder; iii. accepting a general offer made to all holders of Shares then in issue (other than Shares held by the person making the offer or its affiliates) on terms which treat all holders of Shares alike, or executing and delivering an irrevocable commitment or undertaking to accept such a general offer (without any further agreement to transfer or dispose of any Shares or any interest therein); iv. taking up any rights granted in respect of a pre-emptive share offering by the Company in order to sell a sufficient number of its rights in order to acquire the balance of its rights; v. selling or otherwise disposing of Shares pursuant to any offer by the Company to purchase its own Shares which is made on identical terms to all holders of Shares in the Company; vi. any disposal by and/or allotment and issue of shares to the Selling Shareholder pursuant to any capital reorganisation in respect of any Shares beneficially owned, held or controlled by the Selling Shareholder, provided that any shares issued to or otherwise acquired by the Selling Shareholder pursuant to such capital reorganisation shall be subject to the lock-up restrictions; or vii. transferring or otherwise disposing of Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members of any class of them which is agreed to by the creditor or members and (where required) sanctioned by any applicable authority. Additionally, pursuant to lock-up deeds, a number of the Minority Shareholders are subject to a lock-up period of 180 calendar days from the Closing Date, pursuant to which they are restricted from disposal of their shares. The other Minority Shareholders are not subject to any lock-ups and are free to trade their shares as from the Closing Date.
Taxation......................................	For a discussion of certain tax considerations relevant to an investment in the Sale Shares, see "*Taxation*".
General Information	The security identification numbers of the Sale Shares offered hereby are as follows:

	Sale Shares ISIN: AEE01135A222 ADX-Listed Share Trading Symbol: AMR Saudi Exchange-Listed Share Trading Symbol: to be confirmed on or about the Pricing Date
Risk Factors.................................	You should read "*Risk Factors*" for a discussion of factors that you should consider carefully before deciding to invest in the Global Offering.

SUMMARY FINANCIAL AND OPERATING INFORMATION

The financial information set forth in this section should be read in conjunction with the Annual Carve-out Financial Statements, the Half Year Interim Carve-out Financial Statements and the Q3 2022 Interim Carve-out Financial Statements, each of which are included in this Offering Memorandum. Investors should also read certain risks associated with the purchase of Shares in the section entitled "Risk Factors".

The selected financial information set forth below has been derived from the Annual Carve-out Financial Statements and the Half Year Interim Carve-out Financial Statements and from other unaudited operating information as at and for the years ended 31 December 2019, 2020 and 2021 and the six month periods ended 30 June 2021 and 2022. The selected financial information should be read in conjunction with the sections entitled "Presentation of Financial and Other Information", "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and the Financial Statements incorporated by reference in this Offering Memorandum.

The financial information set forth below under the captions "Carve-out statement of income", "Carve-out statement of financial position data", and "Carve-out statement of cash flows" has been derived from, and should be read in conjunction with, the Annual Carve-out Financial Statements and the Half Year Interim Carve-out Financial Statements included elsewhere in this Offering Memorandum.

This section includes certain financial measures that are not required by or presented in accordance with IFRS because the Group believes they provide investors with useful additional information to measure its performance, liquidity or capital expenditures. These Non-IFRS measures have important limitations as analytical tools. See "Presentation of Financial and Other Information—Non-IFRS Measures."

In addition, while certain of the financial data set forth below was derived on the basis of historical financial information prepared in accordance with IFRS, such financial data contains financial measures other than those in accordance with IFRS and should not be considered in isolation from or as substitutes for the Group's historical financial information. Non-IFRS financial data should not be considered to be alternative to any measure of liquidity or performance derived in accordance with IFRS for the applicable periods. See "Presentation of Financial and Other Information—Non-IFRS Measures."

Prospective investors should read the selected data presented below in conjunction with the sections entitled "Presentation of Financial and Other Information", "Use of Proceeds", "Capitalisation", and "Management's Discussion and Analysis of Financial Condition and Results of Operations", and the Group's Financial Statements included in this Offering Memorandum.

Carve-out Statement of Income

The table below sets out the Group's condensed interim carve-out statement of income for the periods indicated:

	For the six months ended 30 June	
	2021	**2022**
	(US$ thousands)	
Revenues	968,149	1,151,929
Cost of revenues	(458,886)	(546,122)
Gross profit	**509,263**	**605,807**
Selling and marketing expenses	(327,702)	(360,342)
General and administrative expenses	(80,896)	(90,402)
Other income	9,849	9,429
Monetary gain from hyperinflation	3,093	547
Impairment losses on non-financial assets	(2,403)	(1,035)
Net impairment allowance on financial assets	(810)	(1,182)
Fair value gains on financial assets at fair value through profit or loss	-	1,275
Tax claim charge	-	(25,482)
Operating profit	**110,394**	**138,615**
Finance income	802	1,146

	For the six months ended 30 June	
	2021	2022
	(US$ thousands)	
Finance costs	(11,505)	(10,431)
Profit before income tax, zakat, and Kuwait Foundation for the Advancement of sciences ("KFAS")	**99,691**	**129,330**
Income tax, zakat, and contribution to KFAS	(6,058)	(6,119)
Net profit for the period	**93,633**	**123,211**
Attributable to:		
The shareholder of the Company/ Net Investment attributable to Former Parent Company	93,324	121,266
Non-controlling interests	309	1,945

The table below sets out the Group's summarised special purpose carve-out statement of income for the periods indicated:

	For the year ended 31 December		
	2019	2020	2021
		(US$ thousands)	
Revenues	1,890,219	1,577,795	2,051,747
Cost of revenues	(902,821)	(773,853)	(970,351)
Gross profit	**987,398**	**803,942**	**1,081,396**
Selling and marketing expenses	(646,018)	(578,882)	(679,603)
General and administrative expenses	(165,113)	(157,849)	(176,989)
Other income	12,990	32,017	15,478
Monetary gain from hyperinflation	-	38,818	3,043
Reversal of impairment/(impairment losses) of non-financial assets	(248)	(21,298)	1,179
Net impairment allowance on financial assets	50	(1,644)	(1,454)
Operating profit	**189,059**	**115,104**	**243,050**
Finance income	589	822	2,208
Finance costs	(28,411)	(29,864)	(23,118)
Profit before income tax, Zakat, and Kuwait Foundation for the Advancement of Sciences ("KFAS")	**161,237**	**86,062**	**222,140**
Income tax, Zakat and contribution to KFAS	(9,138)	(6,281)	(15,732)
Net profit for the year	**152,099**	**79,781**	**206,408**
Attributable to:			
Net Parent Investment attributable to the Former Parent Company	151,070	80,826	203,917
Non-controlling interests	1,029	(1,045)	2,491

Selected data of Carve-Out Statement of Financial Position

The table below sets out the Group's special purpose carve-out statement of financial position and condensed interim carve-out statement of financial position as at the dates indicated.

	As at 31 December			As at 30 June
	2019	2020	2021	2022
		(US$ thousands)		
Total non-current assets	**745,143**	**626,246**	**696,720**	**634,084**
Total current assets	**355,420**	**390,116**	**391,194**	**506,134**
Total assets	**1,100,563**	**1,016,362**	**1,087,914**	**1,140,218**
Total non-current liabilities	**450,473**	**390,308**	**382,103**	**371,335**
Total current liabilities	**514,703**	**539,439**	**566,099**	**614,137**
Total liabilities	**965,176**	**929,747**	**948,202**	**985,472**
Total equity	**135,387**	**86,615**	**139,712**	**154,746**
Total liabilities and equity	**1,100,563**	**1,016,362**	**1,087,914**	**1,140,218**

Selected data of Carve-Out Statement of Cash Flows

The table below sets out the Group's summarised condensed interim carve-out statement of cash flows for the periods indicated.

	For the six months ended 30 June	
	2021	2022
	(US$ thousands)	
Net cash generated from operating activities	**208,486**	**241,331**
Net cash generated from/(used in) investing activities	**(84,199)**	**18,483**
Net cash used in financing activities	**(168,053)**	**(197,221)**
Net change in cash and cash equivalents	(43,766)	62,593
Foreign currency translation differences	(94)	6,853
Cash and cash equivalents at the beginning of the period	**171,784**	**166,923**
Cash and cash equivalents at the end of the period	**127,924**	**236,369**

The table below sets out the Group's summarised special purpose carve-out statement of cash flows for the periods indicated.

	For the year ended 31 December		
	2019	2020	2021
	(US$ thousands)		
Net cash generated from operating activities	**511,236**	**284,116**	**468,849**
Net cash used in investing activities	**(71,288)**	**(45,149)**	**(161,568)**
Net cash used in financing activities	**(376,635)**	**(223,202)**	**(307,867)**
Net change in cash and cash equivalents	63,313	15,765	(586)
Foreign currency translation differences	(2,554)	(228)	(4,275)
Cash and cash equivalents at the beginning of the year	**95,488**	**156,247**	**171,784**
Cash and cash equivalents at the end of the year	**156,247**	**171,784**	**166,923**

Non-IFRS Measures and Other Operational Data

The following tables set out the Group's alternative measures of performance and liquidity as at the dates and for the periods indicated. See also "*Presentation of Financial and Other Information—Non-IFRS Measures*" for more information on the metrics below.

	As at and for the year ended 31 December			As at and for the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$ millions)		
Net Profit Margin (%)	8.0%	5.1%	9.9%	9.6%	10.5%
4-Wall EBITDA(1)	548.7	424.3	594.7	275.7	339.3
Adjusted EBITDA (pre IFRS-16)(2)	287.3	180.4	308.4	N/A*	N/A*
Adjusted EBITDA(3)	429.9	338.1	464.1	210.7	268.8
Adjusted EBITDA Margin (%)	22.7%	21.4%	22.6%	21.8%	23.3%
Adjusted Free Cash Flow(4)	322.9	186.5	229.0	115.1	149.9
Adjusted Free Cash Flow Conversion (%)(4)	108.9%	82.0%	75.4%	86.9%	81.0%
Total Revenues Growth	4.4%	(16.5%)	30.0%	N/A*	19.0%
Gross Capital Expenditures(5)	75.2	46.7	101.2	N/A*	59.6
Net Capital Expenditures(5)	71.9	46.0	99.8	N/A*	58.6
Net Debt(6)	311.5	231.7	217.7	N/A*	116.8
Leverage Ratio(7)	0.7	0.7	0.5	N/A*	0.2
Net Working Capital(8)	(166.8)	(181.3)	(218.2)	N/A*	(221.6)

* This metric is not presented in this Offering Memorandum.

(1) The following table sets out 4-Wall EBITDA for the periods indicated, as well as a reconciliation to revenues.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$ millions)		
Revenues	**1,890.2**	**1,577.8**	**2,051.7**	**968.1**	**1,151.9**
Cost of revenues (excluding depreciation and amortisation)[(A)]	(824.7)	(696.7)	(894.7)	(422.2)	(509.8)
Selling and marketing expenses (excluding depreciation and amortisation)[(B)]	(516.8)	(456.8)	(562.3)	(270.2)	(302.7)
4-Wall EBITDA	**548.7**	**424.3**	**594.7**	**275.7**	**339.3**

(A) The following table sets out the calculation of cost of revenues (excluding depreciation and amortisation) for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$ millions)		
Cost of inventory	563.7	473.1	623.7	290.9	357.3
Staff costs	124.8	104.3	121.1	58.8	65.3
Royalties	93.5	79.8	105.8	50.1	60.8
Rent	23.7	17.4	21.6	11.6	12.2
Others	19.0	22.1	22.5	10.8	14.2
Cost of revenues (excluding depreciation and amortisation)	824.7	696.7	894.7	422.2	509.8
Depreciation and amortisation	**78.1**	**77.1**	**75.6**	**36.7**	**36.3**
Cost of revenues (including depreciation and amortisation)	**902.8**	**773.9**	**970.4**	**458.9**	**546.1**

(B) The following table sets out the calculation of selling and marketing expenses (excluding depreciation and amortisation) for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$ millions)		
Staff costs	213.6	178.2	207.8	100.8	113.9
Advertisement and business development	80.4	64.5	89.8	44.1	51.9
Home delivery and transportation	37.9	53.8	76.5	37.4	41.5
Utilities and communication	61.7	51.9	62.0	28.0	29.7
Rent	23.9	22.5	23.3	12.7	13.4
Call centre expenses	7.7	9.6	9.2	5.3	4.8
Maintenance and other operating expenses	42.0	40.3	48.5	22.5	13.9
Licences and insurance charges	8.6	7.3	7.8	4.0	4.2
Others	41.0	28.7	37.3	15.3	29.3
Selling and marketing expenses (excluding depreciation and amortisation)	**516.8**	**456.8**	**562.3**	**270.2**	**302.7**
Depreciation and amortisation	129.2	122.1	117.3	57.5	57.6
Selling and marketing expenses (including depreciation and amortisation)	**646.0**	**578.9**	**679.6**	**327.7**	**360.3**

(2) The following table sets out Adjusted EBITDA (pre IFRS-16) for the periods indicated, as well as a reconciliation to Net Profit.

	For the year ended 31 December		
	2019	2020	2021
		(US$ millions)	
Net Profit[(A)]	**152.1**	**79.8**	**206.4**
Income tax, zakat, and contribution to KFAS	9.1	6.3	15.7
Finance cost (net) excluding finance costs on lease liabilities	1.0	4.0	0.2
Depreciation and amortisation (excluding depreciation related to right of use assets) [(B)]	82.1	77.6	65.4
IFRS-16 Impact	22.1	4.4	8.3
EBITDA (pre IFRS-16)	266.5	172.2	296.0

	For the year ended 31 December		
	2019	2020	2021
		(US$ millions)	
Other adjustments[(C)]	20.8	8.3	12.4
Adjusted EBITDA (pre IFRS-16)	**287.3**	**180.4**	**308.4**

(A) Net Profit is as presented on the Financial Statements.
(B) Calculated as charge for the year (PPE) plus amortisation of intangible assets, and depreciation of investment properties.
(C) The following table sets out the other adjustments for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$ millions)		
Tax Provision[(i)]	-	-	10.0	-	25.5
Staff restructuring costs[(ii)]	20.8	6.6	2.1	0.1	0.7
Lebanon IAS 29 adjustment[(iii)]	-	(17.3)	0.3	(1.7)	1.5
Egypt social insurance claim[(iv)]	-	19.0	-	-	-
Other adjustments	**20.8**	**8.3**	**12.4**	**(1.7)**	**27.6**

(i) Non-recurring provision to settle an indirect legacy tax claim charge relating to 2000-2017 period prior to the Adeptio Acquisition.
(ii) Severance payments to employees relating to a restructuring programme predominantly in Egypt.
(iii) Due to hyperinflation in the Lebanese economy, the Group's statement of income and statement of financial position were restated using general price index in line with IAS 29.
(iv) Related to a one-off settlement with the Social Insurance Authority in Egypt for closing historical social insurance claims (2011 onwards).
(3) The following table sets out a reconciliation of Adjusted EBITDA to Net Profit for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$ millions)		
Net Profit	**152.1**	**79.8**	**206.4**	**93.6**	**123.2**
Income tax, zakat, and contribution to KFAS	9.1	6.3	15.7	6.1	6.1
Finance cost (net) excluding finance costs on lease liabilities	1.0	4.0	0.2	0.3	0.0
Depreciation and amortisation (excluding depreciation related to right of use assets)	82.1	77.6	65.4	33.8	32.5
Depreciation on right of use assets	138.0	137.1	143.2	68.1	70.0
Finance costs on lease liabilities	26.8	25.0	20.7	10.4	9.3
EBITDA	**409.1**	**329.9**	**451.7**	**212.3**	**241.1**
Other adjustments[(A)]	20.8	8.3	12.4	(1.7)	27.6
Adjusted EBITDA	**429.9**	**338.1**	**464.1**	**210.7**	**268.8**

(A) See footnote (c) for the reconciliation of Adjusted EBITDA (pre IFRS 16) for more information on other adjustments.

(4) The following table sets out Adjusted Free Cash Flow and Adjusted Free Cash Flow Conversion (%) for the periods indicated, as well as a reconciliation to Adjusted EBITDA.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$ millions)		
(I) Adjusted EBITDA	**429.9**	**338.1**	**464.1**	**210.7**	**268.8**
Net Capital Expenditures Spent[(A)]	(71.9)	(46.0)	(99.8)	(21.0)	(46.7)
Income tax, zakat, and contribution to KFAS	(9.1)	(6.3)	(15.7)	(6.1)	(6.1)
Change in Net Working Capital[(B)]	58.0	14.5	36.9	(6.1)	3.4
Change in trade payable–non-current portion[(C)]	49.5	(3.2)	3.9	15.9	14.2
(II) Lease payments	**(133.5)**	**(110.7)**	**(160.4)**	**(78.3)**	**(83.7)**
(III) Adjusted Free Cash Flow	**322.9**	**186.5**	**229.0**	**115.1**	**149.9**
Adjusted Free Cash Flow Conversion (%)[(D)]	**108.9%**	**82.0%**	**75.4%**	**86.9%**	**81.0%**

(A) Defined as Gross Capital Expenditures spent excluding purchases not yet paid less proceeds received from sale of property and equipment.

(B) Calculated as: inventories, trade and other receivables, and due from related parties less trade and other payables, due to related parties, provisions for legal, tax and other claims, income tax, zakat and other deductions payable.
(C) Refers to difference between non-current trade payable in current year less non-current trade payable in past year.
(D) Adjusted Free Cash Flow Conversion (%) is calculated using the following formula - (III) as a percentage of {(I) – (II)}.
(5) The following table sets out the Group's Gross Capital Expenditures and Net Capital Expenditures for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June
	2019	2020	2021	2022
		(US$ millions)		
Purchase of Property and Equipment	67.8	39.9	91.5	56.5
Purchase of Intangible Assets	6.5	5.1	8.3	1.9
Payments for Key Money	0.8	1.7	1.4	1.2
Gross Capital Expenditures	**75.2**	**46.7**	**101.2**	**59.6**
Proceeds from Sale of Property and Equipment	**(3.3)**	**(0.8)**	**(1.4)**	**(1.0)**
Net Capital Expenditures	**71.9**	**46.0**	**99.8**	**58.6**

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(6) The following table sets out Net Debt for the periods indicated.

	As at 31 December		As at 30 June	
	2019	2020	2021	2022
		(US$ millions)		
Lease Liabilities	467.7	403.4	384.6	353.1
Bank Facilities	13.6	24.6	7.1	13.7
Cash and Cash Equivalents	(169.9)	(196.3)	(174.0)	(250.0)
Net Debt	**311.5**	**231.7**	**217.7**	**116.8**

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(7) Leverage Ratio is defined as Net Debt divided by Adjusted EBITDA. For the purposes of this table, Adjusted EBITDA for the six months ended 30 June 2022 has been annualised by multiplying the Adjusted EBITDA by 2.
(8) The following table sets out the Group's Net Working Capital as at the dates indicated.

	As at 31 December		As at 30 June	
	2019	2020	2021	2022
		(US$ millions)		
Inventories	93.9	97.1	107.3	144.7
Trade and other receivables	89.9	96.0	94.0	106.2
Due from related parties	1.7	0.7	1.2	2.8
Trade and other payables	**(314.5)**	**(321.7)**	**(352.3)**	**(385.0)**
Due to related parties	**(14.4)**	**(22.4)**	**(23.7)**	**(28.5)**
Provisions for legal, tax and other claims	**(12.9)**	**(22.3)**	**(32.1)**	**(51.9)**
Income tax, zakat, and other deductions payable	**(10.6)**	**(8.6)**	**(12.6)**	**(9.9)**
Net Working Capital	**(166.8)**	**(181.3)**	**(218.2)**	**(221.6)**

The following tables set out the Group's operating metrics for the periods indicated. See also "*Presentation of Financial and Other Information—Non-IFRS Measures*" for more information on the metrics below.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
Days Inventory Outstanding	52	64	55	N/A*	N/A*
Days Payables Outstanding	97	114	99	N/A*	N/A*
Days Revenues Outstanding	3	4	5	N/A*	N/A*
Net New Openings	67	(33)	110	18	40
Return on Net Assets(1)	112%	93%	146%	N/A*	157%
Like-for-Like Revenues Growth(2)	2.7%	(16.4%)	30.1%	N/A*	16.2%

* This metric is not presented in this Offering Memorandum.

(1) Defined as Net Profit attributable to parent over total assets less total liabilities. Net Profit attributable to parent for the six months ended 30 June 2022 has been annualised by multiplying the Net Profit attributable to parent by 2.

(2) Defined as the percentage increase/decrease in the revenues for those Group restaurants which have generated monthly revenues over last 12-month in a given financial period and excludes revenues of those restaurants which have not generated revenues for more than six consecutive months.

RISK FACTORS

Any investment in the Sale Shares is subject to a number of risks. Prior to investing in the Sale Shares, prospective investors should carefully consider the risk factors associated with any investment in the Sale Shares, the Group's business and the industry in which it operates, together with all other information contained in this Offering Memorandum including, in particular, the risk factors described below.

Prospective investors should note that the risks relating to the Group, its industry and the Sale Shares summarised in the section of this Offering Memorandum headed "Summary" are the risks that the Directors and the Company believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Sale Shares. However, as the risks that the Group faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Offering Memorandum headed "Summary" but also, among other things, the risks and uncertainties described below.

The risk factors detailed below are not an exhaustive list or explanation of all risks that investors may face when making an investment in the Sale Shares. The risk factors detailed below and additional risks and uncertainties relating to the Group that are not currently known to the Group, or that the Group currently deems immaterial, may individually or cumulatively also have a material adverse effect on the Group's business, results of operations, financial condition, prospects and/or ability to pay dividends and, if any such risk should occur, the price of the Sale Shares may decline and investors could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Sale Shares is suitable for them in the light of the information in this Offering Memorandum and their personal circumstances.

Risks Relating to the Group's Business

Real and perceived health concerns arising from food-borne illnesses, epidemics, quality or other negative food related incidents could have a material adverse effect on the Group's reputation as well as its business, results of operations and financial condition.

The Group's business is susceptible to health concerns arising from food-borne illnesses, epidemics, problems with food quality, allergic reactions and other negative food-related incidents. The occurrence of any such outbreak or other adverse public health event in any of the countries where the Group operates or in the vicinity of its restaurants, suppliers or warehouses could cause a temporary or permanent closure of restaurants and materially disrupt the Group's business, results of operations and financial condition.

Food-borne illness or food tampering incidents could be caused directly or indirectly by third-party logistics providers, suppliers, food delivery aggregators, customers or employees and may be outside the Group's control. The Group's food ingredients, packaging materials, and food products could become contaminated by food-borne illnesses or other contamination during transport, handling or preparation. Any adverse impact on, or interruption of, the Group's operations or those of third-party service providers as a result of health concerns arising from real or perceived food-borne illnesses, health epidemics, problems with food quality, allergic reactions or other negative food-related incidents, could have a material adverse effect on the Group's business, results of operations and financial condition.

The ingredients warehoused and transported by the Group's logistics providers and stored at its restaurants are perishable in nature. In the event that the Group or its logistics providers fail to maintain the required standards of storage or if the integrity and quality of the food ingredients are otherwise compromised, the Group's products could be contaminated, which could lead to a negative food-related incident. Risks to the health of the Group's customers can arise from any such negative food-related incident, which could expose the Group to litigation, including by customers, penalties or fines by food safety regulators, as well as reputational damage among customers. The Group is subject to quality audits and inspections at its restaurants by both government agencies and by its franchisors, however, there can be no assurance that these external assessments, or the Group's own internal controls and training procedures, will be fully effective in ensuring the Group maintains the necessary levels of product quality or prevents any other negative food-related incidents.

The occurrence of any significant negative food-related incidents at any of the Group's restaurants may lead to negative publicity, brand or reputational damage (including in respect of its other restaurants and brands which are unaffected by any specific incident) and restaurant closures potentially resulting in a material adverse effect on the Group's business, results of operations and financial condition.

Any failure to maintain effective quality control systems or protocols of the Group's supply chain or restaurants could have a material adverse effect on its business, reputation, results of operations and financial condition.

A critical part of the Group's success is the quality and safety of its products. Maintaining consistent food quality and preventing food contamination and other health hazards depends significantly on the effectiveness of the Group's quality control systems, policies and guidelines, all of which are required by its franchisors and applied to the Group and third parties engaged by the Group. The Group's franchisors have rights to inspect and audit the Group's operations under their respective international franchise agreements ("**IFAs**"). Any significant failure or deterioration of these quality control systems or protocols could result in a breach of the terms of the IFAs, and thereby have a material adverse effect on the Group's business, results of operations and financial condition.

Currently, the Group has various quality control measures in place including comprehensive food safety systems, standards and requirements based on hazard analysis and critical control point principles ("**HACCPP**""), as well as global industry best practices and the standards and policies of the Group's franchisors. Even if compliant with all the above, the Group could still be subject to civil and/or criminal liability and other regulatory consequences in the event that a significant health hazard were to be found at any of its restaurants as a result of a failure of the Group's or its suppliers' quality control systems or protocols, which could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

The Group is dependent on the adequate and timely delivery of quality ingredients, packaging materials and other necessary supplies and if suppliers fail to provide sufficient quality and quantities of ingredients, packaging materials and other necessary supplies, the Group's business, results of operations and financial condition could be adversely affected.

The Group's operations are dependent on adequate and timely deliveries of bulk quantities of quality ingredients, packaging materials and other necessary supplies that meet certain requirements. Because many of these ingredients are perishable in nature, the Group does not maintain significant stocks in inventory, and depends substantially on regular deliveries from a large, diversified pool of approved suppliers from which it purchases ingredients and packaging materials. The Group also requires ingredients containing meat to be Halal compliant based on guidelines set by relevant authorities such as the Emirates Authority for Standardization and Metrology and the Saudi Food and Drug Authority. A failure of a number of those suppliers to provide the Group with sufficient quantities of ingredients and packaging materials of adequate quality meeting global standards as required on a timely basis for any reason including as a result of shortages, interruptions in their own supplies (such as those that could be caused by weather or other conditions) or their failure to retain required certification as approved suppliers by the Group's key franchisors, could result in a disruption or delay in supply of the ingredients, packaging materials and other necessary supplies that the Group requires for its restaurants. This could result in a loss of customers and revenues on those products for which supplies are not available.

Although the Group conducts order forecasting and seeks to maintain sufficient stocks in inventory and alternative suppliers for its ingredients and packaging materials, the Group's efforts may prove inadequate to prevent or mitigate material supply interruptions, shortages or other industry-wide disruptions. If any widespread disruptions in supply chains occur or if the Group is unable to obtain replacement ingredients or packaging materials of adequate quality or sufficient quantity on commercially agreeable terms in the open market, this could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

The operation of the Group's restaurants depends on their respective material agreements with franchisors, which impose certain restrictions, limitations and other obligations on the Group's operations that could adversely affect its ability to grow its business.

As at 30 June 2022, the Group operated 2,050 restaurants. Each restaurant is typically governed by an IFA which provides for franchisor approval of suppliers and selections of product ingredients, governs advertisement or promotional activity, and sets restrictions for sub-licencing or sale, transfer or gift of the Group's business such as any reconstruction/reorganisation/other material changes in the Group's structure or financial condition. Under some IFAs, the Group may be required to seek prior approval before making changes to its marketing plans, introducing new items to its menus or publishing certain trademark-related material on the internet. Further, the IFAs place several obligations on the Group in relation to the payment of royalties, contributions and fees, operational and brand standards, and provide for franchisor audit rights. Generally, the IFAs restrict the Group's ability to operate competitive franchises so as to preserve the goodwill of the franchisor.

These obligations are standard practices in the franchise-based business model for ensuring that global standards of quality, hygiene and brand equity are maintained by the relevant franchisees and also for placing market-standard controls to protect brand value of franchisors.

The Group cannot control the actions of its major franchisors, in particular, KFC MENAPAKT FZ-LLC, Kentucky Fried Chicken International Holdings L.L.C., Pizza Hut Menapakt FZ-LLC and Pizza Hut International L.L.C. (which comprise Yum) and Hardee's Restaurants LLC, who are the franchisors for the brands who generate the most of the Group's revenues consisting of 71.8 per cent. and 17.1 per cent. of the Group's revenues for the year ended 31 December 2021, respectively. As a result, if their actions at any time have economic, business or legal interests that are inconsistent with the Group's or if franchisors take certain actions the Group does not agree with, the Group's business operations may be adversely affected, which would have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is dependent on its development and franchise agreements with Yum and non-compliance with, termination of, or inability to renew, these agreements would have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's KFC and Pizza Hut-related business is dependent on the terms of its development agreements and restaurant-level franchise agreements with Yum (collectively, the "**Yum Agreements**"), which outline, among other things, certain rights and obligations of the Group to develop and operate (i) KFC restaurants in Saudi Arabia, the UAE, Bahrain, Egypt, Jordan, the Kurdistan region of Iraq, Iraq (specifically in Baghdad, which is under negotiation, Kuwait, Lebanon, Morocco, Oman, Qatar and Kazakhstan; (ii) and Pizza Hut restaurants in Saudi Arabia (excluding Jeddah), the UAE, Bahrain, Egypt, Jordan and Iraq (under negotiation), (collectively, the "**Yum Development Areas**"). While the Yum Agreements do not grant the Group any exclusive rights to operate the Yum brands, the Group has rights of first refusal in relation to the opening of any new KFC or Pizza Hut restaurant within the Yum Development Areas (subject to certain limited exceptions) so long as the Group remains in compliance with its obligations under the Yum Agreements and continues to meet its new restaurant opening and upgrade targets under the Yum Agreements. These rights facilitate the Group to maintain its market leading position *vis-à-vis* the development and operation of KFC and Pizza Hut restaurants in the Yum Development Areas.

The Group's arrangements with Yum with respect to the KFC brand collectively generated 60.2 per cent. of the Group's revenues for the year ended 31 December 2021 and 60.5 per cent. of the Group's revenues for the six months ended 30 June 2022. The Group's arrangements with Yum with respect to the Pizza Hut brand collectively generated 11.5 per cent. of the Group's revenues for the year ended 31 December 2021 and 11.0 per cent. of the Group's revenues for the six months ended 30 June 2022.

The Yum development agreements typically have three-to-five year terms and prior to expiry, new development agreements have historically been entered into as long as the Group has remained compliant with the terms and conditions of all the agreements between the parties. The Yum restaurant-level franchise agreements typically have 10-year terms which can be renewed at the franchisee's option for another 10 years on the same financial terms, provided the franchisee adheres to the renewal criteria under the agreements. If the Group fails to renew the franchise agreements or if Yum refuses to renew due to non-adherence to the renewal criteria or if they are renewed on commercially unfavourable terms, this would have a material adverse effect on the Group’s business, results of operations and financial condition.

The Yum development agreements set out annual targets for the Group to open new Yum restaurants and upgrade Yum restaurants in the Yum Development Areas. They set out specific payment obligations such as new restaurant opening fees, continuing fees, and marketing expenditures proportionate to each restaurant’s revenues. They also require the Group, at its own cost, to maintain certain operational and brand standards which can be unilaterally changed by Yum from time-to-time. If the Group is unable to meet such new restaurant opening or restaurant upgrade targets or is unable to comply with the Group’s payment obligations and operational conditions or brand standards prescribed by the Yum Agreements or policy manuals, Yum may terminate one or more of the Yum Agreements or revoke certain vital rights of the Group; such as the Group's rights of first refusal.

If any of the Yum Agreements are terminated or if certain of the Group's rights thereunder are revoked, the Group may be unable to continue operating its KFC or Pizza Hut businesses which would have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is dependent on its development and country licence agreements with Hardee's Restaurants and non-compliance with, termination of, or inability to renew, these agreements would have a material adverse effects on the Group's business, results of operations and financial condition.

The Group's Hardee's-related business is dependent on the terms of its development agreements and country-level licence agreements (the "**Hardee's Agreements**") with Hardee's, which outline, among other things, certain rights and obligations of the Group to develop and operate Hardee's restaurants in Saudi Arabia, the UAE, Bahrain, Egypt, Jordan, Iraq, Kuwait, Lebanon, Oman, Qatar, Morocco and Kazakhstan (collectively, the "**Hardee's Development Areas**"). Subject to certain limited exceptions, the Hardee's development agreements confer exclusive rights on the Group to develop Hardee's restaurants within the Hardee's Development Areas. These rights facilitate the Group to maintain its market leading position *vis-à-vis* the development and operation of the Hardee's brand in the Hardee's Development Areas. (See "*Material Agreements–Hardee's Development Agreements*").

The Group's arrangements with Hardee's collectively generated 17.1 per cent. of the Group's revenues for the year ended 31 December 2021 and 17.7 per cent. of the Group's revenues for the six months ended 30 June 2022.

Under the country-level licence agreements, the initial operating term for each restaurant typically is twenty years, which can be renewed for an unlimited number of 10-year terms subject to compliance with the conditions in the licence agreements. If the Group fails to renew these or if they are renewed on commercially unfavourable terms, this may have a material adverse effect on the Group's business, results of operations and financial condition.

The Hardee's Agreements set out annual targets for the Group to open new Hardee's restaurants. They set out specific payment obligations such as initial licence fees, royalty fees and marketing expenditures proportionate to each restaurant's gross sales. They also require the Group, at its own cost, to maintain certain operational standards which can be unilaterally changed by Hardee's from time-to-time. If the Group is unable to meet new restaurant opening targets or is unable to comply with the Group's payment obligations and operational conditions prescribed by the Hardee's Agreements, Hardee's may terminate one or more of the Hardee's Agreements or revoke certain vital rights of the Group. If any of the Hardee's Agreements are terminated or if certain of the Group's rights thereunder are revoked, the Group may be unable to continue operating its Hardee's businesses which would have a material adverse effect on the Group's business, results of operations and financial condition.

The Group's business depends on the continued success and reputation of its franchisors globally, and any negative impact on these brands, or a failure by the franchisor to protect these brands or their proprietary information may adversely affect the Group's business, results of operations and financial condition.

The Group's success to a large extent is related to the success of its franchisors' businesses and the strength of their brands globally, which depend on their financial condition, marketing strategies, product development and success of their operations amongst competitors, including in jurisdictions and markets where the Group does not operate and which the Group has no influence over. The Group currently engages with its three major franchisors: namely, Yum, Hardee's and Krispy Kreme Doughnut Corporation ("**Krispy Kreme**"), with whom the Group has agreements for a number of their brands including KFC, Pizza Hut, Hardee's and Krispy Kreme among other global brands.

The Group has no control over the management or operations of its franchisors' businesses. As a result, various factors affecting franchisors that are beyond the Group's control could have a material adverse effect on its business. These factors may include, generally, negative publicity and loss of brand reputation, food safety or health issues at restaurants outside the jurisdiction in which the Group operates, legal proceedings against the franchisors and regulatory investigations.

As business performance is a function of, among other things operational and financial capability of the franchisee, it is also effected by the franchisor's global performance combined with regional fit/taste, the Group cannot give assurances that its franchisors will be able to compete effectively with other well-established international competitors, including new brands which may enter the Group's key markets in the future. As a result, any impairment or damage to the Group's franchisors or their brands could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

The Group relies on a select group of third parties for logistics services and if they fail to deliver, there may be disruptions or delays in the Group's services, which could have an adverse effect on its business, results of operations and financial condition.

The Group relies on a select group of third parties for logistics services in most of the countries it operates, including for transporting its ingredients and packaging materials from warehouses to restaurants. In such markets, while the Group has contingency distribution plans or emergency business plans with providers in case there is a significant failure, there can be no assurance that these third parties will consistently and reliably fulfil their contractual responsibilities to the Group. The services provided by these third party logistics providers are critical to the Group's supply chain and its ability to manage supply chain risk and distribution costs, as well as maintain control and traceability over products.

The Group also utilises third-party logistics infrastructure including warehouses and transportation. The Group conducts a rigorous assessment process when considering the appointment of any third-party logistics provider and the selected company's facilities and systems are subject to additional franchisor approval. However, third-party logistics providers' ability to provide the Group with these services consistently and effectively is dependent on a number of factors and to the extent that any third-party logistics providers experience any disruptions or delays in operations due to, for example, labour issues or transportation constraints, non-compliance with licencing or permit requirements, breakdowns in transportation or other factors which are beyond the Group and their control such as those affecting road transportation or its infrastructure, political unrest, bad weather conditions and natural disasters. In such cases, the Group's supply chain could be disrupted and its ability to transport ingredients and packaging materials and deliver products to restaurants could be disrupted, which could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

Any failure, disruption or breaches of the Group's information technology systems or an inability to adapt to newer systems could adversely impact its business and operations.

The Group's business is dependent upon complex and interdependent information technology systems, including internet and cloud-based systems, to support business processes including day to day operations, e-commerce, supply chain and restaurant management. For example, the Group's restaurants use point of sales systems, kiosks, tablet and e-commerce platforms for customer orders across various channels, including dine-in, drive thru and home delivery among others. The Group operates 17 proprietary, brand specific applications across five brand ecosystems SuperApps, to facilitate seamless functioning across MENA and Kazakhstan. The Group's restaurants are also reliant on back-office technology solutions which are shared across the Group's brands to manage its sales reporting, inventory and human resources functions.

The complexity of the Group's technology systems makes them potentially vulnerable to breakdown, malicious intrusion and computer viruses or data security breaches that may expose sensitive data to unauthorised persons. The Group has experienced certain rare, minor disruptions to its information technology systems in the past and it cannot assure you that it will not encounter disruptions in the future. These disruptions are typically a result of connectivity / network disruptions, system downtime due to heavy load and/or system failure, third party support issues, cyber-attacks such as malware / ransomware. Any such disruption may result in the loss of key information or disruption of the Group's business processes, which could adversely affect its business, results of operations and financial condition.

In addition, as technology systems are consistently evolving, the Group's operations are partially impacted by its ability to respond to technological advances and emerging industry standards and practices in a cost-effective and timely manner. The Group cannot assure you that it will be able to successfully implement new technologies or adapt its processing systems to evolving customer requirements or emerging industry standards. Changes in technology may make newer solutions more competitive than the Group's or may require the Group to make additional capital expenditure to upgrade its facilities and technology. Any inability by the Group, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, evolving customer requirements or technological changes, could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

Any significant disruption in service to the Group's digital ordering applications could prevent the Group from operating its business effectively and affect its operations and reputation.

The Group depends on its network infrastructure, software, and content delivery processes to operate several channels of business, including dine-in, take-out, drive thru and home delivery. Each channel relies on separate technologies. While individual restaurants can provide dine-in and take-out services independently in the case of technology or network disruptions, the home delivery channel relies heavily on applications, systems and networks.

The Group relies on third-party technology and communications systems, including the internet and mobile networks, to provide access to its ordering applications to consumers, partners and delivery riders. Interruptions in these systems or the Group's infrastructure, software, and processes, whether due to system failures or errors, human errors, malicious software, physical or electronic break-ins, denial-of-service attacks, or otherwise could affect the availability of the Group's services and ordering applications and prevent or hinder the ability of consumers, partners, and riders to access or transact on the Group's ordering applications.

The Group has experienced and may in the future experience interruptions, delays and outages in its technology from time to time due to a variety of factors, including infrastructure changes, human or software errors, public internet, or third party internet provider disruptions. If customers cannot access the Group's ordering applications or navigate and order on or partners do not receive orders or confirm them in a timely manner, this will affect the quality and appeal of the Group's services. If the Group experiences any failure of the internet or mobile network connectivity or its technology across multiple restaurants or an entire market, the Group might not be able to receive customer orders. The Group's business continuity contingency plans might not be adequate to enable it to continue or recommence trading without a loss of business. Interruptions in the availability of the Group's ordering applications could also affect its reputation for reliable service, and harm both its business and its relationship with franchisor partners. Any of the foregoing could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

The Group is exposed to risks related to data breaches and cyber-attacks

The Group's facilities and systems, or those of third-party service providers, may be vulnerable to security breaches, acts of cyber-attacks or sabotage, vandalism or theft, computer viruses, loss or corruption of data, programming or human errors or other similar events. Because such attacks are increasing in sophistication and change frequently in nature, the Group and its third-party service providers may be unable to anticipate these attacks or implement adequate preventative measures, and any compromise of the Group's systems, or those of its third-party service providers, may not be discovered and remediated promptly, which could result in a loss of data. A security breach, act of cyber-attack or sabotage, vandalism or theft, computer viruses, loss or corruption of data or programming or human error made by the Group's employees may lead to a breach of employees' and customers' data privacy and security. Any such breach may result in a divulgence of such data to third parties against the will of all affected parties, which could undermine the privacy of such parties and result in reputational harm to the Group. In addition, this could adversely affect the Group's performance due to judicial proceedings or claims initiated against the Group in case it defaulted in preserving the safety and confidentiality of data and in ensuring compliance with the relevant controls on deploying and utilising data in an accurate and timely manner via the appropriate channels. Any such breach or other similar event may also lead to a change of current and potential consumers' behaviour in a way that would impact the Group's ability to retain current customers or attract new customers, which would have an adverse effect on the Group's business, results of operations and financial position.

It should be noted that the Group processes customers' personal data, including names, addresses, email addresses and phone numbers, in the ordinary course of its business. The Group has a number of personal data protection systems, e-commerce systems, and data protection requirements in the countries in which the Group operates. Laws and requirements regarding personal data processing and protection may require the Group to implement privacy policies which incur higher costs for compliance, potentially limiting the Group's profitability. Any failure to comply with applicable laws and regulations regarding the processing of personal data may also lead to enforcement action against the Group, including by regulators which may impose discretionary fines and penalties, or actions by customers requiring the Group to compensate them for any damage, potentially resulting in not only higher costs but also harm to its reputation. The occurrence of any of the above risks could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

Any adverse development in connection with the Group's relationship with third party food delivery aggregators, as well as the performance of those third party food delivery aggregators, may adversely affect the Group's business, results of operations and financial condition.

The introduction and growth of online ordering and mobile applications, as well as the increasing number and growth of third party food delivery aggregators, have increased the percentage of the Group's revenues from the home delivery channel. The amount of the Group's revenues from delivery as a percentage of Group revenues have increased from 30.2 per cent. for the year ended 31 December 2019 to 42.1 per cent. for the year ended 31 December 2021. For revenues earned through the home delivery channel, the Group is required to pay third-party food delivery aggregators a commission on orders placed through the aggregators' mobile applications. For the year ended 31 December 2021, approximately 56 per cent. of the Group's revenues from home delivery services were generated through third party food delivery aggregators. The Group typically enters into multi-year agreements with aggregators, which are negotiated on an 'all-country and all-brand' basis and allow aggregators to charge a commission payable by the Group for listing and securing orders from the Group's restaurants. These arrangements have no exclusivity for either party and can be terminated by an aggregator at any time. If faced with resource constraints and profitability pressure some aggregators may restrict the Group's delivery areas or insist on co-funding promotions or levy additional charges on customers, thereby adversely affecting affordability and demand. If the Group's dependence on food delivery through third party aggregators continues to increase, it is possible that footfall in the Group's restaurants could decrease.

It is also possible that the negotiating leverage of food delivery aggregators with respect to their agreements with the Group could increase as their distribution capabilities grow, resulting in the Group paying higher fees or commissions for their services, or in difficulty extending or renewing its agreements with its food delivery partners on commercially acceptable terms, or at all, in the future, especially if the Group fails to continue strengthening its own food delivery services or find alternative means to serve the increasing number of customers who choose to order their food online or through mobile applications.

In addition, in order to win market share, certain delivery aggregators offer significant discounts for their services to their counterparties, including the Group. As their businesses mature, they may choose to discontinue these discounts or otherwise raise their fees, which could result in higher fees or commissions the Group pays for their services. Any adverse development with respect to the food delivery aggregators that the Group uses to deliver its products, its relationship with them or their services, such as their failing to meet the Group's service standards, actions or events attributed to them that impact customer perception of the Group's franchises, or any stoppage of their operations due to financial difficulties or otherwise, could adversely affect the Group's ability to reach customers who choose to order food through delivery aggregators. Any of the foregoing could have a material adverse effect on the Group's business, results of operations and financial condition.

Furthermore, many food delivery aggregators have opened and are expanding so-called cloud kitchens which prepare and offer food to customers, and are less capital intensive than full-service restaurants ("**FSR**"), thus increasing competition within the restaurant industry and putting the Group in direct competition with some of its aggregators. Though the Group also operates its own cloud kitchens, the increase in competition from these cloud kitchens may nonetheless have a material adverse effect on the Group's business, results of operations and financial condition.

Changes in consumer preferences and food habits as well as negative perception of the industry could decrease the demand for the Group's products and have a material adverse effect on its business, results of operations and financial condition.

The Group's ability to offer products that are tailored to suit regional tastes and preferences in its various markets and meet customer needs enables it to maintain its competitive position. While franchisors have certain approval rights over branded products, in practice, the Group works with franchisors, on the basis of collaboration and mutual agreement, to create tailored regional products which the Group believes will suit local and regional preferences. For example, to the extent permitted under the Group's material agreements the Group offers a wide range of vegetarian offerings and regionalised products across its restaurants.

While the Group undertakes various measures to assess consumer preferences, and to adapt and provide for changing consumer preferences which are driven by factors including shifts in consumer demographics, economic conditions, dietary habits and trends in food sourcing or food preparation, it cannot assure you that these measures would be viable or successful in identifying consumer trends in the future.

In addition, there is growing concern among consumers, public health professionals and government agencies about the long-term health problems associated with certain conditions, such as obesity, diabetes, cardiovascular disease, high cholesterol, high sodium, high trans-fat, high sugar and hypertension which, have been linked to fast food products such as those marketed by and available at the Group's restaurants. These health concerns could reduce demand for these products and may prompt government regulations that would introduce new or increase existing taxes on fast food products among other measures, which may increase the prices, further affecting the demand. Any sudden changes in the regulatory environment relating to the Group's products as a result of these or other developments could require it to implement changes to its operations that could negatively impact the Group's ability to sell and market its products profitably. Any failure to accurately anticipate and address changing customer preferences and negative public perceptions could have a material adverse effect on the Group's business, results of operations and financial condition.

The QSR industry in the MENA region is highly competitive, and the Group's business and financial results may be adversely affected by actions of its competitors and its inability to respond to competition.

The QSR industry in the MENA region is competitive. The Group competes primarily with international QSR chains operating in the MENA region, such as McDonalds, Burger King and Domino's Pizza, as well as local restaurants and chains in the QSR segment. The Group generally competes on the basis of product and service quality, price and location, and the industry is often also affected by changes in consumer tastes, economic conditions, demographic trends and consumer disposable income. In addition, post the COVID-19 pandemic, cloud kitchens that are designed exclusively for deliveries, have experienced and are expected to continue to see a rapid growth. Longer-term strategies being adopted by the food and beverage industry include opening dark / cloud kitchens to expand footprint at a lower cost. In the event the Group does not successfully adapt to these evolving formats with its own cloud kitchens or other forms of low-cost delivery, or if the Group is required to expend significant resources to do so, it may be unable to remain competitive and maintain or grow its market share effectively.

The Group's ability to compete depends on its ability to develop and launch new products, effectively market and advertise its products and respond to and appeal to changing consumer preferences, including with respect to the value, variety and quality of its products. In addition, the Group's existing or future competitors may offer products that are better priced or more appealing to consumer tastes or have more effective marketing and advertising programs. If as a result of these or other reasons the Group is unable to maintain its competitive position, it could experience downward pressure on prices, lower demand for its products, reduced margins and loss of market share, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The impact of future pandemics on the Group's operations, including its effect on the ability or desire of customers to dine-in at restaurants, is uncertain and may be significant.

Future pandemics and government responses to such pandemics could restrict the Group's business, results of operations and financial condition. For example, the outbreak of the COVID-19 pandemic, as well as government measures to reduce the spread of COVID-19, had a substantial impact on the Group's operations across the MENA region and Kazakhstan. The most significant impact related to government restrictions in 2020, which limited the Group's ability to open restaurants and reduced the share of dine-in as a percent of the total sales due to temporary or permanent restaurant closure, reduced dine-in capacity and reduced organic in-restaurant traffic (i.e. malls).

Notwithstanding the government measures the Group has adopted measures to increase safety and hygiene levels, there can be no assurance that footfall for dine-in at the Group's restaurants will fully recover from the impact of restrictions imposed in response to COVID-19 or that may be imposed for future pandemics, and if they do not recover as a result of COVID-19 or other future pandemics, the Group's business, results of operations and financial condition could be significantly and adversely impacted. There can be no certainty that jurisdictions in which the Group operates will not undergo future lockdowns in response to COVID-19 or other future pandemics. In addition, the Group's operations may be impacted if the Group's key managerial personnel or a significant percentage of its workforce is unable to work due to illness, quarantine, limitations on travel or other government restrictions in connection with the COVID-19 or other future pandemics, which could have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may not be able to protect the intellectual property rights and other proprietary information licenced to it by its franchisors, which may affect the reputation of a franchise and the Group's operations.

Under the terms of several material FAs, the Group is required to protect its franchisors intellectual property rights and other proprietary information. In this regard, as a franchisee, the Group's primary responsibility is to notify the franchisor if it becomes aware of infringement of intellectual properties and provide any required support. For instance, the Group may fail to protect its restaurants from trademark or other infringements, and it is possible that other proprietary information, such as the recipes of food products, proposed pricing or product launch information, could be leaked by employees, suppliers, food delivery aggregators and other third-parties. If any of these were to occur, on a sustained, material and unmitigated basis, and if the reputation of one of the Group's franchise partners were to suffer as a result, the Group's competitive position in its markets and its ability to grow its business could be negatively impacted, which would have a material adverse effect on the Group's business, results of operations and financial condition. Any reputational damage to the Group's franchises, whether attributable to the Group or otherwise, could adverse impact the trust placed in that franchise or the Group's reputation and cause existing customers or intermediaries to withdraw or reconsider doing business with the Group.

Failure to obtain or maintain or renew licences, registrations, permits and approvals in a timely manner or at all may adversely affect the Group's business, results of operations and financial condition.

As part of the Group's business and operations, it is required to obtain and maintain various licences and permits from local and government authorities to open new restaurants and to run its existing business. Further, as a preparer of food products for human consumption, the Group is subject to health, safety and environmental laws and regulations, including regulations promulgated and enforced by local and national authorities in the various markets in which it operates. If health, safety and environmental laws and regulations in these jurisdictions change or are made more restrictive in the future, the extent and timing of investments required to maintain compliance may differ from the Group's internal planning, resulting in higher costs.

The Group operates over 2,000 restaurants, which entails obtaining, maintaining and renewing thousands of relevant licences. Given the nature of the Group's business, the most significant restaurant-level permits/approvals include: (i) health and safety, hygiene regulations (including municipality and civil defence approvals), (ii) real estate approvals (e.g., registration of leases, etc.) and (iii) licences issued by the relevant ministries of tourism (in certain jurisdictions). While the Group has a long history of dealing with applications for licences and permits, obtaining licences and permits can be a time-consuming process and subject to frequent delays, especially in new jurisdictions.

In relation to some of the Group's restaurants (particularly those located in shopping malls), the restaurant lease agreements and licence agreements place the obligation of obtaining certain building related approvals on the lessor. As a result, any failure by the lessor to obtain such approvals may adversely affect the Group's related operations of its restaurant at such places, though such approvals would typically be a condition precedent in such agreements and allow the Group to terminate without recourse. The Group's failure to retain or renew its licences and permits or comply with its conditions, each in a timely manner may mean that it becomes subject to fines or sanctions or that it may be required to shut down a restaurant.

Any delay in receipt of such approvals, licences, registrations, permits or their renewals could result in higher costs than anticipated, and result in delays in opening a new restaurant or otherwise adversely affect a given restaurant's operations. In addition, in such circumstances, the relevant authorities may direct the Group to close that restaurant, initiate criminal actions against the Group, restrain its operations, impose fines or penalties or initiate legal proceedings which may result in the Group's inability to renew/ obtain approvals in a timely manner or at all. Any of the foregoing could have a material adverse effect on the Group's business, results of operations and financial condition.

Staff shortages and high employee turnover rates may adversely affect the Group's business, results of operations and financial condition.

The QSR industry traditionally has a higher employee turnover rate than other industries. The Group's headcount as at 30 June 2022 was approximately 40,700, of whom 36,200 were restaurant-level employees, and approximately 4,500 were restaurant support centre employees. The Group had an overall turnover rate of 46 per cent. for the year ended 31 December 2021.

A significant number of the Group's employees are foreign workers, though in many jurisdictions, local workers comprise the overwhelming majority. The Group's supply of foreign workers, while affected during COVID-19 pandemic, was supported by the Group's long-term relationships with vendors deploying labour from the Philippines, India, Pakistan, Egypt, Nepal, and Bangladesh. The Group has managed to consistently hire roughly the same number of foreign workers in the last three years but it can give no assurances that it can continue to hire large number of foreign workers if another crisis such as the COVID-19 pandemic occurs. The Group also closely tracks and follows local employment requirements (e.g., 'Saudisation' or 'Emiratisation') in its various jurisdictions, which may affect its ability to hire foreign workers. For instance, in the case of Saudisation, where Saudi Arabian authorities imposed fees on non-Saudi employees employed at Saudi companies and on residency permits of non-Saudi employees' family members, this led to an increase in living costs which may affect the attractiveness of Saudi Arabian for potential workers seeking to relocate. Consequently, high fees imposed by governments in the jurisdictions where the Group operates and difficulty in maintaining foreign workers may have an adverse effect on the Group's business, results of operations and financial position.

The Group also requires an adequate fleet of delivery rider employees to provide high-quality service to its customers. The number of riders can fluctuate for a number of reasons such as competition from other employers or third party aggregators, extreme weather, seasonal variations, immigration restrictions and local or national events. If the Group is unable to maintain a fleet of delivery riders sufficient to meet customer demand, this may increase the volume of delayed or unfulfilled orders.

Generally, there is no assurance that the Group will not experience difficulties in recruiting and retaining suitable employees in the future. Any inability to recruit and retain qualified individuals in the future may impact everyday operations and could adversely affect the Group's business, results of operations and financial condition.

The Group is dependent on a number of key personnel, and inability to attract or retain skilled professionals could adversely affect its business, results of operations and financial condition.

The Group is dependent on directors and senior management for setting strategic business direction and managing the business. Additionally, the Group's ability to meet continued success and future business challenges depends on its ability to attract, recruit and retain experienced, talented and skilled professionals. Without a sufficient number of skilled employees, the Group's operations could suffer. Competition for qualified personnel with established experience in the industry is intense and costly, both in retaining existing employees and when replacing or finding additional suitable employees. The loss of the services of key personnel, inability to recruit or train a sufficient number of skilled professionals, or the Group's inability to manage the attrition levels in different employee categories may have an adverse effect on its business, results of operations and financial condition.

The Group relies on a fleet of delivery riders to carry out its home delivery business and any reckless behaviour or other misconduct by the riders could have an adverse effect on the Group's reputation, business, results of operations and financial condition.

The Group undertakes direct delivery of meals to its customers, using its own employee drivers, and also has entered into arrangements with delivery aggregators such as Talabat, Deliveroo, and Hunger Station to accept delivery orders placed on their respective mobile applications. During 2021, over 80 per cent. of the Group's delivery orders, including orders from aggregators, were carried out by its own fleet of approximately 7,800 delivery riders. The riders engaged by the Group, or by the delivery aggregators, may engage in food tampering; inappropriate or unsanitary food handling or delivery; assault, battery, theft or other criminal activities; dangerous or reckless driving; or other misconduct in violation of the Group's policies. Such actions may result in traffic accidents, injuries, property damage or loss of life for consumers, partners or other third parties; which may subject the Group to negative publicity, reputational loss or claims of significant liability.

The Group is exposed to risks associated with inflation that could adversely affect its business, results of operations and financial conditions.

Most ingredients used in the Group's products are subject to price increases as a result of inflation, seasonality, global supply and demand, weather conditions, fluctuations in currency exchange rates and tax incentives and other factors. The Group has no control over fluctuations in the price and availability of ingredients, packaging materials or variations in products caused by these factors, any of which could impact the prices imposed by its suppliers, making the cost of ingredients or packaging materials more expensive for the Group and increase the prices of its products for customers. Any such increases may reduce demand and affect the Group's overall financial performance. The Group has limited control over fluctuations in the price and availability of ingredients caused by these factors. Although it engages in long-term contracting and undertakes other measures, including increasing customer prices, to counteract fluctuations in the price of ingredients and packaging materials, there can be no assurance that the Group can completely budget for or predict any increases in these prices, which may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is exposed to risks related to prices of energy, electricity, water and related services

The Group operates in several countries in which prices of energy, gas, electricity, water and related services vary and are subject to regular modification, including as a result of regulatory changes. In Saudi Arabia, for example, the Saudi Council of Ministers issued the Resolution No. 95, dated 17/03/1437H (corresponding to 12/28/2015G), to raise regulated energy prices (including fuel and electricity), as well as water and sanitation services tariffs, for residential, commercial and industrial sectors, as part of Saudi Arabia's policies aimed at rationalising the Government subsidy program. There can be no assurance that other countries in which the Group operates will not implement measures similar to those which Saudi Arabia implemented.

These and similar price increases may lead to a decrease in discretionary spending or income available to customers, reducing their disposable income and potentially resulting in a negative impact on the QSR sector. Such increases could also raise the Group's own expenses or the cost of transporting its ingredients and supplies. Consequently, sales in the Group's stores may be negatively impacted and the Group's operating expenses might increase, which would have a material adverse effect on the Group's business, results of operations and financial position.

The Group is exposed to risks associated with leasing real estate.

A majority of its restaurants operate on leased properties and as a result the Group is exposed to market conditions of the retail rental market. While it may have the option to renew certain leases, the Group typically must renegotiate the terms of renewal and lessors may insist on substantive changes to the terms and conditions of a lease agreement. If a lease agreement is renewed at a rental rate substantially higher than the existing rental rate, or if any existing favourable terms granted by the lessor are not extended, the Group must determine whether it is desirable to renew such modified terms. If the Group is unable to renew leases for restaurant sites on acceptable terms or is unable to renew at all, it will have to close or relocate the relevant restaurants, which would eliminate the sales that those restaurants would have contributed to the Group's revenues during the period of closure, and could subject the Group to construction, renovation and other costs and risks. Any of the foregoing could have a material adverse effect on the Group's reputation, business, results of operations and financial condition.

The Group is involved in certain disputes and legal proceedings, and if they are determined to be unfavourable for the Group, they may have a material adverse effect on its business, results of operations and financial condition.

The Group is involved in certain disputes and legal proceedings, including disputes and legal proceedings initiated by regulatory, competition and tax authorities as well as proceedings with competitors, suppliers, customers, employees and other parties.

In particular, the Group is a party to litigation in relation to the death of a child in July 2015 in the play-pen of a Hardee's restaurant franchised and operated by the Group in Jordan. A Jordanian court found both the Group's Jordanian subsidiary and the restaurant's branch manager guilty of criminal negligence and the branch manager was sentenced to six months in prison along with a 50 JOD fine plus fees. The deceased child's representatives filed a civil wrongful death claim against Hardee's and several affiliated entities in a

United States federal district court, which was dismissed on a summary judgement motion in February 2022. The dismissal is under appeal with the hearings expected to commence in the second half of 2022. As per the indemnity provisions in the Hardee's Agreements, the Group is indemnifying Hardee's for any damages and/or costs arising from this claim and accordingly, the Group has made related provisions in its financial statements which it believes will be sufficient to cover any costs to the Group.

In addition, the Egyptian tax authorities have various unresolved sales tax liability claims against the Group's subsidiary, ECITP relating to its restaurants from 1997 to 2017. The disputes centre around alleged improper use by ECITP of certain sales tax exemptions applicable to the Egyptian restaurants not having 'touristic' status. These sales tax exemptions were repealed in 2016 pursuant to a change in Egyptian tax law. A significant amount of the claims made by the Egyptian tax authorities have expired for procedural reasons, such as the statutes of limitation. In respect of potential penalties which remain in force, on 2 November 2021 ECITP received a demand letter from the Egyptian tax authorities claiming $92.6 million in sales tax liability, of which $32.0 million represents the principal payments due and $60.4 million represents penalties. The Group has settled the claims relating to the principal payments with the Egyptian tax authorities, and with respect to the remaining claims relating to penalty payments, expects to rely on Egyptian retroactive amnesty legislation (announced August 2022) for a waiver of these penalties. ECITP has made related provisions in its financial statements which it believes will be sufficient to cover any costs associated with these claims.

In respect of the provisions taken by the Group in respect of each of the above claims, there can be no assurance that the costs related to the final outcomes of the aforementioned disputes or proceedings will not be higher than anticipated, and such higher costs may have a material adverse effect on the Group's business, results of operations and financial condition.

The Group may incur tax liabilities as a result of its internal corporate restructuring ahead of the Global Offering.

Prior to the Global Offering, the Group and its subsidiaries underwent an internal corporate re-structuring wherein the ultimate beneficial ownership of the Group remained the same. The applicable tax laws and regulations across the Group's jurisdictions are dynamic and do not always provide clear and definitive guidance on the tax treatment of such re-structuring exercises. The Group's tax accounting of its re-structuring exercise was based on the Group's interpretation of the relevant tax laws and regulations guided by the advice of independent tax professionals. If the relevant tax authorities (particular those in Saudi Arabia, Kuwait and Egypt) take a different than expected view of the tax treatment of the Group's re-structuring exercise, the Group may be subject to additional tax liabilities which may have a material adverse effect on its business, results of operations and financial condition.

The Group may be affected by updates to competition law across various jurisdictions in the Middle East, and any adverse application or interpretation of these laws could adversely affect the Group's Business.

While there are competition laws across the jurisdictions that the Group operates in, including Saudi Arabia and the UAE, the food services industry is, in general, competitive (unlike, generally, telecom, finance, etc.). Therefore, these laws are generally not pertinent. For example, it is very difficult, and indeed there are very few instances, where QSR players have colluded to price-fix, or divided market-share, or put conditions on sales to end-consumers.

However, in the event of a major merger or acquisition, such transaction would likely be subject to the relevant anti-competition authority's approval (e.g., by The Saudi General Authority for Competition). The Group cannot assure you that it will be able to obtain approval for any future acquisitions on satisfactory terms, or at all, because of the applicability or interpretation of competition law to any merger, amalgamation or acquisition proposed or undertaken by the Group. In addition, changes to competition law in any of the jurisdictions in which the Group operates may make acquisitions of competing businesses more difficult. If the Group is unable to complete acquisitions in the future due to those constraints, its business, results of operations and financial condition could be negatively impacted.

The Group may not be able to set up and profitably operate new restaurants or expand its existing menu offerings, which could impact its ability to achieve its growth strategy and adversely impact its business, results of operations and financial condition.

Key to the Group's business and growth strategies is maintaining the pace of expansion of its physical restaurants, which requires the Group to continually identify suitable and available locations and develop franchisee restaurants at these locations. This process is primarily a function of supply and demand, and to a lesser extent depends on the continued cooperation of third parties such as real estate agents, landlords, developers and lessors. The Group rents most of its restaurants from individual landlords and managing a multitude of such relationships can be challenging. The Group cannot assure you that it will continue to be able to identify and obtain leases for suitable restaurant locations if supply and demand trends fluctuate significantly, nor can it guarantee you that it can effectively manage and grow its network of individual landlords.

The Group's ability to effectively obtain quality retail property to relocate existing restaurants or open new restaurants depends on the availability of retail property that meets its criteria for customer traffic, square footage, lease economics, employee proximity, logistical accessibility, demographics and other factors, including the Group's ability to negotiate terms that meet the Group's financial targets. In addition, rising real estate prices may impact the rent/sales ratio in the financial feasibility of new restaurant economics. Any new restaurant that the Group establishes requires significant resources in terms of fixed lease costs, fit-outs and refurbishments, to align the restaurant with the Group's preferred format. Whether the Group can reduce its payback periods depends on its ability to negotiate commercially reasonable terms, based on the restaurant format and the location for such format, that is subject to both capital expenditure (which can be estimated within a range of certainty), and various assumptions on demand for the Group's products from the demographics at the new location. Furthermore, new restaurant set ups involve substantial costs for hiring new employees, relocating existing employees and setting up the necessary supply chains and it typically takes approximately 12 months for a new restaurant to achieve stable operations. In addition, new restaurants could impact the sales of the Group's existing restaurants nearby, and there can be no assurance that sales cannibalisation will not occur or become more significant in the future as the Group increases its presence in existing markets.

As part of the Group's expansion strategy, it may attempt to expand its restaurants' menus or set up new restaurants to focus on new menu offerings. For example, the Group is currently focused on development of its coffee vertical with the ongoing launch of Peet's Coffee in the UAE, and may in the future also explore a wider range of coffee options. There can be no assurance that the Group will be able to set up the necessary supply chains or train existing employees in a timely and/or commercially viable manner which can compete with other market participants for any new menu offerings.

Although the Group has substantial data and experience in connection with identifying suitable new restaurant locations, securing leases, hiring and training employees and setting up supply chains, any inability or significant delays in operating new restaurants in a profitable manner, may increase the Group's payback periods, result in restaurant-closures, and have a material adverse effect on the Group's business, results of operations and financial condition.

The Group is exposed to risks related to related party transactions

In its ordinary course of business, the Group enters into various related party transactions on an arm's length basis, including transactions in respect of the purchase of raw materials, purchase of assets, sales, expenses, payments, miscellaneous returns, assignment of the Company's liabilities, financing and agreements with Shareholders, transfer of balance and collection of zakat and tax amounts. The Group expects to continue related party transactions in the future, in particular with the Former Parent Company and its affiliates, which accounted for 16 per cent. of the Group's Direct Spend for the year ended 31 December 2021. Total value of related party transactions (comprising purchases of raw materials, interest income from loan to a related party, investment property, rental income, and delivery and payment support) was $109.6 million for the year ended 31 December 2021.

In accordance with the Companies Law, the Company must obtain the approval of the Ordinary General Assembly for transactions in which the Directors have a direct or indirect interest. The Company may fail to obtain the approval of the Ordinary General Assembly on future transactions in which the Directors have a direct or indirect interest. Any such transactions not duly approved may be challenged or invalidated. While the Group believes that all such transactions have been conducted on an arm's length basis, it cannot provide assurance that it could not have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that the Group may enter into additional related party transactions in the future. Such related party transactions may potentially involve conflicts of interest. In addition, in the event that related party transactions are not concluded in the future on an arm's length basis, the Company may be adversely affected. Any of the above risks would have a material adverse effect on the Group's business, results of operations and financial condition. (For further information on related party transactions, please refer to "*Related Party Agreements and Transactions*").

The Group faces foreign exchange risks that could adversely affect its business, results of operation and financial condition.

The Group operates through its subsidiaries across various jurisdictions in MENA and Kazakhstan. As a result, the Group is exposed to currency exchange risks. The Group's financial statements are denominated in US Dollars and the Group is therefore exposed to foreign currency translation risk in reporting its financial results with respect to the Group's subsidiaries which operate using other currencies; particularly currencies that are not stable pegged currencies (such as EGP and KZT). Adverse movements in foreign exchange rates could therefore adversely impact the Group's reported results of operation and financial condition.

In addition, each of the Group's subsidiaries is exposed to transactional exchange rate risk as it generates revenues in local currency but may be required to pay for certain of its operating needs (such as restaurant equipment and certain raw materials, comprising food ingredients) in other currencies, in particular the US Dollar. In such circumstances, an adverse movement in foreign exchange rates can adversely affect the relevant subsidiary's operating profit margins. Additionally, the Group is exposed to a hyperinflationary environment with respect to its operations in Lebanon.

International economic trends may cause any one of the Group's major currencies to depreciate against other relevant foreign currencies. Any significant fluctuation in the value of such currencies, such as the recent strengthening of the US Dollar against many unpegged currencies, may decrease operating profit margins and thereby have a material adverse effect on the Group's business, results of operations and financial condition.

Risks Relating to Geographical, Political and Economic Conditions

Governments in the MENA region have exercised and continue to exercise significant influence over their respective economies, legal and regulatory systems, which may create an uncertain environment for investment and business activities.

The governments in the MENA region, including the UAE, Saudi Arabia and Kuwait, have frequently intervened in the economic, legal and regulatory policies of their respective countries. Interventions have included regulation of market conditions, including foreign investment, foreign trade, financial services and healthcare services. Further changes may include:

- government measures to curb inflation, including through policies such as price controls;
- government actions or interventions, including tariffs, protectionism, foreign exchange and currency controls and subsidies;
- regulatory and legal structure changes, including foreign ownership restrictions, cancellation of contractual rights, expropriation of assets and potential lack of certainty as to title to real estate property;
- changes to the availability of, requirements for, and cost to secure, employment and residence visas for expatriate staff and their dependents;
- income and other taxation;
- policies of nationalisation of assets and requirements to employ local national employees;
- difficulties and delays in obtaining new licences, permits and/or consents for new operations or renewing existing licences, permits and/or consents; and

- an inability to repatriate profits and/or dividends.

Unexpected changes in these policies or regulations could lead to increased operating or compliance expenses and could have the effect of decreasing the Group's competitiveness. Any such changes could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

Potential instability and unrest in the MENA region, or the escalation of armed conflict, may materially adversely affect the Group's operations

Since 2011 there has been political unrest in a number of countries in the MENA region. The unrest has ranged from public demonstrations to, in extreme cases, armed conflict and civil war, and has given rise to a number of regime changes and increased political uncertainty in some parts of the region. It is not possible to predict the occurrence of events or circumstances such as war or other hostilities, or the impact that such events or occurrences might have on the jurisdictions in which the Group operates. The MENA region currently is subject to a number of armed conflicts, including those in Yemen and Syria.

The Group's key markets are, and will continue to be, affected by political developments in the wider MENA region, and investors' reactions to developments in any country in the MENA region may affect securities of issuers in other markets. There can be no assurance that extremists or terrorist groups will not continue to initiate terrorist or other violent activity in the jurisdictions in which the Group operates, or that the facilities of the Group will not be impacted by any escalation of regional armed conflict. Any terrorist incidents in or affecting the Group's key markets and increased regional geopolitical instability (whether or not directly involving the UAE, Saudi Arabia or Kuwait), or any heightened levels of military conflict in the region, may have a material adverse effect on the Group's key markets' attractiveness for foreign investment and capital, their ability to engage in international trade, their tourism industry, and, consequently, their economic, external and fiscal positions, and therefore could have a material adverse effect on the Group's business, results of operations and financial condition.

The developing legal systems and the introduction of new laws and regulations in the jurisdictions in which the Group currently operates or may in the future operate can create an uncertain or changed environment for investment and business activity

The jurisdictions in which the Group operates or may in the future operate are still developing the legal framework required to support a market economy. The Group's key markets, and other emerging market economies more generally, are characterised by less comprehensive legal and regulatory environments than are found in more developed regions. The rapid evolution of these legal systems in ways that may not always coincide with market developments can result in ambiguities, inconsistencies and anomalies in the law and judicial practice. Any adverse developments in this regard could affect the Group's ability to protect its rights under its licences and contracts, or to defend itself against claims by others, including challenges by regulatory and governmental authorities in relation to the Group's compliance with applicable laws and regulations and could have a material adverse effect on the Group's business, prospects, financial condition and results of operations.

Further, as these economies mature, some MENA governments have begun, and are expected to continue, to implement new laws and regulations (such as data privacy laws) that could impact the way the Group conducts its business and have a material adverse effect on its business, prospects, financial condition and results of operations. Changes in investment policies or in the prevailing political climate could result in the introduction of changes to government regulations with respect to:

- price controls;
- export and import controls;
- income and other taxes;
- foreign ownership restrictions;
- foreign exchange and currency controls; and
- labour and welfare benefit policies.

There can be no assurance that the introduction of any changes to current laws would not increase the Group's costs or otherwise materially adversely affect its business, prospects, financial condition and results of operations.

The Group may be affected by general economic, market and political conditions, and the economic impact of COVID-19 and other local or global crises

The performance of the Group's business is subject to general economic, market and political conditions. A slowdown of, or persistent weakness in, economic activity caused by a deterioration of global market and economic conditions resulting from the ongoing COVID-19 pandemic or other causes, particularly the war in Ukraine, could adversely affect the Group's business. The invasion of Ukraine by Russia has created uncertainty with respect to economic growth and global trade and has increased inflationary pressure from the COVID-19 pandemic and adversely affected global economic growth. Any adverse changes in global market and economic conditions may result in, among other factors, lower levels of employment, lower levels of disposable income, inflation and higher interest rates, which may, in turn, reduce customer demand for the Group's products.

Furthermore, the Group's costs, its suppliers' costs and its customers' ability to spend have been, and may continue to be, adversely affected by a rise in inflation. In the UAE, the annual inflation rate returned to positive territory in 2021 for the first time since 2018, and rose to 6.7 per cent. by October 2022, according to the UAE's National Bureau of Statistics. While the UAE inflation rate is approximately half the inflation rates seen in Europe and around a third of the U.S. inflation rate in 2022, there can be no assurance that it will not continue to rise in response to adverse global economic and political conditions. The Group may not be able to absorb the higher costs of its suppliers or to pass these higher costs on to customers by increasing prices, without losing customers or adversely affecting the Group's operating margins. Furthermore, the Group's labour costs and other non-merchandise costs, such as insurance costs, costs of its IT services and delivery partners and energy costs, have increased and may continue to increase as a result of inflationary pressures. In response to rising inflation levels, the U.S. Federal Reserve has recently approved a 0.75 per cent. raise of interest rates and is expected to set the federal funds rate at 3.40 per cent. by the end of 2022. Due to the UAE Dirham/U.S. dollar peg, the Central Bank of the UAE raised the base rate applicable to its overnight deposit facility by 0.75 per cent., effective from 16 June 2022, and there can be no assurance that it will not continue to follow further U.S. interest rate raises with additional base rate increases.

In addition, a potential prolonged economic slowdown could damage the operations of the Group's suppliers. Rising global shipping costs and delays, labour shortages resulting in increasing cost of labour, supply chain disruptions, price pressures, fluctuating and uncertain demand, raw material availability, as well as fluctuations in the financial markets (including the currency market) may significantly adversely affect the business and financial conditions of some the Group's suppliers.

Any of the above factors could have a material adverse effect on the Group's business, results of operations and financial condition.

Risks Relating to the Global Offering and to the Sale Shares

After the Global Offering, the Selling Shareholder will continue to be able to exercise control over the Company, its management and its operations

As at the date of this Offering Memorandum, the Selling Shareholder holds 96.03 per cent. of the Company's issued share capital and, immediately following the Global Offering, the Selling Shareholder will continue to control at least 66 per cent. of its share capital. As a result, the Selling Shareholder will continue to exercise control over the Group's management and operations and over matters requiring the consent of its shareholders, such as in relation to the payment of dividends and the election of the members of the Board of Directors and other matters. There can be no assurance that the interests of the Selling Shareholder will coincide with the interests of purchasers of the Sale Shares.

Furthermore, the Selling Shareholder's significant ownership of the Shares may: (i) delay or deter a change of control of the Company (including deterring a third-party from making a takeover offer for the Company); (ii) deprive shareholders of an opportunity to receive a premium for their Shares as part of a sale of the Company; and (iii) affect the liquidity of the Shares, any of which could have a material adverse effect on the market price of the Shares. In addition, there may be circumstances where the Group's businesses compete directly or indirectly with other businesses of the Controlling Shareholders, and the Controlling Shareholders may take decisions with respect to those businesses that are adverse to the interests of the Group's other shareholders.

Substantial sales of Shares by the Selling Shareholder could depress the price of the Shares

Sales of large numbers of the Shares on the market after the completion of the Global Offering, or the perception that those sales will occur, could adversely affect the market price of the Shares. Upon the successful completion of the Global Offering, the Selling Shareholder will be subject to a 180 calendar day lockup period starting from Admission, during which they may not dispose of any Shares that they own. The sale of a substantial number of Shares by any of the Selling Shareholder following the 180 calendar day lock-up period could have an adverse effect on the market for the Shares and may result in a lower market price. The Company does not currently intend to issue additional Shares after the end of the Global Offering. If the Company decides to raise capital by issuing new Shares, the newly issued Shares may adversely affect the value of the Shares in the market, and moreover there may be a decrease in the ownership portion of the actual Shareholders if they do not subscribe to the then newly issued Shares.

The Global Offering may not result in an active or liquid market for the Shares, and trading prices of the Shares may be volatile and may decline. As the Shares will be listed on both the ADX and the Saudi Exchange, liquidity may migrate from one exchange to the other over time, affecting liquidity in the Shares on each respective exchange.

Prior to the Global Offering, there has been no public trading market for the Shares. The Group cannot guarantee that an active trading market will develop or be sustained following the completion of the Global Offering, or that the market price of the Shares will not decline thereafter below the Final Offer Price. The trading price of the Shares may be subject to wide fluctuations in response to many factors, as well as stock market fluctuations and general economic conditions or changes in political sentiment that may adversely affect the market price of the Shares, regardless of the Group's actual performance or conditions in the UAE and Saudi Arabia.

The Company has applied for the Shares to be listed on the ADX and the Saudi Exchange. The ADX was established in 2000 and the Saudi Exchange was established in 2001, however their future success and liquidity in these markets for the Shares cannot be guaranteed. In addition, the ADX is substantially smaller in size and trading volume than other established securities markets, such as those in the U.S. and the UK, which may also affect liquidity in the Shares. Brokerage commissions and other transaction costs on the ADX and the Saudi Exchange are generally higher than those in Western European countries. As the Shares will be listed on both the ADX and the Saudi Exchange, liquidity may migrate from one exchange to the other over time, affecting liquidity in the Shares on each respective exchange. Future holders of Shares wishing to transfer their Shares from the ADX to the Saudi Exchange (and *vice versa)* will need to comply with certain procedures as required by respective securities depositories, including submitting certain documentation and paying any associated fees. As the process of transferring Shares from the ADX to the Saudi Exchange (and *vice versa)* is new and untested holders of Shares may experience unforeseen delays and incur additional costs in connection with transferring their Shares across exchanges.

These factors could generally decrease the liquidity and increase the volatility of the Shares and impair the ability of a holder of Shares to sell any Shares on the ADX or the Saudi Exchange in the desired amount and at the price and time achievable in more liquid markets and adversely affect the value and trading price of the Shares.

Because the Company is a holding company and substantially all of its operations are conducted through its subsidiaries, the Company's ability to pay dividends on the Shares depends on its ability to obtain cash dividends or other cash payments or obtain loans from such entities

The Company currently conducts all of its operations through its subsidiaries, and such entities generate substantially all of its operating income and cash flow. Because the Company has no direct operations or significant assets other than the capital stock of these entities, the Company relies on those subsidiaries for cash dividends, investment income, financing proceeds and other cash flows to pay dividends, if any, on the Shares and, in the long term, to pay other obligations at the holding company level that may arise from time to time.

The ability of such entities to make payments to the Company depends largely on their financial condition and ability to generate profits. In addition, because the Company's subsidiaries are separate and distinct legal entities, they will have no obligation to pay any dividends or to lend or advance it funds and may be restricted from doing so by contract, including other financing arrangements, charter provisions, other shareholders or applicable laws and regulations of the various countries in which they operate. Similarly, because of the Company's holding company structure, claims of the creditors of its subsidiaries, including trade creditors, banks and other lenders, effectively have priority over any claims that the Company may have with respect to the assets of these entities. Further, the Company cannot be certain that, in the long term, its subsidiaries will generate sufficient profits and cash flows, or otherwise prove willing or able, to pay dividends or lend or advance to it sufficient funds to enable the Company to meet its obligations and pay interest, expenses and dividends, if any, on the Shares.

The inability of one or more of these entities to pay dividends or lend or advance the Company funds and currency control restrictions and restrictions on the repatriation of dividends imposed on the Company or its subsidiaries may adversely affect not only the Company's ability as a holding company to pay dividends, but also its business, results of operations, financial condition and cash flows.

While the Company intends to pay dividends in respect of the Shares, there can be no assurance that it will do so. Any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, applicable laws and regulations, results of operations, financial condition, cash requirements, contractual restrictions, the Company's future projects and plans and other factors that the Board of Directors may deem relevant. As a result, you may not receive any return on an investment in the Shares unless you sell your Shares for a price greater than that which you paid for them (see "*Dividend Policy*").

Holders of the Shares in certain jurisdictions outside of the UAE, including the U.S., may not be able to exercise their pre-emptive rights if the Company increases its share capital

Under the Company's Articles of Association to be adopted in connection with the Global Offering, holders of the Shares generally have the right to subscribe and pay for a sufficient number of the Company's ordinary shares to maintain their relative ownership percentages prior to the issuance of any new ordinary shares in exchange for cash consideration. U.S. holders of the Shares may not be able to exercise their pre-emptive rights unless a registration statement under the Securities Act is effective with respect to such rights and the related ordinary shares or an exemption from the registration requirements of the Securities Act is available. Similar restrictions exist in certain other jurisdictions outside the UAE. The Company currently does not intend to register the Shares under the Securities Act or the laws of any other jurisdiction, and no assurance can be given that an exemption from such registration requirements will be available to enable U.S. or other holders of the Shares to exercise their pre-emptive rights or, if available, that the Company will utilise such exemption. To the extent that the U.S. or other holders of the Shares are not able to exercise their pre-emptive rights, the pre-emptive rights would lapse and the proportional interests of such U.S. or other holders would be reduced.

Prior to the Global Offering, there was no existing market for trading in the Shares

There is currently no market for trading in the Shares, and there may be no active and sustainable market for the Shares following the Global Offering. If an active, continuous and liquid stock market is not available, it may adversely affect the trading price of the Shares.

The Final Offer Price has been determined based on several factors including the Company's financial position, future prospects, and the market in which it competes, as well as the evaluation of operational and financial results of the Company. Factors such as variation of financial results, general circumstances, general economic conditions, the regulatory environment within which the Company operates and other factors that are beyond the Company's control could cause significant volatility in the trading liquidity and the price of the Shares in the market.

Following the Global Offering, the price of the Shares on the ADX and the Saudi Exchange may differ from the Final Offer Price and could be adversely affected by several factors

The Final Offer Price may not be indicative of the price at which the Shares will be traded on the ADX and/or the Saudi Exchange following completion of the Global Offering. Investors may not be able to resell their Sale Shares at or above the Final Offer Price or may not be able to sell them at all. The price of shares on the ADX and/or the Saudi Exchange following the Global Offering may be adversely affected by several factors, including, but not limited to, the following:

- negative fluctuations in the Group's operating performance and improved performance of its competitors;
- actual or anticipated fluctuations in quarterly or annual operating results;
- securities analysts publishing research reports about the Group or its competitors or the QSR service sector;
- the public reaction to the Company's press statements and other public announcements;
- the Company or its competitors being contrary to analysts' expectations;
- resignation of the key employees;
- the Company or its competitors taking important and strategic decisions or existence of changes in the business strategy;
- regulatory environment changes affecting the Group or the QSR sector;
- changes in accounting regulations and policies adopted.

It may be difficult for shareholders to enforce judgments against the Company in the UAE, or against its directors and senior management

The Company is a public company limited by shares incorporated in the UAE. All of its directors and all of its officers reside outside the United States and the EEA. In addition, all of its assets and the majority of the assets of its directors and senior management are located outside the United States, the United Kingdom and the EEA. As a result, it may not be possible for investors to effect service of process outside the UAE upon the Company or its directors and senior management or to enforce judgments obtained against them in courts outside the UAE, including judgments predicated upon the civil liability provisions of the securities laws of the United States, the United Kingdom or the EEA.

The ADX and the Saudi Exchange have different characteristics which could affect the trading price of the Shares. Liquidity on the Saudi Exchange may reduce over time.

The ADX and the Saudi Exchange have different trading days and hours, trading characteristics (including trading volume and liquidity), trading currency, trading and listing rules and investor bases (including different levels of retail and institutional participation). As a result of these differences, among other factors, the trading price of the Shares on the ADX and the Saudi Exchange may not be the same at any given time. Fluctuations in the Share price on the ADX could materially and adversely affect the Share price on the Saudi Exchange (and *vice versa)*. In addition, investors who have not taken appropriate steps, including satisfaction of applicable Saudi Arabia securities regulation (including, if relevant, the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued by the Board of the CMA pursuant to Resolution No. 1-42-2015 dated 4 May 2015 amended by Resolution of the Board of the CMA No. 3-65-2019 dated 17 June 2019 (the "**QFI Rules**")), and the establishment of securities accounts capable of receiving Saudi Exchange listed shares settled through Edaa, and adherence to the Saudi Exchange Listing Rules, may face restrictions on moving Shares and/or capital between the ADX and the Saudi Exchange. Accordingly, unless appropriate steps are taken, the marketability of the Shares cross-border from the ADX to the Saudi Exchange may be impacted and liquidity on the Saudi Exchange may reduce over time should shareholders choose to reposition their Shares from the Saudi Exchange to the ADX.

The Company may be a PFIC, which could result in materially adverse U.S. federal income tax consequences to U.S. investors in the Sale Shares.

Based on the nature of the Group's business, the composition of the Company's gross income and assets, and projections as to the value of our equity, the company does not expect to be a passive foreign investment company for U.S. federal income tax purposes (a "**PFIC**") for the current taxable year or in the foreseeable future. However, the Company's PFIC status depends on facts that generally are not determinable until after the close of the taxable year. In addition, the Company's current expectation that it is not a PFIC is based in part upon the expected market value for the Sale Shares. Accordingly, the Company could be a PFIC notwithstanding its expectation, particularly if there is a substantial decline in the value of the Sale Shares. If the Company is a PFIC for any taxable year during which a U.S. Holder (as defined in "*Certain U.S. Federal Income Tax Consequences*") holds the Sale Shares, materially adverse U.S. federal income tax consequences could apply to such U.S. Holder. See "*Taxation — Certain U.S. Federal Income Tax Consequences — Passive Foreign Investment Company Rules.*"

USE OF PROCEEDS

All expenses of the Global Offering (including underwriting commissions) will be borne by the Selling Shareholder. The Company will not receive any proceeds of the Global Offering. The Global Offering is being conducted, among other reasons, to allow the Controlling Shareholders to sell part of their shareholdings to more actively manage and optimise their portfolio of assets, whilst providing increased trading liquidity in the Sale Shares and raising the profile of the Company with the domestic and international investment community.

DIVIDEND POLICY

The Company's ability to pay dividends is dependent on a number of factors, including the availability of distributable reserves, the Company's capital expenditure plans, any future credit rating considerations and other cash requirements in future periods, and there is no assurance that the Company will pay dividends or, if a dividend is paid, what the amount of such dividend will be.

See "*Risk Factors—Risks Relating to the Global Offering and to the Shares—Because we are a holding company and substantially all of our operations are conducted through our subsidiaries, our ability to pay dividends on the Shares depends on our ability to obtain cash dividends or other cash payments or obtain loans from such entities*". While the Company intends to pay dividends in respect of the Shares, there can be no assurance that it will do so. Any decision to declare and pay dividends in the future will be made at the discretion of the Board of Directors and will depend on, among other things, applicable laws and regulations, results of operations, financial condition, cash requirements, contractual restrictions, the Company's future projects and plans and other factors that the Board of Directors may deem relevant. As a result, you may not receive any return on an investment in the Shares unless you sell your Shares for a price greater than that which you paid for them.

Any level or payment of dividends will depend on, among other things, market conditions, future profits and the business plan of the Company, at the discretion of the Board of Directors, and will be subject to the approval of the general assembly.

The Group intends to maintain a robust dividend policy and is targeting a partial dividend distribution of approximately 75 per cent. of the Net Profit attributable to parent for the six months ended 31 December 2022. The Group intends to pay dividends in cash and this dividend cash distribution is envisaged to take place in the six months ended 30 June 2023.

From 2023 onwards, the Company expects to adopt an annual dividend distribution policy. The Company intends to distribute a minimum of 50 per cent. of the Net Profit attributable to parent to shareholders, with intention to further distribute any cash not specifically reserved for general corporate purposes, growth investment or M&A activity. The first full year dividend for the year ended 31 December 2023 would be payable in the six months ended 30 June 2024.

In addition, the Company expects that when deciding on dividend distribution, the Board of Directors will also consider market conditions, the then current operating environment in the markets in which the Company operates, and the outlook for the Group's business.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Company's total capitalisation and indebtedness as at 30 September 2022.

You should read this table together with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and the Financial Statements contained elsewhere herein.

	As at 30 September 2022
	(US$ millions)
Cash and bank balances	**273.1**
Borrowings – current	27.4
Borrowings – non-current	-
Total borrowings	**27.4**
Equity:	
Share capital	168.5
Share premium	-
Retained earnings	**76.0**
Merger reserves	(1.6)
Foreign currency translation reserves	(26.4)
Non-controlling interests	11.0
Total equity	**227.5**
Total capitalisation[(1)]	**254.9**

(1) Represents the total of total borrowings and total equity.

SELECTED FINANCIAL INFORMATION AND OPERATING DATA

The financial information set forth in this section should be read in conjunction with the Annual Carve-out Financial Statements, the Half Year Interim Carve-out Financial Statements and the Q3 2022 Interim Carve-out Financial Statements, each of which are included in this Offering Memorandum. Investors should also read Certain risks associated with the purchase of Shares in the section entitled "Risk Factors".

The selected financial information set forth below has been derived from the Annual Carve-out Financial Statements and the Half Year Interim Carve-out Financial Statements and from other unaudited operating information as at and for the years ended 31 December 2019, 2020 and 2021 and the six month periods ended 30 June 2021 and 2022. See "Presentation of Financial Information".

The selected financial information should be read in conjunction with the sections entitled "Presentation of Financial and Other Information", "Management's Discussion and Analysis of Financial Conditions and Results of Operations" and the Financial Statements incorporated by reference in this Offering Memorandum. The selected historical consolidated financial information was derived from the Group's Financial Statements.

This section includes certain financial measures that are not required by or presented in accordance with IFRS because the Group believes they provide investors with useful additional information to measure its performance, liquidity or capital expenditures. These Non-IFRS measures have important limitations as analytical tools. See "Presentation of Financial and Other Information—Non-IFRS Measures."

In addition, while certain of the financial data set forth below was derived on the basis of historical financial information prepared in accordance with IFRS, such financial data contains financial measures other than those in accordance with IFRS and should not be considered in isolation from or as substitutes for the Group's historical financial information. Non-IFRS financial data should not be considered to be alternative to any measure of liquidity or performance derived in accordance with IFRS for the applicable periods. See "Presentation of Financial and Other Information—Non-IFRS Measures."

Prospective investors should read the selected data presented below in conjunction with the sections entitled "Presentation of Financial and Other Information", "Use of Proceeds", "Capitalisation", and "Management's Discussion and Analysis of Financial Condition and Results of Operations", and the Group's Financial Statements and the related notes incorporated by reference in this Offering Memorandum.

Carve-Out Statement of Income

The table below sets out the Group's condensed interim carve-out statement of income for the periods indicated:

	For the six months ended 30 June	
	2021	**2022**
	(US$ thousands)	
Revenues	968,149	1,151,929
Cost of revenues	(458,886)	(546,122)
Gross profit	**509,263**	**605,807**
Selling and marketing expenses	(327,702)	(360,342)
General and administrative expenses	(80,896)	(90,402)
Other income	9,849	9,429
Monetary gain from hyperinflation	3,093	547
Impairment losses on non-financial assets	(2,403)	(1,035)
Net impairment allowance on financial assets	(810)	(1,182)
Fair value gains on financial assets at fair value through profit or loss	-	1,275
Tax claim charge	-	(25,482)
Operating profit	**110,394**	**138,615**
Finance income	802	1,146
Finance costs	(11,505)	(10,431)
Profit before income tax, zakat, and Kuwait Foundation for the Advancement of sciences ("KFAS")	**99,691**	**129,330**

	For the six months ended 30 June	
	2021	2022
	(US$ thousands)	
Income tax, zakat, and contribution to KFAS	(6,058)	(6,119)
Net profit for the period	**93,633**	**123,211**
Attributable to:		
The shareholder of the Company/ Net Investment attributable to the Former Parent Company	93,324	121,266
Non-controlling interests	309	1,945

The table below sets out the Group's summarised special purpose carve-out statement of income for the periods indicated:

	For the year ended 31 December		
	2019	2020	2021
		(US$ thousands)	
Revenues	1,890,219	1,577,795	2,051,747
Cost of revenues	(902,821)	(773,853)	(970,351)
Gross profit	**987,398**	**803,942**	**1,081,396**
Selling and marketing expenses	(646,018)	(578,882)	(679,603)
General and administrative expenses	(165,113)	(157,849)	(176,989)
Other income	12,990	32,017	15,478
Monetary gain from hyperinflation	-	38,818	3,043
Reversal of impairment/(impairment losses) of non-financial assets	(248)	(21,298)	1,179
Net impairment allowance on financial assets	50	(1,644)	(1,454)
Operating profit	**189,059**	**115,104**	**243,050**
Finance income	589	822	2,208
Finance costs	(28,411)	(29,864)	(23,118)
Profit before income tax, Zakat, and Kuwait Foundation for the Advancement of Sciences ("KFAS")	**161,237**	**86,062**	**222,140**
Income tax, Zakat and contribution to KFAS	(9,138)	(6,281)	(15,732)
Net profit for the year	**152,099**	**79,781**	**206,408**
Attributable to:			
Net Parent Investment attributable to the Former Parent Company	151,070	80,826	203,917
Non-controlling interests	1,029	(1,045)	2,491

Carve-Out Statement of Financial Position

The table below sets out the Group's condensed interim carve-out statement of financial position as at 30 June 2022.

	As at 30 June 2022
	(US$ thousands)
Non-current assets	
Property and equipment	235,988
Right of use assets	338,984
Investment properties	7,465
Intangible assets	40,728
Derivative financial instrument	8,295
Deferred tax asset	2,624
Total non-current assets	**634,084**
Current assets	
Inventories	144,683
Trade and other receivables	106,212
Due from related parties	2,830
Derivative financial instrument	2,370
Cash and cash equivalents	250,039
Total current assets	**506,134**
Total assets	**1,140,218**
Non-current liabilities	
Lease liability	229,872
Provision for employees' end of service benefits	70,499

	As at 30 June 2022
	(US$ thousands)
Trade and other payables	64,387
Deferred gain on derivative financial instrument	6,573
Deferred tax liabilities	4
Total non-current liabilities	**371,335**
Current liabilities	
Bank facilities	13,670
Deferred gain on derivative financial instrument	1,878
Lease liability	123,267
Income tax, zakat and other deductions payable	9,862
Trade and other payables	385,030
Due to related parties	28,515
Provisions for legal, tax and other claims	51,915
Total current liabilities	**614,137**
Total liabilities	**985,472**
Equity	
Share capital	168,473
Merger reserve	(1,608)
Foreign currency translation reserves	(21,520)
Non-controlling interests	9,401
Total equity	**154,746**
Total liabilities and shareholders' equity	**1,140,218**

The table below sets out the Group's special purpose carve-out statement of financial position as at the dates indicated.

	As at 31 December		
	2019	**2020**	**2021**
		(US$ thousands)	
Non-current assets			
Property and equipment	244,334	207,887	221,919
Right of use assets	459,665	371,547	361,975
Loan to a related party	-	-	51,200
Investment properties	8,007	7,521	9,341
Intangible assets	32,987	37,692	42,623
Derivative financial instrument	-	-	7,512
Deferred tax asset	150	1,599	2,150
Total non-current assets	**745,143**	**626,246**	**696,720**
Current assets			
Inventories	93,886	97,093	107,297
Trade and other receivables	89,943	95,980	94,034
Due from related parties	1,713	696	1,189
Loan to a related party	-	-	12,800
Derivative financial instrument	-	-	1,878
Cash and cash equivalents	169,878	196,347	173,996
Total current assets	**355,420**	**390,116**	**391,194**
Total assets	**1,100,563**	**1,016,362**	**1,087,914**
Non-current liabilities			
Lease liability	318,945	263,630	248,136
Provision for employees' end of service benefits	81,231	80,413	76,260
Trade and other payables	49,470	46,265	50,195
Deferred gain on derivative financial instrument	-	-	7,512
Deferred tax liabilities	827	-	-
Total non-current liabilities	**450,473**	**390,308**	**382,103**
Current liabilities			
Bank facilities	13,631	24,563	7,073
Deferred gain on derivative financial instrument	-	-	1,878
Lease liability	148,780	139,809	136,463
Income tax, zakat and other deductions payable	10,552	8,636	12,614
Trade and other payables	314,469	321,702	352,326
Due to related parties	14,382	22,419	23,683
Provisions for legal, tax and other claims	12,889	22,310	32,062
Total current liabilities	**514,703**	**539,439**	**566,099**
Total liabilities	**965,176**	**929,747**	**948,202**

	As at 31 December		
	2019	2020	2021
	(US$ thousands)		
Equity			
Accumulated net contribution from the Former Parent Company	119,951	89,789	148,984
Foreign currency translation reserves	(1,448)	(12,683)	(20,429)
Net Parent Investment attributable to the Former Parent Company	118,503	77,106	128,555
Non-controlling interests	16,884	9,509	11,157
Total equity	**135,387**	**86,615**	**139,712**
Total liabilities and equity	**1,100,563**	**1,016,362**	**1,087,914**

Carve-Out Statement of Cash Flows

The table below sets out the Group's condensed interim carve-out statement of cash flows for the periods indicated.

	For the six months ended 30 June	
	2021	2022
	(US$ thousands)	
Cash flows from operating activities		
Profit before income tax and zakat for the period	**99,206**	**129,330**
Adjustments for		
Depreciation and amortisation	101,920	102,528
Provision for employees' end of service benefits, net of transfers	6,539	5,164
Impairment allowance on financial assets	810	1,182
Provision for obsolete, slow moving, and defective inventories	720	878
Impairment losses of non-financial assets	2,403	1,035
Loss on disposal of property and equipment and intangible assets	382	1,048
Gain on rent concessions	(4,662)	(667)
Finance income	(802)	(1,146)
Finance cost	11,505	10,431
Recognition of deferred gain on derivative financial instrument in other income	-	(939)
Fair value gains on financial assets at fair value through profit or loss	-	(1,275)
Tax claim charge	-	25,482
Hyperinflation impact	(2,680)	505
Operating cash flows before changes in working capital	215,341	273,556
Payments of employees' end of service benefits	(5,604)	(5,505)
Income tax paid	(4,835)	(6,062)
Changes in working capital		
Trade and other receivables	(3,023)	(13,860)
Due from related parties	(223)	(1,641)
Inventories	(5,173)	(38,055)
Due to related parties	2,713	4,832
Trade and other payables, other liabilities and taxes	9,290	28,066
Net cash generated from operating activities	**208,486**	**241,331**
Cash flows from investing activities		
Purchase of property and equipment	(18,840)	(44,573)
Proceeds from sale of property and equipment	916	1,038
Purchase of intangible assets	(2,561)	(1,912)
Payments for key money	(516)	(1,216)
Interest received on short term deposits	802	1,146
Loans to a related party	(64,000)	(36,000)
Repayments of loans to a related party	-	100,000
Net cash generated from/(used in) investing activities	**(84,199)**	**18,483**
Cash flows from financing activities		
Payments of finance costs	(1,119)	(574)
Dividends paid to non-controlling interests	(825)	(3,215)
Acquisition of additional shares in subsidiary from non-controlling interests	(184)	(705)
Lease payments – principal element	(67,871)	(74,481)
Lease payments – interest on lease liabilities	(10,386)	(9,264)
Distributions to the Former Parent Company	(72,410)	(83,089)
Movement in payments and impact of capital reorganisation with the Former Parent Company	(15,258)	(25,903)
Proceeds from issuance of share capital	-	10
Net cash used in financing activities	**(168,053)**	**(197,221)**
Net change in cash and cash equivalents	(43,766)	62,593
Foreign currency translation differences	(94)	6,853

	For the six months ended 30 June	
	2021	2022
	(US$ thousands)	
Cash and cash equivalents at the beginning of the period	171,784	166,923
Cash and cash equivalents at the end of the period	**127,924**	**236,369**

The table below sets out the Group's summarised special purpose carve-out statement of cash flows for the periods indicated.

	For the year ended 31 December		
	2019	2020	2021
	(US$ thousands)		
Cash flows from operating activities			
Profit before income tax and zakat for the year	160,445	85,492	221,059
Adjustments for:			
Depreciation and amortisation	220,054	214,747	208,629
Provision for employees' end of service benefits, net of transfers	13,522	8,001	10,074
Impairment allowance on financial asset	(50)	1,644	1,454
Provision for obsolete, slow moving, and defective inventories	1,855	3,159	1,387
(Reversal of impairment)/impairment losses of non-financial assets	248	21,298	(1,179)
Loss on disposal of property and equipment and intangible assets	7,174	3,240	1,224
Gain on rent concessions	-	(28,113)	(6,978)
Finance income	(589)	(822)	(2,208)
Finance cost	28,411	29,864	23,118
Hyperinflation impact	-	(33,136)	1,348
Operating cash flows before changes in working capital	**431,070**	**305,374**	**457,928**
Payments of employees' end of service benefits	(14,317)	(17,333)	(13,535)
Income tax paid	(5,183)	(5,501)	(6,971)
Changes in working capital			
Trade and other receivables	(1,851)	(9,129)	(62)
Due from related parties	26,033	1,017	(493)
Inventories	12,883	(6,214)	(11,274)
Due to related parties	(7,605)	8,037	1,264
Trade and other payables, provisions and other taxes	70,206	7,865	41,992
Net cash generated from operating activities	**511,236**	**284,116**	**468,849**
Cash flows from investing activities			
Purchase of property and equipment	(67,843)	(39,933)	(91,510)
Proceeds from sale of property and equipment	3,274	779	1,438
Purchase of intangible assets	(6,529)	(5,073)	(8,303)
Payments for key money	(779)	(1,744)	(1,401)
Interest received on short term deposits	589	822	2,208
Loans to a related party	-	-	(64,000)
Net cash used in investing activities	**(71,288)**	**(45,149)**	**(161,568)**
Cash flows from financing activities			
Payments of finance costs	(1,623)	(1,178)	(1,455)
Changes in non-controlling interests	(2,288)	(1,139)	(826)
Acquisition of additional shares in subsidiary from non-controlling interests	-	(14,712)	(184)
Lease payments	(133,535)	(110,748)	(160,363)
Distributions to the Former Parent Company	(105,941)	(59,949)	(129,817)
Movement in payments and impact of capital reorganisation with the Former Parent Company	(133,248)	(35,476)	(15,222)
Net cash used in financing activities	**(376,635)**	**(223,202)**	**(307,867)**
Net change in cash and cash equivalents	**63,313**	**15,765**	**(586)**
Foreign currency translation differences	(2,554)	(228)	(4,275)
Cash and cash equivalents at the beginning of the year	95,488	156,247	171,784
Cash and cash equivalents at the end of the year	**156,247**	**171,784**	**166,923**

Non-IFRS Measures and Other Operational Data

The following tables set out the Group's alternative measures of performance and liquidity as at the dates and for the periods indicated.

	As at and for the year ended 31 December			As at and for the six months ended 30 June	
	2019	2020	2021	2021	2022
	(US$ millions, unless otherwise indicated)				
Net Profit Margin (%)	8.0%	5.1%	9.9%	9.6%	10.5%
4-Wall EBITDA[(1)]	548.7	424.3	594.7	275.7	339.3

	As at and for the year ended 31 December			As at and for the six months ended 30 June	
	2019	2020	2021	2021	2022
	(US$ millions, unless otherwise indicated)				
Adjusted EBITDA [(2)]	429.9	338.1	464.1	210.7	268.8
Adjusted EBITDA (pre IFRS-16)	287.3	180.4	308.4	N/A*	N/A*
Adjusted EBITDA Margin (%)	22.7%	21.4%	22.6%	21.8%	23.3%
Adjusted Free Cash Flow [(3)]	322.9	186.5	229.0	115.1	149.9
Adjusted Free Cash Flow Conversion (%) [(4)]	108.9%	82.0%	75.4%	86.9%	81.0%
Total Revenues Growth	4.4%	(16.5%)	30.0%	N/A*	19.0%
Gross Capital Expenditures	75.2	46.7	101.2	N/A*	59.6
Net Capital Expenditures	71.9	46.0	99.8	N/A*	58.6
Net Debt	311.5	231.7	217.7	N/A*	116.8
Leverage Ratio[(5)]	0.7	0.7	0.5	N/A*	0.2
Net Working Capital	(166.8)	(181.3)	(218.2)	N/A*	(221.6)

* This metric is not presented in this Offering Memorandum.

(1) The following table sets out 4-Wall EBITDA for the periods indicated, as well as a reconciliation to revenues.

(2) Adjusted EBITDA is defined as Net profit for the year plus finance cost, income tax and zakat; depreciation and amortisation and adjustments.

(3) Adjusted Free Cash Flow defined as Adjusted EBITDA less capex, tax, change in Net Working Capital, change in non-current portion of trade payables and lease payments.

(4) Adjusted Free Cash Flow over Adjusted EBITDA less lease payments.

(5) Leverage Ratio is defined as Net Debt divided by Adjusted EBITDA. For the purposes of this table, Adjusted EBITDA for the six months ended 30 June 2022 has been annualised by multiplying the Adjusted EBITDA by 2.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
	(US$ millions)				
Revenues	**1,890.2**	**1,577.8**	**2,051.7**	**968.1**	**1,151.9**
Cost of revenues (excluding depreciation and amortisation)[(A)]	(824.7)	(696.7)	(894.7)	(422.2)	(509.8)
Selling and marketing expenses (excluding depreciation and amortisation)[(B)]	(516.8)	(456.8)	(562.3)	(270.2)	(302.7)
4-Wall EBITDA	**548.7**	**424.3**	**594.7**	**275.7**	**339.3**

(A) The following table sets out the calculation of cost of revenues (excluding depreciation and amortisation) for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
	(US$ millions)				
Cost of inventory	563.7	473.1	623.7	290.9	357.3
Staff costs	124.8	104.3	121.1	58.8	65.3
Royalties	93.5	79.8	105.8	50.1	60.8
Rent	23.7	17.4	21.6	11.6	12.2
Others	19.0	22.1	22.5	10.8	14.2
Cost of revenues (excluding depreciation and amortisation)	**824.7**	**696.7**	**894.7**	**422.2**	**509.8**
Depreciation and amortisation	78.1	77.1	75.6	36.7	36.3
Cost of revenues (including depreciation and amortisation)	**902.8**	**773.9**	**970.4**	**458.9**	**546.1**

(B) The following table sets out the calculation of selling and marketing expenses (excluding depreciation and amortisation) for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$ millions)		
Staff costs	213.6	178.2	207.8	100.8	113.9
Advertisement and business development	80.4	64.5	89.8	44.1	51.9
Home delivery and transportation	37.9	53.8	76.5	37.4	41.5
Utilities and communication	61.7	51.9	62.0	28.0	29.7
Rent	23.9	22.5	23.3	12.7	13.4
Call centre expenses	7.7	9.6	9.2	5.3	4.8
Maintenance and other operating expenses	42.0	40.3	48.5	22.5	13.9
Licences and insurance charges	8.6	7.3	7.8	4.0	4.2
Others	41.0	28.7	37.3	15.3	29.3
Selling and marketing expenses (excluding depreciation and amortisation)	**516.8**	**456.8**	**562.3**	**270.2**	**302.7**
Depreciation and amortisation	129.2	122.1	117.3	57.5	57.6
Selling and marketing expenses (including depreciation and amortisation)	**646.0**	**578.9**	**679.6**	**327.7**	**360.3**

The following table sets out Adjusted EBITDA (pre IFRS-16) for the periods indicated, as well as a reconciliation to Net Profit.

	For the year ended 31 December		
	2019	2020	2021
		(US$ millions)	
Net Profit[(A)]	**152.1**	**79.8**	**206.4**
Income tax, zakat, and contribution to KFAS	9.1	6.3	15.7
Finance cost (net) excluding finance costs on lease liabilities	1.0	4.0	0.2
Depreciation and amortisation (excluding depreciation related to right of use assets) [(B)]	82.1	77.6	65.4
IFRS-16 Impact	22.1	4.4	8.3
EBITDA (pre IFRS-16)	**266.5**	**172.2**	**296.0**
Other adjustments[(C)]	20.8	8.3	12.4
Adjusted EBITDA (pre IFRS-16)	**287.3**	**180.4**	**308.4**

(A) Net Profit is as presented on the Financial Statements.
(B) Calculated as charge for the year (PPE) plus amortisation of intangible assets, and depreciation of investment properties.
(C) The following table sets out the other adjustments for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$ millions)		
Tax Provision[(i)]	-	-	10.0	-	25.5
Staff restructuring costs[(ii)]	20.8	6.6	2.1	0.1	0.7
Lebanon IAS 29 adjustment[(iii)]	-	(17.3)	0.3	(1.7)	1.5
Egypt social insurance claim[(iv)]	-	19.0	-	-	-
Other adjustments	**20.8**	**8.3**	**12.4**	**(1.7)**	**27.6**

(i) Non-recurring provision to settle an indirect legacy tax claim charge relating to 2000-2017 period prior to the Adeptio Acquisition.
(ii) Severance payments to employees relating to a restructuring programme predominantly in Egypt.
(iii) Due to hyperinflation in the Lebanese economy, the Group's statement of income and statement of financial position were restated using general price index in line with IAS 29.
(iv) Related to a one-off settlement with the Social Insurance Authority in Egypt for closing historical social insurance claims (2011 onwards).

The following table sets out Adjusted EBITDA for the periods indicated, as well as a reconciliation to Net Profit.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$ millions)		
Net Profit[(A)]	**152.1**	**79.8**	**206.4**	**93.6**	**123.2**

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
			(US$ millions)		
Income tax, zakat, and contribution to KFAS	9.1	6.3	15.7	6.1	6.1
Finance cost (net) excluding finance costs on lease liabilities	1.0	4.0	0.2	0.3	0.0
Depreciation and amortisation (excluding depreciation related to right of use assets) (B)	82.1	77.6	65.4	33.8	32.5
Depreciation on right of use assets (C)	138.0	137.1	143.2	68.1	70.0
Finance costs on lease liabilities(C)	26.8	25.0	20.7	10.4	9.3
EBITDA	**409.1**	**329.9**	**451.7**	**212.3**	**241.1**
Other adjustments	20.8	8.3	12.4	(1.7)	27.6
Adjusted EBITDA	**429.9**	**338.1**	**464.1**	**210.7**	**268.8**

(A) Net Profit is defined as net profit for the year / period.
(B) Calculated as charge for the year (PPE) plus amortisation of intangible assets, and depreciation of investment properties.
(C) Calculated as depreciation of right of use assets plus charge to finance costs on lease liabilities, rent reversal (IFRS-16), and gain on rent concessions.

The following table sets out Adjusted Free Cash Flow and Adjusted Free Cash Flow Conversion (%) for the periods indicated, as well as a reconciliation to Adjusted EBITDA.

	For the year ended 31 December			For the six months ended 30 June	
	2019	2020	2021	2021	2022
	(US$ millions, unless otherwise indicated)				
(I) Adjusted EBITDA	**429.9**	**338.1**	**464.1**	**210.7**	**268.8**
Net Capital Expenditures Spent(A)	(71.9)	(46.0)	(99.8)	(21.0)	(46.7)
Income tax, zakat, and contribution to KFAS	(9.1)	(6.3)	(15.7)	(6.1)	(6.1)
Change in Net Working Capital(B)	58.0	14.5	36.9	(6.1)	3.4
Change in trade payable–non-current portion(C)	49.5	(3.2)	3.9	15.9	14.2
(II) Lease payments	**(133.5)**	**(110.7)**	**(160.4)**	**(78.3)**	**(83.7)**
(III) Adjusted Free Cash Flow	**322.9**	**186.5**	**229.0**	**115.1**	**149.9**
Adjusted Free Cash Flow Conversion (%)(D)	**108.9%**	**82.0%**	**75.4%**	**86.9%**	**81.0%**

(A) Defined as Gross Capital Expenditures spent excluding purchases not yet paid less proceeds received from sale of property and equipment.
(B) Calculated as: Inventories, trade and other receivables, and due from related parties less trade and other payables, due to related parties, provisions for legal, tax and other claims, income tax, zakat and other deductions.
(C) Refers to difference between non-current trade payable in current year less non-current trade payable in past year.
(D) Adjusted Free Cash Flow Conversion (%) is calculated using the following formula - (III) as a percentage of {(I) – (II)}.

The following table sets out the Group's Gross Capital Expenditures and Net Capital Expenditures for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June
	2019	2020	2021	2022
		(US$ millions)		
Purchase of Property and Equipment	67.8	39.9	91.5	56.5
Purchase of Intangible Assets	6.5	5.1	8.3	1.9
Payments for Key Money	0.8	1.7	1.4	1.2
Gross Capital Expenditures	**75.2**	**46.7**	**101.2**	**59.6**
Proceeds from Sale of Property and Equipment	(3.3)	(0.8)	(1.4)	(1.0)
Net Capital Expenditures	**71.9**	**46.0**	**99.8**	**58.6**

The following table sets out the Group's Net Debt as at the dates indicated.

	As at 31 December			As at 30 June
	(US$ millions)			
	2019	2020	2021	2022
Lease Liabilities	467.7	403.4	384.6	353.1
Bank Facilities	13.6	24.6	7.1	13.7
Cash and Cash Equivalents	(169.9)	(196.3)	(174.0)	(250.0)
Net Debt	**311.5**	**231.7**	**217.7**	**116.8**

The following table sets out the Group's Net Working Capital as at the dates indicated.

	As at 31 December		As at 30 June	
	(US$ millions)			
	2019	**2020**	**2021**	**2022**
Inventories	93.9	97.1	107.3	144.7
Trade and other receivables	89.9	96.0	94.0	106.2
Due from related parties	1.7	0.7	1.2	2.8
Trade and other payables	(314.5)	(321.7)	(352.3)	(385.0)
Due to related parties	(14.4)	(22.4)	(23.7)	(28.5)
Provisions for legal, tax and other claims	(12.9)	(22.3)	(32.1)	(51.9)
Income tax, zakat, and other deductions payable	(10.6)	(8.6)	(12.6)	(9.9)
Net Working Capital	**(166.8)**	**(181.3)**	**(218.2)**	**(221.6)**

The following tables set out the Group's operating metrics for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
Days Inventory Outstanding	52	64	55	N/A*	N/A*
Days Payables Outstanding	97	114	99	N/A*	N/A*
Days Revenues Outstanding	3	4	5	N/A*	N/A*
Net New Openings	67	(33)	110	18	40
Return on Net Assets[1]	112%	93%	146%	N/A*	157%
Like-for-Like Revenues Growth[2]	2.7%	(16.4%)	30.1%	N/A*	16.2%

* This metric is not presented in this Offering Memorandum.

(1) Defined as Net Profit attributable to parent over total assets less total liabilities. Net Profit attributable to parent for the six months ended 30 June 2022 has been annualised by multiplying the Net Profit attributable to parent by two.

(2) Defined as the percentage increase/decrease in the revenues for those Group restaurants which have generated monthly revenues over last 12-month in a given financial period and excludes revenues of those restaurants which have not generated revenues for more than six consecutive months.

BUSINESS

Investors should read this section of this Offering Memorandum in conjunction with the other information contained in this Offering Memorandum, including the financial and other information appearing in "Management's Discussion and Analysis of Financial Condition and Results of Operations". Where stated, financial information in this section of this Offering Memorandum has been extracted from the Financial Statements.

Overview

The Group is the largest OOHD and QSR operator in its 12 countries of operation, across the MENA region and Kazakhstan, based on the number of restaurants in the Group's countries of operations according to the Euromonitor International Report. The Group achieved revenues, of $2.05 billion and $1.15 billion for the year ended 31 December 2021 and the six months ended 30 June 2022, respectively with strong profitability and return on invested capital. The Group has operated restaurants across the MENA region for almost fifty years for iconic global brands such as KFC, Pizza Hut, Hardee's, Krispy Kreme and TGIF, amongst others. In addition to the franchise brands, the Group operates two notable proprietary brands, Wimpy and Chicken Tikka. Despite the impact of the COVID-19 pandemic, the Group continued to expand its restaurant network and opened a gross total of 164, 61, 116 and 66 new restaurants for the years ended 31 December 2021, 2020, 2019 and the six months ended 30 June 2022, respectively. As at 30 June 2022, the Group operated 2,050 restaurants across 12 countries.

The Group believes it is the trusted and preferred franchisee in the MENA region for the following brands: KFC, Pizza Hut, Hardee's, Krispy Kreme, TGIF, Costa Coffee and Baskin Robbins. Recently, the Group signed franchise and development agreements to act as the trusted and preferred operator for Peet's Coffee across the UAE, Saudi Arabia, Kuwait and Qatar. The Group considers KFC, Pizza Hut, Hardee's and Krispy Kreme to be its Power Brands which represented 92.4 per cent. of the Group's revenues for the year ended 31 December 2021 and 92.9 per cent. of the Group's revenues for the six months ended 30 June 2022. The Group's two principal proprietary brands are Wimpy and Chicken Tikka.

As the leading restaurant platform in its markets with the restaurant footprint exceeding the next four players combined in 2021, the Group is uniquely positioned to benefit from the opportunities in its large, fragmented and structurally growing markets. The Group's markets of presence have a large and growing addressable population of over 270 million as at 2021, with over 78 per cent. of the population below the age of 45, and the presence of strong spending enablers such as high economic and disposable income growth, a favourable taxation environment as well as high purchasing power parity in the GCC markets (source: Euromonitor International Report). Despite rapid growth, OOHD in the Group's countries remains significantly underpenetrated from both a supply and demand side perspective as compared to other emerging and developed markets, and presents significant potential for further development.

The Group's proprietary omnichannel platform allows customers to experience the Group's iconic restaurant brands across the entire MENA region and Kazakhstan – when they want, and how they want. Specifically, the Group's proprietary digital omnichannel platform provides customers the option of ordering via mobile apps, online ordering, kiosks, QR code ordering and point-of-sale; and its omnichannel access includes delivery, drive thru, car hop, click & collect, take-away and dine-in channels.

The Group's value proposition to customers is predicated on several factors, such as food safety and quality, competitive pricing, SOS, guest courtesy and restaurant aesthetic / design appeal. The Group is actively engaged in marketing and advertising activities, as well as launching new products and services to enhance the salience, relevance and customer engagement of its portfolio of brands with consumers across the MENA region and Kazakhstan. The Group relies upon the worldwide appeal and customer recall of its iconic brands, its sustained focus on customer satisfaction and implementation of digital measures to increase its efficiency in operations and enhance customer experience. Raw materials for the Group's operations are sourced from pre-approved vendors which are selected to meet international food safety, quality and ethical sourcing standards. The Group's restaurants are routinely subjected to independent third-party audits by its franchisors and accredited to ensure compliance with global best-in-class QSR and casual dining standards. The Group consistently ranks as a leading global performer in its key franchise systems. The Group's services and menu are diversified – tailored to local tastes and preferences – and are regularly reviewed to meet the growing and evolving customer demands across the Group's countries of operation, whilst retaining the key customer associations of its brand.

The Group expects the importance of home delivery in the MENA and Kazakhstan QSR industry to continue to grow due to changing lifestyles and evolving consumer behaviour in the post-COVID-19 food-consumption environment. In response, the Group has enhanced its own capabilities and invested heavily in its last mile delivery operations, expanding its own delivery driver fleet. As at 30 June 2022, the Group had a fleet of more than 7,800 drivers across the MENA region and Kazakhstan and intends to continue growing this fleet in line with the growth of the delivery business. The Group's brands are highly popular on restaurant aggregator platforms such as Talabat, Hunger Station, Jahez, Deliveroo and Glovo, across its countries of operation. The Group has long term agreements (typically five years) with strategic aggregator partners, and because the Group's own delivery fleet fulfils more than 80 per cent. of its orders (in 2021), aggregator platforms are used primarily for additional customer acquisition. In instances where the Group relies on its aggregator partners for delivery, the Group works closely with these platforms to ensure safe and efficient deliveries, without compromising food quality.

Following the onset of COVID-19 and the increased focus on health and safety by consumers globally, the Group prioritised the health and safety of both customers and employees, including through the introduction of contactless delivery and takeaway, as well as re-training its entire restaurant staff and drivers on health, safety and personal hygiene standards. The Group aims to maintain a sustained focus on consumer and employee health and safety through routine refresher training. The Group has also re-developed its menus for greater delivery and takeaway compatibility.

The Group has modernised and digitised its operations to meet customers' continually changing demands. In particular, the Group's focus on a frictionless customer experience, supported by culinary, technology and design innovations, have led it to achieve strong brand-health and brand relevance as well as supporting revenues growth. In April 2020, the Group launched its first proprietary mobile application for KFC on its proprietary digital platform in the UAE, through which consumers can explore the menu, find offers, place orders online and view real time order tracking. By 2021, the Group's KFC mobile application had been launched in seven countries including the UAE, Saudi Arabia, Kuwait, Egypt, Oman, Bahrain and Qatar. Further, the Group operates four other brand-specific mobile applications for Pizza Hut, Hardee's, Wimpy and Krispy Kreme across different MENA countries. As at 30 June 2022, the Group has launched 17 proprietary SuperApps.

History

The Group has more than fifty years of experience operating as the trusted and preferred operator for global QSR and casual dining brands. In 1964, the Group was founded in Kuwait and began its Wimpy operations in 1970, followed by KFC in 1973. Between 1964 and 2016, the Group diversified its franchise partnerships to include Pizza Hut in 1979, Hardee's in 1980, TGIF in 1994 and Krispy Kreme in 2006. During the same period, the Group expanded its operations to include restaurants in the UAE in 1979, Saudi Arabia in 1980, Morocco in 2001 and Kazakhstan in 2008. Most recently in 2022, the Group added Peet's Coffee to its iconic brand portfolio.

On 29 September 1984, the Former Parent Company listed on the Kuwait Stock Exchange. In the fourth quarter of 2016, PIF, the sovereign wealth fund of Saudi Arabia, and H.E. Mohamed Ali, founder of Emaar Properties, acquired a majority stake in the Group's parent company through their jointly-held investment vehicle, Adeptio AD Investments Ltd. This acquisition was followed by a mandatory tender offer (such transaction, the "**Adeptio Acquisition**") increasing the effective ownership of Adeptio AD Investments Ltd. in the Former Parent Company to 96.03 per cent. (including treasury shares), while the remaining four per cent. shareholding remained in the hands of over 180 minority shareholders. As a result, on 23 April 2018 the Former Parent Company voluntarily de-listed itself from the Kuwait Stock Exchange.

On 27 May 2022, the Company was incorporated as a wholly-owned subsidiary of the Former Parent Company and was named Americana Restaurants LTD. Before 27 June 2022, the Group's restaurant business was owned and operated by the Former Parent Company. On 27 June 2022, the Former Parent Company transferred all of its restaurant business to the Company. On 29 August 2022, the Former Parent Company transferred 96.03 per cent. of its shareholding in the Company to the Selling Shareholder and the remaining 3.97 per cent. to certain other legacy minority shareholders as part of the Former Parent Company's corporate reorganisation exercise. The Selling Shareholder is wholly owned by the Ultimate Parent Company. The shares of the Ultimate Parent Company are owned on a fifty-fifty basis by Mr. Mohamed Ali Rashed Alabbar and Gulf Food Investments, a subsidiary of PIF.

On 29 August 2022, (i) the Company re-registered as a public company limited by shares and (ii) the Company's name was changed from Americana Restaurants LTD to Americana Restaurants International PLC.

Following the Adeptio Acquisition, the Group's new management team embarked on a transformation journey, with a focus on improving its people culture, enhancing its operating standards and governance, streamlining processes, driving agility and innovation, and implementing technology solutions to achieve its growth ambitions. The Group's vision-mission-purpose statement (set out below) applies equally to team members in its restaurants, as well as its shareholders.

An aligned vision	**A common mission**	**An ultimate purpose**
To be the fastest growing and most trusted food operator in the world	To create awesome experiences for internal and external customers and amazing value for shareholders	To make a difference and create an impact in the restaurant, and communities where we operate

In August 2017, six "Americana values" were introduced that have played a key role in driving the transformation.

The Group's embrace and practice of these values continues to strengthen and support its performance driven culture.

In addition, the Group conducted a brand and portfolio optimisation exercise, and exited its underperforming, unscalable brands – reducing its brand count from 20 in 2016 to 11 as at 30 June 2022.

Further, with a focus on building a forward-looking, future-ready, opportunity-seizing organisation, the Group established its "transformation office" in 2019. The transformation office focuses on breakthrough value projects that go beyond incremental improvement, and provides a platform to rewire, rethink, and reimagine operating models to improve the business. Every year, this is achieved through a well-defined transformative funnel, which begins with the Group's management selecting, and then clearly defining and mapping as projects, its 10 biggest ambitions. Once the vision for each project is established, the Group assesses its internal capabilities, and then plans accordingly, forming teams and establishing bi-weekly ideation and review sessions with the leadership team to ensure constant progress and alignment between stakeholders. Key initiatives include developing the Group's own last mile platform, its dynamic pricing strategy, and VoC and Loyalty Program, among the other projects. In previous years, the transformation office successfully completed projects such as the Wimpy Relaunch in Egypt and SOS enhancement at restaurants across the Group.

Strengths

The Group believes it possesses several competitive advantages rooted in its heritage, scale and platform that differentiate it from other restaurant operators in the MENA region and Kazakhstan.

Standout Operator of Iconic Global Brands with Customer-Centric Operating Culture and Multiple Platform Efficiencies

The Group is the leading OOHD and QSR operator (based on the number of restaurants) in its 12 countries of operation, across the MENA region and Kazakhstan. It operates restaurants under a portfolio of 11 brands across key consumer verticals and occasions, including key QSR categories (chicken, burger and pizza), fast casual, casual dining, indulgence and coffee concepts, with the aim of maximising share of wallet within a complete, omnichannel ecosystem. The Group's diverse portfolio of iconic global brands includes KFC (the top global Chicken QSR brand by number of restaurants globally), Pizza Hut (the second largest global Pizza QSR brand), Hardee's (the iconic Burger QSR brand in the MENA region) and Krispy Kreme (the globally leading Indulgence and doughnut brand). With its proven track-record of success for over 50 years, the Group's platform attracts internationally successful brands. The Group replicates, improves and adapts to local tastes with tried-and-tested dining solutions from some of the world's most popular brands. Additionally, the Group enjoys multi-decade global brand equity and highly embedded customer trust, appeal and preference.

The Group believes it has been able to consistently serve as a trusted and preferred partner for franchisors through its unique strengths as a multi-brand and multi-region operator.

Culture of Operating Excellence

The Group is deeply focused on product quality, SOS and overall customer experience, and embeds related key performance indicators in its managerial and remuneration decisions.

The Group's service standards have earned its restaurants numerous awards and accolades within its franchisors' systems, with the Group-managed KFC brand, for instance, ranking amongst the top global markets according to the to the Yum's third-party ROCC during 2019 to 2021. All of the Group's Power Brands are recognised as top quartile performers by their respective franchisors. The Group has a performance-driven culture that incentivises employees at all levels to pursue high standards of excellence, guest service and financial performance. This culture was instilled by the new management team introduced after the Adeptio Acquisition, and has enabled a significant improvement in compliance scores across brands, for instance, driving an improvement in KFC ROCC score from 64 per cent. in 2017 to 90 per cent. in 2021.

Alignment of incentives across all employee levels, combined with the Group's organisational agility, allowed for rapid and successful transformation and improvement to the Group's operations, during the COVID-19 pandemic. For instance, between 2019 and 2021, the Group pivoted its strategy and operations to focus on growing its delivery capabilities, which significantly increased restaurant productivity. The average number of employees per restaurant decreased from 20.6 for the year ended 31 December 2019 to 19.0 for the year ended 31 December 2021 while revenues increased by 8.5 per cent. during the same period.

In 2021, the Group, after identifying the potential through its transformation office, prioritised improving its SOS, a key metric in the QSR industry. With the objective of improving customer experience, throughput and productivity in restaurants, the Group's SOS enhancement programme carefully analysed existing service-times of dine-in, take-away and drive thru, and other aspects including restaurant layout, restaurant organisation, operation systems and staff recognition. As a result: (1) in-restaurant SOS dashboards are now available in KFC, Hardee's, Pizza Hut and Wimpy restaurants, and these dashboards not only monitor speed of order-taking and food preparation (by restaurant and day) but also provide actionable insights to improve the same, (2) speed playbooks and diagnostic tools were also rolled out to train entire operations teams, from brand COO to team members, (3) SOS competitor benchmarking was also carried out with support of restaurant support staff, (4) restaurant team member feedback was collected and analysed, (5) a daily/weekly performance ranking of area managers was implemented, fostering a spirit of friendly competition and (6) recognition and rewards were given whenever any restaurant broke its own peak hour record transactions.

Strong Franchisor Relationships

The Group has a 100 per cent. IFA retention record (other than brands which it exited voluntarily and intentionally). The Group has a well-established footprint in some of the most attractive countries for OOHD across the MENA and Kazakhstan region, with well-developed omnichannel and multi-format capabilities, a long track record of delivery and in-house expertise. The Group has been a partner of choice for iconic global brands with its longest-standing relationships going back approximately 50 years. For all of its territories and brands, where the Group has the territory-franchise rights, it is the only franchisee within that territory (save for the limited exceptions of Pizza Hut in Jeddah, and certain non-traditional channels like military bases and airport locations).

Synergies of Scale

The Group's management of multiple brands and markets is backed by a single operational platform, which creates significant efficiencies and negotiating strength through its combined purchasing power, including *vis-à-vis* suppliers, landlords, contractors, aggregators and other counterparties. The Group's shared use of key assets, systems and resources results in a number of benefits, including:

- **Strategic supplier partnerships and sourcing strategies:** The Group's scale and significance allows it to establish a significant degree of diversification in its supply structure. The Group's abilities to reduce supply costs and leverage joint purchasing are further supported by its relationship with the Former Parent Company, which acts both as a supplier of select products as well as a partner in the procurement for key input categories such as french-fries, beef and other protein products (see "*Related Party Transactions*").

- **Multi-brand warehousing:** The Group has a well-invested supply chain infrastructure, capable of supporting future growth across the platform with a network of 38 multi-brand warehouses.

- **Optimised and lean shared services**: The Group has built a strong end-to-end value chain to support its business across 12 countries and all brands. Central functions, such as finance, technology, supply chain management, procurement, quality assurance, culinary, real estate, design & construction and administration, are represented in each country and support the Group's business across all brands, thus enabling consistency, agility and synergies.

- **Last mile capabilities and driver pooling, for improved productivity:** The Group's digitised last mile capability also enables optimised driver utilisation and ensures SOS targets are met. In particular, the Group's platform allows the sharing of its fleet of delivery drivers, who fulfil orders across all the Group's restaurants in a given area, irrespective of brand.

Innovation Focus

The Group actively pursues category, channel and operational innovation and it approaches innovation with a 360-degree view that touches the entire value chain of the Group's brands and business. The Group introduces specific local products, menus and bundle innovations designed to enhance appeal to local tastes and preferences of its global brands. The Group is equally focused on bringing new experiences to its consumers, being the first franchisee to introduce stone oven artisanal pizzas to the international Pizza Hut brand in 2022, and is expecting to introduce in-restaurant robotics in partnership with Miso Technologies at its forthcoming Wimpy restaurant in the UAE.

The Group believes it has one of the strongest home delivery and off-premise businesses in the region, primarily due to its investment in light, highly adaptive physical assets, as well as the Group's own delivery fleet, which leverages high route densities and attractive channel economics. As at 30 June 2022, the Group had a fleet of more than 7,800 drivers across the MENA region, and it intends to grow this fleet in line with the growth in the business.

Market Leader in an Attractive Region, Supported by Structural Tailwinds

The Group is the leading OOHD and QSR operator based on the number of restaurants in its 12 countries of operation, across the MENA region and Kazakhstan, which collectively represented a $56 billion OOHD market in 2021, growing at an estimated CAGR of 14 per cent. in USD terms over the period 2022 to 2026, compared to only three per cent. over the same period in developed markets such as the United States, UK, Canada and Australia (source: Euromonitor International Report). Through its multi-brand, multicategory platform encompassing principal QSR segments (including Fast Casual, Indulgence, Casual Dining and Coffee), the Group addresses a significant share of the overall OOHD market. For instance, the share of the Group's addressable and service segments in its key markets, as at 2021, comprised approximately 81 per cent. of the overall OOHD category in value terms in Saudi Arabia, 71 per cent. in the UAE, 65 per cent. in Kuwait and 36 per cent. in Egypt (source: Euromonitor International Report). Across its countries of operation, the Group is the clear number one diversified operator of OOHD brands by number of restaurants, with continuous increase in its market shares across the OOHD market and its key subsegments over years 2019-2021. The Group is also the number one QSR operator, both in terms of number of outlets and revenues across its 12 countries, as well as in the top three position in each country of operation by value of sales. It has a larger restaurant footprint than the combined operations of the next four largest restaurant players in its countries of operation. The Group believes its leadership is particularly evident in the Chicken QSR segment, where the KFC brand, for which the Group is one of the largest franchisors across the MENA region and Kazakhstan, is a clear market leader with strong appeal to local tastes and chicken-focused dining traditions.

The Group's markets benefit from strong macro and socio-economic tailwinds supporting strong consumer disposable income growth, changing consumption habits and resulting in further development of the OOHD market and its subsegments. While these markets are geographically, economically, socially and ethnically diverse and distinct from each other, they share common characteristics that differentiate them globally, such as fast-growing economies with high GDP growth rates (e.g., a forecast GDP CAGR of 6.8 per cent. in annual nominal USD terms across the Group's 12 countries of operation between 2022 and 2026, compared to 4.5 per cent. across developed markets over the same period), a large share of young population cohorts (e.g., 55 per cent. of population below 30 years of age as at 2021 across the Group's 12 countries, compared to 37 per cent. across developed markets over the same period), and overall high population growth (a forecast CAGR of 1.4 per cent. annually across the Group's 12 countries between 2022 and 2026 compared to 0.5 per cent. across developed markets over the same period) (source: Euromonitor International Report). Many of the Group's markets, in particular in the GCC countries, also benefit from large government-led economic transformation and diversification projects, high purchasing power parity, large-scale new infrastructure development and high overall level of economic resilience, underpinned by stable currencies pegged to the US dollar or currency baskets. Overall, 80 per cent. of the Group's revenues for the year ended 31 December 2021 came from countries with such stable currencies.

Given the macroeconomic tailwinds supporting the sector, there is an increasing supply of restaurant capacity in the markets, particularly by international brand operators, such as the Group itself. Overall, however, the OOHD market and its subsegments remain underpenetrated in relative terms from both a demand and supply perspective, with overall number of OOHD outlets per 10,000 population more than three times lower in the Group's core markets versus developed markets, and more than eight times lower in terms of outlet penetration in the Chained QSR segment, where the Group generates most of its revenues (source: Euromonitor International Report).

Attractive financial model with strong unit economics and efficient capital deployment

The Group's business has strong revenues growth momentum, high profitability, and a significant cash generation track record. The Group's financial performance for the year ended 31 December 2021 improved upon the Group's performance for the year ended 31 December 2019, showing a strong rebound from the COVID-19 pandemic. The Group generated $2.05 billion in revenues for the year ended 31 December 2021 (an increase of 8.5 per cent. from the year ended 31 December 2019) with Adjusted EBITDA of $464 million, Adjusted EBITDA Margin of 22.6 per cent., Net Profit attributable to parent of $204 million and Net Profit Margin of 9.9 per cent. The Group generated Adjusted Free Cash Flow of $229 million with 75.4 per cent. Adjusted Free Cash Flow Conversion for the year ended 31 December 2021. In addition, for the six months ended 30 June 2022, the Group achieved 16.2 per cent. Like-for-Like Revenues Growth. The Group's Average Payback Period was 1.7 years for restaurants opened in the years ended 31 December 2021 and 2020.

Strong revenue momentum following portfolio re-balancing and business transformation

The Group has strong revenue momentum, and achieved higher revenues for the year ended 31 December 2021 as compared to the year ended 31 December 2019, despite the impact of COVID-19 primarily due to its smart pricing and marketing efforts. The Group has achieved 16.2 per cent. Like-for-Like Revenues Growth for the six months ended 30 June 2022. The Group's smart pricing is executed through a dedicated team of revenue management and data scientists who study price elasticity continuously. This helps the Group identify the right balance between maximum value to customer and the Group's margin. The Group has prioritised its focus areas and has strategically divested brands it believes have revenues potential of less than $50 million annually, which reduced its number of brands from 20 brands in 2016 to 11 brands as at 30 June 2022. The majority of the Group's restaurant closures historically have been driven by portfolio optimisation and brand rationalisation, which is now substantially complete, and as a result, the Group believes the portfolio is now significantly healthier than previously.

The Group's historical revenues growth has been relatively consistent, but for the impact of portfolio optimisation and the COVID-19 pandemic. The Group had 19 per cent. revenues growth for the six months ended 30 June 2022 as compared to the six months ended 30 June 2021, as a result of both 16.2 per cent. Like-for-Like Revenues Growth, and new restaurant openings.

The below table indicates the Group's year-on-year revenues growth anchored by Power Brands.

	For the year ended 31 December				
	2017	2018	2019	2020	2021
			(US$ millions)		
Power Brands	1,467	1,581	1,677	1,442	1,896
Growth / Niche brands	186	182	174	108	132
Other Brands	52	47	39	27	24
Total Revenues	**1,705**	**1,810**	**1,890**	**1,578**	**2,052**

The below table indicates the Group's Year-to-Year Like-for-Like Revenues Growth for the periods indicated (in each case, as compared to the same quarter in the preceding year).

	2021				2022	
	Q1	Q2	Q3	Q4	Q1	Q2
Year-to-Year Like-for-Like Revenues Growth (%)…….	10.5%	106.0%	24.0%	13.0%	16.5%	15.9%

For the three months ended 31 March 2022, Average Cheque Growth was 2.1 per cent. and 1.7 per cent. for the three months ended 30 June 2022. Growth in number of transactions was 14.1 per cent. for the three months ended 31 March 2022 and 14.0 per cent. for the three months ended 30 June 2022.

High profitability rooted in strong unit economics

Backed by strong platform efficiencies and cost optimisation benefits, the Group achieved a 22.6 per cent. Adjusted EBITDA Margin, a 9.9 per cent. Net Profit Margin for the year ended 31 December 2021 and an Average Payback Period of 1.7 years for restaurants opened in the years ended 31 December 2021 and 2020. The Group's growth and customer focus has fostered a cost-conscious culture and this has helped the Group improve margins in parallel to significant investment in technology.

Efficient capital expenditure deployment and cash generative business

The Group's capital deployment is disciplined, with a strong focus on new restaurant openings, followed by investments in technology and restaurant remodelling. Efficient restaurant formats and rigour in organisational management through due diligence, an experienced investment committee, use of procurement management techniques such as standardised bills of quantity, and other tools has contributed to industry leading new restaurant opening Average Payback Period of 1.7 years (for restaurants opened in the years ended 31 December 2021 and 2020), versus the typical industry average which management believes to be three to five years.

The Group's Net Working Capital as a percentage of revenues was negative 11 per cent. (as at 31 December 2021) which is a significant improvement since the Adeptio Acquisition. This has been backed by the Group's efforts to focus on improving its inventory, payables and receivables management, resulting in negative trade working capital days. This negative working capital has created a virtuous cycle which results in more cash generation as the Group grows its business, which can be re-invested in the business for future growth.

Powerful Digital Platform with an Advanced Technology Stack

Over recent years, the Group has made significant investments in its front and back-end business intelligence systems, and has created what the Group believes to be one of the MENA region's most advanced digitally driven platforms in the food service industry. On the front end, the Group operates 17 proprietary, brand-specific customer facing applications it refers to as SuperApps, which have multi-country and multi-currency functionality. The SuperApps, together with partnering aggregators and the Group's call centres, form the core enablers of the Group's home delivery offering.

The SuperApps have been downloaded more than eight million times as at 31 December 2021 with an average rating of 4.4 (out of 5.0). The number of transactions on the SuperApps has increased from 0.3 million for the year ended 31 December 2019 to 4.7 million for the year ended 31 December 2021 and revenues derived from orders through the SuperApps have increased from $5 million for the year ended 31 December 2019 to $78 million for the year ended 31 December 2021.

The Group is further augmenting its digital platform with the development of a single cross-platform CRM and a VoC query resolution solution, developed exclusively by the Group in partnership with Sprinklr, a

US based software company that specialises in customised customer experience management platforms. The Group has also invested in advanced front-of-house technology, launching self-ordering kiosks, digital menus, car hops and other innovations to create a more seamless and efficient ordering experience for its customers.

This digital ecosystem allows the Group to gather direct insights into customers' preferences, drive loyalty and maximise share of wallet with personalised offers, while promoting a high-quality customer experience. The ecosystem approach is reinforced by the Group's deliberate focus on controlling the "last mile" of order fulfilment. In 2021, approximately 81 per cent. of the Group's home delivery orders placed on either aggregator platforms or the Group's SuperApps and call centres were fulfilled by the Group directly, with an average delivery time of 26 minutes for approximately 45 million deliveries. As a result, the Group believes it has one of the MENA region's largest home delivery businesses.

The Group has also invested in the development of its own and third-party systems to improve the effectiveness of its business operations, enhance the agility of the business, and the speed and quality of key business decisions. The entirety of the Group's operations is enhanced through the "machine+human" approach, for instance, by leveraging custom location software provided by Tango. Tango is a company specialising in smart lease management and, together with the Group, has developed a location search algorithm and database in conjunction with the local development teams' expertise to constantly fill, expand and progress a pipeline of new locations for the Group's restaurants.

The Group's FOH and BOH capabilities are well-integrated to ensure reliable and timely provision of business-critical data. For instance, as at 30 June 2022, all of the Group's 2,050 restaurants, call centres, SuperApps and delivery aggregators provide live data feeds into the Group's business information system which are used to drive decisions on pricing, resource allocation and supply.

Well-invested, Diversified Supply Chain Infrastructure Supporting Future Growth

The Group believes its supply chain infrastructure is a competitive advantage, given its regional presence. The Group leverages the significant scale of its business to build a robust operation which ensures maximum stock availability while keeping working capital requirements at a minimum. This is achieved by a mix of experienced professionals at the Group and partnerships with third parties. Regardless of ownership, supply chain performance is measured by industry-standard measures such as the "On Time In Full" standard, while maintaining a continuous improvement mindset.

The Group places strong focus on supply diversity, consistency and cost discipline with a global supply network, a balanced approach towards imports versus locally sourced products and low supplier concentration. The Group's top 10 suppliers (excluding the Former Parent Company and its affiliates) account for only 36 per cent. of Direct Spend for the year ended 31 December 2021). Other than the Former Parent Company and its affiliates, no single supplier has represented more than 10 per cent. of Direct Spend on supplies in the period covered by the Financial Statements. The Group benefits from significant bargaining power with 86 per cent. of its Direct Spend for the year ended 31 December 2021 being centrally managed, as well as due to long standing relationships with trusted supply parties and reduced dependence on external parties with the Former Parent Company providing 16 per cent. of Direct Spend for the year ended 31 December 2021.

Experienced Management Team with a Proven Track Record of Delivery Supported by Strong Shareholders

The Group's management team was significantly reinforced in the years following the Adeptio Acquisition in 2016. The Group's current CEO, Mr. Amarpal Singh Sandhu, was assigned responsibility for the restaurants business of the Former Parent Company in 2019, and the Group's current CFO and Chief Growth Officer, Mr. Harsh Bansal, joined the Former Parent Company immediately following the Adeptio Acquisition.

Through the support of its shareholders and efforts of the current management, the Group has experienced significant improvements to its portfolio, growth and profitability profile. The Group has simplified its brand portfolio to focus on its most attractive brands, reducing its count from 20 brands in 2016 to 11 as at 30 June 2022, and rebalancing its restaurant portfolio to emphasise its Power Brands. Between 1 January 2017 and 31 December 2021, the Group closed 285 restaurants to focus on improving the Like-for-Like Revenues Growth in its continued portfolio. As a result, the Group's flagship KFC brand increased its

Average Unit Volumes from $1.2 million per restaurant for the year ended 31 December 2017 to $1.5 million per restaurant for the year ended 31 December 2021, representing a CAGR of 6.9 per cent. Further, portfolio optimisation with an emphasis on Like-for-Like Revenues Growth, combined with continued restaurant openings, resulted in a revenues CAGR of 4.7 per cent. over the period (6.6 per cent. CAGR for the Group's Power Brands).

In addition, a focus on higher sales densities and exits from unprofitable locations, the introduction of stricter cost discipline and zero-based budgeting, the streamlining of internal processes and a comprehensive technology adoption across the business have driven an increase in profitability of the Group, despite COVID-19-related closures and additional costs for the year ended 31 December 2020. The Group's Adjusted EBITDA Margin (pre-IFRS 16) increased from 13.4 per cent. for the year ended 31 December 2018 to 15.0 per cent. for the year ended 31 December 2021, and its Net Profit Margin increased from 7.3 per cent. to 9.9 per cent. during the same period.

The above transformational changes introduced by the management have been accompanied by a comprehensive shift towards a performance and KPI driven values-led culture. The Group believes that its "culture of performance" and "customer obsession" are key to its position as the leading restaurant platform in the MENA region and are instrumental in fulfilling the management's vision to become a globally leading restaurant operator delivering the greatest customer value, trust and impact.

Over recent years, the Group has managed to enhance employee retention across all organisation levels and has transformed internal processes by creating a relatively non-hierarchical organisational structure despite significant levels of complexities across countries, brands and channels. Through high operational data focus, a KPI-driven incentive structure and numerous tools automating and simplifying data operations, management believes they have created a highly transparent, meritocratic and supportive work environment, which has been recognised with the "Exceptional Workplace" award by Gallup in 2022.

Strategies

The Group aims to continue its growth and development through four principal strategic levers:

Growth in Restaurant Portfolio

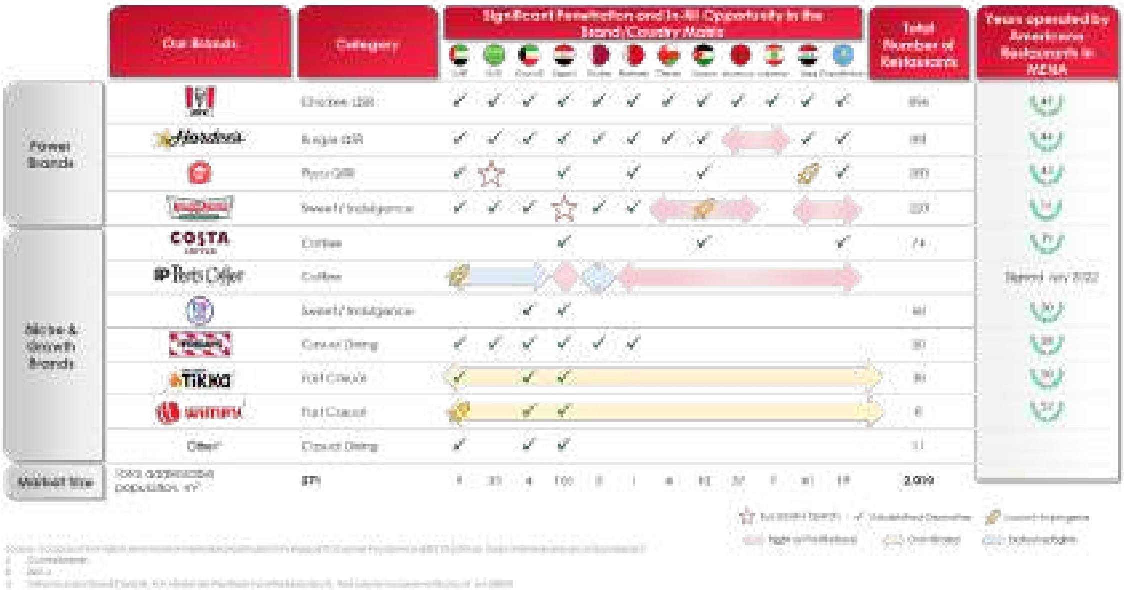
Given the relatively low levels of penetration across its markets and existing gaps in its country and brand presence, the Group sees significant further rollout potential across its entire portfolio. The Group expects its Power Brands, KFC, Pizza Hut, Hardee's and Krispy Kreme, to continue to contribute significantly to new restaurant growth in the medium term. Within the Group's current brand portfolio and cross-border network, the Group expects to deliver between 250 and 300 net new restaurant openings per annum in the medium term, whilst maintaining a similar level of geographical focus on GCC countries and increasing focus on its brands such as Krispy Kreme, Wimpy and Peet's Coffee. The Group distinguishes among three vectors of its portfolio development: deeper penetration of existing markets, expansion (in existing and new markets) and entry into new categories, in each case underpinned by its core rollout capabilities.

Drive Deeper Penetration

In the markets where the Group has an established presence, it sees further potential to grow its market share and scale, as the overall OOHD market continues to grow and new whitespace is created through, for instance, new urban developments, as well as the continued shift from traditional and fragmented operations to modern restaurant chains with highly desirable, iconic global brands. In particular, the Group seeks to reinforce its clusters with "restaurants of the future", with smaller and more productive restaurants with a deliberate focus on off-premise consumption, as well as with new concepts such as drive thru and car hops, and new food destinations. At the same time, the Group seeks to maintain its strict discipline on restaurant portfolio quality and may continue to carve out or relocate select restaurants not meeting its IRR expectations.

Expansion Across the Group's Markets

The Group believes that it has a significant "right to play" in its countries of operation, meaning that some of the brands in its portfolio are not yet present in the geographies where the Group already has either the right to operate, or has a right of first refusal with the franchisor. For instance, the Group was only recently awarded rights to operate Pizza Hut in Saudi Arabia (excluding Jeddah) and Iraq, and the Group has not yet deployed the Krispy Kreme brand in half of its markets. Similarly, for its proprietary brands, the Group sees significant potential to drive rollout beyond its current countries of operation.



Entry into New QSR Categories

The Group's ambition is to provide comprehensive food service across all principal categories and occasions, thereby maximising its share of wallet with consumers. The Group, therefore, sees significant strategic upside in adding new niches to its offering, such as salads, juice bars, ethnic food and others. In particular, the Group is currently focused on development of its coffee vertical with the ongoing launch of Peet's Coffee in the UAE. The Group's exclusive franchise and development agreement with Peet's Coffee allows the Group to launch the Peet's Coffee brand in the GCC markets of the UAE, Saudi Arabia, Kuwait and Qatar, providing a powerful new opportunity to tap into the region's booming coffee market.

Like-for-Like Revenues Growth

The Group aims to continue driving revenues growth at its existing restaurants. It believes marketing, smart pricing and innovation execution are key drivers of its Like-for-Like Revenues Growth. The size and scale of the Group's brands make it one of the biggest marketing and advertising spenders across the MENA region and Kazakhstan. The Group's advertising spend allocation is in the process of a significant shift towards digital and social media marketing, and other mediums such as outdoor, television and radio.

While the Group's QSR brands enjoy mass appeal to all significant customer segments, to attract younger consumers and drive salience with the 18-to-45-year female and male cohorts, the Group (and its brands) also actively engages genre-relevant social influencers, food bloggers and YouTube artists, in addition to seeking to engage and emotionally connect with younger consumers via gaming, sports and music. The Group rigorously reviews the annual marketing and advertising plans for each brand to generate strong and sticky messaging on product love, value for money, capturing occasions and brand connect. The Group's key objectives for these campaigns are to drive retention, trial, repetition and relevance.

In addition, the Group expects to continue its digital investment to further enhance its ability to gain additional customer wallet share across its existing footprint. This is enabled by off-premise focus of the restaurant portfolio on the physical infrastructure side, as well as digitally through the leveraging of a cross-brand CRM, the expected launch of a digital loyalty program, and other enhancements to the Group's loyalty and retention toolkit. In addition, the Group believes that its commitment to product quality and innovation, operational excellence and delivering the best customer experience will further support customer satisfaction, engagement and retention. The Group has rigorous and regular review processes in place to evaluate and improve the product, price and experience offerings. A strong value proposition for each of its brands in the portfolio is central to staying ahead of consumer needs and their ever-changing habits.

Margin Expansion

The Group believes that its focus on cost discipline is reflected in its zero-based budgeting approach across the organisation, where the Group continuously aims to identify opportunities for efficiencies in operating expenses and driving value through matrixed driver-based budgets, dual ownership and accountability, tracking and clear KPIs across the entire profit and loss statement. In addition, the Group believes its ability to pass on the inflationary cost impacts through smart pricing, a focus on the quality of its restaurant portfolio and restaurant management efficiencies (such as waste reduction, demand forecasting, labour scheduling and production planning), and its use of real-time integrated software systems will allow it to maintain and strengthen restaurant-level profitability. The Group expects to see support for its margins through cyclical renormalisation of commodity costs and pricing initiatives, as well as post-COVID-19 normalisation of home delivery channel mix. In addition, the Group believes that increasing revenues will contribute to margin-enhancing operating leverage, at both individual restaurant and Group levels. The Group targets an Adjusted EBITDA Margin expansion between 250 and 300bps in the medium term.

Optionality in the Platform

As a trusted and preferred franchise partner for global owners of restaurant brands, the Group engages in discussions for new potential franchising opportunities on an ongoing basis. While the Group may not be permitted to add brands in direct competition with its portfolio of existing brands, it believes it has the infrastructure, pan-regional presence and know-how to operate in a wide range of occasions and formats and will be considering other potential additions to the platform in the short-to-medium term.

As the leading restaurant operator in the MENA region with a strong balance sheet and cash generation track record, the Group may additionally consider strategic actions, such as the entry into new geographic markets or in-market consolidation, encompassing both potential brand and restaurant portfolio acquisitions. As at 30 June 2022, the Group has no concrete plans to acquire specific assets, however the Group consistently evaluates opportunities to potentially pursue in the near term.

Guidance

The Group expects to maintain a similar balance between its current exposure in the GCC and non GCC countries, which was 77.1 per cent. and 22.9 per cent. of Group revenues for the year ended 31 December 2021 and was 78.9 per cent. and 21.1 per cent. of Group revenues for the six months ended 30 June 2022. However, it is expecting some of its brands to grow faster in Saudi Arabia where the Group was recently awarded rights to operate the Pizza Hut brand (excluding Jeddah). In addition, over the last two years the Group has opted to shift towards smaller physical units with a higher focus on off-premise consumption and invested heavily in delivery operations to respond to the post-COVID 19 environment. With the aforementioned developments in mind, the Group is targeting to reach approximately 2,200 restaurants by the end of 2022 and to open between 250-300 net new restaurants per annum thereafter, over the medium term. The Group expects its annual restaurant closure rate to be around 1.5 per cent. of its total restaurant count over the medium term. As a result, the Group is targeting a solid medium-term mid-single digit Like-for-Like Revenues Growth and aiming to double the total revenues which the Group generated for the year ended 31 December 2021 over the medium term.

In 2022, the Group anticipates its Adjusted EBITDA Margin to be marginally better compared to the level reached during the year ended 31 December 2021. Going forward, from 2023 the Group expects to see a margin expansion between 250 and 300bps in the medium term driven by (1) cyclical re-normalisation of commodity costs and pricing initiatives; (2) post COVID-19 home delivery channel mix to stabilise; (3) the impact of Like-for-Like Revenues Growth and restaurant productivity improvements; and (4) operating leverage through the Group's well-invested, single back-end platform. Costs relating to the TSA, under which the Former Parent Company provides certain services to the Group, which are captured within EBITDA are priced at 0.25 per cent. of revenues and capped at $7.5 million annually. Similar costs are reflected at their historical cost in the carve-out accounts.

The Group anticipates its effective tax rates on a Group level will reach approximately eight per cent. over the medium-term (taking into account expected implementation of tax increase in the UAE). This tax increase is expected to be phased in beginning 2022 and throughout 2024. The Group expects Net Working Capital to stay at approximately negative nine to 10 per cent. of revenues in 2022 and remain at approximately similar levels in the near-to-medium term.

The Group expects its depreciation on property and equipment, right of use assets and finance lease interest, as presented in the income statement, to remain between approximately similar rates to historical levels, 10.5 to 11.0 per cent. of the Group's revenues from 2023 onwards.

The Group expects maintenance and information technology capital expenditures as a percentage of revenues to remain stable at around 2.5 per cent. of revenues going forward, which is in line with the historical percentage. Additionally, the Group expects growth capital expenditures per new restaurant, which includes each restaurant's initial franchise fee, to remain at approximately $330,000 per restaurant. The Group expects royalties to increase moderately in proportion to the Group's revenues from 2022 to 2023 and to remain stable thereafter. The Group expects to mitigate any potential inflationary increases in respect of growth capital expenditures through smaller format restaurants and ongoing capital expenditure optimisation initiatives.

The Group does not expect to raise any additional debt in the medium term but will retain flexibility to add more leverage in the future to help support any potential corporate activities such as acquisitions. The Group targets a partial dividend distribution of approximately 75 per cent. of the expected Net Profit attributable to parent from the second half of 2022. This dividend distribution, intended to be paid in cash, is envisaged to take place during the first half of 2023.

From 2023 onwards, the Group expects to adopt an annual dividend distribution policy. The Group intends to distribute a minimum of 50 per cent. of the Net Profit attributable to parent, with the further intent to distribute any cash not specifically reserved for general corporate purposes, growth investment or acquisition activity. The first full year dividend from the Net Profit attributable to parent earned in 2023 would be payable to shareholders in the first half of 2024.

Operations

The Group is an omnichannel platform for iconic restaurant brands which leverages a suite of third party and its own best-in-class integrated systems that support over 2,000 restaurants across 12 countries as at 31 December 2021, processing over 150 million orders per year across various channels such as dine-in, take-away, drive thru, car hop and home-delivery. Further, as at 30 June 2022 the Group had its own fleet of over 7,800 drivers under the home delivery channel who are responsible for last mile delivery fulfilment across the Group's brands. As at 31 December 2021, average delivery time was 26 minutes.

While the Group operates 11 different brands, it focuses on four Power Brands: KFC, Pizza Hut, Hardee's and Krispy Kreme. The following table sets forth a breakdown of the Group's revenues and revenues contribution categorised by brands:

	For years ended 31 December			**For six months ended 30 June**	
	2019	**2020**	**2021**	**2021**	**2022**
	Revenues Contribution (US$ millions) / % of Total Revenues				
Power Brands					
KFC	1,053.4 (56%)	918.1 (58%)	1,236.1 (60%)	589.6 (61%)	696.8 (60%)
Hardee's	347.5 (18%)	267.2 (17%)	350.1 (17%)	165.5 (17%)	203.8 (18%)
Pizza Hut	212.0 (11%)	196.3 (12%)	236.6 (12%)	111.7 (12%)	126.3 (11%)
Krispy Kreme	64.0 (3%)	60.4 (4%)	73.7 (4%)	34.2 (4%)	43.0 (4%)

	For years ended 31 December			For six months ended 30 June	
	2019	2020	2021	2021	2022
	Revenues Contribution (US$ millions) / % of Total Revenues				
Other Brands[(1)]	213.2 (11%)	135.8 (9%)	155.3 (8%)	67.1 (7%)	82.0 (7%)
Total Revenues	**1,890.2**	**1,577.8**	**2,051.7**	**968.1**	**1,151.9**

(1) 'Other Brands' comprises TGIF, Costa Coffee, Baskin Robbins, Chicken Tikka, Wimpy, Grand Café, Fish Market, Pavilion and Red Lobster (the Group exited Red Lobster partnership as at June 2022).

Similarly, while the Group operates in 12 jurisdictions across the MENA region and Kazakhstan, it is focused on four key countries: the UAE, Saudi Arabia, Kuwait and Egypt. The Group's business outside the four key countries are of varied size and scale. The following table sets forth a breakdown of the Group's revenues and revenues contribution categorised by country of operation:

	For years ended 31 December			For six months ended 30 June	
	2019	2020	2021	2021	2022
	Revenues Contribution (US$ millions) / % of Total Revenues				
Key Jurisdictions					
UAE	540.1 (29%)	476.3 (30%)	598.5 (29%)	279.3 (29%)	339.0 (29%)
Saudi Arabia	405.5 (21%)	340.4 (22%)	434.9 (21%)	212.6 (22%)	254.9 (22%)
Kuwait	308.1 (16%)	225.3 (14%)	330.7 (16%)	154.2 (16%)	189.6 (16%)
Egypt	225.8 (12%)	187.7 (12%)	247.7 (12%)	110.9 (11%)	131.4 (11%)
Other Jurisdictions[(1)]	410.7 (22%)	348.1 (22%)	440.0 (21%)	211.2 (22%)	237.1 (21%)
Total Revenues	**$1,890.2**	**$1,577.8**	**$2,051.7**	**$968.1**	**$1,151.9**

(1) 'Other Jurisdictions' include Qatar, Kazakhstan, Jordan, Oman, Bahrain, Lebanon, Morocco and Iraq.

The following table sets forth a breakdown of the Group's revenues and revenues contribution categorised by channel:

	For years ended 31 December			For six months ended 30 June	
	2019	2020	2021	2021	2022
	Revenues Contribution (US$ millions) / % of Total Revenues				
Key Channels					
Home Delivery	571.0 (30%)	650.5 (41%)	863.2 (42%)	426.3 (44%)	459.8 (40%)
Takeaway	526.6 (28%)	390.1 (25%)	506.5 (25%)	238.6 (25%)	282.4 (25%)
Dine-in	599.8 (32%)	304.7 (19%)	389.3 (19%)	161.9 (17%)	232.3 (20%)
Drive thru	149.9 (8%)	168.8 (11%)	211.4 (10%)	104.3 (11%)	115.2 (10%)
Others[(1)]	42.8 (2%)	63.8 (4%)	81.3 (4%)	37.1 (4%)	62.1 (5%)
Total Revenues	**1,890.2**	**1,577.8**	**2,051.7**	**968.1**	**1,151.9**

(1) 'Others' comprises kiosk, car hop and catering.

The following table sets forth a breakdown of the jurisdictions where the Group has opened restaurants by brand, the number of restaurant locations across the MENA region and Kazakhstan and number of years of operation for each brand as at 30 June 2022.

Jurisdictions

	UAE	**Saudi Arabia**	**Kuwait**	**Egypt**	**Qatar**	**Bahrain**	**Oman**	**Jordan**	**Morocco**	**Lebanon**	**Iraq**	**Kazakhstan**	**Total Number of Restaurants Operated by the Group**	**Total Number of Years of Operation**
Power Brands														
KFC	X	X	X	X	X	X	X	X	X	X	X	X	900	49 years
Pizza Hut	X	X		X		X		X				X	284	43 years
Hardee's	X	X	X	X	X	X	X	X			X	X	386	42 years
Krispy Kreme	X	X	X	X	X	X							243	16 years
Other Brands														
Costa Coffee				X				X				X	70	19 years
Baskin Robbins			X	X									60	30 years
TGI Fridays	X	X	X	X	X	X							50	28 years
Chicken Tikka	X		X	X									30	50 years
Wimpy			X	X									18	52 years
Other[1]	X		X	X									9	-

(1) 'Other' includes Grand Café (2), Fish Market (6), Pavilion (1)

KFC

Overview

The Group has a long-standing relationship with affiliated companies of Yum (more than 54,000 restaurants worldwide) which owns the KFC and Pizza Hut brands. While historically, the Group's KFC restaurants were built to cater to customers dining in-person or ordering take-out, the Group has methodically been implementing omnichannel access/solutions to allow customers other dining options as well including drive thru, car hops, click and collect, kiosks and home delivery. In response to rapidly changing consumer preferences in recent years and to further penetrate some developed markets such as the UAE, the Group has implemented the infill strategy over the last two years by building smaller physical formats in addition to the standard restaurants. The strategy has provided customers with a variety of convenient channels and touchpoints to access the Group's KFC restaurants or order food off-premise.

The Group's KFC restaurants achieved $1.2 billion in revenues in the year ended 31 December 2021, with 19 per cent. of revenues generated on-premise and 81 per cent. of revenues generated off-premise (including home delivery, drive thru, takeaway, car hop and catering). Between 2017 and 2021, Average Unit Volume for the Group's KFC restaurants increased from $1.2 million to $1.5 million, representing a growth of 25 per cent. The Average Payback Period for the Group's KFC restaurants was 1.6 years (for restaurants opened in the years ended 31 December 2021 and 2020) and total revenues growth between the six months ended 30 June 2019 and the six months ended 30 June 2022 was 38.3 per cent.

The following table indicates the number of the Group's KFC restaurants in each of the Group's countries of operation as at 30 June 2022.

Country	Number of Restaurants
Bahrain	23
Egypt	169
Iraq	8
Jordan	27
Kazakhstan	68
Kuwait	70
Lebanon	18
Morocco	21
Oman	41
Qatar	54
Saudi Arabia	217
UAE	184

History

The Group opened its first KFC restaurant in Kuwait in 1973 and since then has steadily expanded into 12 countries across the MENA region and Kazakhstan. The Group is a clear leader in the Chicken QSR segment based on the number of restaurants. The Group's KFC brand holds the number one position in the Chicken QSR segment across the total of all 12 countries of operations according to the Euromonitor International Report. As at 31 December 2021, the Group operated 896 KFC restaurants in 12 countries. As at 30 June 2022, the Group operated 900 KFC restaurants in 12 countries. The Group's vision is for KFC to be "the most trusted & loved chicken brand" in its countries of operation.

Relationship with master franchisor and key terms of agreement

The Group has worked with Yum (and/or its affiliates) since opening its first KFC restaurant in 1973. As such, the Group maintains a long-standing relationship with KFC's brand owner, lasting almost fifty years. The Group and the relevant Yum franchisor entity work together across various aspects of operations including product innovation and development across the Group's restaurants, local marketing activities for the countries in which the Group operates, technology initiatives, and promotions and other marketing activities.

The Group remains Yum's largest franchisee for operating KFC restaurants across the MENA region and Kazakhstan, which allows the Group a unique opportunity to foster and drive synergies and economies of scale on operations, supply chain, people development, restaurant development and technology solutions across its countries of operation.

The Group has entered into development agreements with Yum! Restaurants International (MENAPAK) Co SPC (now novated to KFC MENAPAKT FZ-LLC), Kentucky Fried Chicken International Holdings L.L.C. and KFC MENAPAKT FZ-LLC ("**KFC DAs**") which are generally valid for a period of three to five years. Each KFC DA set targets on net number of KFC restaurants to be built per Yum KFC Development Area on an annual basis. The KFC DAs also set certain targets for upgrading existing KFC restaurants in line with the then current KFC brand standards. (See "*Material Agreements – KFC Development Agreements*").

The Group operates each of its KFC restaurants pursuant to IFAs or international concession contracts (the latter of which govern a limited number of restaurants at non-traditional locations, e.g. airports) entered into with Yum! Restaurants International (MENAPAK) Co SPC (now novated to KFC MENAPAKT FZ-LLC), Kentucky Fried Chicken International Holdings L.L.C. or KFC MENAPAKT FZ-LLC ("**KFC IFAs**"). Each restaurant established by the Group has obtained a separate KFC IFA generally valid for a period of 10 years with a one-time option for renewal of another 10 years if certain requirements are met by the Group. Under the KFC IFAs, the Group may use the KFC formats, operating systems and various standards and specifications in operating its KFC restaurants. The Group may also use trademarks, copyrights, patents and other intellectual property ("**IP**") belonging to the KFC brand that are required to operate its KFC restaurants. These agreements, together with Yum's franchise policies manual and/or other policies of the franchisor, govern amongst other things, product innovation and development, menu architecture, marketing initiatives and supplier approval.

The following table shows the Group's development of KFC restaurants for the periods indicated:

	Years ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
KFC					
Number of restaurants at the beginning of the period	811	849	848	848	896
Number of new restaurants opened during the period	47	18	63	16	10
Number of restaurants closed during the period	9	19	15	2	6
Number of restaurants at the end of the period	**849**	**848**	**896**	**862**	**900**

The Group has been consistently ranked in the top quartile in independent audit scores by Yum's ROCC program, which is an audit score that measures brand standards, food safety, health and safety. The Group's score from its latest audit in 2021 was 90 per cent., which is within the top quartile across Yum's network of franchises. The Group has also improved its SOS (including order taking and wait time) for dine-in, drive thru and takeaway from eight minutes and seven seconds in the first quarter of 2021 to two minutes and 43 seconds in the second quarter of 2022.

Value Proposition

The Group's KFC restaurants have a dual category focus on both the chicken and sandwiches QSR segments and feature an extensive menu including the iconic KFC chicken buckets, in addition to burgers, wraps, chicken wings, rice bowls, french-fries and cold beverages. The menu is designed such that consumers receive a consistent experience that is also served quickly across various channels. The Group leads the creation of specific promotion offerings at attractive price points serving distinct consumer needs, thereby creating additional growth opportunities for its brands. The Group works together on innovation efforts with the franchisor to introduce new and attractive, limited time menu offerings to its customers.

The Group believes that KFC's scale, global recognition and popularity provide it with a strong competitive advantage within the Chicken QSR vertical.

Among one of the first international chains that entered the MENA region's QSR industry in 1973, the Group's KFC restaurants are associated with its vibrant, contemporary restaurant designs and signature menu items. The Group continues to evolve and stay relevant to its younger generation customers through digital marketing and by associating with platforms and events such as gaming and football. Over the past few years, KFC has regularly associated with gaming platforms such as PUBG, Sony PlayStation, and run associative promotional programs with marquee football tournaments like UEFA Champions League and Euro 2020. The Group ran a much-celebrated promotion campaign by creating a shortcut (Shift key + K + F + C) through which the consumer could order, and for which the brand won many global marketing awards like Effies and Lynx. The Group believes these efforts have created an aspirational brand for KFC's customers across the MENA region and Kazakhstan.

The Group endeavours to keep KFC's pricing competitive relative to other key QSR players while also offering value and maximising its margins. The Group has leveraged its data driven operations and decision-making processes and has designed a menu structure that offers value for different customers and occasions on its core chicken menu offerings. In addition, the Group's KFC franchise maximises revenues per consumer transaction through proprietary constructs like combos, meals and boxes, which give its customers a range of offerings at competitive prices.

Marketing

The Group's KFC brand has pioneered the transition from conventional media to digital media with a continued shift in marketing spend from traditional to digital media. Almost 45 per cent. of its advertising spend is allocated to digital media, with a strong presence on all social media platforms like Facebook, Twitter, Instagram and TikTok. The Group's KFC brand has aggressively grown in the e-commerce space by launching its SuperApp across most of its countries of operation. The SuperApp developed by the Group is among the top five most downloaded food applications in both the UAE and Saudi Arabia. In addition, the Group uses its customer data to segment users and customise offers to them using CRM tools.

Marketing for the Group's KFC brand is carried out through a marketing cooperative ("**Co-op**") with representation from the Group and Yum. Co-op meetings provide an opportunity for discussing strategies for driving business growth and brand health.

The Group is required to spend, in accordance with the KFC IFA, a specified percentage of each KFC restaurant's revenues (as defined below) towards the advertisement, promotion and marketing activities. The franchisor's marketing team leads brand-specific marketing activities across the region, whereas the Group's marketing teams lead localised and restaurant-based promotion and marketing activities.

The Group, through the Co-op, is actively involved in various decision-making processes on key marketing campaigns, product innovation, customer acquisition and retention strategies within the territories in which the Group operates KFC restaurants. The Group has been pioneering work on digital commerce for KFC across all markets through development of its own mobile SuperApp for the Group's KFC brand. The Group periodically reviews the performance of its business with the franchisor to identify growth opportunities for KFC across markets and actively contributes to the formulation of strategies to deliver targets as part of such opportunities.

The Group's KFC brand's core marketing strategy involves maintaining and continuing to grow in a manner that is relevant and easily distinctive for customers. The brand focuses on its core offerings of fried chicken and seeks to increase its accessibility through multiple channels such as growing own channels (both on mobile applications and on websites) as well as aggregators for food delivery and different payment methods for customers' convenience. Marketing initiatives focus on expanding the target-group profile of KFC customers by maintaining a social media presence and introducing customised offers of bundle meals to target a range of groups. In addition, the Group's KFC campaigns and communication are customised to different regions. For instance, they differ in local vernacular and in innovative items suited to local palates such as the "Twister Charger" and local Saudi chicken. The Group also leverages festivals and other occasions to introduce targeted campaigns geared towards local audiences.

The Group increased digital marketing from 20 per cent. and 30 per cent. of its marketing budget for the years ended 31 December 2018 and 2019, respectively, to 45 per cent. for the year ended 31 December 2021.

Development Strategy

The Group believes there are still significant penetration opportunities in the region for its KFC franchise. While the Group enjoys a leading position in a number of its countries of operations, the Group's KFC franchise benchmarks itself against a restaurant-per-thousand-people standard and thus believes there is whitespace to grow across the region. The Group plans to launch its KFC brand in Baghdad and in the south of Iraq by early 2023, pending its finalisation of the country legal structure and approval by Yum's Franchise Policies Committee. In addition to country whitespace in markets like Iraq, the Group's believes its KFC franchise can establish even more restaurants in Saudi Arabia, Morocco, Kuwait and Egypt, among others. The Group continues to optimise its capital expenditure and foster greater restaurant penetration.

A majority of the Group's KFC locations have drive thrus which offer to customers greater access. In line with its desire to grow through digital commerce, the Group continues to invest in its customers' digitised ordering experience at its restaurant through its KFC SuperApps as well as kiosks and QR codes. The Group's KFC restaurants grew revenues from off-premise (including home delivery, takeaway, drive thru, car hop and catering) by 35 per cent. from $736 million for the year ended 31 December 2019 to $996 million for the year ended 31 December 2021. Similarly, delivery contributed $504.7 million of the Group's revenues for the year ended 31 December 2021 as compared to $307.4 million for the year ended 31 December 2019, which represents a growth of 64.2 per cent. The Group's KFC restaurants' drive thru contributed $139.2 million to the Group's revenues for the year ended 31 December 2021 as compared to $90.6 million for the year ended 31 December 2019, which represents a growth of 53.6 per cent. The Group's KFC restaurants' car hop contributed $13.1 million to the Group's revenues for the year ended 31 December 2021 as compared to $5.0 million for the year ended 31 December 2019, which represents a growth of 161.7 per cent. The Group's KFC restaurants' kiosks contributed $13.2 million to the Group's revenues for the year ended 31 December 2021 as compared to $2.2 million for the year ended 31 December 2019, which represents a growth of 492.8 per cent.

Pizza Hut

Overview

According to the Euromonitor International Report, Pizza Hut is the market leader in the pizza category in the UAE and Egypt. As at 31 December 2021, the Group operated 280 Pizza Hut restaurant across five countries. As at 30 June 2022, the Group operated 284 Pizza Hut restaurants located across six countries. In 2022, the Group was granted franchise rights for Pizza Hut in Saudi Arabia (except in Jeddah). The Group plans to launch its Pizza Huts in Iraq by the first quarter of 2023. Typically, the Group operates three categories of Pizza Hut restaurants: (1) a full-service dine-in restaurant with different capacities; (2) a fast-casual, delivery or carry-out format; and (3) a small-restaurant format. The small-restaurant formats cater to delivery/take-away orders with limited seating for customers or drivers waiting to pick-up orders, or they may comprise of a curb-side feature operating in strategic locations.

The Group's Pizza Hut restaurants achieved $237 million in revenues during the year ended 31 December 2021, representing $0.9 million in Average Unit Volume, with 14 per cent. of revenues generated on-premises (including dine-in and kiosk) and 86 per cent. of revenues generated off-premise (including home delivery, drive thru, takeaway, car hop and catering). Total revenues grew 22.5 per cent. from the six months ended 30 June 2019 to the six months ended 30 June 2022. The Average Payback Period for the Group's Pizza Hut restaurants was 2.0 years for restaurants opened in the years ended 31 December 2021 and 2020.

The Group's Pizza Hut restaurants are spread across diverse areas ranging from neighbourhood markets in urban areas, such as high-street locations, shopping malls and food courts to business hubs and petrol stations. As at 30 June 2022, the Group's proprietary Pizza Hut SuperApp received a 4.7 out of 5.0 rating the iOS and Android application stores. The various channels including home delivery enable the Group to effectively compete with other international and local restaurants and to reach a broad customer base, as the Group can provide a range of service options ranging across home delivery, take-away, car hop and dine-in options to consumers at such locations. The Group's Pizza Hut restaurants was awarded the franchisee of the year by the brand in 2019 and has won two of the top three global operations excellence awards in 2021 for its UAE and Egypt operations.

The following table indicates the number of the Group's Pizza Hut restaurants in each of the Group's countries of operation as at 30 June 2022.

Country	Number of Restaurants
Bahrain	21
Egypt	94
Jordan	18
Kazakhstan	3
Saudi Arabia	1
UAE[1]	147

(1) In the UAE, there are 147 restaurants out of which 69 are in Dubai.

History

The Group's first Pizza Hut restaurant opened in 1979 in the UAE, and since then it has steadily expanded into various countries including Egypt, Jordan, Bahrain and Kazakhstan. In 2022, the Group was granted franchise rights for Pizza Hut in Saudi Arabia except in Jeddah. Prior to the Group being granted the rights, there were two franchise operators in Saudi Arabia. The larger of the two franchisees, which had been operating in Saudi Arabia for more than three decades and had the development rights to the entire country except Jeddah, ceased operations and closed all their operating Pizza Huts in the third quarter of 2021. Given the Group's longstanding relationship with Yum, the Group was selected to relaunch and scale the brand as an exclusive partner with development rights to all Saudi Arabia except Jeddah.

When the COVID-19 pandemic began to disrupt dine-in restaurant businesses, the Group's Pizza Hut brand played on the strength of its home delivery expertise by developing digital assets and introducing car hop service as part of creating a robust off-premise strategy to serve its customers and grow its market share in the Pizza category. The Group's Pizza Hut brand was one of the first among QSR and Pizza chains in the MENA region to introduce contactless delivery while maintaining clear and strong communications across various media platforms on measures taken to ensure safety and hygiene standards.

Relationship with master franchisor and key terms of agreement

Given the Group's long-standing relationship with Yum, for almost fifty years, the Group has been the only franchisee of Yum to operate Pizza Hut restaurants within the above referenced countries (except in Jeddah, Saudi Arabia). The Group is the largest franchise partner for the Pizza Hut brand with Yum Restaurants International ("**Yum Restaurants**") across the MENA region and Kazakhstan, and it is actively involved in various decision-making processes on key branding aspects such as marketing strategies, brand positioning, customer acquisition and retention strategies. The Group periodically reviews the performance of its Pizza Hut restaurants to evaluate growth opportunities with Yum Restaurants.

The Group has entered into development agreements with Yum Restaurants ("**PH DAs**") that govern the Group's activities at the country level and are generally valid for a period of three to five years. The PH DAs set forth the arrangements between the Group and Yum with respect to developing Pizza Hut restaurants in Saudi Arabia, the UAE, Bahrain, Egypt, Jordan and Kazakhstan. Each PH DA sets targets on net number of Pizza Hut restaurants to be established per jurisdiction on an annual basis and incentives tied to meeting such targets. (See "*Material Agreements –Pizza Hut Development Agreements*").

The Group launches and operates all its Pizza Hut restaurants pursuant to IFAs entered into with Yum Restaurants ("**PH IFAs**") that are typically valid for a period of 10 years with the option to renew for a subsequent period of another 10 years so long as the Group remains compliant with the terms of the agreement. The Group enters into a PH IFA for each restaurant the Group establishes. Under the PH IFAs, the Group may use the Pizza Hut restaurant formats, operating system and various standards and specifications to operate its Pizza Hut restaurants. The Group is also permitted to use the trademarks, copyrights, patents, and other IP under the Pizza Hut brand that are required to operate its Pizza Hut restaurants. PH IFAs also govern all consumer-facing operations of its restaurants including product innovation and development, menu architecture, product and service offerings, marketing initiatives and supplier selection.

The following table shows the Group's development of Pizza Hut restaurants for the periods indicated:

	Years ended 31 December			**Six months ended 30 June**	
	2019	**2020**	**2021**	**2021**	**2022**
Pizza Hut					
Number of restaurants at the beginning of the period	221	248	252	252	280
Number of new restaurants opened during the period	33	10	33	5	5
Number of restaurants closed during the period	6	6	5	0	1
Number of restaurants at the end of the period	**248**	**252**	**280**	**257**	**284**

Value Proposition

According to the Euromonitor International Report, Pizza Hut is the market leader in the pizza category in the UAE and Egypt. Further, in the Global Pizza Hut Championship, a worldwide competition hosted by Yum on raising the bar on core product execution to improve tastes scores and overall customer experience, the Group's markets, in particular, the UAE and Egypt, ranked in the top two in MENA and second and third across worldwide franchisees.

Dine-in restaurants is a major differentiator for Pizza Hut against competitors, and the Group is always working on introducing new menu offerings and services to strengthen its position. In addition to the original pan pizza offering, the Group's Pizza Hut restaurants have an extensive menu featuring pizzas, pasta, beverages, and desserts ensuring that it is able to serve the tastes of a large, regional customer base. The Group launched 'THE HUT SIGNATURES' line of premium pizzas made with unique handcrafted sourdough. It also created and launched the brick oven range, 'THE ARTISANAL PIZZA', a line of premium pizzas made in a cupola style brick oven with traditional techniques. These innovations enrich the Group's dine-in variety and attract a new sector of customers who prefer Italian style pizzas and flavours. Its rich offerings have made the Group the pizza category leader in the MENA QSR industry, and its innovations are driving the consumption of pizza as a regular meal rather than an occasional or celebratory meal opportunity.

Marketing

Marketing for the Group's Pizza Hut brand is carried out through a marketing Co-op consisting of Yum and key franchisees, including the Group, that is responsible for all marketing decisions after mutual alignment. The Co-op is represented by Yum, the Group and other franchisees' marketing heads, supported by an experienced team of marketing professionals in each market. The Group's business heads and marketing leaders collaborate with the team at Yum to drive the marketing strategy of the brand through periodic engagements and regular correspondence.

The Group is required to spend a specified percentage of each Pizza Hut restaurant's revenues towards the advertisement, promotion and marketing activities as contemplated in the PH IFAs.

The Group's Pizza Hut brand's core marketing strategy revolves around creating a brand that is relevant and distinctive for all its consumers. Pizza Hut enjoys a large and diverse customer base. The Group's Pizza Hut brand focuses on its core items of pan pizzas by offering affordable options and increasing its accessibility through multiple channels, such as through aggregators for food delivery and different payment methods and channels for the convenience of customers. Marketing activities involve innovation with the aim to periodically introduce new products and capitalise on seasonal demand and festivals or occasions while expanding the target-group profile of consumers of Pizza Hut. Brand promotion is carried out by launching relevant regional campaigns, ranging from festive occasions such as Eid, Ramadan and Christmas to interest-driven events such as the FIFA World Cup, UEFA Champions League, UEFA European Nations Cup and music festivals. To increase relevance of the Pizza Hut brand, the campaign communication is tailored to different regions across MENA and Kazakhstan in their local language. Pizza Hut is focused on a digital-first mindset and aims to deliver a best-in-class digital experience be it on the Group's intuitive mobile application or the soon to be launched digital kiosks in select restaurants. To communicate effectively to the target-group profile of customers, Pizza Hut balances its advertising between traditional and modern platforms by leveraging large out-of-home platforms, growing its social media presence and enhancing digital advertising via data-driven techniques and enhanced CRM capabilities.

Relaunch of Pizza Hut in Saudi Arabia

In 2022, the Group was granted franchise rights for Pizza Hut in Saudi Arabia except in Jeddah. The Group has conducted a brand positioning and market mapping exercise for the brand and is building infrastructure for launch and scale up in Saudi Arabia with one restaurant opened as at 30 June 2022, 15 restaurants under construction and 13 approved by investment committee to proceed with lease signing and construction. The Group believes there is large room to expand in Saudi Arabia based on presence of competitor brands and plans to leverage its strong operating knowhow, its existing customer base in the country as well as superior product offerings to grow the brand.

Hardee's

Overview

The Group has a long-standing relationship with the Hardee's brand and its parent company spanning more than forty years. The Group is the largest global franchisee for Hardee's and is among the top four burger brands in UAE, Saudi Arabia and Egypt, according to the Euromonitor International Report. The Group's Kuwait restaurants are one of the best performing globally for the Hardee's brand. The format evolution for Hardee's, to gear the brand for off-premise channels started pre-COVID-19, and only accelerated thereafter. Today, the ideal Hardee's small-restaurant formats are omnichannel and fully digitally enabled, providing consumers the convenience and optionality of drive thru, home delivery, take-away, car hop and dine-in seating.

Typically, the Group operates two main formats of Hardee's restaurants, namely, a full-service dine-in restaurant with a capacity for serving 40 customers (on average), and small-restaurant formats. The small-restaurant formats cater to delivery/take-away orders with limited seating for customers/drivers waiting to pick-up orders or comprise of drive thrus operating in strategic locations.

The Group's Hardee's restaurants are generally located in very diverse areas ranging from residential areas, business hubs, high street locations and shopping malls and food courts. Given Hardee's four-decade heritage in the region, the brand enjoys strong support from GCC locals as well as expatriates. Hardee's locations are strategically located in trade areas where their target segment resides, works or visits. The combination of good site selection, omnichannel convenience that the brand offers, attractive product offering enables the brand to compete effectively with other Burger QSR's in the Group's countries of operations.

The Group's Hardee's restaurants achieved $350 million in revenues during the year ended 31 December 2021, representing $1.0 million in Average Unit Volume, with 14 per cent. of revenues generated on-premises (including dine-in and kiosk) and 86 per cent. of revenues generated off-premise (including home delivery, drive thru, takeaway, car hop and catering). Total revenues grew 18.8 per cent. from the six months ended 30 June 2019 to the six months ended 30 June 2022. The Average Payback Period for the Group's Hardee's restaurants was 1.7 years for restaurants opened in the years ended 31 December 2021 and 2020.

The following table indicates the number of the Group's Hardee's restaurants in each of the Group's countries of operation as at 30 June 2022.

Country	Number of Restaurants
Bahrain	16
Egypt	47
Iraq	9
Jordan	7
Kazakhstan	14
Kuwait	57
Oman	14
Qatar	21
Saudi Arabia	120
UAE	81

History

The Group opened its first Hardee's restaurant in Kuwait in 1980 and since then has steadily expanded into 10 countries including Kazakhstan. The Group opened its one hundredth Hardee's restaurant in 2001 and by 2015 it operated 300 restaurants. As at 31 December 2021, the Group operated 381 Hardee's restaurants in ten countries, and as at 30 June 2022, the Group operated 386 Hardee's restaurants in 10 countries. The look and feel of the Group's Hardee's restaurants have evolved throughout the years to maintain a bold, modern look in order to stay relevant and appeal to younger generations.

Relationship with master franchisor and key terms of agreement

Given the Group's long-standing relationship with Hardee's lasting over forty years, the Group is the trusted and preferred franchisee for Hardee's restaurants within the jurisdictions where the Group operates.

The Group has also entered into development agreements with Hardee's ("**Hardee's DAs**"), which set forth the arrangements between the Group and Hardee's with respect to developing Hardee's restaurants in Saudi Arabia, the UAE, Bahrain, Egypt, Jordan, the Kurdistan region of Iraq, Iraq, Kuwait, Lebanon, Oman, Qatar, Kazakhstan and Morocco.

The Group operates all its Hardee's restaurants pursuant to country licence agreements, each covering a specific country of operation, entered into with Hardee's (each, a "**Hardee's CLA**" and together, the "**Hardee's CLAs**") that are typically valid for a period of twenty years with unlimited ten-year renewal options. Each new Hardee's restaurant is opened and operated by the Group pursuant to a new development rider to the applicable Hardee's CLA, which binds each Hardee's restaurant to the terms and conditions of the Hardee's CLA. Each Hardee's CLAs provides that the Group may use the Hardee's restaurant formats, operating system and various standards and specifications to operate the Group's Hardee's restaurants. The Group is also licenced to use the trademarks, copyrights, patents and other IP under the Hardee's brand that are required to operate its Hardee's restaurants. Hardee's CLAs govern all customer-facing operations of the Group's restaurants including product innovation and development, menu architecture, product and services pricing, marketing initiatives and supplier selection. The Group also executes commercial letters between the Group and Hardee's which require the Group to actively grow the Hardee's brand and establish new restaurants in the MENA region. (See "*Material Agreements–Hardee's Development Agreement*" and "*Material Agreements—Hardee's Country Licence Agreements*").

The Group is the largest franchisee and only franchise partner for the Hardee's brand with Hardee's in the MENA region and is actively involved in various decision-making processes on key branding aspects such as marketing campaigns, brand replacement and customer acquisition and retention strategies. The Group periodically reviews the performance of its Hardee's restaurants and evaluates growth opportunities with Hardee's on this basis.

The following table tracks the Group's new Hardee's restaurants:

	Years ended 31 December			Six months ended 30 June	
	2019	**2020**	**2021**	**2021**	**2022**
Hardee's					
Number of restaurants at the beginning of the period	360	367	368	368	381
Number of new restaurants opened during the period	11	18	19	5	7
Number of restaurants closed during the period	4	17	6	3	2
Number of restaurants at the end of the period	**367**	**368**	**381**	**370**	**386**

Value Proposition

Hardee's is known in the MENA region for its bold indulging innovations that introduce new flavours to its customers, such as its famous chargrilled burgers and its staple regional iconic menu items including the Super Star burger, Mushroom N Swiss, Big Deluxe, Chicken fillet and Santa Fe. Hardee's is also known for its chocolate chip cookies, hand scooped ice cream milk shakes and being one of the first to introduce a free refill self-service beverage station at its restaurants in the MENA region. More recently, Hardee's introduced its hand breaded chicken fillets and tenders which will improve freshness, crispiness, juiciness and softness across its poultry offering range and will be a first across the international QSR burger players in the MENA region. To capitalise on the growing trend of veganism, Hardee's is planning to launch a plant-based range to complement its current core menu in the medium term. These innovations have earned Hardee's a unique position in the MENA and Kazakhstan QSR industry.

Following consumer trends toward QSR consumption at off-premise locations, the Group put focus on developing off-premise capabilities through building and improving its digital assets such as by leveraging its mobile SuperApps and web platforms, upgrading drive thru systems and establishing car hop services where drive thru is not possible. New restaurant openings now rely less on dine-in space availability but more on optimising restaurant size to serve all possible channels. Many locations are also equipped with self-ordering kiosks.

Through different product offerings and promotions, the Group's Hardee's restaurants target all customers across the price pyramid via offering a range of core, value and premium products. Currently, core products represented approximately 62 per cent. of the revenues mix, while the products from the value range represented approximately 18 per cent. and products from the premium range represented approximately 20 per cent. of the same.

According to the assessment rating in 2020 by CKE, which measured brand standards, food safety and health and safety and is performed for all its franchisees, the Group's average rating was 97 per cent. with all of the Group's restaurants passing the assessment.

Marketing

The Group is required to spend a specified percentage of each restaurant's gross revenues in every calendar year on the advertisement, promotion and marketing activities as contemplated in the Hardee's CLAs. The Group retains control over the marketing spend across all marketing and media channels. Its business heads and marketing managers work with the Hardee's team to drive the marketing strategy of the brand through periodic engagements and regular correspondence. (See "*Material Agreements–Hardee's Development Agreement*").

The Group increased the percentage of the brand's media budget for digital channels from 12 per cent. for the year ended 31 December 2019 to 29 per cent. for the year ended 31 December 2021 to drive both affinity and relevance to the brand through awareness campaigns and to fund aggressive performance marketing and conversion campaigns to ensure sufficient promotion of the growing home delivery channel. In addition a significant portion of the media budget is also invested in selective television and out-of-home media advertisement.

Hardee's Transformation Journey

Among regional MENA customers across its markets, Hardee's has a high brand awareness, and is perceived as an international brand with strong regional affinity, better quality and bigger portion sizes versus its competition.

The Group's Hardee's franchise embarked on a transformation journey in 2021. Branded the "All In" transformation project, the objective was a complete brand overhaul, touching upon the critical brand elements of people, operations, product, proposition, promotions, assets and the brand's digital platforms.

As a result, the Group's Hardee's franchise has seen significant improvement in its revenues growth of 18.8 per cent. from the six-month period ended 30 June 2019 to the six-month period ended 30 June 2022. Similarly, home delivery contributed $170.4 million to the Group's revenues for the year ended 31 December 2021 as compared to $134.1 million for the year ended 31 December 2019, which represents a growth of 27.1 per cent. The Group's Hardee's restaurants' drive thru contributed $65.7 million to the Group's revenues for the year ended 31 December 2021 as compared to $51.7 million for the year ended 31 December 2019, which represents a growth of 27 per cent. Revenues from car hop grew by 128.7 per cent. from $6.4 million for the year ended 31 December 2019 to $14.7 million for the year ended 31 December 2021. The Group's Hardee's restaurants have also reduced SOS for dine-in, drive thru and takeaway from seven minutes and 54 seconds in the second quarter of 2021 to two minutes and 50 seconds in the second quarter of 2022.

Krispy Kreme

Overview

In 2006, the Group introduced Krispy Kreme's world-renowned doughnut and coffee into the MENA region, and as at 31 December 2021, the Group operated over 220 restaurants throughout the UAE, Saudi Arabia, Qatar, Bahrain, Kuwait and Egypt.

After successfully launching the Krispy Kreme brand in Egypt in 2021, the Group continues to invest in expanding its business in the MENA region and is prepared to launch the brand in Jordan in 2022 by opening one flagship restaurant and two satellite restaurants. The Group is also exploring additional expansion opportunities by considering Kazakhstan, Morocco and Oman as future potential markets in the medium term and has exclusive right of first refusal with Krispy Kreme for these countries as well as Iraq.

The table below sets forth the Group's development of Krispy Kreme restaurants.

	Years ended 31 December			**Six months ended 30 June**	
	2019	**2020**	**2021**	**2021**	**2022**
Krispy Kreme					
Number of restaurants at the beginning of the period	178	189	190	190	220
Number of new restaurants opened during the period	15	9	33	6	25
Number of restaurants closed during the period	4	8	3	2	2
Number of restaurants at the end of the period	**189**	**190**	**220**	**194**	**243**

The Group's Krispy Kreme restaurants achieved $74 million in revenues for the year ended 31 December 2021, representing $0.4 million in Average Unit Volume, with four per cent. of revenues generated on-premise (including dine-in and kiosk) and 96 per cent. of revenues generated off-premise (including home delivery, drive thru, takeaway, car hop and catering). Total revenues grew 42.6 per cent. from the six months ended 30 June 2019 to the six months ended 30 June 2022. The Average Payback Period for the Group's Krispy Kreme restaurants was 1.0 year for restaurants opened in the years ended 31 December 2021 and 2020.

The following table indicates the number of the Group's Krispy Kreme restaurants in each of the Group's countries of operation as at 30 June 2022.

Country	Number of Restaurants
Bahrain	12
Egypt	9
Kuwait	18
Qatar	12
Saudi Arabia	127
UAE	65

Relationship with master franchisor and key terms of agreement

The Group entered into a development agreement with the Krispy Kreme on 22 March 2006. The Group and Krispy Kreme subsequently entered into an international development and franchise agreement on 1 January 2020 (as amended from time to time, the "**KK IDFA**"). The KK IDFA sets forth the arrangements between the Group and Krispy Kreme with respect to developing Krispy Kreme restaurants and franchise obligations between the parties. The KK IDFA was last amended on 16 February 2022.

The Group is the trusted and preferred franchisee of Krispy Kreme restaurants within the jurisdictions where the Group operates.

The Group's development rights extend across the UAE, Saudi Arabia, Kuwait, Bahrain, Qatar, Egypt and Jordan. The development rights granted under the KK IDFA expire 31 December 2024, except in Egypt and Jordan, where they expire 13 July 2026 and 6 February 2027, respectively. Under the KK IDFA, the Group also has a right of first refusal for Iraq, Oman, Morocco and Kazakhstan. The KK IDFA sets targets on the net number of Krispy Kreme restaurants that must be established per jurisdiction on an annual basis, and incentives tied to meeting such targets. (See "*Material Agreements – Krispy Kreme Development Agreements*").

The Group also launches and operates all its Krispy Kreme restaurants pursuant to the same KK IDFA. As of 1 January 2020, each new restaurant (excluding carts) is typically granted a ten-year period, with the option to renew for one subsequent period of another 10 years so long as the Group remains compliant with the KK IDFA terms. Under the KK IDFA, the Group may use the Krispy Kreme restaurant formats, operating system and various standards and specifications to operate its Krispy Kreme restaurants. The Group may also use the permitted trademarks, copyrights, patents, and other IP under the Krispy Kreme brand that are required to operate its Krispy Kreme restaurants. The KK IDFA also governs all consumer-facing operations of its restaurants including product innovation and development, menu architecture, product and service offerings, marketing initiatives and supplier selection. (See "*Material Agreements– Krispy Kreme Arrangements*").

The Group is the largest and only franchise partner for the Krispy Kreme brand in the MENA region and is actively involved in various decision-making processes on key branding aspects such as marketing campaigns, brand replacement and customer acquisition and retention strategies.

The Group periodically reviews the performance of its restaurants and evaluates growth opportunities with Krispy Kreme on this basis.

Value Proposition

The Group aims to grow its Krispy Kreme brand and promote its irresistibly original sweet treats by strengthening brand love with consumers to become the most loved sweet treat brand in the MENA region. The Group positions the Krispy Kreme brand by emphasising its handcrafted doughnuts that are made fresh daily in innovative flavours as well as innovative drinks.

For Krispy Kreme to continue to be the most loved sweet-treat brand in the MENA region, the Group's strategy is to maintain a balance between the well-known international flavours and locally developed innovations. Krispy Kreme in the MENA region is innovating based on local insights and relevant trends of the Group's target audience in the region. Local flavours and product offers are launched on each relevant occasion, for instance kunafa, halawa and pistachio doughnuts during the holy month of Ramadan and Halloween-themed doughnuts.

The Group launched Krispy Kreme in Egypt in 2021 with a 'hub and spoke' distribution model with hot light theatre shops producing doughnuts and distributing to inline restaurants, kiosks and drive thrus. The Group operates six restaurants and three hot light theatre shops in Egypt as at 30 June 2022 which are augmented by inline restaurants and kiosks with a pipeline of eight new restaurant openings in the second half of 2022. The Group's Average Payback Period in Egypt is between three to four months.

Marketing

The Group's Krispy Kreme franchise's marketing seeks to balance between creativity, engagement and performance. The full ownership of the marketing budget lies with the Group. The marketing budget is primarily invested in digital and social, reaching more relevant target groups, converting them into users, brand lovers and advocates. In-restaurants, the brand is active throughout the year via a clear master plan, creating engaging moments with the Group's target group whenever they visit the restaurant.

The Group's model for Krispy Kreme is designed to drive innovation by encouraging customers to take a break and enjoy the indulgent doughnuts, creating breakthrough products such as filled rings, minis and bites and innovating locally relevant flavours such as chocolate iced halwa and pistachio cream. The Group also seeks to maximise co-branded opportunities from a product and marketing standpoint by creating products such as KitKat and Lotus Biscoff flavoured doughnuts and drinks. In the last four years, the Group's Krispy Kreme franchise has created relevant and innovative campaigns, such as heart-shaped doughnuts filled restaurant displays during Valentine's Day, and green glazed original doughnuts to celebrate Saudi Arabia National Day. Along with customised doughnuts for these occasions, the brand also tailors the packaging and the in-restaurant experience to celebrate these occasions.

Since 2018, the Krispy Kreme brand has undergone a transformation, refreshing its marketing strategy, driving operations excellence and accelerating expansion. In 2021, Krispy Kreme was the number one preferred sweet treat brand in Saudi Arabia, the Group's largest market for this brand based on a consumer survey by the Service Management Group, Inc.

Other Franchise Brands

In addition to the Power Brands, the Group operates other franchise brands which in the aggregate represented 5.3 per cent. of the Group's revenues for the year ended 31 December 2021 and 4.9 per cent. of the Group's revenues for the six months ended 30 June 2022. The below sets out these other brands and their operations.

- *TGIF* – The Group launched its first TGIF restaurant in 1996 in Kuwait. As at 30 June 2022, the Group operated 12 TGIF restaurants in the UAE, 11 in Kuwait, 18 in Saudi Arabia, three in Qatar, two in Bahrain and four in Egypt. The Group maintains a long-standing relationship with the TGIF franchise ownership lasting for over 25 years, and the Group remains the trusted and preferred franchisee of TGIF restaurants in the MENA region. The Group's TGIF brand focuses on introducing local flavours to complement its iconic American-style cuisine as well as transforming its restaurants physically to provide customers with modern and stylish dining experiences. For instance, the Group has reduced BOH space by 40 per cent. to create more room for its customers as well as restaurant design and additional decorations and fixtures.

- *Costa Coffee* – The Group launched its first Costa Coffee restaurant in 2004 in Egypt, and as at 30 June 2022, the Group operated 55 Costa Coffee restaurants in Egypt, five in Jordan and 10 in Kazakhstan. The Group maintains a long-standing relationship with the Costa Coffee franchisor lasting for over 19 years. The Group's Costa Coffee brand focuses on menu innovation such as introducing plant-based alternatives of its classic coffees and treats, barista expertise and tailoring personalised customer experiences as well as attracting younger customers through partnering with local influencers and digitisation of the brand's marketing and ordering processes.

- *Baskin Robbins* – The Group launched its first Baskin Robbins restaurant in 1986 in Kuwait, and as at 30 June 2022, the Group operated 44 restaurants in Kuwait and 16 restaurants in Egypt. The Group maintains a long-standing relationship with the Baskin Robbins franchisor and has served as sub-licensor in Kuwait for over thirty years. The Group's Baskin Robbins brand is focused on growing its presence in Kuwait in the medium term by applying its cross-brand category learnings.

Americana Brands

In addition to the franchise brands, the Group operates several of its proprietary brands. The below sets out these brands and their operations.

- *Wimpy* – Wimpy was founded originally in 1934 in the United States, and the Group opened its first Wimpy restaurant in Kuwait in 1970. As at 30 June 2022, the Group operated 18 restaurants across Kuwait and Egypt. The Group's Wimpy restaurants attract both customers with nostalgia for classic diners as well as the younger generation by leveraging social media and digitisation. The Group plans to launch the brand in the UAE and a flagship restaurant in The Dubai Mall in 2022. Typically, the Group's capital expenditure per new Wimpy restaurant is less than $350,000 with a target Average Unit Volume of over $0.9m. The Group has also partnered with Miso Robotics to introduce technologies for automating the ordering process and to add intrigue to customers' dining experience.

- *Chicken Tikka* – The Group launched its first Chicken Tikka restaurant in 1971 in Kuwait, and as at 30 June 2022, the Group operated 30 restaurants across three jurisdictions in the MENA region. Chicken Tikka offers a variety of flavourful and delicious chicken-based dishes such as grilled whole chicken, chicken sandwiches, wraps and rice bowls.

Cloud Kitchen Business

Since 2021, the Group has focused on growing its cloud kitchen business, which involves using a commercial kitchen to prepare food for delivery or takeaway only. In 2021, the Group partnered with Reef Technologies, a company that specialises in managing real estate such as parking facilities and transforming them into logistical hubs such as cloud kitchens. The Group intends to leverage its value chain and platform and expand via joint ventures to build more cloud kitchen operations in the MENA region.

New Restaurant Roll-Out

The Group's growth across its Power Brands has been facilitated by a well-defined new restaurant roll out process that enables the Group to identify new locations and establish restaurants in a quick, consistent and efficient manner. The process involves a cluster approach and a data-driven penetration strategy with the objective to provide greater convenience and accessibility for customers across the relevant countries of operation. The Group targets high traffic and high visibility locations in key metropolitan areas and cities across the MENA region and Kazakhstan and then develops new restaurant units within that cluster. New restaurant opening times vary by brand, asset type, the relevant jurisdiction's permitting process and typically takes between four to six months from lease signing to launching a restaurant.

The Group operates its restaurants primarily in five different location types: (1) drive thrus, which are preferable and have affinity with customers due to convenience; (2) high street locations, which have high impact and high visibility for brand awareness; (3) shopping malls and food courts, which are ready-catchments to drive footfall; (4) business hubs; and (5) transit locations, which the Group believes present a significant opportunity given the ongoing infrastructure development across the MENA region. Operating in different location types allows the Group to cater to a diverse customer base.

The following table sets forth the development of the Group's restaurants since 1 January 2019:

	Years ended 31 December			**Six months ended 30 June**	
	2019	**2020**	**2021**	**2021**	**2022**
Number of restaurants at the beginning of the period	1,866	1,933	1,900	1,900	2,010
Number of new restaurants opened during the period	116	61	164	40	66
Number of restaurants closed during the period	49	94	54	22	26
Number of restaurants at the end of the period	**1,933**	**1,900**	**2,010**	**1,918**	**2,050**

Restaurant Rollout Process

The Group aims to achieve a 90 per cent. successful opening rate or higher and payback of less than three years for its new restaurant locations. To that end, the Group extensively uses data analytics tools in developing its restaurant rollout strategies, continually benchmarks against competitors, conducts on-the-ground diligence and implements feedback mechanisms to ensure lessons learned in previous rollouts are applied to the process. The Group's restaurant rollout process involves the following:

Site Identification: The Group has developed a standardised site evaluation process that involves collecting comprehensive data along with management's inputs which are used in tandem to conduct a feasibility analysis. Opening any new restaurant requires approvals from senior management and from members of the development and operations teams. Each new restaurant also requires the approval of the respective franchisor. The Group endeavours to identify common and adjacent sites for its Power Brands to improve value chain efficiencies. This approach also enables it to negotiate more competitive leases for its restaurants.

Site Evaluation: The Group relies on Tango software, which the Group uses for managing market data and real estate assets. The Group has a team of experienced real estate professionals across its 12 countries of operations, as well as third-party real estate agents who receive a one-off commission, to identify potential locations for portfolio expansion. Once a potential location is identified, the Group evaluates the site based on several factors, including:

- market mapping and trade area prioritisation according to a brand's reach and penetration strategy;
- publicly available demographic data;
- market surveys which the Group commissions to industry consultants to better understand the local customer base in terms of per-capita income levels, dining preferences and choices;
- survey of surrounding areas and other tenants in the area to determine presence of footfall drivers;
- rental costs and common area maintenance charges;
- presence of competition in the surrounding area;
- size of the location and relative visibility of the site for branding activities;
- sales estimation based on comparable restaurants;
- capital expenditures investment needed to open new restaurants; and
- capital investment return ratio based on comparable restaurants costs efficiency.

Site Finalisation: Once a location is identified and evaluated for a new restaurant roll-out, the Group undertakes a due diligence process for the site and seeks to finalise the relevant documentation quickly. The Group's in-house team negotiates with the potential lessors to secure the lease.

Site Development: The Group's restaurant roll-out process is managed by dedicated in-house design and project teams and empanelled contractors selected through online bidding. These teams are required to ensure compliance with pre-defined layouts and pre-approved standardised equipment, as approved and specified by franchisors, to achieve its rollout efficiently. The Group also has a dedicated central team looking after furniture, fixture and equipment to ensure restaurant's kitchen and seating areas are consistent with the relevant brand's global standards.

Site Opening Fees: For each of its Power Brands, the Group is required to pay the relevant franchisor an initial opening fee and, upon expiration of the initial restaurant agreement, applicable renewal fees.

Restaurant Launch: Prior to opening a new restaurant, the Group actively carries out localised promotion and marketing activities. The Group aims to launch these activities two weeks before restaurant openings. The Group's promotional campaigns include reaching out to catchments in various customer groups, engaging with local social media influencers to generate interest and erecting billboards and other visible branding to garner attention, amongst other strategies. In some cases, such marketing activities can continue until post-launch.

During the six months ended 30 June 2022, the Group opened 66 new restaurants, and as at 30 June 2022 was in the process of constructing 62 additional new restaurants and had secured 54 sites for developing new restaurants. As at the same date, the Group had agreed but not yet signed new leases with landlords in respect of a further 33 restaurant sites and was in the process of reviewing 37 potential additional sites for developing new restaurants.

The Group plans to open an average of 250 to 300 net new restaurants per year in the medium term. For real estate and development portfolio management, the Group employs (as at 30 June 2022): 62 employees who manage the Group's real estate operations; 28 employees focused on design matters at its centre of excellence; 40 employees in the construction sector including project managers and empanelled contractors across the Group's key countries of operations; 16 employees who lead standardisation efforts and manage the Group's mechanical, electrical and plumbing and furniture, fixture and equipment teams; and 380 employees in the maintenance team.

Restaurant Management and Maintenance

The Group's restaurant management structure varies between brands depending on the restaurant size and asset type. Generally, each of the Group's restaurants is led by a restaurant general manager ("**RGM**"), together with one assistant restaurant manager and one or more shift managers. Restaurants that are operational 24x7 are typically staffed with an additional assistant or shift manager.

The performance of RGMs is regularly monitored and RGMs are coached by area coaches, who in turn report to operation managers. Each country is led either by an operations manager or director, depending on the number of restaurants under management. Each operation manager or director reports to the brand general manager.

Senior operations leaders regularly visit restaurants to promote adherence to system standards and mentor restaurant teams. Each brand provides manuals, which may then be customised to meet local regulations and accommodate local customs. The restaurant management teams are trained using these manuals that set forth standards and requirements for all aspects of operations, including food safety, hygiene, product preparation procedures, equipment maintenance, facility standards and accounting control procedures (including cash management). The restaurant management team is responsible for the day-to-day operation of each unit and for ensuring compliance with operating standards. Each RGM is also responsible for handling guest complaints and emergency situations as each restaurant is considered a separate business unit.

The Group has a dedicated operations excellence department with a lead per brand who serves as a custodian of standards. The operations excellence department maintains a single system operating guide and facilitates sharing of best practices across all restaurants.

Remodelling or maintenance for the Group's franchise restaurants is typically requested by franchisor, based on their right to require upgrades or replacements in whole or part of fittings, fixtures, furniture and branding as set out under the brands' franchise agreements. The remodel-cycle varies by brand and is typically five years for minor remodels and 10 years for major remodels. Scope of work is aligned between the Group and the relevant franchisor to meet the then-current standards of the brand.

The Group remodels and optimises its restaurants with a focus on off-premise sales channels, such as adding curb-side delivery, enhancing delivery speed by creating delivery zones for drivers and upgrading the drive thru experience using new communication technology and experimenting with menu boards.

The Group has a dedicated maintenance and utilities team that is a combination of in-house technicians and out-sourced partners. They provide proactive and reactive maintenance services to ensure smooth, safe, and legally compliant functioning of each restaurant whilst harnessing the latest technologies such as the internet of things and digitalisation to enhance and modernise the Group's restaurants.

Home Delivery

The home delivery channel has experienced significant growth over last five years (CAGR of 17.2 per cent. between 2017 and 2021).

The share of home delivery as per cent. of total share has increased from 30 per cent. for the year ended 31 December 2019 to 42 per cent. for the year ended 31 December 2021, driven by COVID-19 related acceleration. Home delivery share dropped for the six months ended 30 June 2022 to 40 per cent., which the Group believes is reflective of the home delivery share going forward. The Group carries out direct delivery and has also entered into agreements with delivery aggregators including Talabat, Hunger Station, Jahez, Deliveroo and Glovo, among others, to accept delivery orders placed on their respective mobile applications. A majority (approximately 81 per cent. as at 31 December 2021) of the Group's home delivery orders are carried out by its own fleet of approximately 7,800 drivers. As at 31 December 2021, the average delivery time for orders delivered by Group's drivers and placed through aggregators and the Group's SuperApps was approximately 26 minutes.

The following table sets forth the Group's revenues and revenues contribution from home delivery:

Home delivery revenues

For years ended 31 December	Revenues Contribution (US$ millions) / % of Total Revenues
2017	457 (27%)
2018	517 (29%)
2019	571 (30%)
2020	650 (41%)
2021[(1)]	863 (42%)

(1) $487 million in revenues were generated via delivery aggregators and $376 million was generated via direct delivery.

The Group's revenues and revenues contribution from home delivery for the six months ended 30 June 2022 was $461 million and 40 per cent., respectively.

Customer Service and Feedback

Customer feedback is a key component of a balance scorecard used to measure each restaurant's performance. Parameters for feedback include overall satisfaction index, food taste, SOS and hospitality.

The Group's "customer obsessed" culture rests on four core pillars: (1) serve great tasting food, (2) fast, (3) with a smile and (4) in a clean restaurant. Through focusing on each, the Group has been able to deliver a continuously enhanced customer experience. To that end, the Group has developed an exclusive and unique VoC platform with Sprinklr Inc. to map and track customer experience as soon as a customer begins their order, which allows for real-time guest resolution and guest recovery. As at 30 June 2022, average customer issue resolution time was 15 minutes. The platform also allows the Group to process information from multiple sources to understand and incorporate customer feedback across its brands.

The Group's customers may provide feedback through multiple other channels such as online surveys that can be accessed through designated third-party partners' sites and the Group's customer care hotline.

Supplier and Procurement Management

The Group manages its end-to-end supply chain with a team of over 100 professionals based across the region where it operates. Supply chain planning has been a focus for the Group over the last 36 months, with sales and operations planning being rolled out across the business, to ensure greater alignment between demand and supply planning and further improve efficiency. As at 30 June 2022, the Group has a network of 38 warehouses, 26 commissaries, i.e., back-office kitchen operations in standalone locations across countries which support in food preparation to facilitate restaurant operations, and 248 trucks.

The Group has a global supplier relationship and sources products from six continents, ranging from New Zealand cheese and Brazilian chicken to equipment from the US and various other materials from China. The Group operates central procurement across all of its brands and markets in order to pool volumes for maximum synergy. The procurement team are organised into categories within direct and indirect procurement and optimise not only for lowest cost, but also for business continuity, innovation, supply chain, marketing, operations and quality assurance stakeholders and franchisors. Given the category model, approximately 86 per cent. of the Group's Direct Spend is negotiated centrally across brands and countries, which is an advantage given the Group's size and scale. Global supply relationships and scale backed by robust processes has enabled the Group to mitigate inflationary pressures without significantly affecting its gross profit margin.

The Group's procurement team runs request for proposals, using e-auctions where appropriate and building strategic relationships with core suppliers to create long-term value. While it is the franchisor's responsibility to determine specifications, the Group's procurement team manages relationships and commercial negotiations with the suppliers. The Group's procurement team consists of seasoned professionals from well-known foodservice, catering and retail brands across Europe, the MENA region and Asia. Their function is measured on meeting product specifications, cost efficiency savings, availability and smart usage initiatives. For indirect and capital expenditures procurement, particular emphasis is put on a total cost of ownership approach.

The Group has an arm's length relationship with the Former Parent Company in relation to the sourcing of certain food products, which comprised approximately 16 per cent. of total Direct Spend for the year ended 31 December 2021. The Former Parent Company is one of the leading food manufacturing players in the MENA region and also provides products to other leading QSR operators. The Group strives to source the best prices and best quality products from all its suppliers, including the Former Parent Company. See "*Related Party Transactions*".

The Group maintains strong partnerships not only with the Former Parent Company but also other global suppliers. The Group also hosts an Annual Partner Summit, a forum for key suppliers, thus allowing the Group to engage with suppliers on critical supply chain issues and to foster closer relationships with its suppliers. The Group's efforts to maintain and introduce greater efficiency and further diversification to its supply chain operations and procurement network have allowed the Group to continue and even grow its operations during the COVID-19 pandemic.

In select markets, such as Egypt, the Group operates warehousing and logistics directly through a large, Group-owned warehouse in Cairo and over 100 trucks. In other markets, such as the UAE, Qatar, Saudi Arabia, Jordan and Bahrain, the Group partners with reputable third-party logistics experts to manage day-to-day supply chain operations. The Group's business in Kazakhstan is supported by an outsourced fourth party logistics expert supply chain model, and the Group's Kazakh partner manages inventory and stock replenishment as well as inbound and outbound distribution (supplier-to-warehouse and warehouse-to-restaurant). The Group's Kazakh logistics partner also provides procurement services for a range of non-strategic products.

Food Safety and Quality Control

The Group's four core principles for ensuring food safety and quality control are: (1) achieving 100 per cent. halal certification; (2) undergoing frequent audits; (3) maintaining stringent pre-qualifications for suppliers; and (4) comprehensive food labelling. Food safety and quality are given paramount importance, and the Group has procedures in place to ensure hygienic products. The Group maintains comprehensive food safety systems and requirements based on HACCPP, as well as government regulations, industry best practices, franchisors, and its own high standards. The Group, through its food safety system, works together with its suppliers, supply chain operations and restaurants to ensure the safety and quality of its products.

The Group is required to comply with stringent quality standards set by various franchisors in their manuals and operating instructions. There are a range of franchisor requirements that the Group is required to follow including standards that govern supplier approval, product approval, animal welfare, distribution centre and transportation operations, restaurant operations, product quality evaluations and microbiological and chemical analysis of food and water. For example, the Group's KFC, Pizza Hut and Hardee's restaurants are subject to unannounced quarterly or biannual third-party audits that cover critical aspects of a restaurant's operations including compliance with food safety requirements, brand standards and local regulations. Any observations from such audits are tracked to closure. The Group also complies with requirements laid out by all other franchise businesses including Costa Coffee, TGIF and Krispy Kreme.

The Group's food safety systems include training of the Group's employees in restaurant operations and distribution system. Food standards and training topics include all aspects of food safety relevant to the operations such as personal hygiene, environmental hygiene, product handling, product temperature management and prevention of cross contamination. The Group also ensures compliance with applicable food safety regulations when building new or renovating existing restaurants.

Each of the Group's RGMs is responsible for day-to-day food quality and safety management at the restaurant unit. The Group's area managers are also required to check the implementation of food safety and quality related standards and controls. The Group's quality assurance department conducts on-site inspection at each restaurant on a regular basis. The Group periodically conducts quality checks on the main menu items each year. The Group seeks to maintain all specified equipment, such as high-quality refrigerators, in every restaurant unit, and has incorporated elements in its restaurants and kitchen design to enhance hygiene and reduce human error.

During the year ended 31 December 2021, the Group underwent more than 4,700 third-party audits (most of which were conducted by its franchise partners), more than 1,700 internal restaurants audits and more than 980 product audits and evaluations. During the same period, the Group conducted more than 600 employee training sessions.

For the Group's delivery system, the Group requires its own fleet and third-party delivery partners to comply with food safety and quality practice of food delivery, which stipulate clear requirements for regulatory compliance, staff management, delivery facilities and equipment. Food security is a priority for the Group. For example, home delivery packaging for freshly prepared food for all brands has a tamper proof seal to ensure food is protected throughout the delivery process.

Pricing and Revenue Management

The Group has adopted smart pricing, a cutting-edge methodical approach towards pricing, and developed an internal revenue management process. It applies advanced data science and machine learning algorithms to its historical consumer and transactional data to study price elasticity and to accurately predict consumer behaviour and reactions towards pricing and promotional activities. This is supported by a personalised digital marketing communications run through the CRM platform to boost customer engagement with the Group's assets, ultimately driving transactions and revenues growth. For example, reconstruction of the KFC chicken buckets helped to improve profits and mitigated inflation disruptions throughout 2022 while keeping the brand accessible to customers and competitive in the market.

The Group sets and updates prices periodically on a dynamic basis based on prevailing market conditions such as competitive activity and inflation. Pricing also takes in consideration the overall value proposition of the brand *vis-à-vis* brand positioning, target segment, experiential touch points, promotional depth and penetration strategy. The Group's ultimate objective is to generate highest product demand along with optimal product profitability to maximise overall contribution all the while ensuring high degree of personalisation of the customer experience.

Zero-Based Budgeting

The Group has adopted a zero-based budget approach with the aim of continuously identifying opportunities for efficiencies in operating expenses and driving value through matrixed driver-based budgets, dual ownership and accountability, tracking and clear KPIs across the entire profit and loss statement. Zero-based budgeting is a continuous process for mitigating inflationary increases, maintaining strict financial discipline for resource utilisation, benchmarking and sharing best practices across the Group and leveraging the Group's footprint and scale.

Technology

The Group is focused on leveraging technology to achieve a frictionless customer service experience across all touch points, whether at its restaurants for dine-in or for take-out, at drive thrus or through digital ordering. From its applications to self-order kiosks, from tablets to robots, from the Group's last mile delivery system to VoC, the Group has made significant strides towards accomplishing its business goal of becoming a fast growing and trusted food operator.

The Group's business technology team drives growth and innovation by unlocking value for the business and its customers, leveraging a suite of best-in-class, integrated technology systems that support over 2,000 restaurants across 12 countries as at 31 December 2021, processing over 150 million orders per year across various channels such as dine-in, take-away, pickup, drive thru and home-delivery.

While the Group partners with first tier software vendors, it also designs and builds its core assets in-house. The Group owns and operates a sophisticated digital ecosystem, powered by some of the best rated applications in the QSR industry. Several of the Group's applications rank at the top of the "food apps" charts and are rated 4.7 and above (out of 5.0) as at 30 June 2022. These applications are industry leading and unique as they are omnichannel, multi-country, multi-currency and multilingual.

The Group's digital assets have enabled it to harness customer data and subsequently drive retention, frequency and customer lifetime value across all brands. The Group's digital ecosystem is integrated with a high-performance CRM platform that allows it to drive automated customer journeys and customise offerings based on customer behaviour and micro segmentation.

The Group powers its restaurants using the best-in-class enterprise-grade point of sale software systems which processes 100 per cent. of its restaurant sales and FOH operations. The system has been fully integrated with electronic funds transfer payment devices to avoid any fraud, fingerprint scanners for restaurant attendance and printers. This is supported by integrated kitchen display systems which allows for paperless kitchen operations and SOS measurements for order fulfilment.

The Group's point-of-sale systems are decentralised to minimise risk with centralised administration and management capabilities to optimise costs. Decentralisation enables restaurants to operate in-restaurant channels even if they become disconnected in any manner. The point-of-sale has a centralised cloud-based configuration system which remotely updates menus, prices, promotions etc across markets. The Group also invests in restaurant-management software and practices recommended by its franchisors at a global level.

BOH operations are standardised using industry leading CrunchTime! Software-as-a-Service software for managing restaurant inventory, recipes, wastage and production forecast planning, etc. The Group optimises its labour deployment using the Group's algorithmic models in TeamWorx.

At many of the Group's KFC and Hardee's restaurants, self-service by customers is promoted and supported by kiosks which, as at 30 June 2022, account for almost 50 per cent. of in-restaurant orders at those particular restaurants. Dine-in customers also have the option of using their own mobile devices for ordering by using the QR codes on their tables instead of standing in queues. The Group supports its curb-side delivery customers by using tablets that are fully integrated with the point-of-sale system, wireless payment devices and mobile printers. For drive thru customers, the Group has the two-window model for order taking, payment and delivery, which facilitate delivery in under three minutes. Rider allocation for home delivery orders is managed using a state-of-the-art last mile delivery automation system which manages rider pools which are shared across restaurants to optimise costs and driver utilisation.

The Group began enhancing its cyber security capabilities in 2021 and has set up a dedicated IT security function. The Group is in the process of implementing key policies such as information security, data security and email security, among other technologies, that set clear standards on cyber and information security requirements for the organisation. The Group has successfully deployed some critical security services such as its security operation centre that provides 24x7 real-time security monitoring and enables the Group to effectively manage security incidents, privilege access management, vulnerability assessment and penetration testing and end user protection controls such as encryption and malware protection. The Group continues to build more capabilities during 2022 that addresses areas such as data loss and prevention, identity and access management, public key infrastructure for secure access to the Group's network and other computing resources.

The Group is in the process of upgrading from legacy Enterprise Resource Planning ("**ERP**") to Oracle Fusion Cloud ERP, which is an ongoing process where the Group is migrating from its legacy and bespoke systems to a single programme that standardises processes across the Group's businesses and markets. Once active, the programme will include finance, supply chain management, procurement and human resources functions across 12 countries. Ultimately, this upgrade will provide the Group with real-time visibility of business metrics, better decision making and improved customer experience. Some key benefits of upgrading to Cloud ERP include stronger compliance, standardised processes and reporting across regions, better collaboration across functions, accurate and updated access to information across multiple systems. This will also enable the Group to move to an offshore model in the medium term.

Employees

The Group has built up a team of experienced professionals comprising experts in the QSR industry, risk management, finance, human resources, strategy, law, corporate services and administration, procurement, information technology and auditing. As at 30 June 2022, the Group had approximately 40,700 employees. For the year ended 31 December 2021, the Group experienced an overall attrition rate of 46 per cent.

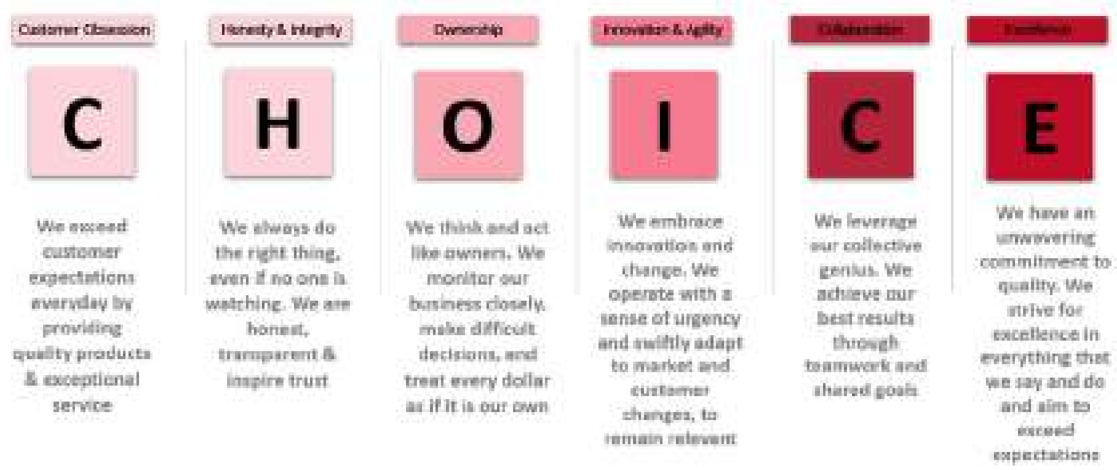
The following table sets out a breakdown of the Group's employees by country as at 30 June 2022:

	Number of Employees
Bahrain	947
Egypt	10,345
Iraq	296
Jordan	983
Kazakhstan	2,003
Kuwait	5,201
Lebanon	452
Morocco	555
Oman	744
Qatar	1,872
Saudi Arabia	7,084
UAE	10,218
Total	**40,700**

The Group's people strategy as an organisation has been an integral driver of all its initiatives and part of its business strategy. The Group endeavours to build an organisation that amplifies agility, fosters an environment where leaders of tomorrow are created, whilst leveraging its diverse community, to fulfil its vision of becoming the most trusted food operator in the world. The Group makes continuous efforts to ensure that it is a place to learn and lead, where employees can grow and develop the social acumen to think beyond the confines of the business.

For instance, the Group operates Americana University which offers a three-year programme to employees for enhancing their leadership capabilities. At Americana University, programmes are available to individual contributors, first line leaders, middle management and senior leaders and courses cover management, self-development, leadership and innovation. Through Americana University, the Group is able to obtain and spread functional know-how, set organisational direction, foster alignment across the organisation and identify, select and train potential leaders.

The Group has strived to propagate a culture of CHOICE, one that is embodied in the DNA of the organisation, to act as a guiding framework for all its actions, ensuring that it does right by all stakeholders. The elements of CHOICE are set forth below.



The Group also continuously evaluates itself through robust employee internal feedback mechanisms. In 2021, the Group partnered with Gallup, Inc., a survey company, to enhance its feedback collection process moving forward.

The culture that the Group has built over time has led it to being recognised by Gallup for being a multinational company that is committed to developing human capital. The Group won the Gallup Exceptional Workplace Award in 2022, a distinguished award recognising the Group's initiatives to enhance engagement and for incorporating its initiatives into all aspects of an employee's experience.

Diversity and inclusion are at the forefront of the Group's attention as it continues to expand its employee family. As an equal opportunity employer, the Group employs people from various nationalities. The Group is also improving its gender mix which currently stands at 15 per cent. women in its workforce.

Intellectual Property

The Group uses a number of trademarks, service marks, logos and other IP which are owned by different franchise partners. For instance, each Yum IFA licences the Group's franchisees to use KFC and Pizza Hut trademarks, the system and the system property developed by Yum for the preparation, marketing and sale of food products in accordance with the KFC and/or Pizza Hut concepts at each KFC and/or Pizza Hut restaurant location operated by the Group. The trademarks, service marks and other IP relating to the Hardee's brand including the logos and core marks, are registered in the name of Hardee's Restaurants LLC. The Group has also been granted limited rights to use the IP for development and operation of KFC, Pizza Hut and Hardee's restaurants. See "*Material Agreements—Franchisor Agreements—Yum Franchise Agreements*" and "*Material Agreements—Franchisor Agreements—Hardee's Country Licence Agreements*".

Similarly, the trademarks, service marks and other IP relating to the TGIF and Krispy Kreme including their logos and core marks are registered in the name of TGIF Franchisor LLC, HDN Development Corporation, respectively. For all franchisee/brand related arrangements, the Group has been granted very specific IP rights for a limited purpose and for running each franchisor's respective brand and restaurants. Such IP rights may include marketing, brand promotion, display, usage at outlets and the sale of products.

The Group also owns several trademarks, tradenames, and IP rights, including Wimpy, Grand Café, Fish Market and Chicken Tikka, which are the Group's own brands. Over the course of the Group's Wimpy operations, the Former Parent Company registered the marks in certain jurisdictions, and by 2018, the Former Parent Company formalised its rights in the brand (i.e., trademarks) in most of its key jurisdictions.

Material Legal and Regulatory Proceedings

The Group is party to various legal proceedings in the normal course of business and does not expect the outcome of these proceedings to have any adverse effect on its financial results. There are outstanding legal proceedings against the Group which are pending at various levels of adjudication before various courts and other authorities in various jurisdictions. There are two outstanding legal proceedings involving the Group described below, the outcome of which could have a material impact on the Group's business.

The Group is involved in litigation in relation to the death of a child in July 2015 in the play-pen of a Hardee's restaurant franchised and operated by the Group in Jordan. A Jordanian court found both the Group's Jordanian subsidiary and the restaurant's branch manager guilty of criminal negligence and the branch manager was sentenced to six months in prison along with a 50 JOD fine plus fees. The deceased child's representatives filed a civil wrongful death claim against Hardee's and several affiliated entities in a United States federal district court which was dismissed on a summary judgement motion in February 2022. The dismissal is under appeal with the hearings expected to commence in the second half of 2022. As per the indemnity provisions in the Hardee's Agreements, the Group is indemnifying Hardee's for any damages and/or costs arising from this claim and accordingly, the Group made related provisions in its financial statements, which it believes will be sufficient to cover any costs associated with this liability.

In addition, the Egyptian tax authorities have various unresolved sales tax liability claims against the Group's subsidiary, ECITP relating to its restaurants from 1997 to 2017. The disputes centre around alleged improper use by ECITP of certain sales tax exemptions applicable to the Egyptian restaurants not having 'touristic' status. These sales tax exemptions were repealed in 2016 pursuant to a change in Egyptian tax law. A significant amount of the claims made by the Egyptian tax authorities have expired for procedural reasons, such as the statutes of limitation. In respect of potential penalties which remain in force, on 2 November 2021 ECITP received a demand letter from the Egyptian tax authorities claiming $92.6 million in sales tax liability, of which $32.0 million represents the principal payments due and $60.4 million represents penalties. The Group has settled the claims relating to the principal payments with the Egyptian tax authorities, and with respect to the remaining claims relating to penalty payments, expects to rely on Egyptian retroactive amnesty legislation (announced August 2022) for a waiver of these penalties. ECITP has made related provisions in its financial statements which it believes will be sufficient to cover any costs associated with these claims.

In respect of the provisions taken by the Group in respect of each of the above claims, there can be no assurance that the costs related to the final outcomes of the aforementioned disputes or proceedings will not be higher than anticipated, and such higher costs may have a material adverse effect on the Group's business, results of operations and financial condition.

Insurance

The Group has requisite material damage and liability insurance programs in place. The material damage programs offer protection against accidental loss or damage, burglary, machinery breakdown, pecuniary losses arising out of dishonest acts, loss of money, loss or damage to cargo in transit, property in the course of construction, etc. The liability programs offer protection against any sort of liability arising out of the Group's operations including third party liability, cyber liability, liability of directors and officers, etc. The Group believes that the insurances it has in place currently addresses all insurable risk exposures and is in line with limits and/or insurance policies maintained by its peers.

The policies in place are adequate in relation to value of the Group's assets and liability exposures in comparison to the sum insured. All related insurable risks for the Group are taken into consideration and transferred to A rated insurers and re-insurers through internationally reputable brokers.

Properties

The Group operates its corporate headquarters on the premises that it holds it on a leasehold basis. The majority of the Group's restaurants are operated on premises that are leased, licenced or sublet and the Group currently expects to lease or sub-lease the premises for its new restaurants. Lease tenure is approximately three to five years. As at 31 December 2021, the Group leased 95 per cent. and owned five per cent. of its restaurant locations. As at 30 June 2022, the majority of the Group's restaurants are operated in premises which are leased and the Group expects mostly to lease premises for its new restaurants. As at 30 June 2022, the Group leases more than 1,700 KFC, Pizza Hut, Hardee's and Krispy Kreme restaurant locations and owns less than one hundred restaurant locations that it operates. The Group has extensive experience in negotiating leases and has long term, strong relationships with major and individual landlords. Of its leases, a majority (70 per cent.) are fixed rate, 25 per cent. are fixed and/or variable and five per cent. are variable. The Group believes the relatively high proportion of fixed rate leases allows for cost visibility and budget management.

The Group has a stable lease tenure profile as at 31 December 2021 as indicated in the table below showing the proportion of restaurant leases by remaining tenure:

	0-1 year	**1-2 years**	**2-5 years**	**5 years +**	**Expired**
			(%)		
Lease Tenure..	30%	25%	32%	8%	6%

Corporate Social Responsibility ("CSR") and ESG Considerations

The Group believes it is a regional leader in ESG through the adoption of best-in-class principles: (1) franchisor backed adherence to environmental policies, (2) minimising waste and climate impact, (3) reduced plastic consumption, (4) commitment to employee and community welfare, (5) training and promoting career development and (6) accountable and committed management. The Group has adopted internal guidelines and policies including in respect of whistle blowers, conflicts of interest, health and safety, risk tolerance, anti-bribery and corruption and sanctions.

The Group has adopted an ambitious ESG roadmap to (1) reduce employee turnover from 46 per cent. in 2021 to 40 per cent. by 2025, (2) increase female participation in its workforce from 15 per cent. in 2021 to 25 per cent. by 2025 and (3) enhance employee engagement from 80 per cent. in 2021 to 85 per cent. by 2025.

The Group actively engages in CSR activities with a defined purpose of making a difference and creating an impact in the communities where the Group operates its restaurants. Internally, this involves reducing plastic and general consumption, driving gender diversity and improving employee retention. For instance, the Group has replaced plastic bags with paper at several of its restaurants and implemented internal policies that cover training, whistle blowing, conflicts of interest, health and safety and anti-bribery and corruption.

In Jordan, the Group has invested in a grid-connected ground mounted solar panel project, which produces 1.2MWp per year, to power six of its restaurants.

Externally, the Group ensures that 100 per cent. of its suppliers are compliant with the Global Food Safety Initiative standards by regularly conducting supplier compliance assessments.

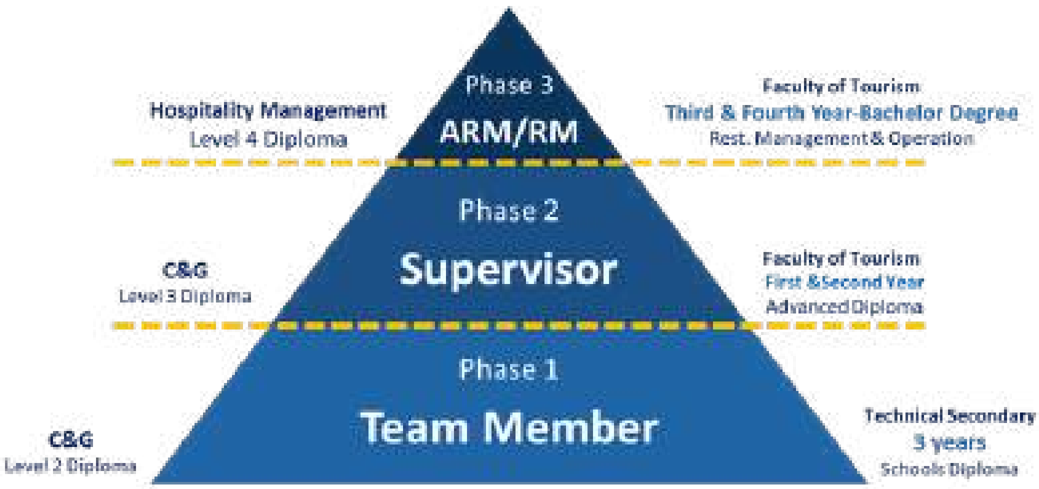
The Group also engages with local communities where its restaurants operate, which include engaging in charity funding, organising blood donations, giving meal distributions to orphanages, homeless shelters and stray animal shelters.

The Group's main CSR initiatives are described below.

People with determination – The Group built certain restaurants and fitted them with specialised equipment and infrastructure to allow for determined people with hearing and speech disabilities to operate these restaurants. The Group's employees perform functions from order taking to cooking, preparing and serving orders to customers and providing them with the similar experiences to any other restaurant. The initiative began in 1994 with only one restaurant in Egypt, and it has expanded to six restaurants across three brands with over eighty disabled employees. The Group intends to further grow the programme and is working towards including the underprivileged, mobility impaired and increasing participation of women across all of its restaurants.

Dual education programme – The Group partnered with the Ministry of Education of Egypt, Helwan University, Misr Elkheir and City and Guilds to develop a dual-education cluster specialised in restaurants management and operations. This programme provides young students attending technical secondary school with a promising learning trajectory spread over three phases and seven years, aimed at attaining a level four diploma or fourth year bachelor's degree. The Group's dual education programme has been recognised by organisations such as United Nations Educational Scientific and Cultural Organisation, International Labour Organization, International Youth Foundation, The SHRM Blog, and has received the AIB MENA award for community development for the programme.

The diagram below sets out the details of the Group's dual education programme in Egypt.



In 2022, the Group received the Gallup Exceptional Workplace Award for the first time and was one among 12 first-time winners. The Group was also one of only two companies from the MENA region to receive the award.

The Group empowers each brand and country to conduct CSR activities relevant to their communities. Some of those initiatives have included observing Down Syndrome World Day on 21 March in Saudi Arabia, celebrating 'Kindness Week' in Kazakhstan by distributing meals to children, adults and orphans on occasions such as Ramadan and participating in a half marathon event in Kazakhstan to fund the charity "Courage to be First", which supports the development of sports facilities for disabled children. The Group further finances several city sports events, among various other CSR engagements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of the carved-out financial condition and results of operations as at and for the years ended 31 December 2021, 2020 and 2019, as at and for the six month periods ended 30 June 2022 and as at 30 September 2022 and for the three and nine month periods ended 30 September 2022, should be read in conjunction with the information set out in "Appendix A: - Management's discussion and analysis of financial condition and results of operations (Saudi Arabia Offering Document)", "Capitalisation and Indebtedness", "Selected Financial Information and Operating Data" and the Financial Statements.

The "Appendix: A – Management's discussion and analysis of financial condition and results of operations (Saudi Arabia Offering Document)" is the English language translation of an extract from the Saudi Arabia Offering Document and contains the information relating to "Summary of Significant Accounting Policies", "Results of Operations" and "Liquidity and Capital Resources" sections discussed below.

The discussion of the Company's financial condition and results of operations in this section and in the "Appendix A: Management's discussion and analysis of financial condition and results of operations (Saudi Arabia Offering Document)" is based upon the Financial Statements that have been prepared in accordance with IFRS. This discussion contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those discussed below and elsewhere in this document, particularly under the headings "Presentation of Financial and Other Information—Information Regarding Forward-Looking Statements" and "Risk Factors".

See "Presentation of Financial and Other Information" for a discussion of the source of the numbers presented in this section and certain other relevant information.

Overview

The Group is the largest OOHD and QSR operator in its 12 countries of operation, across the MENA region and Kazakhstan, based on the number of restaurants in the Group's countries of operations according to the Euromonitor International Report. The Group achieved revenues of $2.05 billion and $1.15 billion for the year ended 31 December 2021 and the six months ended 30 June 2022, respectively, with strong profitability and return on invested capital. The Group has operated restaurants across the MENA region for almost fifty years for iconic global brands such as KFC, Pizza Hut, Hardee's, Krispy Kreme and TGIF"), amongst others. In addition to the franchise brands, the Group operates two notable proprietary brands, Wimpy and Chicken Tikka. Despite the impact of the COVID-19 pandemic, the Group continued to expand its restaurant network and opened a gross total of 164, 61, 116 and 66 new restaurants for the years ended 31 December 2021, 2020, 2019 and the six months ended 30 June 2022, respectively. As at 30 June 2022, the Group operated 2,050 restaurants across 12 countries.

The Group believes it is the trusted and preferred franchisee in the MENA region for the following brands: KFC, Pizza Hut, Hardee's, Krispy Kreme, TGIF, Costa Coffee and Baskin Robbins. Recently, the Group signed franchise and development agreements to act as the trusted and preferred operator for Peet's Coffee across the UAE, Saudi Arabia, Kuwait and Qatar. The Group considers KFC, Pizza Hut, Hardee's and Krispy Kreme to be its Power Brands which represented 92.4 per cent. of the Group's revenues for the year ended 31 December 2021 and 92.9 per cent. of the Group's revenues for the six months ended 30 June 2022. The Group's two principal proprietary brands are Wimpy and Chicken Tikka.

As the leading restaurant platform in its markets with the restaurant footprint exceeding the next four players combined in 2021, the Group is uniquely positioned to benefit from the opportunities in its large, fragmented and structurally growing markets. The Group's markets of presence have a large and growing addressable population of over 270 million as at 2021, with over 78 per cent. of the population below the age of 45, and the presence of strong spending enablers such as high economic and disposable income growth, a favourable taxation environment as well as high purchasing power parity in the GCC markets (source: Euromonitor International Report). Despite rapid growth, OOHD in the Group's countries remains significantly underpenetrated from both a supply and demand side perspective as compared to other emerging and developed markets, and presents significant potential for further development.

The Group's proprietary omnichannel platform allows customers to experience the Group's iconic restaurant brands across the entire MENA region and Kazakhstan – when they want, and how they want. Specifically, the Group's proprietary digital omnichannel platform provides customers the option of ordering via mobile apps, online ordering, kiosks, QR code ordering and point-of-sale; and its omnichannel access includes delivery, drive thru, car hop, click & collect, take-away and dine-in channels.

The Group's value proposition to customers is predicated on several factors, such as food safety and quality, competitive pricing, SOS, guest courtesy and restaurant aesthetic / design appeal. The Group is actively engaged in marketing and advertising activities, as well as launching new products and services to enhance the salience, relevance and customer engagement of its portfolio of brands with consumers across the MENA region and Kazakhstan. The Group relies upon the worldwide appeal and customer recall of its iconic brands, its sustained focus on customer satisfaction and implementation of digital measures to increase its efficiency in operations and enhance customer experience. Raw materials for the Group's operations are sourced from pre-approved vendors which are selected to meet international food safety, quality and ethical sourcing standards. The Group's restaurants are routinely subjected to independent third-party audits by its franchisors and accredited to ensure compliance with global best-in-class QSR and casual dining standards. The Group consistently ranks as a leading global performer in its key franchise systems. The Group's services and menu are diversified – tailored to local tastes and preferences – and are regularly reviewed to meet the growing and evolving customer demands across the Group's countries of operation, whilst retaining the key customer associations of its brand.

The Group expects the importance of home delivery in the MENA and Kazakhstan QSR industry to continue to grow due to changing lifestyles and evolving consumer behaviour in the post-COVID-19 food-consumption environment. In response, the Group has enhanced its own capabilities and invested heavily in its last mile delivery operations, expanding its own delivery driver fleet. As at 30 June 2022, the Group had a fleet of more than 7,800 drivers across the MENA region and intends to continue growing this fleet in line with the growth of the delivery business. The Group's brands are highly popular on restaurant aggregator platforms such as Talabat, Hunger Station, Jahez, Deliveroo and Glovo, across its countries of operation. The Group has long term agreements (typically five years) with strategic aggregator partners, and because the Group's own delivery fleet fulfils more than 80 per cent. of its orders (in 2021), aggregator platforms are used primarily for additional customer acquisition. In instances where the Group relies on its aggregator partners for delivery, the Group works closely with these platforms to ensure safe and efficient deliveries, without compromising food quality.

Following the onset of COVID-19 and the increased focus on health and safety by consumers globally, the Group prioritised the health and safety of both customers and employees, including through the introduction of contactless delivery and takeaway, as well as re-training its entire restaurant staff and drivers on health, safety and personal hygiene standards. The Group aims to maintain a sustained focus on consumer and employee health and safety through routine refresher training. The Group has also re-developed its menus for greater delivery and takeaway compatibility.

The Group has modernised and digitised its operations to meet customers' continually changing demands. In particular, the Group's focus on a frictionless customer experience, supported by culinary, technology and design innovations, have led it to achieve strong brand-health and brand relevance as well as supporting revenues growth. In April 2020, the Group launched its first proprietary mobile application for KFC on its proprietary digital platform in the UAE, through which consumers can explore the menu, find offers, place orders online and view real time order tracking. By 2021, the Group's KFC mobile application had been launched in seven countries including the UAE, Saudi Arabia, Kuwait, Egypt, Oman, Bahrain and Qatar. Further, the Group operates four other brand-specific mobile applications for Pizza Hut, Hardee's, Wimpy and Krispy Kreme across different MENA countries. As at 30 June 2022, the Group has launched 17 SuperApps, similar to the KFC app, for five brand ecosystems on its digital platform.

SIGNIFICANT FACTORS AFFECTING THE GROUP'S FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Group's results from operations have been, and will continue to be, affected by a number of factors, many of which are beyond the Group's control. See also "*Risk Factors*". There are several key items which have impacted and which the Group expects will continue impact its results from operations on a consolidated basis. These items are described below.

Impact of the COVID-19 pandemic

The COVID-19 pandemic adversely impacted the Group's operations as a result of local lockdowns, restrictions on operating hours and seating capacity at the Group's restaurants, lower footfall in shopping malls, a decline in tourism (particularly in UAE and Saudi Arabia) and a general decline in consumer preferences to dine-in. For instance, the Group's restaurants in the UAE and Saudi Arabia were closed to dine-in customers for several months in 2020 due to COVID-19 lockdown restrictions. This impact was reflected in a decrease of 16.5 per cent. in the Group's revenues for the year ended 31 December 2020. In response, the Group adopted the following cost savings measures and certain other initiatives to mitigate the impact of the COVID-19 pandemic:

- *Royalty and marketing spend relief arrangements with franchisors*

  Some of the Group's franchisors such as Yum, Hardee's, TGIF and Costa Coffee agreed to reduce or waive certain payment obligations applicable to the Group's restaurants.

- *Salary, leave and variable pay adjustments*

  Between March and September 2020, the Group instituted employee cost-saving measures to reduce fixed costs relating to employee salaries and variable costs relating to employee overtime hours, bonus and incentive schemes through (i) hiring freezes, (ii) mandatory unpaid leaves ranging from two to eight days a month, (iii) mandatory leave usage by all employees to reduce leave encashment, (iv) reduction in the maximum permissible overtime hours and (v) reduction in bonus and incentive packages.

- *Rent concessions and renegotiations*

  The Group and certain of its lessors agreed to temporary rent waivers or concessions applicable to certain of the Group's restaurants, warehouses and offices. The Group estimates that its total rent cost savings as a result of these measures were $28.1 million and $7.0 million during the years ended 31 December 2020 and 2021, respectively.

- *Focus on drive thru, takeaway and delivery*

  In order to adjust to consumer preferences away from dine-in during the COVID-19 pandemic, the Group upgraded some of its purely dine-in stores to allow for home delivery drive thru and takeaway orders. Between 2019 and 2021, the Group invested significantly in channels to support off-premise dining, including its 17 proprietary SuperApps, kiosks, car hops and drive thrus. Additionally, as at 30 June 2022 the Group maintains its own fleet of 7,800 drivers for fulfilling last mile delivery orders. This evolving focus on alternatives to dining-in has resulted in growth of the Group's revenues from home delivery to for 41 per cent. and 42 per cent. of total revenues for the years ended 31 December 2020 and 31 December 2021, respectively as compared to 30 per cent. for the year ended 31 December 2019. The Group's revenues from home delivery were 40 per cent. of total revenues for the six months ended 30 June 2022.

- *Government* subsidies

  The Group also received certain government subsidies relating to COVID-19 pandemic relief in various forms such as (i) refunds for local utility charges, (ii) employee salary contributions, (iii) social security payment contributions and (iv) payroll tax waivers.

Despite the aforementioned measures, the Group's revenues and Net Profit attributable to parent for the year ended 31 December 2020 decreased by 16.5 per cent. and 46.5 per cent., respectively, as compared to the year ended 31 December 2019. As the COVID-19 pandemic subsided, the Group's business experienced a strong rebound—Like-for-Like Revenues increased by 30.1 per cent. and the Group opened a gross total of 164 new restaurants for the year ended 31 December 2021. As a result, revenues and Net Profit attributable to parent for the year ended 31 December 2021 increased by 30.0 per cent. and 152.3 per cent., respectively, as compared to the year ended 31 December 2020.

Net new restaurant openings

A key driver of the Group's results of operations is the change in number of restaurants in its network. Due to the nature of the QSR business, the Group's restaurants generally need to be in high visibility and high traffic locations in order to meet the Group's desired return on investment and payback targets. The Group's ability to effectively obtain quality retail property to relocate existing restaurants or open new restaurants depends on the availability of retail property that meets its criteria for customer traffic, square footage, lease economics, employee proximity, logistical accessibility, demographics and other factors, including the Group's ability to negotiate terms that meet the Group's financial targets. Furthermore, new restaurant set ups involve substantial up-front costs for hiring new employees, relocating existing employees and setting up the necessary supply chains, as a result of which it typically takes approximately 12 months from opening for a new restaurant to achieve stable operations. The Group's payback period was 1.7 years for restaurants opened during the years ended 31 December 2020 and 2021. Average capital expenditures per new restaurant for the years ended 31 December 2020 and 2021 were $339,000 across all of the Group's new restaurants, with average capital expenditure by brand varying from $464,000 for the Group's KFC restaurants, $316,000 for the Group's Pizza Hut restaurants, $378,000 for the Group's Hardee's restaurants, $100,000 for the Group's Krispy Kreme restaurants, and $315,000 for the Group's other restaurants.

The following table sets forth the changes in the total number of the Group's restaurants for the periods indicated therein.

	Years ended 31 December			**Six months ended 30 June**	
	2019	**2020**	**2021**	**2021**	**2022**
Number of restaurants at the beginning of the period	1,866	1,933	1,900	1,900	2,010
Number of new restaurants opened during the period	116	61	164	40	66
Number of restaurants closed during the period	49	94	54	22	26
Number of restaurants at the end of the period	**1,933**	**1,900**	**2,010**	**1,918**	**2,050**

Management believes there is still significant opportunity for further penetration in the markets where the Group operates.

Brand Portfolio

The Group operates restaurants under a portfolio of 11 brands across key consumer verticals and occasions, including key QSR categories (chicken, burger and pizza), fast casual, casual dining, indulgence and coffee concepts, with the aim of maximising share of wallet within a complete, omnichannel ecosystem. The Group has prioritised its focus areas and has strategically divested brands it believes have revenues potential of less than $50 million annually, which reduced its number of brands from 19 brands in 2017 to 11 brands as at 30 June 2022. The majority of the Group's restaurant closures historically have been driven by portfolio optimisation and brand rationalisation, which is now substantially complete, and as a result, the Group believes the portfolio is now significantly healthier than previously. For instance, the Group's portfolio optimisation with an emphasis on Like-for-Like Revenues Growth, combined with continued restaurant openings, resulted in a revenues CAGR of 4.7 per cent. between 2017 and 2021 (6.6 per cent. CAGR for the Group's Power Brands) and Net Profit attributable to parent CAGR of 15.4 per cent. between 2018 and 2021. In addition, the Group is currently focused on development of its coffee vertical with the ongoing launch of Peet's Coffee in the UAE.

Like-for-Like Revenues Growth and Average Unit Volume

In conjunction with opening new restaurants, the Group has also focused on increasing the revenues and profitability of its existing restaurants by (i) increasing its product selling prices, (ii) focusing on customer and digital technology, (iii) improving operating standards and reducing customer complaints, (iv) improving home delivery experience and (v) improving SOS across the Group's brands and markets. These initiatives have helped the Group improve Like-for-Like Revenues Growth and Average Unit Volume. Management believes these initiatives have contributed to Like-for-Like Revenues Growth (which was 30.1 per cent. for the year ended 31 December 2021 and 16.2 per cent. for the six months ended 30 June 2022) and improved Average Unit Volume of its KFC restaurants, from $1.2 million for the year ended 31 December 2017 to $1.5 million for the year ended 31 December 2021. For the three months ended 31 March 2022, Average Cheque Growth was 2.1 per cent. and 1.7 per cent. for the three months ended 30 June 2022.

Growth in number of transactions was 14.1 per cent. for the three months ended 31 March 2022 and 14.0 per cent. for the three months ended 30 June 2022.

Operating Costs

The Group's costs of revenues as a percentage of revenues were 47.8 per cent., 49.0 per cent. and 47.3 per cent. for the years ended 31 December 2019, 2020 and 2021, respectively and 47.4 per cent. and 47.4 per cent. for the six months ended 30 June 2021 and 2022, respectively.

The Group's primary cost of revenues include the cost of inventory (such as cheese, flour, sugar, meat and coffee), staff costs, royalties and selling and marketing expenses (such as fuel, utilities and maintenance costs). Most of these are commodities and services and are subject to price fluctuations as a result of inflation, seasonality, weather, demand, visa restrictions and other local factors. Profitability of the Group's restaurants in their respective markets is subject to the differences between the costs of inventory and/or selling and marketing expenses as compared to the selling prices of their menu offerings. The Group's cost efficiency measures, including its automation initiatives, increasing the number of self-ordering kiosks, creating a common rider pool across the Group brands and organisational delayering, have contributed to a decrease in the Group's costs of revenues.

The Group's costs of inventory as a percentage of revenues were 29.8 per cent., 30.0 per cent. and 30.4 per cent. for the years ended 31 December 2019, 2020 and 2021, respectively and 30.1 per cent. and 31.0 per cent. for the six months ended 30 June 2021 and 2022, respectively. Management believes the Group has been able to partly mitigate the impact of commodity inflation and supply chain disruption, as shown by the fact that the Group's cost of inventory rose from 29.8 per cent. for the year ended 31 December 2019 to only 31.0 per cent. for the six months ended 30 June 2022 as a result of the Group's smart pricing initiatives.

The Group's staff costs as a percentage of revenues were 22.8 per cent., 22.5 per cent. and 20.7 per cent. for the years ended 31 December 2019, 2020 and 2021, respectively and 21.5 per cent. and 20.1 per cent. for the six months ended 30 June 2021 and 2022, respectively. The Group's staff costs decreased from 22.8 per cent. for the year ended 31 December 2019 to 20.1 per cent. for the six months ended 30 June 2022 as a result of the Group's productivity and automation initiatives.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

See Sections 5.3 and 5.6 of "*Appendix A: Management's discussion and analysis of financial condition and results of operations (Saudi Arabia Offering Document)*" for a discussion of significant accounting policies of the Group as presented in the Financial Statements.

RESULTS OF OPERATIONS

See Sections 5.5.1.1 (*Special purpose carve-out statement of comprehensive income for the years ended 31 December*) and 5.7.1.1 (*Condensed interim carve-out statement of income for the period ended 30 June 2021G and 2022G*) of "*Appendix A: Management's discussion and analysis of financial condition and results of operations (Saudi Arabia Offering Document)*" for a discussion of key components of the Group's statement of income, the statement of financial position and the statement of cash flows and the changes in such components of the Group (and for each of its subsidiaries' operations in the UAE, Saudi Arabia, Kuwait and Qatar, respectively) for the years ended 31 December 2019, 2020 and 2021 and for the six months ended 30 June 2021 and 30 June 2022, respectively.

FINANCIAL UPDATE FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2022

Except as set forth below, the trends and results for the three months and nine months ended 30 September 2022 were broadly in line with the trends and results the Group experienced for the six months ended 30 June 2022 which are discussed in Sections 5.5 and 5.7 of "*Appendix A: Management's discussion and analysis of financial condition and results of operations (Saudi Arabia Offering Document)*". The Q3 2022 Interim Carve-out Financial Statements are included in this Offering Memorandum.

Results of Operations for the Three Months ended 30 September 2022

Revenues

Revenues increased by 14.7 per cent. to $619.1 million for the three months ended 30 September 2022 from $539.8 million for the three months ended 30 September 2021 primarily reflecting the same factors as for the six months ended 30 June 2022 being: (i) the recovery of revenues from the in-restaurant channels as the impact of COVID-19 continued to subside and (ii) the increase in the number of the operating restaurants from 1,946 as of 30 September 2021 to 2,090 restaurants as of 30 September 2022. Revenues growth of 14.7 per cent. for the three months ended 30 September 2022 as compared to the three months ended 30 September 2021 was lower than the revenues growth of 19.0 per cent. for the six months ended 30 June 2022 as compared to the six months ended 30 June 2021 reflecting the strong recovery of revenues in 2021 and gradual recession of the impact of COVID-19.

Like-for-Like Revenues Growth

Like-for-Like Revenues Growth was 12.2 per cent. for the three months ended 30 September 2022 as compared to 16.5 per cent. in the three months ended 31 March 2022 and 15.9 per cent. in the three months ended 30 June 2022 which was reflective of the Group's strong performance in the comparative periods and the gradual diminishment of the impact of COVID-19. Like-for-Like Revenues Growth was 14.8 per cent. for the nine months ended 30 September 2022.

Other Income

Other income was $0.5 million for the three months ended 30 September 2022 as compared to $9.4 million for the six months ended 30 June 2022 primarily as a result of gain from franchisor incentives and on sale of assets during the six months ended 30 June 2022 and reclassification of withholding tax during the three months ended 30 September 2022.

Monetary gain from hyperinflation

Monetary gain from hyperinflation was $6.6 million for the three months ended 30 September 2022 as compared to $0.5 million for the six months ended 30 June 2022 reflecting the aggravated impact of hyperinflation on the Lebanese economy during the three months ended 30 September 2022. As such, all items recognised in the income statement were restated by applying the change in the general price index to each line item in line with IAS 29 requirements. Similarly, the carrying amounts of non-monetary assets and liabilities were adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period.

Tax claim charge

The Group recognised a reversal of a tax claim charge of $0.6 million for the three months ended 30 September 2022 reflecting the reduction of a provision made in relation to the tax claim charge of $25.5 million for the six months ended 30 June 2022. The reversal was in relation to the settlement of a tax dispute with the Egyptian tax authorities. For further details, please refer to "*Business – Material Legal and Regulatory Proceedings*" in this Offering Memorandum.

Income tax, Zakat, and contribution to KFAS

Income tax, Zakat, and contribution to KFAS was $1.5 million for the three months ended 30 September 2022 as compared to $6.1 million for the six months ended 30 June 2022 primarily as a result of hyperinflation in Lebanon, true-up of provisions and reclassification of withholding tax during the three months ended 30 September 2022.

Net profit and net profit margin

Net profit for the period increased by 21.5 per cent. to $76.2 million for the three months ended 30 September 2022 from $62.7 million for the three months ended 30 September 2021. Net Profit attributable to parent increased by per cent. to $74.6 million for the three months ended 30 September 2022 from $61.2 million for the three months ended 30 September 2021. Over the same period, Net Profit Margin increased by 0.7 per cent. to 12.0 per cent. from 11.3 per cent.

Selected Financial Data for the Nine Months ended 30 September 2022

The following tables set out certain of the Group's financial results and the Group's measures of performance and liquidity as at the dates and for the periods indicated.

	For the nine months ended 30 September	
	2021	2022
	(US$ millions, unless otherwise indicated)	
Revenues	1,508	1,771
Net profit for the period attributable to parent	155	196
Net Profit Margin (%)	10.2	11.1
Net Profit	156	199
Adjusted EBITDA[(1)]	333	404
Adjusted EBITDA Margin (%)	22.1	22.8

(1) The following table sets out a reconciliation of Adjusted EBITDA to Net Profit for the periods indicated.

	For the nine months ended 30 September	
	2021	2022
	(US$ millions)	
Net Profit	**156.3**	**199.4**
Income tax, zakat, and contribution to KFAS	11.0	7.6
Finance cost (net) excluding finance costs on lease liabilities	0.1	0.2
Depreciation and amortisation (excluding depreciation related to right of use assets)	49.6	49.2
Depreciation on right of use assets	104.4	112.0
Finance costs on lease liabilities	15.1	15.2
EBITDA	**336.4**	**383.6**
Other adjustments[(A)]	(3.3)	20.6
Adjusted EBITDA	**333.2**	**404.2**

(A) The following table sets out the other adjustments for the periods indicated.

	For the nine months ended 30 September	
	2021	2022
	(US$ millions)	
Tax Provision(i)	-	24.9
Staff restructuring costs(ii)	0.2	0.6
Lebanon IAS 29 adjustment(iii)	(3.4)	(4.8)
Other adjustments	**(3.3)**	**20.6**

(i) Non-recurring provision to settle an indirect legacy tax claim charge relating to 2000-2017 period prior to the Adeptio Acquisition.
(ii) Severance payments to employees relating to a restructuring programme predominantly in Egypt.
(iii) Due to hyperinflation in the Lebanese economy, the Group's statement of income and statement of financial position were restated using general price index in line with IAS 29.

LIQUIDITY AND CAPITAL RESOURCES

The Group has historically financed the expansion of its business and operations primarily funds generated from the Group's operations. From time to time, the Group has obtained loan facilities to finance its short-term working capital requirements. See Sections 5.5.1.3 and 5.7.1.3 of "*Appendix A: Management's discussion and analysis of financial condition and results of operations (Saudi Arabia Offering Document)*" for a discussion of the Group's cash flows for the years ended 31 December 2019, 2020 and 2021 and the six months ended 30 June 2021 and 30 June 2022, respectively.

CAPITAL EXPENDITURES

The Group's operations require investments to expand, upgrade or enhance existing operations. The Group distinguishes between Gross Capital Expenditures and Net Capital Expenditures. The table below sets out the Group's Gross Capital Expenditures and Net Capital Expenditures for the periods indicated.

	For the year ended 31 December			For the six months ended 30 June
	2019	2020	2021	2022
		(US$ millions)		
Gross Capital Expenditures	75.2	46.7	101.2	59.6
Net Capital Expenditures	71.9	46.0	99.8	58.6

The Group's Gross Capital Expenditures and Net Capital Expenditures for the year ended 31 December 2020 were lower as compared to other periods as a result of the Group opening fewer new restaurants during the COVID-19 pandemic.

INDEBTEDNESS

As at 30 September 2022, the Group had $27.4 million of indebtedness outstanding, primarily relating to on-demand bank overdraft facilities. Currently, the Group has no committed loan facilities in place. Going forward, the Group expects to finance its operations, including its growth plans, using funds generated from operating activities. However, the Group retains the option, in the future, to raise funds by borrowing from credit facilities or by issuing equity or debt instruments in the capital markets to finance its growth strategy, if required.

OFF-BALANCE SHEET TRANSACTIONS

The Group had no off-balance sheet arrangements as at 30 September 2022.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

See Section 5.4.5 (*Key factors affecting group performance—Risks related to foreign exchange risks*) "*Appendix A: Management's discussion and analysis of financial condition and results of operations (Saudi Arabia Offering Document)*" for a discussion of certain market risks applicable to the Group.

CHANGES TO THE GROUP'S ACCOUNTING POLICIES

See Section 5.3 (*Basis of preparation and summary of significant accounting policies—New standards, amendments and interpretations*) "*Appendix A: Management's discussion and analysis of financial condition and results of operations (Saudi Arabia Offering Document)*" for a discussion of recent and expected changes to the Group's accounting policies.

RECENT DEVELOPMENTS

In July 2022, the Group signed an exclusive master franchise agreement with Peet's Coffee for the UAE, Saudi Arabia, Kuwait and Qatar with a right of first refusal across the Group's remaining eight countries of operation. The Group has signed leases for its Peet's Coffee restaurants in three locations in the UAE and the Group's Peet's Coffee restaurant in the Dubai Mall is currently under construction. In October 2022, the Group rolled out its Krispy Kreme brand in Jordan by opening a hot light theatre shop in Amman.

The Group has opened 132 new restaurants (gross) during the period from 1 January 2022 to 31 October 2022. As of 31 October 2022, the Group had another 87 restaurants under construction, had seven sites under mobilisation and secured leases for the Group's new restaurants in one additional location.

MATERIAL AGREEMENTS

The material agreements referred to in this Material Agreements section have, where the Former Parent Company (and/or its non-Group subsidiaries) is the contractual party, been novated to the Group.

Franchisor Agreements

KFC Development Agreements

On 1 January 2019, the Former Parent Company signed a development agreement with Yum Restaurants (MENAPAK) Co SPC (now novated to KFC MENAPAKT FZ-LLC) and Kentucky Fried Chicken International Holdings L.L.C. (as amended from time to time, "**2019 KFC MENA DA**"). A new development agreement was subsequently signed by the Former Parent Company, KFC MENAPAKT FZ-LLC and Kentucky Fried Chicken International Holdings L.L.C. effective from 1 January 2023 (as amended from time to time, "**2022 KFC MENA DA**", and together with the 2019 KFC MENA DA, "**KFC MENA DAs**"). The Caspian International Restaurants Company Limited Liability Partnership signed a development agreement with KFC MENAPAKT FZ-LLC (as amended from time to time, "**KFC KAZ DA**" and together with the KFC MENA DAs, the "**KFC DAs**"). The KFC DAs set forth the arrangements between the Group, KFC MENAPAKT FZ-LLC and Kentucky Fried Chicken International Holdings L.L.C with respect to developing KFC restaurants in Saudi Arabia, the UAE, Bahrain, Egypt, Jordan, the Kurdistan region of Iraq, Iraq: Baghdad (under negotiation), Kuwait, Lebanon, Morocco, Oman, Qatar and Kazakhstan (collectively, "**Yum KFC Development Areas**").

As per the 2019 KFC MENA DA, the Group is required to upgrade a certain number of existing KFC restaurants in the Yum KFC Development Areas (excluding Kazakhstan) between 1 January 2022 and 31 December 2022. As per the 2022 KFC MENA DA, the Group is required to open a certain number of new KFC restaurants and upgrade a specified number of existing KFC restaurants in the Yum KFC Development Areas (excluding Kazakhstan) between 1 January 2023 and 31 December 2027. As per the KFC KAZ DA, the Group is required to open a certain number of new KFC restaurants and upgrade a specified number of existing KFC restaurants in Kazakhstan by 31 December 2024. Each KFC restaurant opened subject to a KFC DA is established pursuant to a standard form franchise agreement (as described below).

Provided that the Group meets its new restaurant opening and restaurant upgrade targets and is otherwise in compliance with its obligations under the KFC DAs and the franchise agreements related to KFC, during the term of the KFC DAs, if KFC MENAPAKT FZ-LLC and Kentucky Fried Chicken International Holdings L.L.C. (or a third party authorised by them) considers an outlet appropriate for development, KFC MENAPAKT FZ-LLC and Kentucky Fried Chicken International Holdings L.L.C. will not develop nor franchise to a third-party the right to development the new outlet without first offering such rights to the Group (the "**Right of First Refusal**").

The 2019 KFC MENA DA is valid until 31 December 2022 and the 2022 KFC MENA DA is valid until 31 December 2027. The KFC KAZ DA is valid until 31 December 2024. Among other things, the KFC DAs can be terminated by KFC MENAPAKT FZ-LLC and Kentucky Fried Chicken International Holdings L.L.C by failure by the Group to meet its new restaurant opening and upgrade targets including non-adherence to expansion criteria thereunder, upon breach by the Group of certain provisions therein and under the franchise agreements or by the liquidation or bankruptcy of the relevant Group entities. Termination of any of the KFC DAs does not affect the validity of any existing franchise agreements between the Group, KFC MENAPAKT FZ-LLC and Kentucky Fried Chicken International Holdings L.L.C. as long as the Group entities are in compliance with the terms of such franchise agreements.

Pizza Hut Development Agreements

On 28 September 2021, Al Ahlia Restaurant Company LLC signed a development agreement with Pizza Hut Menapakt FZ-LLC (as amended from time to time, "**PH Saudi Arabia DA**") and on 1 July 2022, ECITP, Kuwait Food Company (Americana) LLC, Touristic Projects and International Restaurants (Americana) LLC, Gulf and Arab World Restaurant Company WLL and The International Company of World Restaurants signed a development agreement with Pizza Hut Menapakt FZ-LLC (as amended from time to time, "**PH MENA DA**"). On 16 September 2019, The Caspian International Restaurants Company Limited Liability Partnership signed a development agreement with Pizza Hut MENAPAK S.à.r.l (as amended from time to time, "**PH KAZ DA**" together with the PH Saudi Arabia DA and the PH MENA DA, "**PH DAs**" and together with the KFC DAs, "**Yum DAs**"), with respect to the Pizza Hut brand. The

PH DAs set forth the arrangements between the Group and Pizza Hut Menapakt FZ-LLC with respect to developing Pizza Hut restaurants in Saudi Arabia, the UAE, Bahrain, Egypt, Jordan and Kazakhstan (collectively, "**Yum PH Development Areas**") and together with the Yum KFC Development Areas, the Yum Development Areas.

As per the PH Saudi Arabia DA, the Group is required to open a certain number of new Pizza Hut restaurants in Saudi Arabia between 1 April 2022 and 31 March 2025. As per the PH MENA DA, the Group is required to open a certain number of new Pizza Hut restaurants in the UAE, Bahrain, Egypt and Jordan between 1 January 2023 and 31 December 2027. As per the PH KAZ DA, the Group is required to open a certain number of new Pizza Hut restaurants in Kazakhstan by 31 December 2022. Each Pizza Hut restaurant opened subject to a PH DA is established pursuant to a standard form franchise agreement (as described below).

Provided that the Group meets the restaurant opening and upgrade targets and is otherwise in compliance with its obligations under the PH DAs and the franchise agreements related to Pizza Hut, the Group has a Right of First Refusal in relation to the opening of any new Pizza Hut restaurant in the Yum PH Development Areas by Pizza Hut Menapakt FZ-LLC (or by a third party authorised by Yum) during the period of the PH DAs.

Among other things, the Yum PH DAs can be terminated by Pizza Hut Menapakt FZ-LLC by failure by the Group to meet the restaurant opening and upgrade targets including non-adherence to expansion criteria thereunder, upon breach by the Group of certain provisions therein and under the franchise agreements or by the liquidation or bankruptcy of the relevant Group entities. Termination of any of the PH DAs does not affect the validity of any existing franchise agreements between the Group and Yum.

Yum Franchise Agreements

Each KFC or Pizza Hut restaurant opened and/or operated by the Group in the Yum Development Areas is governed by standard form franchise agreements (each a "**Yum FA**" and collectively, "**Yum FAs**"). The salient features of the Yum FAs are as follows:

Overview

Each Yum FA licences the specific franchisee to use the trademarks, the system and the system property developed by Yum for the preparation, marketing and sale of food products in accordance with the KFC and/or Pizza Hut concepts at each KFC and/or Pizza Hut restaurant location operated by the Group.

The licence under each Yum FA also includes the right to use the contents of the manuals, and other similar documents, published or issued from time-to-time by Yum containing the standards, specifications and other requirements, rules, procedures and guidelines relating to the operation of the concepts, as well as the trademarks, service marks, trade names, trade secrets, patents and other similar rights owned by Yum (or its affiliates).

Each Yum FA provides, among other things, that: (i) the franchisee must comply with all standards and manuals issued by Yum and all applicable laws, regulations and other requirements in the conduct of the franchisee's business; (ii) the franchisee must upgrade, maintain, modify, renovate or replace all or part of any of its restaurants as necessary in order to comply with the standards and the manuals prescribed by Yum or specific upgrade notices issued by Yum; (iii) the franchisee must prepare, market and sell only approved products and services and must purchase supplies, materials, equipment and services only from approved suppliers; (iv) the franchisee must spend, in the manner directed by Yum, in writing from time to time, an amount equal to a specified percentage of the franchisee's Revenues (as defined below) on advertising, promoting, marketing and researching the products and services of the concepts; (v) employees of the franchisee must participate in such initial and ongoing training programmes as specified by Yum; (vi) the franchisee must pay annual continuing fees to Yum as set out in the Yum FA; (vii) the franchisee must use Yum's trademarks and systems, only in approved forms and manners; (viii) the franchisee and its employees must keep Yum's standards, manuals and other information related to its trademarks, system and system property in a confidential manner; and (ix) the franchisee must comply with all of the other requirements and restrictions set out in the Yum FA.

Each Yum FA defines 'Revenues' to mean all gross receipts received by the franchisee as payment for the sale of Yum's approved products and for all other goods and services sold at or from each restaurant and all service fees, but excluding sales tax or other tax receipts required by law to be remitted, and in fact remitted by Yum, to any government authority. No adjustment is made for cash shortages from cash registers.

No Yum FA grants a franchisee any exclusive territory, protection or other right in the contiguous space, area or market of any Yum restaurants. Pursuant to the terms of the Yum FAs, Yum reserves the right to use, and to grant to other parties the right to use, all rights associated with the concepts, the system property and the associated trademarks, system and system property associated with the operation of the concepts in any manner and at any other locations.

Term

Each Yum FA has a term of 10 years from its date of grant, renewable at the franchisee's option for a further 10 years under identical financial terms, **provided that**, the franchisee remains in compliance with the Yum FA (or any other agreement with Yum) and satisfies certain other conditions, including the following: (i) payment of the applicable renewal fee by no later than 90 days prior to the expiration of the initial term; (ii) the franchisee's timely written request; (iii) no guarantor of the Yum FA or an affiliate of the franchisee has violated certain specified terms in the Yum FA; (v) timely payment by the franchisee of all amounts due under the Yum FA; (vi) the franchisee's compliance with all necessary governmental regulations for the renewal; and (vii) upgrades by the franchisee of the renewal restaurant in accordance with Yum's then current Standard prior to the expiration of the initial term.

The standard renewal fee is a specified percentage of the initial fee applicable to the franchise as adjusted to reflect changes in the US consumer price index during its term. Current practice under the Yum FAs is to adjust the initial fee for changes in the US consumer price index annually on 1st April.

Initial Fee and Continuing Fee

Before the Yum FA becomes effective the franchisee is required to pay an initial fee to Yum. The franchisee is required to pay a continuing fee to Yum as set out in the Yum FA which will be an agreed percentage of franchisee Revenues (as defined above). Each continuing fee payment must be accompanied by a statement of the franchisee's Revenues for the relevant period in the form required by Yum from time to time. The Group has separately agreed with Yum to change the continuing fees applicable to Yum FAs in relation to the Group's KFC restaurants across all markets to a different specified percentage of franchisee Revenues following the Global Offering.

Manuals and Standards

Each franchisee is required to comply with all of the manuals and standards issued by Yum from time to time. Though Yum may at any time change any of the manuals or standards or introduce new manuals or standards, in the event of any inconsistency, the Yum FA provisions prevail. The relevant manuals provide specific terms relating to market development policies, product excellence policies, marketing and advertising, operational requirements, global franchise partnering policies, human resources and training, finance and administration and insurance. These provisions may be unilaterally changed by Yum. In order to determine the franchisee's compliance with the manuals and the terms and conditions of the Yum IFAs, Yum and its agents or representatives have the right at all times during opening hours to enter and inspect the franchisee's restaurants without prior notice.

Upgrades

Subject to certain limitations, each franchisee must upgrade, modify, renovate or replace all or part of its restaurants or any of their fittings, fixtures or signage or any of the equipment, systems or inventory used in the restaurant in order to maintain compliance with Yum's then current standards, which may require significant capital expenditures and/or periodic financial commitments by the franchisees.

Approved Products and Supplies

Each franchisee may only prepare, market or sell products and services approved by Yum and must also only use the Yum approved suppliers to supply any ingredients or equipment in KFC or Pizza Hut restaurants. Yum may, by notice to the franchisee, at any time change or withdraw any approved product or add new approved products or the supplier. The franchisee must implement such changes, withdrawals and additions within the period specified in the notice. Yum also has the right to collect certain supply chain contributions from approved suppliers as a percentage of the product costs purchased by the franchisee through approved suppliers.

Advertising and Research

Each franchisee is required to spend, in the manner directed by Yum, in writing from time to time, a percentage of the franchisee's Revenues (as defined below) on advertising, promoting, marketing and researching the products and services. Each franchisee is required to advertise in the manner directed by Yum and may not conduct any advertising or promotional activity in relation to Yum restaurants without Yum's prior written approval. Each franchisee is required to participate in such national and regional advertising, promotions, research and tests as Yum requires from time to time. Yum may direct its franchisees to pay all or any part of the advertising contribution to a national or regional Co-op advertising or marketing fund or to spend all or part of such contribution on local or regional advertising, promotion and research. Yum may also direct its franchisees to pay all or part of the advertising contribution to Yum, to be applied to the costs of national or regional advertising and/or research conducted by Yum in its discretion. The Group has separately agreed with Yum to change the minimum spend on advertising, promotion, marketing and research in relation to the Group's KFC restaurants across all markets to a different specified percentage of franchisee Revenues following the Global Offering.

Non-competition

During the term of the Yum FA, to preserve the goodwill of the KFC and Pizza Hut brands, neither the franchisee nor any affiliated entity may, without Yum's approval, directly or indirectly, have any interest in, be engaged in or perform any services for any business world-wide involving the wholesale or retail preparation, marketing or sale of any food products, **provided that** Yum will not unreasonably withhold its approval unless one of the following categories of products individually constitutes more than 20 per cent. of the food products sold in the business: (i) pizza products, (ii) pizza and pasta products sold collectively, (iii) ready-to-eat chicken products, (iv) Mexican food products or (v) beef burger products. In addition, some of the current Yum FAs for the Pizza Hut business and all new Yum FAs that are entered into give Yum the absolute discretion to refuse approval where the business is an aggregator, a delivery business and/or one of the following categories of products individually constitutes more than 20 per cent. of the food products sold in the business: (i) pizza products, (ii) pizza and pasta products sold collectively, (iii) ready-to-eat chicken products, (iv) Mexican food products or (v) beef burger products. In addition, neither the franchisee nor any affiliated entity may be engaged in a business that is: (a) an "affordable casual dining" pizza and/or pasta restaurant chain; (b) a delivery pizza chain; (c) a quick service chicken restaurant chain; or (d) a quick service Mexican restaurant chain, as determined in accordance with the Yum FA.

Restrictions on Charges and Transfers

A franchisee may not charge, pledge or otherwise create any encumbrance, security interest or lien in respect of any interest in or right under a Yum FA. A franchisee may not charge, pledge or otherwise create any encumbrance, security interest or lien in respect of any other interest in or other asset of Yum Restaurants without the prior written approval of Yum. A franchisee is not permitted to sell, transfer or gift any Yum FA or any interest therein without the prior written approval of the proposed transferee by Yum. If a franchisee proposes any sale or transfer of a Yum restaurant, any interest in any Yum FA or any interest or share in the franchisee itself, Yum has a right of first refusal, exercisable by Yum or by a nominated third party, to acquire such interest at the same purchase price and otherwise on substantially similar terms and conditions. The Group has agreed with Yum that certain of these provisions will be modified to permit the Global Offering to proceed.

Insurance and Indemnity

Each franchisee is required at its cost to maintain insurance as prescribed by Yum. Each franchisee is also required to indemnify, and keep indemnified, Yum and its affiliates from and against any claims, liabilities, losses, costs and damages arising directly or indirectly in connection with, or related to, the franchisee's business.

Training

Each franchisee's employees must undertake at the respective franchisee's cost such initial and ongoing training as Yum in its sole discretion considers appropriate. Each franchisee is required to ensure that its restaurant managers have been certified by Yum as having successfully completed Yum's then current management training programmes.

Termination

Yum may terminate a Yum FA in respect of any or all of the Yum restaurants governed thereby when any of the following events occur: (i) a franchisee is unable to pay its debts as and when they become is unable to pay its debts as and when they become due or becomes insolvent or enters into insolvency proceedings; (ii) a franchisee breaches certain specified terms in a Yum FA; (iii) a franchisee commits any crime, offence or act which, in Yum's reasonable judgment, is likely to adversely affect the goodwill of the franchised business, system, associated trademarks or associated system property; (iv) a franchisee knowingly or negligently maintains false records in respect of Yum restaurants or submits any false report to Yum; (v) a franchisee abandons or ceases to operate any of the relevant restaurants for more than three consecutive days without Yum's prior approval; (vi) a franchisee takes any action to prejudice, damage or contest the validity of the franchised trademarks or the system property, the goodwill associated with them or the ownership of them by Yum or its affiliated companies; or (vii) any other specified agreement between the franchisee and Yum (including between their respective affiliated companies) is terminated. Yum may also terminate a Yum FA in case any of the franchisee's affiliates acting as guarantors under the Yum FA are found to be in breach of certain specified provisions. If a Yum FA is terminated in reliance on any of the aforementioned reasons, Yum has the right to take control of the Yum restaurants operated by the franchisee and rectify any breaches by the franchisee.

Global Offering

The Group has agreed with Yum that as part of the Global Offering:

- The Yum FAs will be amended so that Yum shall be entitled to terminate the Yum FAs immediately upon notice to the Group where (without Yum's prior written consent): (i) the Principal Owner Group (as defined below): (a) no longer holds a minimum stake of 35 per cent. of the Company's shares and Mr. Alabbar individually no longer holds a minimum stake of 17.5 per cent. of the Company's shares; or (b) ceases to Control (as defined below) the management and operations of the Group's KFC and Pizza Hut restaurants; or (c) if any shareholder (other than the Principal Owner Group) acquires a stake of more than 15 per cent. of the Company's existing shares upon the Global Offering or a stake of more than 25 per cent. of the Company's shares following the Global Offering in the Company upon or following the Global Offering; and

- The Former Parent Company will pay a one-time 'exit fee' calculated on the basis of a fixed fee multiplied by the number of KFC and Pizza Hut outlets that are open as at the date of Admission, to Yum in relation to the Global Offering. Furthermore, effective from the date of the Global Offering, the rate of continuing fees under the Yum FAs applicable to the KFC brand will be a different specified percentage of each franchisee's Revenues (as defined above) and the marketing contributions thereunder will be a different specified percentage of each franchisee's Revenues.

"**Control**" means in relation to the Group (being, the "**Controlled Person**"), being:

- entitled to exercise, or control the exercise of (directly or indirectly) more than 50 per cent. of the voting power at any general meeting of the shareholders, members or other equity holders of the Controlled Person in respect of all or substantially all matters falling to be decided by resolution or meting of such persons; or

- entitled to appoint or remove or control the appointment or removal of directors on the Controlled Person's board of directors or its other governing body who are able (in the aggregate) to exercise more than 50 per cent. of the voting power at meetings of that board or governing body in respect of all or substantially all matters; and/or

- entitled to exercise a dominant influence over the Controlled Person's KFC and Pizza Hut business (otherwise than solely as a fiduciary) by virtue of the provisions contained in the Controlled Person's constitutional documents or pursuant to an agreement with the Controlled Person, other shareholders, partners, members or beneficiaries of the Controlled Person.

Hardee's Development Agreement

Overview

On 1 November 2013, Kuwait Food Company S.A.K. (Americana), now the Former Parent Company, signed a development agreement with Hardee's Restaurants LLC (as amended from time to time, the "**Hardee's DA**") with respect to the development of restaurants under the Hardee's brand in Saudi Arabia, the UAE, Bahrain, Egypt, Jordan, Iraq, Kuwait, Lebanon, Oman, Qatar and Kazakhstan. On 24 July 2017, Société Marocaine de Projets Touristiques SARL entered into a development agreement with Hardee's (as amended from time to time, the "**Hardee's Morocco DA**" and together with the Hardee's DA, the Hardee's DAs) with respect to the development of restaurants under the Hardee's brand in Morocco. The Hardee's DAs set forth the arrangements between the Group and Hardee's with respect to developing Hardee's restaurants in the Hardee's Development Areas. (As discussed above, Libya is also part of the Hardee's Development Areas, **provided that** the Group may not develop and open Hardee's restaurants in Libya unless and until the Group and Hardee's agree to a separate development schedule for Libya and enter into a new development agreement for Libya.)

The Hardee's DA is valid until 31 October 2038 and requires the Group, between 1 November 2013 to 31 October 2038, to open a minimum of 250 new Hardee's restaurants in the Hardee's Development Areas (excluding Iraq, the Kurdistan region of Iraq, and Kazakhstan, which are subject to separate, country-specific development schedules, and Morocco). The Hardee's Morocco DA is valid until 31 July 2024 and requires the Group, between 24 July 2017 to 31 July 2024, to open a minimum of 20 new Hardee's restaurants in Morocco.

The Hardee's DAs prohibit Hardee's from establishing Hardee's restaurants, or issuing licences to open and operate Hardee's restaurants, within the Hardee's Development Areas. In addition, Hardee's and its affiliates are not permitted to operate, or licence a third party to operate, a Carl's Jr. QSR within the Hardee's Development Areas, which limitation is only effective during the period in which the owner of the Hardee's system and the owner of the Carl's Jr. system have the same ultimate corporate parent company. Hardee's has expressly reserved rights to: (a) develop, open, and operate, and licence third parties to develop, open and operate, Hardee's restaurants at airports and U.S. military bases/facilities within the Hardee's Development Areas; and (b) merchandise or distribute products containing Hardee's proprietary marks through any other channel of distribution other than at Hardee's restaurants (however, such method or channel of distribution may not include the sale of prepared foods containing Hardee's proprietary marks).

The Hardee's DAs prohibit Hardee's from establishing Hardee's restaurants or issuing licences to open and operate any other Hardee's restaurants within the Hardee's Development Areas. In addition, Hardee's and its affiliates are not permitted to operate, or licence a third-party to operate Carl's Jr. QSRs within the Hardee's Development Areas. This limitation is only effective during the period in which the owner of the Hardee's franchise and the owner of the Carl's Jr. franchise are controlled by the same parent entity. Hardee's has expressly reserved rights to: (1) develop and operate, and licence to third-parties rights to develop and operate, any Hardee's restaurants at airports and U.S. military facilities within the Group's countries of operation; and (2) merchandise or distribute products containing Hardee's proprietary marks through any other channel of distribution other than at Hardee's restaurants (such method or channel of distribution may not include the sale of prepared foods containing Hardee's proprietary marks). However, the Group has rights of first refusal in relation to the exceptions discussed above in case any such opportunities arise.

Among other things, Hardee's may terminate the Hardee's DAs if the Group fails to meet its new restaurant opening targets thereunder for two consecutive years, upon breach by the Group of certain provisions therein or by the liquidation or bankruptcy of the relevant Group entities. Termination of the Hardee's DAs does not affect the validity of any existing Hardee's CLA between a Group affiliate and Hardee's.

The Hardee's DAs mandate that Hardee's and a Group affiliate will enter into a country licence agreement for each country in the Hardee's Development Areas, which agreement will govern the operation of Hardee's restaurants in such country. The Group is typically required to pay a one-time training fee of $15,000 to Hardee's on the date of each new CLA.

The Hardee's DAs allow for the Group to proceed with a public offering, exempt offering or private placement of securities or ownership interests in the Group subject to certain conditions.

Hardee's Country Licence Agreements

Overview

Each Hardee's CLA licences the franchisee to, construct, open and operate Hardee's restaurants within the relevant country and use the trademarks, the system and the system property developed by Hardee's for the preparation, marketing and sale of food products in accordance with the Hardee's concepts at each Hardee's restaurant location.

The Hardee's CLA governs the opening and operation of all licenced restaurants in the relevant country, and Hardee's and the franchisee sign a new development rider to the Hardee's CLA for each licenced restaurant, which binds each licenced restaurant to the terms and conditions of the applicable Hardee's CLA. Each Hardee's CLA also typically includes the right to use the contents of the manuals, and other similar documents, published or issued from time-to-time by Hardee's containing the standards, specifications and other requirements, rules, procedures and guidelines relating to the operation of the concepts, as well as the trademarks, service marks, trade names, trade secrets, patents and other similar rights owned by Hardee's (or its affiliates).

Each Hardee's CLA provides, among other things, that: (i) the franchisee must comply with all applicable laws, regulations and other requirements in the conduct of the franchisee's business; (ii) certain employees of the franchisee must participate in such initial and ongoing training programmes as specified by HR; (iii) the franchisee must use HR's trademarks and systems, only in approved forms and manners; (iv) the franchisee and its employees must keep HR's standards, manuals and other information related to its trademarks, system and system property in a confidential manner; and (v) the franchisee must comply with all of the other requirements and restrictions set out in the Hardee's CLA.

Each Hardee's CLA defines 'Gross Sales' to mean any and all proceeds of or income from sales or business transacted at, from or in connection with each licenced restaurant, including sales made by means of electronic commerce or any website, less any sales or value added tax. 'Gross Sales' shall not be limited to the proceeds of or income from food sales, but may include, for example, but without limitation, amounts received in connection with the sale of non-food items, including, but not limited to, those approved for use in connection with marketing campaigns or otherwise; however, 'Gross Sales' shall not include the actual cost of such non-food items that have been approved in advance by HR.

The Hardee's CLAs typically grant certain limited exclusivity rights which are separate from the rights granted in the Hardee's DAs. In particular, Hardee's is not permitted to establish, or licence a third party to establish, a Hardee's restaurant within a 1.5-mile radius from the location of the licenced restaurant operated by the franchisee without the franchisee's prior written consent (subject to certain limited exceptions discussed below). In addition, so long as the franchisee is in full compliance (as defined in the Hardee's CLA), Hardee's and its affiliates are not permitted to establish, or licence a third party to establish, a Carl's Jr. QSR within a 1.5-mile radius from the location of the licenced restaurant operated by the franchisee without the franchisee's prior written consent, which limitation is only effective during the period in which the owner of the Hardee's system and the owner of the Carl's Jr. system have the same ultimate corporate parent company. Hardee's has expressly reserved rights to: (a) develop, open, and operate, and issue licences to third parties to develop, open and operate, Hardee's restaurants at airports and on U.S. military bases/facilities within the exclusive radius of a licenced restaurant; and (b) merchandise or distribute products containing Hardee's proprietary marks through any other channel of distribution other than at Hardee's restaurants (**provided that**, within the exclusive radius of a licenced restaurant, such method or channel of distribution may not include the sale of prepared foods containing Hardee's proprietary marks). However, the Group has rights of first refusal in relation to the exceptions discussed above in case any such opportunities arise.

Term

Each restaurant licence has an initial term of 20 years from the date of the licenced restaurant opening, renewable at the franchisee's option for an unlimited number of ten-year periods. The franchisee must notify Hardee's in writing not less than 180 days prior to expiration of the relevant licence term if it does not wish to renew such licence term, absent which the franchisee will be deemed to have provided Hardee's notice of its desire to continue operating the licenced restaurant for the renewal term. In addition, the franchisee must be in full compliance with all of the following conditions at the end of the applicable licence term: (i) the franchisee pays the applicable renewal fee and executes the renewal licence agreement; (ii) the franchisee is not in default with the relevant Hardee's CLA; (iii) the franchisee is operating the pertinent licenced restaurant in substantial compliance with the Hardee's system and the relevant Hardee's CLA; (iv) the franchisee makes the necessary capital expenditures required to renovate and modernise the pertinent licenced restaurant to conform to the then-current image of the Hardee's system; (v) the franchisee's employees at the pertinent licenced restaurant are in compliance with HR's then-current training requirements; and (vi) the franchisee remains in possession of the location of the pertinent licenced restaurant for the applicable renewal term. A default by the franchisee or its affiliate under any other agreement with Hardee's does not constitute grounds for Hardee's to deny a request to renew the licence term of the licenced restaurant. Each Hardee's CLA is effective until the expiration or earlier termination of the last licence term for the last licenced restaurant thereunder.

The standard renewal fee for a restaurant licence is 50 per cent. of the greater of the initial licence fee applicable to the licenced restaurant or the initial licence fee then commonly charged by HR. The initial licence fees paid by the franchisee (and its affiliates) for restaurant licences in the Hardee's Development Areas (excluding Morocco) under Hardee's CLAs entered into after 1 January 2019 is $26,850 per licenced restaurant as adjusted for inflation using the US CPI Index. The initial licence fees paid by the franchisee (and its affiliates) for restaurant licences in Morocco under the Hardee's CLA with respect to Morocco entered into after 1 January 2019 is $25,850 per licenced restaurant as adjusted for inflation using the US CPI Index.

Initial Licence Fees and Royalty Fees

Pursuant to the Hardee's CLAs in the Hardees Development Areas (excluding Morocco), the franchisee is required to pay certain ongoing royalty fees for each licenced restaurant being operated per the following schedule.

Restaurant Opening Date	**Royalty Fees**
Before 31 December 2017	4 per cent. of Gross Sales
Between 1 January 2018 and 31 December 2022	4 per cent. of Gross Sales increased by 0.5 per cent. of Gross Sales if, as at 31 December 2017, the average royalty fee paid by the international licensees of Hardee's and affiliates of Hardee's (other than the franchisee and its affiliates) exceeds the royalty fees paid under the applicable Hardee's CLA by at least one per cent. of Gross Sales ("**2018 HR Royalty Fee**")
Between 1 January 2023 and 31 December 2027	The 2018 HR Royalty Fee increased by 0.5 per cent. of Gross Sales if, as at 31 December 2022, the average royalty fee paid by the international licensees of Hardee's and affiliates of Hardee's (other than the franchisee and its affiliates) exceeds the 2018 Hardee's Royalty Fee by at least one per cent. of Gross Sales ("**2023 HR Royalty Fee**")
Between 1 January 2028 and 31 December 2032	The 2023 HR Royalty Fee increased by 0.5 per cent. of Gross Sales if, as at 31 December 2027, the average royalty fee paid by the international licensees of Hardee's and affiliates of Hardee's (other than the franchisee and its affiliates) exceeds the 2023 Hardee's Royalty Fee by at least one per cent. of Gross Sales ("**2028 HR Royalty Fee**")
Between 1 January 2033 and 31 December 2037	The 2028 HR Royalty Fee increased by 0.5 per cent. of Gross Sales if, as at 31 December 2032, the average royalty fee paid by the international licensees of Hardee's and affiliates of Hardee's (other than the franchisee and its affiliates) exceeds the 2028 Hardee's Royalty Fee by at least one per cent. of Gross Sales

In Morocco, the royalty fees are four per cent. of Gross Sales of each restaurant.

Manuals and Standards

The franchisee is required to comply with all of the manuals and standards issued by Hardee's from time to time. Hardee's may at any time change any of the manuals or standards or introduce new manuals or standards. The relevant manuals provide specific terms relating to operational requirements, product excellence policies, and marketing and advertising guidelines. These provisions may be unilaterally changed by HR. In order to determine whether the franchisee is in full compliance with all quality standards, operating procedures, marketing guidelines, and other terms and conditions of the relevant Hardee's CLA, Hardee's or its designees have the right at any reasonable time to enter and inspect the franchisee's licenced restaurants without prior notice.

Upgrades

Subject to certain limitations, not more often than once every five years, each franchisee must make certain extensive structural changes, major remodelling and renovations, and substantial modifications to existing equipment and improvements to modernise and conform the licenced restaurants with HR's then current standards, which may require significant capital expenditures and/or periodic financial commitments by the franchisees.

Approved Products, Supplies and Menu Boards

Each franchisee may only prepare, market or sell products and services approved by HR. Hardee's may, by notice to the franchisee, at any time change or withdraw any approved product or add new approved products. The franchisee must implement such changes, withdrawals and additions within the period specified in the notice. Hardee's also has the right to prescribe the menu boards and formats to be utilised by the franchisee at the licenced restaurants.

Marketing

The franchisee is required to pay Hardee's certain marketing fees for each licenced restaurant which will be mutually agreed upon between the two parties. Furthermore, the franchisee is required to spend an amount equal to five per cent. of each licenced restaurant's Gross Sales (as defined above) in every calendar year on qualified marketing expenditures (as defined in the Hardee's CLA). If the franchisee's qualified marketing expenditures in a given calendar year exceed the required amount, the franchisee is permitted to carry-over up to 10 per cent. of the qualified marketing expenditure in the following calendar year.

Non-Competition

During the term of the Hardee's CLA and for a period of 12 months following the expiration, termination or transfer thereof, neither the franchisee nor any affiliated entity may, without HR's approval, directly or indirectly, own, maintain, operate, engage in, advise, help, make loans to, lease property to, or have any interest in, directly or indirectly, a quick service, fast food restaurant business featuring hamburgers as a primary menu item within a 3-mile radius of the relevant licenced restaurant or within a 1.5-mile radius of another then-existing Hardee's restaurant. This obligation is expressly not applicable to the opening and operation of KFC, Wimpy, Pizza Hut, Fusion, TGIF and certain other restaurant brands enumerated in the Hardee's CLA.

Restrictions on Transfers

A franchisee may not sell, assign or otherwise transfer any interest or partial interest in franchisee, the Hardee's CLA, or in any assets relating to the operations or performance of the franchisee without the prior written consent of HR, which will not be unreasonably withheld. The franchisee or the transferee must meet certain conditions required by Hardee's no later than the effective date of the transfer, as set forth in the Hardee's CLA. If a franchisee receives any *bona fide* offer for a proposed sale or transfer, or otherwise desires to undertake any sale or transfer, Hardee's has a right of first refusal, to acquire such interest at the same terms as in the *bona fide* offer.

Insurance and Indemnity

Each franchisee is required at its cost to maintain insurance as prescribed by HR. Each franchisee is also required to indemnify, defend and hold harmless, Hardee's and its affiliates (along with their respective successors, heirs and assigns) from and against any claim (as defined in the Hardee's CLA) arising out of, in connection with, or related to, the Hardee's CLA, any related agreement, the operation of any licenced restaurant or the franchisee's activities under the Hardee's CLA.

Termination

Hardee's may terminate a Hardee's CLA upon the occurrence of any of the following: (i) certain bankruptcy or insolvency events; (ii) a franchisee breaches certain specified terms in the Hardee's CLA, including the transfer and non-competition obligations, some of which a franchisee has the right to cure; (iii) a franchisee intentionally misleads Hardee's with regard to any material matter or falsifies any report or information that has material consequences; (iv) a franchisee commits repeated defaults within a specified period of time; or (v) a franchisee is convicted of, or pleads no contest to, any felony or equivalent charge regarding any crime involving moral turpitude or any other crime or offence which, in HR's reasonable judgment, is likely to materially adversely affect HR, HR's affiliates, the Hardee's system, associated trademarks, any licenced restaurant or any associated goodwill. Hardee's may also terminate a franchisee's right to operate a specific licenced restaurant under the Hardee's CLA if: (i) a franchisee ceased to continuously operate such restaurant for more than five consecutive days (unless the closing is due to force majeure) without HR's prior written approval; (ii) Hardee's makes a reasonable determination that the continued operation of such restaurant will result in an imminent danger to public health or safety; (iii) a franchisee loses the right to possession of the licenced restaurant through its own fault or its failure to extend the lease for the restaurant; (iv) a transfer of any interest in the licenced restaurant occurs that violates the applicable Hardee's CLA; or (v) the franchisee is in default of certain provisions under the applicable Hardee's CLA, and Hardee's elects to terminate the franchisee's right to operate fewer than all of the licenced restaurants.

Krispy Kreme's Development and Franchise Agreements

Overview

On 1 January 2020, the Former Parent Company entered into an international development and franchise agreement with Krispy Kreme (as amended from time to time, the "**Krispy Kreme's FA**") with respect to the development of factory stores, fresh shops, kiosk, and carts ("**Stores**") and manufacturing facilities for the production of doughnuts ("**Commissary Facilities**") under the Krispy Kreme's brand in the UAE, Saudi Arabia, Qatar, Bahrain, Kuwait. On 13 July 2021, ECITP entered into an amendment to the **Krispy Kreme's FA** with Kuwait Food Co. (Americana) K.S.C.C., the Selling Shareholder as guarantor, and Krispy Kreme (as amended from time to time, the "**First Amendment**") with respect to the development of Stores and Commissary Facilities under the Krispy Kreme's brand in Egypt. On 16 February 2022, ECITP entered into an amendment to the '**Krispy Kreme's FA** with the Former Parent Company, with the Selling Shareholder as guarantor, and Krispy Kreme (as amended from time to time, the "**Second Amendment**" and together with the "Krispy Kreme's FA and the "**First Amendment Krispy Kreme's Egypt FA'**", the "**Krispy Kreme's FAs**") with respect to the development of Stores and Commissary Facilities under the Krispy Kreme's brand in Jordan.

The 'Krispy Kreme's FAs' set forth the arrangements between the Group and Krispy Kreme with respect to the development of Stores and Commissary Facilities under the Krispy Kreme's brand in the UAE, Saudi Arabia, Qatar, Bahrain, Kuwait, Jordan and Egypt (the "**Development Areas**").

Krispy Kreme's FA is valid until 31 December 2024, the First Amendment until 13 July 2026 and the Second Amendment until 6 February 2027. The Group is required to open a minimum of 266 new Krispy Kreme's Stores and Commissary Facilities in the Development Areas (excluding Jordan and Egypt which are subject to separate, country-specific development requirement, with 11 Stores and Commissary Facilities in Jordan starting 16 February 2022 and 45 Stores and Commissary Facilities in Egypt beginning 13 July 2021).

Each franchisee is required to comply with the manuals and standards issued by Krispy Kreme from time to time. In order to determine the franchisee's compliance with the manuals and the terms and conditions of the Krispy Kreme FAs, Krispy Kreme and its agents or representatives have the right at all times during opening hours to enter and inspect the franchisee's restaurants without prior notice

Krispy Kreme may also require the franchisee, no more often than once every five years and at franchisee's expense, to refurbish each store and commissary site to comply with Company's then-current building design, trade dress, colour schemes, and other standards for new Krispy Kreme Stores. Krispy Kreme may direct that such refurbishment may include structural changes, remodelling, redecoration, and modifications to existing improvements.

Each franchisee is required to contribute to Krispy Kreme's International Brand Fund to support advertising, promotional, marketing, public relations programs and other programs and materials. Franchisees may not execute or conduct any advertising or promotional or marketing activity respecting a Store or the Krispy Kreme products without Company's prior written approval. Before a franchisee uses any advertising, promotional or marketing materials which Krispy Kreme has not prepared or previously approved, it must send samples of all such materials to Krispy Kreme for approval.

Among other things, Krispy Kreme may terminate the Krispy Kreme's FAs if the Group fails to meet its new restaurant opening targets and fails to cure the situation within a year, upon breach by the Group of certain provisions therein or by the liquidation or bankruptcy of the relevant Group entities. Krispy Kreme has rights of first refusal in relation to the transfer of interests in the Krispy Kreme FAs in certain circumstances.

The Group is typically required to pay a one-time initial fee to Krispy Kreme for each Store opened, a development fee and monthly royalty payments.

Product Supply Agreements

Pepsi Agreements

On 20 December 2019, The Former Parent Company entered into a beverage supply procurement agreement (as amended from time to time, "**Pepsi BSP Agreement**") with Portfolio Concentrate Solutions UC ("**Pepsi**") for the procurement and supply (from Bottlers, as defined therein) of carbonated and non-carbonated beverages, beverage-related equipment and maintenance services (collectively, "**Pepsi Products**") in Saudi Arabia, UAE, Kuwait, Egypt, Oman, Bahrain Iraq, Jordan, Lebanon, Qatar, Morocco and Kazakhstan ("**Pepsi Territories**"). The Pepsi BSP Agreement is effective until the sale and delivery of a specific target of carbonated soft-drinks by the Bottlers to the Group after 31 December 2019 ("**Volume Target**") but can, in most instances, be terminated by 30-days' written notice by either party with cause. Under the Pepsi BSP Agreement, the rates applicable to Pepsi Products vary for each country and can be unilaterally changed by the Bottlers provided any price changes affecting the Group are also applicable to all other customers purchasing Pepsi Products from the Bottlers in the respective country. The Pepsi BSP Agreement also enables the Group and its restaurants to use the Pepsi brand name, logos and trademarks within the applicable countries.

On 20 December 2019, the Former Parent Company also entered into a preferred supply and sales and marketing support agreement (as amended from time to time, the "**Pepsi Supplemental Agreement**" and together with the Pepsi BSP Agreement, the "**Pepsi Agreements**") pursuant to which the Group (i) subject to certain exceptions, has agreed to source all of the Group's Pepsi Products requirements within the Pepsi Territories from the Bottlers designated by Pepsi and (ii) has agreed to advertise the Pepsi brand and Pepsi Products as part of the Group's marketing initiatives, in each case, during the term of the Pepsi Supplemental Agreement. The Pepsi Supplemental Agreement is effective until the sale and delivery of the Volume Target. Immediately upon 85 per cent. of the Volume Target being achieved, the Group is obligated to notify Pepsi and offer Pepsi the right of first refusal to renew the Pepsi Supplemental Agreement on substantially the same terms or on competitive terms as negotiated between the Group and Pepsi in good faith.

National Meats Supply Agreement

On 11 October 2021, Kuwait Food Company (Americana) L.L.C. entered into a supply agreement (as amended from time to time, the "**National Meats Supply Agreement**") with the Former Parent Company and the Former Parent Company's subsidiaries, National Company For Food Industries LLC and Gulf Food Company Americana LLC (collectively, the "**Meat Suppliers**") for the supply of food products (primarily beef, chicken and seafood) in Saudi Arabia, UAE, Oman, Bahrain, Kuwait, Iraq, Jordan, Morocco and Egypt. The National Meats Supply Agreement is effective until 31 December 2022 but can be terminated by the parties by 60-days' written notice without cause or by 30-days' written notice with cause. The Meat Suppliers are obligated to manufacture, pack, supply and deliver food products in accordance with the Group's set specifications on a purchase order basis. The Group provides requirement forecasts to the Meat

Suppliers but is not obligated to purchase any specific supplies. The food product prices are periodically negotiated between the parties on an arm's length basis.

Farm Frites Supply Agreement

On 1 January 2022, Kuwait Food Company (Americana) L.L.C. entered into a supply agreement (as amended from time to time, the "**Farm Frites Supply Agreement**") with the Former Parent Company's subsidiary, International Company For Agricultural Development (Farm Frites Egypt) S.A.E. (the "**Frites Supplier**") for the supply of French fries and potato wedges in Saudi Arabia, UAE, Oman, Bahrain, Kuwait, Iraq, Jordan, Morocco and Egypt. The Farm Frites Supply Agreement is valid until 31 December 2023 but can be terminated by the parties by 60-days' written notice without cause or immediately with cause. The Frites Supplier is obligated to manufacture, pack, supply and deliver French fries and potato wedges in accordance with the Group's set specifications on a purchase order basis. The prices per unit are fixed during the term of the Farm Frites Supply Agreement.

Franke Foodservice Systems Agreement

On 20 September 2021, Kuwait Food Company (Americana) L.L.C. entered into a supply agreement (as amended from time to time, the "**Foodservice Systems Supply Agreement**") with Franke Foodservice Systems GmbH ("**Franke Foodservice**") for the procurement and supply of kitchen equipment such as fryers, insulated holding cabinets, chillers, freezers, marinade machines and water filters in Saudi Arabia, UAE, Oman, Kuwait, Egypt, Bahrain Iraq, Jordan, Lebanon, Qatar Morocco and Kazakhstan. The Foodservice Systems Supply Agreement is valid until 31 December 2023 but can be terminated by the parties by six-months' written notice without cause or immediately with cause. Franke Foodservice is obligated to manufacture, pack, supply and deliver the kitchen in accordance with the Group's set specifications on a purchase order basis. The product prices are periodically negotiated between the parties.

Other Agreements

Transitional Services Agreement

On 14 July 2022, the Former Parent Company signed the TSA with the Company. The TSA sets forth the continuity of certain arrangements between the Former Parent Company and the Company with respect to (i) the continuing usage of "Americana" Corporate brand by the Company, (ii) the assignment of restaurants-specific trademarks currently held by the Former Parent Company to the Company (until these brands are fully transferred to the Company), and (iii) the continuation of certain services being currently provided by the Former Parent Company to the Company. The TSA has a term of five years, in consideration for a fixed fee. The fixed fee is calculated based on the consolidated annual revenues of the Company, and is capped at $7.5 million per year.

The "Americana" corporate brand has been used by the Company historically and is being licenced by the Former Parent Company to the Company through a TSA so that the Company can continue to benefit from its brand equity in the market. There are certain restaurant specific trademarks ("**Restaurant Marks**") held by the Former Parent Company that are permanently assigned to the Company. The TSA consists of certain support services that have historically been provided by the Former Parent Company employees to the restaurants business in the ordinary course, specifically: (i) strategic advice and guidance to enhance shareholder value; (ii) support the Board and assist in key stakeholder relationships; (iii) assisting in the development of the strategic agenda for inorganic growth / corporate development; (iv) treasury; (v) legal and compliance; and (vi) internal audit. These are services required by the Company will be beneficial to all shareholders whilst ensuring continuity of running the restaurants business. Either party is able to terminate this agreement. The Company, at its discretion, can terminate the services being provided by the Former Parent Company to the Company with a notice period of 120 days. Similarly, the notice period for the termination of licencing "Americana" corporate brand is 12 months. The Former Parent Company can terminate the licencing agreement prior to the termination date if (i) there is material breach by the Company, (ii) the Company challenges ownership of the Americana brand owned by the Former Parent Company, or (iii) a change of control of the Company**.**

Talabat Agreement

On 13 June 2022, the Group entered into a service agreement (as amended from time to time, the "**Talabat Service Agreement**") with Talabat entities in Saudi Arabia, UAE, Kuwait, Egypt, Bahrain, Oman**,** Qatar, Jordan and Iraq (collectively, "**Talabat**") for the display and use of the Group's brands on Talabat's website and mobile delivery applications. The Talabat Service Agreement is effective until 31 December 2026 and automatically renews for an additional 5-year term unless either party provides 30-days' written notice. Either party can terminate the Talabat Service Agreement by 90-days' written notice without cause or 30-days' written notice with cause for late payment**.**

The Talabat Service Agreement sets out two distinct pricing arrangements between the parties – one where food orders are placed through Talabat with delivery fulfilled by the Group**,** and another where food orders are placed through Talabat with delivery fulfilled by Talabat's service providers as determined by Talabat from time to time. The Talabat Service Agreement also sets out operational standards with certain thresholds for Talabat's marketing activities, the proportion of cancelled/unfulfilled orders and application/website unavailability during operational hours. The Talabat Service Agreement grants Talabat a non-exclusive right to use the Group's brand names, logos and product menus which is revocable at the Group's option.

INDUSTRY OVERVIEW

1. INTRODUCTION

The Group has commissioned Euromonitor, an independent provider of strategic market research, to prepare a market study on the OOHD dining landscape covering a wide range of restaurant and food establishment types such as QSR, full-service restaurants ("**FSR**") and casual dining restaurants, coffee shops, indulgence outlets and others across several core (Saudi Arabia, the UAE, Kuwait, Egypt) and other markets (Qatar, Morocco, Iraq, Oman, Bahrain, Jordan, Lebanon and Kazakhstan), as defined by the Group.

The information below is based on an independent market study prepared by Euromonitor, which has given and not withdrawn its written consent for its market report to be published in the Offering Memorandum as at the date of its publication. Euromonitor does not itself, nor do any of its affiliates, employees or their relatives, have shares or interests of any kind in the Company or any of its subsidiaries.

Estimates and prospects set out in this Industry Overview have been prepared on the basis of a market research study prepared by Euromonitor, which includes research estimates based on various official published sources, such as Passport, and trade opinion surveys conducted by Euromonitor with a sample of key players across both core and other markets.

Euromonitor believes it used suitable sources of information and methodologies for this study but due to the nature of the techniques and methodologies used in market research does not guarantee nor pledge as to the accuracy or completeness of such information. References to Euromonitor should not be considered as the opinion of Euromonitor as to the value of any security or the advisability of investing in the Group.

The Group's Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading. The information prepared by Euromonitor and set out in this Industry Overview has not been independently verified by the Company or any other party and neither they nor Euromonitor give any representations as to its accuracy and the information should not be relied upon in making, or refraining from making, any investment decision.

1.1 *Research methodology*

All data, analysis and research estimates in this section are based on research work conducted between May 2022 and July 2022 including: (i) desk research to collect publicly available secondary sources of data, including statistics on macroeconomic indicators, demographics from entities such as the General Authority for Statistics (GASTAT), the Saudi Central Bank (SAMA), Euromonitor's internal database (Passport), the General Authority of Statistics, and trade press on retailing, company and third-party reports; (ii) trade survey analysis of the opinions and perspectives of a sample of leading food service operators and distribution companies across core and other markets; and (iii) cross-checks and analysis of all sources to build an industry consensus on the market size and historic trends.

It is noted that Americana Restaurants provided their 2018 to 2021 audited sales data which was used to calculate their share. Shares for Americana Restaurants across core markets are calculated using their audited sales data over the total market size as estimated by Euromonitor in this section.

1.2 *Forecasting bases and assumptions*

Euromonitor based the Report on the following assumptions: (i) the social, economic and political environment is expected to remain stable in all countries during 2022-2026; based on 2021 data in all relevant areas (except to the extent governmental or other public sources indicate an expectation of a material change from 2021 performance); (ii) there will be no external shocks, such as financial crises that affects the demand and supply of the sector across the core and other markets during the same period; (iii) the same key drivers that tend to which influenced growth/demand during 2018-2021 period will apply during the forecast and 2022-2026 period, including growth in the target population, inflation, GDP growth and government expenditure on the sector (except to the extent governmental or other public sources indicate an expectation of a material change from 2021 performance); and (iv) values in local currency have been converted to US dollars using current exchange rates for historic years and fixed 2021 exchange rate for forecast (2022-2026).

2. EXECUTIVE SUMMARY

The Group is the leading OOHD and QSR operator in a $56 billion total OOHD market across the 12 markets of its presence in the MENA region and Kazakhstan. 78.6 per cent. of its sales, as at 2021, were coming from top four of its markets (UAE, Saudi Arabia, Kuwait, Egypt) (hereinafter referred to as "**Group's four core markets**"), and 21.4 per cent. were coming from eight other markets comprising Morocco, Qatar, Iraq, Oman, Bahrain, Jordan, Lebanon and Kazakhstan (hereinafter referred to as "**Group's eight other markets**".

The Group serves its customers across 11 brands and multiple on-premise and off-premise channels, and is active in the main QSR segments (comprising chicken, pizza and burger) as well as segments of Indulgence, Casual Dining (referred to as FSR and casual dining) and Coffee (referred to as Coffee shops). The Group's immediate addressable market thus comprises a significant share of the overall OOHD market. The share of the Group's addressable and service segments in its key markets, as at 2021, comprised approximately 81 per cent. of the overall OOHD category in value terms in Saudi Arabia, 71 per cent. in the UAE, 65 per cent. in Kuwait and 36 per cent. in Egypt (source: Euromonitor International Report).[1]

The Group has a stated ambition to expand both its penetration of its addressable segments, as well as the range of verticals addressed by its brand offerings.

The markets of the Group's presence benefit from strong macroeconomic tailwinds supporting further development of the OOHD market and its subsegments. While these markets are geographically, economically, socially and ethnically diverse and distinct from each other, they share common characteristics that differentiate them globally, such as fast-growing economies with relatively high real GDP growth rates, large share of young population cohorts, and overall high population growth. Many of the Group's markets, particularly in the Gulf Cooperation Council (GCC) states, benefit from large government-led economic transformation and diversification projects, large scale new infrastructure development and high overall level of economic resilience, underpinned by stable currencies pegged to US dollar or currency baskets. These factors have supported high levels of disposable income growth and have thus been an important enabler of overall OOHD sector growth and are expected to be a key demand driving factor in near to medium term.

Supportive macroeconomic factors in the Group's markets have been complemented by increased supply of OOHD operators, enabling high overall OOHD growth rates over 2011-2019 in key Group's markets, especially in comparison to developed countries and world overall. Chained operators, especially those operating globally resonant, US-originated brands, have been particularly successful in growing their presence and market share, enabled by local operators such as Americana Restaurants. Despite this superior growth, the Group's markets remain largely underpenetrated in OOHD overall and across individual segments, both in supply (number of outlets per 10,000 population) and demand (average spend and transactions per capita) compared to referenced developed and developing markets, in particular the US. In particular in the GCC countries, the OOHD market and QSR vertical in particular are expected to increasingly converge to the model of consumption most resembling that of the US, driving "Westernisation" of food culture in the region, which is expected to be favourable for the group as the region's leading diversified operator with focus on US brands.

As the clear number one OOHD platform across the total of its 12 markets of operation, the Group has strong and well-entrenched competitive presence in its key countries and has consistently and continually strengthened its market share in OOHD and its segments over the years 2019-2021. The Group is a clear number one QSR operator, both in terms of number of outlets and value sales,

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1 Based on 2021 data and considering the Group's current market exposure as at July 2022 (the Euromonitor International Report). Exposure through Chicken QSR, Burger QSR, Sweet/Indulgence and FSR & Casual Dining in Saudi Arabia, Kuwait, UAE, and Egypt; Exposure to Pizza QSR in Saudi Arabia (note Pizza Hut operations launched in 2022), UAE and Egypt; Exposure to Coffee in Egypt (i.e. not taking into account the planned Peet's expansion).

in the total of its 12 markets of presence, and in its four core markets, it has a larger restaurant footprint than the combined operations of the next four largest QSR competitors. However, in comparison to international benchmarks to leading respective category brands, the Group continues to see significant penetration upside for its "Power Brands" (KFC, Pizza Hut, Hardees, Krispy Kreme), in particular considering the overall strong relative position within its markets. Furthermore, with relatively nascent Casual Dining and Coffee footprint, it is exposed to significant penetration increase potential in those verticals.

3. MACROECONOMIC AND DEMOGRAPHIC LANDSCAPE

3.1 *Introduction*

The Group operates in 12 countries, in the MENA region and Kazakhstan. These are Saudi Arabia, the UAE, Kuwait, Egypt, Morocco, Qatar, Iraq, Oman, Bahrain, Jordan, Lebanon and Kazakhstan. The Group's main markets of operation (as determined by share of total value sales) are Saudi Arabia, the UAE, Egypt and Kuwait, hereinafter referred to as "core markets". The remaining countries in which the Group operates are hereinafter referred to as "other markets". While these 12 markets are geographically, economically, socially and ethnically diverse and distinct from each other, they share common characteristics that differentiate them globally, such as relatively high real GDP growth rates, young and growing populations and highly dynamic OOHD markets. Furthermore, three of the four core markets (Saudi Arabia, the UAE and Kuwait) are witnessing a very similar evolution towards an OOHD structure resembling that of the US and other English-speaking countries, with a strong presence of international QSR operators and significant penetration opportunities compared to both developed and developing markets.

Table 1 Nominal GDP growth CAGR (2022-2026) US$: Global comparison[2]

Country/Region	CAGR 2022-2026
Saudi Arabia	5.5%
UAE	5.1%
Egypt	12.4%
Kuwait	4.2%
Group's four core markets	7.0%
Group's eight other markets[3]	5.6%
Group's 12 markets	6.8%
Developed countries[4]	4.5%
Developing countries[5]	7.1%

Source: Euromonitor estimates from United Nations, World Bank, International Monetary Fund (IMF), GASTAT, SAMA and OPEC.
Note that average provided here, as well as in other parts of the report, are weighted averages

Table 2 Population growth CAGR (2022-2026): Global comparison

Country/Region	CAGR 2022-2026
Saudi Arabia	1.2%
UAE	0.8%
Egypt	1.5%
Kuwait	1.0%
Group's four core markets	1.4%
Group's eight other markets	1.0%
Group's 12 markets	1.4%
Developed countries	0.5%
Developing countries	0.8%

2 All global comparisons are based on US$ current prices, fixed 2021 exchange rate.

3 The Group's other markets of operation: Iraq, Morocco, Qatar, Bahrain, Oman, Lebanon, Jordan, Kazakhstan.

4 Select developed countries: US, UK, Canada, Australia.

5 Select developing countries: China, Indonesia, Malaysia, South Africa.

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Table 3 Population breakdown by age groups (2021): Global comparison

Region	0-29	30-44	45-64	65+
Group's four core markets	54%	24%	17%	5%
Group's eight other markets	56%	22%	17%	6%
Group's 12 markets	55%	23%	17%	5%
Developed countries	37%	20%	25%	18%
Developing countries	38%	22%	28%	12%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

3.2 *Core Markets: Saudi Arabia, UAE, Kuwait, Egypt*

Kingdom of Saudi Arabia (Saudi Arabia)

Saudi Arabia is among the top 20 economies globally, a member of the G20 and one of the major global economies. It is also the largest economy among the Group's 12 markets of operation with a nominal GDP of US$833.5 billion in 2021.[6] Saudi Arabia 's economic outlook remains positive, with real GDP growth expected to reach 2.3 per cent. by 2026, which is considerably higher than the growth expected for developed markets, such as the US, at 1.6 per cent., the UK, at 1.6 per cent., or Canada, at 1.7 per cent., in 2026.[7]

The population of Saudi Arabia was 33 million in 2021 making it one of the largest markets by population in the 12 markets in which the Group operates. It also has the largest young population (0-29 years), at 45.7 per cent. of the total population in 2021, and a higher growth rate, at 1.2 per cent., than the global average of 0.9 per cent. for the period 2022-2026.[8]

Despite stagnation in 2019 and a decline during 2020, partially due to the Covid19 pandemic and low crude oil prices, the economy saw a recovery to pre-Covid levels in 2021. This resulted in a nominal GDP CAGR of 0.7 per cent. in US dollar terms over the 2018-2021 period.[9] Rising oil prices, due to the energy market shift caused by the war in Ukraine, is among the key reason for Saudi Arabia's expected 5.8 per cent. real GDP growth in 2022.[10]

Inflationary pressure in Saudi Arabia is expected to ease in the medium term as supply-chain bottlenecks gradually resolve. In 2021, inflation declined to 3.1 per cent., from 3.4 per cent. in the previous year, as the effects of the VAT increase in 2020, from 5 per cent. to 15 per cent., faded. Inflation is forecast to decrease further in 2022, to 2.5 per cent., and this trend is expected to continue in the coming years, with inflation in Saudi Arabia projected to fall to 2.0 per cent. by 2026. Contrary to other countries in the region, Saudi Arabia's reliance on wheat from Ukraine and Russia is limited. The country also benefits from robust local crude oil production.[11] Furthermore, rents, a major part of the country's CPI basket have been falling, while price caps and subsidies have kept overall food and gasoline price increases at bay.[12] The Saudi riyal has been at a fixed rate against the US dollar since 1986, which provides the country's currency with additional stability and lowers the impact of increasing commodity prices.

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6 Euromonitor International Report.

7 Euromonitor International Report.

8 Euromonitor International Report.

9 Euromonitor International Report.

10 Euromonitor International Report.

11 Arab News (2022): Saudi inflation to stay below other G20 economies till 2023, OECD predicts, https://www.arabnews.com/node/2101841/business-economy.

12 IMF (2022): Saudi Arabia: Staff Concluding Statement of the 2022 Article IV Mission, https://www.imf.org/en/News/Articles/2022/06/17/saudi-arabia-staff-concluding-statement-of-the-2022-article-iv-mission.

While oil exports remain the largest contributor to GDP, recent government strategy (most notably Vision 2030) has focused on economic diversification, the development of megaprojects, trillion-dollar investments in tourism and entertainment and other economic and social reforms. This shift in focus is designed to attract foreign investment, increase the size of the private sector and develop public services such as health, education and infrastructure.[13] The resulting economic growth is expected to positively impact consumer spending, with OOHD expected to be one of the key beneficiaries.

A growing population is paired with a higher urbanisation rate than in previous years, which is expected to reach 85.2 per cent. by 2026. This growth is set to be supported by several urban developments such as Diriyah Gate, King Salman Park and Qiddiya. Riyadh, the capital city, is expected to double its urban population from 7.5 million in 2021 to 15 million by 2030.[14] The development of new "smart cities", such as NEOM, is also poised to attract a greater investment in shopping malls, increasing retail and foodservice space.

Shopping malls are also among the main beneficiaries of the developing cinema industry. Since the 35-year-long ban was lifted in late 2017, the industry has been developing rapidly, grossing US$238.0 million through approximately 430 screens in 2021.[15] Current estimates suggest that the industry may reach US$1.0 billion by 2025 and 1,500 screens by 2025/2026.[16] Such an increase is set to create significant additional footfall in shopping malls and adjacent food courts throughout the country.

Among the social reforms started in 2018, was government-led support for more women to enter the workforce. This is expected to boost household disposable incomes (US$12,968 in 2026 vs. US$10,394 in 2021) as well as spending in the OOHD segment. This, combined with other social reforms, such as the lifting of the ban on women driving, the opening of cinemas, and the ending of gender segregation in restaurants and public places are expected to lead to new consumption habits. Higher disposable incomes, combined with a large young population that appreciate global brands, represent positive drivers for the total addressable market for OOHD operators.[17]

Table 4 Macro and demographic indicators in Saudi Arabia (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP[18]	US$ bn	816.6	803.6	703.4	833.5	906.9	1,122.4	**0.7%**	**5.5%**
Real GDP growth (US$)	%	2.4%	0.3%	(4.1%)	3.2%	5.8%	2.3%	-	-
Inflation rate	%	2.5%	2.1%	3.4%	3.1%	2.5%	2.0%	-	-
Total population	000	33,703	34,003	32,861	33,160	33,591	35,176	**(0.5%)**	**1.2%**
Young population (0-29 years)	000	16,057	15,951	15,195	15,146	15,187	15,433	**(1.9%)**	**0.4%**
Urbanisation rate	%	83.7%	83.9%	84.1%	84.3%	84.5%	85.2%	-	-
Disposable income per capita	US$	8,907	9,125	9,237	10,394	11,029	12,968	**5.3%**	**4.1%**
Consumer expenditure per capita	US$	9,234	9,481	9,623	10,837	11,506	13,537	**5.5%**	**4.1%**

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

13 Vision 2030, Kingdom of Saudi Arabia, https://www.vision2030.gov.sa/v2030/overview/.

14 Riyadh Strategy 2030.

15 Arab News (2022): How reopening of cinemas in Saudi Arabia has proved a film-industry game-changer, https://www.arabnews.com/node/2041361/saudi-arabia.

16 Deadline (2021): Saudi Arabia Tipped To Become $1B Box Office Market By 2025: Growth Outlook, https://deadline.com/2021/12/saudi-arabia-box-office-outlook-one-billion-dollar-market-1234901866/.

17 Euromonitor International Report.

18 Nominal GDP, applicable to all country tables in section 3.

United Arab Emirates (UAE)

The UAE's economy recorded a nominal GDP of US$411.6 billion in 2021. With a share of approximately 30.0 per cent., the oil sector remains the largest contributor to GDP. However, the country has been successful in diversifying from being an oil-dependent economy to increasing its GDP contribution from sectors such as trade, tourism and real estate. The tourism sector is an important source of revenue, projected to contribute approximately 12.4 per cent. of GDP by 2026.[19]

In 2021, expats made up approximately 90.0 per cent. of the UAE population of 9.3 million, resulting in a unique demographic mix from Asia, the Middle East, Europe and other backgrounds with varied preferences and tastes.

The UAE's economy recovered rapidly from the negative effects of the Covid19 pandemic. In 2021, real GDP growth returned to pre-pandemic levels, while inflation remained below that of most Western economies and some neighbouring countries, at only 0.2 per cent. As with the Saudi Riyal, the UAE dirham is pegged to the US dollar, limiting the country's risk from foreign exchange fluctuations. The country's system of pricing caps on essential food items is keeping food inflation to a minimum, as price increases must be approved. While relying heavily on food imports, the UAE has adopted a highly diversified sourcing strategy to ensure food security over the years. Its reliance on wheat from Ukraine and Russia is relatively limited compared to other countries in the region, such as Egypt.[20] However, the impact of the war in Ukraine on global food and other commodity prices, as well as high crude oil prices, are expected to increase inflation to 2.5 per cent. in 2022.

OOHD spending in the UAE stood at US$1,317.2 per capita in 2021, the highest in the region and the 15th highest globally.[21] Demand is supported by the busy lifestyles of the country's male-dominated, diverse and expat-driven population, excellent infrastructure and a competitive market. Dubai in particular has attracted investments in international food and beverage brands and is considered a global industry hub, with the world's leading brands having a notable presence in the country.

The UAE is a global tourism destination, with Dubai International Airport reported to be the world's busiest airport by international passenger traffic.[22] Expo 2020 acted as a catalyst for further expansion of the tourism and hospitality sectors. In 2020 alone, the tourism sector generated approximately US$24.6 billion, equivalent to 6.5 per cent. of the country's GDP.[23] The tourism industry is further supported by numerous leading regional and global events, including the annual Abu Dhabi F1 Grand Prix, the Expo 2020 and trade fairs, such as Gulfood (the world's largest F&B sourcing event).[24]

With the UAE continuing to invest in large infrastructure projects to support economic development across all sectors, OOHD capacity is expected to increase driven by growth in potential expansion locations. In 2022, it is estimated that more than US$650 billion in construction projects are planned or in the pipeline, including Saadiyat Island Community, Louvre Abu Dhabi Residences and Meydan One Mall.

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19 Euromonitor International Report.

20 The National (2022): "Tight monitoring of food prices 'to keep UAE inflation in check", https://www.thenationalnews.com/uae/2022/04/20/tight-monitoring-of-food-prices-to-keep-uae-inflation-in-check/.

21 Euromonitor Passport: Covering a total of 210 countries.

22 Dubai Airports. https://media.dubaiairports.ae/.

23 Euromonitor International Report.

24 Gulfood (2022): https://www.gulfood.com/.

Table 5 Macro and demographic indicators in the UAE (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP	US$ bn	422.2	421.1	380.6	411.6	436.0	532.1	**(0.8%)**	**5.1%**
Real GDP growth (US$)	%	1.2%	1.7%	(6.0%)	1.5%	3.8%	2.5%	-	-
Inflation rate	%	3.1%	1.9%	2.1%	0.2%	2.5%	2.0%	-	-
Total population	000	9,367	9,504	9,282	9,335	9,420	9,741	**(0.1%)**	**0.8%**
Young population (0-29 years)	000	3,611	3,640	3,485	3,493	3,509	3,541	**(1.1%)**	**0.2%**
Urbanisation rate	%	87.2%	87.5%	87.7%	87.9%	88.2%	89.0%	-	-
Disposable income per capita	US$	20,346	20,309	17,823	18,096	19,109	22,133	**(3.8%)**	**3.7%**
Consumer expenditure per capita	US$	16,203	16,241	14,293	14,416	15,255	17,670	**(3.8%)**	**3.7%**

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Kuwait

Kuwait holds the world's seventh largest proven oil reserves.[25] With a nominal GDP of US$111.7 billion in 2021, after a recession caused by Covid19 and low oil prices, the gradual expansion of oil production is expected to lead to a strong recovery in nominal GDP with a forecast CAGR of 4.2 per cent. in US dollar terms over 2022-2026.[26]

In 2021, Kuwait's population stood at 4.4 million, with 100.0 per cent. of the population living in urban areas. As in the UAE, expats form the majority of the population, more than 78.6 per cent. in 2021. However, Kuwait's Vision 2035 reform plan, which aims to promote employment among Kuwaiti nationals, is expected to see the share of expats in the total population decline over time.[27]

Covid19 and lower oil prices negatively impacted the economy during 2020, resulting in an 8.9 per cent. decline in real GDP compared to 2019. Many of the strict government-imposed restrictions were gradually lifted in mid-2020 and regular business activity resumed. In 2022, higher oil prices and increased OPEC production quotas are expected to have a positive impact on GDP, with forecast real GDP growth of 7.4 per cent. However, GDP is not expected to reach pre-pandemic levels before 2024.

The Kuwaiti dinar is pegged to a basket of currencies dominated by the US dollar, which kept the exchange rate close to KWD0.30:US$1 over the past two decades. Despite this, inflation increased due to global commodity price rises and supply-chain disruptions. As the lingering impact of Covid19 disruptions and supply-chain pressure subside, inflation is expected to decline gradually over the 2022-2026 period. To support the reduction in inflation, the government may delay the planned introduction of a value-added tax, originally scheduled for 2023.[28]

As in other oil producing countries in the Middle East, one of the strategic goals of the government's Vision 2035 is to diversify its economy to reduce its dependence on the oil sector. In 2021, the oil sector accounted for approximately 40.0 per cent. of GDP and 92.0 per cent. of exports.[29]

As part of its diversification strategy, the government aims for the country to become a financial and trade hub, both regionally and internationally. The development of business precincts and leisure-related attractions offer expansion opportunities for OOHD operators, while efforts to boost inbound tourism arrivals are expected to yield a broader consumer base for OOHD products.

25 https://www.gisreportsonline.com/r/kuwait-oil-time-to-catch-up/.

26 Euromonitor International Report.

27 Euromonitor International Report.

28 https://www.vatcalc.com/kuwait/kuwait-may-abandon-2023-vat-implementation/.

29 OPEC. https://www.opec.org/opec_web/en/about_us/165.htm.

Table 6 Macro and demographic indicators in Kuwait (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP..........................	US$ bn	138.2	136.9	107.4	111.7	125.6	147.9	**(6.8%)**	**4.2%**
Real GDP growth (US$)....................	%	2.4%	(0.6%)	(8.9%)	0.7%	7.4%	2.7%	-	-
Inflation rate...........	%	0.6%	1.1%	2.1%	3.4%	4.7%	2.5%	-	-
Total population......	000	4,227	4,420	4,465	4,367	4,368	4,537	**1.1%**	**1.0%**
Young population (0-29 years)..........	000	1,537	1,580	1,603	1,618	1,661	1,805	**1.1%**	**2.1%**
Urbanisation rate....	%	100%	100%	100%	100%	100%	100%	-	-
Disposable income per capita	US$	15,722	15,417	11,994	12,578	13,840	14,938	**(7.2%)**	**1.9%**
Consumer expenditure per capita	US$	9,822	9,665	7,579	7,876	8,668	9,379	**(7.1%)**	**2.0%**

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Egypt

Egypt's nominal GDP grew at a CAGR of 12.6 per cent. between 2018 and 2021 to reach US$403.9 billion in 2021. It was the only country out of the 12 markets in which the Group operates to maintain positive real GDP growth throughout the 2018-2021 period.[30]

Egypt has the largest population of the 12 market in which the Group operates, at 101.5 million in 2021, and ranks in the top 15 globally by size of population. Young people (0-29 years) account for 58.5 per cent. of the total population, which experienced a CAGR of 1.8 per cent. over 2018-2021. In 2021, 42.9 per cent. of Egypt's population lived in urban areas, but urbanisation is expected to accelerate over the forecast period to reach 43.7 per cent. in 2026.

The Covid19 pandemic caused an initial shock to the economy during the first quarter of 2020 due to the abrupt halt in tourism, which accounted for approximately 12.0 per cent. of GDP at the beginning of the pandemic. However, economic measures adopted by the government and US$8 billion in additional funds received from the International Monetary Fund (IMF), allowed the country to maintain economic stability, and achieve real GDP growth of 3.6 per cent. in US dollar terms in 2020, while many countries globally saw GDP contract in the same year.[31]

In the face of rising commodity prices and an inflation rate of 14.4 per cent. in 2018, the Egyptian government set a fixed US dollar exchange rate for import of basic goods and raw materials, including wheat, to mitigate the impacts of currency devaluation and inflationary pressure on consumer purchasing power. This resulted in a gradual decline in inflation over 2018-2020. However, further increases in commodity prices caused by Covid19-related supply-chain disruptions and the war in Ukraine put upward pressure on Egypt's inflation rate, which is expected to reach 7.8 per cent. in 2022 before subsiding to a rate of 7.0 per cent. by 2026 as supply chains recover from their current bottlenecks. This is in line with the Central Bank of Egypt's target inflation range of 7.0 cent. plus or minus two percentage points on average, in the same year.

Egypt's Vision 2030 is an ambitious national agenda that consists of eight key goals to be met by 2030, which align with UN Sustainable Development Goals (SDGs). The vision includes multiple "megaprojects" including a new airport, a recreational city in the Nile Valley, a business district and a large-scale urban park, creating multiple opportunities for OOHD outlet expansion. The largest project is building a new administrative capital that will be located 35km from Cairo. The new city is expected to house approximately 6-7 million people as well as key government departments, ministries, foreign embassies, universities and leisure facilities.

Infrastructure development is another government focus area, with Port Said, for example, investing significantly in transportation networks linking the city to the capital, Cairo. In the 2020-

30 Euromonitor International Report.

31 IMF, 2021. https://www.imf.org/en/News/Articles/2021/07/14/na070621-egypt-overcoming-the-covid-shock-and-maintaining-growth.

21 fiscal year, the Suez Canal Authority's development and expansion investment was estimated at US$1.07 billion.[32]

Public transport is benefitting from the new Metro Line three in Cairo, which is expected to significantly improve urban mobility and limit traffic congestion for the more than 20 million people living in the capital. The project is heavily subsidised, with US$626 million from the European Investment Bank (EIB), close to US$300 million from the Agence Française de Dévelopement (AFD) and a US$43 million grant from the European Union (EU). The EIB investment is part of a wider agreement with the Egyptian government from 2021, to invest a total of US$1.1 billion in metro and tram infrastructure projects in Cairo and Alexandria, signalling further significant improvements to the public transportation system in the future.[33]

While Egypt's economy is less wealthy than those of US or Western European countries, its large population, rising middle class and new developments provide an attractive and dynamic consumer market for OOHD operators.

Table 7 Macro and demographic indicators in Egypt (2018-2026)

Indicator	**Unit**	**2018**	**2019**	**2020**	**2021**	**2022**	**2026**	**CAGR 2018-2021**	**CAGR 2022-2026**
GDP..........................	US$ bn	282.7	339.1	373.0	403.9	445.7	710.3	**12.6%**	**12.4%**
Real GDP growth (US$).......	%	5.3%	5.6%	3.6%	3.3%	5.0%	4.5%	-	-
Inflation rate...........	%	14.4%	9.1%	5.0%	5.2%	7.8%	7.0%	-	-
Total population.....	000	96,279	98,100	99,800	101,479	103,100	109,346	**1.8%**	**1.5%**
Young population (0-29 years)..........	000	56,906	57,735	58,522	59,338	60,237	63,142	**1.4%**	**1.2%**
Urbanisation rate...	%	42.7%	42.8%	42.8%	42.9%	43.0%	43.7%	-	-
Disposable income per capita............	US$	2,582	2,930	3,283	3,595	4,061	6,081	**11.7%**	**10.6%**
Consumer expenditure per capita...................	US$	2,587	2,973	3,279	3,637	4,085	6,038	**12.0%**	**10.3%**

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

3.3 *Other markets: Qatar, Morocco, Iraq, Oman, Bahrain, Jordan, Lebanon, Kazakhstan*

Qatar

Qatar has the highest GDP per capita among the 12 markets in which the Group operates, and one of the highest globally, at US$66,748 in 2021. Nominal GDP stood at US$179.6 billion in 2021, up from US$144.4 billion in the previous year, indicating signs of an economic recovery after two consecutive years of decline. In 2021, the population stood at 2.7 million people, with the young population (0-29 years) accounting for 38.8 per cent. of the total in that year.

Qatar is the first country in the Middle East to host the FIFA World Cup (scheduled for October 2022). According to the government, the anticipated influx of a million visitors is expected to contribute an estimated US$20 billion to the economy and increase the attractiveness of the country as a tourist destination. While hosting the FIFA World Cup is expected to provide a large one-time boost to the OOHD sector, local population growth is expected to be a longer-term driver. Consumer expenditure on OOHD is expected to rise by a CAGR of 4.9 per cent. in US dollar terms between 2022-2026 following a period of stagnation resulting from the Covid19 pandemic.[34]

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32 Euromonitor International Report.

33 Zawya (2022): EIB backs Cairo Metro Line 3 with $626mln financing, https://www.zawya.com/en/projects/construction/eib-backs-cairo-metro-line-3-with-626mln-financing-rfomb8ih.

34 Euromonitor International Report.

Table 8 Macro and demographic indicators in Qatar (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP.........................	US$ bn	183.3	176.4	144.4	179.6	197.9	247.1	**(0.7%)**	**5.7%**
Real GDP growth (US$).......	%	1.2%	0.8%	(3.6%)	1.5%	3.0%	2.7%	-	-
Total population.....	000	2,760	2,799	2,832	2,690	2,745	2,865	**(0.9%)**	**1.1%**
Young population (0-29 years)..........	000	1,097	1,104	1,105	1,044	1,051	1,035	**(1.6%)**	**(0.4%)**
Urbanisation rate...	%	99.1%	99.2%	99.2%	99.3%	99.3%	99.4%	-	-
Disposable income per capita............	US$	17,090	17,206	15,119	17,243	18,127	20,536	**0.3%**	**3.2%**

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Morocco

Morocco recorded a nominal GDP of US$132.8 billion in 2021, exceeding pre-pandemic levels. Intense industrial activity and good harvests in the agricultural sector, which raised additional income from exports, enabled the country to avoid economic recession in 2021. In 2021, approximately 50.2 per cent. of Morocco's population of 37.3 million was aged 0-29 years, which presents a sizeable domestic target group for the OOHD sector. The population is set to grow by an anticipated CAGR of 1.1 per cent. over the 2022-2026 period.

Tourism has historically accounted for approximately 10.0 per cent. of the country's GDP. With ongoing efforts to expand its tourism footprint across all price points, fresh investment is expected, helping Morocco to stay competitive and attract more visitors from countries such as China and India, which have a growing middle class and higher disposable incomes. This is expected to positively impact OOHD businesses.[35]

Table 9 Macro and demographic indicators in Morocco (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP.........................	US$ bn	123.4	128.3	121.2	132.8	142.0	178.4	**2.5%**	**5.9%**
Real GDP growth (US$).......	%	3.1%	2.6%	(6.3%)	7.4%	2.5%	3.5%	-	-
Total population.....	000	36,029	36,472	36,911	37,345	37,773	39,404	**1.2%**	**1.1%**
Young population (0-29 years)..........	000	18,686	18,713	18,733	18,749	18,761	18,829	**0.1%**	**0.1%**
Urbanisation rate...	%	62.5%	63.0%	63.5%	64.1%	64.6%	66.7%	-	-
Disposable income per capita............	US$	2,207	2,267	2,157	2,305	2,429	2,872	**1.5%**	**4.3%**

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Iraq

Iraq's oil production is the sixth largest globally[36] and accounts for over 95.0 per cent. of the country's export earnings.[37] In 2021, Iraq's GDP reached US$206.4 billion, exceeding pre-pandemic levels and offsetting the steep decline in 2020. Young people (0-29 years) made up 65.4 per cent. of the population, which stood at 41.2 million in 2021. Iraq's young generation is well versed in technology and benefits from 100 per cent. mobile cellular network coverage, which offers an opportunity to further develop the home delivery OOHD channel.

The economy is expected to remain heavily dependent on the oil sector. However, as part of Iraq's Vision for Sustainable Development 2030, the government is looking to diversify the economy.

35 Euromonitor International Report.

36 International Trade Administration. https://www.trade.gov/country-commercial-guides/iraq-oil-and-gas-equipment-services.

37 World Bank. https://www.worldbank.org/en/country/iraq/overview.

The aim is for the private sector to be an active partner in this development. This is expected to provide further opportunities for OOHD expansion. Greater job opportunities for the local population are forecast to drive growth in disposable incomes and translate into a rise in spending on OOHD.

Table 10 Macro and demographic indicators in Iraq (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP..........................	US$ bn	185.5	191.6	137.1	206.4	292.8	311.8	**3.6%**	**1.6%**
Real GDP growth (US$).......	%	2.6%	5.5%	(11.3%)	2.8%	9.5%	2.6%	**-**	**-**
Total population.....	000	38,434	39,310	40,223	41,179	42,165	46,186	**2.3%**	**2.3%**
Young population (0-29 years)..........	000	25,610	26,040	26,487	26,945	27,413	29,232	**1.7%**	**1.6%**
Urbanisation rate...	%	70.5%	70.7%	70.9%	71.1%	71.4%	72.4%	**-**	**-**
Disposable income per capita............	US$	2,554	2,548	2,117	2,342	2,670	2,999	**(2.8%)**	**2.9%**

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Oman

Oman's nominal GDP reached US$87.1 billion in 2021, close to 2019 levels, signalling a recovery from the negative effects of Covid19, and further growth is expected over the 2022-2026 period. Oman has a relatively young population, with 47.0 per cent. of its 4.5 million inhabitants aged 0-29 years in 2021, making it an attractive location for the OOHD sector. In addition, after a period of contraction, Oman's population is expected to grow by a CAGR of 1.5 per cent. over 2022-2026, to reach 4.8 million by 2026, further expanding the addressable market.

Structural reforms aimed at boosting non-oil private sector growth and job creation are being fast-tracked under the Oman Vision 2040. As part of its strategy to expand the private sector, the government is, for example, encouraging public-private partnerships to boost the country's tourism sector. Inbound tourism value is expected to increase by a CAGR of 3.1 per cent. over the 2022-2026 period due to a facilitated process for visas and improved tourism infrastructure, providing growth potential for OOHD.[38]

Table 11 Macro and demographic indicators in Oman (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP..........................	US$ bn	79.7	87.9	73.9	87.1	98.9	117.0	**3.0%**	**4.3%**
Real GDP growth (US$)	%	0.9%	(0.8%)	(2.8%)	2.0%	5.6%	2.5%	**-**	**-**
Total population.....	000	4,602	4,618	4,618	4,456	4,541	4,820	**(1.1%)**	**1.5%**
Young population (0-29 years)..........	000	2,289	2,264	2,218	2,096	2,079	2,085	**(2.9%)**	**0.1%**
Urbanisation rate...	%	84.5%	85.4%	86.3%	87.0%	87.8%	90.1%	**-**	**-**
Disposable income per capita............	US$	7,525	7,841	7,029	7,479	7,792	8,393	**(0.2%)**	**1.9%**

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Bahrain

Bahrain recorded a nominal GDP of US$38.9 billion in 2021, representing real GDP growth of 2.2 per cent. over the previous year. Rising oil prices and the government's intention to diversify the economy are expected to fuel continued GDP growth in 2022 and beyond.

Bahrain had a population of approximately 1.5 million in 2021, tourists thus contribute significantly to private consumption. Tourism flows were substantially impacted during the Covid19 pandemic, but tourist arrivals are expected to reach pre-pandemic levels by early 2023.

[38] Euromonitor International Report.

The anticipated return of regional tourists is set to be backed by industry and leisure developments, such as Bahrain Sports City (a multi-purpose indoor sports arena), Bahrain International Exhibition and Convention Centre, and Tourist City (a series of resorts in southwest Bahrain), which are expected to enhance the country's status as a global tourist destination and provide new venues for OOHD expansion.[39]

Table 12 Macro and demographic indicators in Bahrain (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP..........................	US$ bn	37.8	38.7	34.7	38.9	43.5	55.9	0.9%	6.5%
Real GDP growth (US$).......	%	2.3%	2.1%	(4.9%)	2.2%	3.2%	3.0%	-	-
Total population.....	000	1,503	1,484	1,472	1,469	1,490	1,567	**(0.8%)**	**1.3%**
Young population (0-29 years)..........	000	682	653	622	600	595	621	**(4.2%)**	**1.1%**
Urbanisation rate...	%	89.3%	89.4%	89.5%	89.6%	89.7%	90.3%	-	-
Disposable income per capita............	US$	13,526	13,645	13,056	13,305	14,028	16,655	**(0.5%)**	**4.4%**

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Jordan

Jordan's GDP stood at US$45.3 billion in 2021, up by a CAGR of 2.3 per cent. between 2018 and 2021, underpinned by the broadening of its trade agreement with the EU and a more diversified economy. This represents one of the highest growth rates of the 12 markets in which the Group operates. The total population of Jordan stood at 10.3 million in 2021 and is expected to grow at a CAGR of 0.7 per cent. over 2022-2026. A highly urbanised population, at 91.6 per cent. in 2021, and planned infrastructure development provide a supportive environment for the development of the OOHD sector.

Table 13 Macro and demographic indicators in Jordan (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP..........................	US$ bn	42.3	44.6	43.8	45.3	47.6	59.5	**2.3%**	**5.7%**
Real GDP growth (US$).......	%	1.9%	3.7%	(1.6%)	2.2%	2.3%	3.3%	-	-
Total population.....	000	9,904	10,070	10,209	10,320	10,405	10,693	**1.4%**	**0.7%**
Young population (0-29 years)..........	000	6,165	6,223	6,261	6,278	6,275	6,234	**0.6%**	**(0.2%)**
Urbanisation rate...	%	91.0%	91.2%	91.4%	91.6%	91.8%	92.6%	-	-
Disposable income per capita............	US$	3,711	3,582	3,626	3,678	3,816	4,632	**(0.3%)**	**5.0%**

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Lebanon

Lebanon's GDP stood at US$18.8 billion in 2021. In real terms, GDP registered a CAGR decline of 10.9 per cent. over 2018-2021 in US dollar terms, with a marked fall in 2020 due to the impact of the Covid19 pandemic. The population totalled 6.8 million in 2021, of which 49.8 per cent. were young people aged 0-29 years. In 2021, the urbanisation rate stood at 89.1 per cent., with approximately one third of the population concentrated in the capital city, Beirut, which presents a focused opportunity for investment in the OOHD sector.

Since 2019, multiple factors, including civil unrest, Covid19, the 2020 Beirut warehouse explosion, political instability and a currency devaluation (the Lebanese pound lost 93.0 per cent. of its value

[39] Euromonitor International Report.

between 2019-2021),[40] contributed to the country's economic and financial crisis. In the spring of 2022, Lebanon and the IMF held initial talks to agree on an economic reform plan that could unlock US$3 billion in funding over several years.[41]

Table 14 Macro and demographic indicators in Lebanon (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP.........................	US$ bn	5.9	5.8	7.6	18.8	42.7	105.2	**46.8%**	**25.3%**
Real GDP growth (US$).......	%	(1.7%)	(7.2%)	(22.0%)	(2.3%)	1.3%	2.5%	-	-
Total population.....	000	6,859	6,856	6,825	6,769	6,685	6,327	**(0.4%)**	**(1.4%)**
Young population (0-29 years)..........	000	3,591	3,538	3,464	3,368	3,255	2,833	**(2.1%)**	**(3.4%)**
Urbanisation rate...	%	88.6%	88.8%	88.9%	89.1%	89.3%	89.9%	-	-
Disposable income per capita............	US$	810	795	989	2,456	5,619	14,394	**44.7%**	**26.5%**

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Kazakhstan

Kazakhstan's nominal GDP rose to US$194.8 billion in 2021, benefitting from higher crude oil prices that generate substantial export and tax revenues for the country. Kazakhstan ranks 10th in the largest oil-exporting countries globally.[42] The economic outlook remains positive, with nominal GDP expected to reach US$328.2 billion by 2026.

Kazakhstan's population grew at a CAGR of 1.3 per cent. over 2018-2021 to reach 18.9 million in 2021, with 49.0 per cent. of the population aged 0-29 years. The country's economic and investment outlook may be affected by social unrest, as observed in January 2022, and potential impacts from the Russian invasion of Ukraine, given its dependence on Russian imports.[43]

Table 15 Macro and demographic indicators in Kazakhstan (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP.........................	US$ bn	145.1	163.3	166.0	194.8	225.5	328.2	**10.3%**	**9.8%**
Real GDP growth (US$).......	%	4.1%	4.5%	(2.6%)	4.1%	3.6%	3.5%	-	-
Total population.....	000	18,157	18,396	18,632	18,880	19,119	19,990	**1.3%**	**1.1%**
Young population (0-29 years)..........	000	9,075	9,117	9,183	9,255	9,328	9,735	**0.7%**	**1.1%**
Urbanisation rate...	%	57.4%	57.5%	57.6%	57.7%	57.8%	58.7%	-	-
Disposable income per capita............	US$	3,591	4,044	3,811	4,199	4,764	7,308	**5.3%**	**11.3%**

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

4. OOHD AND QSR MARKET IN SAUDI ARABIA, UAE, KUWAIT, EGYPT

The Group is primarily active in the QSR segment within the wider OOHD market, with its top three brands (KFC, Hardee's and Pizza Hut)[44] contributing 88.8 per cent. of the Group's sales in 2021. The Group's four core markets (Saudi Arabia, the UAE, Kuwait and Egypt) generated 78.6 per cent. of the Group's sales in 2021. Common growth drivers across these markets include the

40 Reuters (2022). Lebanon plan sees 93 per cent. currency slide, turns bulk of FX deposits to pounds: https://www.reuters.com/markets/rates-bonds/lebanon-plan-sees-93-currency-slide-turns-bulk-fx-deposits-pounds-2022-01-31/_.

41 Euromonitor International Report.

42 Statista, Ranking of the largest oil exporting countries 2020.

43 Euromonitor International Report.

44 Prior to July 2022, Pizza Hut was operated by another franchisor in Saudi Arabia.

growing young population and disposable incomes, government spending on infrastructure projects, a rise in urbanisation rates in Saudi Arabia and Egypt, the establishment of new communities and projects, a growing tourism sector and rising consumer demand for convenience and quality meals at affordable prices. Additionally, the "Westernisation" of food culture, i.e., the adoption of Western-style meals into day-to-day life, provides a common driver for further increase to the currently low penetration of QSR concepts in these markets. Food price inflation has persisted since early 2021 across the markets in which the Group operates, and is primarily related to rising oil and fertiliser prices and supply chain constraints due to the Covid19 pandemic and the war in Ukraine.[45] However, by 2026, inflation is expected to reach relatively stable rates of 2.0 per cent. in Saudi Arabia and UAE, 2.5 per cent. in Kuwait and 7.0 per cent. in Egypt.

4.1 *Overview of the OOHD sector*

Saudi Arabia, the UAE, Kuwait and Egypt represent resilient and dynamic OOHD markets, particularly in the QSR and FSR and casual dining categories. In terms of market size, Saudi Arabia accounted for the largest share of OOHD sales among the Group's core markets, with OOHD value sales of US$14.5 billion in 2021, followed by the UAE with US$12.5 billion, Kuwait with US$2.6 billion and Egypt with US$6.4 billion.

Modernisation of the retail sector in Saudi Arabia, the UAE and Kuwait since the early 1990s resulted in the rapid development of shopping malls, which created a mall culture in these countries, whereby malls became the go-to destination for shopping, leisure and dining. They also formed the entry point for international retail and American value-for-money food brands, including McDonald's, KFC and Pizza Hut, through franchise operators such as Americana Restaurants. A few local brands have also developed into chains, such as Al Baik in Saudi Arabia, but they remain limited in terms of sales compared to international brands.

Table 16 Market size (value sales and outlets)[46] of OOHD in Saudi Arabia, UAE, Kuwait, Egypt (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Saudi Arabia....	US$ mn	21,172	21,875	11,188	14,488	18,180	28,822	**(11.9%)**	**12.2%**
Saudi Arabia....	Outlets	35,601	36,309	34,287	33,382	34,577	42,912	**(2.1%)**	**5.5%**
UAE..................	US$ mn	14,841	15,339	10,540	12,454	13,379	16,915	**(5.7%)**	**6.0%**
UAE..................	Outlets	17,487	17,776	14,657	15,826	16,523	18,913	**(3.3%)**	**3.4%**
Kuwait	US$ mn	2,801	3,082	2,140	2,634	3,091	4,254	**(2.0%)**	**8.3%**
Kuwait	Outlets	6,696	7,009	5,920	6,405	6,803	7,501	**(1.5%)**	**2.5%**
Egypt................	US$ mn	6,492	7,404	5,444	6,359	7,693	14,920	**(0.7%)**	**18.0%**
Egypt................	Outlets	39,633	40,652	38,371	41,085	44,013	57,398	**1.2%**	**6.9%**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

OOHD market segment structure

The composition of the OOHD sector varies across the four core markets. In Saudi Arabia and the UAE, FSR and casual dining is the largest segment in value terms, followed by QSR, whereas in Kuwait and Egypt, QSR is the leading sector, with FSR and casual dining the second largest.

In Saudi Arabia, both FSR and casual dining and QSR are expected to record double-digit growth in US dollar value terms over the 2022-2026 period, with CAGRs of 12.6 per cent. and 10.0 per cent., respectively. The continued rollout of international franchises operated by QSR-focused businesses, including the Group, is expected to underpin this growth.

In the UAE, FSR and casual dining represented 53.1 per cent. of total OOHD value sales in 2021, and is expected to grow by a CAGR of 5.2 per cent. in US dollar terms over 2022-2026. QSR represented 19.4 per cent. of total OOHD value sales and is expected to grow by a CAGR of 6.6

[45] World Bank. https://blogs.worldbank.org/opendata/food-prices-continued-their-two-year-long-upward-trajectory.

[46] Outlets refer to both chained and independent outlets across the report unless specified.

per cent. in US dollar terms over the same period due to increasing disposable incomes, rising tourism and the opening of new QSR outlets. During 2018-2021, the companies leading the QSR category in the UAE benefitted from a consumer shift from FSR and casual dining towards value-for-money QSR options.

In Kuwait and Egypt, QSR held the largest share of OOHD value sales in 2021. Egypt is expected to record CAGRs of 18.8 per cent. for QSR and 17.8 per cent. for FSR and casual dining, in US dollar terms over 2022-2026, driven by an increase in outlets, greater penetration of international franchises and population growth. In Kuwait, FSR and casual dining is expected to record a CAGR of 11.5 per cent. in US dollar terms over 2022-2026, whilst QSR has a forecast CAGR of 7.1 per cent. for the same period. Kuwait has the highest share for QSR, at 55.7 per cent. in 2021, compared to Egypt, the UAE and Saudi Arabia, enabled by the earlier entry of international brands and greater adoption of Western dining trends. However, Kuwait is still underpenetrated compared to the US market, despite higher population density and urbanisation, enabling further category growth potential. Growth in FSR and casual dining is expected to be driven by the rising trend of authentic and local cuisine restaurants whereas the main driver for QSR is the expansion of international chains as well as local home-grown brands developed by Kuwaiti entrepreneurs. However, such local brands, lack significant scale, and are facing greater pressure from rising food costs and increasing competition from international brands.

Table 17 OOHD Market composition by country, % of total OOHD Value Sales in Saudi Arabia, UAE, Kuwait, Egypt (2021)

Country	QSR	FSR and casual dining	Coffee shops	Indulgence outlets	Other
Saudi Arabia	28.4%	51.6%	2.8%	11.8%	5.5%
UAE	19.4%	53.1%	3.7%	4.4%	19.4%
Kuwait	55.7%	25.8%	5.2%	2.7%	10.6%
Egypt	43.5%	18.0%	2.4%	2.6%	33.5%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Impact of Covid19 pandemic on OOHD

Prior to the Covid19 pandemic, OOHD across the core markets benefitted from increased tourism flows and rising urbanisation. However, strict measures to contain the spread of the virus adversely impacted tourism, consumer mobility and purchasing behaviours. The resulting economic shock, outlet closures and supply-chain distress temporarily reversed the growth trend of consumer spending on OOHD.

In all core markets, the negative impact of the Covid19 pandemic was greater in FSR and casual dining than in QSR, as the former category had more difficulty adapting to demand for home delivery and drive thru channels. In 2020, FSR and casual dining saw a steeper year-on-year decline in value sales compared to QSR, ranging from a decline of 27.8 per cent. in Egypt to a decline of 54.6 per cent. in Saudi Arabia.

2021 performance of OOHD market

During 2021, following the gradual easing of Covid19-related restrictions, the OOHD market started to show signs of recovery from the adverse effects of the pandemic. In the QSR segment, Saudi Arabia recorded the highest value sales across the four core markets, at US$4.1 billion, generated through 6,641 outlets. Egypt was the second largest market, with total sales of US$2.8 billion, followed by the UAE with US$2.4 billion and Kuwait with US$1.5 billion. Saudi Arabia was also the largest core market for FSR and casual dining in 2021, with sales of US$7.5 billion, followed by the UAE with US$6.6 billion. Egypt ranked third with sales of US$1.1 billion, followed by Kuwait with sales of US$0.7 billion.

Table 18 Market size (value sales and outlets) of QSR in Saudi Arabia, UAE, Kuwait, Egypt (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Saudi Arabia	US$ mn	4,597	4,894	3,182	4,113	4,680	6,852	**(3.6%)**	**10.0%**
Saudi Arabia	Outlets	7,137	7,302	6,561	6,641	6,863	8,277	**(2.4%)**	**4.8%**
UAE............	US$ mn	2,419	2,567	2,038	2,421	2,646	3,420	**0.0%**	**6.6%**
UAE............	Outlets	2,606	2,691	2,503	2,715	2,769	3,018	**1.4%**	**2.2%**
Kuwait	US$ mn	1,376	1,541	1,155	1,467	1,658	2,182	**2.1%**	**7.1%**
Kuwait	Outlets	3,040	3,196	2,905	3,100	3,300	3,550	**0.7%**	**1.8%**
Egypt..........	US$ mn	2,554	2,910	2,347	2,767	3,353	6,672	**2.7%**	**18.8%**
Egypt..........	Outlets	18,770	19,145	18,745	20,208	21,350	26,728	**2.5%**	**5.8%**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Table 19 Market size (value sales and outlets) of FSR and casual dining in Saudi Arabia, UAE, Kuwait, Egypt (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Saudi Arabia	US$ mn	12,462	12,657	5,742	7,471	9,878	15,899	**(15.7%)**	**12.6%**
Saudi Arabia	Outlets	14,786	15,001	13,578	13,421	13,893	17,535	**(3.2%)**	**6.0%**
UAE............	US$ mn	8,173	8,406	5,547	6,609	7,023	8,603	**(6.8%)**	**5.2%**
UAE............	Outlets	10,104	10,216	8,019	8,618	8,997	10,157	**(5.2%)**	**3.1%**
Kuwait........	US$ mn	822	878	527	680	840	1,300	**(6.1%)**	**11.5%**
Kuwait........	Outlets	1,637	1,710	1,245	1,441	1,570	1,760	**(4.2%)**	**2.9%**
Egypt..........	US$ mn	1,270	1,452	986	1,143	1,403	2,706	**(3.4%)**	**17.8%**
Egypt..........	Outlets	3,396	3,517	3,010	3,284	3,662	4,874	**(1.1%)**	**7.4%**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Chained QSR performance during and following the pandemic

Overall, QSR operators were better prepared to adapt to the challenges presented by the Covid19 pandemic than FSR and casual dining outlets. The majority of well-known QSR brands offered home-delivery or drive thru services as part of their channel strategy prior to the pandemic, whereas FSR and casual dining operators had historically focused on the dine-in model.

Well-established QSR chains in the core markets are mostly franchise operators of international brands with a strong foundation in the market, benefitting from large-scale suppliers and logistics. For this reason, they hold a large value share of QSR in Saudi Arabia, the UAE and Kuwait, at 72.4 per cent., 65.9 per cent., and 78.0 per cent., respectively in 2021. For the period 2022-2026, growth in chained QSR is expected to be higher than for its independent counterparts. In Saudi Arabia, chained QSR is expected to grow at a CAGR of 10.3 per cent. vs a CAGR of 9.1 per cent. for independent QSR in US dollar terms. A similar trend is forecast for the UAE and Kuwait.

In Egypt, chained QSR constituted 28.2 per cent. of the total QSR market in 2021, and growth for the period 2022-2026 is expected to be similar for both chained and independent QSR, at a CAGR of 18.8 per cent. in US dollar terms. Overall, the QSR market in Egypt is more fragmented than in Saudi Arabia, the UAE and Kuwait, and international franchises represent a smaller share of the OOHD landscape. Given the large size of the population in Egypt and lower disposable incomes compared to the other core markets, there is sizeable demand for affordable, local QSR outlets that often serve traditional food items. Hence, chained and independent QSR outlets have a similar forecast CAGR.

Across all core markets, independent QSR was more affected than international chained QSR by the Covid19 pandemic. Independent QSR had less concentrated buying power and fewer financial resources to sustain themselves during the period of restrictions. As a result, independent QSR recorded negative 2018-2021 CAGRs in Saudi Arabia, the UAE and Kuwait and saw lower growth than chained QSR in Egypt.

Table 20 Chained vs. Independent (value sales) in QSR in Saudi Arabia, UAE, Kuwait, Egypt (2018-2026)

Country		Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Saudi Arabia	Chained	US$ mn	3,038	3,300	2,308	2,980	3,374	4,999	(0.6%)	10.3%
Saudi Arabia	Independent	US$ mn	1,559	1,594	874	1,133	1,306	1,853	(10.1%)	9.1%
Saudi Arabia	**Total QSR**	**US$ mn**	**4,597**	**4,894**	**3,182**	**4,113**	**4,680**	**6,852**	**(3.6%)**	**10.0%**
Saudi Arabia	% Share of chained	%	66.1%	67.4%	72.5%	72.4%	72.1%	73.0%	-	-
UAE	Chained	US$ mn	1,521	1,617	1,327	1,595	1,760	2,344	1.6%	7.4%
UAE	Independent	US$ mn	898	950	711	826	886	1,076	(2.8%)	5.0%
UAE	**Total QSR**	**US$ mn**	**2,419**	**2,567**	**2,038**	**2,421**	**2,646**	**3,420**	**0.0%**	**6.6%**
UAE	% Share of chained	%	62.9%	63.0%	65.1%	65.9%	66.5%	68.5%	-	-
Kuwait	Chained	US$ mn	1,020	1,155	893	1,144	1,303	1,724	3.9%	7.2%
Kuwait	Independent	US$ mn	356	385	262	323	355	458	(3.2%)	6.6%
Kuwait	**Total QSR**	**US$ mn**	**1,376**	**1,541**	**1,155**	**1,467**	**1,658**	**2,182**	**2.1%**	**7.1%**
Kuwait	% Share of chained	%	74.2%	75.0%	77.3%	78.0%	78.6%	79.0%	-	-
Egypt	Chained	US$ mn	699	796	648	780	951	1,895	3.7%	18.8%
Egypt	Independent	US$ mn	1,855	2,114	1,699	1,987	2,401	4,777	2.3%	18.8%
Egypt	**Total QSR**	**US$ mn**	**2,554**	**2,910**	**2,347**	**2,767**	**3,353**	**6,672**	**2.7%**	**18.8%**
Egypt	% Share of chained	%	27.4%	27.4%	27.6%	28.2%	28.4%	28.4%	-	-

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Home delivery channel

The home delivery channel gained importance during Covid19, as many QSR and FSR and casual dining outlets relied on this channel to service customers. While the dine-in channel is expected to regain some of the share it lost to home delivery following the lifting of restrictions, the latter's share of value sales is expected to remain above pre-pandemic levels in both QSR and FSR and casual dining over 2022-2026, due to the increased reach and popularity of food aggregators and food delivery apps, which is expected to continue after the pandemic. Increased investment by leading operators into new technologies is expected to further support the shift to digital channels.[47]

A growing number of food aggregators and delivery apps entered the core markets in 2020 in response to the Covid19 pandemic. Increased internet and smartphone penetration and the expansion of food aggregators helped operators to meet consumer demand for convenience, with online-ordering platforms and easy access to a diverse range of cuisines. International and well-established brands partnered with food aggregators to expand their consumer base, raise brand awareness and reduce their operational costs by downsizing their delivery fleets. It is important to note that most food aggregators manage a pool of independent delivery drivers, which can save costs but also creates inconsistencies in the speed and reliability of service, thereby potentially adversely impacting customer experience and creating a need for restaurant operators to balance own and third-party delivery to maintain customer satisfaction and accumulate customer data.

The growing popularity of food aggregators creates a challenge for small, independent businesses. While they offer a convenient method of offering online sales and delivery, commission rates, which can be as high as 30.0 per cent.,[48] decrease restaurants' profit margins. This contributes to market consolidation and creates a challenging environment for new restaurant start-ups, as they rarely have the capacity to provide their own delivery services. Leading food aggregators across the four core markets include Talabat, Deliveroo, Zomato, Jahez and Hungerstation.

[47] Digital channels comprise purchases completed online, via company websites, food aggregators or mobile apps.

[48] Khaleej Times. https://www.khaleejtimes.com/local-business/commission-rates-by-delivery-apps-proving-costly-to-uae-restaurants.

A nascent concept expected to drive further growth in home delivery is cloud kitchens, a category encompassing food preparation and cooking facilities set up to create delivery-only meals. A cloud kitchen is a highly flexible concept that allows companies to employ fewer staff and service multiple brands from centralised locations (but not expensive, prime city blocks) thus keeping operating costs down.[49] This new concept, which aligns with consumer demand for proximity and shorter delivery times, proved successful in lowering operators' high investment in prime locations and expenses associated with branded network expansion. Cloud kitchens partner with food aggregators to optimise delivery costs. Leading cloud kitchen operators in Saudi Arabia include Kitopi, Food to Go, Cloud Co Kitchen, KitchenPark and Kitch. Other operators in the space include Deliveroo and Reef Technologies, which has a regional partnership with Americana Restaurants.

Table 21 Market share (value sales) of home delivery channel in Saudi Arabia, UAE, Kuwait, Egypt (2018-2026)

Country	Sub-sector	2018	2019	2020	2021	2022	2026
Saudi Arabia	QSR	12.6%	12.6%	26.8%	14.7%	14.9%	16.9%
Saudi Arabia	FSR and casual dining	6.2%	7.0%	28.8%	21.1%	16.5%	16.4%
UAE	QSR	21.8%	22.3%	27.9%	25.4%	25.8%	27.2%
UAE	FSR and casual dining	15.1%	15.5%	18.3%	18.6%	19.0%	19.7%
Kuwait	QSR	22.4%	22.7%	35.5%	26.1%	26.4%	28.7%
Kuwait	FSR and casual dining	13.8%	14.6%	30.6%	25.9%	23.1%	23.5%
Egypt	QSR	14.3%	15.0%	25.7%	17.9%	16.0%	16.7%
Egypt	FSR and casual dining	6.3%	6.4%	12.4%	10.7%	9.7%	9.3%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Category structure of QSR

QSR can be classified into four main categories: chicken, burger, pizza and others. The Group operates in the first three categories, with KFC as its largest brand in value terms across all four core markets. In Saudi Arabia and the UAE, chained Chicken, Pizza and Burger QSR are clear leaders compared to independent operators due to the strong penetration and expansion of, predominantly, international brands. In 2021, chained outlets accounted for the majority of each category's sales across both markets, with value shares ranging from 80.0 per cent. to 97.0 per cent.

Chicken QSR

Historically, chicken has been the preferred protein source in the Middle East and plays an outsized role in local cuisines and OOHD consumption relative to other markets, with popular Arabic dishes including grilled and shawarma chicken. In most markets except the UAE, chicken is expected to be the fastest-growing category within the overall QSR segment, driven by continued demand for locally relevant dining. In Saudi Arabia, chicken held an 18.5 per cent. value share of total QSR sales in 2021, which is expected to increase to 19.5 per cent. by 2026. This compares with a 2021 value sales share of 25.3 per cent. in the UAE, 40.1 per cent. in Kuwait and 15.0 per cent. in Egypt. As in Saudi Arabia, value shares are expected to increase in the UAE and Kuwait over 2022-2026, to reach 27.1 per cent. and 47.8 per cent., respectively by the latter year. In Egypt, chicken's share of QSR is expected to decline to 12.2 per cent. by 2026, despite a forecast value CAGR of 14.7 per cent. over 2022-2026 in US dollar terms, the highest growth across the four core markets. This is largely due to faster growth of Burger QSR, a relatively underpenetrated segment.

Historically dominated by traditional street food, chicken consumption in the Group's core markets has been shifting towards QSR channels, enabled by the entry of international and local players. For instance, in Egypt, multiple brands are present including KFC, Heart Attack, Kansas Fried Chicken, Al Haraa and Bazouka. In Saudi Arabia, Al Baik is an established local brand with 112 restaurants (as at 2021) and a diverse menu that caters specifically to local palates. However, KFC is by far the leading brand in the Chicken QSR category across all core markets, individually.

49 Euromonitor. Limited-service restaurants in Saudi Arabia.

Table 22 Market size (value sales) of Chicken QSR in Saudi Arabia, UAE, Kuwait, Egypt (2018-2026)

Country		Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Saudi Arabia	Value sales	US$ mn	721	796	604	759	875	1,339	**1.7%**	**11.2%**
Saudi Arabia	Share of total QSR	%	15.7%	16.3%	19.0%	18.5%	18.7%	19.5%	-	-
UAE	Value sales	US$ mn	526	542	457	613	708	926	**5.2%**	**6.9%**
UAE	Share of total QSR	%	21.7%	21.1%	22.4%	25.3%	26.8%	27.1%	-	-
Kuwait...........	Value sales	US$ mn	611	704	522	587	698	930	**(1.3%)**	**7.4%**
Kuwait...........	Share of total QSR	%	44.4%	45.7%	45.2%	40.1%	42.1%	42.6%	-	-
Egypt.............	Value sales	US$ mn	357	382	325	414	471	816	**5.1%**	**14.7%**
Egypt.............	Share of total QSR	%	14.0%	13.1%	13.8%	15.0%	14.0%	12.2%	-	-

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Burger QSR

QSR outlets specialising in burgers have been gaining popularity for many years driven by increasing demand among consumers, especially young consumers, for different types of burgers as well as the entry of new brands in the Group's core markets. Burger accounts for the largest share of QSR value sales in Saudi Arabia and the UAE. In Saudi Arabia, Burger QSR accounted for 38.1 per cent. of total QSR value sales in 2021, while in UAE its share was 33.0 per cent. In the UAE, the growing presence of burger outlets is expected to drive value share growth, to 34.0 per cent. of total QSR sales by 2026. Similar to chained Chicken QSR, chained Burger QSR was able to grow its share in Saudi Arabia in pandemic-affected 2020, as most brands in both segments already had apps and delivery networks in place prior to the start of the pandemic. Kuwait recorded a burger value share of 26.4 per cent. in 2021, compared to 8.9 per cent. in Egypt in the same year.

Premium burger consumption is gaining momentum across all four markets. In Kuwait, the premium burger trend started with the launch of Angus burgers, before evolving into Wagyu burgers and organic burgers in both QSR and FSR and casual dining. In Saudi Arabia and the UAE, brands such as Shake Shack and Five Guys followed this trend. Local burger brands have been increasingly introducing similar innovations in their menus.

CAGRs in the burger category are expected to be in the high single digits in Saudi Arabia, at 9.4 per cent., and the UAE, at 7.7 per cent., in US dollar terms over 2022-2026. Kuwait and Egypt are expected to record double-digit growth over the same period, at 10.6 per cent. and 19.6 per cent., respectively, due to higher penetration potential and, in the case of Egypt, its large population.

Table 23 Market size (value sales) of Burgers QSR in Saudi Arabia, UAE, Kuwait, Egypt (2018-2026)

Country		Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Saudi Arabia ..	Value sales	US$ mn	1,487	1,621	1,230	1,568	1,672	2,394	**1.8%**	**9.4%**
Saudi Arabia ..	Share of total QSR	%	32.4%	33.1%	38.7%	38.1%	35.7%	34.9%	-	-
UAE	Value sales	US$ mn	837	908	691	800	863	1,164	**(1.5%)**	**7.7%**
UAE	Share of total QSR	%	34.6%	35.4%	33.9%	33.0%	32.6%	34.0%	-	-
Kuwait.............	Value sales	US$ mn	439	464	345	387	423	632	**(4.2%)**	**10.6%**
Kuwait.............	Share of total QSR	%	31.9%	30.1%	29.9%	26.4%	25.5%	29.0%	-	-
Egypt	Value sales	US$ mn	212	236	200	248	311	635	**5.2%**	**19.6%**
Egypt	Share of total QSR	%	8.3%	8.1%	8.5%	8.9%	9.3%	9.5%	-	-

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Pizza QSR

Restaurants specialising in pizza generally have a lower share of QSR value sales than those specialising in chicken and burgers in the Group's core markets. In Saudi Arabia, pizza held a 6.1 per cent. value share of the QSR market in 2021. This share stood at 13.5 per cent. in the UAE, 9.0 per cent. in Kuwait and 5.8 per cent. in Egypt in the same year. Pizza QSR outlets have been popular in the region as one of the first types of international cuisine that established its popularity among all consumers.

Egypt's expected 15.0 per cent. CAGR for the pizza category over 2022-2026, in US dollar terms, is primarily due to its currently lower penetration rate in overall QSR compared with other core markets. The Group's other core markets are expected to register mid-single digit CAGRs over 2022-2026 in US dollar terms.

Table 24 Market size (value sales) of Pizza QSR in Saudi Arabia, UAE, Kuwait, Egypt (2018-2026)

Country		Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Saudi Arabia ..	Value RSP	US$ mn	349	375	199	250	303	396	**(10.5%)**	**6.9%**
Saudi Arabia ..	Share of total QSR	%	7.6%	7.7%	6.3%	6.1%	6.5%	5.8%	-	-
UAE	Value RSP	US$ mn	264	286	264	327	375	504	**7.4%**	**7.7%**
UAE	Share of total QSR	%	10.9%	11.1%	13.0%	13.5%	14.2%	14.7%	-	-
Kuwait............	Value RSP	US$ mn	130	132	123	132	158	214	**0.3%**	**8.0%**
Kuwait............	Share of total QSR	%	9.5%	8.5%	10.6%	9.0%	9.5%	9.8%	-	-
Egypt	Value RSP	US$ mn	153	173	141	161	195	341	**1.7%**	**15.0%**
Egypt	Share of total QSR	%	6.0%	5.9%	6.0%	5.8%	5.8%	5.1%	-	-

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

4.2 ***Competitive landscape***

The OOHD market is highly fragmented in the Group's markets of operation, with no player in Saudi Arabia, the UAE or Egypt controlling more than 10.0 per cent. of the OOHD sector in value terms during 2021.

The Group is the leading diversified, pan-regional platform operator in terms of brand presence across multiple OOHD segments, by number of outlets, across the total of its 12 markets of operation. It is also the largest franchise operator across its 12 markets of operation in terms of total number of outlets and value sales in the four key OOHD categories (QSR, FSR and casual dining, coffee shops and indulgence outlets). As at 2021, the Group had a portfolio of 2,010 restaurants across all OOHD segments in 12 markets, which is even larger than the combined number of restaurants of the next four largest OOHD operators.

Table 25 OOHD rank and market share (value sales) of Americana Restaurants in 12 markets of operation (2021)

Company	Rank, 2021	Market share, 2021
Americana Restaurants	1	3.6%
Al Shaya Group..	2	1.6%
Herfy Food Services Co Ltd.............................	3	0.6%
Emirates Fast Food Co LLC (McDonald's Emirates)	4	0.5%
Almaousherji Catering Co (McDonald's Kuwait)	5	0.4%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

The Group continued to capture OOHD market share (in terms of value sales) in its 12 markets of operation, holding a 2.6 per cent. share in 2019, and increasing this share to 3.2 per cent. in 2020 and 3.6 per cent. in 2021. The Group has similarly increased its market share across most of the key OOHD segments in the markets where it operates. It holds the largest share in QSR, growing from 7.6 per cent. in 2019 to 9.3 per cent. in 2021.

In its four core markets, the Group holds the leading value sales share, which grew from 3.1 per cent. in 2019 to 4.5 per cent. in 2021 in overall OOHD, and from 10.4 per cent. in 2019 to 13.1 per cent. in 2021 in QSR.

In 2020, the Group had strong QSR value sales gains in markets such as the UAE, Kuwait and Egypt, outperforming its competitors. Chained brands in the indulgence outlets segment gained share over independents, enabling the Group to increase its value share by 0.9 percentage points in 2020 in its 12 markets of operation.

Table 26 Market share (value sales) of Americana Restaurants by segment in 12 markets of operation (2019-2021)

Segment	2019	2020	2021
OOHD	2.6%	3.2%	3.6%
QSR	7.6%	8.0%	9.3%
FSR and casual dining	0.5%	0.5%	0.4%
Coffee shops	1.1%	1.0%	1.2%
Indulgence outlets	2.1%	3.0%	3.0%

Source: Americana Restaurants audited sales data calculated on market size

Table 27 Market share (value sales) of Americana Restaurants by segment in four core markets of operation (2019-2021)

Segment	2019	2020	2021
OOHD	3.1%	4.2%	4.5%
QSR	10.4%	12.2%	13.1%
FSR and casual dining	0.5%	0.6%	0.5%
Coffee shops	1.2%	1.1%	1.3%
Indulgence outlets	2.3%	3.5%	3.4%

Source: Americana Restaurants audited sales data calculated on market size

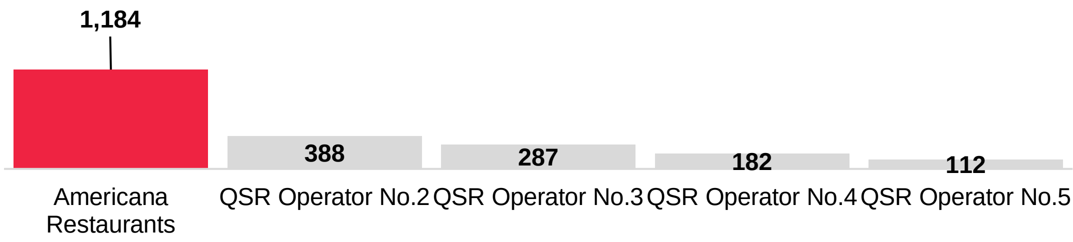
The Group is the number one QSR operator, both in terms of number of outlets and value sales, in the total of its 12 markets of presence. In its four core markets, it has a larger restaurant footprint than the combined operations of the next four largest QSR competitors.

Table 28 QSR rank and market share (value sales) of Americana Restaurants in four core markets (2019-2021)

Country	Rank, 2019	Market share, 2019	Rank, 2020	Market share, 2020	Rank, 2021	Market share, 2021
Saudi Arabia	2	6.8%	1	9.0%	1	9.1%
UAE	1	19.0%	1	21.9%	1	23.2%
Kuwait	1	15.5%	1	15.7%	1	18.3%
Egypt	1	6.3%	1	6.5%	1	7.4%

Source: Americana Restaurants audited sales data calculated on market size.

Chart 1 Number of Americana Restaurants in QSR in four core markets, compared to other leading operators[50] (2021)



Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

The Group's Power Brands (KFC, Pizza Hut,[51] Hardee's and Krispy Kreme) benefit from strong brand equity given their longstanding presence, high-quality taste and typically affordable pricing, which appeals to the growing middle class in its markets of operation. Pizza Hut was the first large Pizza QSR chain to enter the region. The Group is among the top four brands by number of restaurants in their respective verticals in nearly every market of operation. KFC is the clear market leader for QSR chains serving chicken products in Saudi Arabia, the UAE and Egypt, and Pizza Hut is the leader in Pizza QSR in the UAE and Egypt (the Group opened its first outlet of Pizza Hut in Saudi Arabia in July 2022).

Table 29 Rank and Market Share (value sales) of Americana Restaurants' brands by vertical in Saudi Arabia, UAE, Egypt (2019-2021)[52]

Brand	Vertical	Country	Rank, 2019	Market share, 2019	Rank, 2020	Market share, 2020	Rank, 2021	Market share, 2021
KFC	Chicken QSR	**Saudi Arabia**	1	28.8%	1	34.9%	1	37.5%
		UAE	1	48.9%	1	52.2%	1	51.1%
		Egypt	1	29.8%	1	29.5%	1	32.1%
Hardee's...	Burger QSR	**Saudi Arabia**	4	6.3%	4	6.1%	4	5.7%
		UAE	3	7.9%	3	9.1%	3	10.1%
		Egypt	2	11.2%	2	10.5%	2	10.1%
Pizza Hut .	Pizza QSR	**UAE**	1	52.8%	1	54.3%	1	51.4%
		Egypt	1	25.5%	1	25.6%	1	28.2%
Krispy Kreme	Indulgence outlets	**Saudi Arabia**	3	1.5%	4	2.7%	4	2.3%
		UAE	5	2.5%	5	2.8%	5	3.0%

Source: Americana Restaurants audited sales data calculated on market size

Table 30 Comparison of Americana's brands against competitors in Saudi Arabia, UAE, Egypt (2021)

Brand	Vertical	Country	Rank (Number of Outlets)	Outlets	Difference in number of outlets with #1 brand	Difference in number of outlets with #2 brand
KFC	Chicken QSR	Saudi Arabia	1	215	-	103 (Al Baik)
KFC	Chicken QSR	UAE	1	183	-	142 (Texas Chicken)

50 Other leading operators refer to leading operators in value sales.

51 Prior to July 2022 Pizza Hut was operated by another franchisor in Saudi Arabia. There are 2 franchisors for Pizza Hut in Saudi Arabia. Americana Restaurants has the rights for all cities in Saudi Arabia except Jeddah.

52 Data not available for Kuwait.

Brand	Vertical	Country	Rank (Number of Outlets)	Outlets	Difference in number of outlets with #1 brand	Difference in number of outlets with #2 brand
KFC	Chicken QSR	Egypt	1	170	-	156 (Heart Attack)
Hardee's	Burger QSR	Saudi Arabia	4	119	269 (Herfy)	216 (McDonald's)
Hardee's	Burger QSR	UAE	3	79	103 (McDonald's)	9 (Burger King)
Hardee's	Burger QSR	Egypt	2	47	93 (McDonald's)	-
Pizza Hut	Pizza QSR	UAE	1	145	-	85 (Papa John's)
Pizza Hut	Pizza QSR	Egypt	1	93	-	36 (Papa John's)

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition). Americana Restaurants brand data

The FSR and casual dining segment is notably more fragmented than QSR across all four core markets, with the leading FSR and casual dining players controlling no more than 1.0 per cent. to 5.0 per cent. of value sales in each market of operation. The Group ranks among the top five FSR and casual dining operators across all four core markets in terms of number of outlets.

Presence of local brands

Local brands are gaining prominence in the region, with expansion plans from groups like Herfy Foods Services and Al Baik Food Systems in Saudi Arabia, and Koshary Abou Tarek in Egypt, which is now expanding into Saudi Arabia and Kuwait. These local operators benefit from strong brand loyalty, localisation of their offering, partnerships with local vendors and in-house production of fresh meat, which results in higher quality, reduced operating costs and lower prices for the consumer.

Saudi Arabia

The QSR segment in Saudi Arabia is highly fragmented. In 2021, the top three operators in terms of value sales were Americana Restaurants, with a share of 9.1 per cent., Herfy Food Services, with 7.5 per cent., and Al Baik Food Systems, with 5.3 per cent. Strong brand recognition, relatively extensive outlet networks, large advertising budgets and online ordering and delivery platforms were the main drivers behind the performance of the leading brands, which supported share growth over 2019-2021. At a brand level, McDonald's is the leading QSR brand with 335 outlets in 2021, however, as it is operated by various franchisees it is not listed among the top five operators. Reza Food Services is one of the largest franchisees, operating 50 plus McDonald's outlets in the Western and Southern regions. The increased presence and popularity of McDonald's was the primary factor impacting the position of the local operator of Burger King, which responded with an expansion plan and a change of format and locations.

Americana Restaurants holds the franchise rights to leading international QSR chains (KFC and Hardee's) in Saudi Arabia, and recently acquired the rights to the Pizza Hut brand (excluding Jeddah city), providing it with exposure in all three principal QSR verticals. As of 2021, KFC was the largest contributor to the Group's overall market share. Both KFC and Hardee's recorded notable growth over 2020, supported by drive thru, home delivery and takeaway services. Both brands are highly focused on off-premise services and, as a result, recorded higher sales densities per outlet than their competitors. KFC's share growth was further supported by a change in procurement policy to locally sourced chicken. In 2021, KFC led Chicken QSR, and Hardee's ranked fourth in Burger QSR, by value sales.

Herfy Food Services and Al Baik Food Systems are established local operators with their own eponymous brands, Herfy and Al Baik. With 388 outlets, the Herfy brand has branches across Saudi Arabia. The company also offers branded shelf items in supermarkets, such as frozen meats and bread, which helps to increase brand awareness and subsequently its QSR sales. Al Baik Food Systems operates 112 QSR branches across Saudi Arabia with a clear focus on quality at lower prices. The brand is popular for its "value" positioning with low prices compared to international franchises. Currently, it is expanding by opening new branches and large food trucks to cover the whole country.

Other significant players in Saudi Arabia include Kudu Corp, Olayan Food Services Co (Burger King and Texas Chicken) and Daily Food Co (Maestro Pizza), with value shares of 4.8 per cent., 4.3 per cent., and 2.3 per cent. in 2021, respectively. As with Herfy Food Services, Kudu's procurement setup comprises a mix of long-term supplier partnerships and in-house production of fresh meat and bakery products. All three companies rely on a strong network of QSR outlets serving primarily either burger or chicken-based menus across Saudi Arabia.

Table 31 Market share (value sales) of key QSR operators in Saudi Arabia (2019-2021)

Company	Key categories	Brands	2019	2020	2021
Americana Restaurants	Chicken, Burger	KFC, Hardee's	6.8%	9.0%	9.1%
Herfy Food Services Co Ltd.	Burger	Herfy	7.0%	7.7%	7.5%
Al Baik Food Systems Co Ltd.	Chicken	Al Baik	4.4%	4.8%	5.3%
Kudu Corp	Burger	Kudu	4.8%	4.6%	4.8%
Olayan Food Services Co	Chicken, Burger	Burger King, Texas Chicken	4.0%	3.8%	4.3%
Daily Food Co	Pizza	Maestro Pizza	2.4%	2.3%	2.3%
Others			70.6%	67.8%	66.8%
Total			**100%**	**100%**	**100%**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country. Note: Data in the table may not add precisely due to rounding.

Table 32 Key QSR operators (outlets) in Saudi Arabia (2019-2021)

Company	2019	2020	2021
Herfy Food Services Co Ltd.	372	388	388
Americana Restaurants	345	326	334
Al Baik Food Systems Co Ltd.	97	102	112
Kudu Corp	283	285	287
Olayan Food Services Co	239	261	259
Daily Food Co	164	156	160
Others	5,802	5,043	5,101
Total	**7,302**	**6,561**	**6,641**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

UAE

The QSR segment in the UAE is less fragmented than in Saudi Arabia. In the UAE, the top three players accounted for approximately 41.0 per cent. of value sales in 2021, with leading players operating well-known American chained brands. Americana Restaurants (Hardee's, KFC, Pizza Hut) ranked first with a 23.2 per cent. value share in 2021, followed by Emirates Fast Food Co (McDonald's) with 11.5 per cent. and First Food Services (Burger King, Texas Chicken) with 6.3 per cent.

Burger QSR, the largest QSR segment in UAE, is led by McDonald's, with 182 restaurants, followed by Hardee´s with 79 restaurants in 2021. KFC leads in Chicken QSR and is the Group's key brand in the UAE. Pizza Hut leads the Pizza QSR category with 145 restaurants. In 2021, KFC and Pizza Hut ranked first in the chicken and Pizza QSR categories, whilst Hardee's ranked third in Burger QSR, by value sales.

The Group's brands were well positioned for home delivery before Covid19 lockdowns were implemented, allowing them to capitalise on increased sales through this channel and gain share from smaller competitors who were less prepared to service home delivery demand, resulting in an overall increase in value sales share of QSR from 21.9 per cent. in 2020 to 23.2 per cent. in 2021.

The leading QSR players are expected to continue to focus on differentiating their offering, for instance through technology, increased access to off-premise channels, healthy food options or enhancement of customer experience, to attract consumers to their brands.

Table 33 Market share (value sales) of key QSR operators in the UAE (2019-2021)

Company	Key categories	Brands	2019	2020	2021
Americana Restaurants	Chicken, Pizza, Burger	KFC, Pizza Hut, Hardee's	19.0%	21.9%	23.2%
Emirates Fast Food Co LLC	Burger	McDonald's	12.9%	13.0%	11.5%
First Food Services	Burger, Chicken	Burger King, Texas Chicken	7.0%	7.1%	6.3%
PJP Investment Group	Pizza	Papa John´s	2.2%	3.0%	2.8%
Popeyes Louisiana Kitchen Inc	Chicken	Popeye's	1.8%	1.9%	1.6%
Al Islami Foods	Chicken	Al Farooj Fresh	1.6%	1.7%	1.5%
Others			55.4%	51.5%	53.1%
Total			**100%**	**100%**	**100%**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country. Note: Data in the table may not add precisely due to rounding.

Table 34 Key QSR operators (outlets) in UAE (2019-2021)

Company	2019	2020	2021
Americana Restaurants	355	372	407
Emirates Fast Food Co LLC	175	182	182
First Food Services	129	129	129
PJP Investment Group	55	59	62
Popeyes Louisiana Kitchen Inc	28	28	28
Al Islami Foods	23	23	23
Others	1,926	1,710	1,884
Total	**2,691**	**2,503**	**2,715**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Kuwait

In Kuwait, the QSR segment is becoming increasingly consolidated as larger chained operators gain share from smaller independents. This led to a decline in the value share of "Others" from 51.8 per cent. in 2019 to 46.7 per cent. in 2021. As in the UAE, all leading players operate international brands. Americana Restaurants (KFC, Hardee's) is the leading operator with a value share of 18.3 per cent., followed by Al Maousherji with 15.0 per cent. and Kout Food Group (Burger King, Taco Bell, Pizza Hut) with 8.0 per cent. Other leading players include M H Alshaya Co, with 7.4 per cent. share in 2021, which operates various international brands including Shake Shack and Pizza Express.

As of 2021, Americana Restaurants had by far the largest number of restaurants, 130 in 2021, followed by Kout Food, with 97, and Almaousherji Catering Co, with 87. The KFC brand was the largest contributor to the Group's value sales share, due to its leading position in the Chicken QSR category in 2021. The Group's investments in online delivery channels allowed it to further reinforce market share during Covid19 lockdowns.

Table 35 Market share (value sales) of key QSR operators in Kuwait (2019-2021)

Company	Key categories	Brands	2019	2020	2021
Americana Restaurants	Chicken, Burger	KFC, Hardee's, Wimpy	15.5%	15.7%	18.3%
Almaousherji Catering Co	Burger	McDonald's	14.0%	14.5%	15.0%
Kout Food Group	Burger, Pizza, Other	Burger King, Pizza Hut, Taco Bell,	7.5%	7.7%	8.0%
M H Alshaya Co	Burger, Pizza	Shake Shack, Pizza Express	6.6%	6.8%	7.0%
Alghanim Industries	Burger	Wendy's	2.8%	2.9%	3.0%
Alsayer Franchising Co	Burger	Five Guys	1.8%	1.9%	2.0%
Others			51.8%	50.5%	46.7%
Total			**100%**	**100%**	**100%**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country. Note: Data in the table may not add precisely due to rounding.

Table 36 Key QSR operators (Outlets) in Kuwait (2019-2021)

Company	2019	2020	2021
Americana Restaurants	126	127	130
Kout Food Group	96	74	97
Almaousherji Catering Co	85	66	87
M H Al Shaya Co	39	30	39
Alghanim Industries	4	4	4
Alsayer Franchising Co	5	4	6
Others	2,841	2,600	2,737
Total	**3,196**	**2,905**	**3,100**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Egypt

Egypt has the most fragmented QSR market of the four core markets, with the top three players generating just 15.0 per cent. of total value sales in 2021. As in Saudi Arabia, independent operators rank among the leading players.

Americana Restaurants (KFC, Hardee's, Pizza Hut) was the leading QSR operator with a 7.4 per cent. value share in 2021, followed by Manfoods Egypt (McDonald's) with 5.2 per cent. Consistent quality, high brand awareness and increased restaurant penetration enabled international brands to capture a sizeable customer base and gain share over 2019-2021.

In terms of outlet numbers, KFC leads in the Chicken QSR segment with 170 restaurants, while McDonald's leads in Burger QSR with 140 restaurants. Pizza Hut, the leading pizza chain, has a foothold in the Pizza QSR segment with 93 restaurants. The Group also relaunched its Wimpy[53] brand in Egypt in 2021, with three outlets in operation at end of 2021. Wimpy was one of the first American QSR chains to open in Kuwait (1969) and Egypt (1971).

Local brands Roma Pizza 2 go, Buffalo Burger, Cook Door and Gad held a combined value share of 2.4 per cent. in 2021. Local brands are expected to continue developing, supported by continued high demand and the fragmentation of the overall OOHD market.

Table 37 Market share (value sales) of key QSR operators in Egypt (2019-2021)

Company	Key categories	Brands	2019	2020	2021
Americana Restaurants	Chicken, Burger, Pizza	KFC, Hardee's, Pizza Hut, Wimpy	6.3%	6.5%	7.4%
Manfoods Egypt	Burger	McDonald's	4.1%	4.6%	5.2%
Al Shaya Egypt	Burger	Burger King			
Saal Invest Co	Burger, Pizza	Roma Pizza 2 go, Buffalo Burger	2.4%	2.4%	2.4%
International Co for Food Industries	Other	Cook Door			
Gad Restaurant	Other	Gad			
Others			87.2%	86.5%	85.0%
Total			**100%**	**100%**	**100%**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country. Note: Data in the table may not add precisely due to rounding. Shares for smaller brands have been combined.

Table 38 Key QSR operators (outlets) in Egypt (2019-2021)

Company	2019	2020	2021
Americana Restaurants	290	295	313
Manfoods Egypt	120	135	140

53 The Group considers Wimpy a fast casual brand which is still part of QSR.

Company	2019	2020	2021
International Co for Food Industries	81	78	78
Saal Invest Co	23	28	28
Gad Restaurant	24	24	23
Al Shaya Egypt	22	21	21
Others	18,585	18,164	19,605
Total	**19,145**	**18,745**	**20,208**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

5. OOHD AND QSR IN OTHER MARKETS: QATAR, MOROCCO, IRAQ, BAHRAIN, OMAN, JORDAN, LEBANON, KAZAKHSTAN

OOHD Overview

The size of the OOHD market in the other eight markets, including other GCC countries and others in which the Group operates, amounted to approximately US$20 billion in 2021, with Iraq being the largest market in value terms, at US$7.4 billion, followed by Jordan, at US$4.2 billion. Morocco is the leading market in terms of outlet numbers, with 50,254 restaurants in 2021, compared with 49,647 in Iraq and just 4,639 in Qatar. Due to higher levels of disposable income and a relatively low restaurant count, Qatar leads in terms of value sales per outlet.

Prior to 2020 and the Covid19 pandemic, Qatar, Morocco and Iraq saw consistent growth in OOHD sales, posting year-on-year value increases of 6.2 per cent., 4.5 per cent. and 2.4 per cent., respectively, from 2018 to 2019. Unlike Qatar, Morocco and Iraq are both nascent markets, which were supported by the entry of international QSR outlets. This resulted in the Americanisation of food culture over the past two decades,[54] with the Group's KFC, Hardee's and Pizza Hut brands among the leading players in Bahrain, Oman (excludes Pizza Hut), Jordan and Kazakhstan.

The outlook for Qatar, Morocco and Iraq displays varying dynamics in their recovery from the Covid19 pandemic. Morocco's OOHD market is expected to witness a slower recovery than Qatar and Iraq, with a CAGR of 5.9 per cent. in US dollar value terms for the 2022-2026 period, driven by population growth and the rising affluence of the urban middle-class, as well as new hotels, resorts and malls scheduled to open over the next 5-7 years, but tempered by inflation and high rents. In Lebanon, the forecast CAGR of 51.5 per cent. reflects the impact of the country's hyperinflation. In constant terms, growth is expected to be markedly lower, at 2.6 per cent., with neither restaurant nor transaction numbers expected to return to pre-Covid19 levels by 2026.

In Qatar, the FIFA World Cup is expected to provide a boost to QSR and FSR and casual dining sales in 2022, while growing stability and the cessation of hostilities in Iraq are expected to underpin an increase in disposable income levels and the entry of new brands that will drive growth in the OOHD market. In Qatar, a value CAGR of 7.3 per cent. in US dollar terms forecast for QSR is expected to outpace that of FSR and casual dining of 5.4 per cent., over the 2022-2026 period.

Table 39 Market size of OOHD (value sales) in Qatar, Morocco, Iraq, Bahrain, Oman, Jordan, Lebanon, Kazakhstan (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Qatar	US$ mn	1,346	1,430	1,398	1,415	1,555	2,070	**1.7%**	**7.4%**
Morocco	US$ mn	3,763	3,934	2,606	2,683	2,867	3,604	**(10.7%)**	**5.9%**
Iraq	US$ mn	7,194	7,368	7,141	7,365	9,027	16,509	**0.8%**	**16.3%**
Bahrain	US$ mn	801	841	623	709	869	1,396	**(4.0%)**	**12.6%**
Oman	US$ mn	1,647	1,726	1,228	1,526	1,911	3,020	**(2.5%)**	**12.1%**
Jordan	US$ mn	4,306	5,214	3,563	4,184	4,811	7,665	**(1.0%)**	**12.3%**
Lebanon	US$ mn	1,086	1,095	672	802	2,060	10,846	**(9.6%)**	**51.5%**[55]
Kazakhstan	US$ mn	2,065	2,114	1,119	1,476	1,707	2,408	**(10.6%)**	**9.0%**

54 Euromonitor trade interviews with experts and players in the industry.

55 High forecast growth for Lebanon is due to hyperinflation. In constant terms, OOHD forecast CAGR 2022-2026 is expected to be 2.6 per cent.

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

QSR performance

In the Group's other markets, the QSR segment has varying degrees of importance in the overall OOHD sector. For example, while QSR represented 77.2 per cent. of the OOHD market in Iraq in value terms in 2021, this share was 46.3 per cent. in Qatar and 44.3 per cent. in Bahrain in 2021. Morocco, Oman, Lebanon and Kazakhstan remain underpenetrated in terms of QSR's position in the overall market, with value shares of 29.5 per cent., 28.0 per cent., 27.1 per cent. and 23.8 per cent., respectively, in 2021, as FSR and casual dining and other OOHD segments are still preferred. This is particularly true in Jordan where QSR's share of OOHD is almost negligible at 3.8 per cent.

Post-pandemic supply and demand trends focused on value pricing, influenced by heightened price sensitivity among consumers, which fuelled growth in QSR value sales and FSR and casual dining. This was particularly the case in Jordan's already price-sensitive consumer market and Lebanon and Kazakhstan's crisis-affected economies.

Table 40 Market size (value sales and outlets) of QSR in Qatar, Morocco, Iraq, Bahrain, Oman, Jordan, Lebanon, Kazakhstan (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Qatar	US$ mn	611	660	649	655	717	950	**2.4%**	**7.3%**
Qatar	Outlets	918	956	965	966	980	1,056	**1.7%**	**1.9%**
Morocco	US$ mn	1,007	1,077	748	791	854	1,031	**(7.7%)**	**4.8%**
Morocco	Outlets	2,825	2,920	2,795	2,791	2,828	2,998	**(0.4%)**	**1.5%**
Iraq	US$ mn	5,548	5,684	5,512	5,683	6,801	12,262	**0.8%**	**15.9%**
Iraq	Outlets	34,582	35,114	34,922	35,000	36,520	50,545	**0.4%**	**8.5%**
Bahrain	US$ mn	325	345	295	314	345	459	**(1.1%)**	**7.4%**
Bahrain	Outlets	699	718	650	660	710	815	**(1.9%)**	**3.5%**
Oman	US$ mn	439	465	348	427	489	744	**(0.9%)**	**11.0%**
Oman	Outlets	972	1,004	1,010	1,000	1,030	1,260	**1.0%**	**5.2%**
Jordan	US$ mn	131	153	135	159	186	297	**6.7%**	**12.5%**
Jordan	Outlets	450	455	489	515	532	605	**4.6%**	**3.3%**
Lebanon	US$ mn	266	271	185	218	561	3,037	**(6.5%)**	**52.5%**[56]
Lebanon	Outlets	2,647	2,462	1,354	1,324	1,327	1,466	**(20.6%)**	**2.5%**
Kazakhstan	US$ mn	392	412	298	352	407	595	**(3.5%)**	**10.0%**
Kazakhstan	Outlets	1,006	1,064	1,083	1,100	1,160	1,423	**3.0%**	**5.2%**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Competitive landscape

The entry of international QSR operators, with KFC among the leading QSR brands, created a strong preference for American food culture in Oman, Jordan and Kazakhstan. In Morocco and Iraq where the QSR market is highly fragmented, leading international brands compete with established local players. The popularity and strong market position of international chains in the Gulf countries, mainly Qatar, is powered by a large and diverse expat population, which drives consumer demand for QSR brands that cater to Western tastes.

Americana Restaurants' presence

In 2021, the Group was the leading QSR operator across all eight other markets, except for Morocco, where it ranked third in terms of value sales. The value share of QSR sales of the Group's top three brands (KFC, Pizza Hut, Hardee's) was especially high in Jordan, at 29.5 per cent., Kazakhstan, at 23.0 per cent., and Qatar, at 17.5 per cent., in 2021. In these other markets, the Group is primarily represented by its top three brands catering to the popularity of chicken, burgers and pizzas.

KFC accounted for the largest number of restaurants across the eight other markets. This is in line with greater consumer affinity with and demand for chicken over burgers and pizza in the region.

56 High forecast growth for Lebanon due to hyperinflation. In constant terms, QSR forecast CAGR 2022-2026 is expected to be 3.3 per cent.

The Group maintained a lower number of Hardee's restaurants across these markets, with the highest number in Qatar, at 22, where beef consumption is relatively higher. The Group's presence in the pizza category, as at 2021, was limited to Jordan, Bahrain and Kazakhstan.

Through its scale and platform advantages, the Group has been able to effectively compete against smaller competitors, including both other international brand operators and local brands/traditional players, resulting in growing value sales share and number one and number two positions in each individual market of presence (except Morocco).

Table 41 Americana Restaurants QSR rank and market share (value sales) of top three brands in QSR in Qatar, Morocco, Iraq, Bahrain, Oman, Jordan, Lebanon, Kazakhstan (2019-2021)

Country	Company	Market share, 2019	Market share, 2020	Market share, 2021	Rank, 2021
Qatar	Americana Restaurants (KFC, Hardee's)	15.5%	14.1%	17.5%	1
Morocco	Americana Restaurants (KFC)	1.9%	1.9%	3.2%	3
Iraq	Americana Restaurants (KFC, Hardee's)	0.3%	0.2%	0.4%	1
Bahrain	Americana Restaurants (KFC, Hardee's, Pizza Hut)	-	-	13.2%	1
Oman	Americana Restaurants (KFC, Hardee's)	-	-	11.2%	1
Jordan	Americana Restaurants (KFC, Hardee's, Pizza Hut)	-	-	29.5%	1
Lebanon	Americana Restaurants (KFC)	-	-	5.0%	2
Kazakhstan	Americana Restaurants (KFC, Hardee's, Pizza Hut)	-	-	23.0%	1

Source: Americana Restaurants audited sales data calculated on market size

6. ADDRESSABLE MARKET GROWTH POTENTIAL

Between 2011-2019, OOHD growth in core markets surpassed that of most developed countries

Given that the OOHD market is dominated by international brands in the Group's core markets, they are most comparable with developed Western/English-speaking countries such as the US, UK, Canada and Australia. However, the selected developing countries of China, Malaysia, Indonesia and South Africa provide a further benchmark for penetration levels. Between 2011 and 2019, three out of the Group's four core markets, Saudi Arabia, the UAE and Egypt, witnessed high OOHD CAGRs in comparison with benchmark countries, at 5.8 per cent., 6.1 per cent., and 14.4 per cent., respectively, in US dollar terms. When compared to the world average of 4.4 per cent. and the average for developed countries, at 3.0 per cent., this indicates how underpenetrated the Group's core markets are.

This same trend was also apparent in chained OOHD, FSR and casual dining and most chained QSR segments. Both chained Burger QSR and chained Pizza QSR across Saudi Arabia, the UAE and Egypt witnessed CAGRs that were above the world and developed countries average. Over 2011-2019, population growth, increases in disposable incomes and growing expenditure on OOHD were key growth drivers across the Group's core markets. This was most notable in countries where urbanisation rates and a shift from unchained and traditional trade towards modern retail locations (especially shopping malls in Gulf countries) supported expansion in chained outlets, mainly in QSR.

Table 42 OOHD historic value sales (US$) CAGR by segment (2011-2019): Global comparison[57]

Country/Region	Out-of-home dining (OOHD)	Chained OOHD	Chained QSR	FSR and casual dining	Chained FSR and casual dining
Saudi Arabia	5.8%	7.5%	6.4%	5.0%	8.6%
UAE	6.1%	7.1%	7.7%	5.2%	6.9%
Egypt	14.4%	14.9%	14.4%	14.1%	16.3%
Australia	3.3%	3.2%	3.6%	1.9%	(3.2%)
Canada	2.8%	3.3%	3.3%	2.6%	3.1%
UK	1.6%	2.3%	5.5%	1.7%	3.7%
US	3.2%	3.8%	4.5%	1.7%	1.3%
China	8.1%	14.0%	15.2%	8.4%	9.9%
Indonesia	7.6%	11.8%	11.9%	7.2%	8.1%
Malaysia	6.3%	9.8%	10.9%	4.9%	7.8%
South Africa	7.5%	6.9%	6.2%	7.6%	8.7%
World	4.4%	5.2%	6.0%	4.5%	3.4%
Developed countries	3.0%	3.6%	4.4%	1.7%	1.5%
Developing countries	8.0%	13.5%	14.6%	8.3%	9.7%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Table 43 Chained QSR historic value sales (US$) CAGR by segment (2011-2019): Global comparison[58]

Country/Region	Chained Burger QSR	Chained Chicken QSR	Chained Pizza QSR
Saudi Arabia	5.1%	7.4%	14.5%
UAE	6.8%	6.0%	22.6%
Egypt	11.7%	11.0%	13.6%
Australia	4.9%	2.5%	2.7%
Canada	3.7%	2.4%	4.0%
UK	3.2%	4.0%	11.0%
US	2.8%	8.8%	5.4%
China	10.2%	7.3%	24.4%
Indonesia	12.3%	12.1%	29.3%
Malaysia	10.5%	9.1%	15.2%
South Africa	7.7%	6.3%	9.9%
World	3.9%	8.5%	6.4%
Developed countries	3.0%	7.5%	5.5%
Developing countries	10.1%	7.5%	21.3%

Source: Euromonitor International Report

OOHD remains overall underpenetrated across the Group's markets in 2021

The Group's markets of operation, which as of 2021 encompass a total population of over 270 million people, are still underpenetrated in terms of supply of OOHD outlet capacity and consumption per capita relative to international benchmarks. A global comparison of overall OOHD annual spend per capita, outlets per 10,000 population and transactions per capita offers further evidence that the core markets are underpenetrated, with all three metrics below the respective averages of developed countries.

In 2021, the average penetration across the Group's core markets stood at annual spend of US$226 per capita, six outlets per 10,000 population and 31 transactions per capita. These figures are below the average of developed countries, at US$1,616 per capita, 21 outlets per 10,000 population and 158 transactions per capita.

With penetration rates two times lower than those of developing countries, the Group's markets of presence indicate potential for significant future growth in outlets, transactions, and annual spend.

57 Saudi Arabia, UAE and Egypt are based on local currency. All other markets are based on US$ current prices, fixed 2021 exchange rate.

58 Saudi Arabia, UAE and Egypt are based on local currency. All other markets are based on US$ current prices, fixed 2021 exchange rate. Data is not available for other markets.

Even in 2026, penetration in the core markets is set to remain much lower than in developed and developing countries.

Table 44 OOHD penetration rates: Global comparison (2021)

Country/ Region	Annual spend US$	Outlets	Transactions
	(per capita)	*(per 10,000 population)*	*(per capita)*
Saudi Arabia	437	10	50
UAE	1,334	17	93
Egypt	63	4	21
Kuwait	603	15	82
Iraq	179	12	76
Morocco	72	13	28
Qatar	526	17	83
Bahrain	483	14	73
Oman	342	9	44
Lebanon	119	6	18
Jordan	405	17	97
Kazakhstan	78	3	13
Group's four core markets	226	6	31
Group's eight other markets[59]	153	10	46
Group's 12 markets[60]	207	9	41
Developed countries	1,616	21	158
Developing countries	459	62	104
Developing countries (excluding China)	97	10	18

Source: Euromonitor International Report

Table 45 OOHD penetration rates: Global comparison (2026)

Country/ Region	Annual spend US$	Outlets	Transactions
	(per capita)	*(per 10,000 population)*	*(per capita)*
Saudi Arabia	819	12	87
UAE	1,737	19	110
Egypt	136	5	33
Kuwait	938	17	99
Iraq	357	16	130
Morocco	91	13	35
Qatar	723	20	104
Bahrain	891	18	130
Oman	627	11	76
Lebanon	1,714	8	21
Jordan	717	19	146
Kazakhstan	120	3	17
Group's four core markets	409	8	51
Group's eight other markets[61]	360	13	78
Group's 12 markets[62]	387	10	63
Developed countries	1,961	22	186
Developing countries	587	73	119

Source: Euromonitor International Report

In 2021, QSR in core markets was similarly underpenetrated compared to developed markets

A comparison of QSR penetration shows that the Group's four core markets had an average of 0.6 QSR outlets per 10,000 population as at 2021, compared to 1.2 in developing countries and 5.2 in the developed countries. A similar trend is seen in average annual QSR spend per capita, at US$44

59 The Group's other markets of operation: Qatar, Morocco, Iraq, Bahrain, Oman, Jordan, Lebanon, Kazakhstan.

60 The Group's total markets of operation.

61 The Group's other markets of operation: Qatar, Morocco, Iraq, Bahrain, Oman, Jordan, Lebanon, Kazakhstan.

62 The Group's total markets of operation.

in the Group's four core markets in 2021, compared with US$594 in developed markets. However, in terms of annual spend per capita, there were notable variances between the Group's core markets, with the UAE and Kuwait recording the largest figures, at US$171 and US$262, respectively, followed by Saudi Arabia with US$90 and, at some distance, Egypt with just US$8.

Table 46 Chained QSR: Global comparison (2021)

Country/Region	Annual spend US$	Outlets	Transactions
	(per capita)	*(per 10,000 population)*	*(per capita)*
Saudi Arabia	90	1.1	11
UAE	171	1.9	18
Egypt	8	0.1	2
Kuwait	262	4.3	36
Iraq	7	0.1	1
Morocco	8	0.1	1
Qatar	219	2.9	24
Bahrain	123	-	-
Oman	29	-	-
Lebanon	11	-	-
Jordan	5	-	-
Kazakhstan	14	-	-
Group's four core markets	44	0.6	6
Group's eight other markets	15	-	-
Group's 12 markets	31	-	-
Developed countries	594	5.2	84
Developing countries	44	1.2	10

Source: Euromonitor International Report

Multiple growth drivers to support further penetration of OOHD and its segments

Between 2022-2026, key macroeconomic factors are expected to drive growth of the OOHD sector. The average disposable income of the Group's 12 markets of operation is expected to grow by a CAGR of 8.2 per cent. in US dollar terms compared to 4.7 per cent. in developed markets. Consumer expenditure on OOHD is also expected to grow by a CAGR of 12.2 per cent. in US dollar terms, more than double the CAGR of developed countries, at 4.7 per cent., and almost double that of developing countries, at 6.9 per cent.

Among the four core markets, large, young and growing populations (especially in Saudi Arabia and Egypt), large expat communities (in Saudi Arabia, the UAE and Kuwait), high and rapidly growing disposable incomes and further increases in household incomes, as more women participate in the workforce, are expected to positively impact demand for OOHD. Government strategies for tourism and the creation of new communities are also expected to drive demand for OOHD consumption.

A thriving tourism sector is expected to support demand for OOHD and QSR in Saudi Arabia and the UAE. Higher tourist arrival numbers, attracted by large events or religious pilgrimages (Saudi Arabia attracts eight million religious tourists annually) are also expected to drive growth in OOHD, where QSR concepts are well-positioned to serve these consumers, with internationally recognised brands and globally proven concepts.

A key sector-specific growth driver is expected to be the QSR-led focus on building digital capabilities, such as developing mobile apps and loyalty programs and partnering with third-party delivery providers. Internet access is rising in many countries, including Egypt, where 47.0 per cent. of population used the internet in 2018, a figure that it expected to rise to 79.0 per cent. by 2026. High mobile penetration (more than 95 per cent. of the population in all countries in 2021) is expected to support demand through online channels, boosting the growing home delivery and takeaway channels in markets such as Saudi Arabia, the UAE and Egypt.

Table 47 Key growth factors CAGR (2022-2026): Global Comparison

Country/Region	Disposable income	Consumer expenditure on OOHD per capita	Population	Urban population
Saudi Arabia	5.3%	10.9%	1.2%	1.4%
UAE	4.6%	5.2%	0.8%	1.1%
Egypt	12.3%	16.3%	1.5%	1.9%
Kuwait	2.9%	7.3%	1.0%	1.0%
Group's four core markets	8.1%	9.8%	1.4%	1.6%
Group's eight other markets	8.5%	16.1%	1.4%	1.8%
Group's 12 markets	8.2%	12.2%	1.4%	1.7%
Developed countries	4.7%	4.7%	0.5%	0.7%
Developing countries	7.2%	6.9%	0.2%	1.4%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC. Data on Consumer expenditure is from Euromonitor International Report

New "megaprojects" in Saudi Arabia, the UAE and Egypt are expected to provide additional retail space and more communities to be served by the sector. Large urbanisation efforts include the development of new urban centres (e.g. Diriyah Gate and King Salman Park in Saudi Arabia), new developments (e.g. Saadiyat Island in the UAE) and even new cities (e.g. the new administrative capital in Egypt and NEOM in Saudi Arabia).

Table 48 Key megaprojects announced in Saudi Arabia, UAE, Egypt (2022-2030)

Country	Project name	Expected year of completion	Total size	Other details
Saudi Arabia	NEOM	2025	26,500 km^2	Planned to incorporate smart city technologies
Saudi Arabia	Qiddiya (Riyadh)	2023	334 km^2	Entertainment megaproject, expected to attract 17 million visitors annually
Saudi Arabia	Ad Diriyah Gate (Riyadh outskirts)	Phase 1: 2022 Overall: 2024	7 km^2	Expect to attract 27 million visitors annually and 100,000 resident population
Saudi Arabia	King Salman Park	2024	13 km^2	20,000 residential units
UAE	The Royal Atlantis Resort & Residences	End of 2022/ early 2023	0.1 km^2	The destination will also be home to over 35 restaurants and bars
UAE	Meydan One Mall	End of 2022	0.1 km^2	Meydan One Mall - 620 retail shops
UAE	Louvre Abu Dhabi Residences	2025	0.2 km^2	
UAE	Saadiyat mixed-use development	2026	6 km^2	2,700 residential units
UAE	Dubai Creek Harbour	Ongoing	6 km^2	10,000 residential units,1,500 hotel rooms, retail space
Egypt	New administrative Capital	2030	700 km^2	1.1 million residential units
Egypt	Entertainment District	2025	17 km^2	US$20 billion
Egypt	El-Alamein City Project	2025	202 km^2	3 million inhabitants

Source: Euromonitor from desk research

Most core markets are forecast to experience value growth rates above the world average

As a result of the structural under penetration and favourable macroeconomic indicators discussed above, projected OOHD, chained QSR and FSR and casual dining CAGRs in the Group's core markets are expected to be higher than the average for developed markets across verticals over 2022-2026.

Table 49 OOHD forecast value sales CAGR by segment (2022-2026): Global comparison

Country/ Region	Out-of-home dining (OOHD)	Chained OOHD	Chained QSR	FSR and casual dining	Chained FSR and casual dining
Saudi Arabia	12.2%	13.0%	10.3%	12.6%	16.8%
UAE	6.0%	6.7%	7.4%	5.2%	7.5%
Egypt	18.0%	18.5%	18.8%	17.8%	18.4%
Kuwait	8.3%	-	7.2%	11.5%	13.6%
Canada	8.3%	7.6%	6.9%	9.6%	9.0%
UK	7.3%	7.6%	5.8%	8.8%	9.5%
US	6.3%	5.6%	5.7%	6.2%	4.8%
China	7.1%	10.4%	9.5%	6.5%	8.0%
Indonesia	16.7%	17.5%	17.2%	16.3%	18.8%

Country/ Region	Out-of-home dining (OOHD)	Chained OOHD	Chained QSR	FSR and casual dining	Chained FSR and casual dining
Malaysia	10.5%	13.2%	14.7%	7.9%	8.9%
South Africa	13.0%	11.2%	10.3%	13.9%	12.4%
Group's four core markets	11.4%	-	10.9%	10.5%	13.7%
Group's eight other markets	17.7%	-	21.8%	23.5%	22.0%
Group's 12 markets	13.8%	-	13.8%	13.8%	14.8%
World	8.4%	7.5%	6.8%	8.5%	7.4%
Developed countries	2.9%	2.8%	2.8%	2.6%	1.7%
Developing countries	4.6%	7.0%	6.4%	4.1%	5.4%

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

QSR is expected to remain underpenetrated in the near term

The above growth assumptions are expected to support an increase in QSR penetration in the Group's four core markets from an average of 0.6 outlets per 10,000 population in 2021 to an estimated 0.7 outlets in 2026. However, this will remain below the average of 1.7 for select developing countries (China, Indonesia, Malaysia, South Africa) and 5.3 for select developed countries (US, UK, Canada and Australia) in 2026, suggesting there is capacity for further growth.

Within QSR, the four core markets are expected to record CAGRs, in US dollar terms, ranging from 9.5 per cent. to 11.6 per cent. for the three segments over 2022-2026, compared with 2.3 per cent. to 3.7 per cent. for developed markets.

Table 50 Chained QSR: Global comparison (2026)

Country/Region	Annual spend US$	Outlets	Transactions
	(per capita)	*(per 10,000 population)*	*(per capita)*
Saudi Arabia	142	1.3	16.3
UAE	241	2.1	20.5
Egypt	17	0.2	2.3
Kuwait	380	4.8	42.8
Iraq	13	0.1	2.4
Morocco	9	0.1	1.1
Qatar	305	3.0	26.5
Bahrain	179	-	-
Oman	68	-	-
Lebanon	270	-	-
Jordan	16	-	-
Kazakhstan	32	-	-
Group's four core markets	69	0.7	6.4
Group's eight other markets	38	-	-
Group's 12 markets	55	-	-
Developed countries	680	5.3	92.4
Developing countries	62	1.7	14.5

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

Table 51 Chained QSR forecast value sales (US$) CAGR by segment (2022-2026): Global comparison

Country/Region	Chained Burger QSR	Chained Chicken QSR	Chained Pizza QSR
Saudi Arabia	9.4%	11.6%	6.9%
UAE	6.6%	8.6%	4.1%
Egypt	17.9%	20.1%	15.2%
Kuwait	6.4%	8.5%	4.0%
Canada	7.5%	6.2%	4.7%
UK	4.8%	5.0%	5.7%
US	4.8%	6.9%	5.8%
China	7.2%	10.1%	15.7%
Indonesia	14.9%	18.8%	9.7%
Malaysia	16.0%	15.1%	11.1%
South Africa	8.8%	10.9%	11.5%
Group's four core markets	9.5%	11.6%	7.0%
World	6.2%	8.7%	6.6%

Country/Region	Chained Burger QSR	Chained Chicken QSR	Chained Pizza QSR
Developed countries	2.3%	3.7%	2.8%
Developing countries	5.2%	7.1%	10.8%

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

FSR and casual dining is dominated by independents providing further opportunity for chained expansion

Historically, FSR and casual dining have been largely present through independent outlets that offer local and traditional cuisine across all core markets. As with QSR, the landscape started to change in the late 1990s, following the entry of international chains that mostly offered international cuisine such as ribs, steaks and salads, a novelty to most consumers and therefore well-perceived.

In 2021, international cuisine restaurants accounted for 16.0 per cent. of FSR and casual dining value sales in Saudi Arabia, the UAE and Kuwait and 5.0 per cent. in Egypt, where the presence of local and traditional cuisine restaurants is relatively strong. The sector is expected to witness high value sales growth between 2022-2026, with Egypt leading with an expected CAGR of 17.8 per cent. in US dollar terms, followed by Saudi Arabia with 12.6 per cent., Kuwait with 11.5 per cent. and the UAE with 5.2 per cent.

Table 52 Market size (value sales and outlets) of FSR and casual dining in Saudi Arabia, UAE, Kuwait, Egypt, (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Saudi Arabia	US$ mn	12,462	12,657	5,742	7,471	9,878	15,899	**(15.7%)**	**12.6%**
Saudi Arabia	Outlets	14, 786	15,001	13,578	13,421	13,893	17,535	**(3.2%)**	**6.0%**
UAE	US$ mn	8,173	8,406	5,547	6,609	7,023	8,603	**(6.8%)**	**5.2%**
UAE	Outlets	10,104	10,216	8,019	8,618	8,997	10,157	**(5.2%)**	**3.1%**
Kuwait	US$ mn	822	878	527	680	840	1,300	**(6.1%)**	**11.5%**
Kuwait	Outlets	1,637	1,710	1,245	1,441	1,570	1,760	**(4.2%)**	**2.9%**
Egypt	US$ mn	1,270	1,452	986	1,143	1,403	2,706	**(3.4%)**	**17.8%**
Egypt	Outlets	3,396	3,517	3,010	3,284	3,662	4,874	**(1.1%)**	**7.4%**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

In the four core markets, chained FSR and casual dining outlets accounted for an average of only 15 per cent. of FSR and casual dining value sales in 2021 implying a low level of penetration compared to international benchmark countries such as the US as well as the Group's core QSR markets. The average number of outlets per 10,000 population in the core markets in 2021 was only 0.1, compared to 0.9 in the US. This suggests opportunities for dynamic growth in the future with the average number of outlets per 10,000 population across the four core markets expected to double to 0.2 by 2026. FSR and casual dining outlets offering local and authentic cuisine are expected to drive growth in Egypt and Kuwait.

Table 53 Chained FSR and casual dining outlets: Global comparison (2021, 2026)

Country/Region	Total outlets, 2021	Outlets per 10,000 population, 2021	Total outlets, 2026	Outlets per 10,000 population, 2026
Saudi Arabia	1,001	0.3	1,412	0.4
UAE	488	0.5	587	0.6
Egypt	315	0.0	416	0.0
Kuwait	109	0.2	143	0.3
Group's four core markets[63]	1,913	0.1	2,558	0.2
US	28,791	0.9	28,314	0.8

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

63 Data not available for the Group's 8 and 12 markets.

Large growth potential in chained coffee shops and indulgence outlets

Prior to the 1990s, coffee shops across the Group's core markets were present only with independent local outlets that served basic food items and targeted predominantly male consumers. The entry of American-inspired coffee shop chains in the early 2000s in Saudi Arabia, the UAE, Kuwait and later Egypt attracted the young population with its strong branding, restaurant designs and menus offering hot and cold drinks, which eventually developed into a popular place for all age groups to socialise and work. The distribution of coffee shops in the four core markets is spread across shopping malls, forecourts and independent outlets at shopping and retail concepts.

The coffee shop segment in Saudi Arabia, the UAE and Kuwait is highly consolidated with the top five chained players controlling 80 per cent. to 90 per cent. of the market in value terms in 2021. However, the segment remains highly underpenetrated, implying potential for new market entry and further value sales growth. Driven by macroeconomic and consumer trends and an expansion in the number of outlets, coffee shops are expected to continue to grow in the Group's core markets, to reach an anticipated 3,611 outlets in 2026, as more consumers develop a strong affinity towards coffee shops as places to socialise and work. An increasing offering of menu items and partnerships with food aggregators are also expected to support growth in coffee shops. While the home delivery channel is expected to continue growing over 2022-2026, the takeaway channel is expected to observe the most dynamic growth in coffee shops, as consumers increasingly value the convenience of takeaway. Chained coffee shops represented more than 90.0 per cent. of total coffee shop outlets in Saudi Arabia, Kuwait and the UAE but only 36.0 per cent. in Egypt.

Coffee shops in Saudi Arabia are expected to register the largest CAGR of 16.6 per cent. in US dollar value sales terms between 2022-2026. Consumption of traditional Arabic coffee is highly popular but until recent years mostly occurred at home. A significant change in lifestyles, driven by the country's social transformation in 2018, is changing consumption habits. The coffee shop setting, with its modern interiors, free Wi-Fi and comfortable couches, is perceived as new and highly attractive locations to socialise, especially among younger demographics.

In the UAE and Kuwait, the coffee shops segment accelerated rapidly over recent years and hence is more mature. Today, coffee shops are increasingly used for networking and workspaces, expanding consumer demand. Outlets compete by offering different ambiences, sophisticated settings and attractive menus.

When compared to the US, a leading market for chained coffee shops, penetration of coffees shops in the core markets remains quite low. The average number of outlets per one million population in the core markets was only 15.1 in 2021, compared to 84.6 in the US. Egypt has the lowest penetration rate, at 1.7 outlets per one million population in 2021, followed by Saudi Arabia at 31.2. The UAE and Kuwait had higher penetration rates of 72.8 and 74.2 outlets per one million population in 2021, respectively.

Chained indulgence outlets in the core markets have similar penetration rates to coffee shops, with the number of outlets per one million population reaching an average of 21.2 in 2021. Operators are expected to increase their presence in the home delivery channel and consequently increase overall value sales.

Table 54 Market size (value sales and outlets) of coffee shops in Saudi Arabia, UAE, Kuwait, Egypt, (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Saudi Arabia	US$ mn	473	493	337	400	510	944	**(5.5%)**	**16.6%**
Saudi Arabia	Outlets	1,055	1,187	1,221	1,115	1,175	1,670	**1.9%**	**9.2%**
UAE	US$ mn	483	493	425	459	480	612	**(1.7%)**	**6.3%**
UAE	Outlets	702	720	710	733	758	905	**1.5%**	**4.5%**
Kuwait	US$ mn	136	146	120	137	155	197	**0.3%**	**6.2%**
Kuwait	Outlets	338	355	335	345	351	398	**0.7%**	**3.2%**
Egypt.......	US$ mn	150	170	128	153	187	337	**(0.7%)**	**15.8%**
Egypt.......	Outlets	532	543	518	547	572	638	**0.9%**	**2.8%**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Table 55 Market size (value sales and outlets) of indulgence outlets in Saudi Arabia, UAE, Kuwait, Egypt, (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Saudi Arabia	US$ mn	2,379	2,457	1,267	1,709	2,050	3,408	**(10.4%)**	**13.6%**
Saudi Arabia	Outlets	9,165	9,244	9,130	8,777	8,986	10,621	**(1.4%)**	**4.3%**
UAE.......	US$ mn	622	642	476	543	571	677	**(4.4%)**	**4.3%**
UAE.......	Outlets	944	963	893	969	986	1,057	**0.9%**	**1.8%**
Kuwait ...	US$ mn	77	87	64	71	87	155	**(2.5%)**	**15.4%**
Kuwait ...	Outlets	243	252	235	245	252	283	**0.3%**	**2.9%**
Egypt......	US$ mn	166	189	140	167	204	377	**0.1%**	**16.6%**
Egypt......	Outlets	1,308	1,335	1,288	1,410	1,576	2,107	**2.5%**	**7.5%**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Table 56 Chained coffee shops (2021, 2026): Global comparison

Country/Region	Total outlets, 2021	Outlets per one million population, 2021	Total outlets, 2026	Outlets per one million population, 2026
Saudi Arabia	1,036	31.2	1,562	44.4
UAE	680	72.8	820	84.2
Kuwait	324	74.2	378	83.3
Egypt	196	1.7	216	2.0
Group's four core markets[64]	2,236	15.1	2,976	18.7
US	28,109	84.6	29,752	87.0

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

Table 57 Chained indulgence outlets (2021, 2026): Core markets

Country/Region	Total outlets, 2021	Outlets per one million population, 2021	Total outlets, 2026	Outlets per one million population, 2026
Saudi Arabia	1,984	59.8	2,438	69.3
UAE	719	77.0	778	79.9
Egypt	251	2.5	314	2.9
Kuwait	191	43.7	219	48.3
Group's four core markets[65]	3,145	21.2	3,749	23.6

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

Penetration potential of the Group's brands

An illustrative comparison of market positions and restaurant penetration of the Group's brands and respective vertical leaders in the US, which in the Group's view is the key international benchmark considering the overall trend of Westernisation, specifically Americanisation, of local OOHD markets, implies significant further penetration potential for the Group's brands.

For instance, in 2021, the penetration rate of KFC in the Group's core markets, at 0.04 outlets per 10,000 population, is lower than the penetration rate in the US, at 0.12, and even lower than select markets like Malaysia where the rate stands at 0.24. Furthermore, while KFC and Pizza Hut are leading brands in their verticals in the core markets, in the US they face strong competition from other large chains that have even stronger penetration.

Hence the potential for penetration of these brands in the core markets may be higher than that in the US. Both KFC and Pizza Hut are leading brands in their segments, Chicken QSR and Pizza

64 Data not available for the Group's 8 and 12 markets.

65 Data not available for the Group's 8 and 12 markets.

QSR at a global scale. In 2021, KFC ranked as the number one brand globally in Chicken QSR in number of outlets and Pizza Hut ranked second in number of outlets in the same year.

Table 58 Rank and penetration of leading brands in each OOHD segement in the US (2021)

Vertical	Brand	Number of outlets per 10,000 population	Rank in vertical (number of outlets)
Chicken QSR	KFC	0.12	1
Burger QSR	McDonald's	0.41	1
Pizza QSR	Pizza Hut	0.20	1
FSR and casual dining	IHOP	0.05	1
Coffee shops	Starbucks	0.47	1
Indulgence outlets	Dairy Queen	0.13	2

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

Table 59 Penetration of leading brands in the Group's markets: outlets per 10,000 population (2021)[66]

Vertical	Brand	Saudi Arabia	UAE	Kuwait	Egypt	Group's four core markets	Group's markets of operation
Chicken QSR	KFC	0.06	0.20	0.16	0.02	0.04	0.03[67]
Burger QSR	Hardee's	0.04	0.09	0.13	0.00	0.02	0.02[68]
Pizza QSR	Pizza Hut	-	0.16	-	0.01	0.02[69]	0.02[70]
FSR and casual dining	TGI Friday's	0.01	0.01	0.03	0.00	0.00	0.00[71]
Indulgence outlets	Krispy Kreme	0.04	0.0	0.04	0.00	0.01	0.01[72]
Coffee shops	Costa Coffee	-	-	-	0.01	0.00[73]	0.01[74]

Source: Euromonitor Passport Consumer Foodservice (2021 edition), Americana Restaurants data on number of outlets

The Group believes that due to its diversified exposure across high-growth OOHD segments, leadership in the structurally attractive QSR and FSR and casual dining segments and support from macroeconomic, social and market indicators in its markets of operation, it is well placed to execute growth opportunities in these markets. In particular, the Group believes that it possesses the required capabilities to benefit from the structural channel shifts in OOHD consumption and considers itself well-positioned against fragmented chained and independent competition across its focus categories. The Group believes that due to the prevalence of American restaurant brands in its markets of operation and the relatively high share of chained QSR, these markets will evolve to resemble the US market, in particular, more closely.

66 Data is reflective of outlets owned by Americana Restaurants only and not by other franchisees.

67 12 markets.

68 10 markets (Lebanon and Morocco excluded).

69 UAE and Egypt.

70 UAE, Egypt, Bahrain, Jordan and Kazakhstan.

71 Four core markets plus Bahrain and Qatar.

72 Four core markets plus Bahrain and Qatar.

73 Egypt only.

74 Egypt, Jordan and Kazakhstan.

MANAGEMENT

Board of Directors

The principal duties of the Board are to provide the Company strategic leadership, to determine the fundamental management policies of the Company and to oversee the performance of the Company's business. The Board is the principal decision-making body for all matters that are significant to the Company, whether in terms of their strategic, financial or reputational implications. The Board has final authority to decide on all issues save for those which are specifically reserved to a general meeting of the shareholders by law or by the Articles of Association.

The key responsibilities of the Board include:

- determining the Company's strategy, plan, budget and structure;
- approving the fundamental policies of the Company;
- implementing and overseeing appropriate financial reporting procedures, risk management policies and other internal and financial controls;
- proposing the issuance of shares and any restructuring of the Company;
- appointing senior executive management of the Company;
- determining the remuneration policies of the Company and ensuring the independence of Directors and that potential conflicts of interest are managed; and
- calling shareholder meetings and ensuring appropriate communication with shareholders.

Members of the Board are appointed by the shareholders for three-year terms. Board members may serve any number of consecutive terms.

The Board is expected to consist of seven members listed below from the date of Admission.

Name	Year of birth	Nationality	Position	Year appointed
Mr. Mohamed Ali Rashed Alabbar	1956	Emirati	Chairman	2022
Dr. Abdulmalik Al-Hogail.....................	1973	Saudi	Vice Chairman	2022
Mr. Raid Abdullah Ismail	1972	Saudi	Member	2022
Mr. Kesri Singh....................................	1966	Singaporean	Member	2022
Mr. Arif Abdulla Abdulrahman Alharmi Albastaki*	1973	Emirati	Member	2022
Mr. Graham Denis Allan*......................	1955	British	Member	2022
Mrs. Tracy Ann Gehlan*	1968	British	Member	2022

* Denotes that the Director is considered independent under the SCA's Board Resolution No. (03/R.M) of 2020 concerning adopting the Corporate Governance Guide for Public Joint-Stock Companies.

The business address of each of the Directors is: Americana Restaurants International PLC, Office – 2447, 24th Floor, Al Sila Tower, P.O. Box 128666, Al Maryah Island, Abu Dhabi Global Market Square, Abu Dhabi, United Arab Emirates.

The management expertise and experience of each of the Directors is set out below:

Mr. Mohamed Ali Rashed Alabbar, H.E. – Chairman

Mr. Mohamed Ali Rashed Alabbar, H.E. is the Chairman of the Company's Board and has been the Chairman of the board of the Former Parent Company since June 2017. He is also the Chairman of the Nomination & Remuneration Committee of the Former Parent Company.

In addition to his roles in the Former Parent Company, Mr. Mohamed Ali Rashed Alabbar is the Founder & Managing Director of Emaar Properties, Founder and the Vice-Chairman of the board of directors of Noon Investments LLC (Noon.com), Director at ANH Holdings Limited, Barakat Vegetable and Fruits Company LLC and the General Manager of Eagle Hills Properties LLC and the Chairman of the board of directors of some of its subsidiaries.

In addition to his role with the Former Parent Company, Mr. Mohamed Ali Rashed Alabbar has driven the growth of Noon.com, a leading e-commerce platform in the region. He is also a shareholder in Artstreet Limited, which owns interests in the real estate business, and he is the Chairman of Zand, one of the world's first combined digital corporate and retail banks to launch from the UAE, and Symphony Investment LLC and its subsidiaries and associate companies.

He is a graduate of Finance and Business Administration from Seattle University in the USA. He also holds an Honorary Doctorate from Seattle University, an Honorary Doctorate from the London School of Economics and Political Science, and an Honorary Doctorate from Sun Moon University in South Korea.

Dr. Abdulmalik Al-Hogail – Vice Chairman

Dr. Abdulmalik Al-Hogail is the Vice Chairman of the Company's Board, a member of its Audit Committee and has been the Vice Chairman of the board of the Former Parent Company since June 2017. He is also a member of the Audit Committee of the Former Parent Company.

He is also the Chairman of the board, the Chairman of the Executive Committee, and a member of the Nomination & Compensation Committee at Al Inma Bank. In addition, he is the Vice Chairman of the board, the Chairman of the Audit Committee, and a member of the Strategy & Investment Committee at Bahri (The National Shipping Company of Saudi Arabia), as well as the Chairman of the Board of Bahri Chemicals (The National Chemical Carriers of Saudi Arabia).

Prior to his current roles, Dr. Abduhlmalik Al-Hogail was a board member of the Public Pension Agency and chaired the Audit, Risk & Compliance, and Governance Committees. He was a board member at Saudi Electricity, where he chaired the Audit Committee, and was a member of the Risk & Compliance Committee. He was a board member at Al Inma Investment, where he chaired the Audit Committee, and was a member of the Nomination & Compensation Committee. He was also a board member at Accenture Saudi Arabia, Philips Healthcare Saudi Arabia, Arabian International Healthcare Holding (Tibbiyah), and Electronics & Systems Holding. He was a member of the Audit Committee at the Capital Market Authority and a member of the Accounting Standards Committee at the Saudi Organization for Certified Public Accountants.

In addition to his previous executive roles and committee memberships, Dr. Abdulmalik Al-Hogail worked as the Vice President & CFO of Al Faisaliah Group, and he was a faculty member at the Institute of Public Education.

He holds a Ph.D. and a Master's degree in Accountancy from Case Western Reserve University in the USA, and a Bachelor of Science in Accounting from King Saud University. He also holds a Certified Public Accountant licence from the USA, a Certified Public Accountant licence from Saudi Arabia, a Certified Management Accountant licence from the USA, and a Certified in Financial Management licence from the USA.

Mr. Arif Abdulla Abdulrahman Alharmi Albastaki – Director

Mr. Arif Albastaki is an independent member of the Company's Board and a member of its Strategy Committee. Previously, he was the vice chairman of the Company's Board and chairman of the Strategy Committee.

In addition to his roles in the Company, Mr. Arif Albastaki is the Chief Executive Officer of Amlak Finance PJSC, and he serves on the boards and committees of various companies. He is the Chairman of the board of Amlak Finance and Real Estate Investment in Egypt. He is also a board member, member of the Strategy Committee and a member of the Nomination and Remuneration Committee at Aramex PJSC. He is a board member, the Chairman of the Nomination and Remuneration Committee, and a member of the Executive Committee at Emaar the Economic City in Saudi Arabia. He is a board member, the Chairman of the Executive Committee, a member of the Investment Committee, and a member of the Nomination & Remuneration Committee at Daman (National Health Insurance Company). He is also a board member at Al Salam Bank Algeria.

Prior to his current roles, Mr. Arif Albastaki was the Chairman of the board at EII Capital PJSC (formally Emaar Industries and Investments) and the Chairman of the board at EFS Financial Services LLC. In addition, he was the vice-chairman of the board and the chairman of the Strategy Committee at Aramex PJSC. He also was the Chairman of the Audit Committee in Daman (National Health Insurance Company).

He was the Vice Chairman of the board, the Chairman of the Investment Committee, and the Vice Chairman of the Audit and Risk Committee at TECOM Group LLC. In addition, he was a board member, the Chairman of the Audit Committee, and a member of the Investment Committee at AWQAF & Minor Affairs Foundation (Government of Dubai). Also, he was the Chairman of the Audit Committee at Al Salam Bank Algeria. He was a member of the board and a member of the Executive Committee at Amlak International for Finance and Real Estate Development in Saudi Arabia. He was a board member, a member of the Risk Committee, and a member of the Nomination & Remuneration Committee at Amlak Finance PJSC.

Mr. Arif Albastaki holds a High Diploma in Banking and Finance from the Higher Colleges of Technology in UAE and a Master of International Business from the University of Wollongong in UAE.

Mr. Raid Abdullah Ismail – Director

Mr. Raid Abdullah Ismail is member of the Company's Board, and a member of the Nomination & Remuneration Committee. He has also been a board member and a member of the Nomination & Remuneration Committee of the Former Parent Company since September 2020.

He is currently a Senior Director – Co-Head of MENA Direct Investments and Head of the Operational Value Creation Group at the Public Investment Fund of Saudi Arabia. He is the Chairman of the boards of GDC Middle East, Tahakom Investments, and The Helicopter Company. He is also a board member of The National Shipping Company of Saudi Arabia (BAHRI), Elm Company, Cruise Saudi, The National Unified Procurement Company (NUPCO) and Aviation Services Company (ASC).

Prior to his current roles and his board and committee roles, Mr. Raid Abdullah Ismail was a Director at ACWA Power from 2018 to 2021, the General Manager of Mawarid Food Company from 2017 to 2018, the Founder and Managing Partner of House of Retail LLC from 2014 to 2017, the CEO of Saudi Tadawi Health Care Group from 2011 to 2013, the General Manager of Olayan Food Services Company from 2010 to 2011, the Director of Finance and Strategy at Olayan Food Services Company from 2009 to 2011, a Secondee of the Corporate Finance Department at the Saudi Capital Market Authority in 2006, and a Senior Manager at the Global Investment Banking Advisory of HSBC from 2003 to 2006.

He holds a Master of Business Administration (MBA) from London Business School in the UK, and a Bachelor's degree in finance from George Mason University in the USA.

Mr. Graham Denis Allan – Director

Mr. Graham Denis Allan is an independent member of the Company's Board, and a member of its Nomination & Remuneration Committee. He was previously an independent board member of the Former Parent Company from May 2019 until June 2022.

He is a seasoned non-executive director with over 40 years of prior executive experience, including more than 25 years as a CEO and senior executive in major international companies.

Mr. Graham Denis Allan currently serves as the Chairman of Bata Footwear Company, Senior Independent Director at Intertek plc and IHG plc, and non-executive Director of Associated British Foods plc and Ikano Retail Pte Ltd.

Prior to his current roles, Mr. Graham Denis Allan was CEO of Dairy Farm International from 2012 to 2017 where he led the growth of a USD12 billion multi-format retailer with a presence in 12 Asian markets including Hong Kong, Singapore, China, Malaysia and Indonesia.

Mr. Graham Denis Allan previously served as CEO & President of Yum Restaurants from 2003 to 2012 where he led the growth of KFC, Pizza Hut and Taco Bell across the world (outside of USA and China). Mr. Graham Denis Allan previously held other senior roles at Yum Restaurants (formerly PepsiCo Restaurants) from 1992 to 2003.

His earlier career included roles as a consultant with McKinsey & Co Inc. from 1983 to 1989 in Australia and New York, a consultant at Elders IXL Ltd. from 1989 to 1992, and a solicitor at Corrs Australia from 1978 to 1982.

Mr. Allan holds a Bachelor of Economics and a Bachelor of Laws (Hons) from Monash University in Australia, and a Master of Business Administration (Dux (i.e. the highest achieving student) of each year) from the University of Melbourne in Australia.

Mrs. Tracy Ann Gehlan – Director

Mrs. Tracy Ann Gehlan is an independent member of the Company's Board, a member of its Audit Committee. She was previously an independent board member of the Former Parent Company from September 2020 until June 2022.

She is currently the President International at Driven Brands which is the largest automotive services company in North America.

Prior to her current role, Mrs. Tracy Ann Gehlan served as the Senior Vice President EMEA & Chief Operating Officer International at Hertz from September 2018 to June 2020, a Managing Director & CEO of Smashburger UK from September 2016 to August 2018, the Group CEO & a board member of Jatomi Fitness (Pure Health and Fitness) from April 2015 to June 2016, and she was a board member of Scottish Retail Consortium from 2008 to 2011.

She first joined Burger King Corporation as a Market Manager from 2004 to 2007, before getting promoted to Director of Company Operations (UK, Netherlands, and Italy) in 2007, then to a Senior Director in Operations Excellence EMEA in 2010, and then she became the Vice President & COO of Burger King EMEA from 2011 to 2015. Early in her career, she was an Area Manager at The Restaurant Group and served there from 1995 to 2004.

She holds a degree in Law and Welfare (Family Law) from Newcastle University and an Advanced Food Hygiene Certification from Group Training Techniques GTT.

Mr. Kesri Singh – Director

Mr. Kesri Singh is a member of the Company's Board and has been the Group CEO of the Former Parent Company since July 2016.

He has over 23 years of experience in retail across the Middle East and Australasia, including Singapore, UAE, Indonesia, Thailand, Australia, Brunei and India.

Prior to his current role in the Former Parent Company, Mr. Kesri Singh was the Head of Asia in Al Futtaim Group and the CEO of RSH and Robinsons, a multinational conglomerate specialising in the distribution, retailing and operation of department stores, fashion, sports and lifestyle apparel, footwear and accessories. He began his career in sales and distribution management in India and joined RSH in Singapore back in 1995.

He holds a certificate in the General Management Program from Harvard Business School, a Master of Business Administration from the University of Rajasthan and a Bachelor of Mechanical Engineering from Bangalore University.

Senior Management

In addition to the members of the Board, the day-to-day management of the Company's operations is conducted by the senior management team, as follows:

Name	Year of birth	Nationality	Position	Appointed to current role(1)	Joined(2)
Mr. Amarpal Singh Sandhu	1965	American	CEO	2019	2022
Mr. Harsh Bansal	1986	Indian	CFO & CGO	2018	2022
Mr. Vishal Bhatia...........................	1975	Indian	COO Yum Brands	2020	2022
Mr. Ramandeep Virdi.....................	1968	Indian	CIO	2018	2022
Ms. Oksana Staniszewska..............	1978	Polish	CPO	2021	2022
Mr. Dusan Folta	1981	Slovakian	CDO	2021	2022

Notes
(1) Refers to the date in which each member began serving in his or her current position within the Group.
(2) Refers to the date in which each member was formally appointed by the Company.

The management expertise and experience of each of the senior management team is set out below:

Mr. Amarpal Singh Sandhu – CEO

Mr. Amarpal Singh Sandhu has been heading the Restaurant Business of the Former Parent Company since 2019. He joined as the COO of KFC in 2017 to lead the transformation and turnaround of KFC brand, with close to a thousand restaurants across 12 countries. He has also been a director of Reef Technology Middle East Limited since 2021.

As the CEO of the Company, Mr. Amarpal Singh Sandhu leads multi-brand, multi-country restaurant portfolio across MENA and Kazakhstan.

Before joining the Restaurant Business of the Former Parent Company, Mr. Amarpal Singh Sandhu served as Vice President and Brand Head, Texas Chicken International for Asia-Pacific, Middle East and Europe. He was responsible for expansion of the brand in 10 international markets from 2011 to 2017.

During his 17-year career at Wendy's from 1994 to 2011, Mr. Amarpal Singh Sandhu managed both equity and franchise business portfolios for the brand across USA and international markets. Mr. Amarpal Singh Sandhu holds a Master of Business Administration from the Richard Ivey Business School, University of Western Ontario, Canada.

Mr. Harsh Bansal – CFO & CGO

Mr. Harsh Bansal has been the CFO & CGO of the Restaurant Business of the Former Parent Company since July 2018. He took on the additional responsibility of CGO (Chief Growth Officer) in September 2021. He has also been a director of Reef Technology Middle East Limited since 2021.

He began his career in the Former Parent Company as a Senior Director and led the Corporate Finance & Strategy function for the wider Group. He was part of the transformation team post-acquisition in 2016. He was promoted to CFO of the Restaurant Business of the Former Parent Company in July 2018, and in September 2021 he took on the additional responsibility for growth and was also appointed CGO.

Prior to his role in the Former Parent Company, he served as an Associate – Investments at Alabbar Enterprises (Family Office of H.E. Mohamed Alabbar – Investments) in UAE from August 2015 to July 2016 and spearheaded multiple investments, including of the Former Parent Company. He served in Standard Chartered Bank in Mumbai as Analyst – M&A (South Asia) from July 2013 to August 2014, then worked in Standard Chartered Bank in Singapore as Analyst and Associate – M&A (Southeast Asia) from

September 2014 to July 2015. He was an Oracle Consultant in Infosys Technologies Ltd. in India from June 2008 to June 2010.

Mr. Harsh Bansal holds a Post Graduate Diploma in Business Management from the Indian Institute of Management, Lucknow, India, a CFA level-3 from the CFA Institute in the USA, and a Bachelor of Engineering in Electronics & Communication from Jaypee Institute of Information Technology in India.

Mr. Vishal Bhatia – COO Yum Brands

Mr. Vishal Bhatia has been COO of the Restaurant Business of the Former Parent Company and heading its KFC & Pizza Hut business across MENA since March 2022. Mr. Vishal Bhatia is also responsible for operations and its expansion plans in Iraq. He joined the Restaurant Business of the Former Parent Company as the COO of KFC in MENA in 2020.

Before joining the Restaurant Business of the Former Parent Company, Mr. Vishal Bhatia was the CEO for New Supply Business, driving Cloud Kitchens, Private Brands and Virtual Brands at Swiggy – India's leading food delivery operator.

Prior to Swiggy, Mr. Vishal Bhatia held multiple marketing roles across India, Indonesia and the UK in consumer goods companies such as Reckitt, PepsiCo and Britannia.

Mr. Vishal Bhatia holds a Master of Business Administration from Management Development Institute, Gurgaon, India, in addition to holding a Bachelor of Engineering in Electrical Engineering from Punjab Engineering College, Chandigarh, India.

Mr. Ramandeep Singh Virdi – CIO

Mr. Ramandeep Singh Virdi joined the Restaurant Business of the Former Parent Company in 2018 as Chief Information Officer (CIO) for the Restaurants Business. His global career of more than 23 years spans business domains including retail, airlines, travel, R&D, hotels, business process outsourcing and products.

His last position was Senior Vice President IT with Jubilant Foodworks, the largest overseas franchisee for Dominos, USA. Prior to that he was the Vice President – Group IT for Interglobe Enterprises, a leader in aviation and hospitality.

Mr. Ramandeep Singh Virdi holds a Master of Business Administration from the University of Surrey, UK, and also holds a Master of Technology in Computer Sciences from Georgian Technical University, Tbilisi, Georgia.

Ms. Oksana Staniszewska – CPO

Ms. Oksana Staniszewska joined the Restaurant Business of the Former Parent Company in April 2021 as the Chief People Officer (CPO). Ms. Oksana Staniszewska created and launched One People Process ("**OPP**"), covering Employee Life Cycle and Americana University to tap the talent and build future leadership for the Restaurant Business of the Former Parent Company.

Additionally, Ms. Oksana Staniszewska is a senior coach and consultant at Oxford Group and LSP Leadership. Prior to joining the Restaurant Business of the Former Parent Company, Ms. Oksana Staniszewska served as Chief People Officer at AmRest Holdings SE, the largest independent chain of restaurant operations in Central and Eastern Europe and was a People Services Provider at WJM Investment Ltd. from 2020 to 2021. During her 14-year career at AmRest from 2006 to 2020, Ms. Oksana Staniszewska performed multiple roles including Talent Development Director, Chief Administration Officer and Chief Operation Officer for the international AmRest markets of Europe and Russia. Ms. Oksana Staniszewska is also a director at Dijo Fun and Food Sp. Zo.o. and OTB Fund.

Ms. Oksana Staniszewska holds a postgraduate qualification in Psychology and neurolinguistics from Kyiv National Linguistic University, and a dual 5-year diploma in Economics, Bookkeeping & Audit as well as Linguistics & Pedagogies at the undergraduate level from Kyiv National Linguistic University. Ms. Oksana Staniszewska is a practitioner of multiple psychometric tools (EQ, MBTI, OAD, Mindsonar), an ICC certified coach (neuromindfulness coach, team coach, executive coach), and has completed various learning programmes (among others, Artificial Intelligence in Strategy application from MIT) over the years.

Mr. Dusan Folta – CDO

Mr. Dusan Folta joined the Restaurant Business of the Former Parent Company in early 2021 as Chief Development Officer (CDO) and is responsible for the Development function, including Real Estate, Design, Construction, Maintenance, Sales and Catering, across 12 countries.

Prior to joining the Restaurant Business of the Former Parent Company, Mr. Dusan Folta worked with AmRest for 19 years, where he went from team member to Shift Supervisor, District Coach, Market President and then to Brand Operations President (Brand COO) of KFC in Europe and Russia. Mr. Dusan Folta is also a founder of EyErne LLC, a US-based social media and e-commerce marketplace which was founded in 2018.

Mr. Dusan Folta holds a Bachelor of Economics and Management from College of Economic Studies in Prague.

Management Compensation

Members of senior management were paid approximately $4,770,000 for the 12 months ended 31 December 2021.

Corporate Governance

Directors must represent the best interests of the Company and the shareholders, must act professionally and exhibit high standards of integrity, commitment and independence of thought, and must devote sufficient time to ensure the diligent performance of their respective duties.

Directors are also, among other matters, under a duty to maintain confidentiality of sensitive information and avoid conflicts of interest, and there are restrictions regarding securities trading, including a ban on trading with inside information, and responsibilities with regards to whistleblowing.

Governance Rules

The Board is committed to standards of corporate governance that are in line with international best practice. As at the date of this Offering Memorandum, the Company complies and following Admission intends to continue complying with the corporate governance requirements of the ADX listing rules.

In this respect, the ADX listing rules provide that the ADX may, as it deems appropriate, decide to apply the Corporate Governance Guide for Joint Stock Companies issued by the Securities and Commodities Authority of the United Arab Emirates ("**SCA**") pursuant to Decision No. 3/RM of 2020 (as amended) (the "**Governance Rules**") to financial free zone companies (such as the Company) which list on the ADX.

In this regard, it is confirmed that the Governance Rules will be applicable to the Company in their entirety. If there is any conflict between the provisions of the Governance Rules and the Articles of Association, the Governance Rules shall apply, unless the mandatory provisions of the Companies Regulations provide otherwise.

The Company will report to its shareholders and to the SCA/ ADX on its compliance with the Governance Rules, in accordance with the provisions thereof.

The Board operates in accordance with a charter, which is aligned to the principles detailed in the Governance Rules.

Board Composition

The Governance Rules require that at least one third of the Board must comprise Non-Executive independent Directors in accordance with the criteria set out in the Governance Rules. Pursuant to the Governance Rules, at least one member of the Board should be female. Furthermore, the members of the Board shall, collectively, have the appropriate skills, knowledge, competencies, experience, diversity and independence to perform their role, in addition to individually fulfilling the nomination criteria detailed in the Governance Rules.

From the date of Admission, the Board is expected to consist of seven Non-Executive Directors (including the Chairman). Three of the Non-Executive Directors are "independent members of the Board" within the meaning of the Governance Rules and free from any personal business or other relationship that could materially interfere with the exercise of their independent judgement. Further, one member of the Board is female.

The Governance Rules also require that the Board meet at least four times a year.

Board Committees

The Board has an Audit Committee and a Nomination and Remuneration Committee (each of which will be subject to the composition requirements of the Governance Rules). If the need should arise, and subject to the Articles of Association, the Board may set up additional committees as appropriate. In accordance with the Governance Rules, the Chairperson is not permitted to be a member of either the Audit Committee or the Nomination and Remuneration Committee.

A high-level overview of the mandate of each of these committees, as at Admission, is set out below.

Audit Committee

Certain members of the Board of Directors (together with an independent specifically appointed chairman) constitute a committee to review and oversee the Company's internal and external audit and financial accounting policies. The members of the Audit Committee as at Admission are as follows:

Name	Position
Mr. Subramanian Suryanarayan	Chairman – Non-member
Dr. Abdulmalik Abdullah Al-Hogail	Member
Mrs. Tracy Ann Gehlan	Member – Independent

The Audit Committee assists the Board in discharging its responsibilities relating to financial reporting, external and internal audits and controls, including reviewing and monitoring the integrity of the financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors, overseeing the relationship with the external auditors, reviewing the effectiveness of the external audit process, and reviewing the effectiveness of the internal control review function. The ultimate responsibility for reviewing and approving the annual report and accounts remains with the Board. The Audit Committee will give due consideration to the applicable laws and regulations of the UAE, the ADGM, the SCA and the ADX.

The Audit Committee will take appropriate steps to ensure that the Company's external auditors are independent of the Company as required by applicable law. The Company has obtained written confirmation from its auditors that they comply with guidelines on independence issued by the relevant accountancy and auditing bodies.

The Audit Committee will meet at least once every three months or as required. The Audit Committee charter requires that the Audit Committee must comprise at least three Non-Executive Board members, of whom at least two members shall be independent. One of the Audit Committee members at least shall have practical work experience in accounting or finance fields or shall have a university degree or a professional certificate in accounting or finance or other relevant fields.

One or more of the committee members may be appointed from outside the Company in case the available number of Non-Executive Board members is insufficient. Mr. Subramanian Suryanarayan, the Chairman of the Audit Committee, is neither a Director of the Company nor a member of Management. Mr. Suryanarayan has been instituted as an external independent member on the basis that the Board does not have sufficient independent members to appoint to both the Audit Committee and the Nomination and Remuneration Committee.

In addition to his current role as Chairman of the Audit Committee of the Former Parent Company, Mr. Subramanian Suryanarayan is a board member at the Network International Holdings PLC in the UK.

Prior to his current roles, he was a member of the board and a member of the Audit Committee at DXB Entertainment in UAE. Also, he was a member of the Audit Committee at the Infocomm Development Authority in Singapore. He was the Group Chief Financial Officer of Emirates NBD for 10 years where he led a successful USD 1.75 Bn rights issue for the bank. He worked as a Director of the Financial Reporting Oversight division at the Accounting and Corporate Regulatory Authority (ACRA) in Singapore and he was a Senior Technical Advisor at the Accounting Standards Council (ASC) Secretariat at Ministry of Finance in Singapore. He also worked as the Chief Operating Officer in the International Wealth Management division of Bank of Canada in Singapore. He has held several roles over two decades at Standard Chartered Bank in Taiwan, Pakistan, India, and Singapore such as the Chief Operation Officer, the Chief Finance Officer, and Head of Finance.

Mr. Subramanian Suryanarayan holds a Bachelor of Commerce (Honors) from Calcutta University in India and a Higher Secondary Education from Calcutta School in India.

Nomination and Remuneration Committee

Certain members of the Board of Directors constitute a committee to review and oversee the Company's nomination and remuneration. The members of the Nomination and Remuneration Committee as at Admission are as follows:

Name	**Position**
Mr. Arif Abdulla Abdulrahman Alharmi Albastaki..	Chairman – Independent
Mr. Graham Denis Allan	Member – Independent
Mr. Raid Abdullah Ismail	Member

The Nomination and Remuneration Committee assists the Board in setting and overseeing the nomination and remuneration policies in respect of the Board, any committees of the Board and senior management. In such capacity, it is responsible for evaluating the hiring of the Company's senior executive management, evaluating the balance of skills, knowledge and experience of the Board and committees of the Board and, in particular, monitoring the independent status of the independent Directors. It is also responsible for periodically reviewing the Board's structure and identifying, where relevant, potential independent candidates to be appointed as Directors or committee members as the need may arise. In addition, and subject to the Articles, the Nomination and Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the Company's policy on executive remuneration, setting the overarching principles, parameters and governance framework of the remuneration policy and determining the individual remuneration and benefits package of the senior management.

The Nomination and Remuneration Committee must comprise at least three Non-Executive Directors, at least two of whom must be independent, in each case within the meaning of those terms in the Governance Rules. The chairperson of the Nomination and Remuneration Committee must be chosen from amongst the independent committee members. The members of the Nomination and Remuneration Committee will be appointed in accordance with the Articles of Association. The Nomination and Remuneration Committee will meet at least once a year, and otherwise from time to time based on the Company's requirements.

Internal Audit

The Company's internal audit function is performed in-house. The internal auditor is appointed by the Board of Directors and reports directly to the Board of Directors. The Board of Directors sets a charter for the internal auditor, which outlines its responsibilities and scope of work. The main duty of the internal auditor is to provide independent and objective assurance and advice designed to improve the Company's operations. All audit work is completed by issuing an audit report with deadlines for the implementation of audit findings. Implementations are followed up by the internal audit on a quarterly basis.

Policy on Delegation of Authority

The Board of Directors have delegated certain powers to committees and individuals within the Company to carry out the requisite steps including representing the Company before third parties and government agencies. Further, the Board of Directors has approved detailed delegation of authority matrix for running the operational aspects of the Company and its subsidiaries.

RELATED PARTY TRANSACTIONS

The Group's related parties include, the Former Parent Company, entities controlled by the Former Parent Company and members of the Boards of Directors. In the ordinary course of business, the Group has entered into arms-length transactions with such related parties, including the purchase of raw materials and supplies from entities controlled by the Former Parent Company. Total value of related party transactions (comprising purchases of raw materials, interest income from loan to a related party, investment property, rental income, and delivery and payment support) amounted to $109.6 million for the year ended 31 December 2021 and $62.8 million for the six months ended 30 June 2022.

On 14 July 2022, the Former Parent Company signed a TSA with the Company**.** The TSA sets forth the continuity of certain arrangements between the Former Parent Company and the Group. Costs relating to the TSA are captured within EBITDA priced at 0.25 per cent. of revenues and capped at $7.5 million annually.

For the year ended 31 December 2021, the Former Parent Company contributed 16 per cent. to the Group's overall Direct Spend.

For additional details on related party transactions see note 18 to the Annual Carve-Out Financial Statements and note 14 to the Interim Financial Statements.

PRINCIPAL SHAREHOLDERS

The following table sets forth information regarding the ownership of the Shares (i) as at the date of this Offering Memorandum with a total share capital of 8,423,633,100 shares of AED 0.07 each and (ii) immediately following the Global Offering, assuming that the Company sells all of the Sale Shares being offered:

	As at the date of this Offering Memorandum		Immediately following the Global Offering	
	Number of Shares	**Percentage**	**Number of Shares**	**Percentage**
Shareholders				
Adeptio AD Investments Ltd.	8,089,474,138	96.03	5,562,384,208	66.03
Minority Shareholders	334,158,962	3.97	2,861,248,892	33.97
Total	**8,423,633,100**	**100.0**	**8,423,633,100**	**100.0**

No minority shareholder holds more than five per cent. of the Shares of the Company as at the date of this Offering Memorandum.

No holder of Shares has voting rights that differ from those of any other holders of Shares. As at the date of this Offering Memorandum, the Company is not aware of any arrangements that may result in a change in control of the Company.

DESCRIPTION OF SHARE CAPITAL

Set out below is a summary of certain information concerning the Shares, certain provisions of the Articles of Association to be adopted in connection with the Global Offering and certain requirements of applicable laws and regulations in effect as at the date hereof. This summary does not purport to be complete.

History and Re-registration

The Company was incorporated on 27 May 2022 as a private company limited by shares in the ADGM. The Company's share capital at incorporation was $10,000 divided into 10,000 Shares of $1.00 each.

On 24 June 2022, the Company undertook a share capital increase which resulted in the share capital at that time being $168,472,662, by allotting 168,462,662 shares of $1.00 each.

On 28 July 2022, the Company undertook a 50:1 share split which resulted in the share capital of the Company immediately preceding the IPO being $168,472,662, divided into 8,423,633,100 Shares of $0.02 each.

On 29 August 2022 the Company re-registered as a public company limited by shares with 8,423,633,100 Shares in issue of $0.02 each. The share capital of the Company is equivalent to $168,472,662.

The Company will offer 30 per cent. of its share capital for sale as part of the Global Offering.

Articles of Association (the "Articles")

The following is a summary of selected rights under the Company's Articles and the Companies Regulations and the rights and regulations that will apply to the Company following Listing:

General

- The right to proportionate share of the net assets of the Company upon liquidation.
- The right to dividend distributions.
- The right to attend and vote at the general assembly of the Company (the "**General Assembly**") and receive a copy of the Company's financial statements.
- The right to appoint auditors of the Company through the General Assembly and determine their remuneration.
- The liability of each shareholder is limited to the payment of the unpaid amount (if any) of the subscription value of the shares held. The subscription monies on all Shares being offered in the Global Offering are fully paid.

Applicability of the Governance Rules

The Governance Rules apply in their entirety to the Company. In the event of any conflict between the provisions of the Governance Rules and the Articles, the Governance Rules prevail.

Shares

All Shares carry equal voting rights and rank *pari passu* in all other rights (including dividend rights) and obligations.

Voting rights

Each shareholder has the right to attend the General Assembly and has a number of votes equal to the number of their Shares.

Share register

Upon listing on the ADX and on the Saudi Exchange, the Sale Shares will be dematerialised and the share register will be maintained by the ADX and the Saudi Exchange, respectively.

The shares may be sold, transferred, or otherwise disposed of in accordance with the provisions of the Articles and the applicable regulations for selling, purchasing, settling and recording.

Rights attaching to Shares

The Shares are indivisible. In the event that ownership of a Share devolves by inheritance upon several heirs, or was held by several persons, those persons are to select one of them to represent them towards the Company.

In the event of a death of a shareholder, the persons entitled to that shareholders' Share shall be entitled to choose to become a holder of the Shares or to transfer them to another person. After being registered as a shareholder in accordance with the Articles, shall have the same rights as a shareholder as the deceased shareholder had in relation to such Shares, subject to the Articles and pending any transfer of Shares to another person. The estate of the deceased shareholder shall not be exempted from any outstanding obligation relating to any Share held by them at the time of death.

Any person who becomes entitled to rights to Shares as a result of the death or bankruptcy of any shareholder, or pursuant to an attachment order issued by any competent court of law, should:

- produce evidence of such right to the Board; and
- select either to be registered as a shareholder or to nominate another person to be registered as a shareholder of the relevant Share(s).

Each Share confers upon its owner an equal right to a share of the Company's assets at the time of liquidation and a share of profits, and to attend the General Assemblies and vote on any proposed resolution at a General Assembly.

No voting rights attached to a Share may be exercised at any general meeting, at any adjournment of it, or on any poll called at or in relation to it, unless all amounts payable to the Company in respect of that Share have been paid.

Share capital

In the following description of the rights attaching to the Shares, a holder of Shares and a shareholder is, in both cases, the person registered in the Company's register of shareholders as the holder of the relevant Shares.

Without prejudice to any rights attached to any existing Shares, and subject to the other provisions of the Articles, the Company may issue Shares with such rights or restrictions as determined by either the Company by ordinary resolution or, if the Company passes a resolution to so authorise them, the Board. Subject to the other provisions of the Articles, the Company may also issue Shares which are to be redeemed, or are liable to be redeemed, at the option of the Company or the holder and the Board may determine the terms, conditions and manner of redemption of any such Shares. If the Company's share capital is divided into different classes, no interim dividend may be paid on Shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

Changes in share capital

Save as set forth below under matters that require shareholders or board approvals under the Companies Regulations, the provisions of the Articles governing the conditions under which the Company may alter its share capital are no more stringent than the conditions imposed by the Companies Regulations.

Financial year

The financial year of the Company starts on 1 January and ends on 31 December of each year.

Dividends

Dividends due on Shares are to be paid to the owner of those Shares who is registered in the share register of the Company, in accordance with the regulations, resolutions and circulars issued by SCA in this respect.

Each shareholder has an exclusive right to such payments made on its Shares, in the form of a share in profits of the Company.

The General Assembly is to determine a percentage from the annual Net Profit attributable to parent (after allocation to the statutory reserve (where required) and deduction of costs and expenses) to be distributed to the shareholders, **provided that** during any year, if the net profit does not allow distribution of dividends, the shareholders may not demand to receive dividends from the profits of the subsequent years.

The remaining Net Profit of the Company is to be, upon recommendation from the Board, either distributed in whole or in part among the shareholders or shall be carried over to the following year or shall be allocated to create a voluntary reserve.

The Company may, by ordinary resolution, declare dividends to be paid to its shareholders and the directors may decide to pay interim dividends. However, no dividend shall be declared unless it has been recommended by the Board and does not exceed the amount recommended.

Board of directors

According to the Articles, the Board is responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company. The Board has broad authority to manage the Company's affairs and to perform all tasks that are not specifically reserved for the General Assembly.

Appointment

The Company is managed by a Board. The members of the Board are elected by the General Assembly by secret ballot using the Cumulative Voting Procedure, except for the first Board. The Board shall consist of seven Directors. The number of directors comprising the board may be increased or decreased pursuant to ordinary resolution or by a decision of the directors set out in the Articles.

Candidates proposed for election as members of the Board must satisfy the nomination conditions specified from time to time by the Nomination and Remuneration Committee of the Company.

Each member of the Board is appointed for a term of three years, and it is permissible for members of the Board whose tenure has expired to be re-appointed.

Termination

The following instances shall lead to the termination of the membership of a Director:

- the Director is prohibited from becoming a director by law or by virtue of the Company's Regulations;
- the Director becomes bankrupt;
- the composition of the Director's creditors generally results in the satisfaction of the Director's debts;
- the Director is unable to perform his or her duties for more than three months due to a physical or mental disability;
- a court order is issued preventing the Director from exercising his powers; or
- the Director resigns

Remuneration

Directors are entitled to remuneration as the Board determines for their services to the Company as directors and for any other service which they undertake for the Company. The method of calculating the remuneration of the Board shall be determined by the Board.

Subject to the Company's Articles of Association the remuneration of the Directors may take any form and include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits.

Board Meetings

The members of the Board participate in a Board meeting, or part of a Board meeting, when—

- the meeting has been called and takes place in accordance with the Articles, and
- they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

In determining whether the members of the Board are participating in a Board meeting, it is irrelevant where any Director is or how they communicate with each other. If all the members participating in such meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

The quorum for the Board meeting may be fixed from time to time by a decision of the Directors, but it must never be less than two, and unless otherwise fixed it is two. The Board meeting may take place, if it is called in accordance with the Articles and at least two Directors of the Board participate in it, with a view to appointing sufficient Directors to make up a quorum or calling a general meeting to do so, and if a Board meeting is called but only one Director attends at the appointed date and time to participate in it, that Director may appoint sufficient Directors to make up a quorum or call a general meeting to do so.

Subject to the Articles, a decision is taken at a Directors' meeting by a majority of the votes of the participating Directors.

The Directors may appoint a Director to chair their meetings.

Appointment of the Chairman and the Powers of the Chairman

The Board elects from amongst its members a Chairman and a Vice-Chairman. The Chairman represents the Company before the courts and executes resolutions adopted by the Board. The Vice-Chairman acts on behalf of the Chairman in his or her absence or incapacitation. The Board may also form one or more committees from its members to manage the business performance of the Company and carry out resolutions issued by the Board. The Board may also delegate certain authorities to other officers of the Company.

In the event that there is an equality of votes by the members of the Board, then the Chairman (or his/her deputy) has a casting vote.

Director's Interests

For the purposes of section 165 of the Companies Regulations, the Directors shall have the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. Any such authorisation will be effective only if:

- any requirement as to the quorum at the meeting at which the matter is considered is met without counting the Director in question or any other interested Director; and
- the matter was agreed by a unanimous vote of the Directors, other than the interested Directors.

The Directors may extend any such authorisation to any actual or potential conflict of interest which may arise out of the matter so authorised and may (whether at the time of the giving of the authorisation or subsequently) make any such authorisation subject to any limits or conditions they expressly impose, but such authorisation is otherwise given to the fullest extent permitted. The Directors may also terminate any such authorisation at any time.

Liability of the Board

The Chairman and other members of the Board owe general duties to the Company and are liable towards the Company, the shareholders and third parties for all acts of fraud, abuse of power, violation of the Companies Regulation (including exercising reasonable care, skill and diligence and acting to promote the success of the Company) and violation of the Articles of Association, in addition to mismanagement.

The liability of the members of the Board is joint if the mismanagement resulted from a unanimous resolution of the Board. However, where the relevant resolution was adopted by a majority vote, the dissenting members of the Board will not be liable **provided that** they have recorded their objection in the minutes of the meeting. A member of the Board who was absent from the meeting in which the resolution was adopted will not be relieved from liability unless it can be proven that he/she had no knowledge of the resolution or that he/she knew about the resolution but had not been able to object to it.

The Company may bring a claim against any member of the Board in breach of his / her directors duties, with available remedies varying depending on the severity of the breach but may include damages, injunctive relief and other remedies. The Company also has the right to file a claim against the Board for errors that may result in damages to all the shareholders, pursuant to a resolution issued by the General Assembly to appoint a representative to initiate such a claim.

Subject to the prior permission of the ADGM court, an eligible shareholder may independently initiate proceedings against any member of the Board if the Company fails to do so in respect of a cause of action arising from an actual or proposed act or omission involving negligence, default, breach of duty or breach of trust by that member of the Board. So far as may be permitted by Companies Regulation, every Director, officer, senior manager or alternate Director (or former Director, officer, senior manager or alternate Director) of the Company or of an associated company (as contemplated by section 278 of the Company Regulations) may be indemnified out of the Company's assets against any liability incurred by them in connection with any negligence, default, breach of duty or breach of trust by them any other liability incurred by them in the execution of their duties, the exercise of their powers or otherwise in connection with their duties, powers or offices.

Meetings of the Shareholders of the Company

The Board may call a General Assembly whenever it deems it necessary, at such time and location as it may determine (subject to the applicable notice period being observed). The Directors shall determine whether a General Assembly is to be held as a physical meeting or an electronic meeting.

The General Assembly must convene at least once per year upon summons issued by the Board within four months following the end of the financial year. This annual General Assembly shall convene to: (i) discuss and review the Board's report on the Company's activities; (ii) discuss and review the Company's financial position during the year; (iii) discuss and review the auditor's report; (iv) approve the Company's financial statements; (v) approve the method for distributing profits; (vi) elect members to the Board, when necessary; (vii) appoint the Company's auditor and determine their fees; and (viii) release the members of the Board and the auditors from liability or decide to initiate proceedings against them, as the case may be.

The Board must invite the General Assembly to convene whenever requested by SCA or by the Company's auditors or by shareholders holding at least 10 per cent. of the Company's share capital. The invitation to convene the General Assembly must, in all cases, be issued within five days of the date of the request. In such cases, the General Assembly meeting shall be held within a period not exceeding 30 days from the date of the invitation.

Invitation and notice period

A General Assembly is convened by a notice from the Board. After obtaining SCA's approval, notice to the shareholders must be sent by registered mail, and published in two daily newspapers published in the UAE, at least one of which must be in the Arabic language, or as may be specified by SCA, at least 21 days prior to the scheduled date of the General Assembly. The notice must include an agenda and all information required to be included by the Companies Regulations. The notice and shall be given to all shareholders other than those shareholders who are not entitled to receive such notices from the Company under the provisions of the Articles. Copies of the invitation and the agenda must also be sent to SCA and the competent authority.

Agenda

The agenda of the General Assembly is to be set by the Board. However, in cases where the General Assembly is convened at the request of the shareholders, the auditors or the Authority, the agenda is to be set by the party requesting the convening of the General Assembly.

It is not permissible for the General Assembly to deal with matters other than those set out in the agenda. However, the General Assembly may be permitted to discuss important matters revealed during the meeting, matters requested by SCA, or matters requested to be included by shareholders representing at least five per cent. of the share capital of the Company who ask at the start of the General Assembly.

Registration

A shareholder who wishes to attend a General Assembly must register their name in the electronic register kept for that purpose at the place of the General Assembly meeting prior to the convening of the General Assembly. Such register is to include the name of the shareholder, the number of Shares they own or represent, the names of the represented shareholders (if any), and the appropriate letters of authorisation and powers of attorney.

Quorum

Subject to the provisions of the Articles, two (2) qualifying persons present at a meeting are a quorum, unless–

- each is a qualifying person only because he is authorised under provisions found in the Companies Regulations (representation of corporations at meetings, i.e., is a member of a company, it may by resolution of its directors or other governing body authorise a person or persons to act as its representative or representatives at any meeting of the company), or each is a qualifying person only because he is appointed as proxy of a member in relation to the meeting, and they are proxies of the same member.

- If there is only one Director, that Director may appoint sufficient Directors to make up a quorum or call a General Assembly to do so.

Herein a "qualifying person" means (a) an individual who is a member of the Company, (b) a person authorised under section 341 of the Companies Regulations (representation of corporations at meetings) to act as the representative of a corporation in relation to the meeting, or (c) a person appointed as proxy of a member in relation to the meeting.

Registration for attending a General Assembly shall be closed at the time determined in the notice to attend the relevant meeting. Immediately thereafter, the chairman of the meeting shall announce the existence or absence of a quorum.

If quorum is not present at the first meeting of the General Assembly, the General Assembly shall be adjourned to another meeting to be held at least five days, but not in excess of 21 days, from the date of the first meeting. There will be a quorum present at the second meeting irrespective of the number of shareholders present.

Rights of shareholders at General Assemblies

Every shareholder is entitled to attend the General Assemblies and vote on any proposed resolution at a General Assembly. Any shareholder may appoint a proxy, who must not be a member of the Board, to attend the General Assembly on their behalf. Such authorisation is to be considered valid if it is confirmed by a written proxy according to conditions set by the Board. In all cases, the proxy holder may not in such capacity hold more than five per cent. of the Shares of the Company. Incapacitated shareholders must be represented by their legal representatives. A corporate person may delegate the power to represent it in the General Assembly to its representative, or to those in charge of its management or any of its employees, pursuant to a resolution of its board of directors or equivalent.

Ordinary resolutions of the General Assembly are passed when the shareholders or proxies/representatives holding the majority of the Shares present at the meeting of the General Assembly vote in favour. Special resolutions of the General Assembly are passed when shareholders or proxies/representatives holding at least 75 per cent. of the Shares present at the meeting of the General Assembly vote in favour.

Chairing the General Assembly

The General Assembly is to be chaired by the Chairman of the Board or, in his/her absence, the Vice Chairman of the Board or, in the absence of both of them, by any Director so appointed by the Board for that purpose. If the Board does not choose a Director for such purposes, the meeting shall be chaired by a person elected by the General Assembly. The chairman of the General Assembly is to recommend the appointment of a secretary for the meeting and a vote collector to be approved by the General Assembly. In the event that the General Assembly considers a matter relating to the chairman of the General Assembly, it must select a shareholder to chair the meeting during such time.

The Company must record the minutes of meetings of the General Assembly and confirm attendance in records maintained for this purpose. These minutes are to be signed by the chairman of the General Assembly, the secretary of the General Assembly, the vote collector and the Company's auditors. Signatories to the minutes shall be responsible for the accuracy of the information contained therein.

Transfer of Shares

The Articles of Association provide that, if the Shares are listed on a financial market, the Company must comply with the laws, regulations and decisions which are applicable to that financial market in relation to the issuance and registration of Shares, the transfer and trading of those Shares, and any rights arising therefrom. No transfer of, dealing in or pledging of shares in the Company is to be recognised if such transfer, dealing or pledge would result in contravention of the Articles of Association or any rules and regulations issued by the Board in this regard.

The Shares shall be held in dematerialised form in a shareholder registry maintained by ADX and transfers shall be governed by and shall comply with the regulations applicable to companies listed on ADX. The shares may be sold, transferred, pledged or otherwise disposed of in accordance with the Articles. Transfers made other than in accordance with the Articles shall be void.

Pre-emption rights

The Board may exercise its power to allot Shares if authorised by the Articles or by a resolution of the shareholders.

If the Company carries out an increase in share capital, all shareholders have a pre-emption right to subscribe for their proportionate share in such capital increase, save that such pre-emption right shall not apply in the following circumstances:

(a) the Company establishing and operating employee incentive schemes;

(b) a strategic partner becoming a shareholder;

(c) conversion of the Company's debts, sukuk or bonds into Shares;

(d) merger with another company; or

(e) the Company acquiring an existing company and issuing new shares in the Company to the partners or shareholders of that acquired company.

Winding-up

In the event of liquidation of the Company, each shareholder shall be entitled to a part of the Company's assets in accordance with the applicable law and regulation in the ADGM.

Related party transactions

The Company will comply with requirements prescribed under the Governance Rules for listed public joint-stock companies and any other rules and regulations issued by SCA concerning dealing with related party transactions.

Form of notices and communications

Unless the Articles of Association expressly require otherwise, any notice, document or information to be sent or supplied by the Company to shareholders (including forms of appointment of a proxy and copies of the Company's annual accounts) may be sent or supplied in hard copy form, in electronic form (for example, by email or facsimile) or by means of the Company's or another website.

TAXATION

Certain U.S. Federal Income Tax Consequences

The following discussion describes certain U.S. federal income tax consequences of purchasing, holding and disposing of Sale Shares. This discussion applies only to beneficial owners of Sale Shares that are "U.S. Holders," as defined below. This discussion is based on the Code, its legislative history, existing final, temporary and proposed Treasury Regulations, administrative pronouncements by the U.S. Internal Revenue Service (the "**IRS**"), and judicial decisions, all as currently in effect and all of which are subject to change (possibly on a retroactive basis) and to different interpretations.

This discussion does not purport to address all U.S. federal income tax consequences that may be relevant to a particular U.S. Holder and you are urged to consult your own tax adviser regarding your specific tax situation. This discussion does not address any aspect of U.S. federal taxation other than U.S. federal income taxation (such as the estate and gift tax or the Medicare tax on net investment income). The discussion applies only to U.S. Holders who hold the Sale Shares as "capital assets" (generally, property held for investment) under the Code and does not address the tax consequences that may be relevant to U.S. Holders in special tax situations including, for example:

- financial institutions or insurance companies;
- tax-exempt organisations;
- broker-dealers;
- traders in securities that elect to mark to market;
- real estate investments trusts, regulated investment companies, partnerships or grantor trusts;
- investors whose functional currency is not the U.S. dollar;
- U.S. expatriates;
- U.S. Holders that hold the Sale Shares as part of a hedge, straddle, or conversion transaction; or
- U.S. Holders that own, directly, indirectly, or constructively, 10 per cent. or more of the total combined voting power or value, if any, of the Company.

Except where specifically described below, this discussion assumes that we are not a PFIC for U.S. federal income tax purposes. Please see the discussion in "*Passive Foreign Investment Company Rules*" below. Further, this discussion does not address the alternative minimum tax consequences of holding the Sale Shares or the indirect consequences to owners of equity interests in partnerships or other entities that own the Sale Shares. In addition, this discussion does not address the U.S. state and local or non-U.S. tax consequences of holding the Sale Shares.

YOU SHOULD CONSULT YOUR OWN TAX ADVISER REGARDING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF PURCHASING, OWNING, AND DISPOSING OF THE SALE SHARES IN YOUR PARTICULAR CIRCUMSTANCES.

You are a "**U.S. Holder**" if you are a beneficial owner of the Sale Shares and you are for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or any other entity taxable as a corporation, created or organised in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or

- a trust if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds the Sale Shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. A prospective investor who is a partner of a partnership holding the Sale Shares should consult its own tax adviser regarding the specific tax consequences of the purchase, ownership and disposition of the Sale Shares.

Distributions on the Sale Shares

The gross amount of distributions made to you of cash or property with respect to your Sale Shares generally will be includible in your income as foreign source dividend income in the year actually or constructively received. Such dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. Holders in respect of dividends received from other domestic corporations.

You should consult your own tax advisers about how to account for dividends received in a currency other than the U.S. dollar.

Sale or Exchange or other Taxable Disposition of Sale Shares

A U.S. Holder generally will recognise U.S. source capital gain or loss upon the sale, exchange or other taxable disposition of the Sale Shares measured by the difference between the U.S. dollar value of the amount realised and the U.S. Holder's adjusted tax basis in the Sale Shares disposed of. Any gain or loss will be long-term capital gain or loss if the Sale Shares have been held for more than one year. Long-term capital gains of certain U.S. Holders (including individuals) are eligible for reduced rates of U.S. federal income taxation. The deductibility of capital losses is subject to certain limitations under the Code.

You should consult your own tax advisers about how to account for payments made or received in a currency other than the U.S. dollar.

Passive Foreign Investment Company Rules

In general, a non-U.S. corporation is a PFIC with respect to a U.S. Holder if, for any taxable year in which the U.S. Holder holds stock in the non-U.S. corporation, at least 75 per cent. of its gross income is passive income or at least 50 per cent. of the value of its assets (generally determined on the basis of a quarterly average) produces passive income or is held for the production of passive income. For this purpose, passive income generally includes, among other things, dividends, interest, rents, royalties and gains from the disposition of investment assets (subject to various exceptions). Based on the nature of our business, the composition of our gross income and assets, and projections as to the value of our equity, we do not expect to be a PFIC for the current taxable year or in the foreseeable future. However, the determination of whether the Sale Shares constitute shares of a PFIC is a factual determination made annually after the close of the taxable year and thus may be subject to change. Because these determinations are based on the nature of our income and assets from time to time, as well as certain items that are not directly in our control such as the value of the Sale Shares, and involve the application of complex tax rules the application of which to our business is not always entirely clear, no assurances can be **provided that** we will not be considered a PFIC for the current taxable year or any past or future taxable year. We do not intend to conduct annual assessments of our PFIC status.

If we were classified as a PFIC at any time during a U.S. Holder's holding period, such U.S. Holder could be subject to materially adverse tax consequences including being subject to greater amounts of tax on gains and certain distributions on Sale Shares as well as additional tax reporting obligations. You should consult your tax advisers about the consequences if we are classified as a PFIC.

Backup Withholding and Information Reporting

A U.S. Holder may be subject to information reporting on amounts received by such U.S. Holder from a distribution on, or disposition of, Sale Shares, unless such U.S. Holder establishes that it is exempt from these rules. If a U.S. Holder does not establish that it is exempt from these rules, it may be subject to backup withholding on the amounts received unless it provides a taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. Backup withholding is not an additional tax and the amount of any backup withholding from a payment that is received generally will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, **provided that** the required information is timely furnished to the IRS.

You should consult your own tax advisers concerning any U.S. reporting requirements that may arise out of your ownership or disposition of Sale Shares in light of your particular circumstances. The penalty for failing to comply with reporting requirements can be significant.

FATCA withholding may affect payments on the Sale Shares.

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), commonly known as FATCA, a "**foreign financial institution**" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the UAE) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA, which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Sale Shares, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Sale Shares, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Sale Shares, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "**foreign passthru payments**" are published in the U.S. Federal Register. Investors should consult their own tax advisors regarding how these rules may apply to their investment in the Sale Shares.

UAE Taxation

The following comments are general in character and are based on the current applicable tax regime in the UAE and the current practice of the UAE authorities as at the date of this document. The comments do not purport to be a comprehensive analysis of all the tax consequences applicable to all types of shareholders and do not relate to any taxation regime outside the UAE. It is the responsibility of each investor to inform themselves as to any tax consequences which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of Shares in the Company. Shareholders should therefore seek their own separate tax advice in relation to their shareholding.

Taxation of the Company and Individuals

The UAE does not have a federal corporate income tax regime. Instead, corporate income tax is determined on a territorial basis under the respective Emirati tax decrees issued by the government of each individual Emirate. Several of the Emirates have enacted tax decrees. Under the decrees, corporate income tax is payable under a progressive rate system, with rates of up to 55 per cent.

Notwithstanding the above, corporate income tax is currently only enforced on companies engaged in petroleum related activities under a concession agreement issued by the relevant Emirate in the UAE. Further, branches of foreign banks are subject to corporate income tax under a separate decree at a flat rate of 20 per cent.

In accordance with the above practice, the Company is currently not subject to corporate income tax and is not required to file corporate income tax returns in the UAE. However, it should be noted that there is no guarantee that tax will not be enforced on other corporate entities at some time in the future since there is no specific legislation that grants an income tax exemption to entities which are not oil companies or branches of foreign banks. Such exemption is currently only availed by corporate entities that are registered and perform their activities in a Free Trade Zone.

There is no federal or Emirate-level personal income tax in the UAE. As such, there are no individual tax registration or reporting obligations for individuals in the UAE.

Taxation of Dividends and Capital Gains on Sale

Based on the tax practices within the UAE outlined above, dividends received from Sale Shares, and capital gains on the sale of Sale Shares, should not be subject to income tax in the UAE, **provided that** the shareholder is not engaged in bank or petroleum related activities in the UAE.

Individuals or corporations that are non-UAE tax residents, or dual tax residents, may be subject to taxation in jurisdictions outside the UAE with respect to the ownership of, or income derived in connection with, the Sale Shares based on local tax regulations. Shareholders should consult their own tax advisers as to the taxation of dividend income and gains on the future sale of the Sale Shares under the relevant applicable local laws in those jurisdictions.

The UAE does not levy withholding taxes. As such, dividend payments made by the Company are not subject to withholding tax in the UAE, unless the applicable tax regime in the UAE changes.

UAE VAT

Value Added Tax (VAT) has been implemented in the UAE since January 2018. VAT is a tax on domestic consumption which is applied on the sale of goods and services in the UAE and on imports to the UAE at a rate of five per cent., unless the goods and services fall within a category that is specifically exempt or is subject to the zero rate of VAT.

Under the regulations, no VAT should be payable in respect to the acquisition or sale of Sale Shares in the Company. However, investors should seek advice in relation to the impact of VAT in relation to their acquisition of Sale Shares.

EXPECTED OFFERING TIMETABLE

UAE Retail Offer period..............................	A period of eight days that will begin on the morning of 14 November 2022 after announcement of the Offer Price Range and will close at 1:00 p.m. UAE time (12:00 p.m. Saudi Arabia time) on 21 November 2022
Saudi Arabia Retail Offer period..................	A period of eight days that will begin on the morning of 14 November 2022 after announcement of the Offer Price Range and will close at 1:00 p.m. UAE time (12:00 p.m. Saudi Arabia time) on 21 November 2022
Institutional Offer period	A period of nine days that will begin on the morning of 14 November 2022 after announcement of the Offer Price Range and will close at 12:00 p.m. UAE time (11:00 a.m. Saudi Arabia time) on 22 November 2022
Announcement of Final Offer Price	23 November 2022
Allocation of UAE Retail Offer	24 November 2022
Allocation of the Saudi Arabia Retail Offer..	23 November 2022
Announcement of final allocations of Sale Shares for the Institutional Offer	23 November 2022
SMS Confirmation to all successful subscribers of the UAE Retail Offer, and an announcement to the public on the Saudi Exchange for the Saudi Arabia Retail Offer	30 November 2022
Deadline for payment of the subscription funds by purchasers in the Institutional Offer	3:00 p.m. UAE time (2:00 p.m. Saudi Arabia time) on 28 November 2022
Start of refund of excess subscription monies (if any) to Individual Investors in the UAE and Saudi Arabia Retail Offers ...	UAE – 30 November 2022 Saudi Arabia – refunds to be made no later than 5 December 2022
Expected trading commencement date for the Sale Shares on ADX and the Saudi Exchange..	Trading of the Sale Shares is expected to commence on ADX and the Saudi Exchange after all relevant legal requirements and procedures have been completed. An announcement of the commencement of trading of the Sale Shares will be made on the website of ADX (www.adx.ae) and the website of the Saudi Exchange (www.saudiexchange.sa).

The above timetable and dates therein are indicative. Actual dates will be communicated through announcements appearing in local and international media outlets newspapers, as well as on the websites of ADX (www.adx.ae) and the Saudi Exchange (www.saudiexchange.sa), the Joint Global Co-ordinators and the Company (www.americanarestaurants.com).

SUBSCRIPTION AND SALE

The Company, the Selling Shareholder and the Joint Bookrunners have entered into an underwriting agreement with respect to the ADX Sale Shares (the "**ADX Underwriting Agreement**"). Subject to the satisfaction of certain conditions set out in the ADX Underwriting Agreement, including the execution of the Pricing Memorandum (as defined below), each Joint Bookrunner has agreed, severally but not jointly, to procure purchasers, or failing which to purchase the ADX Sale Shares on terms specified in the ADX Underwriting Agreement and the Pricing Memorandum. The number of ADX Sale Shares will be determined no later than on the Pricing Date and set out in the Pricing Memorandum.

The Company, the Selling Shareholder and the Joint Bookrunners or their Saudi Arabia-licenced affiliates (the "**Saudi Arabia Banks**") anticipate entering into an underwriting agreement with respect to the Saudi Exchange Sale Shares (the "**Saudi Arabia Underwriting Agreement**") prior to the Saudi Arabia Retail Offer Period. Subject to the satisfaction of certain conditions set out in the Saudi Arabia Underwriting Agreement, including the execution of a Pricing Agreement (as defined below), each Saudi Arabia Bank has agreed, severally but not jointly, to procure purchasers, or failing which to purchase, the Saudi Exchange Sale Shares on terms specified in the Saudi Arabia Underwriting Agreement and the Pricing Agreement. The number of Saudi Exchange Sale Shares will be determined no later than on the Pricing Date and set out in the Pricing Agreement.

The Offer Price Range is AED 2.5000 to AED 2.6200 per ADX Sale Share or SAR 2.5500 to SAR 2.6800 per Saudi Exchange Sale Share (the Final Offer Price will be equivalent between both Exchanges, subject to rounding). It is expected that the final offer price at which the Sale Shares will be sold (such price for each of the Sale Shares being the "**Final Offer Price**") will be within the Offer Price Range.

The Sale Shares will be admitted to trading on the ADX and the Saudi Exchange securities exchanges.

The Offer Price Range is indicative only and may change during the course of the Global Offering, and the Final Offer Price may be set within, above or below the Offer Price Range. The Final Offer Price for the Sale Shares will be agreed between the Selling Shareholder and the Joint Global Coordinators (acting on behalf of the Joint Bookrunners) following a bookbuilding process.

All expenses of the Global Offering (including selling commissions and any discretionary fees) will ultimately be borne by the Selling Shareholder.

ADX Underwriting Arrangements

In the ADX Underwriting Agreement, the Company and the Selling Shareholder have made certain representations and warranties and agreed to indemnify the several Joint Bookrunners against certain liabilities, including liability under the Securities Act. The Joint Bookrunners are offering the ADX Sale Shares and when, as and if delivered to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the ADX Sale Shares, and other conditions contained in the ADX Underwriting Agreement, such as Admission and the receipt by the Joint Bookrunners of officers' certificates and legal opinions.

The underwriting commitment of the several Joint Bookrunners will be subject to certain conditions precedent, including among others, the execution of a pricing memorandum to the ADX Underwriting Agreement (the "**Pricing Memorandum**") by the Company, the Selling Shareholder and the Joint Bookrunners setting forth the Offer Price for the Sale Shares and the final number of Sale Shares offered in the Global Offering. The Pricing Memorandum is expected to be executed no later than the Pricing Date.

The Joint Global Coordinators, acting on behalf of the Joint Bookrunners may terminate the ADX Underwriting Agreement prior to the closing of the Global Offering under certain specified conditions that are typical for an agreement of this nature. If any of such conditions are not satisfied or waived, or the ADX Underwriting Agreement is terminated prior to the closing of the Global Offering, then this Global Offering will lapse.

Saudi Arabia Underwriting Agreement

In connection with the Saudi Arabia limb of the Institutional Offer, the Company, the Selling Shareholder and the Saudi Arabia Banks have entered into a customary local underwriting agreement, the Saudi Arabia Underwriting Agreement.

In the Saudi Arabia Underwriting Agreement, the Company and the Selling Shareholder will make certain representations and warranties and agree to indemnify the several Saudi Arabia Banks against certain liabilities, including liability under the CML, the Securities Act and the implementing regulations and circulars issued by the CMA as published on the website of the CMA at the date of the Saudi Arabia Underwriting Agreement. The Saudi Arabia Banks are offering the Saudi Exchange Sale Shares and when, as and if delivered to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Saudi Exchange Sale Shares, and other conditions contained in the Saudi Arabia Underwriting Agreement, such as Admission and the receipt by the Saudi Arabia Banks of certain certificates and legal opinions.

The underwriting commitment of the several Saudi Arabia Banks will be subject to certain conditions precedent, including among others, the execution of a pricing agreement to the Saudi Arabia Underwriting Agreement (the "**Pricing Agreement**") by the Company, the Selling Shareholder and the Saudi Arabia Banks setting forth the Offer Price for the Saudi Exchange Sale Shares and the final number of Sale Shares offered in the Saudi Arabia Retail Offer and the Saudi Arabia limb of the Institutional Offer. The Pricing Agreement is expected to be executed no later than the Pricing Date.

The Saudi Arabia Banks may terminate the Saudi Arabia Underwriting Agreement prior to the closing of the Global Offering under certain specified conditions that are typical for an agreement of this nature. If any of such conditions are not satisfied or waived, or the Saudi Arabia Underwriting Agreement is terminated prior to the closing of the Global Offering, then this Global Offering will lapse.

Offer Tranches

The Global Offering is targeted at both international and domestic institutional investors and retail investors in Saudi Arabia and UAE comprising a concurrent offering of Sale Shares on the ADX and the Saudi Exchange. Investors subscribing for ADX Sale Shares or Saudi Arabia Sale Shares will need to satisfy all the relevant eligibility criteria in each of the respective markets.

The Global Offering consists of the following three concurrent offer tranches:

(iii) a tranche of ADX Sale Shares expected to be listed on the ADX and offered, pursuant to the UAE Prospectus, to the public in UAE consisting of (A) natural persons who hold a NIN with the ADX and have a bank account, and (B) other investors (including natural persons, companies and establishments) who do not participate in the Institutional Offer (as defined below) who hold a NIN with the ADX and have a bank account, except for any person who is resident in the United States within the meaning of the Securities Act (the "**UAE Retail Offer**");

(iv) a tranche of Saudi Exchange Sale Shares expected to be listed on the Saudi Exchange and offered, pursuant to the Saudi Arabia Offering Document, to the public in Saudi Arabia consisting of certain retail investors ordinarily permitted to participate in equity offerings on the Saudi Exchange who do not participate in the Institutional Offer (as defined below), except for any person who is resident in the United States within the meaning of the Securities Act (the "**Saudi Arabia Retail Offer**"); and

(v) a tranche of Sale Shares expected to be listed on the ADX and the Saudi Exchange, with eligible investors required to indicate their choice of receiving Saudi Exchange-Listed Shares or ADX-Listed Shares in their bidding forms in the UAE and in Saudi Arabia:

    (a) pursuant to the Saudi Arabia Offering Document, to Participating Parties including certain Qualified Foreign Investors ("**QFI(s)**") under the QFI Rules and Foreign Investors; and

    (b) pursuant to this Offering Memorandum (A) to institutional and certain other qualified investors, including in the Abu Dhabi Global Market ("**ADGM**") only as an "Exempt Offer" pursuant to the Market Rules of the Abu Dhabi Financial Services Regulatory Authority ("**FSRA**") (the "**ADGM Exempt Offer**") and in the Dubai International Financial Centre ("**DIFC**") only as an "Exempt Offer" pursuant to the Markets Rules of the Dubai Financial Services Authority ("**DFSA**") (the "**DIFC Exempt Offer**"), (B) to certain institutional investors in the UAE, (C) outside of the United States in offshore transactions in reliance on Regulation S, (D) in the United States to certain persons reasonably believed to be QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, and (E) to institutional investors outside the UAE and Saudi Arabia, (collectively, the "**Institutional Offer**").

Offer Period

The Global Offering will be open for purchases between 14 November 2022 and 22 November 2022 inclusive, being a total of nine days (the "**Offer Period**") as follows:

(1) under the UAE Retail Offer tranche from the morning of 14 November 2022 after announcement of the Offer Price Range to 1:00 p.m. UAE time (12:00 p.m. Saudi Arabia time) on 21 November 2022 inclusive, namely eight days (the "**UAE Retail Offer Period**");

(2) under the Saudi Arabia Retail Offer tranche from the morning of 14 November 2022 after announcement of the Offer Price Range to 1:00 p.m. UAE time (12:00 p.m. Saudi Arabia time) on 21 November 2022 inclusive, namely eight days (the "**Saudi Arabia Retail Offer Period**"); and

(3) under the Institutional Offer tranche from the morning of 14 November 2022 after announcement of the Offer Price Range to 12:00 p.m. UAE time (11:00 a.m. Saudi Arabia time) on 22 November 2022 inclusive, namely nine days (the "**Institutional Offer Period**").

Due to the concurrent nature of the UAE Retail Offer, the Saudi Arabia Retail Offer and the Institutional Offer periods, there will be no clawback of Sale Shares from the Institutional Offer in the Global Offering.

Offer Size

The Selling Shareholder is offering 2,527,089,930 Sale Shares for sale in the Global Offering, which represents 30 per cent. of the share capital of the Company and consists of (i) 126,354,496 Sale Shares (representing 5 per cent. of the Global Offering) offered in the UAE Retail Offer, (ii) 252,708,993 Sale Shares (representing 10 per cent. of the Global Offering) offered in the Saudi Arabia Retail Offer and (iii) the balance of Sale Shares offered in the Institutional Offer. The sizes of the tranches are to be determined based on the demand at the end of the bookbuilding process.

Offer Price

Sale Shares are offered at the Offer Price Range of AED 2.5000 to AED 2.6200 per ADX Sale Share or SAR 2.5500 to 2.6800 SAR per Saudi Exchange Sale Share (the Final Offer Price will be equivalent between both Exchanges, subject to rounding).

Retail investors must subscribe for Sale Shares at the Final Offer Price (the Final Offer Price will be equivalent between both Exchanges, subject to rounding), as further described in the UAE Prospectus and the Saudi Arabia Offering Document.

Institutional investors participating in the Institutional Offer may validly subscribe for Sale Shares at any price within the Offer Price Range (including the bottom and the top of the price range).

The Sale Shares will be priced in AED for ADX Sale Shares and SAR for Saudi Exchange Sale Shares. The Final Offer Price for ADX Sale Shares and Saudi Exchange Sale Shares will be equivalent, subject to rounding. Payment for the Sale Shares purchased in connection with the Global Offering shall be made in AED for ADX Sale Shares, and in SAR for Saudi Exchange Sale Shares

Bank charges or any other charges, including any applicable commissions of the relevant market institutions, relating to the payment of the subscription price shall be borne separately by the investors. Such charges cannot be quantified by the Company, the Selling Shareholder, or the Joint Bookrunners.

Pricing of the Global Offering

Prior to this Global Offering, there has been no public market for the Sale Shares. The Final Offer Price will be set at the same level for both investors in the Institutional Offer tranche and investors in the UAE and Saudi Arabia Retail tranches.

The Final Offer Price will be set at any point within the Offer Price Range.

Among the factors considered in determining the Final Offer Price following the bookbuilding process, will be the Company's future prospects and the prospects of its industry in general, its revenue, its profit and certain other financial operating information with respect to the Company in recent periods, and the financial ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to the Company as well as the amount to be raised by the Selling Shareholder pursuant to the Global Offering and the basis of allocation to investors, including the level and nature of the demand for the Sale Shares during the book-building process, prevailing market conditions and the objective of establishing an orderly after-market in the Sale Shares.

A pricing notification (the "**Pricing Notification**") containing the Final Offer Price and the final number of Sale Shares offered in the Offering is expected to be published on or about the Pricing Date on the Company's website (www.americanarestaurants.com), via the regulatory news services of the ADX and through the final Saudi Arabia Offering Document published on the website of the CMA (www.cma.org.sa) and as an announcement in local media outlets in the UAE and Saudi Arabia and international media outlets.

Subscription Process in the Institutional Offer

Eligible investors participating in the Institutional Offer are required to submit a binding order during the book-building period to purchase Sale Shares within the Offer Price Range through the Joint Bookrunners in accordance with applicable requirements (as the case may be), confirming they would accept to purchase Sale Shares that will be allocated to them.

Offers to purchase Sale Shares must indicate the proportion of Sale Shares that are to be allocated on each of the two securities exchanges on which the Global Offering is being conducted (ADX or the Saudi Exchange). Any offers to purchase the Sale Shares that do not indicate the securities exchange will not be accepted. Payment for the Sale Shares purchased in connection with the Global Offering shall be made in AED for ADX Sale Shares, and in SAR for the Saudi Exchange Sale Shares.

Investors will be able to amend or cancel their bids before the close of book building, however their bids will be considered binding once book building has closed. Once the final book of demand is known, a decision on allocations shall be made and communicated by Joint Bookrunners to investors, as described further below.

The minimum application size in the Institutional Offer for ADX Sale Shares is AED 5,000,000. The minimum application size in the Institutional Offer for the Saudi Exchange Sale Shares is SAR 5,000,000. The application size for subscribing for Saudi Exchange Sale Shares in the Institutional Offer should not exceed five per cent. of the total issued share capital of the Company.

Retail subscription size limits would follow applicable requirements in the UAE and Saudi Arabia respectively, as further described in the UAE Prospectus and the Saudi Arabia Offering Document. Participation in the UAE and Saudi Arabia Retail Offers will be through one of the receiving banks, as further described in the UAE Prospectus and the Saudi Arabia Offering Document. Given that retail investors' subscription will be pre-funded, retail investors will not be able to cancel or amend their bids. The surplus subscription amount for unallocated Sale Shares (if any) would be refunded to the retail subscribers in cash.

Allocation

The allocation of Sale Shares in the Institutional Offer will be determined by the Company, Selling Shareholder and the Joint Global Co-ordinators (on behalf of the Joint Bookrunners).

The Selling Shareholder, the Company and the Joint Global Co-ordinators reserve the right to amend the limb of the UAE Retail Offer reserved for Individual Subscribers (as further described in the UAE Prospectus) and other investors (companies and establishments) who do not participate in the Institutional Offer and who have a bank account (except for any person who is resident in the United States within the meaning of the Securities Act), subject to not increasing the UAE Retail Offer size to more than 10 per cent. of the total Sale Shares or reducing the UAE limb of the Institutional Offer less than 80 per cent. of the Sale Shares. Factors that may be taken into account by the Selling Shareholder, the Company and the Joint Global Co-ordinators when determining the allocations between prospective investors in the event of over-subscription may include participation in the marketing process for the Global Offering, holding behaviour in previous offerings, holdings in similar companies, pre-funding of indication of interest and other factors that the Selling Shareholder, the Company and the Joint Global Co-ordinators and may deem relevant.

By making an offer to purchase Sale Shares in the Institutional Offer, investors acknowledge and agree that (i) they may be allocated fewer Sale Shares than they have subscribed for or (ii) they may be allocated Sale Shares on ADX or the Saudi Exchange in different proportions than investors indicated at the time of making their offers purchase the Sale Shares or (iii) they may receive no Sale Shares at all on their securities exchange. Investors also acknowledge and agree that they will have no right to request, and the Selling Shareholder and the Joint Global Co-ordinators shall have no obligation to disclose, the reasons for their allocation and pricing decisions.

The final allocation of the Sale Shares to purchasers will be determined by the Selling Shareholder and the Company in their full discretion and in consultation with the Joint Global Co-ordinators (on behalf of the Joint Bookrunners). The balance of the Saudi Exchange Sale Shares, if any, will be allocated on a pro rata basis based on the number of Saudi exchange Sale Shares requested by each Individual Investor in Saudi Arabia and the total number of the Saudi Exchange Sale Shares applied for. In the event that the number of Individual Investors in Saudi Arabia exceeds 252,708 Subscribers, the Company will not guarantee the minimum allocation of 1,000 Saudi Exchange Sale Shares per Individual Investor in Saudi Arabia.

The Selling Shareholder and the Company reserve the right to amend the size of the UAE Retail Offer and the Institutional Offer at any time prior to the end of the subscription period at their sole discretion, subject to the applicable laws, and the approval of the SCA, provided that the subscription percentage of the subscribers in the Institutional Offer does not fall below 60 per cent. of the Sale Shares and the subscription percentage of the subscribers in the UAE Retail Offer and the KSA Retail Offer does not exceed 40 per cent. of the Sale Shares in aggregate. The Selling Shareholder and the Company will not increase the size of the UAE Retail Offer above 10 per cent of the total Sale Shares or reduce the size of the Institutional Offer by less than 80 per cent of the total Sale Shares. This means that the size of the UAE Retail Offer and the KSA Retail Offer in aggregate will not exceed 20 per cent. of the total Sale Shares.

If all of the Sale Shares in the UAE Retail Offer are not fully subscribed, the unsubscribed Sale Shares will be made available in the Institutional Offer or, alternatively (in consultation with the SCA), the Selling Shareholder may (i) extend the Closing Date for all tranches, and/or (ii) close the Global Offering at the level of applications received.

If all of the Sale Shares in the Saudi Arabia Retail Offer are not fully subscribed for, the unsubscribed Sale Shares will be allocated to subscribers in the Saudi Arabia limb of the Institutional Offer.

For the purpose of the above paragraphs, the term "**Individual Investor**" means Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi person, who can subscribe to the Sale Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her Saudi minor children, as well as any non-Saudi residents and GCC natural persons having a bank account with a receiving agent and the right to open an investment account with a capital markets institution in Saudi Arabia.

Lock-up Arrangements

Pursuant to the terms of the ADX Underwriting Agreement, and Saudi Arabia Underwriting Agreement, each of the Company and the Selling Shareholder has contractually agreed, for a period of 180 calendar days after the Closing Date, not to (i) directly or indirectly, issue, offer, pledge, sell, contract to sell, sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Sale Shares or other Sale Shares of the Company, or securities convertible or exchangeable into or exercisable for any Sale Shares or warrants or other rights to purchase Sale Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Sale Shares, (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Sale Shares, in each case, whether any such transaction is to be settled by delivery of Sale Shares or other securities, in cash or otherwise, or (iii) announce publicly such an intention to effect any such transaction, in each case, without the prior written consent of the Joint Global Co-ordinators, such consent not to be unreasonably withheld or delayed.

In respect of the Selling Shareholder only, the foregoing restriction will not apply to:

i. the sale of the Sale Shares to be sold pursuant to the Global Offering;

ii. any inter-company transfers of Shares by the Selling Shareholder in favour of its affiliates ("**Transferees**"), provided that: (x) prior to the making of any such transfer, the Transferees shall agree to be bound by the lock-up obligations of the Selling Shareholder; (y) any of such inter-company transfers of Shares shall be performed on terms and conditions that do not conflict with the Global Offering; and (z) in the event that a Transferee ceases to be an affiliate of the Selling Shareholder, the Shares transferred to such Transferee shall, prior to such cessation, be transferred back to the Selling Shareholder;

iii. accepting a general offer made to all holders of Shares then in issue (other than Shares held by the person making the offer or its affiliates) on terms which treat all holders of Shares alike, or executing and delivering an irrevocable commitment or undertaking to accept such a general offer (without any further agreement to transfer or dispose of any Shares or any interest therein);

iv. taking up any rights granted in respect of a pre-emptive share offering by the Company in order to sell a sufficient number of its rights in order to acquire the balance of its rights;

v. selling or otherwise disposing of Shares pursuant to any offer by the Company to purchase its own Shares which is made on identical terms to all holders of Shares in the Company;

vi. any disposal by and/or allotment and issue of shares to the Selling Shareholder pursuant to any capital reorganisation in respect of any Shares beneficially owned, held or controlled by the Selling Shareholder, provided that any shares issued to or otherwise acquired by the Selling Shareholder pursuant to such capital reorganisation shall be subject to the lock-up restrictions; or

vii. transferring or otherwise disposing of Shares pursuant to a compromise or arrangement between the Company and its creditors or any class of them or between the Company and its members of any class of them which is agreed to by the creditor or members and (where required) sanctioned by any applicable authority.

Additionally, pursuant to lock-up deeds, a number of the Minority Shareholders are subject to a lock-up period of 180 calendar days from the Closing Date, pursuant to which they are restricted from disposal of their shares. The other Minority Shareholders are not subject to any lock-ups and are free to trade their shares as from the Closing Date.

Other Relationships

In connection with the Global Offering, the Joint Bookrunners and any of their respective affiliates, may take up a portion of the Shares in the Global Offering as a principal position, and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for their own accounts in such Shares and other securities of the Company or related investments in connection with the Global Offering or otherwise. Accordingly, references in this Offering Memorandum to the Shares being issued, offered, subscribed, acquired, placed or otherwise dealt in should be read as including any issue or offer to, or subscription, acquisition, dealing or placing by, the Joint Bookrunners and any of their affiliates acting in such capacity. In addition, certain of the Joint Bookrunners or their affiliates may enter into financing arrangements (including swaps, warrants or contract for differences) with investors in connection with which such Joint Bookrunners (or their affiliates) may from time to time acquire, hold or dispose of Shares. None of the Joint Bookrunners intends to disclose the extent of any such investment or transactions otherwise than to the Company and the Selling Shareholder and in accordance with any legal or regulatory obligation to do so. Each of the Joint Bookrunners, together with their respective affiliates, are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, issuing or creating and trading in securities and financial products, publishing research and exercising voting power over securities on behalf of third parties, financing and brokerage activities, for which they receive customary fees. In the ordinary course of their business with the Company and the Selling Shareholder, including parties affiliated with the Company and the Selling Shareholder, the Joint Bookrunners and their respective affiliates have from time to time been engaged, and may in the future engage, in commercial banking, lending, trading, hedging, investment banking and financial advisory and ancillary activities, may at any time deal as principal or agent for more than one party in, or hold long or short positions, and may trade or otherwise effect transactions, for its own account or the accounts of customers, in debt or equity securities or loans of the Company, the Selling Shareholder, their respective associates or any counterparty. The sharing of information relating to such activities is generally restricted for reasons of confidentiality, by internal procedures or by rules and regulations. As a result of any such transactions, any Joint Bookrunner may have interests that may not be aligned, or could potentially conflict, with the interests of holders of Shares or with the interests of the Company or the Selling Shareholder.

Selling Restrictions

No action has been taken or will be taken in any jurisdiction that would permit a public offering of the Sale Shares or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Company or the Sale Shares, in any country or jurisdiction where action for that purpose is required. Accordingly, the Sale Shares may not be offered or sold, directly or indirectly, nor may this Offering Memorandum or any other offering material or advertisement or other document or information in connection with the Sale Shares be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

United States

The Sale Shares have not been and will not be registered under the Securities Act or under any applicable securities laws or regulations of any state of the United States and, subject to certain exceptions, may not be offered or sold within the United States except to persons reasonably believed to be QIBs pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Sale Shares are being offered and sold outside the United States in reliance on Regulation S. The Underwriting Agreement provides that certain of the Joint Global Co-ordinators may, directly or through their respective U.S. broker-dealer affiliates, arrange for the offer and resale of the Sale Shares within the United States only to a person which such Joint Global Co-ordinator reasonably believes is a QIB purchasing for its own account or for the account of another QIB in reliance on Rule 144A.

In addition, until 40 days after the commencement of the Offering of the Sale Shares, an offer or sale of Sale Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from, or in a transaction not subject to, the registration under the Securities Act.

European Economic Area

In relation to each Member State of the European Economic Area (the "**EEA**") which has implemented the Prospectus Regulation (each, a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Regulation is implemented in that Relevant Member State, no Sale Shares which are the subject of the Global Offering contemplated herein have been offered of will be offered to the public in that Relevant Member State, except that an offer of Sale Shares may be made to the public in that Relevant Member State at any time under the following exemptions under the Prospectus Regulation, if they are implemented in that Relevant Member State:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the Prospectus Regulation) per Relevant State, subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Sale Shares shall result in a requirement for the publication by the Company or any Joint Global Co-ordinator of an Offering Memorandum pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation or any measure implementing the Prospectus Regulation in a Relevant Member State, and each person who initially acquires any Sale Shares or to whom any offer is made under the Global Offering will be deemed to have represented, acknowledged and agreed that it is a "**qualified investor**" as defined in the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of any Sale Shares to the public**" in relation to any Sale Shares in any Relevant Member State means the communication in any form and by any means of sufficient information of the terms of the offer and any Sale Shares to be offered so as to enable an investor to decide to purchase any Sale Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Regulation in that Relevant Member State; the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 and includes any relevant implementing measure in each Relevant Member State.

In the case of any Sale Shares being offered to a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Sale Shares acquired by it have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Sale Shares to the public other than their offer or resale in a Relevant Member State to qualified investors as so defined or in circumstances in which the prior consent of the Joint Global Co-ordinators has been obtained to each such proposed offer or resale. The Company and, the Joint Global Co-ordinators and their respective affiliates, and others will rely (and the Company each acknowledge that the Joint Global Co-ordinators and their respective affiliates and others will rely) upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and will not be responsible for any loss occasioned by such reliance. Notwithstanding the above, a person who is not a qualified investor and who has notified the Joint Global Co-ordinators of such fact in writing may, with the consent of the Joint Global Co-ordinators, be permitted to subscribe for or purchase Sale Shares.

United Kingdom

The Sale Shares have not been offered or will not be offered pursuant to the Global Offering in the United Kingdom, except that an offer to the public in the United Kingdom of any Sale Shares may be made at any time under the following exemptions under the UK Prospectus Regulation:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Joint Global Co-ordinators for any such offer; or

(iii) in any other circumstances falling under the scope of Section 86 of the FSMA,

provided that no such offer of Sale Shares shall require the Company, the Joint Global Co-ordinators to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of any Sale Shares to the public**" in relation to any Sale Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Sale Shares to be offered so as to enable an investor to decide to purchase, or subscribe for, any Sale Shares, and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**").

This Offering Memorandum is only being distributed to, and is only directed at, and any investment or investment activity to which this Offering Memorandum relates is available only to, and will be engaged in only with (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"), (ii) high net worth entities falling within Article 49(2)(a) to (2d) of the Order and/or (iii) other persons to whom it may be lawfully communicated (all being "**Relevant Persons**"). The Sale Shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such Sale Shares will be engaged only with Relevant Persons. Any person who is not a Relevant Person should not act or rely on this Offering Memorandum or any of its contents.

The Sale Shares are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes, a "**retail investor**" means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation.

United Arab Emirates (excluding the Abu Dhabi Global Market)

This Offering Memorandum is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. If you are in any doubt about the contents of this document, you should consult an authorised financial adviser.

By receiving this Offering Memorandum, the person or entity to whom it has been issued understands, acknowledges and agrees that this Offering Memorandum has not been approved by or filed with the UAE Central Bank, the SCA or any other authorities in the UAE, nor have the Joint Global Co-ordinators received authorisation or licencing from the UAE Central Bank, SCA or any other authorities in the UAE to market or sell securities or other investments within the UAE. No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE and no subscription to any securities or other investments may or will be consummated within the UAE. It should not be assumed that any of the Joint Global Co-ordinators is a licenced broker, dealer or investment adviser under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products. The Sale Shares offered pursuant to this Offering Memorandum may not be offered or sold directly or indirectly to the public in the UAE and do not constitute a public offer of securities in the UAE in accordance with the Companies Law or otherwise.

Nothing contained in this Offering Memorandum is intended to constitute investment, legal, tax, accounting or other professional advice. This Offering Memorandum is for your information only and nothing in this Offering Memorandum is intended to endorse or recommend a particular course of action. Any person considering acquiring securities should consult with an appropriate professional for specific advice rendered based on their respective situation.

Abu Dhabi Global Market

This document relates to a Global Offering which is not subject to any form of regulation or approval by the FSRA of the ADGM. The FSRA has not approved this document nor has any responsibility for reviewing or verifying any document or other documents in connection with this the Global Offering. Accordingly, the FSRA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it.

(i) The Sale Shares have not been offered and will not be offered to any persons in the ADGM except on the basis that an offer is:

(ii) an "**Exempt Offer**" in accordance with the FSRA Financial Services and Markets Regulations and Markets Rules; and

(iii) made only to persons who are "**Authorised Persons**" or "**Recognised Bodies**" (as such terms are defined in the FSMR) or persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 18 of the FSMR) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated.

The FSRA has not taken steps to verify the information set out in this document, and has no responsibility for it. If you do not understand the contents of this Global Offering or are unsure whether the securities to which the Global Offering relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Dubai International Financial Centre

This document relates to a Global Offering which is not subject to any form of regulation or approval by the DFSA. The DFSA has not approved this document nor has any responsibility for reviewing or verifying any document or other documents in connection with the Global Offering. Accordingly, the DFSA has not approved this document or any other associated documents nor taken any steps to verify the information set out in this document, and has no responsibility for it.

The Sale Shares have not been offered and will not be offered to any persons in the DIFC except on the basis that an offer is:

(i) an "**Exempt Offer**" in accordance with the Markets Rules module of the DFSA; and

(ii) made only to persons who meet the "**Deemed Professional Client**" criteria set out in the DFSA Rulebook, Conduct of Business Module, who are not natural persons.

This document must not, therefore, be delivered to, or relied on by, any other type of person. The Global Offering to which this document relates may be illiquid and/or subject to restrictions on its resale. Prospective purchasers should conduct their own due diligence on the Global Offering.

The DFSA has not taken steps to verify the information set out in this document, and has no responsibility for it. If you do not understand the contents of this Global Offering or are unsure whether the securities to which this the Global Offering relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser.

Kingdom of Saudi Arabia

The offer and Sale Shares in the Kingdom of Saudi Arabia, including the Institutional Offer in the Kingdom of Saudi Arabia, is being made solely on the basis of the Arabic version of the UAE Prospectus and the Saudi Arabia Offering Document.

Australia

The Shares have not been offered and will not be offered pursuant to the Global Offering in Australia, except to select investors who are able to demonstrate that they fall within one or more of the following categories of investors:

(i) a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act;

(ii) a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to the Company which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;

(iii) a person associated with the company under section 708(12) of the Corporations Act; or

(iv) a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act.

This document does not constitute a prospectus or other disclosure document under Chapter 6D.2 of the Corporations Act, has not been, and will not be, lodged or registered with the Australian Securities and Investments Commission ("**ASIC**") or the Australian Securities Exchange ("**ASX**") or any other regulatory body or agency in Australia and does not purport to include the information required of a disclosure document under Chapter 6D.2 of the Corporations Act.

Lebanon

This Offering Memorandum does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Sale Shares in the Company in the Lebanese territory, nor shall it (or any part of it), nor the fact of its distribution, form the basis of, or be relied on in connection with, any subscription.

The Company has not been, and will not be, authorised or licenced by the Central Bank of Lebanon and its Sale Shares cannot be marketed and sold in Lebanon. No public offering of the Sale Shares is being made in Lebanon and no mass-media means of contact are being employed. This Offering Memorandum is aimed at institutions and sophisticated, high net worth individuals only, and this Offering Memorandum will not be provided to any person in Lebanon except upon the written request of such person.

Recipients of this Offering Memorandum should pay particular attention to the section titled "*Risk Factors*" in this Offering Memorandum. Investment in the Sale Shares is suitable only for sophisticated investors with the financial ability and willingness to accept the risks associated with such an investment, and said investors must be prepared to bear those risks.

Oman

This Offering Memorandum does not constitute a public offer of securities in the Sultanate of Oman, as contemplated by the Commercial Companies Law of Oman (Royal Decree No. 4/1974) or the Capital Market Law of Oman (Royal Decree No. 80/1998) and Ministerial Decision No.1/2009 or an offer to sell or the solicitation of any offer to buy non-Omani securities in the Sultanate of Oman.

This document is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to make an offer to the Company to enter into commitments to invest in the Sale Shares outside of the Sultanate of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient.

Additionally, this document is not intended to lead to the making of any contract within the territory or under the laws of the Sultanate of Oman.

The Company is incorporated and existing under the laws of the UAE. The Capital Market Authority and the Central Bank of Oman take no responsibility for the accuracy of the statements and information contained in this Offering Memorandum or for the performance of the Company with respect to the Sale Shares nor shall they have any liability to any person for damage or loss resulting from reliance on any statement or information contained herein.

Bahrain

The Sale Shares have not been offered or sold, and will not be offered or sold to any person in the Kingdom of Bahrain except on a private placement basis to persons who are "**accredited investors**".

For this purpose, an "**accredited investor**" means:

(i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more;

(ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or

(iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).

Kuwait

The Sale Shares have not been and will not be offered, sold, promoted or advertised in Kuwait except on the basis that an offer is made in compliance with Decree Law No. 31 of 1990 and the implementing regulations thereto, as amended, and Law No. 7 of 2010 and the bylaws thereto, as amended governing the issue, offering and sale of securities. No private or public offering of the Sale Shares is being made in Kuwait, and no agreement relating to the sale of the Sale Shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the Sale Shares in Kuwait.

Qatar

The Sale Shares have not been offered or sold, and will not be offered or sold or delivered, directly or indirectly, in the State of Qatar including the Qatar Financial Centre, other than on the basis that an offer is made: (i) in compliance with all applicable laws and regulations of the State of Qatar including the Qatar

Financial Centre; and (ii) through persons or corporate entities authorised and licenced to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the State of Qatar.

Jordan

Any marketing of the Sale Shares to Jordanian investors shall be done by way of private placement only. The Sale Shares are being offered in Jordan on a cross border basis based on one-on-one contacts to no more than 30 potential investors and accordingly the Sale Shares will not be registered with the Jordanian Securities Commission and a local prospectus in Jordan will not be issued.

Japan

The Sale Shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the "**FIEL**"). This document is not an offer of securities for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Switzerland

The offering of the Sale Shares in Switzerland is exempt from requirement to prepare and publish an offering memorandum under the Swiss Financial Services Act ("**FinSA**") because the Sale Shares are offered to less than 500 investors and the Sale Shares will not be admitted to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. This Offering Memorandum does not constitute a prospectus or a similar document pursuant to FinSA, and no such prospectus has been or will be prepared for or in connection with the offering of the Sale Shares.

Canada

The Sale Shares may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Sale Shares must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Memorandum (including any amendment thereto) contains a misrepresentation, **provided that** the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal adviser.

Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this Global Offering.

Hong Kong

This Offering Memorandum has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly, (i) the Sale Shares may not be offered or sold in Hong Kong by means of this Offering Memorandum or any other document other than to "**Professional investors**" as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571) and any rules made thereunder, or in other circumstances which do not result in the document being a "**prospectus**" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O, and (ii) no person shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Sale Shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Sale Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to Professional investors (as set out above).

Singapore

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore, and the Sale Shares will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the "**Securities and Futures Act**"). Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Sale Shares may not be circulated or distributed, nor may the Sale Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act, or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Each of the following persons specified in Section 275 of the Securities and Futures Act which has subscribed or purchased Sale Shares, namely a person who is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an individual who is an accredited investor,

should note that shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Sale Shares under Section 275 of the Securities and Futures Act except

- to an institutional investor under Section 274 of the Securities and Futures Act or to a relevant person or to any person pursuant to Section 275(1) and Section 275(1A) of the Securities and Futures Act, respectively, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act; or

- where no consideration is or will be given for the transfer; or

- where the transfer is by operation of law; or

- pursuant to Section 276(7) of the Securities and Futures Act; or

- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notice to Investors in Singapore

Notification under Section 309B(1)(c) of the Securities and Futures Act

In connection with Section 309B of the Securities and Futures Act and CMP Regulations 2018, the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the Securities and Futures Act), that the Sale Shares are prescribed "capital markets products" (as defined in the CMP Regulations 2018) and "Excluded Investment Products" (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

People's Republic of China

This Offering Memorandum, the Shares and any material or information contained or incorporated by reference herein relating to the Shares have not been, and will not be, submitted to or approved/verified by or registered with the China Securities Regulatory Commission ("**CSRC**") or other relevant governmental and regulatory authorities in the People's Republic of China (the "**PRC**") (which, for the sole purpose herein, does not include Hong Kong, Macau or Taiwan) pursuant to relevant laws and regulations and thus may not be supplied to the public in the PRC or used in connection with any offer for the subscription or sale of the Shares in the PRC.

Neither this Offering Memorandum nor any material or information contained or incorporated by reference herein relating to the Shares constitutes an offer to sell or the solicitation of an offer to buy any securities in the PRC.

The Shares may only be invested by PRC investors that are authorised to engage in the investment in the Shares of the type being offered or sold. PRC investors are responsible for informing themselves about and observing all legal and regulatory restrictions, obtaining all relevant government regulatory approvals/licences, verification and/or registrations themselves, including, but not limited to, any which may be required from the People's Bank of China, the State Administration of Foreign Exchange, CSRC, the China Banking and Insurance Regulatory Commission and other relevant regulatory bodies, and complying with all relevant PRC regulations, including, but not limited to, all relevant foreign exchange regulations and/or overseas investment regulations.

Malaysia

This Offering Memorandum has not been and will not be registered as a prospectus with the Securities Commission Malaysia ("**SC**") under the Capital Markets and Services Act 2007 of Malaysia ("**CMSA**"). No prospectus or other offering material or document in connection with the offer and sale of the Shares which complies with the requirements of the CMSA and the guidelines of the SC has been or will be registered with the SC under the CMSA or with any other regulatory body in Malaysia. Also, no approval, authorisation or recognition of the SC has been granted for making available, offering for subscription or purchase, or issuing an invitation to subscribe for or purchase or sale, of the Shares in Malaysia. This Offering Memorandum does not constitute and may not be used for the purpose of an offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase of sale of any securities requiring (a) the approval, authorisation or recognition of the SC and (b) the registration of a prospectus with the SC under the CMSA.

Accordingly, this Offering Memorandum and any other document or material in connection with the Shares will not be circulated or distributed, nor will the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than to the categories of persons specified in paragraph 14 of Schedule 5 of the CMSA and this is also *provided that* the distribution of the Shares to such categories of exempted persons is made by a holder of a Capital Markets Services License in Malaysia who carries on the business of dealing in securities.

Israel

The Shares offered hereunder may not be offered or sold to the public in Israel absent the publication of a prospectus that has been approved by the Israel Securities Authority (the "**ISA**"). This document does not constitute a prospectus under the Israeli Securities Law, 5728-1968 (the "**Israeli Securities Law**") and has not been filed with or approved by the ISA, and the Shares offered hereunder have not been approved or disapproved by the ISA, nor have such Shares been registered for sale in Israel. In Israel, this document is being distributed only to, and is directed only at, and any offer of the Shares hereunder is directed only at, (i) a limited number of persons in accordance with the Israeli Securities Law and (ii) investors listed in the first addendum (the "**Addendum**") to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters, venture capital funds, entities with equity in excess of 50 million Israeli New Shekels ("**NIS**") and "qualified individuals", each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors (in each case purchasing for their own account or, where permitted under the Addendum, for the accounts of their clients who are investors listed in the Addendum). Qualified investors will be required to submit written confirmation that they fall within the scope of the Addendum, are aware of the meaning of the same and agree to it.

New Zealand

Any offer or sale of any Shares described in this Offering Memorandum and the distribution of the information contained in or accompanying this Offering Memorandum in New Zealand will only be made in accordance with the Financial Markets Conduct Act 2013 (New Zealand) (the "***FMC Act***") and to a person who (i) is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act, (ii) meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act, (iii) is large within the meaning of clause 39 of Schedule 1 of the FMC Act or (iv) is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act. Each purchaser of the Shares in New Zealand under the Global Offering:

- acknowledges that (i) Part 3 of the FMC Act shall not apply in respect of the offer of Shares, (ii) no product disclosure statement, registry entry or other disclosure document under the FMC Act will be prepared in respect of the Global Offering, (iii) any information provided to any persons in respect of the Global Offering is not required to, and may not, contain all of the information that a product disclosure statement under New Zealand law is required to contain, and (iv) the information contained or accompanying the Offering Memorandum or any other product disclosure statement, prospectus or similar offering or disclosure, have not been registered, filed with or reviewed or approved by any New Zealand regulatory authority or under or in accordance with the FMC Act;

- warrants that if in the future the purchaser of the Shares elects to directly or indirectly offer or sell any of the Shares allotted to that purchaser, or distribute (either directly or indirectly) the Offering Memorandum, any information contained in or accompanying the Offering Memorandum, or any other offering materials or advertisements in relation to the Global Offering, that person undertakes not to do so in a manner that could result in (i) such offer or sale being viewed as requiring a product disclosure statement or other similar disclosure document or any registration or filing in New Zealand, (ii) any contravention of the FMC Act or (iii) the Company or its directors incurring any liability; and (iii) warrants that (i) any person for whom the persons are acquiring or procuring Shares meets one or more of the criteria specified in (i) – (iv) of the first paragraph of this selling restriction and (ii) the purchaser of the Shares has delivered, where applicable, a safe harbour certificate in accordance with clause 44 of Schedule 1 of the FMC Act.

Republic of Korea

A registration statement for the offering and sale of the Shares has not been filed with the Financial Services Commission of the Republic of Korea ("**Korea**") under the current laws and regulations of Korea, including but not limited to the Financial Investment Services and Capital Markets Act of Korea. Accordingly, the Shares may not be offered, sold or delivered, directly or indirectly, in Korea or to, or for the account or benefit of, any resident of Korea (as such term is defined in the Foreign Exchange Transactions Law of Korea) or to others for reoffering or resale, directly or indirectly in Korea or for the account or benefit of any resident of Korea, except as otherwise permitted under applicable Korean laws and regulations.

South Africa

The Shares are not the subject of a registered prospectus in terms of chapter 4 of the South African Companies Act, 71 of 2008 ("**Companies Act**"). Any purchaser of the Shares in South Africa may not offer the Shares for sale to the public in South Africa unless such offer is accompanied by a prospectus, or where applicable a written statement, that is registered with the Companies and Intellectual Property Commission in terms of the said chapter of the Companies Act and which complies with all relevant provisions in this regard. No advertisement in relation to a public offer may be made unless it complies with section 98 of the Companies Act. The "public" includes any section of the public.

Certain offers of Shares are deemed, in terms of the safe harbour provisions of section 96 of the Companies Act, to not be offers to the public. These include offers to (i) persons whose ordinary business is dealing in securities, whether as principals or agents; (ii) the Public Investment Corporation; (iii) registered banks; (iv) authorised and licenced financial services providers; and (v) financial institutions as defined in the Financial Services Board Act, 1990, or a combination of any of the foregoing. Also included in the safe harbours are offers where the minimum offer consideration per offeree, acting as principal, is R1,000,000 (one million Rand). Accordingly, offers may be made to such institutions or under such circumstances without having to comply with chapter 4 of the Companies Act.

U.S. TRANSFER RESTRICTIONS

The Sale Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time.

United States

Restrictions under the Securities Act

The Sale Shares have not been and will not be registered under the Securities Act or under any applicable securities laws or regulations of any state or other jurisdiction of the United States, and, subject to certain exceptions, may not be offered or sold within the United States. Each purchaser that is within the United States is notified that the offer and sale of Sale Shares to it is being made in reliance upon an exemption from the registration requirements of the Securities Act. Each purchaser of the Sale Shares within the United States pursuant to Rule 144A, by accepting delivery of this Offering Memorandum, will be deemed to have represented, agreed and acknowledged that:

- It is (a) a qualified institutional buyer within the meaning of Rule 144A (a "**QIB**"), (b) acquiring such Sale Shares for its own account or for the account of a QIB and (c) aware, and each beneficial owner of such Sale Shares has been advised, that the sale of such Sale Shares to it is being made in reliance on Rule 144A.

- It understands that such Sale Shares have not been and will not be registered under the Securities Act and accordingly, that such Sale Shares may not be offered, sold, pledged or otherwise transferred except: (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of one or more QIBs with respect to whom it has the authority to make, and does make, the representations and warranties set forth herein; (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or (c) pursuant to an exemption from, or in a transaction not subject to, registration under the Securities Act, in each case, in accordance with any applicable securities laws of any State of the United States.

- With respect to the acquisition, holding and disposition of the Sale Shares (or any interest therein), (i) it is not, and is not acting on behalf of (and for so long as it holds such Share or interest therein will not be, and will not be acting on behalf of) (1) it is not, and for so long as it holds such Share or interest therein will not be, subject to any federal, state, local or non-U.S. law or regulation that could cause the underlying assets of the Issuer to be treated as assets of the investor in any Share (or interest therein) by virtue of its interest and thereby subject the Issuer (or other persons responsible for the investment and operation of the Issuer's assets) to any Similar Law, (2) its acquisition, holding and disposition of such Share (or interest therein) will not constitute or result in a violation of any Similar Law.

- It understands that such Sale Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the following effect:

  THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER ("**QIB**") WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, REGISTRATION UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION

CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THIS SECURITY.

- The Company, the Joint Global Co-ordinators and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

Prospective purchasers are hereby notified that sellers of the Sale Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Restrictions on offering in reliance on Regulation S

Each purchaser of the Sale Shares outside of the United States pursuant to Regulation S, by its acceptance of delivery of this Offering Memorandum and the Sale Shares, will be deemed to have represented, agreed and acknowledged as follows:

- The purchaser is, or at the time the Sale Shares are purchased will be, the beneficial owner of such Sale Shares and: (i) is, and the person, if any, for whose account it is acquiring the Sale Shares is, outside the United States; (ii) is not an affiliate of the company or a person acting on behalf of such an affiliate; and (iii) is not in the business of buying or selling securities or, if it is in such business, it did not acquire such Sale Shares from the company or an affiliate thereof in the initial distribution of such Sale Shares.

- The purchaser is aware that such Sale Shares: (i) have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction within the United States; and (ii) are being sold in accordance with Rule 903 or 904 of Regulation S and is purchasing such Sale Shares in an "**offshore transaction**" in reliance on Regulation S.

- it is aware that the Company has not registered under the Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the Investment Company Act.

- if in the future it decides to offer, sell, transfer, assign or otherwise dispose of the Sale Shares, it will do so only in compliance with an exemption from the registration requirements of the Securities Act and under circumstances which will not require the Company to register under the Investment Company Act.

- The purchaser acknowledges that the Company, the Joint Global Co-ordinators and their respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

SETTLEMENT AND DELIVERY

Payment and Settlement

Following determination of the Final Offer Price, the Joint Global Co-ordinators would finalise the allocation of the Institutional Offer tranche and communicate final allocations to investors (including confirmation of the number of ADX Sale Shares and/or Saudi Exchange Sale Shares to be allocated to investors) with subscription instructions (filling out the subscription application, details on the timing to transfer funds and account details). Investors should contact their broker or the Joint Bookrunners for further information.

The Sale Shares will be priced in AED for ADX Sale Shares and SAR for Saudi Exchange Sale Shares. The Final Offer Price for ADX Sale Shares and Saudi Exchange Sale Shares will be equivalent between both Exchanges effective on the date when the Final Offer Price is announced, subject to rounding. Payment for the Sale Shares purchased in connection with the Global Offering shall be made in AED for ADX Sale Shares, and in SAR for Saudi Exchange Sale Shares.

Purchasers will be required to make full payment for the Sale Shares to the Joint Global Co-ordinators for receipt by 3:00 p.m. UAE time (2:00 p.m. Saudi Arabia time) on 28 November 2022 (unless otherwise agreed with the Joint Global Co-ordinators). Delivery of the ADX Sale Shares is expected to be made on 5 December 2022 through the book-entry facilities operated by the ADX and delivery of the Saudi Exchange Sale Shares is expected to be made through the book-entry facilities operated by the Saudi Exchange on a date to be announced publicly by Edaa. In the event of a failure to make timely payment, purchasers of Sale Shares will forfeit their Sale Shares.

Purchasers will be able to indicate their preference of exchange at the time of placing an order.

Trading and Settlement of ADX Sale Shares

Trading of the ADX Sale Shares will take place through the trading system of the ADX. ADX Sale Shares will be held under National Investor Numbers (NINs) assigned by the ADX either to the holders directly or through custodian omnibus accounts and the ownership of the ADX Sale Shares will be evidenced by the holdings under each such NIN. Clearing and settlement of trades on the ADX by brokers or custodians may be performed only through members of the ADX that are Clearing Members. Settlement of securities trading on ADX is governed by the ADX's rules and regulations, which are available from its website www.adx.ae.

Investors will be required to complete an application form for the ADX Sale Shares and return such form to the Joint Global Co-ordinators during the bookbuilding period. Application forms will be available from the Joint Global Co-ordinators.

Investors who receive an allocation of ADX Sale Shares will be required to deliver to the Joint Global Co-ordinators a signed trade confirmation on the business day following notice of its allocation. The form of trade confirmation will be provided to such investors when allocations are notified on or about 23 November 2022 to investors subscribing in the Global Offering.

Delivery of the ADX Sale Shares is expected to be made on 5 December 2022 to the accounts of purchasers through the book-entry facilities operated by the ADX. There can be no assurance that such ADX Sale Shares will be credited to the NIN account of the relevant investor during trading hours of the ADX on 6 December 2022 and such investor may not be able to deal in the relevant ADX Sale Shares comprising its allocation in the Global Offering until such time as they are in fact credited to its NIN account, which may be one or more business days following the Closing Date.

Trading and Settlement of Saudi Exchange Sale Shares

Acknowledgments by subscribers in the Saudi Arabia limb of the Institutional Offer located inside Saudi Arabia

By completing and delivering the relevant subscription form, each subscriber in the Saudi Arabia limb of the Institutional Offer:

(a) agrees to subscribe to the number of Sale Shares specified in the relevant subscription form;

(b) warrants that it has read this Offering Memorandum and understood all its content;

(c) accepts the bylaws and all instructions and terms mentioned in this Offering Memorandum;

(d) accepts the number of Sale Shares allocated to him/her as per the relevant subscription form; and

(e) acknowledges that it has fulfilled all the requirements and conditions relating to the Book Building Instructions, all other applicable requirements provided for in the CML and its implementing regulations and that all documents and information submitted by it as part of the book-building process are true, complete, up to date, and not misleading and further acknowledges that it shall bear full legal responsibility in the event that it is proved otherwise (and the CMA and other relevant government entities have the right to undertake adequate measures in this regard).

Sale Shares' Record and Trading Arrangements

The Saudi Exchange shall keep a shareholder's record containing their names, nationalities, the Sale Shares held by them and the amounts paid for these Sale Shares.

Saudi Stock Exchange

In 1990, full electronic trading of equities in Saudi Arabia was introduced. The Saudi Exchange was founded in 2001 as the successor to the Electronic Securities Information System. Trading in shares occurs on the "Tadawul" system through a fully integrated trading system covering the entire trading process from execution of the trade transaction through settlement thereof. Trading occurs on each business day of the week between 10:00 am and 3:00 pm from Sunday to Thursday, during which orders are executed. However, orders can be entered, amended or cancelled from 9:30 am to 10:00 am. These times change during the month of Ramadan as announced by the Saudi Exchange management. Transactions take place through the automatic matching of orders. Each valid order is accepted and generated according to the price level. In general, market orders (orders placed at best price) are executed first, followed by limit orders (orders place at a price limit), **provided that** if several orders are generated at the same price, they are executed according to the time of entry. The Saudi Exchange distributes a comprehensive range of information through various channels, including in particular the Saudi Exchange website and Saudi Exchange Information Link, which supplies trading data in real time to the information providers such as Reuters. Exchange transactions are settled on a T+2 basis, meaning that a transfer of shares settles two business days after the trade transaction is executed.

Issuers are required to disclose all material information that is important for investors via the Saudi Exchange. Surveillance and monitoring is the responsibility of the Saudi Exchange as the operator of the market to ensure fair trading and an orderly market.

Trading of Saudi Exchange Sale Shares

Trading of the Saudi Exchange Sale Shares is expected to commence after all relevant legal requirements and procedures have been completed. An announcement of the commencement of trading of the Saudi Exchange Sale Shares will be made on the Saudi Exchange's website (www.saudiexchange.sa). Dates and times included in this Offering Memorandum are only indicative and may be changed or extended subject to the approval of the CMA. Following Listing, Saudi Arabian nationals, non-Saudi Arabian nationals resident in Saudi Arabia who own an investment account with an Authorised Person, and companies, banks, and investment funds established in Saudi Arabia or in countries of the GCC, as well as GCC nationals, will be permitted to trade in the Saudi Exchange Sale Shares once they are listed on the Exchange. Moreover, QFIs will be permitted to trade in the Saudi Exchange Sale Shares in accordance with QFI Rules. Non-Saudi nationals living outside Saudi Arabia and institutions registered outside Saudi Arabia, excluding QFIs and Foreign Strategic Investors, will also have the right to invest indirectly to acquire economic benefits in the Saudi Exchange Sale Shares by entering into swap agreements with Authorised Persons to acquire, hold and trade in the Saudi Exchange Sale Shares on the Exchange on behalf of a foreign non-GCC investor. Authorised Persons shall be deemed the legal owners of the Saudi Exchange Sale Shares under the swap agreements.

Furthermore, Saudi Exchange Sale Shares can only be traded on the Saudi Exchange after allocated Saudi Exchange Sale Shares have been credited to Purchasers' accounts at the Saudi Exchange, the Company has been registered and its Saudi Exchange Sale Shares listed on the Saudi Exchange. Pre-trading in Saudi Exchange Sale Shares on the Saudi Exchange is strictly prohibited and investors entering into any pre-trading activities will be acting at their own risk. The Company and the Selling Shareholder shall have no legal responsibility in connection with pre-trading activities.

Trading and Settlement of Shares

Fungibility of Shares between ADX and Saudi Exchange

Following Admission, investors who are qualified and hold respective NINs on both the ADX and the Saudi Exchange will be able to transfer their acquired Sale Shares between the ADX and the Saudi Exchange by instructing their broker to execute such transfer, subject to any terms and conditions such broker may have in place. Cross exchange transfers of Shares will be restricted to the same beneficial owners. For more information on the process of transferring Shares between the ADX and the Saudi Exchange please refer to the Company's microsite: https://www.americanarestaurants.com/ipo/.

LEGAL MATTERS

The Company is being represented by Clifford Chance LLP with respect to English law, UAE law and United States law, by Abuhimed Alsheikh Alhagbani Law Firm (AS&H) (in co-operation with Clifford Chance LLP) with respect to Saudi law and Ibrahim & Partners, Dubai, UAE in respect of ADGM and UAE laws.

The Joint Bookrunners are being represented by Allen & Overy LLP with respect to English law, UAE law and United States law and by Khoshaim & Associates with respect to Saudi law.

INDEPENDENT AUDITORS

The Annual Carve-out Financial Statements, included in this Offering Memorandum, have been audited by the Independent Auditors, as stated in their independent auditor's report appearing herein (which contains an emphasis of matter paragraph drawing attention to the fact that as described in Note 1 to the special purpose carve-out financial statements, Americana Restaurants has not operated as a separate entity during the years presented and hence the special purpose carve-out financial statements are not necessarily indicative of the future results of the Americana Restaurants business as a separate stand-alone entity).

With respect to the Half Year Interim Carve-out Financial Statements, included in this Offering Memorandum, the Independent Auditors reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report appearing herein (which contains an emphasis of matter paragraph drawing attention to Note 2 to the Half Year Interim Carve-out Financial Statements, which describes the basis of accounting and the fact that Americana Restaurants LTD 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 Half Year Interim Carve-out Financial Statements are, therefore, not necessarily indicative of the future results of Americana Restaurants LTD and its subsidiaries as a Group) states that they did not audit, and they do not express an opinion on that unaudited interim carve-out financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

With respect to the Q3 2022 Interim Carve-out Financial Statements, included in this Offering Memorandum, the Independent Auditors reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report appearing herein (which contains emphasis of matter paragraph drawing attention to Note 2 to the Q3 Interim Carve-out Financial Statements, which describes the basis of preparation and accounting and 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, the date of transfer of the Restaurant business into the Group. The Q3 Interim Carve-out Financial Statements are, therefore, not necessarily indicative of the future results of Americana Restaurants International plc and its subsidiaries as a Group) states that they did not audit, and they do not express an opinion on that unaudited interim carve-out financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

GENERAL INFORMATION

1. It is expected that the Sale Shares will be admitted to trading on the ADX and the Saudi Exchange on or about 6 December 2022.

2. The Company has obtained all consents, approvals and authorisations in the UAE and Saudi Arabia in connection with the Global Offering.

3. Copies of the following documents are available for inspection during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the life of this Offering Memorandum at the registered offices of the Company:

   - the Articles of Association; and
   - this Offering Memorandum.

   The registered office of the Company is located at: Americana Restaurants International PLC, Office – 2447, 24th Floor, Al Sila Tower, P.O. Box 128666, Al Maryah Island, Abu Dhabi Global Market Square, Abu Dhabi, United Arab Emirates. The Company's website is www.americanarestaurants.com.

4. There has been no significant change in the Company's financial or trading position since 30 September 2022, the date to which the Company's unaudited interim carve-out financial statements as at and for the nine months ended 30 September 2022 were prepared.

5. The following table sets forth a list of the Company's subsidiaries as at 30 September 2022:

Name of company	Country of incorporation
Americana Restaurants Investments Group Company LLC	United Arab Emirates
Americana Kuwait Company Restaurants WLL	Kuwait
Americana Holding for UAE Restaurants LTD	United Arab Emirates
Americana Holding for Egyptian Restaurants LTD	United Arab Emirates
Americana Company for Restaurants Holding LTD	United Arab Emirates
Americana Holding for KSA Restaurants LTD	United Arab Emirates
Americana Holding for Restaurants LTD	United Arab Emirates
Kuwait Food Company Americana LLC	United Arab Emirates
Egyptian Company for International Touristic Projects SAE	Egypt
Egyptian International Company for Food Industries SAE	Egypt
Al Ahlia Restaurants Company LLC	Saudi Arabia
United Food Company LLC	Saudi Arabia
Americana Prime Investments Limited	United Arab Emirates
International Tourism Restaurants Company LLC	Oman
The Caspian International Restaurants Company LLP	Kazakhstan
Gulf & Arab World Restaurant WLL	Bahrain
Bahrain & Kuwait Restaurant Co. WLL	Bahrain
Lebanese International Touristic Projects Company LLC	Lebanon
Qatar Food Company WLL	Qatar
Ras Bu abboud Trading Company WLL	Qatar
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd.	Kurdistan
Société Marocaine De Projects Touristiques SARL	Morocco
Touristic Projects & International Restaurants Co. (Americana) LLC	Jordan
Jordanian Restaurants Company for Fast Food LLC	Jordan
The International Company for World Restaurants Limited	United Arab Emirates
Americana Restaurants (India) Private Limited	India

DEFINITIONS

Defined Terms

The following defined terms are not intended to be exhaustive, but provide a list of certain of the defined terms and technical terms used in this Offering Memorandum. All dates indicated below in connection with the Global Offering are indicative and subject to change. The following definitions apply throughout this document unless the context requires otherwise:

"**2019 KFC MENA DA**".	a development agreement between Kuwait Food Company (Americana) K.S.C.C. with Yum Restaurants International (MENAPAK) Co SPC and Kentucky Fried Chicken International Holdings L.L.C. signed 1 January 2019 (as amended from time to time)
"**2022 KFC MENA DA**".	a development agreement between Kuwait Food Company (Americana) K.S.C.C. with Yum Restaurants International (MENAPAK) Co SPC and Kentucky Fried Chicken International Holdings L.L.C. effective from 1 January 2023 (as amended from time to time)
"**AAP**"	Assessing Capital Market Institution
"**Abu Dhabi**"	the Emirate of Abu Dhabi
"**accredited investor**"	(i) an individual holding financial assets (either singly or jointly with a spouse) of U.S.$1,000,000 or more; (ii) a company, partnership, trust or other commercial undertaking which has financial assets available for investment of not less than U.S.$1,000,000; or (iii) a government, supranational organisation, central bank or other national monetary authority or a state organisation whose main activity is to invest in financial instruments (such as a state pension fund).
"**Adeptio Acquisition**"....	the acquisition of a majority stake by Adeptio AD Investments Ltd. of Kuwait Food Company (Americana) K.S.C.C. in the fourth quarter of 2016
"**ADGM**"........................	the Abu Dhabi Global Market
"**ADGM Exempt Offer**".	an "Exempt Offer" pursuant to the Market Rules Module of the FSRA Regulations and Rules
"**Adjusted EBITDA**"......	net profit for the period plus finance cost (net), plus income tax and zakat and contribution to KFAS), plus depreciation and amortisation expenses and other adjustments such as tax provisions, staff restructuring costs, a Lebanon IAS 29 adjustment and an Egypt social insurance claim
"**Adjusted EBITDA (pre IFRS-16)**"	Adjusted EBITDA, excluding the impact of IFRS-16
"**Adjusted EBITDA Margin**"	Adjusted EBITDA divided by revenues
"**Adjusted Free Cash Flow**"..............................	Adjusted EBITDA less capital expenditure, income tax and zakat and contribution to KFAS, change in net working capital, change in non-current portion of trade payables and lease payments (including both principal and interest on lease liabilities)
"**Adjusted Free Cash Flow Conversion**"..........	Adjusted Free Cash Flow divided by Adjusted EBITDA less lease payments

"**Admission**"..................	applications to (i) the ADX for a tranche of Sale Shares to be admitted to trading on the ADX under the symbol "AMR" (the "**ADX-Listed Shares**"); and (ii) to the CMA for a tranche of Sale Shares to be admitted to trading on the Saudi Exchange under a symbol to be confirmed on or about the Pricing Date (the "**Saudi Exchange-Listed Shares**")
"**ADX Sale Shares**"	the Sale Shares being offered on the ADX
"**ADX**"............................	the Abu Dhabi Securities Exchange
"**ADX-Listed Shares**".....	the tranche of Sale Shares to be admitted to trading on the ADX under the symbol "AMR"
"**ADX Underwriting Agreement**"....................	the underwriting agreement between the Company, the Selling Shareholder and the Joint Bookrunners with respect to the ADX Sale Shares
"**AED**"	the lawful currency of the United Arab Emirates
"**Americana Restaurants**"..................	Americana Restaurants International PLC
"**Annual Carve-Out Financial Statements**"....	the audited special purpose carve-out financial statements of the Group as at and for the years ended 31 December 2021, 2020 and 2019, including the related notes thereto
"**Articles of Association**" or "**Articles**"	the articles of association of the Company.
"**AUM**"	assets under management
"**Authorised Persons**"	the legal owners of the Sale Shares subject to the Swap Agreements
"**Average Cheque Growth**".........................	percentage increase/decrease in average guest cheque
"**Average Guest Cheque**"	total revenues divided by total number of transactions
"**Average Payback Period**"...........................	the average length of time required to recover the original cash investment in an individual Group restaurant. It is calculated as total capital expenditure for a new restaurant (excluding any pre-opening expenses, which are recorded in the consolidated statement of profit or loss), plus the initial franchisor fees paid for the restaurant, divided by annualised year-to-date June 2022 restaurant level EBITDA (post store rental costs)
"**Average Unit Volume**".	revenues for the period divided by average number of restaurants in the same period and it is calculated based on like-for-like revenues and like-for-like stores i.e. revenues of restaurants included in the like-for-like revenues growth calculation divided by the average number of such like-for-like restaurants in the same period
"**Banks**"	FAB, Goldman Sachs, Morgan Stanley, SNBC, HSBC, and EFG Hermes
"**BOH**"............................	back-of-the-house
"**Book Building Instructions**"..................	the Instructions on Book-building Process and the Allocation Method in Initial Public Offerings issued pursuant to CMA Board Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) and amendments thereto issued pursuant to CMA Board Resolution No. 3-102-2019 dated 18/01/1441H (corresponding to 17/09/2019G)

"**Burger QSR**"...............	all QSR operators with beef burgers or similar as their primary focus. If the outlet specialises in burgers made from chicken, it is included in Chicken QSR
"**business day**"...............	in the UAE, Monday through Friday other than national holidays and, in Saudi Arabia, Sunday through Thursday other than national holidays
"**car hop**".......................	arrangement where wait staff brings restaurant orders to customers in their cars
"**C(WUMP)O**"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong
"**CMA**" or "**Capital Market Authority**"........	the Board of the Capital Market Authority of the Kingdom of Saudi Arabia
"**Chained FSR and casual dining**"	Chained FSR and casual dining restaurants have a minimum of 10 outlets under a single brand
"**Chained OOHD**".........	Chained OOHD operators are defined as those operating 10 or more outlets under a single brand. An exception is made for international chains that have a presence of fewer than 10 outlets in a country. In this case, they are still considered to be chained operators
"**Chained QSR**".............	Chained and franchised QSR operators that operate under a single brand and corporate identity. Chained QSR operators have a minimum of 10 branded outlets. A predominant exception is made for international chains that have a presence of fewer than 10 outlets in a country. In this case, they are still considered to be chained operators
"**Chicken QSR**".............	all QSR operators with chicken products as their primary focus
"**Clearing Members**"......	the authorised clearing members of the ADX through which clearing and settlement of trades on the ADX by brokers and custodians may be done.
"**Closing Date**"	on or about 6 December 2022
"**CMI**"	Capital Market Institutions
"**CML**"	Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H (as amended by Resolution of the Board of the Capital Market Authority number 1-104-2019 dated 30 September 2019)
"**Code**"...........................	the U.S. Internal Revenue Code of 1986, as amended
"**Coffee shops**"...............	restaurants specialised in coffee or tea service, typically without table service and with a high focus on off-premise consumption. Category includes both chained and independent outlets
"**Commissary Facilities**"	manufacturing facilities for the production of doughnuts
"**Companies Regulations**"	Abu Dhabi Global Market Companies Regulations 2020, as amended
"**Company**"	Americana Restaurants International PLC incorporated in Abu Dhabi Global Market with registered number 000007712
"**Control**"	in relation to the Group (being, the "**Controlled Person**"), being:
	• entitled to exercise, or control the exercise of (directly or indirectly) more than 50 per cent. of the voting power at any general meeting of the shareholders, members or other equity

	holders of the Controlled Person in respect of all or substantially all matters falling to be decided by resolution or meting of such persons;
	• entitled to appoint or remove or control the appointment or removal of directors on the Controlled Person's board of directors or its other governing body who are able (in the aggregate) to exercise more than 50 per cent. of the voting power at meetings of that board or governing body in respect of all or substantially all matters; and/or
	• entitled to exercise a dominant influence over the Controlled Person's KFC and Pizza Hut business (otherwise than solely as a fiduciary) by virtue of the provisions contained in the Controlled Person's constitutional documents or pursuant to an agreement with the Controlled Person, other shareholders, partners, members or beneficiaries of the Controlled Person.
"**Controlled Person**".......	in relation to the Group (being, the "**Controlled Person**"), being:
	• entitled to exercise, or control the exercise of (directly or indirectly) more than 50 per cent. of the voting power at any general meeting of the shareholders, members or other equity holders of the Controlled Person in respect of all or substantially all matters falling to be decided by resolution or meting of such persons;
	• entitled to appoint or remove or control the appointment or removal of directors on the Controlled Person's board of directors or its other governing body who are able (in the aggregate) to exercise more than 50 per cent. of the voting power at meetings of that board or governing body in respect of all or substantially all matters; and/or
	• entitled to exercise a dominant influence over the Controlled Person's KFC and Pizza Hut business (otherwise than solely as a fiduciary) by virtue of the provisions contained in the Controlled Person's constitutional documents or pursuant to an agreement with the Controlled Person, other shareholders, partners, members or beneficiaries of the Controlled Person.
"**Controlling Shareholders**"	H.E. Alabbar and PIF jointly
"**Co-op**"	a marketing cooperative
"**CRM**"...........................	customer relationship management system
"**CSD**".............................	Clearing, Settlement and Depository Department
"**CSR**".............................	Corporate Social Responsibility
"**DAs**"	the Group's franchise and development agreements with Yum Restaurants in relation to its KFC and Pizza Hut restaurants
"**Days Inventory Outstanding**"	means inventory divided by cost of inventory multiplied by 365 where inventory refers to sum total of raw material, filing and packaging material and goods in transit

"**Days Payables Outstanding**"	trade and other payables divided by cost of inventory multiplied by 365 (where trade and other payables refers to the sum total of trade payables, current portion of unearned income and trade related dues to related parties)
"**Days Revenues Outstanding**"	trade and other receivables divided by revenues multiplied by 365 (where trade and other receivables refers to the sum total of trade receivables , and trade related dues from related parties)
"**Deemed Professional Client**"............................	a "Deemed Professional Client" as set out in the DFSA Rulebook, Conduct of Business Module
"**Development Areas**"	the UAE, Saudi Arabia, Qatar, Bahrain, Kuwait, Jordan and Egypt
"**DFSA**"	the Dubai Financial Services Authority
"**DIFC**"...........................	the Dubai International Financial Centre
"**DIFC Exempt Offer**" ...	an Exempt Offer pursuant to the Markets Rules of the Dubai Financial Services Authority
"**Direct Spend**"...............	spending related to raw materials, food-related items and packaging materials
"**drive thru**"....................	drive through (restaurant format)
"**EBITDA**"......................	net profit for the period plus finance cost (net) plus income tax and zakat and contribution to KFAS, plus depreciation and amortisation expenses
"**EBITDA (pre IFRS-16)**"	EBITDA excluding the impact of IFRS-16
"**4-Wall EBITDA**"..........	revenues, less costs of revenues (excluding depreciation and amortisation) and selling and marketing expenses (excluding depreciation and amortisation)
"**ECITP**".........................	Egyptian Company for International Touristic Projects SAE
"**Edaa**"............................	the Securities Depository Center Company fully owned by the Saudi Exchange
"**EEA**"	the European Economic Area
"**EFG Hermes**"...............	EFG Hermes UAE Limited together with EFG Hermes UAE LLC
"**ERP**".............................	Enterprise Resource Planning
"**Euromonitor**"...............	Euromonitor International
"**Euromonitor International Report**"....	the report containing information on the market and industry prepared at the request of the Company for the purposes of this Offering Memorandum
"**EUWA**"	the European Union (Withdrawal) Act 2018
"**Exchange Act**"..............	the U.S. Securities Exchange Act of 1934, as amended
"**Exchange**"	Each of the ADX and the Saudi Exchange
"**FAB**".............................	First Abu Dhabi Bank PJSC

"**Farm Frites Supply Agreement**"...................	a supply agreement entered into between Kuwait Food Company (Americana) L.L.C. and the Former Parent Company's subsidiary, International Company for Agricultural Development (Farm Frites Egypt) S.A.E. on 1 January 2022
"**Farm Frites**"................	National Food Industries Co., the International Co. for Agricultural development
"**FAs**".............................	franchise agreements
"**FCA**"	the United Kingdom Financial Conduct Authority
"**FIEL**"	the Financial Instruments and Exchange Law of Japan, as amended
"**Final Offer Price**".........	the final offer price at which the Sale Shares will be sold
"**Financial Statements**" ..	refer to the Annual Carve-Out Financial Statements, the Half year Carve-out Financial Statements and the Q3 2022 Interim Carve-out Financial Statements
"**FinSA**"..........................	the Swiss Financial Services Act
"**First Amendment**"	an amendment entered into between Egyptian Company For Int'l Touristic Projects S.A.E. to the Krispy Kreme's FA with Kuwait Food Co. (Americana) K.S.C.C., Adeptio AD Investments Ltd. as guarantor, and Krispy Kreme on 13 July 2021
"**FOH**"............................	front-of-the-house
"**Foodservice Systems Supply Agreement**"	an agreement entered into on 20 September 2021 between Kuwait Food Company (Americana) L.L.C. and Franke Foodservice Systems GmbH (as amended from time to time)
"**Foreign Investors**"........	non-GCC individuals living outside Saudi Arabia (being individuals living outside of the countries of the Cooperation Council for the Arab States of the Gulf (the "**GCC**")) and non- GCC institutions registered outside Saudi Arabia
"**Former Parent Company**"......................	Kuwait Food Company (Americana) K.S.C.C.
"**Franke Foodservice**"....	Franke Foodservice Systems GmbH
"**Frites Supplier**"............	International Company For Agricultural Development (Farm Frites Egypt) S.A.E.
"**FSMA**"	the United Kingdom Financial Services and Markets Act 2000
"**FSMR**"	the Financial Services and Markets Regulations 2015 enacted by the ADGM
"**Full service restaurants**" ("**FSR**") and "**casual dining**"........	FSR and casual dining encompasses all sit-down restaurants where the focus is on food rather than on drinks. These restaurants offer full table service (wait staff attend to customers and take orders at the tables) and a relatively higher quality of food compared to QSR, with menus offering multiple selections that may include breakfast, lunch and dinner. Includes à la carte, all-you-can-eat and sit-down buffets within restaurants. Excludes outlets with "limited table service", where customers order their food at the counter (even if a waiter then brings the food to the table) Fine dining restaurants are included in FSR and casual dining

"**FSRA**"	the Market Rules Module of the Financial Services Regulatory Authority
"**GCC**"............................	the Cooperation Council for the Arab States of the Gulf
"**GCC countries**"............	the countries comprising the Gulf Cooperation Council (being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE)
"**GCC region**"	the countries comprising the Gulf Cooperation Council (being Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE)
"**General Assembly**".......	the general assembly of the Company
"**Global Offering**"	2,527,089,930 Sale Shares offered by the Company, which constitutes approximately 30 per cent. of the Company's share capital. The Global Offering comprises the Institutional Offer, the UAE Retail Offer and the Saudi Arabia Retail Offer
"**Goldman Sachs**"...........	Goldman Sachs International
"**Governance Rules**".......	Board Resolution No. (3/R.M) of 2020 concerning adopting the Corporate Governance Guide for Public Joint-Stock Companies, as amended
"**Gross Capital Expenditure**"	purchase of property and equipment plus purchase of intangible assets, payments for key money and includes the initial franchisor fees equipment plus purchase of intangible assets, payments for key money and includes the initial franchisor fees
"**Group**"	the Company and its subsidiaries
"**Gulf Food Investments**"	the Saudi Company for Gulf Food Investments
"**H.E. Alabbar**"	H.E. Mohamed Ali Rashed Alabbar
"**HACCPP**"	hazard analysis and critical control point principles
"**Half Year Interim Carve-Out Financial Statements**"....................	the unaudited condensed interim carve-out financial statements of Americana Restaurants LTD as at and for the six month period ended 30 June 2022, which include the unaudited comparative financial information for the six month period ended 30 June 2021, and the related notes thereto,
"**Hardee's Agreements**" .	the Group's development agreements and country-level licence agreements with HR
"**Hardee's CLA**".............	the country licence agreement to be entered into before opening new restaurants in any particular country within the Hardee's Development Areas, as mandated by the Hardee's DA
"**Hardee's Development Areas**"	Saudi Arabia, the UAE, Bahrain, Egypt, Jordan, the Kurdistan region of Iraq, Kuwait, Lebanon, Oman, Qatar and Kazakhstan
"**Hardee's Morocco DA**"	the development agreement Kuwait Food Company S.A.K. (Americana) entered into with Hardee's on 1 November 2013
"**HSBC**"..........................	HSBC Bank Middle East Limited
"**IASB**"	the International Accounting Standards Board
"**IFA**"..............................	international franchise agreements
"**IFR**"..............................	the Investment Funds Regulations of the CMA

"**IFRS**"	International Financial Reporting Standards
"**Independent Auditors**"	PricewaterhouseCoopers Limited
"**Independent QSR**".......	independent QSR operators that have one or more (but fewer than 10) outlets and are not affiliated with any other business. Mainly refers to family businesses or small-scale partnerships
"**Indulgence outlets**".......	ice cream (ice cream, frozen yoghurt) and bakery (sandwiches, pastries, and bread products) focused QSRs. Category excludes traditional bakeries/outlets focused exclusively on at-home consumption
"**Institutional Offer Period**"...........................	under the Institutional Offer tranche from the morning of 14 November 2022 after announcement of the Offer Price Range to 12:00 p.m. UAE time (11:00 a.m. Saudi Arabia time) on 22 November 2022 inclusive, namely nine days
"**Institutional Offer**"	a tranche of Sale Shares on the ADX and the Saudi Exchange, offered to institutional investors globally (including in the ADGM only as an ADGM Exempt Offer, in the DIFC only as a DIFC Exempt Offer pursuant to the Market Rules of the DFSA, in the UAE and in Saudi Arabia)
"**International cuisine restaurants**"...................	FSR and casual dining restaurants that serve international cuisine including ribs, steaks, burgers, barbecued meats, Caesar salads, lobster, as well as some ethnic dishes such as Mexican or Italian dishes, or others
"**IP**"	intellectual property
"**IRS**"..............................	Internal Revenue Service
"**Joint Bookrunners**"......	HSBC Bank Middle East Limited and EFG Hermes
"**Joint Global Co-ordinators**".....................	First Abu Dhabi Bank PJSC, Goldman Sachs International, Morgan Stanley & Co. International plc and SNB Capital Company
"**KFAS**"..........................	Kuwait Foundation for the Advancement of Sciences
"**KFC DAs**"	collectively, the KFC KAZ DA and the KFC MENA DA
"**KFC IFAs**"	each of the Group's KFC restaurants are operated pursuant to IFAs or international concession contracts
"**KFC KAZ DA**"............	the development agreement signed between Yum Restaurants International Russia and CIS LLC on 26 April 2019, as amended
"**KFC MENA DA**"	the development agreement signed between Kuwait Food Company (Americana) K.S.C.C. and Yum Restaurants on 1 January 2019
"**KFC**"............................	Kentucky Fried Chicken
"**KK IDFA**"....................	The international development and franchise agreement between the Group and Krispy Kreme on 1 January 2020 (as amended from time to time)
"**KPI**"	key performance indicator
"**Krispy Kreme**".............	Krispy Kreme Doughnut Corporation
"**Krispy Kreme's FA**"	an agreement entered into on 1 January 2020 between the Group and Krispy Kreme with respect to the development of factory stores, fresh shops, kiosk and carts and manufacturing facilities for the production of

	doughnuts under the Krispy Kreme brand in the UAE, Saudi Arabia, Qatar, Bahrain and Kuwait
"**Leverage Ratio**"	Net Debt divided by Adjusted EBITDA
"**Like-for-Like Revenues Growth**".........................	the percentage increase/decrease in the revenues for those Group restaurants which have generated monthly revenues over the last 12 month in a given financial period and excludes revenues of those restaurants which have not generated revenues for more than six consecutive months
"**Meat Suppliers**"	Kuwait Food Company (Americana) K.S.C.C. and National Company For Food Industries LLC and Gulf Food Company Americana LLC
"**MENA**".........................	Middle East and North Africa
"**Morgan Stanley**"	Morgan Stanley & Co. International plc
"**National Meats Supply Agreement**"....................	the supply agreement between Kuwait Food Company (Americana) L.L.C. with Kuwait Food Company (Americana) K.S.C.C. and National Company for Food Industries LLC and Gulf Food Company Americana LLC on 11 October 2021
"**Net Capital Expenditures**"................	Gross Capital Expenditures less proceeds from sale of property and equipment
"**Net Capital Expenditures Spent**"......	Gross Capital Expenditures spent excluding purchases not yet paid less proceeds from sale of property and equipment
"**Net Debt**"......................	bank facilities and lease liabilities outstanding less cash and cash equivalents
"**Net New Openings**"......	gross new restaurant openings less closures in a defined period
"**Net Profit attributable to parent**".......................	(i) for the period until 30 June 2022 as the net profit for the period attributable to Net Parent Investment attributable to the Former Parent Company; and (ii) for the period after 30 June 2022 as Net Profit attributable to shareholders of the Company
"**Net Profit Margin**".......	Net Profit attributable to parent divided by revenues
"**Net Working Capital**" ..	current assets less current liabilities where current assets refers to sum total of inventories, trade and other receivables and due from related parties and current liabilities refers to current portion of trade and other payables, due to related parties, provisions for tax, legal and other claims, income tax, zakat and other deductions
"**NIN**"	National Investor Number (NIN) issued to an investor by the Clearing, Settlement and Depository Department ("**CSD**") required for participation in any transaction on the ADX
"**Non-IFRS Measures**" ...	Collectively, the measures defined as alternative measures of performance, alternative measures of liquidity and operating Metrics
"**non-IFRS financial measures**"	certain non-IFRS financial measures. See "*Presentation of Financial and Other Information—Non-IFRS Measures*".
"**Non-U.S. Holder**".........	a beneficial owner of Sale Shares that is neither a U.S. Holder nor a partnership
"**Offer of any Sale Shares to the public**"......	the communication in any form and by any means of sufficient information of the terms of the offer and any Sale Shares to be offered so as to enable an investor to decide to purchase any Sale Shares, as the same may be

	varied in that Relevant Member State by any measure implementing the Prospectus Regulation in that Relevant Member State
"**Offer Period**"................	between 14 November 2022 and 22 November 2022 inclusive, being a total of nine days
"**Offer Price Range**".......	AED 2.5000 to AED 2.6200 per ADX Sale Share or SAR 2.5500 to SAR 2.6800 per Saudi Exchange Sale Share.
"**Offering Memorandum**"	this Offering Memorandum
"**Offshore Transactions**"	has the meaning given to such term under Regulation S under the Securities Act
"**Out-of-home dining**" ("**OOHD**")......................	comprises quick service restaurants (QSR), FSR and casual dining restaurants, coffee shops, indulgence outlets and other out-of-home dining outlets. Fine dining is included in FSR and casual dining restaurants
"**OPP**".............................	One People Process
"**Order**"	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
"**Participating Parties**"...	the following: 1. public and private funds that invest in securities listed on the Exchange as permitted by the fund's terms and conditions, and in accordance with the provisions and limitations stipulated in the IFR and the Book Building Instructions; 2. capital market institutions which are licenced to deal in securities as a principal in accordance with the Prudential Rules when submitting the Subscription Application Forms; 3. clients of a capital market institution authorised by the CMA to conduct managing activities in accordance with the provisions and restrictions set forth in the Book Building Instructions; 4. any legal persons allowed to open an investment account in Saudi Arabia, and an account with SDC, with the exception of non-resident foreign investors other than QFIs under the QFI Rules; 5. Saudi government entities, any supranational authority recognised by the CMA, the Saudi Exchange, or any other stock exchange recognised by the CMA, or Edaa; 6. Saudi government-owned companies, whether investing directly or through a portfolio manager; and 7. GCC companies and GCC funds, if permissible according to the terms and conditions of such funds.
"**Pepsi**"	Portfolio Concentrate Solutions UC
"**Pepsi BSP Agreement**"	an agreement entered into between the Group and Pepsi for procurement and supply of carbonated and non-carbonated beverages and related equipment and maintenance services in the UAE, Saudi Arabia, Kuwait, Egypt, Oman, Bahrain, Iraq, Jordan, Lebanon, Qatar, Morocco and Kazakhstan

"**Pepsi Supplemental Agreement**"...................	Preferred supply and sales and marketing support agreement between Kuwait Food Company (Americana) K.S.C.C. and Pepsi on 20 December 2019
"**Pepsi Territories**".........	Saudi Arabia, UAE, Kuwait, Egypt, Oman, Bahrain Iraq, Jordan, Lebanon, Qatar, Morocco and Kazakhstan
"**PFIC**"	Passive Foreign Investment Company
"**PH DAs**"......................	collectively, the PH Saudi Arabia DA, the PH MENA DA and the PH KAZ DA
"**PH IFAs**"......................	Pizza Hut restaurants pursuant to IFAs entered into with Yum Restaurants
"**PH Saudi Arabia DA**"..	the development agreement signed between Al Ahlia Restaurant Company LLC and Pizza Hut Menapakt FZ-LLC on 28 September 2021
"**PH KAZ DA**"	the development agreement signed between The Caspian International Restaurants Company Limited Liability Partnership, Yum Restaurants International Russia and CIS LLC signed on 16 September 2019, as amended
"**PH MENA DA**"...........	the development agreement signed between Kuwait Food Company (Americana) K.S.C.C. and Yum Restaurants
"**PIF**".............................	the Public Investment Fund of the Kingdom of Saudi Arabia
"**Pizza QSR**"	all QSR operators with pizza as their primary focus. Includes outlets selling individual slices or single-serve pizzas
"**Power Brands**"............	KFC, Pizza Hut, Hardee's and Krispy Kreme
"**PRA**"	the Prudential Regulation Authority
"**Pricing Date**"...............	on or about 23 November 2022.
"**Pricing Memorandum**"	the pricing memorandum to the ADX Underwriting Agreement setting forth the Offer Price for the Sale Shares and the final number of Sale Shares offered in the Global Offering
"**Pricing Notification**"	a pricing notification containing the Final Offer Price and the final number of Sale Shares offered
"**Professional investors**".	as defined in the Securities and Futures Ordinance of Hong Kong (Cap. 571)
"**Prospectus Regulation**"	Regulation (EU) 2017/1129 and includes any relevant implementing measure in each Relevant Member State
"**public offer**"	pursuant to the Saudi Regulations
"**Q3 2022 Interim Carve-out Financial Statements**"....................	the unaudited condensed interim carve-out financial statements of Americana Restaurants International Plc (formerly, Americana Restaurants LTD) as at and for the nine months ended 30 September 2022, which include the unaudited comparative financial information for the nine month period ended 30 September 2021, and the related notes thereto.
"**QFI(s)**"	qualified foreign investors pursuant to the QFI Rules
"**QFI Rules**"	the Rules for Qualified Foreign Financial Institutions Investment in Listed Securities issued by the Board of the CMA pursuant to Resolution No. 1-

	42-2015 dated 4 May 2015 amended by Resolution of the Board of the CMA No. 3-65-2019 dated 17 June 2019
"**QIB**"	a Qualified Institutional Buyer as defined under Rule 144A
"**QSR**")	QSR combines fast food and 100 per cent. home delivery/takeaway focused outlets that offer relatively limited menus focused on items that can be prepared quickly. Customers typically order, pay and collect their order from a counter, though some outlets can have limited table service. QSR tend to specialise in one or two main offerings, such as burgers, pizza or chicken, but they usually also provide drinks, salads, dessert, etc. Other key characteristics include: (a) a standardised and restricted menu; (b) high level of individual portion control on all ingredients and on the finished product; (c) individual packaging of each item; and (d) counter service. Excludes outlets with seating that offer table service with servers
"**Qualified High Net Worth Individual Subscribers**"	natural persons who have been approved by the Company and the Selling Shareholder, in consultation with the Joint Global Co-ordinators (i) who are certified by the SCA or a similar regulatory authority to conduct any tasks associated with financial activities or services; or:
	(ii) each of whom fulfils the following conditions
	(a) whose net worth, excluding his or her principal residence, amounts to at least AED 4,000,000 (four million UAE dirhams);
	(b) whose annual income is not less than AED 1,000,000; and
	(c) who confirms that he or she has sufficient knowledge or expertise, or is represented by an entity that is licenced by SCA in a manner that does not contravene the terms of its licencing.
"**Qualified Investor**".......	as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA
"**Qualified Investors**".....	"qualified investors" within the meaning of Article 2(e) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (including any relevant delegated regulations)
"**Recognised Bodies**"......	as defined in the FSMR
"**Regulation S**"	Regulation S under the Securities Act
"**Relevant Member State**"	each Member State of the European Economic Area (the "**EEA**") which has implemented the Prospectus Regulation
"**Relevant Persons**"	persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**");
	(ii) are high net worth entities falling within in Article 49(2) (a) to (2d) of the Order; and/or

	(iii) other persons to whom this Offering Memorandum may lawfully be communicated.
"**Restaurant Marks**"	restaurant specific trademarks
"**Relevant State**"............	each member state of the European Economic Area
"**Retail investor**"	a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA;
	(ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 ("**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or
	(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation.
"**Return on Net Assets**"..	means Net Profit attributable to parent, divided by total assets less total liabilities
"**RGM**"...........................	restaurant general manager
"**Riyal**"	the lawful currency of the Kingdom of Saudi Arabia
"**ROCC**".........................	restaurant operations compliance check
"**Rule 144A**"	Rule 144A under the Securities Act
"**Sale Shares**"	2,527,089,930 ordinary shares with a nominal value of AED 0.073 each of the Company being offered in the Global Offering
"**Saudi Arabia**"..............	the Kingdom of Saudi Arabia
"**Saudi Arabia Banks**" ...	EFG-Hermes KSA, FAB Capital, Goldman Sachs Saudi Arabia, HSBC Saudi Arabia, Morgan Stanley Saudi Arabia and SNB Capital Company
"**Saudi Arabia Retail Offer Period**"	under the Saudi Arabia Retail Offer tranche from the morning of 14 November 2022 after announcement of the Offer Price Range to 1:00 p.m. UAE time (12:00 p.m. Saudi Arabia time) on 21 November 2022 inclusive, namely eight days
"**Saudi Arabia Retail Offer**"............................	a tranche of Sale Shares on the Saudi Exchange, offered to the public Saudi Arabia consisting of retail investors ordinarily permitted to participate in equity offerings on the Saudi Exchange who do not participate in the Institutional Offer, except for any person who is resident in the United States within the meaning of the Securities Act
"**Saudi Arabia Offering Document**".....................	a supplement to and to be read in conjunction with the UAE Prospectus, in Arabic (and English), the publication of which has been approved by the CMA of the Kingdom of Saudi Arabia

"**Saudi Arabia Underwriting Agreement**"....................	the underwriting agreement between the Company, the Selling Shareholder and the Saudi Arabia Banks with respect to the Saudi Exchange Sale Shares
"**Saudi Regulations**".......	the Rules on the Offer of Securities and Continuing Obligations
"**SCA**".............................	the UAE Securities and Commodities Authority
"**SDC**".............................	The Securities Depository Center
"**SEC**".............................	the United States Securities and Exchange Commission
"**Second Amendment**"....	an amendment entered into between Touristic Projects and International Restaurants Company (Americana) L.L.C. with Kuwait Food Co. (Americana) KSCC, Adeptio AD Investments Ltd. as guarantor, and Krispy Kreme to the Krispy Kreme's FA on 16 February 2022
"**Securities Act**".............	the U.S. Securities Act of 1933, as amended
"**Securities and Futures Act**"................................	the Securities and Futures Act, Chapter 289 of Singapore
"**Selling Shareholder**"	Adeptio AD Investments Ltd.
"**Shares**"	as at the date of this Offering Memorandum, the Company's share capital consists of 8,423,633,100 Ordinary Shares, each with a nominal value of AED 0.073, which are fully paid, issued and outstanding. The Shares have the rights described under "*Description of Share Capital*". All Shares carry equal voting rights and rank *pari passu* in all other rights (including dividend rights) and obligations
"**Similar Law**"................	any federal, state, local or non-U.S. law or regulation that is substantially similar to the prohibited transaction provisions of section 406 of the U.S. Employee Retirement Income Security Act of 1974, as amended or section 4975 of the Code
"**SNBC**"..........................	SNB Capital Company
"**SOS**".............................	speed of service
"**Stores**"..........................	factory stores, fresh shops, kiosk, and carts
"**Subscription Application Form**".........	the form used by Participating Parties to subscribe for the Sale Shares
"**SuperApps**"..................	17 proprietary super-apps
"**Saudi Exchange**"..........	the Saudi Stock Exchange
"**Saudi Exchange-Listed Shares**"...........................	a tranche of Shares to be admitted to trading on the Saudi Stock Exchange under a symbol to be confirmed on or about the Pricing Date
"**Saudi Exchange Sale Shares**"...........................	the Sale Shares being offered on the Saudi Stock Exchange
"**Talabat**"	Talabat entities in Saudi Arabia, UAE, Kuwait, Egypt, Bahrain, Oman, Qatar, Jordan and Iraq
"**Talabat Service Agreement**"....................	service agreement entered into between the Group and Talabat on 13 June 2022

"**Target Market Assessment**"	eligible for distribution through all permitted distribution channels as are permitted by MiFID II
"**TGIF**"..........................	TGI Friday's
"**Transferees**"................	affiliates of the Selling Shareholder in respect of inter-company transfers of the Shares
"**Transition Date**"..........	transition date of 1 January 2019
"**TSA**"............................	transitional service agreement
"**USD$**"..........................	the lawful currency of the United States
"**U.S. Holder**"	a beneficial owner of Shares that is, for U.S. federal income tax purposes:
	(i) an individual who is a citizen or resident of the United States;
	(ii) a corporation or other entity taxable as a corporation created in, or organised under the laws of, the United States or any state thereof, including the District of Columbia;
	(iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
	(iv) a trust subject to the control of one or more U.S. persons and under the primary supervision of a U.S. court or that has validly elected to be treated as a domestic trust for U.S. federal income tax purposes.
"**UAE**"	the United Arab Emirates
"**UAE dirham**"	the lawful currency of the United Arab Emirates
"**UAE Prospectus**"	a prospectus in Arabic the publication of which has been approved by the UAE Securities and Commodities Authority
"**UAE Retail Offer**"........	a tranche of Shares on the ADX, offered to the public in the UAE consisting of (A) natural persons who hold a NIN with the ADX and have a bank account, and (B) other investors (including natural persons, companies and establishments) who do not participate in the Institutional Offer who hold a NIN with the ADX and have a bank account, except for any person who is resident in the United States within the meaning of the Securities Act
"**UAE Retail Offer Period**"..........................	under the UAE Retail Offer tranche from the morning of 14 November 2022 after announcement of the Offer Price Range to 1:00 p.m. UAE time (12:00 p.m. Saudi Arabia time) on 21 November 2022 inclusive, namely eight days
"**UK**"	The United Kingdom
"**UK Product Governance Requirements**"..............	Chapter 3 of the FCA Handbook Product Intervention and Product Governance Sourcebook
"**UK Prospectus Regulation**""	Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018
"**UK Qualified Investors**"......................	as defined under Article 2(e) of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018

"**Ultimate Parent Company**"......................	Adeptio AD Holdings Ltd.
"**VoC**"............................	Voice of Customer
"**Volume Target**"...........	a specific target of carbonated soft-drinks by the Bottlers to the Group after 31 December 2019
"**Yum**"............................	Yum Brands Inc. and/or Yum Restaurants
"**Yum Agreements**"........	the Group's development agreements and restaurant-level franchise agreements with Yum
"**Yum Development Areas**"............................	Saudi Arabia, the UAE, Bahrain, Egypt, Jordan, the Kurdistan region of Iraq, Iraq: Baghdad (under negotiation), Kuwait, Lebanon, Morocco, Oman, Qatar and Kazakhstan; (ii) and Pizza Hut restaurants in Saudi Arabia (excluding Jeddah), the UAE, Bahrain, Egypt, Jordan and Iraq (under negotiation)
"**Yum DAs**"...................	collectively, the PH DAs and the Yum DAs
"**Yum FAs**"....................	the standard form franchise agreements to govern each new restaurant opened under the Yum DAs
"**Yum KFC Development Areas**"......	Saudi Arabia, the UAE, Bahrain, Egypt, Jordan, the Kurdistan region of Iraq, Kuwait, Lebanon, Morocco, Oman, Qatar and Kazakhstan
"**Yum PH Development Areas**"............................	Saudi Arabia, the UAE, Bahrain, Egypt, Jordan and Kazakhstan
"**Yum Restaurants**"........	Yum Restaurants International and/or affiliates

INDEX OF DEFINED TERMS

INDEX TO FINANCIAL STATEMENTS AND APPENDIX A

Americana Restaurants

Special purpose carve-out financial statements of Kuwait Food Company (Americana) K.S.C.C. - Americana Restaurants (subsequently known as Americana Restaurants LTD)

for the years ended 31 December 2021, 2020 and 2019

Contents

Independent auditor's report to the Directors of Adeptio AD Investments Ltd

Report on the audit of the special purpose carve-out financial statements

Our opinion

In our opinion, the special purpose carve-out financial statements present fairly, in all material respects, the financial position of Kuwait Food Company (Americana) K.S.C.C. - Americana Restaurants ("Americana Restaurants") as at 31 December 2021, 2020 and 2019 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

What we have audited

Americana Restaurants' special purpose carve-out financial statements comprise:

- the special purpose carve-out statements of financial position as at 31 December 2021, 2020 and 2019;
- the special purpose carve-out statements of comprehensive income for the years then ended;
- the special purpose carve-out statements of changes in equity for the years then ended;
- the special purpose carve-out statements of cash flows for the years then ended; and
- the notes to the special purpose carve-out financial statements, which include significant accounting policies and other explanatory information.

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 special purpose carve-out 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 Americana Restaurants 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 financial statements in the Dubai International Financial Centre. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Independent auditor's report to the Directors of Adeptio AD Investments Ltd (continued)

Emphasis of matter – Basis of accounting

We draw attention to the fact that, as described in Note 1 to the special purpose carve-out financial statements, Americana Restaurants has not operated as a separate entity during the years presented. These special purpose carve-out financial statements are, therefore, not necessarily indicative of the future results of the Americana Restaurants business as a separate stand-alone entity.

The special purpose carve-out financial statements are prepared by the management of Americana Restaurants in connection with the listing of Americana Restaurants on the Abu Dhabi Securities Exchange in the United Arab Emirates and the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. As a result, the special purpose carve-out financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the special purpose carve-out financial statements

Management is responsible for the preparation and fair presentation of the special purpose carve-out financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of special purpose carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose carve-out financial statements, management is responsible for assessing the Americana Restaurants' 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 Americana Restaurants or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Americana Restaurants financial reporting process.

Auditor's responsibilities for the audit of the special purpose carve-out financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose carve-out 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 special purpose carve-out financial statements.

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Independent auditor's report to the Directors of Adeptio AD Investments Ltd (continued)

Auditor's responsibilities for the audit of the special purpose carve-out financial statements (continued)

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 special purpose carve-out 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 Americana Restaurants' 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 Americana Restaurants' 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 special purpose carve-out 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 Americana Restaurants to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the special purpose carve-out financial statements, including the disclosures, and whether the special purpose carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PricewaterhouseCoopers Limited
27 July 2022

PricewaterhouseCoopers

Dubai, United Arab Emirates

Americana Restaurants

Special purpose carve-out statement of financial position as at

	Note	US Dollars'000			
		31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
ASSETS					
Non-current assets					
Property and equipment	5	221,919	207,887	244,334	261,373
Right of use assets	12	361,975	371,547	459,665	484,734
Loan to a related party	18	51,200	-	-	-
Investment properties	6	9,341	7,521	8,007	7,588
Intangible assets	7	42,623	37,692	32,987	30,233
Derivative financial instrument	9	7,512	-	-	-
Deferred tax asset		2,150	1,599	150	1
Total non-current assets		696,720	626,246	745,143	783,929
Current assets					
Inventories	8	107,297	97,093	93,886	108,705
Trade and other receivables	9	94,034	95,980	89,943	88,200
Due from related parties	18	1,189	696	1,713	27,746
Loan to a related party	18	12,800	-	-	-
Derivative financial instrument	9	1,878	-	-	-
Cash and cash equivalents	10	173,996	196,347	169,878	106,646
Total current assets		391,194	390,116	355,420	331,297
Total assets		1,087,914	1,016,362	1,100,563	1,115,226
LIABILITIES AND EQUITY					
Non-current liabilities					
Lease liability	12	248,136	263,630	318,945	339,536
Provision for employees' end of service benefits	13	76,260	80,413	81,231	84,186
Trade and other payables	14	50,195	46,265	49,470	-
Deferred gain on derivative financial instrument	9	7,512	-	-	-
Deferred tax liabilities		-	-	827	879
Total non-current liabilities		382,103	390,308	450,473	424,601
Current liabilities					
Bank facilities	11	7,073	24,563	13,631	11,158
Deferred gain on derivative financial instrument	9	1,878	-	-	-
Lease liability	12	136,463	139,809	148,780	121,370
Income tax, zakat and other deductions payable	16	12,614	8,636	10,552	8,481
Trade and other payables	14	352,326	321,702	314,469	280,792
Due to related parties	18	23,683	22,419	14,382	21,987
Provisions for legal, tax and other claims	15	32,062	22,310	12,889	22,154
Total current liabilities		566,099	539,439	514,703	465,942
Total liabilities		948,202	929,747	965,176	890,543
Equity					
Accumulated net contribution from the Parent Company		148,984	89,789	119,951	208,070
Foreign currency translation reserve		(20,429)	(12,683)	(1,448)	(1,600)
Net Parent Investment attributable to Parent Company		128,555	77,106	118,503	206,470
Non-controlling interests	17	11,157	9,509	16,884	18,213
Total equity		139,712	86,615	135,387	224,683
Total liabilities and equity		1,087,914	1,016,362	1,100,563	1,115,226

Harsh Bansal	Amarpal Sandhu	Abdulmalik Al Hogail	Mohamed Ali Rashed Alabbar
Chief Financial Officer	Chief Executive Officer	Board Member	Board Member

The accompanying notes form an integral part of these special purpose carve-out financial statements.

Americana Restaurants

Special purpose carve-out statement of income for the year ended 31 December

	Note	US Dollars'000 2021	2020	2019
Revenues	19	2,051,747	1,577,795	1,890,219
Cost of revenues	20	(970,351)	(773,853)	(902,821)
Gross profit		1,081,396	803,942	987,398
Selling and marketing expenses	21	(679,603)	(578,882)	(646,018)
General and administrative expenses	22	(176,989)	(157,849)	(165,113)
Other income		15,478	32,017	12,990
Monetary gain from hyperinflation	4	3,043	38,818	-
Reversal of impairment/(impairment losses) of non-financial assets	4	1,179	(21,298)	(248)
Net impairment allowance on financial assets	9	(1,454)	(1,644)	50
Operating profit		243,050	115,104	189,059
Finance income	24	2,208	822	589
Finance costs	24	(23,118)	(29,864)	(28,411)
Profit before income tax, zakat, and KFAS		222,140	86,062	161,237
Income tax, zakat, and contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	27	(15,732)	(6,281)	(9,138)
Net profit for the year		206,408	79,781	152,099
Attributable to:				
Net Parent Investment attributable to Parent Company		203,917	80,826	151,070
Non-controlling interests		2,491	(1,045)	1,029
		206,408	79,781	152,099

The accompanying notes form an integral part of these special purpose carve-out financial statements.

Americana Restaurant

Special purpose carve-out statement of comprehensive income for the year ended 31 December

	US Dollars'000		
	2021	2020	2019
Net profit for the year	206,408	79,781	152,099
Other comprehensive income items			
Items that will not be reclassified subsequently to special purpose carve-out statement of income:			
Remeasurement of employees' end of service benefits (Note 13)	436	(6,050)	-
Items that may be reclassified subsequently to special purpose carve-out statement of income:			
Exchange differences on translating foreign operations including the effect of hyperinflation	(7,698)	(11,227)	82
Total other comprehensive income items	(7,262)	(17,277)	82
Total comprehensive income for the year	199,146	62,504	152,181
Attributable to:			
Net Parent Investment attributable to Parent Company	196,607	63,541	151,222
Non-controlling interests	2,539	(1,037)	959
	199,146	62,504	152,181

The accompanying notes form an integral part of these special purpose carve-out financial statements.

Americana Restaurants

Special purpose carve-out statement of changes in equity for the year ended 31 December

	Notes	Net Parent Investment attributable to Parent Company: Accumulated net contribution from the Parent Company	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
		US Dollars'000				
Balance at 1 January 2019		208,070	(1,600)	206,470	18,213	224,683
Net profit for the year		151,070	-	151,070	1,029	152,099
Other comprehensive income						
Foreign currencies translation differences		-	152	152	(70)	82
Total comprehensive income		151,070	152	151,222	959	152,181
Changes in non-controlling interest	17	-	-	-	(2,288)	(2,288)
Distributions to the Parent Company		(105,941)	-	(105,941)	-	(105,941)
Net payments and impact of capital reorganisation with the Parent Company		(133,248)	-	(133,248)	-	(133,248)
Balance at 31 December 2019		119,951	(1,448)	118,503	16,884	135,387
Net profit for the year		80,826	-	80,826	(1,045)	79,781
Other comprehensive income						
Remeasurement of employees' end of service benefits		(6,050)	-	(6,050)	-	(6,050)
Hyperinflation adjustment		-	(10,495)	(10,495)	-	(10,495)
Foreign currencies translation differences		-	(740)	(740)	8	(732)
Total comprehensive income		74,776	(11,235)	63,541	(1,037)	62,504
Changes in non-controlling interest	17	(9,513)	-	(9,513)	(6,338)	(15,851)
Distributions to the Parent Company		(59,949)	-	(59,949)	-	(59,949)
Net payments and impact of capital reorganisation with the Parent Company		(35,476)	-	(35,476)	-	(35,476)
Balance at 31 December 2020		89,789	(12,683)	77,106	9,509	86,615
Net profit for the year		203,917	-	203,917	2,491	206,408
Other comprehensive income						
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	17	(119)	-	(119)	(891)	(1,010)
Distributions to the Parent Company		(129,817)	-	(129,817)	-	(129,817)
Net payments and impact of capital reorganisation with the Parent Company		(15,222)	-	(15,222)	-	(15,222)
Balance at 31 December 2021		148,984	(20,429)	128,555	11,157	139,712

The accompanying notes form an integral part of these special purpose carve-out financial statements.

Americana Restaurants
Special purpose carve-out statement of cash flows for the year ended 31 December

	Note	2021	2020	2019
		US Dollars'000		
Cash flows from operating activities				
Profit before income tax and zakat for the year		221,059	85,492	160,445
Adjustments for:				
Depreciation and amortisation	23	208,629	214,747	220,054
Provision for employees' end of service benefits, net of transfers	13, 25	10,074	8,001	13,522
Impairment allowance on financial assets	9	1,454	1,644	(50)
Provision for obsolete, slow moving, and defective inventories	8	1,387	3,159	1,855
(Reversal of impairment)/impairment losses of non-financial assets	5,7,12	(1,179)	21,298	248
Loss on disposal of property and equipment and intangible assets		1,224	3,240	7,174
Gain on rent concessions		(6,978)	(28,113)	-
Finance income	24	(2,208)	(822)	(589)
Finance cost	24	23,118	29,864	28,411
Hyperinflation impact		1,348	(33,136)	-
Operating cash flows before changes in working capital		**457,928**	**305,374**	**431,070**
Payments of employees' end of service benefits	13	(13,535)	(17,333)	(14,317)
Income tax paid	16	(6,971)	(5,501)	(5,183)
Changes in working capital:				
Trade and other receivables		(62)	(9,129)	(1,851)
Due from related parties		(493)	1,017	26,033
Inventories		(11,274)	(6,214)	12,883
Due to related parties		1,264	8,037	(7,605)
Trade and other payables, provisions and other taxes		41,992	7,865	70,206
Net cash generated from operating activities		**468,849**	**284,116**	**511,236**
Cash flows from investing activities				
Purchase of property and equipment	5	(91,510)	(39,933)	(67,843)
Proceeds from sale of property and equipment		1,438	779	3,274
Purchase of intangible assets	7	(8,303)	(5,073)	(6,529)
Payments for key money	12	(1,401)	(1,744)	(779)
Interest received on short term deposits		2,208	822	589
Loans to a related party	18	(64,000)	-	-
Net cash used in investing activities		**(161,568)**	**(45,149)**	**(71,288)**
Cash flows from financing activities				
Payments of finance costs		(1,455)	(1,178)	(1,623)
Changes in non-controlling interests		(826)	(1,139)	(2,288)
Acquisition of additional shares in subsidiary from non-controlling interests		(184)	(14,712)	-
Principal elements of lease payments		(160,363)	(110,748)	(133,535)
Distributions to the Parent Company		(129,817)	(59,949)	(105,941)
Movement in payments and impact of capital reorganisation with the Parent Company		(15,222)	(35,476)	(133,248)
Net cash used in financing activities		**(307,867)**	**(223,202)**	**(376,635)**
Net change in cash and cash equivalents		(586)	15,765	63,313
Foreign currency translation differences		(4,275)	(228)	(2,554)
Cash and cash equivalents at the beginning of the year		171,784	156,247	95,488
Cash and cash equivalents at the end of the year	10	**166,923**	**171,784**	**156,247**

1 GENERAL INFORMATION

Kuwait Food Company (Americana) K.S.C.C. was incorporated in the state of Kuwait on 29 December 1963 as a Kuwait Public Shareholding Company (the "Parent Company" or "KFC"). The Parent Company is involved in two main lines of businesses namely the Restaurant Business and the Food Business. The Restaurants Business comprises of 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 the Parent Company as detailed in Note 28.

On 2 June 2022, the Board of Directors of KFC approved the transfer of the Restaurant Business of KFC to a newly established entity named Americana Restaurants LTD "Americana Restaurants". Americana Restaurants is an Abu Dhabi Global Market registered entity that was incorporated on 27 May 2022. 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 is a fully owned subsidiary of KFC. KFC is 93.42% owned by Adeptio AD investments Ltd (the "Intermediate Parent Company"), which is wholly owned by Adeptio AD Holdings Ltd (the "Ultimate Parent Company"). The 'Ultimate Shareholders' of the Parent Company are 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. 2.7% of the issued shares of KFC are being held as treasury shares by KFC and remaining 3.9% shares represents the minority shareholding.

The special purpose carve-out financial statements were approved for issue by the Board of Directors of KFC on 13-July-2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The special purpose carve-out financial statements for the years ended 31 December 2021, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The special purpose financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). Americana Restaurants has applied IFRS 1, First-Time Adoption of International Financial Reporting Standards ("IFRS 1") in its adoption of IFRS. The transition date ("Transition Date") is 1 January 2019, which is the opening balance sheet date for the year ended 31 December 2019. All entities included in these special purpose carve-out financial statements have issued financial statements in accordance with IFRS for all periods presented in these special purpose carve-out financial statements. Therefore, all assets and liabilities included in these special purpose carve-out financial statements have been measured at the same carrying amounts as in the financial statements of each entity included in these carve-out financial statements. IFRS does not provide guidance for the preparation of carve-out historical financial statements, or for the specific accounting treatment set out below.

These special purpose carve-out financial statements represent consolidation of all assets, liabilities, revenues and expenses of Americana Restaurants as historically reported in the stand-alone financial statements of the subsidiaries of Americana Restaurants as listed in Note 28 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 Americana Restaurants historically recorded in KFC;
- 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 during the course of the three years 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Americana Restaurants has never prepared financial statements on the basis of preparation presented herein. These special purpose carve-out financial statements represent the historical operations of Americana Restaurants and have been derived from the Parent Company's historical accounting records and are presented on a carve-out basis. Americana Restaurants has historically operated as part of the Parent Company and not as a separate group of companies. The principal entities included in these special purpose carve-out financial statements have historically prepared their own audited financial statements.

These special purpose carve-out financial statements are the first set of financial statements of Americana Restaurants as the business did not constitute a separate legal entity in any of the periods presented. These special purpose carve-out financial statements have been prepared for the purpose of inclusion in the prospectus in connection with the proposed listing of Americana Restaurants LTD on the Abu Dhabi Securities Exchange in the United Arab Emirates and on the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia.

The accounting policies have been consistently applied to all the years presented, unless otherwise stated. The following summarises the accounting and other principles applied in preparing these special purpose carve-out financial statements.

Americana Restaurants comprised of various subsidiaries of the Parent Company and the transfer of subsidiaries to Americana Restaurants represents a capital restructuring. Americana Restaurants is a new reporting entity and has not operated as a separate legal entity throughout the periods presented in these special purpose carve-out financial statements. Americana Restaurants has no share capital and reserves in its own right. Therefore, it is not meaningful to present share capital or an analysis of reserves or components of other comprehensive income, other than foreign currency translation reserve which is separately identifiable. Since the restructuring has been completed and Americana Restaurants has been established as a legal entity after the end of the reporting period, equity presented in these special purpose carve-out financial statements represents the parent's net investment in the new reporting entity.

The special purpose carve-out statement of financial position of Americana Restaurants includes the Parent Company's assets and liabilities that are specifically identifiable or otherwise attributable to Americana Restaurants.

Cash balances of the Parent Company that are specifically identifiable and attributable to Americana Restaurants have been included in these special purpose carve-out financial statements.

All revenues and costs associated with Americana Restaurants are included in these special purpose carve-out financial statements.

Certain expenses including staff costs, selling and marketing expenses and general and administrative expenses, associated with Americana Restaurants have been allocated in these special purpose carve-out financial statements. These represent certain corporate and shared service function historically provided by the Parent Company, including, but not limited to, executive oversight, accounting, treasury, human resources, procurement, information technology, marketing, and other shared services. These expenses have been 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 have been included in the special purpose carve-out financial statements of Americana Restaurants. All intercompany balances and transactions within Americana Restaurants entities have been eliminated.

Intercompany balances between the carve-out entities and KFC which are neither expected to be settled nor collected from KFC have been included as part of the parent's net investment in the carve-out reporting entity. As such, the net effect of these balances are either waived in equity or recorded as an equity contribution and reflected as 'Movement in payments and impact of capital reorganisation with the Parent Company' in the special purpose carve-out statement of changes in equity for each of the three years ended 31 December 2021, 2020 and 2019. These intercompany balances are also presented in the special purpose carve-out statement of cash flows as a financing activity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

These special purpose carve-out financial statements 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. In addition, these special purpose carve-out financial statements do not reflect the financial impact that would arise at the point of separation of the Restaurants Business from the Parent Company.

The special purpose carve-out financial statements have been prepared on a going concern basis under the historical cost convention, except for the defined benefit obligation which is recognised at the present value of future obligations using the projected unit credit method and the revaluation of derivatives. The management believes that Americana Restaurants entities have adequate resources to continue as going concerns in the foreseeable future.

COVID-19

In response to the spread of the novel coronavirus ("COVID-19") during the year ended 31 December 2020 in the Gulf Cooperation Council (GCC) and other territories where Americana Restaurants operates and its resulting disruptions to the social and economic activities in those markets, management had proactively assessed its impacts on its operations and had taken a series of mitigating measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets.

There was a substantial negative financial impact on the operations for the year ended 31 December 2020. Many restaurants were temporarily closed and many of the restaurants that remained open had limited operations, such as drive-thru, takeout and delivery (where applicable). The material adverse effects of the COVID-19 pandemic on Americana Restaurants for an extended period has negatively affected the operating results, including reductions in revenue and cash flow and have impacted the recoverability of intangible assets, property and equipment, and right of use assets as of 31 December 2020 (refer to Note 4).

The financial impact on Americana Restaurants for the year ended 31 December 2021 has been insignificant and operations have been normalised in most countries with restaurants remaining open for dine-in guests. However, the capacity was restricted for a limited period. While the management does not know the future impact of COVID-19 on Americana Restaurants in certain territories, management does not expect to see a significant impact due to COVID-19 on the results for the year ending 31 December 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, amendments and interpretations

(a) Standards issued and adopted

Americana Restaurants applied certain standards, interpretations and amendments for the first time, which are effective for annual periods beginning on or after 1 January 2021. Americana Restaurants has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards effective 1 January 2021

Americana Restaurants has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020, Interest Rate Benchmark Reform — Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (referred to as Phase 2 of IBOR transactions project) was released by the IASB. The areas impacted by the amendments include application of a practical expedient for 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 are applied retrospectively with no restatement required for prior periods.

Management is currently 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 is a loan to a related party with a carrying value of USD 64,000 thousand which is linked and is yet to transition 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. The management is of the view that the loan agreement might have to be amended sometime before 30th June 2023 to agree on the alternative benchmark once the Loan Market Association ("LMA") has issued concrete guidelines on the recommended alternative benchmark.

- Extension of IFRS 16 COVID-19 Related Rent Concessions Amendment

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 USD 6,978 thousand as 'other income' in the special purpose carve-out statement of income for the year ended 31 December 2021 (2020: USD 28,113 thousand) to reflect changes in lease payments that arise from rent concessions to which they have applied the practical expedient.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, amendments and interpretations (continued)

(b) Standards issued but not yet effective

The standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the special purpose carve-out financial statements are disclosed below. Management intends to adopt these standards, if applicable, when they become effective.

- IFRS 17, 'Insurance contracts' (effective from 1 January 2022);
- Amendments to IFRS 3 (effective from 1 January 2022); and
- Amendments to IAS 1 and IAS 8 (effective from 1 January 2022).

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the special purpose carve-out financial statements of each of Americana Restaurants' entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The special purpose carve-out financial statements are presented in United States Dollars ("USD") which is the "presentation currency" of Americana Restaurants and the currency in which management measures Americana Restaurants' 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 special purpose carve-out statement of income.

Foreign exchange gains and losses that relate to borrowings are presented in the special purpose carve-out statement of income, within finance costs. All other foreign exchange gains and losses are presented in the special purpose carve-out 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Foreign currency translation (continued)

(c) Group entities

The results and financial position of all the entities in Americana Restaurants, none of which has the currency of a hyper-inflationary economy (except for one legal entity in Lebanon for the year ended 31 December 2020 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 special purpose carve-out statement of financial position presented are translated at the closing rate at the date of that carve-out statement of financial position;

(ii) Income and expenses for each special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out statement of financial position. Exchange differences arising are recognised in equity in the special purpose carve-out statement of financial position.

2.4 Hyperinflation

The 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 Americana Restaurants 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 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 special purpose carve-out 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.

Gains or losses on the net monetary position are recognised in the special purpose carve-out 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 special purpose carve-out 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 Americana Restaurants' 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 Americana Restaurants and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the special purpose carve-out 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).

Americana Restaurants 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 special purpose carve-out statement of income.

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 Americana Restaurants' policy.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 companies in the special purpose carve-out financial statements, is classified as investment property. Land held under operating leases is classified and accounted for by Americana Restaurants as investment property when the rest of the definition of investment property is met. The investment properties of Americana Restaurants 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, Americana Restaurants 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 special purpose carve-out 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

2.8 Financial assets

(i) Classification

Americana Restaurants 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 special purpose carve-out statement of income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

(ii) Recognition and derecognition

At initial recognition, the Americana Restaurants 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 special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out statement of income and presented net within other gains/(losses) in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

(iv) Impairment

Americana Restaurants 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

Americana Restaurants 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. Americana Restaurants has established a provision matrix that is based on Americana Restaurants' 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 Americana Restaurants.

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 special purpose carve-out financial statements.

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 Americana Restaurants in accordance with the shipping terms agreed with the suppliers.

2.11 Cash and cash equivalents

For the purpose of presentation in the special purpose carve-out 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 special purpose carve-out statement of financial position, bank overdrafts are disclosed separately within current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Leases

Americana Restaurant's leasing activities and how these are accounted for

Americana Restaurants 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 Americana Restaurants. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the special purpose carve-out 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 Americana Restaurants.

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 Americana Restaurants 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 special purpose carve-out 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 special purpose carve-out 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 Americana Restaurants. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by Americana Restaurants or both parties mutually agreeing on renewed terms and conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Provision for employees' end of service benefits

The liability for employees end of service benefits recognised in the special purpose carve-out 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 Americana Restaurants' 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 Americana Restaurants 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 special purpose carve-out 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 special purpose carve-out statement of changes in equity and in the carve-out 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 special purpose carve-out statement of income as past service costs.

2.14 Financial liabilities

Americana Restaurants 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. Americana Restaurants 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.

2.16 Provisions

Provisions are recognised when Americana Restaurants 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 special purpose carve-out 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 special purpose carve-out statement of income for the year. Americana Restaurants does not apply hedge accounting.

2.18 Revenue from contracts with customers

Americana Restaurants 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 Americana Restaurants 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, Americana Restaurants will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which Americana Restaurants expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognise revenue as and when Americana Restaurants 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. Americana Restaurants 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 special purpose carve-out financial statements to the extent that it is probable that the economic benefits will flow to Americana Restaurants 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 Americana Restaurants' 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.

(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 special purpose carve-out statement of income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out 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' 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 special purpose carve-out 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 special purpose statement of financial position in the countries where Americana Restaurants' 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 special purpose carve-out 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 Americana Restaurants 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 special purpose carve-out 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Rounding of amounts

All amounts disclosed in the special purpose carve-out financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

2.22 Royalties

Americana Restaurants 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 internal reporting provided to the chief operating decision maker. The chief operating decision makers assess the financial performance and position of Americana Restaurants and makes strategic decisions. The chief operating decision makers consist of the chief executive officer and the chief financial officer.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

Americana Restaurants' 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 Americana Restaurants.

Risk management is predominately controlled by a central treasury department of Americana Restaurants under policies approved by the board of directors. The central treasury department identifies, evaluates and hedges financial risks in close co-operation with Americana Restaurants' operating units. The board 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 Americana Restaurants' 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. Americana Restaurants' exposure to market risk arises from:

(i) Foreign exchange risk

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

Americana Restaurants 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 bank balances, trade and other receivables, trade and other payables, borrowings and bank facilities.

Americana Restaurants 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"), Americana Restaurants 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 carve-out for the years ended 31 December 2021, 2020 and 2019.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

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

At 31 December 2021, if the EGP had weakened/strengthened by 5% (2020: 5%) against the USD with all other variables held constant, the special purpose carve-out comprehensive income for the year would have been lower/higher by USD 720 thousand (2020: USD 460 thousand, 2019: USD 653 thousand), mainly as a result of foreign exchange gains/losses on translation of EGP-denominated trade payables.

At 31 December 2021, if the EGP had weakened/strengthened by 5% (2020: 5%) against the USD with all other variables held constant, the special purpose carve-out comprehensive income for the year would have been higher/lower by USD 266 thousand (2020: USD 174 thousand, 2019: USD 127 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 2021, 2020 and 2019.

(ii) Price risk

Americana Restaurants 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.

Americana Restaurants' 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.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is the risk that Americana Restaurants 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-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Cash and bank balances excluding cash on hand	169,687	194,569	167,838	104,706
Loan to a related party	64,000	-	-	-
Trade and other receivables*	60,046	54,000	47,982	48,915
Due from related parties	1,189	696	1,713	27,746
	294,922	249,265	217,533	181,367

*Trade and other receivables noted above exclude advances to suppliers and prepaid expenses. There is no official credit rating for trade and other receivables.

(i) Cash and cash equivalents

Americana Restaurants 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 Americana Restaurants at the reporting date which primarily ranges from Aa3 to B3.

(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 2021, 2020, and 2019, and 1 January 2019 the expected credit loss allowance on loan to a related party and due from related parties was immaterial.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) 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, Americana Restaurants aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the carve-out's financial liabilities into relevant maturity groupings based on the remaining year at the special purpose carve-out 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-Dec-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

	US Dollars'000			
	As on 31-Dec-2020			
	Within 1 year	1 year to 5 years	More than 5 years	Total
Bank facilities	24,563	-	-	24,563
Lease liabilities	144,787	245,432	85,333	475,552
Trade and other payables (excluding value added tax payable and unearned income)	295,995	-	-	295,995
	465,345	245,432	85,333	796,110

	US Dollars'000			
	As on 31-Dec-2019			
	Within 1 year	1 year to 5 years	More than 5 years	Total
Bank facilities	13,631	-	-	13,631
Lease liabilities	154,531	286,506	104,131	545,168
Trade and other payables (excluding value added tax payable and unearned income)	289,918	-	-	289,918
	458,080	286,506	104,131	848,717

	US Dollars'000			
	As on 1-Jan-2019			
	Within 1 year	1 year to 5 years	More than 5 years	Total
Bank facilities	11,158	-	-	11,158
Lease liabilities	132,230	319,186	131,205	582,621
Trade and other payables (excluding value added tax payable and unearned income)	255,162	-	-	255,162
	398,550	319,186	131,205	848,941

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital risk management

Americana Restaurants' objectives when managing capital are to safeguard Americana Restaurants' 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, Americana Restaurants may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3.3 Fair value estimation

The table 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 Americana Restaurants 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 2021, 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 2021 is estimated to be USD 9,390 thousand (refer to Note 9). There are no other assets and liabilities measured at fair value as at 31 December 2020 and 2019 and 1 January 2019.

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 Americana Restaurants for similar financial instruments. Other receivables and payables approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these special purpose carve-out 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 Americana Restaurants 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, Americana Restaurants 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.

Hyperinflation

Americana Restaurants 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 Americana Restaurants, 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%

The impact of adjusting Americana Restaurants' results for the effects of hyperinflation is set out in the next page:

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical judgements

Hyperinflation (continued)

Income statement	**Year ended 31 December 2021 USD'000**	**Year ended 31 December 2020 USD'000**
Increase in revenue	4,889	9,305
Monetary gain from hyper inflation	3,043	38,818
Reversal of impairment/(impairment losses) of non-financial assets	1,025	(15,848)
Increase in cost of revenues	(4,718)	(4,831)
Increase in selling and marketing expenses	(1,581)	(9,384)
Increase in general and administrative expenses	(1,100)	(1,111)
Others	(1,881)	339
(Decrease)/increase in profit after tax	**(323)**	**17,288**

Critical accounting estimates and assumptions

Americana Restaurants 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:

Impairment of non-financial assets

Americana Restaurants has determined that the smallest cash generating units ("CGU") is its Brand-Country level primarily on the basis that Americana Restaurants 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 626,517 thousand as at 31 December 2021 (2020: USD 617,126 thousand; 2019: USD 736,986 thousand). The (reversal of impairment)/impairment losses recognised in the special purpose carve-out income statement on these non-financial assets are as follows:

	Year ended 31 December 2021 USD'000	**Year ended 31 December 2020 USD'000**	**Year ended 31 December 2019 USD'000**
Property and equipment (Note 5)	(1,356)	12,961	248
Right-of-use assets (Note 12)	292	7,650	-
Intangible assets (Note 7)	(115)	687	-
Total	(1,179)	21,298	248

The following table presents Americana Restaurants' key assumptions and the effect of the sensitivity analysis on the special purpose carve-out statement of comprehensive income on those assumptions:

		Headroom/(Impairment of non-financial assets) US Dollars'000					
	Change in assumption	Year ended 31 December 2021		Year ended 31 December 2020		Year ended 31 December 2019	
Growth rate	+/-0.5%	94	(93)	-	-	72	(105)
Discount rate	+/-0.5%	(17)	18	-	-	(22)	22
Gross margin	+/-1.0%	135	(704)	160	(656)	113	(208)

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 years ended 31 December 2021, 2020, and 2019 are as follows:

	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 gross margin	2% - 3%	2% - 3%	1% - 7%	2% - 100%

	CGUs impairment testing: Key assumptions 2020			
	GCC	Lower Gulf	North Africa	Others
Growth rate	5% - 44%	3% - 34%	10% - 72%	6% - 47%
Discount rate	6%	6% - 10%	8% - 11%	7% - 22%
Increase/decrease in gross margin	2% - 4%	2% - 3%	1% - 8%	1% - 6%

	CGUs impairment testing: Key assumptions 2019			
	GCC	Lower Gulf	North Africa	Others
Growth rate	2% - 10%	2% - 8%	8% - 12%	6% - 12%
Discount rate	6%	6% - 14%	9%-13%	8% - 19%
Increase/decrease in gross margin	2%	2%	2%	2%

Based on the re-assessment of the significant judgements, estimates and assumptions in relation to impairment of the non-financial assets arising as a result of COVID-19, management has concluded that there have been significant changes in the key judgements and estimates as at 31 December 2021 in respect of COVID-19, when compared to those used at 31 December 2020. The COVID-19 restrictions eased and there was gradual recovery during the second half of 2020 which has continued into the year ended 31 December 2021. Whilst management does not know the future impact COVID-19 will have on Americana Restaurants in certain territories, management does not expect to see a significant impact from COVID-19 on the results for the year ending 31 December 2022. The forecasts will be updated depending on latest developments and any changes required will be reflected in future reporting periods.

Taxes

Americana Restaurants 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. Americana Restaurants 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 27).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

Impairment of financial assets

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

Americana Restaurants has reviewed the assumptions on risk of default and expected loss rates against the backdrop of COVID-19 pandemic. Management believes that the changes in the assumptions on risk of default and the expected credit losses rates calculation arising on financial assets will not significantly change the impairment of trade and other receivables as at 31 December 2021, 2020, and 2019 and as at 1 January 2019. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods

Corporate allocations

In the preparation of these special purpose carve-out financial statements 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 Americana Restaurants and included in the special purpose carve-out financial statements based on the most relevant allocation method that are considered to be reasonable for the purpose of these special purpose carve-out 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, USD 0.1 million, and USD 0.5 million change in expense allocated to Americana Restaurants for the years ended 31 December 2021, 2020 and 2019, respectively.

The costs as mentioned in Note 2.1 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.

For the years ended 31 December 2019 and 2020:

International Touristic Projects Lebanese Co. ("Americana Lebanon") is a wholly owned subsidiary of Americana Restaurants. During the latter part of 2019, Lebanon experienced significant shortages in hard currency. As a result, 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, foreign exchange denominated monetary assets and liabilities should be measured using the closing spot rate. In addition, the results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as set out in note 2.4. Determination of the spot rate is complex as availability of USD at the official rate is not always possible due to the exchange controls implemented. As a result of the above situation, an unofficial rate has emerged in the foreign exchange market that is applied by foreign exchange brokers in their currency trades ("parallel rate"). Management has applied their judgement to determine if the parallel rate should be considered a spot rate. Management do not believe the parallel rate is considered a spot rate as this is not considered an official rate for reasons set out below:

- The rates are not quoted daily and may differ significantly from exchange house to exchange house. The rate is considered a hypothetical rate as this rate may also not be available at any given time even between exchange houses; and
- Certain exchange houses are not regulated or licensed to trade and may not be considered a legal exchange mechanism.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

Foreign currency translation - International Touristic Projects Lebanese Co. (continued)

Accordingly, the official exchange rate of USD equals LL 1,507.5 has been used to translate and record the US Dollar denominated transactions and balances. In addition, the official rate was used to translate the Company's operations to the USD presentation currency. If other exchange rates were used, the impact would not be significantly different.

For the year 31 December 2021:

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 2021.

Derivative financial instruments

The fair value of derivative financial instruments that are not traded in an active market are determined using valuation techniques. Americana Restaurants 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

Americana Restaurants 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. The majority of extension and termination options held are exercisable only by Americana Restaurants or both parties mutually agreeing on renewed terms and conditions. Based on management's assessment they have concluded not to exercise any extension or termination options as it is not reasonably certain.

5 PROPERTY AND EQUIPMENT

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
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.

Property and equipment with a carrying amount of USD 19,746 thousand as on 31 December 2021 (2020: USD 16,140 thousand, 2019: USD 19,361 thousand, 1 January 2019: USD 22,683 thousand) are pledged as security for a borrowing held by the Parent Company.

5 PROPERTY AND EQUIPMENT (continued)

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
Cost							
As at 1 January 2020	19,806	461,615	94,671	262,911	16,213	19,627	874,843
Additions	-	10,950	312	6,773	2,231	19,667	39,933
Disposals	-	(29,397)	(4,313)	(13,430)	(2,459)	(1)	(49,600)
Hyperinflation adjustment	12,995	17,696	18,810	14,666	946	-	65,113
Transfers	-	2,174	1,202	14,422	1,509	(25,413)	(6,106)
Foreign currency translation difference	76	(1,490)	171	(806)	16	(136)	(2,169)
As at 31 December 2020	32,877	461,548	110,853	284,536	18,456	13,744	922,014
Accumulated depreciation and impairment							
As at 1 January 2020	-	353,412	68,271	197,630	11,196	-	630,509
Charge for the year	-	45,963	4,420	20,422	1,192	-	71,997
Disposals	-	(26,886)	(4,016)	(12,675)	(2,435)	-	(46,012)
Hyperinflation adjustment	-	16,569	15,225	13,315	941	-	46,050
Transfers	-	(16,598)	476	12,144	3,962	-	(16)
Impairment charge	7,024	2,250	2,262	1,415	10	-	12,961
Foreign currency translation difference	-	(1,082)	128	(424)	16	-	(1,362)
As at 31 December 2020	7,024	373,628	86,766	231,827	14,882	-	714,127
Net book amount							
As at 31 December 2020	25,853	87,920	24,087	52,709	3,574	13,744	207,887

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

5 PROPERTY AND EQUIPMENT (continued)

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
Cost							
As at 1 January 2019	19,637	443,615	93,545	254,548	35,764	10,639	857,748
Additions	43	19,978	1,636	7,782	2,185	36,219	67,843
Disposals	-	(28,181)	(2,733)	(4,501)	(21,700)	(17)	(57,132)
Transfers	(17)	22,034	595	3,218	(242)	(27,306)	(1,718)
Foreign currency translation difference	143	4,169	1,628	1,864	206	92	8,102
As at 31 December 2019	19,806	461,615	94,671	262,911	16,213	19,627	874,843
Accumulated depreciation and impairment							
As at 1 January 2019	-	322,312	64,679	181,531	27,853	-	596,375
Charge for the year	-	49,790	4,723	21,702	1,177	-	77,392
Disposals	-	(23,962)	(1,653)	(3,907)	(17,730)	-	(47,252)
Transfers	-	2,648	(141)	(2,801)	(272)	-	(566)
Impairment charge	-	211	-	37	-	-	248
Foreign currency translation difference	-	2,413	663	1,068	168	-	4,312
As at 31 December 2019	-	353,412	68,271	197,630	11,196	-	630,509
Net book amount							
As at 31 December 2019	19,806	108,203	26,400	65,281	5,017	19,627	244,334

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

6 INVESTMENT PROPERTIES

	US Dollars'000		
	2021	2020	2019
Balance as at 1 January	7,521	8,007	7,588
Transfers from property and equipment	2,454	-	150
Foreign currency translation difference	12	156	869
Depreciation	(646)	(642)	(600)
Balance as at 31 December	9,341	7,521	8,007

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 2021, 2020 and 2019. Based on such valuation, the fair value of Americana Restaurants' investment at that date was determined at USD 31,958 thousand (2020: USD 24,217 thousand; 2019: USD 26,583 thousand).

The lease income recognised during the year ended 31 December 2021 is USD 2,764 thousand (2020: USD 2,618 thousand; 2019: 2,489 thousand). Refer to Note 19. Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the special purpose carve-out financial statements are receivable as follows:

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Within one year	2,868	2,143	2,276	1,561
Between 1 and 2 years	2,581	1,876	2,028	1,607
Between 2 and 3 years	2,151	1,563	1,690	1,339
Between 3 and 4 years	1,291	938	1,014	804
Between 4 and 5 years	2,581	1,875	2,028	1,607
Later than 5 years	4,302	3,361	4,236	3,639
	15,774	11,756	13,272	10,557

Revaluation of investment property

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
2021	Comparable 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.
2020	Comparable sales rate	USD 2,438 per m^2	An increase (decrease) of 1% would increase (decrease) the investment properties' fair value by USD 242 thousand.
2019	Comparable sales rate	USD 2,378 per m^2	An increase (decrease) of 1% would increase (decrease) the investment properties' fair value by USD 266 thousand.

7 INTANGIBLE ASSETS

	US Dollars'000		
	Franchise and agencies	Others	Total
Cost			
At 31 December 2020	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 31 December 2020	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.

7 INTANGIBLE ASSETS (continued)

	US Dollars'000		
	Franchise and agencies	Others	Total
Cost			
At 1 January 2019	59,309	9,557	68,866
Additions	6,529	-	6,529
Transfers	1,051	-	1,051
Disposals	(1,660)	-	(1,660)
Foreign currency translation difference	488	-	488
At 31 December 2019	65,717	9,557	75,274
Additions	5,073	-	5,073
Transfers	4,669	-	4,669
Hyperinflation adjustment	2,363	-	2,363
Disposals	(2,320)	(102)	(2,422)
Foreign currency translation difference	(184)	-	(184)
At 31 December 2020	75,318	9,455	84,773
Accumulated amortisation and impairment			
At 1 January 2019	37,534	1,099	38,633
Amortisation	4,104	-	4,104
Transfers	485	-	485
Disposals	(1,139)	-	(1,139)
Foreign currency translation difference	204	-	204
At 31 December 2019	41,188	1,099	42,287
Amortisation	4,979	-	4,979
Transfers	(581)	-	(581)
Disposals	(1,889)	(102)	(1,991)
Hyperinflation adjustment	1,767	-	1,767
Impairment charge	687	-	687
Foreign currency translation difference	(67)	-	(67)
At 31 December 2020	46,084	997	47,081
Net book amount			
At 31 December 2020	29,234	8,458	37,692
At 31 December 2019	24,529	8,458	32,987

'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.

8 INVENTORIES

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-19
Raw materials	69,528	64,396	65,761	78,627
Filling and packing materials	11,546	9,020	8,653	9,111
Other materials	12,879	13,988	13,163	13,898
Goods in transit	13,425	9,695	5,849	7,746
Spare parts	6,400	6,752	7,243	6,368
	113,778	103,851	100,669	115,750
Provision for obsolete, slow moving and defective inventories	(6,481)	(6,758)	(6,783)	(7,045)
	107,297	97,093	93,886	108,705

The cost of inventories recognised as an expense during the year was USD 623,720 thousand (2020: USD 473,108 thousand; 2019: USD 563,686 thousand) (Note 20).

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

	US Dollars'000		
	2021	2020	2019
Balance at 1 January	6,758	6,783	7,045
Net provision for slow moving items	1,387	3,159	1,855
Write-offs against provision for slow moving items	(1,271)	(1,612)	(1,989)
Reclassification	-	(1,503)	(209)
Foreign currency translation difference	(393)	(69)	81
Balance at 31 December	6,481	6,758	6,783

9 TRADE AND OTHER RECEIVABLES

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Trade receivable	26,800	19,988	16,104	13,610
Less: loss allowance	(1,856)	(1,744)	(842)	(1,097)
	24,944	18,244	15,262	12,513
Prepaid expenses	28,489	34,835	39,586	35,009
Advances to suppliers	5,499	7,145	2,375	4,276
Refundable deposits	18,627	20,139	20,220	22,900
Accrued income	5,304	4,573	4,498	4,386
Insurance receivables	752	1,101	764	1,082
Staff receivables	2,313	1,697	918	805
Others	8,106	8,246	6,320	7,229
	94,034	95,980	89,943	88,200

Americana Restaurants has a broad base of customers with no concentration of credit risk within trade receivables at 31 December 2021, 2020, 2019, and 1 January 2019.

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-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-19
Up to 3 months	25,044	18,221	15,274	9,896
3 to 6 months	561	121	74	2,846
Over 6 months	1,195	1,646	756	868
	26,800	19,988	16,104	13,610

The loss allowance on trade receivables is primarily concentrated in the balances over 6 months which had a expected credit loss allowance of 100% amounting to USD 1,195 thousand (2020: 75% amounting to USD 1,227 thousand; 2019: 92% amounting to USD 697 thousand; and 1 Jan 2019: 98% amounting to USD 851 thousand).

Balances between 3 to 6 months had a expected credit loss allowance of 27% amounting to USD 153 thousand (2020: 57% amounting to USD 69 thousand; 2019: 57% amounting to USD 42 thousand; and 1 Jan 2019: 5% amounting to USD 141 thousand). Balances up to 3 months had a expected credit loss allowance of 2% amounting to USD 508 thousand (2020: 2% amounting to USD 448 thousand; 2019: 1% amounting to USD 103 thousand; and 1 Jan 2019: 1% amounting to USD 105 thousand)

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

	US Dollars'000		
	2021	2020	2019
Balance at 1 January	1,744	842	1,097
Charge/(reversal) during the year	1,454	1,644	(50)
Write-offs against the loss allowance on trade receivables	(1,319)	(382)	(172)
Reclassification	(26)	(359)	(38)
Foreign currency translation differences	3	(1)	5
Balance at 31 December	1,856	1,744	842

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

9 TRADE AND OTHER RECEIVABLES (continued)

The carrying amounts of Americana Restaurants' trade receivables are denominated in the following currencies:

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
UAE Dirham	8,563	5,431	5,605	3,462
Saudi Riyal	4,455	4,026	3,396	5,757
Egyptian Pound	5,316	3,472	2,546	1,928
Kuwaiti Dinar	4,151	3,916	2,115	1,570
US Dollar	54	-	9	158
Other	4,261	3,143	2,433	735
	26,800	19,988	16,104	13,610

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:

Americana Restaurants 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"). Americana Restaurants 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 Americana Restaurants. As per the agreement, the loan notes are to be settled against the future cash flows (i.e., dividends) received from the investment of Americana Restaurants. Americana Restaurants 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, Americana Restaurants 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.

10 CASH AND CASH EQUIVALENTS

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Cash on hand	4,309	1,778	2,040	1,940
Cash at banks	89,420	122,931	123,747	86,469
Short-term deposits with original maturity of 3 months or less	80,267	71,638	44,091	18,237
Cash and cash equivalents	173,996	196,347	169,878	106,646

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 special purpose carve-out statement of cash flows:

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Cash and cash equivalents	173,996	196,347	169,878	106,646
Less: Bank overdraft (Note 11)	(7,073)	(24,563)	(13,631)	(11,158)
Balances per special purpose carve-out statement of cash flows	166,923	171,784	156,247	95,488

11 BANK FACILITIES

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Short term				
Bank overdraft	7,073	24,563	13,631	11,158

	US Dollars'000			
Maturity of bank facilities are as follows:	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Within one year	7,073	24,563	13,631	11,158

12 LEASES

(i) Amounts recognized in the special purpose carve-out statement of financial position

	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 is a non-cash investing activity.

12 LEASES (continued)

(i) *Amounts recognised in the special purpose carve-out 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 2019	456,945	13,107	8,648	6,034	484,734
Additions	96,320	13,838	1,769	779	112,706
Disposal	(3,727)	-	(761)	(1,744)	(6,232)
Transfers	-	-	-	440	440
Foreign currency translation difference	4,411	4	49	238	4,702
As at 31 December 2019	553,949	26,949	9,705	5,747	596,350
As at 1 January 2020	553,949	26,949	9,705	5,747	596,350
Additions	104,342	5,202	350	1,744	111,638
Hyperinflation adjustment	8,534	-	-	1,987	10,521
Disposal	(67,952)	(10,883)	(858)	(72)	(79,765)
Transfers	-	-	-	1,420	1,420
Foreign currency translation difference	(2,283)	(48)	(948)	45	(3,234)
As at 31 December 2020	596,590	21,220	8,249	10,871	636,930
Accumulated depreciation and impairment					
As at 1 January 2019	-	-	-	-	-
Charge for the year	128,533	5,657	1,682	2,086	137,958
Disposals	(309)	-	-	(1,697)	(2,006)
Foreign currency translation difference	549	4	1	179	733
As at 31 December 2019	128,773	5,661	1,683	568	136,685
As at 1 January 2020	128,773	5,661	1,683	568	136,685
Charge for the year	126,825	6,908	1,337	2,059	137,129
Hyperinflation adjustment	4,280	-	-	1,987	6,267
Impairment charges	7,650	-	-	-	7,650
Disposal	(21,259)	(371)	(405)	(72)	(22,107)
Transfers	-	-	-	581	581
Foreign currency translation difference	(520)	4	(298)	(8)	(822)
As at 31 December 2020	245,749	12,202	2,317	5,115	265,383
Net book amount					
Balance as at 31 December 2020	**350,841**	**9,018**	**5,932**	**5,756**	**371,547**
Balance as at 31 December 2019	425,176	21,288	8,022	5,179	459,665

The additions of right-of-use assets is a non-cash investing activity.

	31 December 2021 USD'000	31 December 2020 USD'000	31 December 2019 USD'000	1 January 2019 USD'000
Lease liabilities				
Non-current	248,136	263,630	318,945	339,536
Current	136,463	139,809	148,780	121,370
	384,599	403,439	467,725	460,906

12 LEASES (continued)

(ii) Amounts recognised in the special purpose carve-out statement of income

	2021 USD'000	2020 USD'000	2019 USD'000
Finance costs on lease liabilities (Note 24)	20,713	25,010	26,788

	2021 USD'000	2020 USD'000	2019 USD'000
Other rent expenses			
Expense relating to short-term and low-value leases	45,481	39,959	55,439
Expense relating to variable lease payments not included in lease liabilities	11,437	7,083	9,742
	56,918	47,042	65,181

Americana Restaurants recognised a gain on COVID-19 related rent concessions of USD 6,978 thousand for the year ended 31 December 2021 (2020: USD 28,113 thousand; 2019: NIL) under other income in the special purpose carve-out statement of income.

13 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

		2021 USD'000	2020 USD'000	2019 USD'000
At 1 January		80,413	81,231	84,186
Current service cost	25	10,074	8,001	13,522
Interest expense	24	950	3,676	-
Total amount recognised in the special purpose carve-out statement of income		11,024	11,677	13,522
Remeasurement of employees' end of service benefits				
- changes in financial assumptions		(2,846)	6,660	-
- changes in experience / demographic assumptions		2,410	(610)	-
Payments		(13,535)	(17,333)	(14,317)
Transfer to staff accruals		(2)	(1,100)	(2,232)
Foreign currency translation differences		(1,204)	(112)	72
At 31 December		76,260	80,413	81,231

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 2021 and 2020, 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 Americana Restaurants 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-Dec-2021	31-Dec-2020
Within one year	15,297	14,540
Between 2 and 5 years	46,722	45,419
Later than 5 years	69,226	63,569

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

Actuarial assumptions and sensitivity

	2021	2020	2019
Average discount rate used	1.95%	1.58%	2.53%
Average salary growth rate	1.69%	1.69%	1.69%
Salary growth effective date during the year	April	April	April
Withdrawal rates per annum	20%	10%-20%	15%-20%
Employee retirement age	60	60	60
Average duration	4-5 years	4-5 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 2021		31 December 2020		31 December 2019	
Discount rate	+/-1.0%	(4,717)	1,312	(2,905)	3,189	(2,974)	3,256
Salary growth rate	+/-1.0%	1,448	(4,899)	3,305	(3,071)	3,408	(3,172)

14 TRADE AND OTHER PAYABLES

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Trade payables	126,543	107,230	118,158	90,401
Non-trade payables	40,250	33,206	27,977	34,908
Accrued expenses	95,944	92,172	108,489	88,322
Unearned income	71,303	64,470	66,677	18,994
Accrued staff benefits	46,903	16,489	20,384	20,922
Value added tax payable	6,006	7,502	7,344	6,636
Deposits	2,979	4,137	4,555	4,304
Other payables	12,593	42,761	10,355	16,305
	402,521	367,967	363,939	280,792

Analysed as follows:

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Current portion	352,326	321,702	314,469	280,792
Non-current portion*	50,195	46,265	49,470	-
	402,521	367,967	363,939	280,792

* 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-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Legal cases	9,430	7,737	3,966	2,432
Provision for termination and closure	5,060	3,849	2,450	13,755
Tax	13,781	7,906	4,135	3,796
Other provisions	3,791	2,818	2,338	2,171
	32,062	22,310	12,889	22,154

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

	2021 (USD'000)				
	Legal cases	Provision for termination and closure	Tax	Other provisions	Total
Balance at the beginning of the year	7,737	3,849	7,906	2,818	22,310
Charged/(credited) to profit or loss					
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 at the end of the year	**9,430**	**5,060**	**13,781**	**3,791**	**32,062**

	2020 (USD'000)				
	Legal cases	Provision for termination and closure	Tax	Other provisions	Total
Balance at the beginning of the year	3,966	2,450	4,135	2,338	12,889
Charged/(credited) to profit or loss					
Additional provisions recognised	4,417	9,247	2,872	1,982	18,518
Unused amounts reversed	(166)	(4,363)	-	-	(4,529)
Amounts used during the year	(2,221)	(3,476)	(2,874)	(2,111)	(10,682)
Foreign currency translation difference	(1)	(9)	150	37	177
Others	1,742	-	3,623	572	5,937
Balance at the end of the year	7,737	3,849	7,906	2,818	22,310

	2019 (USD'000)				
	Legal cases	Provision for termination and closure	Tax	Other provisions	Total
Balance at the beginning of the year	2,432	13,755	3,796	2,171	22,154
Charged/(credited) to profit or loss					
Additional provisions recognised	1,245	1,567	929	717	4,458
Unused amounts reversed	-	(146)	-	-	(146)
Amounts used during the year	(231)	(12,795)	(1,122)	(776)	(14,924)
Foreign currency translation difference	5	41	28	226	300
Others	515	28	504	-	1,047
Balance at the end of the year	3,966	2,450	4,135	2,338	12,889

Legal cases
The provision consists of the total amount provided to meet specific legal claims against Americana Restaurants 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 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.

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

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 29). The other provisions also comprise of restructuring expenses and expected claims from external parties in relation to Americana Restaurants' 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 INCOME TAX, ZAKAT AND OTHER DEDUCTIONS PAYABLE

	31-Dec-2021 USD'000	31-Dec-2020 USD'000	31-Dec-2019 USD'000	1-Jan-2019 USD'000
Other taxes payable within one year comprise:				
Income Tax	6,018	4,124	5,063	3,591
Zakat	3,310	1,429	3,060	2,170
Income tax and zakat payable	**9,328**	**5,553**	**8,123**	**5,761**
Property and other taxes	829	792	41	430
Other taxes payable	2,457	2,291	2,388	2,290
Income tax, zakat and other deductions payable	**12,614**	**8,636**	**10,552**	**8,481**

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

	2021 USD'000	2020 USD'000	2019 USD'000
At 1 January	5,553	8,123	5,761
Income tax and zakat of subsidiaries	14,651	5,711	8,346
Payments	(6,971)	(5,501)	(5,183)
Others	(3,905)	(2,780)	(801)
At 31 December	9,328	5,553	8,123

17 NON-CONTROLLING INTERESTS

	US Dollars'000		
	31-Dec-2021	31-Dec-2020	31-Dec-2019
Balance as at 1 January	9,509	16,884	18,213
Share from net profit of the year	2,491	(1,045)	1,029
Other comprehensive income item:			
Foreign currency translation differences	48	8	(70)
Other changes in non-controlling interests:			
Effects of acquisition of additional shares in a subsidiary	(65)	(5,199)*	-
Cash dividends paid by subsidiaries	(826)	(1,139)	(2,288)
Total other changes in non-controlling interests	(891)	(6,338)	(2,288)
Balance as at 31 December	**11,157**	**9,509**	**16,884**

* During the year ended 31 December 2020, Americana Restaurants acquired an additional 9.14% stake in its subsidiary Egyptian Company for International Touristic Projects ("ECITP") through a mandatory takeover in Egyptian Exchange market for USD 14.7 million (EGP 231,078,090, equivalent to EGP 6.32 per share), increasing the shareholding to 99.24% with 0.55% as treasury shares and remaining shares as non-controlling interest. As this transaction does not change Americana Restaurants' control status of ECITP, the difference between the total consideration paid and the identified net assets attributable to the non-controlling interest acquired amounting to USD 9.5 million has been charged to accumulated net contribution from parent in equity on the basis that this is considered a shareholder's transaction in accordance with Americana Restaurants' accounting policy. Hence, this does not result in the recognition of any additional non-current asset.

18 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, Americana Restaurants 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-Dec-2021	31-Dec-2020	31-Dec-2019
Transactions with fellow subsidiaries			
Purchases of raw materials	107,168	87,565	120,502
Interest income from loan to a related party	1,502	-	-
Investment property rental income	383	330	304
Delivery and payment support	587	251	85
Key management personnel			
Short term employee benefits	4,656	1,689	2,487
Termination benefits	113	73	85

18 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Due from related parties

Name	Place of incorporation	USD'000 31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Fellow subsidiaries:					
Americana Food Investment Group Company	UAE	457	-	-	-
Gulf Food Industries (California Garden)	UAE	68	-	76	11,053
Gulf Food Co. Americana LLC	UAE	-	-	866	884
Americana Group for Food and Touristic Projects	Egypt	-	-	21	171
Others		574	469	568	1,448
Division of the Parent Company:					
Kuwait Foods Divisions (Meat, Cake, Agencies)	Kuwait	-	-	2	14,190
Entity controlled by a major shareholder:					
Noon E Commerce Solutions	UAE	-	143	-	-
Nshmi Development LLC	UAE	90	84	180	-
		1,189	**696**	**1,713**	**27,746**

Due to related parties

Name	Place of incorporation	USD'000 31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Fellow subsidiaries:					
National Food Industries Co.	KSA	7,110	9,474	9,965	9,691
The International Co. for Agricultural development ('Farm Frites')	Egypt	6,261	4,403	1,592	1,136
Senyorita Co. for Food Industries	Egypt	2,551	-	-	-
Gulf Food Co. Americana LLC	UAE	2,295	1,591	-	-
Gulf Food Industries (California Garden)	UAE	1,467	1,208	-	-
Cairo poultry Company	Egypt	1,213	1,885	1,920	2,213
Americana Group for Food and Touristic Projects	Egypt	-	2	-	1,571
Others		162	803	798	233
Division of the Parent Company:					
Kuwait Foods Divisions (Meat, Cake, Agencies)	Kuwait	2,282	3,008	-	114
Entities controlled by a major shareholder:					
Noon E Commerce Solutions	UAE	-	-	97	7,029
Noon AD Holdings	UAE	274	31	10	-
Noon Payments Digital Limited	KSA	68	14	-	-
		23,683	**22,419**	**14,382**	**21,987**

	US Dollars'000 31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Loan to a related party				
Americana Foods Investments Group Company LLC	64,000	-	-	-

On 21 March 2021, Americana Prime Investments Limited (an entity of Americana Restaurants) 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. Subsequently, the related party loan of USD 64,000 thousand has been early settled by Americana Foods Investments Group Company LLC on 20 April 2022.

19 REVENUES

	US Dollars'000		
	2021	2020	2019
Food and beverage	2,048,983	1,575,177	1,887,730
Investment properties rental income	2,764	2,618	2,489
	2,051,747	1,577,795	1,890,219

20 COST OF REVENUES

	US Dollars'000		
	2021	2020	2019
Cost of inventory (Note 8)	623,720	473,108	563,686
Staff costs (Note 25)	121,101	104,265	124,765
Royalties	105,773	79,812	93,519
Depreciation and amortisation	75,623	77,144	78,109
Rent (Note 26)	21,612	17,377	23,737
Others	22,522	22,147	19,005
	970,351	773,853	902,821

21 SELLING AND MARKETING EXPENSES

	US Dollars'000		
	2021	2020	2019
Staff costs (Note 25)	207,772	178,161	213,604
Depreciation and amortisation	117,308	122,053	129,209
Advertisement and business development	89,828	64,543	80,372
Home delivery and transportation	76,493	53,769	37,929
Utilities and communication	62,040	51,880	61,664
Maintenance and other operating expenses	48,521	40,327	42,017
Rent (Note 26)	23,317	22,533	23,920
Licenses and insurance charges	7,790	7,309	8,593
Call centre expenses	9,219	9,636	7,708
Others	37,315	28,671	41,002
	679,603	578,882	646,018

22 GENERAL AND ADMINISTRATIVE EXPENSES

	US Dollars'000		
	2021	2020	2019
Staff costs (Note 25)	95,593	71,815	92,527
Depreciation and amortisation	15,698	15,550	12,736
Provision for tax and legal claims	14,557	23,897	1,611
Rent (Note 26)	8,965	5,287	7,821
Repairs and maintenance	5,867	5,265	3,510
Utilities	5,375	5,919	6,073
Professional and legal	4,146	3,089	8,516
Travel and accommodation	2,118	1,402	2,327
Office administrative	2,116	612	1,803
Loss/(gains) on foreign exchange	2,905	1,515	(1,239)
Others	19,649	23,498	29,428
	176,989	157,849	165,113

23 DEPRECIATION AND AMORTISATION

	US Dollars'000		
	2021	2020	2019
Property and equipment (Note 5)	58,607	71,997	77,392
Intangible assets (Note 7)	6,133	4,979	4,104
Right of use assets (Note 12)	143,243	137,129	137,958
Investment property (Note 6)	646	642	600
	208,629	214,747	220,054

24 FINANCE COSTS - NET

	US Dollars'000		
	2021	2020	2019
Finance income	2,208	822	589
Finance costs on bank facilities	1,455	1,178	1,623
Finance costs on lease liabilities (Note 12)	20,713	25,010	26,788
Interest on employees' end of service benefit* (Note 13)	950	3,676	-
Finance costs	23,118	29,864	28,411
Finance costs – net	20,910	29,042	27,822

*Actuarial valuation was performed from 2020, therefore nil amount in 2019.

25 STAFF COSTS

	US Dollars'000		
	2021	2020	2019
Salaries and other benefits	414,392	346,240	417,374
End of service benefits (Note 13)	10,074	8,001	13,522
	424,466	354,241	430,896

Allocation of staff costs:

	US Dollars'000		
	2021	2020	2019
Cost of revenues (Note 20)	121,101	104,265	124,765
Selling and marketing expenses (Note 21)	207,772	178,161	213,604
General and administrative expenses (Note 22)	95,593	71,815	92,527
	424,466	354,241	430,896

26 RENT

	US Dollars'000		
	2021	2020	2019
Cost of revenues (Note 20)	21,612	17,377	23,737
Selling and marketing expenses (Note 21)	23,317	22,533	23,920
General and administrative expenses (Note 22)	8,965	5,287	7,821
Vehicle rent included under home delivery cost (Note 21)	3,024	1,845	9,703
	56,918	47,042	65,181

Rent includes USD 56,918 thousand (2020: USD 47,042 thousand; 2019: USD 65,181 thousand) pertaining to expenses on short term and low value leases and variable lease payments not included in lease liability (Note 13).

27 INCOME TAX, ZAKAT, AND CONTRIBUTION TO KFAS

	US Dollars'000		
	2021	2020	2019
Current tax			
Current tax of subsidiaries on taxable profits for the year	10,666	5,313	6,052
Zakat of subsidiaries	3,985	398	2,294
Total income tax and zakat	14,651	5,711	8,346
KFAS	1,081	570	792
Income tax, zakat, and KFAS	15,732	6,281	9,138

The effective tax rate on 31 December 2021 is 7% (2020: 7%; 2019: 6%).

Provision for income tax is made in accordance with relevant tax laws and regulations of countries where Americana Restaurants 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 29).

27 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 31%. A reconciliation between the expected and the actual taxation charge is provided below.

	2021 USD'000	2020 USD'000	2019 USD'000
Profit before income tax, zakat, and KFAS	**222,140**	**86,062**	**161,237**
Theoretical tax charge at each subsidiaries' statutory rate	8,754	5,778	5,914
Tax effect of items which are not deductible or assessable for taxation purposes:			
- Income which is exempt from taxation	(55,502)	(29,295)	(36,611)
- Non-deductible expenses	26,224	(6,206)	4,688
- Income subject to withholding tax	28,475	33,080	-
- Carried forward losses	(2,721)	(2,359)	-
Taxable profit	**218,616**	**81,282**	**129,314**
Current tax of subsidiaries on taxable profits for the year	**10,666**	**5,313**	**6,052**
Zakat of subsidiaries	**3,985**	**398**	**2,294**
KFAS	**1,081**	**570**	**792**

28 ENTITIES

The entities included in the special purpose carve-out financial statements are as reflected below:

Company's Name	Activity	Place of incorporation
Americana Restaurants Investments Group Company LLC	Holding Company	United Arab Emirates
Americana Kuwait Company Restaurants WLL	Restaurants	Kuwait
Americana Holding for UAE Restaurants LTD	Holding Company	United Arab Emirates
Americana Holding for Egyptian Restaurants LTD	Holding Company	United Arab Emirates
Americana Company for Restaurants Holding LTD	Holding Company	United Arab Emirates
Americana Holding for KSA Restaurants LTD	Holding Company	United Arab Emirates
Americana Holding for Restaurants LTD	Holding Company	United Arab Emirates
Kuwait Food Company Americana LLC	Restaurants	United Arab Emirates
Egyptian Company for International Touristic Projects SAE	Restaurants	Egypt
Egyptian International Company for Food Industries SAE	Restaurants	Egypt
Al Ahlia Restaurants Company LLC	Restaurants	Saudi Arabia
United Food Company LLC	Others	Saudi Arabia
Americana Prime Investments Limited	Others	United Arab Emirates
International Tourism Restaurants Company LLC	Restaurants	Oman
The Caspian International Restaurants Company LLP	Restaurants	Kazakhstan
Gulf & Arab World Restaurant WLL	Restaurants	Bahrain
Bahrain & Kuwait Restaurant Co. WLL	Restaurants	Bahrain
Lebanese International Touristic Projects Company LLC	Restaurants	Lebanon
Qatar Food Company WLL	Restaurants	Qatar
Ras Buabboud Trading Company WLL	Restaurants	Qatar
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd.	Restaurants	Iraq - Kurdistan
Société Marocaine De Projects Touristiques SARL	Restaurants	Morocco
Touristic Projects & International Restaurants Co. (Americana) LLC	Restaurants	Jordan
Jordanian Restaurants Company for Fast Food LLC	Restaurants	Jordan
The International Co. for World Restaurants Limited	Restaurants	United Arab Emirates

29 CONTINGENT LIABILITIES, OPERATING AND CAPITAL COMMITMENTS

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Contingent liabilities				
Letters of guarantee	12,839	12,206	12,791	9,385

Taxes

Americana Restaurants operates in several different countries, Note 28 indicates Americana Restaurants' 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 the State of Kuwait, Kingdom of Saudi Arabia and Arab Republic of Egypt as follows:

State of Kuwait:

Americana Restaurants' operations in the State of Kuwait are subject to various types of taxes and deductions as follows:

- Zakat at 1% of profit attributable to owners of the Parent Company, less permitted deductions.
- KFAS contribution at 1% of profit attributable to owners of the Parent Company, less permitted deductions.

Arab Republic of Egypt:

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

Kingdom of Saudi Arabia:

Americana Restaurants' operations are subject to Zakat in the Kingdom of Saudi Arabia.

Americana Restaurants 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, Americana Restaurants takes in consideration the contingent liabilities for the years that have not been inspected yet.

The tax claims and contingent tax liabilities, at Americana Restaurants' level, are amounted to USD 94,628 thousand as at 31 December 2021 (2020: USD 20,095 thousand; 2019: USD 58,859 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, Americana Restaurants' management believes that the provisions made for this purpose are adequate and sufficient.

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Operating lease commitments – Lessee				
Less than one year	45,481	39,959	55,439	104,280
	45,481	39,959	55,439	104,280

	US Dollars'000			
	31-Dec-2021	31- Dec-2020	31-Dec-2019	1-Jan-2019
Capital commitments				
Letters of credit	12,719	6,853	3,879	1,468
Projects in progress	13,896	1,690	5,778	1,060

30 FINANCIAL INSTRUMENTS BY CATEGORY

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Financial assets				
Financial assets at amortised cost				
Cash and cash equivalents (Note 10)	173,996	196,347	169,878	106,646
Loan to a related party (Note 18)	64,000	-	-	-
Trade and other receivables (excluding prepayments, advances to suppliers) (Note 9)	60,046	54,000	47,982	48,915
Due from related parties (Note 18)	1,189	696	1,713	27,746
	299,231	251,043	219,573	183,307
Financial assets at fair value				
Derivative financial instrument	9,390	-	-	-
	308,621	251,043	219,573	183,307
Financial liabilities				
Other financial liabilities at amortised cost				
Trade and other payables (excluding value added tax payable and unearned income) (Note 14)	325,212	295,995	289,918	255,162
Bank facilities (Note 11)	7,073	24,563	13,631	11,158
Lease liabilities (Note 12)	384,599	403,439	467,725	460,906
	716,884	723,997	771,274	727,226

31 NET DEBT RECONCILIATION

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Cash and cash equivalents (Note 10)	173,996	196,347	169,878	106,646
Bank facilities (Note 11)	(7,073)	(24,563)	(13,631)	(11,158)
Lease liabilities (Note 12)	(384,599)	(403,439)	(467,725)	(460,906)
Net debt	(217,676)	(231,655)	(311,478)	(365,418)

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Cash and cash equivalents	173,996	196,347	169,878	106,646
Net debt – variable interest rates	(391,672)	(428,002)	(481,356)	(472,064)
Net debt	(217,676)	(231,655)	(311,478)	(365,418)

31 NET DEBT RECONCILIATION (continued)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
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)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
Net debt as at 1 January 2020	(467,725)	156,247	(311,478)
Foreign currencies translation differences	2,671	(228)	2,443
Others	32,648	-	32,648
Principal elements of lease payments	110,748	-	110,748
Gain on rent concessions	28,113	-	28,113
Acquisition of leases	(109,894)	-	(109,894)
Cash flows, net	-	15,765	15,765
Net debt as at 31 December 2020	(403,439)	171,784	(231,655)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
Net debt as at 1 January 2019	(460,906)	95,488	(365,418)
Foreign currencies translation differences	(5,818)	(2,554)	(8,372)
Others	(22,609)	-	(22,609)
Principal elements of lease payments	133,535	-	133,535
Acquisition of leases	(111,927)	-	(111,927)
Cash flows, net	-	63,313	63,313
Net debt as at 31 December 2019	(467,725)	156,247	(311,478)

32 SEGMENT REPORTING

Americana Restaurants is organized into operating segments based on geographical location. The results are reported to the top executive management in Americana Restaurants. 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 special purpose carve-out 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:

Revenues	Reportable segments 31 December 2021	Reportable segments 31 December 2020	Intercompany transactions 31 December 2021	Intercompany transactions 31 December 2020	**Total 31 December 2021**	**Total 31 December 2020**
	USD'000		USD'000		**USD'000**	
Major GCC	1,365,447	1,042,940	(1,433)	(979)	1,364,014	1,041,961
Lower Gulf	251,574	204,380	(32,906)	(26,240)	218,668	178,140
North Africa	273,601	201,360	-	-	273,601	201,360
Others	195,464	156,334	-	-	195,464	156,334
Total	2,086,086	1,605,014	(34,339)	(27,219)	2,051,747	1,577,795

Net profits	Reportable segments 31 December 2021	Reportable segments 31 December 2020
	USD'000	
Major GCC	179,560	97,485
Lower Gulf	16,225	13,605
North Africa	8,061	(40,098)
Others	21,199	16,585
Total	**225,045**	**87,577**
Unallocated:		
Income tax, zakat and other deductions	(15,732)	(6,281)
Losses of foreign exchange	(2,905)	(1,515)
Net profit for the year	**206,408**	**79,781**

Revenues	Reportable segments 31 December 2019	Intercompany transactions 31 December 2019	Total 31 December 2019
	USD'000	USD'000	USD'000
Major GCC	1,255,117	(1,389)	1,253,728
Lower Gulf	231,499	(27,499)	204,000
North Africa	244,581	-	244,581
Others	187,910	-	187,910
Total	1,919,107	(28,888)	1,890,219

32 SEGMENT REPORTING (continued)

	Reportable segments
Net profits	31 December 2019
	USD'000
Major GCC	133,198
Lower Gulf	19,570
North Africa	(5,672)
Others	12,902
Total	159,998
Unallocated:	
Income tax, zakat and other deductions	(9,138)
Gain of foreign exchange	1,239
Net profit for the year	**152,099**

	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

	31 December 2020 USD'000				
	Major GCC	Lower Gulf	North Africa	Others	**Total**
Assets	630,532	132,176	130,004	123,650	1,016,362
Liabilities	619,985	98,453	136,771	74,538	929,747

	31 December 2019 USD'000				
	Major GCC	Lower Gulf	North Africa	Others	**Total**
Assets	706,032	136,979	125,163	132,389	1,100,563
Liabilities	680,921	98,536	98,336	87,383	965,176

	1 January 2019 USD'000				
	Major GCC	Lower Gulf	North Africa	Others	**Total**
Assets	729,596	128,800	128,943	127,887	1,115,226
Liabilities	627,623	88,624	89,594	84,702	890,543

32 SEGMENT REPORTING (continued)

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

	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

	2020 USD'000			
	UAE	KSA	Kuwait	Egypt
Revenues	476,333	340,373	225,255	187,741
Non-current assets	152,667	141,758	92,128	75,706

	2019 USD'000			
	UAE	KSA	Kuwait	Egypt
Revenues	540,144	405,494	308,090	225,786
Non-current assets	177,128	195,834	109,214	78,989

Americana Restaurants LTD

Condensed interim carve-out financial statements and independent auditor's review report for the six month period ended 30 June 2022

Contents

Review report on condensed interim carve-out financial statements to the Board of Directors of Adeptio AD Investments Ltd

Introduction

We have reviewed the accompanying condensed interim carve-out statement of financial position of Americana Restaurants LTD and its subsidiaries (the 'Group') as at 30 June 2022 and the related condensed interim carve-out statements of income, comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2022 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim carve-out financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34). Our responsibility is to express a conclusion on these condensed interim carve-out financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial statements performed by the independent auditor of the entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphases of matter

We draw attention to Note 2 to the condensed interim carve-out financial statements, which describes the basis of accounting. In addition, we draw attention to the fact that, Americana Restaurants LTD 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. These condensed interim carve-out financial statements are, therefore, not necessarily indicative of the future results of Americana Restaurants LTD and its subsidiaries as a Group.

The condensed interim carve-out financial statements are prepared by the management of Americana Restaurants LTD in connection with the listing of Americana Restaurants LTD on the Abu Dhabi Securities Exchange in the United Arab Emirates and the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. As a result, the condensed interim carve-out financial statements may not be suitable for another purpose.

Our conclusion is not modified in respect of these matters.

Review report on condensed interim carve-out financial statements to the Board of Directors of Adeptio AD Investments Ltd (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim carve-out financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting.”

PricewaterhouseCoopers Limited
12 August 2022

PricewaterhouseCoopers

Dubai, United Arab Emirates

Americana Restaurants LTD

Condensed interim carve-out statement of financial position as at

	Note	US Dollars'000 30-June-2022 (Consolidated)	US Dollars'000 31-December-2021 (Carve-out)
ASSETS			
Non-current assets			
Property and equipment	5	235,988	221,919
Right of use assets	10	338,984	361,975
Loan to a related party	14	-	51,200
Investment properties		7,465	9,341
Intangible assets	6	40,728	42,623
Derivative financial instrument		8,295	7,512
Deferred tax asset		2,624	2,150
Total non-current assets		**634,084**	**696,720**
Current assets			
Inventories		144,683	107,297
Trade and other receivables	7	106,212	94,034
Due from related parties	14	2,830	1,189
Loan to a related party	14	-	12,800
Derivative financial instrument		2,370	1,878
Cash and cash equivalents	8	250,039	173,996
Total current assets		**506,134**	**391,194**
Total assets		**1,140,218**	**1,087,914**
LIABILITIES AND EQUITY			
Non-current liabilities			
Lease liability	10	229,872	248,136
Provision for employees' end of service benefits		70,499	76,260
Trade and other payables		64,387	50,195
Deferred gain on derivative financial instrument		6,573	7,512
Deferred tax liabilities		4	-
Total non-current liabilities		**371,335**	**382,103**
Current liabilities			
Bank facilities	9	13,670	7,073
Deferred gain on derivative financial instrument		1,878	1,878
Lease liability	10	123,267	136,463
Income tax, zakat and other deductions payable		9,862	12,614
Trade and other payables		385,030	352,326
Due to related parties	14	28,515	23,683
Provisions for legal, tax and other claims	11	51,915	32,062
Total current liabilities		**614,137**	**566,099**
Total liabilities		**985,472**	**948,202**
Equity			
Share capital	12	168,473	-
Merger reserve	12	(1,608)	-
Accumulated net contribution from the Intermediate Parent Company		-	148,984
Foreign currency translation reserve		(21,520)	(20,429)
Equity attributable to owners of the Parent Company		145,345	128,555
Non-controlling interests	13	9,401	11,157
Total equity		**154,746**	**139,712**
Total liabilities and equity		**1,140,218**	**1,087,914**

Harsh Bansal	Amarpal Sandhu	Abdulmalik Al Hogail	Mohamed Ali Rashed Alabbar
Chief Financial Officer	Chief Executive Officer	Board Member	Board Member

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants LTD

Condensed interim carve-out statement of income for the period ended 30 June

	Note	2022	2021
		US Dollars'000	
Revenues	15	1,151,929	968,149
Cost of revenues		(546,122)	(458,886)
Gross profit		**605,807**	**509,263**
Selling and marketing expenses		(360,342)	(327,702)
General and administrative expenses		(90,402)	(80,896)
Other income		9,429	9,849
Monetary gain from hyperinflation		547	3,093
Impairment losses on non-financial assets		(1,035)	(2,403)
Net impairment allowance on financial assets	7	(1,182)	(810)
Fair value gains on financial assets at fair value through profit or loss		1,275	-
Tax claim charge	16	(25,482)	-
Operating profit		**138,615**	**110,394**
Finance income		1,146	802
Finance costs		(10,431)	(11,505)
Profit before income tax, zakat, and KFAS		**129,330**	**99,691**
Income tax, zakat, and contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(6,119)	(6,058)
Net profit for the period		**123,211**	**93,633**
Attributable to:			
The shareholder of the Parent Company/ Net Investment attributable to Intermediate Parent Company		121,266	93,324
Non-controlling interests		1,945	309
		123,211	**93,633**
Earnings per share			
Basic and diluted earnings per share	22	**0.001**	**0.001**

Americana Restaurant LTD

Condensed interim carve-out statement of comprehensive income for the period ended 30 June

	US Dollars'000	
	2022	2021
Net profit for the period	123,211	93,633
Other comprehensive income items		
Items that will not be reclassified subsequently to Condensed interim carve-out statement of income		
Remeasurement of employees' end of service benefits	5,726	-
Items that may be reclassified subsequently to Condensed interim carve-out statement of income		
Exchange differences on translating foreign operations including the effect of hyperinflation	(1,061)	(11,848)
Total other comprehensive income items	4,665	(11,848)
Total comprehensive income for the period	127,876	81,785
Attributable to:		
The shareholder of the Parent Company/ Net Investment attributable to Intermediate Parent Company	125,901	81,428
Non-controlling interests	1,975	357
	127,876	81,785

Americana Restaurants LTD
Condensed interim carve-out statement of changes in equity for the period ended 30 June

	US Dollars'000				
	Net Investment attributable to Intermediate Parent Company				
	Accumulated net contribution from the Intermediate Parent Company	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 period	93,324	-	93,324	309	93,633
Other comprehensive income					
Hyperinflation adjustment	-	(138)	(138)	-	(138)
Foreign currencies translation differences	-	(11,758)	(11,758)	48	(11,710)
Total comprehensive income	**93,324**	**(11,896)**	**81,428**	**357**	**81,785**
Changes in non-controlling interest	(119)	-	(119)	(890)	(1,009)
Distributions to the Intermediate Parent Company	(72,410)	-	(72,410)	-	(72,410)
Net payments and impact of capital reorganisation with the Intermediate Parent Company	(15,258)	-	(15,258)	-	(15,258)
Balance at 30 June 2021	**95,326**	**(24,579)**	**70,747**	**8,976**	**79,723**

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants LTD

Condensed interim carve-out statement of changes in equity for the period ended 30 June

		US Dollars'000						
		Equity attributable to owners of the Parent Company						
	Notes	Share capital	Merger reserve	Accumulated net contribution from the Intermediate Parent Company	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2022		-	-	**148,984**	**(20,429)**	**128,555**	**11,157**	**139,712**
Net profit for the period		-	-	121,266	-	121,266	1,945	123,211
Other comprehensive income								
Remeasurement of employees' end of service benefits		-	-	5,726	-	5,726	-	5,726
Hyperinflation adjustment		-	-	-	986	986	-	986
Foreign currencies translation differences		-	-	-	(2,077)	(2,077)	30	(2,047)
Total comprehensive income		-	-	**126,992**	**(1,091)**	**125,901**	**1,975**	**127,876**
Changes in non-controlling interest	13	-	-	(129)	-	(129)	(3,731)	(3,860)
Distributions to the Intermediate Parent Company		-	-	(83,089)	-	(83,089)	-	(83,089)
Net payments and impact of capital reorganisation with the Intermediate Parent Company		-	-	(25,903)	-	(25,903)	-	(25,903)
Issuance of shares		10	-	-	-	10	-	10
Capitalisation of shares	12	168,463	(1,608)	(166,855)	-	-	-	-
Balance at 30 June 2022		**168,473**	**(1,608)**	-	**(21,520)**	**145,345**	**9,401**	**154,746**

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants LTD

Condensed interim carve-out statement of cash flows for the period ended 30 June

	Note	US Dollars'000 2022	2021
Cash flows from operating activities			
Profit before income tax and zakat for the period		129,330	99,206
Adjustments for:			
Depreciation and amortisation		102,528	101,920
Provision for employees' end of service benefits, net of transfers		5,164	6,539
Impairment allowance on financial assets	7	1,182	810
Provision for obsolete, slow moving, and defective inventories		878	720
Impairment losses of non-financial assets	5,6,10	1,035	2,403
Loss on disposal of property and equipment and intangible assets		1,048	382
Gain on rent concessions		(667)	(4,662)
Finance income		(1,146)	(802)
Finance cost		10,431	11,505
Recognition of deferred gain on derivative financial instrument in other income		(939)	-
Fair value gains on financial assets at fair value through profit or loss		(1,275)	-
Tax claim charge	16	25,482	-
Hyperinflation impact		505	(2,680)
Operating cash flows before changes in working capital		**273,556**	**215,341**
Payments of employees' end of service benefits		(5,505)	(5,604)
Income tax paid		(6,062)	(4,835)
Changes in working capital:			
Trade and other receivables		(13,860)	(3,023)
Due from related parties		(1,641)	(223)
Inventories		(38,055)	(5,173)
Due to related parties		4,832	2,713
Trade and other payables, other liabilities and taxes		28,066	9,290
Net cash generated from operating activities		**241,331**	**208,486**
Cash flows from investing activities			
Purchase of property and equipment		(44,573)	(18,840)
Proceeds from sale of property and equipment		1,038	916
Purchase of intangible assets	6	(1,912)	(2,561)
Payments for key money		(1,216)	(516)
Interest received on short term deposits		1,146	802
Loans to a related party	14	(36,000)	(64,000)
Repayments of loans to a related party	14	100,000	-
Net cash generated from/(used in) investing activities		**18,483**	**(84,199)**
Cash flows from financing activities			
Payments of finance costs		(574)	(1,119)
Dividends paid to non-controlling interests	13	(3,215)	(825)
Acquisition of additional shares in subsidiary from non-controlling interests		(705)	(184)
Lease payments – principal element		(74,481)	(67,871)
Lease payments – interest on lease liabilities		(9,264)	(10,386)
Distributions to the Intermediate Parent Company		(83,089)	(72,410)
Movement in payments and impact of capital reorganisation with the Intermediate Parent Company		(25,903)	(15,258)
Proceeds from issuance of share capital		10	-
Net cash used in financing activities		**(197,221)**	**(168,053)**
Net change in cash and cash equivalents		62,593	(43,766)
Foreign currency translation differences		6,853	(94)
Cash and cash equivalents at the beginning of the period		166,923	171,784
Cash and cash equivalents at the end of the period	8	**236,369**	**127,924**

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

1 GENERAL INFORMATION

Americana Restaurants LTD ("Americana Restaurants" or the "Parent") 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 is a wholly owned subsidiary of Kuwait Food Company (Americana) K.S.C.C. ("KFC" or the "Intermediate Parent Company"). KFC is 93.42% owned by Adeptio AD investments Ltd which is wholly owned by Adeptio AD Holdings Ltd (the "Ultimate Parent Company"). The 'Ultimate Shareholders' of KFC are 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. 2.7% of the issued shares of KFC are being held as treasury shares by KFC and remaining 3.9% shares represents the minority shareholding.

KFC is involved in two main lines of businesses namely the Restaurant Business and the Food Business. The Restaurants Business comprises of 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 KFC. On 2 June 2022, the Board of Directors of KFC approved the transfer date of the Restaurant Business and entities as detailed in Note 17 to Americana Restaurants (together referred to as "the Group") to be 27 June 2022.

The Condensed interim carve-out financial statements were approved for issue by the board of directors on 5 August 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The Condensed interim carve-out financial statements for the six month period ended 30 June 2022 have been prepared in accordance with IAS 34, 'Interim financial reporting'. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Condensed interim carve-out financial position. The Condensed interim carve-out financial statements do not include all the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC"). The Condensed interim carve-out financial statements should be read in conjunction with the annual special purpose carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

2.2 Basis of preparation

The Condensed interim carve-out financial statements have been prepared on a historical cost convention except for the defined benefit obligation which is recognised at the present value of future obligations using the projected unit credit method and the revaluation of derivative financial instrument. The accompanying Condensed interim carve-out financial statements has been prepared for inclusion in the company's Initial Public Offering document to be filed in connection with the listing of Americana Restaurants on the Abu Dhabi Securities Exchange in the United Arab Emirates and the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia.

The preparation of Condensed interim carve-out 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 Condensed interim carve-out financial statements are disclosed in Note 4. These have been applied consistently for all periods presented.

The transfer of the Restaurant Business and its entities to Americana Restaurants represents a capital reorganisation, whereby the Condensed interim carve-out financial statements of the Group are presented as a continuation of Americana Restaurants. The financial information as at 30 June 2022 constitutes a condensed consolidated interim financial statements of Americana Restaurants under IFRS 10 post restructuring. The financial information for the periods presented in these Condensed interim carve-out financial statements represent the financial results and financial position of Americana Restaurants before the incorporation date of the Parent Company as if the Parent Company had historically operated as a group of entities. Therefore, the transfer represents the predecessor method of accounting and retrospective presentation is used whereby:

- Assets and liabilities of the transferred entities are stated at their predecessor carrying values and fair value measurement is not required.
- The entities' results and financial position are incorporated as if they had always been combined with the Parent Company. Therefore, the comparative information for the six month period ended 30 June 2021 and as at 31 December 2021 in these Condensed interim carve-out financial statements represent the financial results and financial position of the Restaurant business. The comparatives for the period ended 30 June 2021 and as at 31 December 2021 have been prepared on a carve-out basis according to the basis of preparation and accounting policies set out in the annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Seasonality of operations

Currently, the Group has no seasonality of operations.

2.4 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 Condensed interim carve-out 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 IFRS 3 (effective 1 January 2022);
- amendment to IAS 37 (effective 1 January 2022);
- amendment to IAS 16 (effective 1 January 2022); and
- annual improvements to 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 Condensed interim carve-out financial statements of the Group and intends to adopt these, if applicable, when they become effective.

2.5 Accounting policies

The same accounting policies and methods of computation have been followed in these Condensed interim carve-out financial statements as compared with the Group's recent annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

2.6 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 Condensed interim carve-out 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 Condensed interim carve-out 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 Condensed interim carve-out statement of income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Basis of consolidation (continued)

(a) Subsidiaries (continued)

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

The Condensed interim carve-out financial statements comprises the Condensed interim carve-out financial statements of the Parent and its subsidiaries that were transferred to it by KFC.

The subsidiaries of the Parent were transferred to it under a capital reorganisation during the six-month period ended 30 June 2022. The transfer is treated as a capital reorganisation under common control and the predecessor method of accounting and retrospective presentation is used.

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

(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 Condensed interim carve-out 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 condensed interim carve-out statement of income.

2.7 Merger reserve

The merger reserve is related to the capital reorganisation wherein the Restaurant Business was transferred from the Intermediate Parent to Americana Restaurants LTD during the six month period ended 30 June 2022. The difference between the accumulated net contribution from the Intermediate Parent Company and the consideration provided to the Intermediate Parent Company for the transfers (being the value of share capital issued) is recorded as a merger reserve in equity as it represents the difference between the carrying value of the net assets transferred and the fair value of the consideration provided.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 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 shares issued to existing investors, on formation of the combined legal structure. 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 period ended 30 June 2021 by using the number of shares issued on formation of the combined legal structure.

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 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.

The Condensed interim carve-out financial statements does not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019. There have been no changes in the risk management department or in any risk management policies since the year end.

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.

There are no other significant changes on the liquidity risk from the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these Condensed interim carve-out 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. In preparing these Condensed interim carve-out financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

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. The Group is the largest shareholder with a 40% equity interest and 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical judgements (continued)

Hyperinflation

Americana Restaurants 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 (%)
30 June 2022	2019	1271	1085%
31 December 2021	2019	921	759%
30 June 2021	2019	415	287%

The impact of adjusting Americana Restaurants' results for the effects of hyperinflation is set out below:

Income statement	Period ended 30 June 2022 USD'000	Period ended 30 June 2021 USD'000
Increase in revenues	974	2,063
Monetary gain from hyperinflation	547	3,093
Impairment losses on non-financial assets	(982)	(954)
Increase in cost of revenues	(471)	(1,186)
Increase in selling and marketing expenses	(639)	(687)
Decrease/(increase) in general and administrative expenses	17	(476)
Others	(933)	(127)
(Decrease)/increase in profit after tax	**(1,487)**	**1,726**

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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

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:

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 615,700 thousand as at 30 June 2022 (31 December 2021: 626,517 thousand, 30 June 2021: USD 574,038 thousand). The (reversal of impairment)/impairment losses recognised in the carve-out income statement on these non-financial assets are as follows:

	Six month period ended 30 June 2022 USD'000	**Year ended 31 December 2021 USD'000**
Property and equipment (Note 5)	554	(1,356)
Right-of-use assets (Note 10)	470	292
Intangible assets (Note 6)	11	(115)
Total	1,035	(1,179)

The following table presents Americana Restaurants' key assumptions and the effect of the sensitivity analysis on the carve-out statement of comprehensive income on those assumptions:

		Headroom/(Impairment of non-financial assets) US Dollars'000			
	Change in assumption	Period ended 30 June 2022		Period ended 30 June 2021	
Growth rate	+/-0.5%	31	(54)	157	(154)
Discount rate	+/-0.5%	(8)	8	(30)	30
Gross margin	+/-1.0%	31	(92)	240	(249)

Key assumptions used in value in use calculations for the period ended 30 June 2022 and 2021 are as follows. Refer to Note 21 for the list of countries included in each segment

CGUs impairment testing: Key assumptions 30 June 2022

	Major GCC	Lower Gulf	North Africa	Others
Growth rate	5% - 12%	3% - 15%	6% - 13%	(48%) - 19%
Discount rate	9%	9% - 11%	10% - 13%	10% - 27%
Increase/decrease in gross margin	2% - 5%	2% - 4%	2% - 11%	2% - 220%

CGUs impairment testing: Key assumptions 30 June 2021

	Major GCC	Lower Gulf	North Africa	Others
Growth rate	5% - 45%	3% - 26%	10% - 45%	6% - 121%
Discount rate	8%	8% - 10%	9% - 12%	9% - 24%
Increase/decrease in gross margin	1% - 3%	1% - 4%	1% - 7%	1% - 9%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

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 18).

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.

Americana Restaurants has reviewed the assumptions on risk of default and expected loss rates against the backdrop of COVID-19 pandemic. Management believes that the changes in the assumptions on risk of default and the expected credit losses rates calculation arising on financial assets will not significantly change the impairment of trade and other receivables as at 30 June 2022. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods

Corporate allocations

In the preparation of the Condensed interim carve-out statement of income for the period ended 30 June 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 based on the most relevant allocation method that are considered to be reasonable and based on the policies applied to the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019. Actual results may differ from these estimates. A 10% increase or decrease change in allocation percentages would result in approximately USD 240 thousand change in expense allocated to Americana Restaurants for the period ended 30 June 2021.

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 30 June 2022.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

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. The majority of extension and termination options held are exercisable only by the Group or both parties mutually agreeing on renewed terms and conditions. Based on management's assessment they have concluded not to exercise any extension or termination options as it is not reasonably certain.

5 PROPERTY AND EQUIPMENT

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
Cost							
As at 1 January 2022	19,095	450,374	89,388	270,081	15,795	20,965	865,698
Additions	-	15,140	573	16,097	814	23,837	56,461
Disposals	-	(19,080)	(2,228)	(8,292)	(1,064)	-	(30,664)
Hyperinflation adjustment	141	63	192	122	9	-	527
Transfers	-	13,144	326	3,105	-	(17,868)	(1,293)
Foreign currency translation difference	(2,511)	(9,788)	(3,563)	(4,650)	(427)	(370)	(21,309)
As at 30 June 2022	16,725	449,853	84,688	276,463	15,127	26,564	869,420
Accumulated depreciation and impairment							
As at 1 January 2022	-	350,636	69,144	211,801	12,198	-	643,779
Charge for the period	-	16,948	1,691	9,553	755	-	28,947
Disposals	-	(18,759)	(1,396)	(7,989)	(1,060)	-	(29,204)
Hyperinflation adjustment	-	85	234	177	8	-	504
Transfers	-	(99)	(67)	141	-	-	(25)
Impairment	-	518	(20)	56	-	-	554
Foreign currency translation difference	-	(5,678)	(2,224)	(2,958)	(263)	-	(11,123)
As at 30 June 2022	-	343,651	67,362	210,781	11,638	-	633,432
Net book amount							
As at 30 June 2022	16,725	106,202	17,326	65,682	3,489	26,564	235,988

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

Property and equipment with a carrying amount of USD 23,429 thousand as on 30 June 2022 (31 December 2021: USD 19,746 thousand) are pledged as security for a borrowing held by the Intermediate Parent Company.

5 PROPERTY AND EQUIPMENT (continued)

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
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.

6 INTANGIBLE ASSETS

	US Dollars'000		
	Franchise and agencies	Others	Total
Cost			
At 31 December 2020	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
Additions	1,912	-	1,912
Transfers	1,406	-	1,406
Hyperinflation adjustment	3	-	3
Disposals	(2,058)	-	(2,058)
Foreign currency translation difference	(1,967)	-	(1,967)
At 30 June 2022	80,816	9,455	90,271
Accumulated amortisation and impairment			
At 31 December 2020	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
Amortisation	3,281	-	3,281
Transfers	63	-	63
Disposals	(1,432)	-	(1,432)
Hyperinflation adjustment	30	-	30
Impairment	11	-	11
Foreign currency translation difference	(762)	-	(762)
At 30 June 2022	48,546	997	49,543
Net book amount			
At 30 June 2022	32,270	8,458	40,728
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.

7 TRADE AND OTHER RECEIVABLES

	US Dollars'000	
	30-June-2022	31-December-2021
Trade receivable	27,995	26,800
Less: loss allowance	(2,417)	(1,856)
	25,578	24,944
Prepaid expenses	36,498	28,489
Advances to suppliers	7,746	5,499
Refundable deposits	18,521	18,627
Accrued income	5,298	5,304
Insurance receivables	758	752
Staff receivables	2,258	2,313
Others	9,555	8,106
	106,212	94,034

The Group has a broad base of customers with no concentration of credit risk within trade receivables at 30 June 2022 and 31 December 2021.

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

	US Dollars'000	
	30-June-2022	31-December-2021
Up to 3 months	25,931	25,044
3 to 6 months	580	561
Over 6 months	1,484	1,195
	27,995	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 93% amounting to USD 1,383 thousand (31 December 2021: 100% amounting to USD 1,195 thousand).

Balances between 3 to 6 months had an expected credit loss allowance of 45% amounting to USD 263 thousand (31 December 2021: 27% amounting to USD 153 thousand). Balances up to 3 months had an expected credit loss allowance of 3% amounting to USD 771 thousand (31 December 2021: 2% amounting to USD 508 thousand).

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

	US Dollars'000	
	30-June-2022	31-December-2021
Balance at 1 January	1,856	1,744
Charge during the period/year	1,182	1,454
Write-offs against the loss allowance on trade receivables	(14)	(1,319)
Reclassification	(509)	(26)
Foreign currency translation differences	(98)	3
	2,417	1,856

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

7 TRADE AND OTHER RECEIVABLES (continued)

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

	US Dollars'000	
	30-June-2022	31-December-2021
UAE Dirham	8,334	8,563
Saudi Riyal	7,563	4,455
Egyptian Pound	3,277	5,316
Kuwaiti Dinar	3,063	4,151
US Dollar	43	54
Other	5,715	4,261
	27,995	26,800

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:

Americana Restaurants 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"). Americana Restaurants 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 Americana Restaurants. As per the agreement, the loan notes are to be settled against the future cash flows (i.e., dividends) received from the investment of Americana Restaurants. Americana Restaurants 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, Americana Restaurants 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 as at 30 June 2022 and 31 December 2021.

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 as at 31 December 2021 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 10,665 thousand as at 30 June 2022. The valuation methodology utilised is consistent with the prior year valuation, being the binomial lattice model with key assumptions as at 30 June 2022 being an expected life of 4.5 years, an asset volatility of 19%, and a risk free interest rate of 3%. The difference on revaluation is recorded in the Condensed interim carve-out statement of income.

8 CASH AND CASH EQUIVALENTS

	US Dollars'000		
	30-June-2022	31-December-2021	30-June-2021
Cash on hand	4,996	4,309	2,836
Cash at banks	99,090	89,420	114,461
Short-term deposits with original maturity of 3 months or less	145,953	80,267	19,930
Cash and cash equivalents	250,039	173,996	137,227

8 CASH AND CASH EQUIVALENTS (continued)

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 Condensed interim carve-out statement of cash flows:

	US Dollars'000		
	30-June-2022	31-December-2021	30-June-2021
Cash and cash equivalents	250,039	173,996	137,227
Less: Bank overdraft (Note 9)	(13,670)	(7,073)	(9,303)
Balances per Condensed interim carve-out statement of cash flows	236,369	166,923	127,924

9 BANK FACILITIES

	US Dollars'000		
	30-June-2022	31-December-2021	30-June-2021
Short term			
Bank overdraft	13,670	7,073	9,303

	US Dollars'000		
Maturity of bank facilities are as follows:	30-June-2022	31-December-2021	30-June-2021
Within one year	13,670	7,073	9,303

10 LEASES

(i) Amounts recognized in the Condensed interim carve-out statement of financial position

	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
Additions	56,617	2,397	-	1,216	60,230
Hyperinflation adjustment	(638)	-	-	23	(615)
Disposal	(17,203)	(135)	(129)	(82)	(17,549)
Transfers	-	-	-	49	49
Foreign currency translation difference	(14,476)	(92)	30	(957)	(15,495)
As at 30 June 2022	731,076	29,867	8,367	10,214	779,524
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
Charge for the period	65,004	3,365	590	1,036	69,995
Hyperinflation adjustment	(216)	-	-	23	(193)
Impairment charges	470	-	-	-	470
Disposal	(13,211)	(100)	(9)	(82)	(13,402)
Foreign currency translation difference	(6,444)	(65)	17	(767)	(7,259)
As at 30 June 2022	410,241	23,300	4,021	2,978	440,540
Net book amount					
As at 30 June 2022	**320,835**	**6,567**	**4,346**	**7,236**	**338,984**
As at 31 December 2021	**342,138**	**7,597**	**5,043**	**7,197**	**361,975**

The additions of right-of-use assets is a non-cash investing activity.

	30-June-2022 USD'000	31-December-2021 USD'000
Lease liabilities		
Non-current	229,872	248,136
Current	123,267	136,463
	353,139	384,599

10 LEASES (continued)

(ii) Amounts recognised in the Condensed interim carve-out statement of income

	30-June-2022 USD'000	30-June-2021 USD'000
Finance costs on lease liabilities	9,264	10,386

	30-June-2022 USD'000	30-June-2021 USD'000
Other rent expenses		
Expense relating to short-term and low-value leases	25,528	25,679
Expense relating to variable lease payments not included in lease liabilities	7,017	4,751
	32,545	30,430

Americana Restaurants recognised a gain on COVID-19 related rent concessions of USD 667 thousand for the period ended 30 June 2022 (30 June 2021: USD 4,662 thousand) under other income in the Condensed interim carve-out statement of income.

11 PROVISIONS FOR LEGAL, TAX AND OTHER CLAIMS

	US Dollars'000	
	30-June-2022	31-December-2021
Legal cases	5,270	9,430
Provision for termination and closure	4,889	5,060
Tax	37,795	13,781
Other provisions	3,961	3,791
	51,915	32,062

	2022 (USD'000)				
	Legal cases	**Provision for termination and closure**	**Tax**	**Other provisions**	**Total**
Balance at 1 January 2022	9,430	5,060	13,781	3,791	32,062
Charged/(credited) to profit or loss					
Additional provisions recognised	394	495	24,450	1,768	27,107
Unused amounts reversed	(1,183)	(4)	-	-	(1,187)
Amounts used during the period	(2,129)	(660)	(154)	(727)	(3,670)
Foreign currency translation difference	(105)	(2)	(282)	(200)	(589)
Others	(1,137)	-	-	(671)	(1,808)
Balance at 30 June 2022	5,270	4,889	37,795	3,961	51,915

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

	2021 (USD'000)				
	Legal cases	Provision for termination and closure	Tax	Other provisions	Total
Balance at 1 January 2021	7,737	3,849	7,906	2,818	22,310
Charged/(credited) to profit or loss					
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 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 Americana Restaurants 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 30 June 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 18). The other provisions also comprise of restructuring expenses and expected claims from external parties in relation to Americana Restaurants' activities. The management reviews these provisions on a periodic basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

12 SHARE CAPITAL AND MERGER RESERVE

(i) Share capital

As at 30 June 2022, the Parent Company's authorized, issued and paid up capital is USD 168,472,662 comprising of 168,472,662 shares with nominal value of USD 1 each. 10,000 shares are issued in cash and 168,462,662 shares are issued through a share-for-share exchange for the transfer of the Restaurant Business from the Intermediate Parent Company. The Intermediate Parent Company owns 100% of the Parent Company's issued share capital.

(ii) Merger reserve

	US Dollars'000	
	30-June-2022	31-December-2021
Beginning balance	-	-
Transfer from accumulated net contribution from the Intermediate Parent Company	(1,608)	-
	(1,608)	-

The merger reserve is related to the capital reorganisation wherein the Restaurant Business was transferred from the Intermediate Parent Company to Americana Restaurants LTD during the six month period ended 30 June 2022.

13 NON-CONTROLLING INTERESTS

	US Dollars'000	
	30-June-2022	31-December-2021
Beginning balance	11,157	9,509
Share from net profit of the period	1,945	2,491
Other comprehensive income item:		
Foreign currency translation differences	30	48
Other changes in non-controlling interests:		
Effects of acquisition of additional shares in a subsidiary	(516)	(65)
Cash dividends paid by subsidiaries	(3,215)	(826)
Total other changes in non-controlling interests	(3,731)	(891)
	9,401	**11,157**

14 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, Americana Restaurants 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	
	30-June-2022	30-June-2021
Transactions with fellow subsidiaries		
Purchases of raw materials	61,396	51,390
Interest income from loan to a related party	670	494
Investment property rental income	178	187
Delivery and payment support	570	163
Key management personnel		
Short term employee benefits	2,886	2,243
Termination benefits	60	51

Due from related parties

		USD'000	
Name	Place of incorporation	30-June-2022	31-December-2021
Fellow subsidiaries:			
Americana Holding for KSA Food	UAE	2,113	1
Gulf Food Industries (California Garden)	UAE	11	68
Americana Food Investment Group Company	UAE	-	457
The International Co. for Agricultural development ('Farm Frites')	Egypt	379	-
Americana Group for Food and Touristic Projects	Egypt	74	-
Others		226	573
Entity controlled by a major shareholder:			
Nshmi Development LLC	UAE	27	90
		2,830	**1,189**

14 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Due to related parties

Name	Place of incorporation	USD'000 30-June-2022	USD'000 31-December-2021
Fellow subsidiaries:			
National Food Industries Co.	KSA	11,575	7,110
The International company for Agricultural production and processing	Egypt	5,825	11
Cairo poultry Company	Egypt	1,627	1,213
The International Co. for Agricultural development ('Farm Frites')	Egypt	995	6,261
Senyorita Co. for Food Industries	Egypt	8	2,551
Gulf Food Co. Americana LLC	UAE	3,217	2,295
Gulf Food Industries (California Garden)	UAE	2,282	1,467
Others		-	151
Division of the Intermediate Parent Company:			
Kuwait Foods Divisions (Meat, Cake, Agencies)	Kuwait	2,427	2,282
Entities controlled by a major shareholder:			
Noon AD Holdings	UAE	322	274
Barakat Vegetables and Fruits Co. LLC	UAE	142	-
Noon Payments Digital Limited	KSA	95	68
		28,515	**23,683**

	US Dollars'000 30-June-2022	US Dollars'000 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 Americana Restaurants) 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 as on 31 December 2021.

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 by Americana Foods Investments Group Company LLC.

15 REVENUES

	USD'000 30-June-2022	USD'000 30-June-2021
Food and beverage	1,149,987	966,775
Investment properties rental income	1,942	1,374
	1,151,929	968,149

16 TAX CLAIM CHARGE

Tax claim charge 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.

During 2022, the Group has entered into settlement discussions for historical periods with tax authorities and expect to benefit from the new amnesty legislation to partially waive penalties. Management believes the provisions provided are adequate to cover the expected settlement amount and penalties.

17 SUBSIDIARIES

The Group's subsidiaries overall ownership structure as at 30 June 2022 is as reflected below. The subsidiaries were transferred to the Group during the six month period ended 30 June 2022 (Note 1):

Company's Name	Activity	Place of incorporation	Effective Ownership (%) 30-June-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%

18 CONTINGENT LIABILITIES, OPERATING AND CAPITAL COMMITMENTS

	US Dollars'000	
	30-June-2022	31-December-2021
Contingent liabilities		
Letters of guarantee	12,683	12,839

Taxes

The Group operates in several different countries, Note 17 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 the Kingdom of Saudi Arabia and Arab Republic of Egypt as follows:

Arab Republic of Egypt:

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

Kingdom of Saudi Arabia:

Americana Restaurants' operations are subject to Zakat in the Kingdom of Saudi Arabia.

Americana Restaurants 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, Americana Restaurants takes in consideration the contingent liabilities for the years that have not been inspected yet.

The tax claims and contingent tax liabilities, at Americana Restaurants' level, are amounted to USD 92,640 thousand as at 30 June 2022 (31 December 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, Americana Restaurants' management believes that the provisions made for this purpose are adequate and sufficient.

	US Dollars'000	
	30-June-2022	31-December-2021
Operating lease commitments – Lessee		
Less than one year	25,528	45,481

	US Dollars'000	
	30-June-2022	31-December-2021
Capital commitments		
Letters of credit	10,964	12,719
Projects in progress	7,721	13,896

19 FINANCIAL INSTRUMENTS BY CATEGORY

	US Dollars'000	
	30-June-2022	31-December-2021
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents (Note 8)	250,039	173,996
Loan to a related party (Note 14)	-	64,000
Trade and other receivables (excluding prepayments, advances to suppliers) (Note 7)	61,968	60,046
Due from related parties (Note 14)	2,830	1,189
	314,837	299,231
Financial assets at fair value		
Derivative financial instrument	10,665	9,390
	325,502	308,621
Financial liabilities		
Other financial liabilities at amortised cost		
Trade and other payables (excluding value added tax payable and unearned income)	354,757	325,212
Bank facilities (Note 9)	13,670	7,073
Lease liabilities (Note 10)	353,139	384,599
	721,566	716,884

20 NET DEBT RECONCILIATION

	US Dollars'000	
	30-June-2022	31-December-2021
Cash and cash equivalents (Note 8)	250,039	173,996
Bank facilities (Note 9)	(13,670)	(7,073)
Lease liabilities (Note 10)	(353,139)	(384,599)
Net debt	(116,770)	(217,676)

	US Dollars'000	
	30-June-2022	31-December-2021
Cash and cash equivalents	250,039	173,996
Net debt – variable interest rates	(366,809)	(391,672)
Net debt	(116,770)	(217,676)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
Net debt as at 1 January 2022	(384,599)	166,923	(217,676)
Foreign currencies translation differences	11,179	6,853	18,032
Others	(5,117)	-	(5,117)
Lease payments of principal and interest	83,745	-	83,745
Gain on rent concessions	667	-	667
Additions of leases	(59,014)	-	(59,014)
Cash flows, net	-	62,593	62,593
Net debt as at 30 June 2022	(353,139)	236,369	(116,770)

20 NET DEBT RECONCILIATION (continued)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
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)
Lease payments of principal and interest	160,363	-	160,363
Gain on rent concessions	6,978	-	6,978
Additions of leases	(132,887)	-	(132,887)
Cash flows, net	-	(586)	(586)
Net debt as at 31 December 2021	(384,599)	166,923	**(217,676)**

21 SEGMENT REPORTING

Americana Restaurants is organized into operating segments based on geographical location. The results are reported to the top executive management in Americana Restaurants. 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 carve-out 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 periods ended:

	Reportable segments		**Intercompany transactions**		**Total**	
	30 June		30 June		**30 June**	
Revenues	2022	2021	2022	2021	**2022**	**2021**
	USD'000		USD'000		**USD'000**	
Major GCC	783,433	646,731	-	(716)	783,433	646,015
Lower Gulf	146,492	115,225	(21,092)	(14,845)	125,400	100,380
North Africa	146,552	121,253	-	-	146,552	121,253
Others	96,544	100,501	-	-	96,544	100,501
Total	**1,173,021**	**983,710**	**(21,092)**	**(15,561)**	**1,151,929**	**968,149**

	Reportable segments	
	30 June	
Net profits	2022	2021
	USD'000	
Major GCC	139,673	86,294
Lower Gulf	12,472	6,782
North Africa	(33,127)	(524)
Others	11,577	9,641
Total	**130,595**	**102,193**
Unallocated:		
Income tax, zakat and other deductions	(6,119)	(6,058)
Losses of foreign exchange	(1,265)	(2,502)
Net profit for the period	**123,211**	**93,633**

21 SEGMENT REPORTING (continued)

	30 June 2022 USD'000				
	Major GCC	Lower Gulf	North Africa	Others	**Total**
Assets	766,747	126,934	142,544	103,993	**1,140,218**
Liabilities	674,537	98,470	155,453	57,012	**985,472**

	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:

	USD'000			
	UAE	KSA	Kuwait	Egypt
Non-current assets as at 30 June 2022	156,746	138,810	93,839	81,282
Non-current assets as at 31 December 2021	161,601	134,967	93,078	90,852

	USD'000			
	UAE	KSA	Kuwait	Egypt
Revenue for the six-month period ended 30 June 2022	338,962	254,863	189,608	131,381
Revenue for the six-month period ended 30 June 2021	279,263	212,568	154,900	110,914

22 EARNINGS PER SHARE

	30 June 2022	30 June 2021
Earnings		
"Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to ordinary equity holders of the Parent rounded to the nearest) – *USD thousand*	121,266	93,324
Number of ordinary shares		
Number of ordinary shares – *numbers*	168,472,662	168,472,662
Basic and diluted earnings per share attributable to owners of the Parent rounded to the nearest – *USD thousand*	**0.001**	**0.001**

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Condensed interim carve-out financial statements and independent auditor's review report for the nine month period ended 30 September 2022

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Review report on condensed interim carve-out financial statements to the board of directors of Adeptio AD Investments Ltd

Introduction

We have reviewed the accompanying condensed interim carve-out statement of financial position of Americana Restaurants International plc (formerly Americana Restaurants LTD) and its subsidiaries (the 'Group') as at 30 September 2022 and the related condensed interim carve-out statements of income and comprehensive income for the three-month and nine-month period ended 30 September 2022 and the condensed interim carve-out statements changes in equity and cash flows for the nine-month period ended 30 September 2022 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim carve-out financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34). Our responsibility is to express a conclusion on these condensed interim carve-out financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial statements performed by the independent auditor of the entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphases of matter

We draw attention to Note 2 to the condensed interim carve-out financial statements, which describes the basis of preparation and accounting. In addition, we draw attention to 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, the date of transfer of the Restaurant business into the Group. These condensed interim carve-out financial statements are, therefore, not necessarily indicative of the future results of Americana Restaurants International plc and its subsidiaries as a Group.

The condensed interim carve-out financial statements are prepared by the management of Americana Restaurants International plc in connection with the listing of Americana Restaurants International plc on the Abu Dhabi Securities Exchange in the United Arab Emirates and the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. As a result, the condensed interim carve-out financial statements may not be suitable for another purpose.

Our conclusion is not modified in respect of these matters.

Review report on condensed interim carve-out financial statements to the shareholders and board of directors of Adeptio AD Investments Ltd (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim carve-out financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting.”

PricewaterhouseCoopers Limited
XX October 2022

Dubai, United Arab Emirates

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Condensed interim carve-out statement of financial position as at

	Note	US Dollars'000 30-September-2022 (Consolidated)	US Dollars'000 31-December-2021 (Carve-out)
ASSETS			
Non-current assets			
Property and equipment	5	248,183	221,919
Right of use assets	10	394,667	361,975
Loan to a related party	14	-	51,200
Investment properties		7,114	9,341
Intangible assets	6	42,719	42,623
Derivative financial instrument		8,771	7,512
Deferred tax asset		2,861	2,150
Total non-current assets		**704,315**	**696,720**
Current assets			
Inventories		170,798	107,297
Trade and other receivables	7	117,515	94,034
Due from related parties	14	282	1,189
Loan to a related party	14	-	12,800
Derivative financial instrument		2,699	1,878
Cash and cash equivalents	8	273,070	173,996
Total current assets		**564,364**	**391,194**
Total assets		**1,268,679**	**1,087,914**
LIABILITIES AND EQUITY			
Non-current liabilities			
Lease liability	10	258,987	248,136
Provision for employees' end of service benefits		67,584	76,260
Trade and other payables		57,148	50,195
Deferred gain on derivative financial instrument		6,103	7,512
Deferred tax liabilities		3	-
Total non-current liabilities		**389,825**	**382,103**
Current liabilities			
Bank facilities	9	27,397	7,073
Deferred gain on derivative financial instrument		1,878	1,878
Lease liability	10	152,048	136,463
Income tax, zakat and other deductions payable		11,534	12,614
Trade and other payables		395,313	352,326
Due to related parties	14	31,730	23,683
Provisions for legal, tax and other claims	11	31,438	32,062
Total current liabilities		**651,338**	**566,099**
Total liabilities		**1,041,163**	**948,202**
Equity			
Share capital	12	168,473	-
Merger reserve	12	(1,608)	-
Accumulated net contribution from the Intermediate Parent Company		-	148,984
Retained earnings		76,033	-
Foreign currency translation reserve		(26,383)	(20,429)
Equity attributable to owners of the Parent Company		216,515	128,555
Non-controlling interests	13	11,001	11,157
Total equity		**227,516**	**139,712**
Total liabilities and equity		**1,268,679**	**1,087,914**

Harsh Bansal	Amarpal Sandhu	Abdulmalik Al Hogail	Mohamed Ali Rashed Alabbar
Chief Financial Officer	Chief Executive Officer	Board Member	Board Member

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Condensed interim carve-out statement of income for the period ended 30 September

		US Dollars'000			
		Three months period ended 30 September		Nine months period ended 30 September	
		2022	2021	2022	2021
	Note				
Revenues	15	619,110	539,771	1,771,039	1,507,920
Cost of revenues		(305,005)	(252,941)	(851,127)	(711,827)
Gross profit		**314,105**	**286,830**	**919,912**	**796,093**
Selling and marketing expenses		(190,795)	(178,464)	(551,137)	(506,166)
General and administrative expenses		(48,680)	(44,253)	(139,082)	(125,149)
Other income		456	2,673	9,885	12,522
Monetary gain from hyperinflation		6,554	3,390	7,101	6,483
Reversal of impairment /(losses) on non-financial assets		158	1,941	(877)	(462)
Net impairment allowance on financial assets	7	527	(95)	(655)	(905)
Fair value gains on derivative financial instrument		805	-	2,080	-
Reversal of tax claim / (charges)	16	582	-	(24,900)	-
Operating profit		**83,712**	**72,022**	**222,327**	**182,416**
Finance income		594	654	1,740	1,456
Finance costs		(6,670)	(5,102)	(17,101)	(16,607)
Profit before income tax, zakat, and KFAS		**77,636**	**67,574**	**206,966**	**167,265**
Income tax, zakat, and contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(1,484)	(4,898)	(7,603)	(10,956)
Net profit for the period		**76,152**	**62,676**	**199,363**	**156,309**
Attributable to:					
The shareholder of the Parent Company/ Net Investment attributable to Intermediate Parent Company		74,550	61,224	195,816	154,548
Non-controlling interests		1,602	1,452	3,547	1,761
		76,152	**62,676**	**199,363**	**156,309**
Earnings per share					
Basic and diluted earnings per share	22	**0.0004**	**0.0004**	**0.0012**	**0.0009**

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Condensed interim carve-out statement of comprehensive income for the period ended 30 September

	US Dollars'000			
	Three months period ended 30 September		Nine months period ended 30 September	
	2022	2021	2022	2021
Net profit for the period	**76,152**	**62,676**	**199,363**	**156,309**
Other comprehensive income items				
Items that will not be reclassified subsequently to condensed interim carve-out statement of income				
Remeasurement of employees' end of service benefits	1,483	2,068	7,209	2,068
Items that may be reclassified subsequently to condensed interim carve-out statement of income				
Exchange differences on translating foreign operations including the effect of hyperinflation	(4,863)	4,771	(5,924)	(7,077)
Total other comprehensive income items	(3,380)	6,839	1,285	(5,009)
Total comprehensive income for the period	**72,772**	**69,515**	**200,648**	**151,300**
Attributable to:				
The shareholder of the Parent Company/ Net Investment attributable to Intermediate Parent Company	71,170	68,061	197,071	149,489
Non-controlling interests	1,602	1,454	3,577	1,811
	72,772	69,515	200,648	151,300

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Condensed interim carve-out statement of changes in equity for the period ended 30 September

	US Dollars'000				
	Net Investment attributable to Intermediate Parent Company				
	Accumulated net contribution from the Intermediate Parent Company	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 period	154,548	-	154,548	1,761	156,309
Other comprehensive income					
Remeasurement of employees' end of service benefits	2,068	-	2,068	-	2,068
Hyperinflation adjustment	-	(256)	(256)	-	(256)
Foreign currencies translation differences	-	(6,871)	(6,871)	50	(6,821)
Total comprehensive income	**156,616**	**(7,127)**	**149,489**	**1,811**	**151,300**
Changes in non-controlling interest	(119)	-	(119)	(891)	(1,010)
Distributions to the Intermediate Parent Company	(95,434)	-	(95,434)	-	(95,434)
Net payments and impact of capital reorganisation with the Intermediate Parent Company	(27,690)	-	(27,690)	-	(27,690)
Balance at 30 September 2021	**123,162**	**(19,810)**	**103,352**	**10,429**	**113,781**

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Condensed interim carve-out statement of changes in equity for the period ended 30 September

		US Dollars'000							
		Equity attributable to owners of the Parent Company							
	Note	Share capital	Merger reserve	Accumulated net contribution from the Intermediate Parent Company	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2022		**-**	**-**	**148,984**	**-**	**(20,429)**	**128,555**	**11,157**	**139,712**
Net profit for the period		-	-	121,266	74,550	-	195,816	3,547	199,363
Other comprehensive income									
Remeasurement of employees' end of service benefits		-	-	5,726	1,483	-	7,209	-	7,209
Hyperinflation adjustment		-	-	-	-	(1,336)	(1,336)	-	(1,336)
Foreign currencies translation differences		-	-	-	-	(4,618)	(4,618)	30	(4,588)
Total comprehensive income		**-**	**-**	**126,992**	**76,033**	**(5,954)**	**197,071**	**3,577**	**200,648**
Changes in non-controlling interest	13	-	-	(129)	-	-	(129)	(3,733)	(3,862)
Distributions to the Intermediate Parent Company		-	-	(83,089)	-	-	(83,089)	-	(83,089)
Net payments and impact of capital reorganisation with the Intermediate Parent Company		-	-	(25,903)	-	-	(25,903)	-	(25,903)
Issuance of shares		10	-	-	-	-	10	-	10
Capitalisation of shares	12	168,463	(1,608)	(166,855)	-	-	-	-	-
Balance at 30 September 2022		**168,473**	**(1,608)**	**-**	**76,033**	**(26,383)**	**216,515**	**11,001**	**227,516**

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Condensed interim carve-out statement of cash flows for the period ended 30 September

	Note	US Dollars'000 2022	2021
Cash flows from operating activities			
Profit before income tax and zakat for the period		206,966	166,474
Adjustments for:			
Depreciation and amortisation		161,259	154,032
Provision for employees' end of service benefits, net of transfers		5,910	12,200
Net impairment allowance on financial assets	7	655	905
Provision for obsolete, slow moving, and defective inventories		897	1,380
Impairment losses of non-financial assets	5,6,10	877	462
Loss on disposal of property and equipment and intangible assets		3,296	1,144
Gain on rent concessions		(667)	(6,097)
Finance income		(1,740)	(1,456)
Finance cost		17,101	16,607
Recognition of deferred gain on derivative financial instrument in other income		(1,409)	-
Fair value gains on financial assets at fair value through profit or loss		(2,080)	-
Tax claim charge	16	24,900	-
Hyperinflation impact		(5,824)	(4,799)
Operating cash flows before changes in working capital		**410,141**	**340,852**
Payments of employees' end of service benefits		(7,767)	(7,862)
Income tax paid		(12,387)	(11,232)
Changes in working capital:			
Trade and other receivables		(25,027)	(5,002)
Due from related parties		907	(506)
Inventories		(64,466)	(16,025)
Due to related parties		8,047	4,960
Trade and other payables, other liabilities and taxes		16,212	31,471
Net cash generated from operating activities		**325,660**	**336,656**
Cash flows from investing activities			
Purchase of property and equipment		(77,896)	(39,346)
Proceeds from sale of property and equipment		5,629	1,023
Purchase of intangible assets	6	(3,626)	(5,164)
Payments for key money		(2,339)	(1,196)
Interest received on short term deposits		1,740	1,456
Loans to a related party	14	(36,000)	(64,000)
Repayments of loans to a related party	14	100,000	-
Net cash used in investing activities		**(12,492)**	**(107,227)**
Cash flows from financing activities			
Payments of finance costs		(1,027)	(1,511)
Dividends paid to non-controlling interests	13	(3,217)	(826)
Acquisition of additional shares in subsidiary from non-controlling interests		(705)	(184)
Lease payments – principal element		(114,144)	(101,752)
Lease payments – interest on lease liabilities		(15,174)	(15,096)
Distributions to the Intermediate Parent Company		(83,089)	(95,434)
Movement in payments and impact of capital reorganisation with the Intermediate Parent Company		(25,903)	(27,690)
Proceeds from issuance of share capital		10	-
Net cash used in financing activities		**(243,249)**	**(242,493)**
Net change in cash and cash equivalents		69,919	(13,064)
Foreign currency translation differences		8,831	5,073
Cash and cash equivalents at the beginning of the period		166,923	171,784
Cash and cash equivalents at the end of the period	8	**245,673**	**163,793**

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

1 GENERAL INFORMATION

Americana Restaurants International plc (formerly Americana Restaurants Ltd) ("Americana Restaurants" or the "Parent") 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 of 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 was previously owned and operated by Kuwait Food Company (Americana) K.S.C.C. ("KFC" or the "Intermediate Parent Company" or the "Former Parent Company") which is 93.42% owned by Adeptio AD Investments Ltd (the "Parent Company"). On 2 June 2022, the Board of Directors of KFC approved the transfer of the Americana Restaurants business and entities as detailed in Note 17 to Americana Restaurants (together referred to as "the Group") to be effective from 27 June 2022. On 29 August 2022, KFC transferred its shareholding of Americana Restaurants to the Parent Company post approval of the Board of Directors of the KFC and the KFC shareholders' approval in the General Assembly.

Americana Restaurants is 96.03% owned by the Parent Company and remaining 3.97% shares represents the minority shareholding. The 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 condensed interim carve-out financial statements were approved for issue by the board of directors on XX October 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The condensed interim carve-out financial statements for the nine month period ended 30 September 2022 have been prepared in accordance with IAS 34, 'Interim financial reporting'. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the condensed interim carve-out financial position. The condensed interim carve-out financial statements do not include all the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC"). The condensed interim carve-out financial statements should be read in conjunction with the annual special purpose carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

2.2 Basis of preparation

The condensed interim carve-out financial statements have been prepared on a historical cost convention except for the defined benefit obligation which is recognised at the present value of future obligations using the projected unit credit method and the revaluation of derivative financial instrument. The accompanying condensed interim carve-out financial statements has been prepared for inclusion in the Americana Restaurants' Initial Public Offering document to be filed in connection with the listing of Americana Restaurants on the Abu Dhabi Securities Exchange in the United Arab Emirates and the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia.

The preparation of the condensed interim carve-out 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 condensed interim carve-out financial statements are disclosed in Note 4. These have been applied consistently for all periods presented.

The transfer of the Restaurant Business and its entities to Americana Restaurants represents a capital reorganisation, whereby the condensed interim carve-out financial statements of the Group are presented as a continuation of Restaurant Business. The financial statements as at 30 September 2022 constitutes a condensed consolidated interim financial statements of Americana Restaurants under IFRS 10 following the reorganisation. The financial statements for the periods presented in these condensed interim carve-out financial statements include the financial results of Americana Restaurants before the incorporation date of the Parent as if the Parent had historically operated as a group of entities. Therefore, the transfer of the Restaurant Business and its entities follows the predecessor method of accounting and retrospective presentation is used whereby:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of preparation (continued)

- Assets and liabilities of the transferred entities are stated at their predecessor carrying values.
- The entities' results and financial position are incorporated as if they had always been combined with the Parent. Therefore, the comparative information for the nine month period ended 30 September 2021 and as at 31 December 2021 in these condensed interim carve-out financial statements represent the financial results and financial position of the Restaurant Business. The comparatives for the period ended 30 September 2021 and as at 31 December 2021 have been prepared on a carve-out basis according to the basis of preparation and accounting policies set out in the annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

2.3 Seasonality of operations

Currently, the Group has no seasonality of operations.

2.4 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 condensed interim carve-out 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 IFRS 3 (effective 1 January 2022);
- amendment to IAS 37 (effective 1 January 2022);
- amendment to IAS 16 (effective 1 January 2022); and
- annual improvements to 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 condensed interim carve-out financial statements of the Group and intends to adopt these, if applicable, when they become effective.

2.5 Accounting policies

The same accounting policies and methods of computation have been followed in these condensed interim carve-out financial statements as compared with the Group's recent annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

2.6 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Basis of consolidation (continued)

(a) Subsidiaries (continued)

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 condensed interim carve-out 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 condensed interim carve-out 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 condensed interim carve-out statement of income.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the condensed interim carve-out statement of income, Condensed interim carve-out statement of comprehensive income, condensed interim carve-out statement of changes in equity and the condensed interim carve-out statement of financial position respectively.

The Condensed interim carve-out financial statements comprises the Condensed interim carve-out financial statements of the Parent and its subsidiaries that were transferred to it by KFC.

The subsidiaries of the Parent were transferred to it under a capital reorganisation during the nine-month period ended 30 September 2022. The transfer is treated as a capital reorganisation under common control and the predecessor method of accounting and retrospective presentation is used.

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

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Basis of consolidation (continued)

(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 Condensed interim carve-out 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 condensed interim carve-out statement of income.

2.7 Merger reserve

The merger reserve is related to the capital reorganisation wherein the Restaurant Business was transferred from the Intermediate Parent to Americana Restaurants International plc during the nine month period ended 30 September 2022. The difference between the accumulated net contribution from the Intermediate Parent Company and the consideration provided to the Intermediate Parent Company for the transfers (being the value of share capital issued) is recorded as a merger reserve in equity as it represents the difference between the carrying value of the net assets transferred and the fair value of the consideration provided.

2.8 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 shares issued to existing investors, on formation of the combined legal structure. 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 period ended 30 September 2021 by using the number of shares issued on formation of the combined legal structure.

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 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.

The Condensed interim carve-out financial statements does not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019. There have been no changes in the risk management department or in any risk management policies since the year end.

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.

There are no other significant changes on the liquidity risk from the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these Condensed interim carve-out 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. In preparing these Condensed interim carve-out financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

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. The Group is the largest shareholder with a 40% equity interest and 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.

Hyperinflation

Americana Restaurants 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 (%)
30 September 2022	2019	1,842	1,618%
31 December 2021	2019	921	759%
30 September 2021	2019	595	455%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical judgements (continued)

Hyperinflation

The impact of adjusting Americana Restaurants' results for the effects of hyperinflation is set out below:

Income statement	Period ended 30 September 2022 USD'000	Period ended 30 September 2021 USD'000
Increase in revenues	4,513	3,713
Monetary gain from hyperinflation	7,101	6,483
Impairment losses on non-financial assets	(982)	(1,350)
Increase in cost of revenues	(2,176)	(2,106)
Increase in selling and marketing expenses	(2,340)	(1,484)
Increase in general and administrative expenses	(109)	(1,583)
Others	(1,165)	(224)
Increase in profit after tax	**4,842**	**3,449**

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:

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 685,569 thousand as at 30 September 2022 (31 December 2021: USD 626,517 thousand, 30 September 2021: USD 578,207 thousand). The (reversal of impairment)/impairment losses recognised in the carve-out income statement on these non-financial assets are as follows:

	Nine month period ended 30 September 2022 USD'000	Year ended 31 December 2021 USD'000
Property and equipment (Note 5)	575	(1,356)
Right-of-use assets (Note 10)	291	292
Intangible assets (Note 6)	11	(115)
Total	877	(1,179)

The impairment of non-financial assets is as a result of the CGU impairment study performed by management and specific impairment taken on certain assets in Lebanon due to the hyperinflationary environment.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

The following table presents Americana Restaurants' key assumptions and the effect of the sensitivity analysis on the carve-out statement of comprehensive income on those assumptions:

		Headroom/(Impairment of non-financial assets) US Dollars'000			
	Change in assumption	**Period ended 30 September 2022**		**Period ended 30 September 2021**	
Growth rate	+/-0.5%	-	-	157	(154)
Discount rate	+/-0.5%	-	-	(31)	32
Gross margin	+/-1.0%	-	-	282	(239)

Key assumptions used in value in use calculations for the period ended 30 September 2022 and 2021 are as follows. Refer to Note 21 for the list of countries included in each segment

	CGUs impairment testing: Key assumptions 30 September 2022			
	Major GCC	Lower Gulf	North Africa	Others
Growth rate	5% - 15%	3% - 15%	3% - 22%	(51%) - 22%
Discount rate	11%	11% - 15%	13% - 17%	12% - 29%
Increase/decrease in gross margin	2% - 3%	2% - 3%	1% - 7%	2% - 200%

	CGUs impairment testing: Key assumptions 30 September 2021			
	Major GCC	Lower Gulf	North Africa	Others
Growth rate	5% - 47%	3% - 20%	10% - 52%	6% - 185%
Discount rate	8%	8% - 10%	9% - 12%	9% - 24%
Increase/decrease in gross margin	1% - 3%	1% - 4%	1% - 7%	1% - 9%

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 18).

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.

Americana Restaurants has reviewed the assumptions on risk of default and expected loss rates against the backdrop of COVID-19 pandemic. Management believes that the changes in the assumptions on risk of default and the expected credit losses rates calculation arising on financial assets will not significantly change the impairment of trade and other receivables as at 30 September 2022. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

Corporate allocations

In the preparation of the condensed interim carve-out statement of income for the period ended 30 September 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 based on the most relevant allocation method that are considered to be reasonable and based on the policies applied to the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019. Actual results may differ from these estimates. A 10% increase or decrease change in allocation percentages would result in approximately USD 366 thousand change in expense allocated to Americana Restaurants for the period ended 30 September 2021.

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 30 September 2022.

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. The majority of extension and termination options held are exercisable only by the Group or both parties mutually agreeing on renewed terms and conditions. Based on management's assessment they have concluded not to exercise any extension or termination options as it is not reasonably certain.

5 PROPERTY AND EQUIPMENT

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
Cost							
As at 1 January 2022	19,095	450,374	89,388	270,081	15,795	20,965	865,698
Additions	-	21,108	775	28,088	996	39,839	90,806
Disposals	(1,571)	(25,942)	(4,995)	(13,479)	(1,352)	(801)	(48,140)
Hyperinflation adjustment	3,133	4,557	4,553	3,673	234	-	16,150
Transfers	-	18,557	544	4,824	-	(29,329)	(5,404)
Foreign currency translation difference	(2,700)	(12,019)	(4,169)	(5,547)	(513)	(492)	(25,440)
As at 30 September 2022	17,957	456,635	86,096	287,640	15,160	30,182	893,670
Accumulated depreciation and impairment							
As at 1 January 2022	-	350,636	69,144	211,801	12,198	-	643,779
Charge for the period	-	25,305	2,509	14,739	1,108	-	43,661
Disposals	-	(24,969)	(2,952)	(12,858)	(1,350)	-	(42,129)
Hyperinflation adjustment	-	4,429	4,041	3,557	234	-	12,261
Transfers	-	254	-	-	-	-	254
Impairment	423	129	19	4	-	-	575
Foreign currency translation difference	(167)	(6,826)	(2,210)	(3,397)	(314)	-	(12,914)
As at 30 September 2022	256	348,958	70,551	213,846	11,876	-	645,487
Net book amount							
As at 30 September 2022	17,701	107,677	15,545	73,794	3,284	30,182	248,183

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

Property and equipment with a carrying amount of USD nil as on 30 September 2022 (31 December 2021: USD 19,746 thousand) are pledged as security for a borrowing held by the Intermediate Parent Company.

5 PROPERTY AND EQUIPMENT (continued)

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
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.

6 INTANGIBLE ASSETS

	US Dollars'000		
	Franchise and agencies	Others	Total
Cost			
At 31 December 2020	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
Additions	3,626	-	3,626
Transfers	5,908	-	5,908
Hyperinflation adjustment	571	-	571
Disposals	(4,847)	-	(4,847)
Foreign currency translation difference	(2,401)	-	(2,401)
At 30 September 2022	84,377	9,455	93,832
Accumulated amortisation and impairment			
At 31 December 2020	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
Amortisation	5,120	-	5,120
Transfers	(3)	-	(3)
Disposals	(1,934)	-	(1,934)
Hyperinflation adjustment	505	-	505
Impairment	11	-	11
Foreign currency translation difference	(938)	-	(938)
At 30 September 2022	50,116	997	51,113
Net book amount			
At 30 September 2022	34,261	8,458	42,719
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.

7 TRADE AND OTHER RECEIVABLES

	US Dollars'000	
	30-September-2022	31-December-2021
Trade receivables	26,220	26,800
Less: loss allowance	(1,858)	(1,856)
	24,362	24,944
Prepaid expenses	44,121	28,489
Advances to suppliers	7,194	5,499
Refundable deposits	19,941	18,627
Accrued income	7,839	5,304
Insurance receivables	689	752
Staff receivables	2,420	2,313
Others	10,949	8,106
	117,515	94,034

The Group has a broad base of customers with no concentration of credit risk within trade receivables at 30 September 2022 and 31 December 2021.

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

	US Dollars'000	
	30-September-2022	31-December-2021
Up to 3 months	24,890	25,044
3 to 6 months	250	561
Over 6 months	1,080	1,195
	26,220	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 1,080 thousand (31 December 2021: 100% amounting to USD 1,195 thousand).

Balances between 3 to 6 months had an expected credit loss allowance of 70% amounting to USD 176 thousand (31 December 2021: 27% amounting to USD 153 thousand). Balances up to 3 months had an expected credit loss allowance of 2% amounting to USD 602 thousand (31 December 2021: 2% amounting to USD 508 thousand).

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

	US Dollars'000	
	30-September-2022	31-December-2021
Balance at 1 January	1,856	1,744
Charge during the period/year	655	1,454
Write-offs against the loss allowance on trade receivables	(27)	(1,319)
Reclassification	(504)	(26)
Foreign currency translation differences	(122)	3
	1,858	1,856

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

7 TRADE AND OTHER RECEIVABLES (continued)

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

	US Dollars'000	
	30-September-2022	31-December-2021
UAE Dirham	7,148	8,563
Saudi Riyal	4,352	4,455
Egyptian Pound	3,242	5,316
Kuwaiti Dinar	3,574	4,151
US Dollar	180	54
Other	7,724	4,261
	26,220	26,800

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:

Americana Restaurants 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"). Americana Restaurants 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 Americana Restaurants. As per the agreement, the loan notes are to be settled against the future cash flows (i.e., dividends) received from the investment of Americana Restaurants. Americana Restaurants 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, Americana Restaurants 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 as at 30 September 2022 and 31 December 2021.

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 as at 31 December 2021 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 11,470 thousand as at 30 September 2022. The valuation methodology utilised is consistent with the prior year valuation, being the binomial lattice model with key assumptions as at 30 September 2022 being an expected life of 4.25 years, an asset volatility of 20%, and a risk free interest rate of 4.16%. The difference on revaluation is recorded in the Condensed interim carve-out statement of income.

8 CASH AND CASH EQUIVALENTS

	US Dollars'000		
	30-September-2022	31-December-2021	30-September-2021
Cash on hand	5,167	4,309	2,822
Cash at banks	253,879	89,420	114,406
Short-term deposits with original maturity of 3 months or less	14,024	80,267	61,092
Cash and cash equivalents	273,070	173,996	178,320

8 CASH AND CASH EQUIVALENTS (continued)

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 Condensed interim carve-out statement of cash flows:

	US Dollars'000		
	30-September-2022	31-December-2021	30-September-2021
Cash and cash equivalents	273,070	173,996	178,320
Less: Bank overdraft (Note 9)	(27,397)	(7,073)	(14,527)
Balances per condensed interim carve-out statement of cash flows	245,673	166,923	163,793

9 BANK FACILITIES

	US Dollars'000		
	30-September-2022	31-December-2021	30-September-2021
Short term			
Bank overdraft	27,397	7,073	14,527

	US Dollars'000		
Maturity of bank facilities are as follows:	30-September-2022	31-December-2021	30-September-2021
Within one year	27,397	7,073	14,527

10 LEASES

(i) Amounts recognized in the condensed interim carve-out statement of financial position

	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
Additions	154,085	3,427	1	2,339	159,852
Hyperinflation adjustment	1,185	-	-	475	1,660
Disposal	(17,752)	(212)	(121)	(81)	(18,166)
Transfers	-	-	-	49	49
Foreign currency translation difference	(19,078)	(159)	25	(1,521)	(20,733)
As at 30 September 2022	825,216	30,753	8,371	11,226	875,566
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
Charge for the period	104,605	4,951	891	1,593	112,040
Hyperinflation adjustment	586	-	-	475	1,061
Impairment charges	291	-	-	-	291
Disposal	(14,022)	(154)	(2)	(81)	(14,259)
Foreign currency translation difference	(7,852)	(112)	15	(1,214)	(9,163)
As at 30 September 2022	448,246	24,785	4,327	3,541	480,899
Net book amount					
As at 30 September 2022	376,970	5,968	4,044	7,685	394,667
As at 31 December 2021	342,138	7,597	5,043	7,197	361,975

The additions of right-of-use assets is a non-cash investing activity.

	30-September-2022 USD'000	31-December-2021 USD'000
Lease liabilities		
Non-current	258,987	248,136
Current	152,048	136,463
	411,035	384,599

10 LEASES (continued)

(ii) Amounts recognised in the Condensed interim carve-out statement of income

	30-September-2022	30-September-2021
	USD'000	USD'000
Finance costs on lease liabilities	15,174	15,096

	30-September-2022	30-September-2021
	USD'000	USD'000
Other rent expenses		
Expense relating to short-term and low-value leases	33,352	35,255
Expense relating to variable lease payments not included in lease liabilities	11,460	7,833
	44,812	43,088

Americana Restaurants recognised a gain on COVID-19 related rent concessions of USD 667 thousand for the period ended 30 September 2022 (30 September 2021: USD 6,097 thousand) under other income in the Condensed interim carve-out statement of income.

11 PROVISIONS FOR LEGAL, TAX AND OTHER CLAIMS

	US Dollars'000	
	30-September-2022	31-December-2021
Legal cases	5,300	9,430
Provision for termination and closure	3,839	5,060
Tax	18,661	13,781
Other provisions	3,638	3,791
	31,438	32,062

	2022 (US Dollars'000)				
	Legal cases	**Provision for termination and closure**	**Tax**	**Other provisions**	**Total**
Balance at 1 January 2022	9,430	5,060	13,781	3,791	32,062
Charged/(credited) to profit or loss					
Additional provisions recognised	448	665	25,161	2,785	29,059
Unused amounts reversed	(1,172)	(386)	-	(171)	(1,729)
Amounts paid during the period	(2,124)	(1,497)	(21,042)	(749)	(25,412)
Foreign currency translation difference	(147)	(3)	(341)	(245)	(736)
Others	(1,135)	-	1,102	(1,773)	(1,806)
Balance at 30 September 2022	5,300	3,839	18,661	3,638	31,438

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

	2021 (USD'000)				
	Legal cases	**Provision for termination and closure**	**Tax**	**Other provisions**	**Total**
Balance at 1 January 2021	7,737	3,849	7,906	2,818	22,310
Charged/(credited) to profit or loss					
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 paid 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 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 Americana Restaurants 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 30 September 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 18). The other provisions also comprise of restructuring expenses and expected claims from external parties in relation to Americana Restaurants' activities. The management reviews these provisions on a periodic basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

12 SHARE CAPITAL AND MERGER RESERVE

(i) Share capital

As at 30 September 2022, the Parent Company's authorized, issued and paid up capital is USD 168,472,662 comprising of 168,472,662 shares with nominal value of USD 1 each. 10,000 shares are issued in cash and 168,462,662 shares are issued through a share-for-share exchange for the transfer of the Restaurant Business from the Intermediate Parent Company. On 29 August 2022 the Intermediate Parent Company transferred its shareholding to Adeptio AD Investments Ltd.

(ii) Merger reserve

	US Dollars'000	
	30-September-2022	31-December-2021
Beginning balance	-	-
Transfer from accumulated net contribution from the Intermediate Parent Company	(1,608)	-
	(1,608)	-

The merger reserve is related to the capital reorganisation wherein the Restaurant Business was transferred from the Intermediate Parent Company to Americana Restaurants International plc during the nine month period ended 30 September 2022.

13 NON-CONTROLLING INTERESTS

	US Dollars'000	
	30-September-2022	31-December-2021
Beginning balance	11,157	9,509
Share from net profit of the period	3,547	2,491
Other comprehensive income item:		
Foreign currency translation differences	30	48
Other changes in non-controlling interests:		
Effects of acquisition of additional shares in a subsidiary	(516)	(65)
Cash dividends paid by subsidiaries	(3,217)	(826)
Total other changes in non-controlling interests	(3,733)	(891)
	11,001	11,157

14 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, Americana Restaurants 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	
	30-September-2022	30-September-2021
Transactions with fellow subsidiaries		
Purchases of raw materials	94,799	81,321
Interest income from loan to a related party	670	943
Investment property rental income	256	286
Delivery and payment support	832	367
Key management personnel		
Short term employee benefits	4,400	3,437
Termination benefits	92	79

Due from related parties

Name	Place of incorporation	USD'000 30-September-2022	USD'000 31-December-2021
Fellow subsidiaries:			
Americana Holding for KSA Food	UAE	-	1
Gulf Food Industries (California Garden)	UAE	-	68
Americana Food Investment Group Company	UAE	-	457
Americana Group for Food and Touristic Projects	Egypt	53	-
Others		229	573
Entity controlled by a major shareholder:			
Nshmi Development LLC	UAE	-	90
		282	1,189

14 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Due to related parties

Name	Place of incorporation	USD'000 30-September-2022	USD'000 31-December-2021
Fellow subsidiaries:			
National Food Industries Co.	KSA	10,750	7,110
The International company for Agricultural production and processing	Egypt	835	11
Cairo poultry Company	Egypt	2,395	1,213
The International Co. for Agricultural development ('Farm Frites')	Egypt	7,877	6,261
Senyorita Co. for Food Industries	Egypt	-	2,551
Gulf Food Co. Americana LLC	UAE	2,388	2,295
Gulf Food Industries (California Garden)	UAE	2,717	1,467
Others		-	151
Division of the Intermediate Parent Company:			
Kuwait Food Company (Americana) K.S.C.C.	Kuwait	4,153	2,282
Entities controlled by a major shareholder:			
Noon AD Holdings	UAE	231	274
Nshmi Development LLC	UAE	66	-
Barakat Vegetables and Fruits Co. LLC	UAE	196	-
Noon Payments Digital Limited	KSA	122	68
		31,730	23,683

	US Dollars'000 30-September-2022	US Dollars'000 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 Americana Restaurants) 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 as on 31 December 2021.

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 by Americana Foods Investments Group Company LLC.

15 REVENUES

	USD'000 30-September-2022	USD'000 30-September-2021
Food and beverage	1,768,212	1,505,803
Investment properties rental income	2,827	2,117
	1,771,039	1,507,920

16 TAX CLAIM CHARGE

The tax claim charge 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 period.

17 SUBSIDIARIES

The Group's subsidiaries overall ownership structure as at 30 September 2022 is as reflected below. The subsidiaries were transferred to the Group during the nine month period ended 30 September 2022 (Note 1):

Company's Name	Activity	Place of incorporation	Effective Ownership (%) 30-September-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%

*Management has concluded that Americana Restaurants controls the entity, as it is the largest shareholder with a 40% equity interest and has the exclusive right to manage Bahrain and Kuwait Restaurants Company.

18 CONTINGENT LIABILITIES, OPERATING AND CAPITAL COMMITMENTS

	US Dollars'000	
	30-September-2022	31-December-2021
Contingent liabilities		
Letters of guarantee	13,002	12,839

Taxes

The Group operates in several different countries, Note 17 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 the Kingdom of Saudi Arabia and Arab Republic of Egypt as follows:

Arab Republic of Egypt:

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

Kingdom of Saudi Arabia:

Americana Restaurants' operations are subject to Zakat in the Kingdom of Saudi Arabia.

Americana Restaurants 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, Americana Restaurants takes in consideration the contingent liabilities for the years that have not been inspected yet.

The tax claims and contingent tax liabilities, at Americana Restaurants' level, are amounted to USD 473 thousand as at 30 September 2022 (31 December 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, Americana Restaurants' management believes that the provisions made for this purpose are adequate and sufficient.

	US Dollars'000	
	30-September-2022	31-December-2021
Operating lease commitments – Lessee		
Less than one year	33,352	45,481

	US Dollars'000	
	30-September-2022	31-December-2021
Capital commitments		
Letters of credit	7,170	12,719
Projects in progress	16,181	13,896

19 FINANCIAL INSTRUMENTS BY CATEGORY

	US Dollars'000	
	30-September-2022	31-December-2021
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents (Note 8)	273,070	173,996
Loan to a related party (Note 14)	-	64,000
Trade and other receivables (excluding prepayments, advances to suppliers) (Note 7)	66,200	60,046
Due from related parties (Note 14)	282	1,189
	339,552	299,231
Financial assets at fair value		
Derivative financial instrument	11,470	9,390
	351,022	308,621
Financial liabilities		
Other financial liabilities at amortised cost		
Trade and other payables (excluding value added tax payable and unearned income)	364,186	325,212
Bank facilities (Note 9)	27,397	7,073
Lease liabilities (Note 10)	411,035	384,599
	802,618	716,884

20 NET DEBT RECONCILIATION

	US Dollars'000	
	30-September-2022	31-December-2021
Cash and cash equivalents (Note 8)	273,070	173,996
Bank facilities (Note 9)	(27,397)	(7,073)
Lease liabilities (Note 10)	(411,035)	(384,599)
Net debt	(165,362)	(217,676)

	US Dollars'000	
	30-September-2022	31-December-2021
Cash and cash equivalents	273,070	173,996
Net debt – variable interest rates	(438,432)	(391,672)
Net debt	(165,362)	(217,676)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
Net debt as at 1 January 2022	(384,599)	166,923	(217,676)
Foreign currencies translation differences	12,359	8,831	21,190
Others	(11,267)	-	(11,267)
Lease payments of principal and interest	129,318	-	129,318
Gain on rent concessions	667	-	667
Additions of leases	(157,513)	-	(157,513)
Cash flows, net	-	69,919	69,919
Net debt as at 30 September 2022	(411,035)	245,673	(165,362)

20 NET DEBT RECONCILIATION (continued)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
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)
Lease payments of principal and interest	160,363	-	160,363
Gain on rent concessions	6,978	-	6,978
Additions of leases	(132,887)	-	(132,887)
Cash flows, net	-	(586)	(586)
Net debt as at 31 December 2021	(384,599)	166,923	(217,676)

21 SEGMENT REPORTING

Americana Restaurants is organized into operating segments based on geographical location. The results are reported to the top executive management in Americana Restaurants. 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 carve-out 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 periods ended:

	Reportable segments		**Intercompany transactions**		**Total**	
	30 September		30 September		30 September	
Revenues	2022	2021	2022	2021	2022	2021
	USD'000		USD'000		USD'000	
Major GCC	1,186,874	1,000,303	-	-	1,186,874	1,000,303
Lower Gulf	227,943	180,656	(36,710)	(23,533)	191,233	157,123
North Africa	234,117	202,335	-	-	234,117	202,335
Others	158,815	148,159	-	-	158,815	148,159
Total	1,807,749	1,531,453	(36,710)	(23,533)	1,771,039	1,507,920

	Reportable segments	
	30 September	
Net profits	2022	2021
	USD'000	
Major GCC	191,806	132,923
Lower Gulf	17,478	11,742
North Africa	(26,642)	6,578
Others	26,362	19,215
Total	209,004	170,458
Unallocated:		
Income tax, zakat and other deductions	(7,603)	(10,956)
Losses of foreign exchange	(2,038)	(3,193)
Net profit for the period	199,363	156,309

21 SEGMENT REPORTING (continued)

	30 September 2022 USD'000				
	Major GCC	Lower Gulf	North Africa	Others	Total
Assets	876,473	138,169	141,773	112,264	1,268,679
Liabilities	720,780	107,301	150,043	63,039	1,041,163

	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:

	USD'000			
	UAE	KSA	Kuwait	Egypt
Revenue for the nine-month period ended 30 September 2022	512,743	392,125	282,007	206,862
Revenue for the nine-month period ended 30 September 2021	430,928	323,859	245,515	183,971

	USD'000			
	UAE	KSA	Kuwait	Egypt
Non-current assets as at 30 September 2022	175,887	165,922	102,251	79,189
Non-current assets as at 31 December 2021	161,601	134,967	93,078	90,852

22 EARNINGS PER SHARE

	US Dollars'000			
	Three months period ended 30 September		Nine months period ended 30 September	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Earnings				
"Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to ordinary equity holders of the Parent rounded to the nearest) – *USD thousand*	74,550	61,224	195,816	154,548
Number of ordinary shares				
Number of ordinary shares – *numbers*	168,472,662	168,472,662	168,472,662	168,472,662
Basic and diluted earnings per share attributable to owners of the Parent rounded to the nearest – *USD thousand*	**0.0004**	**0.0004**	**0.0012**	**0.0009**

AMERICANA RESTAURANTS

Supplemental Prospectus for Americana Restaurants International PLC's (a free zone company) "Prospectus for the Public Offering of Shares in Americana Restaurants International PLC (a free zone company)" published in the United Arab Emirates in relation to the Initial Public Subscription Dual and Concurrent Offering of Shares in the United Arab Emirates and the Kingdom of Saudi Arabia

Offering Period: starting on Monday 20/04/1444H (corresponding to 14/11/2022G) for the Institutional Tranche and the KSA Retail Tranche and ending on Monday 27/04/1444H (corresponding to 21/11/2022G) for the KSA Retail Tranche and on Tuesday 28/04/1444H (corresponding to 22/11/2022G) for the Institutional Tranche.

This Prospectus is a supplemental prospectus to Americana Restaurant International PLC (a free zone company)'s "**Prospectus for the Public Offering of Shares in Americana Restaurants International PLC – (a free zone company)**" published in the United Arab Emirates, and approved by the Securities and Commodities Authority in the United Arab Emirates (the "**Main Prospectus**"). This Prospectus was prepared specifically for the Offering in the KSA only, considering that the Company is an ADGM company and the United Arab Emirates is the main jurisdiction with regards to the offering and listing of the Offer Shares. Recipients of this Prospectus should read the same in conjunction with the Main Prospectus in order to obtain all information relating to the Company and the Offering.

The Company (a free zone company) is a public company limited by shares incorporated in the Abu Dhabi Global Market ("**ADGM**") under license number (000007712) dated 27 May 2022G, and subject to the ADGM Companies Regulations 2020 (as amended) (the "**ADGM Companies Regulations**").

Offering of two billion, five hundred and twenty-seven million, eighty-nine thousand, nine hundred and thirty (2,527,089,930) ordinary shares representing thirty percent (30%) of the share capital of the Company, through a public subscription and concurrent dual offering on the Abu Dhabi Securities Exchange ("**ADX**") in the United Arab Emirates ("**UAE**") and on the Saudi Stock Exchange (Tadawul) ("**Tadawul**") in the Kingdom of Saudi Arabia ("**Kingdom**" or "**KSA**") only (the "**Offering**") at a Final Offer Price of AED [•] (equivalent to SAR [•]) per Offer Share.

Americana Restaurants International PLC (hereinafter referred to as the "**Company**" or the "**Issuer**") was incorporated in the ADGM on 27 May 2022G as a private company (previously registered under the name of "Americana Restaurants LTD") then converted to a public company limited by shares (a free zone company), under license number (000007712), with its Head Office at office – 2447, 24th Floor, Al Sila Tower, P.O. Box 128666, Al Maryah Island, ADGM Square, Abu Dhabi, United Arab Emirates. The Company is subject to the ADGM Companies Regulations.

The Group was founded in 1964G in Kuwait and began with its operations in 1970G through Kuwait Food Company (Americana) K.S.C.C. (hereinafter referred to as the "**Former Parent Company**"), Furthermore, the Group expanded its operations to include the opening of restaurants in the United Arab Emirates in 1979G, Saudi Arabia in 1980G and other countries. On 29 September 1984G, the Former Parent Company was listed on the Kuwait Stock Exchange. In the last quarter of 2016G, Adeptio Ad Investments LTD (the "**Seller Shareholder**"), which Mohammed Al Rashed Alabbar and the Saudi Gulf Food Investments Company (wholly owned by the PIF) each have 50% indirect ownership, has acquired a majority stake in the Former Parent Company in partnering. This acquisition was followed by the mandatory offering shares (pursuant to the regulations and instructions in force in Kuwait) of the Former Parent Company, which resulted in increasing the Selling Shareholder actual ownership of the Former Parent Company to 96.03% of its share capital. As a result, on 23 April 2018G, the Former Parent Company voluntarily cancelled its listing on the Kuwait Stock Exchange. Afterwards, the Company was incorporated in May 2022G as a wholly owned subsidiary by the Former Parent Company (previously registered under "Americana Restaurants Limited Company")), the Former Parent Company transferred all its restaurant business to the Company on 27 June 2022G. On 25 August 2022G, the Former Parent Company transferred 96.03% of its contribution to the Selling Shareholder. The remaining 3.97% was transferred to the former minority shareholders of the Former Parent Company as part of the Group's restructuring process, which aims to reach the relevant legal structure for offering purposes. On August 29, 2022G, the Company was re-registered and converted into a public company limited by shares, and the Company's name was changed from "Americana Restaurants Company Limited" to its current name, " Americana Restaurants International PLC".

The Company's current share capital is six hundred and eighteen million seven hundred and fifteen thousand and eight hundred fifty-one UAE Dirhams (AED 618,715,851) (equivalent to six hundred and thirty-one million seven hundred and seventy-two thousand four hundred and eighty-three Saudi Riyals (SAR 631,772,483)), divided into eight billion four hundred twenty three million six hundred thirty three thousand one hundred (8,423,633,100) fully paid ordinary shares of equal value with a nominal value of AED 0.073 (equivalent to SAR 0.075) per share (for more information on the Company, please refer to the Second Section ("**Key Details of the Company**") of the Main Prospectus approved by the SCA (hereinafter referred to as the "**Main Prospectus**")).

The Offering of the Company's shares will consist of two billion, five hundred and twenty-seven million, eighty-nine thousand, nine hundred and thirty (2,527,089,930) ordinary shares (collectively, the "**Offer Shares**" and each an "**Offer Share**") in the UAE and the KSA (on Tadawul and ADX), by way of a dual concurrent public offering with a Final Offer Price of [•] AED (equivalent to SAR [•]) per share with a nominal value of (AED 0.073) (equivalent to SAR 0.075) per share. The Offer Shares account for thirty percent (30%) of the issued share capital of the Company and will be sold by the Selling Shareholder (owning 96.03% of its share capital). The Final Offer Price will be in UAE Dirhams and in Saudi Riyals in the KSA, which will be determined based on the Offer Price Range that will be announced on the same day as the day of opening of the Offering Period on 20/04/1444H (corresponding to 14/11/2022G) (but before the commencement of the Offering Period on that date) (the "**Offer Price Range**"). The Final Offer Price will be announced after the closing of the subscription for the Institutional Tranche. Please refer to Section (13) ("**Share Information and Subscription Terms and Conditions**") of this Prospectus for further details on the process for calculating the Final Offer Price.

The Offering in the KSA and the UAE shall be limited to a number tranches of investors as follows:

1. **UAE Retail Tranche (hereinafter referred to as the "UAE Retail Tranche"):** the Offering for the UAE Retail Tranche will be made pursuant to the Main Prospectus. Five percent (5%) of the Offer Shares, representing One hundred and twenty-six million, three hundred and fifty-four thousand, four hundred and ninety-six (126,354,496) shares are allocated to the UAE Retail Tranche for the purposes of the Offering in the UAE. The final UAE Retail Tranche size will be determined based on the demand at the end of the Book-building Process. Pursuant to the Main Prospectus, the UAE Retail Tranche is restricted to the following persons described:

    a. **Individual Subscribers in the UAE:** Natural persons (including natural persons constituting Assessed Professional Investors in the UAE who do not participate in the "**Institutional Tranche**" (referred to in the Main Prospectus and defined in (3) below) who have a bank account (except for any person who is resident in the United States within the meaning of the US Securities Act 1933, as amended (the "**US Securities Act**")). There is no citizenship or residence requirement in order to qualify as an Individual Subscriber. Minors are permitted to apply for Offer Shares in accordance with the procedures applied by the Receiving Agents in the UAE (referred to as the "**Receiving Banks**" in the Main Prospectus) and the Emirati laws and regulations in force in this regard.

    b. **Other Investors in the UAE:** Other investors (companies and establishments) who do not participate in the "**Institutional Tranche**" referred to in the Main Prospectus and defined in (3) below, and who have a bank account (except for any person who is a "**resident**" in the United States within the meaning of the US Securities Act).

(For more information on the UAE Retail Tranche, please refer to the First Section ("**Subscription Terms and Conditions**" of the Main Prospectus)

2. **The KSA Retail Tranche (hereinafter referred to as the "KSA Retail Tranche"):** the Offering for the KSA Retail Tranche will be in accordance with this Prospectus and the Main Prospectus, and up to two hundred and fifty-two million, seven hundred and eight thousand, nine hundred and ninety-three (252,708,993) shares (representing up to (10%) of the total Offer Shares) will be offered to the KSA Retail Tranche. The final KSA Retail Tranche size will be determined after the completion of the Book-building Process. If all of the Offer Shares in the KSA Retail Tranche are not fully subscribed for, the unsubscribed Offer Shares will be allocated to the "Institutional Tranche" referred to in the Main Prospectus and also defined in (3) below. The KSA Retail Tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit and in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the KSA or GCC nationals, in each case, who has a bank account, and is entitled to open an investment account, with one of the Receiving Agents (collectively referred to as the "**Individual Investors in the KSA**" and each an "**Individual Investor in the KSA**" and together with the Participating Entities Tranche (as defined below) as the "**Subscribers in the KSA**"). A subscription for Shares made by a person in the name of his divorcee in the KSA shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

3. **Institutional Tranche (hereinafter referred to as "Institutional Tranche"):** the Institutional Tranche shares will be offered in accordance with the Main Prospectus (for the Institutional Tranche in the UAE) and in accordance with this Prospectus (for the Participating Entities Tranche in the KSA, as defined below). Two billion, one hundred and forty-eight million, twenty-six thousand, four hundred and forty-one (2,148,026,441) of the Offer Shares (representing (85%) of the total Offer Shares) will be offered and allocated to the Institutional Tranche. The final Institutional Tranche size in the UAE and in the KSA will be determined through the Book-building Process as determined by the Selling Shareholder and the Company, in their full discretion and in consultation with the Financial Advisors and the Joint Global Coordinators (each as defined in Section 1 ("**Definitions and Abbreviations**") of this Prospectus), and in the event the Institutional Tranche does not subscribe for all the Offer Shares allocated to them, the Offering shall be withdrawn. The Institutional Tranche shall be limited to the following institutions:

    a. **In respect of the UAE,** the Institutional Tranche shall be restricted to "**Professional Investors**" (as defined in the SCA Board of Directors' Chairman Decision No.13/R.M of 2021 (as amended from time to time), which specifically include "**Deemed Professional Investors**", as set out in paragraph (b) ("**Institutional Tranche**") of the "**Tranche Structure**" Section of the cover page of the Main Prospectus, and the "**Assessed Professional Investor**", as set out in paragraph (b) ("**Institutional Tranche**") of the "**Tranche Structure**" Section of the cover page of the Main Prospectus.

    b. **In respect of the KSA,** the Institutional Tranche comprises the parties that are entitled to participate in the Book-building Process under the Book-Building Instructions (for further details, please see Section 1 ("**Definitions and Abbreviations**") of this Prospectus), including investment funds, companies, Qualified Foreign Investors (QFIs) and GCC legal personalities (hereinafter referred to as "**Participating Entities Tranche**").

The above Institutional Tranche Subscribers (both in the UAE and in the KSA) who are eligible to obtain shares offered on Tadawul and ADX, will have the opportunity to obtain shares from any of the two exchanges, and they must indicate the exchange in which they prefer to acquire shares when subscribing to the Offer Shares.

The Selling Shareholder and the Company (in consultation with the Financial Advisors and the Joint Global Coordinators) reserve the right to amend the Individual Subscribers Tranche in the UAE and the Institutional Tranche only at any time prior to the end of the Subscription Period at their sole discretion, subject to the approval of the Relevant Authorities in the UAE, noting that in the event that the shares allocation percentages are amended for the Institutional Tranche and the UAE Retail Tranche, noting that the Selling Shareholder and the Company will not increase the UAE Retail Tranche size to more than 10% of the total Offer Shares or reduce the Institutional Tranche size less than 80% of the Offer Shares, which means that the KSA Retail Tranche together with the UAE Retail Tranche size will not exceed 20% of the total Offer Shares. An announcement will be made in the event of any amendments to the UAE Retail Tranche size and the Institutional Tranche size.

The Company has one class of ordinary shares. Each share entitles its holder to one vote, and each shareholder has the right to attend and vote at the General Assembly meetings of the Company (the "**General Assembly**"). No Shareholder benefits from any preferential voting rights. The Offer Shares will entitle holders to receive their portion of any dividends declared by the Company as of the date of this Prospectus (for further details, please refer to the "**Dividends and liquidation proceeds**" sub-section of the Fourth Section "**Legal Matters**" of the Main Prospectus). The Offer Shares (upon listing on both Tadawul and ADX) will be fully fungible, which shall allow the shareholders of the Company to own and trade shares in both exchanges.

Participating Entities Tranche include Qualified Foreign Investors (QFIs) in accordance with the QFI Rules and GCC investors (including companies and funds). The Offer Shares will be offered to qualified institutional buyers within the United States of America pursuant to Rule 144A under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**") and foreign institutional investors outside the United States in compliance with Regulation S under the U.S. Securities Act. It should also be noted that Rule 144A under the U.S. Securities Act permits the sale of securities in the United States to certain investors ("**Qualified Institutional Buyers**") and Regulation S permits the sale of securities outside the United States to certain institutional investors (including Qualified Foreign Investors (QFIs)) without the need to register these securities and without the need for any regulatory authority in the United States to review this Prospectus (i.e. Rule 144A and Regulation S are exemptions to the registration requirements for securities offerings under the U.S. Securities Act).

The current shareholders of the Company own 100% of its issued shares as at the date of this Prospectus. The Offer Shares will be sold by the Selling Shareholder owning 96.03% of the Company's capital. Upon completion of the Offering, the Selling Shareholder will own (66.03%) of the Company's shares and will consequently retain a controlling interest in the Company. The Offering proceeds, after deduction of the Offering Expenses (the "**Net Proceeds**"), will be distributed to the Selling Shareholder. The Company will not receive any part of the Net Proceeds (for further information, please refer to the "**Reasons for the Offering and Use of the Offer Proceeds**" sub-section in the First Section ("**Subscription Terms and Conditions**") of the Main Prospectus). The Offering is fully underwritten by the Underwriters (for further details, please refer to Section 9 ("**Underwriting**") of this Prospectus). Pursuant to the conditions of the Underwriting Agreement (as defined in Section 1 ("**Definitions and Abbreviations**") of this Prospectus), the Selling Shareholder is contractually obligated for a period of six (6) months as of the date of the listing on Tadawul and ADX (" **Listing Date**"), (referred to as the "**Selling Shareholder Contractual Lock-up Period**", as indicated in the Section ("**Offering Summary**") of this Prospectus), not to: (i) directly or indirectly, issue, offer, pledge, contract to sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other shares of the Company, or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, or file any registration statement under the US Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Shares, in each case, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction, in each case, without obtaining the prior written consent of the Joint Lead Managers, such consent not to be unreasonably withheld or delayed. Following the Selling Shareholder Lock-up Period, the Selling Shareholder will be free to dispose of its Shares, as set out in the "**KSA Offer Summary**" Section of this Prospectus. Additionally, a number of the minority shareholders are subject to a lock-up period of one hundred and eighty (180) days from the Listing Date, pursuant to which they are restricted from disposal of their shares – this is based on lock up deeds executed thereby. The other minority shareholders are not subject to any lock-ups and are free to trade their shares as from the Listing Date.

The Book-building Process and subscription period for the Institutional Tranche in KSA (including the Participating Entities Tranche as defined above) will commence on Monday 20/04/1444H (corresponding to 14/11/2022G), and will remain open for a period of nine (9) days, up to and including the closing day for the Book-building Process and subscription period for the Institutional Tranche on Tuesday 28/04/1444] H (corresponding to 22/11/2022G) at 11 a.m. ("**Institutional Tranche Offering Period**") (which is concurrent with the Institutional Tranche Offering Period in the UAE), while the offering period for the KSA Retail Tranche will commence on Monday 20/04/1444H (corresponding to 14/11/2022G), and will remain open for a period of eight (8) days up to and including the closing day on Monday 27/04/1444H (corresponding to 21/11/2022G) at 12 p.m. ("**Individual Subscribers Offering Period in the KSA**") (which is concurrent with the Book-building Process and subscription Period for the Institutional Tranche in the UAE). Subscription by the Individual Subscribers in the KSA during the Individual Subscribers Offering Period to the Offer Shares in the KSA can be made through any of the Receiving Agents listed on page (xii) (the "**Receiving Agents**") or through the internet, telephone banking, or automated teller machines ("**ATMs**") or other electronic channels offered by the Receiving Agents to their clients (for further details, please refer to the ("**Key Dates and Subscription Procedures**") section of this Prospectus) and the First Section ("**Subscription Terms and Conditions**") of the Main Prospectus. Participating Entities Tranche may submit their applications to subscribe for the Offer Shares in the KSA through the Bookrunners during the Book-building Process.

The concurrent Offering will be fully fungible which allows the shareholders to hold and trade shares on both ADX and Tadawul, knowing that all Shares have the same legal, economic and voting rights. For the purpose of the concurrent Offering, the ADX and Tadawul agreed on an operational and settlement framework between both exchanges. From a trading perspective, ADX and Tadawul agreed to unify the commencement of the first trading hour, whereby ADX will delay the start of trading by one (1) hour in order to align with the start of trading hours of Tadawul. Upon listing of the Shares, ADX and Tadawul agreed on the following in respect of the ongoing settlement and operational matters. For further information on settlement and other regulatory issues, please refer to https://www.americanarestaurants.com/ipo/.

Each Individual Investor in the KSA must subscribe for a minimum number of (1,000) Shares, provided that the minimum subscription number is (1,000) Shares for each Individual Investor, and the maximum subscription amount should not exceed 5% of the total issued share capital of the Company. The balance of the Offer Shares, if any, will be allocated pro rata based on the number of Offer Shares requested by each Individual Investor in the KSA and the total number of the Offer Shares applied for. In the event that the number of Individual Subscribers in the KSA exceeds two hundred fifty two thousand nine hundred and eight (252,708) Subscribers, the Company will not guarantee the minimum allocation of (1,000) shares per Individual Investor in the KSA. In this case, the allocation will be determined at the discretion of the Company and the Selling Shareholder and the Financial Advisors. Excess subscription monies, if any, will be refunded to the Individual Subscribers in the KSA without any charge or commission being withheld by the Receiving Agents in the KSA. An announcement of the final allotment will be made on Wednesday 29/04/1444H H (corresponding to 23/11/2022G), and refund of subscription monies, if any, will be made no later than nine (9) working days as of the date specified for the final allotment of the Offer Shares for all Tranche of Subscribers in the KSA and the UAE (i.e. on Prior to Monday 11/05/1444H (corresponding to 05/12/2022G)) (for further information, please refer to Section (13) ("**Share Information and Subscription Terms and Conditions**") of this Prospectus).

Prior to the Offering, there has been no trading of the Company's shares whether in the KSA or the UAE or elsewhere. It is expected that trading in the shares will commence on both Tadawul and ADX after the final allocation of the Offer Shares and satisfaction of the relevant regulatory requirements (for further details, please refer to the "**Key Dates and Subscription Procedures**" section of this Prospectus). Saudi Arabian nationals, non-Saudi Arabian nationals holding valid residency permits in the KSA, and companies, banks, and investment funds established in the KSA or in GCC countries, as well as GCC nationals, will be permitted to trade in the Offer Shares after the Shares are registered with the CMA and admitted by Tadawul. Moreover, Qualified Foreign Investors (QFIs) will be permitted to trade in the Shares on Tadawul in accordance with the QFI Rules and Foreign Strategic Investors will be permitted to trade the Shares in accordance with the FSI Instructions (as defined in Section (1) ("**Definitions and Abbreviations**") of this Prospectus). Furthermore, non-GCC nationals who are not residents in the KSA and non-GCC institutions incorporated outside the KSA will be permitted to indirectly invest in the Shares in the KSA and acquire an economic interest in the shares by entering into swap agreements with capital market institutions authorized by the CMA ("**Capital Market Institutions**"). Under such swap agreements, the Capital Market Institutions will be registered as the legal owner of such shares in the KSA.

The Company has submitted an application for registration and offer of the Shares to the CMA in the KSA and the SCA in the UAE, and an application for listing of the Shares on Tadawul to the Saudi Exchange Company (considering that the Offering is a dual concurrent initial public offering and listing in the each of the KSA and the UAE). All required supporting documents have been submitted to the Relevant Authorities. All relevant regulatory approvals required to conduct the dual concurrent initial public offering and listing have been granted, noting that the listing application will be submitted to the ADX for listing of the Shares in the UAE after the closure of the subscription period to the Individual Subscriber Tranche in the KSA, the Individual Subscriber Tranche in the UAE and the qualified Participating Entities Tranche, and completion of the subscription process and acceptance of the Offer Shares in the UAE (in accordance with the applicable laws and regulations in the UAE).

Investment in the Offer Shares involves certain risks and uncertainties. For further details, please refer to the Section ("**Important Notice**") on page (i) and Section 3 ("**Risk Factors**") of this Prospectus and the "**Investment Risks**" sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus for certain factors that should be carefully considered before deciding to subscribe for the Offer Shares.

This Prospectus is dated 06 Rabi' al-Thani 1444H (corresponding to 31 October 2022G).

Global coordinators, financial advisors, bookrunners and underwriters in KSA

SNB Capital | FAB CAPITAL | Goldman Sachs | Morgan Stanley

Lead Manager in the KSA

SNB Capital

This Prospectus is a supplement prospectus to the Main Prospectus (as approved by the SCA in the UAE) for the purposes of the Offering in the KSA, while the Main Prospectus shall be regarded as the main prospectus for the Offering for the purpose of the Offering itself, given that the Company is an ADGM company and the UAE is the main jurisdiction with regard to the offering and listing of the Offer Shares. Therefore, the recipients of this Prospectus should read it with the Main Prospectus available on https://www.americanarestaurants.com/ipo/, so as to obtain all information about the Company and the Offering.

KFC
Pizza Hut
Hardee's
Krispy Kreme DOUGHNUTS
TGI FRIDAYS
Peet's COFFEE
wimpy
chicken TiKKa
COSTA COFFEE
baskin robbins

Important Notice

This Prospectus contains information relating to the Company and the Offer Shares, which are required to be disclosed in the KSA. This Prospectus does not include all details and information relating to the Company and the Offering Shares (including in respect of all risk factors associated with investing in the Offer Shares). As such, this Prospectus shall not be regarded as a full prospectus in respect of the Offering but is considered a supplemental prospectus to the Main Prospectus, given that the Company is an ADGM company and the UAE is the main jurisdiction with regard to the offering and listing of the Offer Shares. Therefore, recipients of this Prospectus should read the same in conjunction with the Main Prospectus available on the Company's website https://www.americanarestaurants.com/ipo/, in order to obtain all information relating to the Company and the Offering.

When submitting an application to subscribe for the Offer Shares, Institutional and Individual Subscribers will be treated as applying solely on the basis of the information contained in this Prospectus and the Main Prospectus, copies of which are available by visiting the website of the Company https://www.americanarestaurants.com/ipo/, the following websites of the Financial Advisors:

- SNB Capital (www.alahlicapital.com);
- FAB Capital (www.fabcapital.com);
- Goldman Sachs Saudi Arabia (goldmansachs.com/worldwide/Saudi-arabia); and
- Morgan Stanley Saudi Arabia (www.morganstanleysaudiarabia.com).

Additionally, this Prospectus shall also be available by visiting the CMA website (www.cma.org.sa).

The Company has appointed SNB Capital ("**SNBC**"), FAB Capital ("**FAB Capital**"), Goldman Sachs Saudi Arabia ("**Goldman Sachs**") and Morgan Stanley Saudi Arabia ("**Morgan Stanley**") as its Financial Advisors in the KSA and as Joint Global Coordinators (collectively, the "**Financial Advisors**" and / or the "**Global Coordinators**") The Company has also appointed SNBC, Fab Capital, Goldman Sachs, Morgan Stanley, Egyptian Financial Group Hermes Holding Company - Hermes Saudi Arabia ("**Hermes Saudi**") and HSBC Saudi Arabia ("**HSBC**") as its Bookrunners and underwriters (collectively, the " **Joint Lead Managers**" and/or " **Underwriters**"). The Company has also appointed SNBC as the lead manager for the purpose of Offering in the KSA (the " **Lead Manager**") (for further details, please refer to Section 8 ("**Underwriting**") of this Prospectus). SNBC, FAB Capital, Goldman Sachs and Morgan Stanley, who are Capital Market Institutions licensed in the KSA by the CMA, are acting exclusively for the Company with respect to the registration and offering in the KSA, and will not have any responsibility towards anyone other than the Company for providing advice in connection with the registration and offering in the KSA or any matter referred to in this Prospectus.

This Prospectus includes information that has been presented in accordance with the OSCOs issued by the CMA (subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus).). The Directors, whose names appear on page [([v])] of this Prospectus, collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and in the Main Prospectus and, in addition to having made all reasonable inquiries, confirm that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein or in the Main Prospectus misleading.

While the Company has made all reasonable inquiries as to the accuracy of the information contained in this Prospectus and in the Main Prospectus as at the date hereof, a substantial portion of the information in this Prospectus and in the Main Prospectus which is relevant to the markets and industry in which the Company operates is derived from external sources, Company management estimates and publicly available information, data and analysis from publications issued by data, information and news providers. While neither the Company nor any of its Advisors have any reason to believe that any of the market and industry information contained in this Prospectus or in the Main Prospectus is materially inaccurate, neither the Company nor any of the Advisors has independently verified such information, and, therefore, no representation or assurance is made with respect to the accuracy or completeness of any of this information.

The information contained in this Prospectus and in the Main Prospectus as of the date hereof is subject to change. In particular, the actual financial position of the Company and the value of the Offer Shares may be adversely affected by future developments, such as inflation, interest rates, taxation or any economic, political or other factors, over which the Company has no control (for further details, please refer to Section (3) ("**Risk Factors**") of this Prospectus and the "**Investment Risks**" sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus). Neither the delivery of this Prospectus or the Main Prospectus nor any oral or written information in relation to the Offer Shares is intended to be or should be construed as or relied upon in any way, as a promise, affirmation or representation as to future earnings, results or events of the Company.

This Prospectus and the Main Prospectus should not be regarded as a recommendation on the part of the Company, the Board of Directors, the Selling Shareholder, or the Advisors to participate in the Offering. Moreover, the information provided in this Prospectus and in the Main Prospectus is of a general nature and has been prepared without taking into account individual investment objectives, the financial situation or particular investment needs of the persons who intend to invest in the Offer Shares. Prior to making an investment decision, each recipient of this Prospectus (including the Main Prospectus when reading with this Prospectus for the purposes of investing in Offer shares in the KSA) is responsible for obtaining independent professional advice from a CMA-licensed financial advisor in relation to the Offering to assess the appropriateness of the financial information provided herein and in the Main Prospectus with regard to the recipient's individual objectives, financial situation and investment needs, and must rely on its own examination of the Company and the appropriateness of both the investment opportunity and the information herein and in the Main Prospectus with regard to the recipient's individual objectives, financial situation and investment needs, including the merits and risks involved in investing in the Offering. An investment in the Offer Shares may be appropriate for some investors but not others. Therefore, prospective investors should not rely on another party's decision whether to invest as a basis for their own examination of the investment opportunity and such investor's individual circumstances.

The Offering in the KSA shall be limited to: (A) Participating Entities Tranche, comprising a number of institutions and companies, including investment funds, Qualified Foreign Investors (QFIs) and companies, and GCC investors with legal personality who are entitled to participate in in the Book-building Process, for the purposes of the Offering in the KSA as specified under Book Building Instructions (for further details, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus); and (B) Individual Subscribers in the KSA, comprising Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the KSA or GCC natural persons, in each case, who has a bank account, and is entitled to open an investment account, with one of the Receiving Agents. Subscription of a person in the name of his divorcee in the KSA shall be deemed invalid, and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

It is expressly prohibited to distribute this Prospectus to any person outside the Kingdom of Saudi Arabia, other than to [foreign investors who are based in the United States of America that are "**qualified institutional buyers**" as defined in Rule 144A under the U.S. Securities Act] and to foreign investors who are based outside the United States of America that are foreign institutional investors and GCC corporates and funds, together with other foreign investors in accordance with Regulation S by concluding swap agreements. All recipients of this Prospectus must inform themselves of all legal and regulatory restrictions relevant to this Offering and the sale of the Share and observe all such restrictions. The Company and its Financial Advisors ask all recipients of this Prospectus to inform themselves of all legal and regulatory restrictions relevant to this Offering and the sale of the shares in the KSA and to observe all such restrictions. Each eligible Individual Investor and participating party should read the entire Prospectus and the Main Prospectus and seek and rely on their own counsel, Financial Advisors and other professional Advisors for advice concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Offer Shares and will be responsible for the fees of their own counsel, accountants and other Advisors as to all matters concerning an investment in the Offer Shares. No assurance can be made that profits will be achieved.

Market and Industry Data

The information and data provided herein on the market and industry in which the Company operates, as set out in Section 4 ("**Market and Industry Overview**") of this Prospectus has been drawn from the Market Study dated 04/08/2022G and prepared by the Market Consultant, Euromonitor International Limited (the "**Market Consultant**").

Euromonitor International Limited is an independent company specialized in providing strategic market research services. Euromonitor International Limited was established in 1972G and is headquartered in London, the United Kingdom.

The Board of Directors believes that the information and data in this Prospectus which has been obtained or derived from other resources, including from the Market Study prepared by the Market Study Consultant, is reliable. However, such information and data have not been independently verified by the Company, the Directors, the Selling Shareholder, or the Advisors (except for the Market Consultant), and therefore none of the aforementioned bears any liability for the accuracy or completeness of said information.

The Market Consultant does not, nor do any of its subsidiaries, shareholders, directors, or Relatives, own any shares or any interest of any kind in the Company or in its subsidiaries. As at the date of this Prospectus, the Market Consultant has given and has not withdrawn its written consent to the publication of and reference to its name, address, logo and the statements attributed to it in the context in which they appear in this Prospectus.

Currencies and exchange rates

Unless otherwise indicated, all references in this Prospectus to:

- "**Saudi Riyal**", "**Riyal**" or "**SAR**" is a reference to Saudi Riyal, the official currency of the Kingdom Saudi Arabia.
- "**UAE Dirham**", "**Dirham**" or "**AED**" is a reference to the official currency of the UAE.
- "**United States Dollar**", "**Dollar**" or "**USD**" is a reference to the official currency of the United States of America.

The Saudi Riyal to United States Dollar exchange rate has been pegged at SAR 3.75 = USD 1.00 for all periods mentioned in this Prospectus. All conversions of Saudi Riyal/United States Dollar in this Prospectus have been calculated on the basis of this rate. The AED to USD exchange rate has been pegged at AED 3.6725 = USD 1.00. All conversions of AED/USD in this Prospectus and in the Main Prospectus have been calculated on the basis of this rate.

Financial Information

The special purpose carve-out financial statements of Kuwait Food Company (Americana) K.S.C.C. – Americana Restaurants (currently known as Americana Restaurants International PLC as Americana Restaurants transferred its operations to it) for the years ended 31 December 2019G, 2020G and 2021G, including the related notes thereto (the "**Audited Financial Statements**' or "**Annual Carve-out Financial Statements**"'), have been prepared in accordance with the IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and comply with IFRS as issued by IASB. The Audited Financial Statements were audited by the Company's independent auditors, PricewaterhouseCoopers Limited, as stated in their auditor's report thereon.

The reviewed condensed interim carve-out financial statements for the six-month period ended 30 June 2022 of Americana Restaurants, ("**the Condensed Interim Financial Statements**") including the comparative interim financial information for the six-month period ended 30 June 2021 and the related notes thereto have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting".

The reviewed condensed interim carve-out financial statements for the nine month period ended 30 September 2022 of the Company including the unaudited comparative interim financial information for the nine month period ended 30 September 2021 and the related notes thereto ("**the Q3 2022 Interim Financial Statements**") have been prepared in accordance with International Accounting Standard 34, "**Interim Financial reporting**".

The Condensed Interim carve-out Financial Statements and the Q3 2022 Interim Financial Statements were reviewed by PricewaterhouseCoopers Limited in accordance with International Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" as stated in their independent auditor's review report thereon.

The Company presents its Annual Carve-out Financial Statements, the Condensed Interim Financial Statements and the Q3 2022 Interim Financial Statements in US Dollars.

Forecasts and Forward-Looking Statements

The forecasts set forth in this Prospectus have been prepared on the basis of assumptions based on the Group's information according to its market experience, as well as on publicly available market information. Future operating conditions may differ from the assumptions used, and consequently, no affirmation or warranty is made with respect to the accuracy or completeness of any of these forecasts. The Company stresses that, to the best of its knowledge, every professional care has been taken in preparing the statements contained in this Prospectus. Certain statements in this Prospectus constitute "**forward-looking statements**". Such statements can generally be identified by their use of forward-looking words such as "**plans**", "**estimates**", "**believes**", "**expects**", "**may**", "**will**", "**should**", "**expected**", "**would be**", "**believed**" or the negative thereof or other variations of such terms or comparable terminology. These forward-looking statements reflect the current views of the Company and its Management with respect to future events but are not a guarantee of future performance. Many factors could cause the actual results, performance, or achievements of the Company to be significantly different from any future results, performance, or achievements that may be expressed or implied by such forward-looking statements. Some of the risks and factors that could have such an effect are described in more detail in other Sections of this Prospectus (for further details, please refer to Section 3 ("**Risk Factors**") of this Prospectus and the ("**Investment Risks**") sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus)). Should any one or more of these risks or uncertainties materialize or any underlying assumptions prove to be inaccurate or incorrect, the Company's actual results may vary materially from those described, expected, estimated or planned in this Prospectus or the Main Prospectus.

Subject to the requirements of the OSCOs as stated in Section (12) ("**Waivers**") of this Prospectus, the Company must submit a supplementary prospectus if, at any time after this Prospectus has been approved by the CMA and before its shares are listed in the Saudi Stock Exchange (Tadawul), the Company becomes aware that: (a) there has been a significant change in any material information contained in this Prospectus or any document required by the OSCOs (subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus).); or (b) the occurrence of additional significant matters, which would have been required to be included in this Prospectus. Except in the aforementioned circumstances, the Company does not intend to update or otherwise revise any industry or market information in this Prospectus, whether as a result of new information, future events or otherwise. As a result of the aforementioned and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus or the Main Prospectus might not occur in the way the Company expects, or at all. Subscribers should consider all forward-looking statements in light of these explanations and should not place undue reliance on forward-looking statements.

Certain Terms

Certain figures and percentages included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Corporate Directory

Board of Directors:

Table (1-1): Board of Directors

No.	Name	Position	Nationality	Status	Direct Ownership (%)		Indirect Ownership (%)		Date of Appointment to the Board*
					Pre-Offering	Post-Offering	Pre-Offering	Post-Offering	
1	Mr. Mohamed Ali Rashed Alabbar	Chairman of the Board of Directors	Emirati	Non-Executive/ Non-independent	N/A	-	48.02%	33.02%	24 June 2022G
2	Dr. Abdulmalik Al Hogail	Vice-chairman of the Board of Directors	Saudi	Non-Executive/ Non-independent	N/A	N/A	N/A	N/A	24 June 2022G
3	Mr. Raid Abdullah Ismail	Member of the Board of Directors	Saudi	Non-Executive/ Non-Independent	N/A	N/A	N/A	N/A	24 June 2022G
4	Mr. Kesri Singh	Member of the Board of Directors	Singapore	Non-Executive/ Non-independent	N/A	N/A	N/A	N/A	27 May 2022G
5	Mr. Graham Denis Allan	Member of the Board of Directors	British	Non-Executive/ Independent	N/A	N/A	N/A	N/A	24 June 2022G
6	Mrs. Tracy Ann Gehlan	Member of the Board of Directors	British	Non-Executive/ Independent	N/A	N/A	N/A	N/A	24 June 2022G
7	Mr. Arif Abdullah Abdulrahman Albastaki	Member of the Board of Directors	Emirati	Non-Executive/ Independent	N/A	N/A	N/A	N/A	15 August 2022G

* The Chairman, Mr. Mohamed Ali Rashed Alabbar, indirectly owns shares in the Issuer through his ownership in the share capital of Adeptio AD Holdings Ltd., in the amount of 34,500,050 shares representing 50% of the share capital of Adeptio AD Holdings Ltd, which in turn owns 100% of the share capital of Adeptio AD Investments Ltd. (i.e. the Selling Shareholder, owning 96.03% of the share capital of the Issuer before the Offering). This leads to an indirect ownership by Mr. Mohamed Ali Rashed Alabbar in the Issuer equal to four billion forty four million seven hundred and thirty seven thousand and sixty nine (4,044,737,069) shares before the Offering (i.e. approximately 48.02% of the total shares of the Issuer, amounting to eight billion four hundred and twenty three million and six hundred and thirty three thousand and one hundred (8,423,633,100) shares).

** The dates listed in this table are the dates of appointment to the current seats on the Board of Directors. The respective biographies of the Directors describe the dates of their original appointment, whether to the Board of Directors or any other previous position in the Group. (for the biographies of the Directors and for further information in relation to the Directors, please refer to sub-section "**The Company's Board Structure**" of the Fourth Section ("**Other details**") of the Main Prospectus).

Company's Address and Representatives

Company Address

Americana Restaurants International PLC (a free zone company)
Office – 2447, 24th Floor, Al Sila Tower,
P.O. Box 128666
Al Maryah Island, ADGM Square
Abu Dhabi, United Arab Emirates
Tel: +971 65092222
Website: https://www.americanarestaurants.com/ipo/

Company Representatives

Dr. Abdulmalik bin Abdullah bin Hamad Al-Hogail
Vice-Chairman of the Board of Directors
Address: Office – 2447, 42nd Floor, Al Sila Tower, P.O. Box 128666.
Al Maryah Island, ADGM Square
Abu Dhabi, United Arab Emirates
Mobile Number: +966 503496667
Work Phone: +971 65092222
Fax: +971 65593642
Email: abdulmalik@al-hogail.com

Mr. Harsh Bansal
Chief Financial Officer
Address: Office – 2447, 42nd Floor, Al Sila Tower, P.O. Box 128666.
Al Maryah Island, ADGM Square
Abu Dhabi, United Arab Emirates
Mobile Number: +971 559883690
Work Phone: +971 65092222
Fax: +971 65593642
Email: hbansal@americana-food.com

Board Secretary

Mr. Saqib Mohammed Saber Awan
Secretary of the Board of Directors
Address: Office – 2447, 42nd Floor, Al Sila Tower, P.O. Box 128666.
Al Maryah Island, ADGM Square
Abu Dhabi, United Arab Emirates
Mobile Number: +971 562191777
Work Phone: +971 65092222
Fax: +971 65593642
Email: sawan@americana-food.com

Exchange

Saudi Exchange Company
King Fahd Road - Al Olaya 6897
Unit No.: 15
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966 92 000 1919
Fax: +966 11 218 9133
Website: www.saudiexchange.sa
Email: csc@tadawul.com.sa

Share Registrar in the KSA

Securities Depository Center Company (Edaa)
King Fahd Road - Al Olaya 6897
Unit No.: 11
Riyadh 12211-3388
Kingdom of Saudi Arabia
Tel: +966 92 002 6000
Website: http://www.edaa.com.sa/
Email: mailto:cc@edaa.com.sa

Share Registrar in the UAE

Abu Dhabi Securities Exchange
Ground floor, south entrance
Landmark Tower
Al-Hisn Street - Western Central
Corniche, Abu Dhabi
United Arab Emirates
Tel: +971 262 77777
Website: www.adx.ae

Advisors

Financial Advisors, and Joint Global Coordinators in KSA

SNB Capital

SNB Capital
King Saud Road, the Regional Building of the National Saudi Bank
P.O. Box: 22216, Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966 (92) 0000232
Fax: +966 (11) 4060052
Website: www.alahlicapital.com
Email: snbc.cm@alahlicapital.com

FAB فاب كابيتال CAPITAL

FAB Capital
Kian Group Building
7756 King Fahd Road
Malaga-Malaga neighborhood
Riyadh 4181 – 13524
Kingdom of Saudi Arabia
Tel: +966 (11) 283447
Website: https://www.fabcapital.com/
Email: ECM@bankfab.com

Goldman Sachs

Goldman Sachs Saudi Arabia
Kingdom Tower, 25th Floor
P.O. Box: 52969, Riyadh 11573
Kingdom of Saudi Arabia
Tel: +966 (11) 2794800
Fax: +966 (11) 2794807
Website: www.goldmansachs.com/worldwide/Saudi-arabia
Email: gssainfo@gs.com

Morgan Stanley

Morgan Stanley Saudi Arabia
Al Rashid Tower, 10th Floor
King Saud Road
P.O. Box: 66633, Riyadh 11586
Kingdom of Saudi Arabia
Tel: +966 (11) 2187000
Fax: +966 (11) 2187003
Website: www.morganstanleysaudiarabia.com
Email: lneqsy@morganstanley.com

Lead Manager

SNB Capital

SNB Capital
King Saud Road, the Regional Building of the National Saudi Bank
P.O. Box: 22216, Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966 (92) 0000232
Fax: +966 (11) 4060052
Website: www.alahlicapital.com
Email: snbc.cm@alahlicapital.com

Bookrunners and Underwriters in KSA

SNB Capital
King Saud Road, the Regional Building of the National Saudi Bank
P.O. Box: 22216, Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966 (92) 0000232
Fax: +966 (11) 4060052
Website: www.alahlicapital.com
Email: snbc.cm@alahlicapital.com

FAB Capital
Kian Group Building
7756 King Fahd Road
Malaga-Malaga neighborhood
Riyadh 4181 – 13524
Kingdom of Saudi Arabia
Tel: +966 (11) 283447
Website: https://www.fabcapital.com/
Email: ECM@bankfab.com

Goldman Sachs Saudi Arabia
Kingdom Tower, 25th Floor
P.O. Box: 52969, Riyadh 11573
Kingdom of Saudi Arabia
Tel: +966 (11) 2794800
Fax: +966 (11) 2794807
Website: www.goldmansachs.com/worldwide/Saudi-arabia
Email: gssainfo@gs.com

Morgan Stanley Saudi Arabia
Al Rashid Tower, 10th Floor
King Saud Road
P.O. Box: 66633, Riyadh 11586
Kingdom of Saudi Arabia
Tel: +966 (11) 2187000
Fax: +966 (11) 2187003
Website: www.morganstanleysaudiarabia.com
Email: lneqsy@morganstanley.com

EFG Hermes KSA
Sky Towers, Northern Tower, 3rd floor, King Fahd Road, Olaya, Riyadh, KSA
Riyadh 300189 – 11372
Kingdom of Saudi Arabia
Tel: +966 112938048
Fax: +966 112938032
Website: https://www.efghermesksa.com/en/pages/Home
Email: efg_hermes_IPO@efg-hermes.com

HSBC Saudi Arabia
HSBC Building
7267 Olaya Street, Al-Morouj District
Riyadh 2255-12283
Kingdom Saudi Arabia
Phone: +966 (11) 920005920
Fax: +966 (11) 299 2385
Website: www.hsbcsaudi.com
Email: AmericanaIPO@hsbcsa.com

Saudi Legal Advisor to the Company

Abuhimed Alsheikh Alhagbani Law Firm
Building 15,
The Business Gate
King Khaled International Airport Road
P.O. Box: 90239, Riyadh 11613
Kingdom of Saudi Arabia
Tel: +966 11 481 9780
Fax: +966 1 1 481 9701
Website: www.ashlawksa.com
Email: Info.ASH@ashlawksa.com

Legal Advisor to the Company outside the KSA

Legal Advisor in the UAE and Internationally:

Clifford Chance LLP
Burj Daman, 15th Floor
DIFC
P.O. Box: 9380 Dubai
UAE
Tel: + 97145032600
Fax: + 97145032800
Website: https://www.cliffordchance.com/people_and_places/offices/dubai.html
Email: projectjunoon@cliffordchance.com

Legal Advisor in the UAE:

Ibrahim & Partners
24th Floor, Al Sila Tower
ADGM Square
P.O. Box: 5100746, Abu Dhabi
United Arab Emirates
Tel: +971 126948668
Email: info@inp.legal

Legal Advisor to the Financial Advisors, Bookrunners, Underwriters and Lead Manager in the KSA

Khoshaim & Associates
17th Floor, Tower B, Olaya Towers
Riyadh, Saudi Arabia
Tel: + 966 11 461 8700
Fax: + 966 11 461 8799
Website: www.khoshaim.com
Email: Project.Junoon@khoshaim.com

Legal Advisor to the Financial Advisors, Bookrunners and Underwriters for the Offering outside the KSA

ALLEN & OVERY

Allen & Overy Legal Consultants
5th Floor, Al Mamoura Building B
Muroor Road
PO Box 7907
Abu Dhabi, United Arab Emirates
Tel: +97 12 4180400
Fax: +97 12 4180499
Website: www.allenovery.com
Email: A&OProjectJunoon@allenovery.com

Financial Due Diligence Advisor

EY Building a better working world

Ernst & Young Professional Services (Professional LLC) Head Quarter
AlFaisaliyah Tower
PO Box: 2732
Riyadh 11461
Kingdom Saudi Arabia
Tel: +966 11 273474
Fax: +966 11 273473
Website: www.ey.com
Email: ey.ksa@sa.ey.com

Auditor to the Company

pwc

PricewaterhouseCoopers Limited
DIFC, Unit 801, Al Fattan Currency House, Tower 1, Dubai, UAE
Tel: +971 4 304 3100
Fax: +971 4 436 3060
Website: www.pwc.com/me
Email: mer_project_junoon@pwc.com

Market Consultant

Euromonitor Consulting

Euromonitor International Ltd
60-61 Brighton Street, London EC1M 5UX
United Kingdom
Tel: +44 20 7251 8024
Fax: +44 20 7608 3149
Website: www.euromonitor.com
Email: EMI.ProjectJunoon@euromonitor.com

Note: As at the date of this Prospectus, all of the above-mentioned Advisors and Auditor have given and have not withdrawn their written consent to the publication of and reference to their names, addresses, logos and the statements attributed to each in the context in which they appear in this Prospectus.

Receiving Agents in the Kingdom

Saudi National Bank (SNB)
King Fahad Road – Al-Aqiq King Abdullah Financial District
P.O. Box 3208, Unit No. 778
Kingdom of Saudi Arabia
Tel: +966 92 0001000
Fax: +966 11 4060052
Website: www.alahli.com
E-mail: contactus@alahli.com

Al Rajhi Bank
King Fahd Road - Al-Murouj District - Al Rajhi Bank Tower
Riyadh 11411
Kingdom of Saudi Arabia
Tel: +966 11 828 2515
Fax: +966 11 279 8190
Website: www.alrajhibank.com.sa
Email: contactcenter1@alrajhibank.com.sa

Riyad Bank
Eastern Ring Road
P.O. Box 22622
Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 11 401 3030
Fax: +966 11 403 0016
Website: www.riyadbank.com
E-mail: customercare@riyadbank.com

Alinma Bank
King Fahd Road, Al Anoud Tower
P.O. Box 66674 Riyadh 11586
Kingdom of Saudi Arabia
Tel: +966 11 218 5555
Fax: +966 11 218 5000
Website: www.alinma.com
E-Mail: info@alinma.com

Arab National Bank
King Faisal Street
P.O Box 56921 Riyadh 11564
Kingdom of Saudi Arabia
Tel: +966 11 4029000
Fax: +966 11 4027747
Website: www.anb.com.sa
Email: info@anb.com.sa

KSA Offering Summary

This Offering Summary is intended to provide a brief overview of the information contained in this Prospectus, with regards to the Offering in the KSA. As such, it does not contain all of the information that may be important to prospective investors. Accordingly, this summary must be read as an introduction to this Prospectus with regards to the Offering in the KSA, and prospective investors should read this entire Prospectus and the Main Prospectus in full. Any decision to invest in the Offer Shares by prospective investors should be based on a consideration of this Prospectus and the Main Prospectus as a whole.

In particular, it is important to carefully consider the Section ("**Important Notice**") on page (i) and Section (3) ("**Risk Factors**") and sub-section "**Investment Risks**" of the Second Section ("**Key details of the Company**") of the Main Prospectus prior to making any investment decision in relation to the Offer Shares.

<table>
<tr><td>The Company</td><td>Americana Restaurants International PLC (the "Company" or the "Issuer") is a free zone public company limited by shares registered under Commercial Registration No. 000007712 dated 27 May 2022G incorporated in the ADGM and is subject to the ADGM Companies Regulations.

The Company was established as a private company in the ADGM in accordance with the ADGM Companies Regulations dated 27 May 2022G and then was converted to a public company limited by shares (a free zone company) with a share capital of six hundred and eighteen million seven hundred and fifteen thousand and eight hundred fifty-one UAE Dirhams (AED 618,715,851) (equivalent to six hundred and thirty-one million seven hundred and seventy-two thousand four hundred and eighty-three Saudi Riyals (SAR 631,772,483)), divided into eight billion four hundred twenty three million six hundred thirty three thousand one hundred (8,423,633,100) fully paid ordinary shares of equal value with a nominal value of AED 0.073 (equivalent to SAR 0.075) per share, all of which are cash shares.</td></tr>
<tr><td>Company's Activity</td><td>The Company's principal activities are Restaurants Management, Proprietary Investment, and Activities of Head Office. (for further information, please refer to Second Section ("Key Details of the Company") of the Main Prospectus)</td></tr>
<tr><td>Selling Shareholder/ Substantial Shareholder</td><td>The following table sets out the name and shareholding of the Company's Substantial Shareholders and Selling Shareholder before and after the Offering:
<table>
<tr><th rowspan="2">Shareholder</th><th colspan="2">Pre-Offering</th><th colspan="2">Post-Offering</th></tr>
<tr><th>Number of Shares</th><th>Direct Ownership (%)</th><th>Number of Shares</th><th>Direct Ownership (%)</th></tr>
<tr><td>Adeptio AD Investments LTD</td><td>8,089,474,138</td><td>96.03%</td><td>5,562,384,208</td><td>66.03%</td></tr>
<tr><td>Minority Shareholders</td><td>334,158,962</td><td>3.97%</td><td>334,158,962</td><td>3.97%</td></tr>
<tr><td>Total</td><td>8,423,633,100</td><td>100%</td><td>5,896,543,170</td><td>70%</td></tr>
</table></td></tr>
<tr><td>Company's Share Capital before and after the Offering</td><td>Six hundred and eighteen million seven hundred and fifteen thousand and eight hundred fifty-one UAE Dirhams (AED 618,715,851) (equivalent to six hundred and thirty-one million seven hundred and seventy-two thousand four hundred and eighty-three Saudi Riyals (SAR 631,772,483)). As a result of this Offering, the capital of the Company will not change.</td></tr>
<tr><td>Total number of the Company's Shares before and after the Offering</td><td>Eight billion four hundred twenty three million six hundred thirty three thou-sand one hundred) (8,423,633,100) ordinary shares. As a result of this Offering, the shares of the Company will not change.</td></tr>
<tr><td>Nominal Value per Share</td><td>(0.073) UAE Dirhams per share (equivalent to (0.075) Saudi Riyals).</td></tr>
<tr><td>Offer</td><td>The Offering of two billion five hundred twenty-seven million and eighty-nine thousand nine hundred and thirty (2,527,089,930) ordinary shares representing thirty percent (30%) of the capital of the Company by way of a dual concurrent offering in both the KSA and the UAE, with a fully paid nominal value of (UAE 0.073) per share (equivalent to (SAR 0.075)).</td></tr>
<tr><td>Number of Offer Shares</td><td>Two billion five hundred twenty-seven million eighty-nine thousand nine hundred and thirty (2,527,089,930) fully paid ordinary shares.</td></tr>
<tr><td>Percentage of Offer Shares to the total number of the Company's Shares</td><td>The Offer Shares represent thirty percent (30%) of the Company's shares.</td></tr>
<tr><td>Offer Price Range</td><td>From [•] UAE Dirhams (AED [•]) (equivalent to [•] Saudi Riyals (SAR [•])) per share to [•] UAE Dirhams (AED [•]) (equivalent to [•] Saudi Riyals (SAR [•])) per share of the Offer Shares.</td></tr>
<tr><td>Final Offer Price</td><td>The Final Offer Price will be the price at which the Subscribers from the KSA Retail Tranche, the UAE Retail Tranche and the Institutional Tranche purchase each share of the Offer Shares allocated to them, amounting to [•] UAE Dirhams (AED [•]) (equivalent to [•] Saudi Riyals (SAR [•])) per Share of the Offer Share. The Final Offer Price for each of the Offer Shares will be determined after the completion of the Book-building Process and after consultation between Financial Advisors, Selling Shareholder and the Company, noting that the offer price in the UAE will be in AED and the offer price in the KSA will be in SAR based on the Offer Price Range.</td></tr>
</table>

Total Value of the Offering	[•] UAE Dirhams (AED [•]) (equivalent to [•] Saudi Riyals (SAR [•]).
Use of Proceeds	The Net Proceeds, which amount to AED ([•]) (equivalent to SAR [•]) will be received by the Selling Shareholder, (after the deduction of the expenses of the Offering, estimated at approximately [•], VAT excluded). The Company will not receive any proceeds from the Offering (for further details, please refer to sub-section "**Reasons for the Offering and Use of Offer Proceeds**" of the First Section "**Subscription Terms and Conditions**" of the Main Prospectus).
Number of Offer Shares to be Underwritten	Two billion five hundred twenty-seven million eighty-nine thousand nine hundred and thirty (2,527,089,930) ordinary shares.
Total Underwritten Offering Amount	[•] UAE Dirhams (AED [•]) (equivalent to [•] Saudi Riyals (SAR [•]).
Targeted Investors	The Offer Shares in the KSA and the UAE will be offered to a number of tranches of investors in the two countries, as follows: 1- **UAE Retail Tranche** (hereinafter referred to as the "**UAE Retail Tranche**"): The Offering for the UAE Retail Tranche will be made pursuant to the Main Prospectus. Five percent (5%) of the Offer Shares, representing one hundred and twenty-six million, three hundred and fifty-four thousand, four hundred and ninety-six (126,354,496) shares are allocated to the UAE Retail Tranche for the purpose of the Offering in the UAE. The final UAE Retail Tranche size will be determined based on the demand at the end of the Book-building Process. Pursuant to the Main Prospectus, the UAE Retail Tranche is restricted to the following persons described: a- Individual Subscribers in the UAE: Natural persons (including natural persons constituting Assessed Professional Investors in the UAE who do not participate in the "**Institutional Tranche**" (referred to in the Main Prospectus and defined in (3) below) who have a bank account (except for any person who is resident in the United States within the meaning of the US Securities Act 1933, as amended (the "**US Securities Act**")). There is no citizenship or residence requirement in order to qualify as an Individual Subscriber. Minors are permitted to apply for Offer Shares in accordance with the procedures applied by the Receiving Agents in the UAE (referred to as the "**Receiving Banks**" in the Main Prospectus) and the Emirati laws and regulations in force in this regard. b- Other Investors in the UAE: Other investors (companies and establishments) who do not participate in the "**Institutional Tranche**" (referred to in the Main Prospectus and defined in (3) below) and who have a bank account (except for any person who is a "**resident**" in the United States within the meaning of the US Securities Act). (For more information on the UAE Retail Tranche, please refer to the First Section ("**Subscription Terms and Conditions**" of the Main Prospectus) 2- **The KSA Retail Tranche** (hereinafter referred to as the "**KSA Retail Tranche**"): The Offering for the KSA Retail Tranche will be made in accordance with this Prospectus and the Main Prospectus, and up to two hundred and fifty-two million, seven hundred and eight thousand, ninety-three (252, 708, 993) (representing up to (10%) of the total Offer Shares) will be offered to the KSA Retail Tranche. The KSA Retail Tranche final size will be determined after the completion of the Book-building Process. If all the Offer Shares in the KSA Retail Tranche are not fully subscribed for, the unsubscribed Offer Shares will be allocation to the "**Institutional Tranche**" referred to in the Main Prospectus and also defined in (3) below. The KSA Retail Tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit and in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the KSA or GCC nationals, in each case, who has a bank account, and is entitled to open an investment account, with one of the Receiving Agents (collectively referred to as the "**Individual Investors in the KSA**" and each an "**Individual Investor in the KSA**" and together with the Participating Entities Tranche (as defined below) as the "**Investors in the KSA**"). A subscription for Shares made by a person in the name of his divorcee in the KSA shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted.

	3- **Institutional Tranche** (hereinafter referred to as "**Institutional Tranche**"): the Institutional Tranche shares will be offered in accordance with the Main Prospectus (for the Institutional Tranche in the UAE) and in accordance with this Prospectus (for the Participating Entities Tranche in the KSA as defined below). Two billion, one hundred and forty-eight million, twenty-six thousand, four hundred and forty-one shares (2,148,026,441) of the Offer Shares (representing (85%) of the total Offer Shares) will be offered and allocated to the Institutional Tranche. The final Institutional Tranche size in the UAE and in the KSA will be determined through the Book-building Process as determined by the Selling Shareholder and the Company, in their full discretion and in consultation with the Financial Advisors and the Joint Global Coordinators (each as defined in Section 1 ("**Definitions and Abbreviations**") of this Prospectus), and in the event that the Institutional Tranche does not subscribe for all the Offer Shares allocated to them, the Offering shall be withdrawn. The Institutional Tranche shall be limited to the following institutions: a- In respect of the UAE, the Institutional Tranche shall be restricted to "**Professional Investors**" (as defined in the SCA Board of Directors' Chairman Decision No.13/R.M of 2021 (as amended from time to time), which specifically include the "**Deemed Professional Investors**", as set out in paragraph (b) ("**Institutional Tranche**") of the "**Tranche Structure**" Section of the cover page of the Main Prospectus, and the "**Assessed Professional Investor**", as set out in paragraph (b) ("**Institutional Tranche**") of the section "**Tranche Structure**" Section of the cover page of the Main Prospectus. b- In respect of the KSA, the Institutional Tranche comprises the parties that are entitled to participate in the Book-building Process under the Book Building Instructions (for further details, please see Section 1 ("**Definitions and Abbreviations**") of this Prospectus) including investment funds, companies, Qualified Foreign Investors (QFIs) and GCC legal personalities (hereinafter referred to as "**Participating Entities Tranche**"). The above Institutional Tranche Subscribers (both in the UAE and in the KSA) who are eligible to obtain shares offered on Tadawul and ADX, will have the opportunity to obtain shares from any of the two exchanges, and they must indicate the exchange in which they prefer to acquire shares when subscribing to the Offer Shares. The Selling Shareholder and the Company (in consultation with the Financial Advisors and the Joint Global Coordinators) reserve the right to amend the Individual Subscribers Tranche in the UAE and the Institutional Tranche only at any time prior to the end of the Subscription Period at their sole discretion, subject to the approval of the Relevant Authorities in the UAE, noting that in the event that the shares allocation percentages are amended for the Institutional Tranche and the UAE Retail Tranche, noting that the Selling Shareholder and the Company will not increase the UAE Retail Tranche size to more than 10% of the total Offer Shares or reduce the Institutional Tranche size less than 80% of the Offer Shares, which means that the KSA Retail Tranche together with the UAE Retail Tranche size will not exceed 20% of the total Offer Shares. An announcement will be made in the event of any amendments to the UAE Retail Tranche size and the Institutional Tranche size.
Total Number of Offer Shares for each Type of Targeted Investor in the Offering	
Number of Offer Shares for the Institutional Tranche	Two billion one hundred forty-eight million twenty-six thousand four hundred and forty-one (2,148,026,441) shares of the Offer Shares (representing a percentage up to (85%) of the total Offer Shares) will be allocated to the Institutional Tranche (which includes the Participating Entities Tranche in KSA).
Number of Offer Shares for Individual Subscribers in KSA	Two hundred fifty-two million seven hundred eight thousand nine hundred and ninety-three (252,708,993) shares of the Offer Shares (representing a percentage up to (10%) of the total Offer Shares) will be allocated to the KSA Retail Tranche.
Number of Offer Shares for Individual Investors in UAE	One hundred twenty-six million three hundred fifty-four thousand four hundred and ninety-six (126,354,496) shares of the Offer Shares (representing (5%) of the total Offer Shares) will be allocated to the UAE Retail Tranche.
Subscription Method for each Targeted Investor Category in KSA	
Subscription Method for Participating Entities Tranche in KSA	Participating Entities Tranche, as defined in Section 1("**Definitions and Abbreviations**") of this Prospectus, may apply for subscription in KSA during the Book Building Period by completing the Bid Form provided by the Financial Advisors and the Bookrunners in the KSA in accordance with the instructions mentioned in Section (13) ("**Share Information and Subscription Terms and Conditions**"). Participating Entities Tranche must also complete the Subscription Form for Participating Entities Tranche within one Business Day from the allocation date based on the number of Offer Shares allocated thereto.
Subscription Method for Individual Subscribers in KSA	Subscription Application Forms will be available during the Offering Period from the Receiving Agents in KSA. Subscription Application Forms must be completed in accordance with the instructions mentioned in Section 13 ("**Share Information and Subscription Terms and Conditions**") of this Prospectus. Individual Subscribers in KSA who have recently participated in a previous initial public offering can also subscribe through the internet, telephone banking, or automated teller machines ("**ATMs**") or any other electronic channels offered by the Receiving Agents in KSA to its clients, provided that (i) the Individual Subscriber has a bank account with a Receiving Agent that offers such services and (ii) there have been no changes in the personal information of the Individual Subscriber in KSA since such person's subscription in a recent offering.

Minimum Subscription Amount for Participating Entities Tranche in KSA	
Minimum Subscription Amount for Participating Entities Tranche in KSA	Five million Saudi Riyals (SAR 5,000,000)
Minimum Number of Shares to be Subscribed for by Individual Subscribers in KSA	
Minimum Number of Shares to be Subscribed for by Individual Subscribers in KSA	One thousand (1,000) Shares
Maximum Subscription Amount for each Targeted Investor Category in KSA	
Maximum Subscription Amount for Participating Entities Tranche	Participating Entities Tranche may not submit an application for an amount representing (5%) or more of the Company issued Shares.
Maximum Subscription Amount for Individual Subscribers in KSA	Individual Subscribers may not submit an application for an amount representing (5%) or more of the Company issued Shares.
Method of Allocation and Refund of Excess Subscription Amount for each Targeted Investor Category in KSA	
Allocation of Offer Shares to Participating Entities Tranche	Two billion one hundred forty-eight million twenty-six thousand four hundred and forty-one (2,148,026,441) shares of the Offer Shares (representing a percent-age equal to (85%) of the total Offer Shares) will be allocated to the Institutional Tranche. Noting that the subscription size of the Institutional Tranche Offering in the UAE and KSA (for the Participating Entities Tranche) will be determined after the completion of the Book Building process-building Process and as de-termined by the Selling Shareholder and the Company, in their full discretion and in consultation with the Financial Advisors and the Joint Global Coordinators.
Allocation of Offer Shares to Individual Subscribers in KSA	Two hundred fifty-two million seven hundred eight thousand nine hundred and ninety-three (252,708,993) Shares of the Offer Shares (representing up to 10% of the total Offer Shares) will be allocated to the Individual Subscribers Tranche in KSA, noting that the final subscription size of the Individual Subscribers Tranche will be announced after the completion of the Book Building process -building Process
Refund of Excess Subscription Monies	Excess subscription monies, if any, will be refunded to Individual Subscribers in KSA without any charge or commission being withheld by the Lead Manager or the Receiving Agents in KSA. Announcement of the final allotment on Wednesday dated 29/04/1444H (corresponding to 23/11/2022G) and refund of excess subscription monies, if any, will be made no later than nine (9) working days as of the date specified for the final allotment of the Offer Shares for all Tranche of Subscribers in the KSA and the UAE (i.e. on Monday 11/05/1444H (corresponding to 05/12/2022G)) (for further details, please refer to Section (12) ("**Share Information and Subscription Terms and Conditions**") of this Prospectus).
Book-building Process and subscription period for Institutional Tranche and subscription period for the Individual Subscribers in the KSA	The Book-building Process and subscription period for Institutional Tranche in KSA (including the Participating Entities Tranche) will commence on Monday 20/04/1444H (corresponding to 14/11/2022G), and will remain open for a period of nine (9) days up to and including the closing day for the Book-building Process on Tuesday 28/04/1444H (corresponding to 22/11/2022G) at 11 a.m. (in conjunction with the Book-building Process period for the Institutional Tranche in the UAE). After announcing the allocation to the Institutional Tranche, the Subscription Form (Subscription Form for Institutional Subscribers) must be completed within one working day of allocating the Offer Shares based on the number of Shares allocated to them. The subscription Period of the Individual Subscribers in KSA will commence on Monday 20/04/1444H (corresponding to 14/11/2022G), and will remain open for eight (8) days, up to and including the closing day on Monday 27/04/1444H (corresponding to 21/11/2022G) at 12 p.m. (in conjunction with the Individual Investors subscription Period in the UAE and the Book-building Process and subscription Period for the Institutional Tranche).
Dividend Distributions	The Offer Shares will be entitled to their portion of any dividends declared by the Company as of the date of this Prospectus and for subsequent Financial Years (for further details, please refer to sub-section on "**Dividends and liquidation proceeds**" of the Fourth Section "**Other Details**" of the Main Prospectus.
Voting Rights	The Company has one class of ordinary shares, none of which carries any preferential voting rights. Each share entitles its holder to one vote and each Shareholder has the right to attend and vote at the meetings of the General Assembly (for further details, please refer to sub-section "**Legal Matters**" of the Fourth Section ("**Other details**") of the Main Prospectus).

Lock-up Period/ Restrictions on the Shares	1- The Selling Shareholder is subject to a Statutory Lock-up period of six (6) months starting from the date of trading in the Company's shares in the Saudi Stock Exchange (Tadawul) – pursuant to the provisions of Article (87) (a) of the OSCOs – in which such Selling Shareholder may not dispose of any its shares during this period (the "**Selling Shareholder Statutory Lock-up Period**"). After the end of the Statutory Lock-up Period for the Selling Shareholder, the prior approval of the CMA is not required to the disposal of its shares. 2- In addition to the Statuary Lock-up Period and pursuant to the terms of the Underwriting Agreement, the Selling Shareholder shall be subject to a Contractual Lock-up period for a period of six (6) months as of the Listing Date (referred to as the "**Selling Shareholder Contractual Lock-up Period**"), not to: (i) directly or indirectly, issue, offer, pledge, sell, contract to sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other shares of the Company, or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, or file any registration statement under the US Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Shares, in each case, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction, in each case, without the prior written consent of the Joint Lead Managers, such consent not to be unreasonably withheld or delayed. Following the Selling Shareholder Lock-up Period, the Selling Shareholder will be free to dispose of its Shares. Additionally, a number of the minority shareholders are subject to a lock-up period of one hundred and eighty (180) days from the Listing Date, pursuant to which they are restricted from disposal of their shares – this is based on lock up deeds executed thereby. The other minority shareholders are not subject to any lock-ups and are free to trade their shares as from the Listing Date. There are no regulatory restrictions related to the Trading of Shares in both the Saudi Stock Exchange and the ADX, or their transfer between the two markets.
Listing of Shares	Prior to the Offering, there has been no trade of the Shares whether in the KSA or the UAE or elsewhere. It is expected that trading in the shares will commence on both Tadawul and ADX after the final allocation of the Offer Shares and sat-isfaction of the relevant regulatory requirements (for further details, please refer to the "**Key Dates and Subscription Procedures**" section of this Prospectus and Subsub-section "**Timetable for Subscription and Listing**" of the First Section "**Subscription Terms and Conditions**" of the Main Prospectus). The Company has submitted an application for registration and offer of the Shares to the CMA in the KSA and the SCA in the UAE, and an application for listing of the Shares on Tadawul to the Saudi Exchange Company (considering that the Offering is a dual concurrent initial public offering and listing in the KSA and the UAE). All required supporting documents have been submitted to the Rele-vant Authorities. All relevant regulatory approvals required to conduct the dual concurrent initial public offering have been granted, noting that an application for listing will be submitted to the Abu Dhabi Securities ExchangeADX to list the Shares in UAE after closing the subscription door for the Individual Sub-scribers Tranche in KSA, the Individual Investors in UAE and the Institutional Tranche, and the completion of the subscription process and acceptance of the subscription in the Offer Shares in the UAE (according to the UAE regulations and instructions in force).
Risk Factors	There are certain risks related to investment in the Offer Shares. These risks can be categorized into: (a) risks related to the Group's market and industry; (b) risks related to geographical, political and economic conditions; (c) risks related to the Offer Shares; and (d) risks related to the dual concurrent initial public offering and listing. These risks are described in Section (3) ("**Risk Factors**") of this Prospectus and Subsub-section "**Investment Risks**" of the Second Section ("**Key Details of the Company**") of the Main Prospectus and should be con-sidered carefully prior to making an investment decision in relation to the Offer Shares.
Offering Expenses	The Offering expenses amount to approximately AED [•] (equivalent to AED [•]) (excluding VAT), including the fees of the Financial Advisors, Bookrunners, Lead Manager, Joint Global Coordinators, Underwriters, Receiving Agents, Legal Advisor, and Financial Due Diligence Advisor, in addition to marketing, arrangement, printing and distribution and other expenses related to the Offering. These expenses will be fully borne by the Selling Shareholder and paid from the Offering proceeds.
Underwriters	**SNB Capital** King Saud Road, the Regional Building of the National Saudi Bank P.O. Box: 22216, Riyadh 11495 Kingdom of Saudi Arabia Tel: +966 (92) 0000232 Fax: +966 (11) 4060052 Website: www.alahlicapital.com

	FAB Capital Kian Group Building 7756 King Fahd Road Malaga-Malaga neighborhood Riyadh 4181 – 13524 Kingdom of Saudi Arabia Tel: +966 (11) 283447 Website: https://www.fabcapital.com/ Email: ECM@bankfab.com
	Goldman Sachs Saudi Arabia Kingdom Tower, 25th Floor P.O. Box: 52969, Riyadh 11573 Kingdom of Saudi Arabia Tel: +966 (11) 2794800 Fax: +966 (11) 2794807 Website: www.goldmansachs.com/worldwide/Saudi-arabia Email: gssainfo@gs.com
	Morgan Stanley Saudi Arabia Al Rashid Tower, 10th Floor King Saud Road P.O. Box: 66633, Riyadh 11586 Kingdom of Saudi Arabia Tel: +966 (11) 2187000 Fax: +966 (11) 2187003 Website: www.morganstanleysaudiarabia.com Email: lneqsy@morganstanley.com
	EFG Hermes KSA Sky Towers, Northern Tower, 3rd floor, King Fahd Road, Olaya, Riyadh, KSA Riyadh 300189 – 11372 Kingdom of Saudi Arabia Tel: +966 112938048 Fax: +966 112938032 Website: https://www.efghermesksa.com/en/pages/Home Email: efg_hermes_IPO@efg-hermes.com
	HSBC Saudi Arabia HSBC Building 7267 Olaya Street, Al-Morouj District Riyadh 2255-12283 Kingdom Saudi Arabia Phone: +966 (11) 920005920 Fax: +966 (11) 299 2385 Website: www.hsbcsaudi.com Email: AmericanaIPO@hsbcsa.com

Note: The ("**Important Notice**") Section on page (i) and Section (3) ("**Risk Factors**") of this Prospectus, along with the "**Investment Risks**" sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus, should be read thoroughly prior to making a decision to invest in the Company's shares pursuant to this Prospectus.

Key Dates and Subscription Procedures in KSA

Expected Offering Timetable in KSA	
Event	**Dates**
Announcing the Offer Price Range	Monday dated 20/04/1444H (corresponding to 14/11/2022G)
Book-building Process and subscription period for Institutional Tranche	The Book-building Process and subscription period for Institutional Tranche in KSA (including the Participating Entities Tranche) will commence on Monday 20/04/1444H (corresponding to 14/11/2022G), and will remain open for a period of nine (9) days up, to and including the closing day for the Book-building Process on Tuesday 28/04/1444H (corresponding to 22/11/2022G) at 11 a.m. (in conjunction with the Book-building Process period for the Institutional Tranche in the UAE). After announcing the allocation to the Institutional Tranche, the Subscription Form (Subscription Form for Institutional Subscribers) must be completed within one Business Day of allocating the Offer Shares based on the number of Shares allocated to them.
Offering Period for the Individual Investors in KSA	The subscription Period of the Individual Subscribers in KSA will commence on Monday 20/04/1444H (corresponding to 14/11/2022G), and will remain open for eight (8) days, up to and including the closing day on Monday 27/04/1444H (corresponding to 21/11/2022G) at 12 p.m. (in conjunction with the Individual Investors subscription Period in the UAE and the Book-building Process and subscription Period for the Institutional Tranche).
Deadline for submission of Subscription Application Forms based on the number of Offer Shares allocated to Participating Entities Tranche	Thursday dated 30/04/1444H (corresponding to 24/11/2022G)
Deadline for payment of the subscription monies for Participating Entities Tranche based on the number of allocated Offer Shares	Monday dated 04/05/1444H (corresponding to 28/11/2022G)
Deadline for submission of Subscription Application Forms and payment of subscription monies for Individual Subscribers in KSA	At 12:00 p.m. on Monday dated 27/04/1444H (corresponding to 21/11/2022G)
Date for announcement of the Final Offer Price	Wednesday dated 29/04/1444H (corresponding to 23/11/2022G)
Date for announcement of allocation of Shares for the Individual Investors in KSA and UAE	Wednesday dated 29/04/1444H (corresponding to 23/11/2022G)
Refund of excess subscription monies in KSA (if any)	Prior to Monday 11/05/1444H (corresponding to 05/12/2022G)
Expected date of commencement of trading on Tadawul in KSA and on ADX in UAE	Trading of the Company's shares in the Exchange is expected to commence in the Saudi Stock Exchange in KSA and Abu Dhabi Securities Exchange in UAE on Tuesday 12/05/1444H (corresponding to 06/12/2022G), after fulfilment of all relevant statutory requirements. Trading will be announced in KSA in local newspapers and on the Saudi Exchange's website (www.saudiexchange.sa), and in the UAE, according to electronic trading systems through the stock register in the ADX.

Note: The above timetable and dates therein are indicative for the purposes of Offering in KSA. Actual dates will be communicated through announcements in KSA appearing in local daily newspapers published in the KSA in Arabic and on Tadawul's website (www.saudiexchange.sa) and in the UAE, according to electronic trading systems through the stock register in the ADX. The Financial Advisors' websites (www.alahlicapital.com), (goldmansachs.com/worldwide/Saudi-arabia), (morganstanleysaudiarabia.com), and the Company's website (https://www.americanarestaurants.com .com/ipo/).

How to Apply for the Offering in the KSA

The Offering in the KSA shall be limited to a number tranches of investors as follows:

Participating Entities Tranche: this tranche comprises the subscribers eligible to participate in the Book-building process for the purposes (referred to as the "**Book-building Process**" in the Main Prospectus) for the purpose of the Offering in the KSA, as specified under the Instructions for Book-building Process and Allocation Method in Initial Public Offerings (IPOs) (for further details, please refer to Section 1 ("**Definitions and Abbreviations**") of this Prospectus), including investment funds, companies, and GCC investors with legal personality (referred to hereafter as the "**Participating Entities Tranche**" and each an "**Participating Entity Tranche**"). Participating Entities Tranche may apply for subscription in the KSA during the Book Building Period by completing the Bid Form provided by the Financial Advisors and the Bookrunners in the KSA in accordance with the instructions mentioned in Section (13) ("**Share Information and Subscription Terms and Conditions**"). Participating Entities Tranche must also complete the Subscription Application Forms based on the number of Offer Shares allocated to them within one Business Day from allocating the Offer Shares based on the number of shares allocated to them. The Institutional Tranche Offering Period commences concurrently with the Individual Subscribers in KSA Offering Period, in accordance with the terms and conditions detailed in the Subscription Application Forms (for Participating Entities Tranche). A signed Subscription Application Form (for Participating Entities Tranche) must be submitted to the Lead Manager, which represents a legally binding agreement between the Selling Shareholder and the Participating Entities Tranche submitting the application.

Individual Subscribers Tranche in KSA: this tranche comprises Saudi Arabian nationals including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the KSA or GCC nationals who, in each case, has a bank account, and is entitled to open an investment account, with one of the Receiving Agents. A subscription for shares made by a person in the name of his divorcee in KSA, shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. Subscription Application Forms (for Individual Subscribers) will be available during the Offering Period on the websites of the Receiving Agents offering this service in KSA for Individual Subscribers in KSA. Subscribers can also subscribe through the internet, telephone banking, or ATMs of any of the Receiving Agents in KSA that provide these services to its customers, provided that the following requirements are satisfied:

1- The Individual Subscriber in KSA has a bank account at the Receiving Agent that offers such service in KSA.
2- There have been no changes in the personal information or data of the Individual Subscriber in KSA (the removal or addition of any family member) since the Subscriber last participated in a recent offering.

Subscription Application Forms must be filled out in accordance with the instructions contained in Section 13 ("**Share Information and Subscription Terms and Conditions**"). Each Applicant must accept all the relevant items in the Subscription Application Form. The Company reserves the right to decline any Subscription Application, in part or in whole, in the event that any of the subscription terms and conditions are not met. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. The Subscription Application cannot be amended or withdrawn once submitted. Furthermore, the Subscription Application shall, upon submission, be considered a legally binding agreement between the Subscriber and the Company. (for further details, please refer to Section 13 ("**Share Information and Subscription Terms and Conditions**") on this Prospectus.

Summary of Key Information

This summary of key information is intended to give an overview of the information contained in this Prospectus and in the Main Prospectus and does not contain all the information that may be important to investors. Accordingly, this summary must be treated as a brief introduction to the key information in this Prospectus and in the Main Prospectus. Persons who wish to subscribe for the Offer Shares are advised to read the entirety of this Prospectus and the Main Prospectus so that any decision to invest in the Offer Shares is based on the careful consideration of this Prospectus and the Main Prospectus as a whole, in particular the Financial Statements and related notes set out in the Third Section ("**Financial Disclosures**") of the Main Prospectus as well as the information set forth under Section (3) ("**Risk Factors**") and the Section ("**Important Notice**") of this Prospectus and the sub-section titled "**Investment Risks**" of the Second Section ("**Key Details of the Company**") and the ("**Important Notice**") section of the Main Prospectus.

Definitions and abbreviations herein shall have the meanings ascribed thereto in Section 1 ("**Definitions and Abbreviations**") and elsewhere in this Prospectus.

The Company

Overview

Americana Restaurants International PLC (hereinafter referred to as the "**Company**" or the "**Issuer**") was incorporated in the ADGM on 27 May 2022G as a free zone public company limited by shares, pursuant to Trade License No. (000007712), with its Head Office at office – 2447, 24th Floor, Al Sila Tower, P.O. Box 128666, Al Maryah Island, ADGM Square, Abu Dhabi, United Arab Emirates. The Company is subject to the ADGM Companies Regulations.

The Company was established as a private company and then converted to a public company limited by shares (a free zone company) on 29 August 2022G (previously known as "**Americana Restaurants LTD**" and currently known as "**Americana Restaurants International PLC**"), with a share capital of six hundred and eighteen million seven hundred and fifteen thousand and eight hundred fifty-one UAE Dirhams (AED 618,715,851) (equivalent to six hundred and thirty-one million seven hundred and seventy-two thousand four hundred and eighty-three Saudi Riyals (SAR 631,772,483)), divided into eight billion four hundred twenty three million six hundred thirty three thousand one hundred) (8,423,633,100) fully paid ordinary shares of equal value with a nominal value of (AED 0.073) (equivalent to SAR 0.075) per share. For further details, please refer to the Second Section ("**Key Details of the Company**") of the Main Prospectus.

It should be noted that the restaurant business in the group was owned and operated by to Kuwait Food Company (Americana) K.S.C.C. (hereinafter referred to as the "**Former Parent Company**"). The Group has over fifty years of practical experience as the reliable operator and favourite for a number of international brands related to fast food restaurants and regular restaurants. The Former Parent Company was founded in 1964 in Kuwait and began with its "Wimpy" brand operations in 1970, then KFC in 1973. From 1964 to 2016, the Group diversified franchise partnerships to include Pizza Hut in 1979, Hardee's in 1980 and TGIF in 1994, Krispy Kreme in 2006, and during the same period, the group expanded its operations to include the opening of restaurants in the United Arab Emirates in 1979, Saudi Arabia in 1980, Morocco in 2001 and Kazakhstan in 2008. As recently as 2022, the group added Peet's Coffee to its famous brand portfolio.

On 29 September 1984, the Former Parent Company was listed on the Kuwait Stock Exchange. In the last quarter of 2016, Mohammed Ali Rashed Alabbar, founder of Emaar Properties, acquired a majority stake in the Former Parent Company in partnering with the PIF through their joint investment subsidiary, Adeptio AD Holdings LTD., which invested in the Selling Shareholder, this acquisition was followed by the mandatory offering (This transaction is referred to as the " **Adeptio Acquisition**") increasing the Selling Shareholder's actual ownership of the Former Parent Company to 96.03% (including treasury shares), while the remaining 3.97% still belongs to some 180 minority shareholders. As a result, on 23 April 2018, the Former Parent Company voluntarily cancelled its listing on the Kuwait Stock Exchange.

After the founding of the Company in May 2022, the Former Parent Company transferred all its restaurant business to the Company. On 25 August 2022, the Former Parent Company transferred 96.03% of its shares to the Selling Shareholder. The remaining 3.97% was transferred to the former minority shareholders of the Former Parent Company.

Following is the ownership structure of the Company's Shares pre- and post-Offering:

Table (1-2): The Ownership Structure of the Company Pre- and Post-Offering

Shareholder	Pre-Offering			Post-Offering		
	Number of Shares	Ownership %	Nominal value (SAR)	Number of Shares	Ownership %	Nominal value (SAR)
Adeptio AD Investments LTD	8,089,474,138	96.03%	AED 594,171,875 (SAR 606,710,560)	5,562,384,208	66.03%	AED 408,557,120 (SAR 417,178,816)
Minority Shareholders	334,158,962	3.97%	AED 24,543,976 (SAR 25,061,922)	334,158,962	3.97%	AED 24,543,976 (SAR 25,061,922)
Public	-	-	-	2,527,089,930	30%	AED 185,614,755 (SAR 189,531,745)
Total	**8,423,633,100**	**100%**	**AED 618,715,851.195 (SAR 631,772,482.50)**	**8,423,633,100**	**100%**	**AED 618,715,851.195 (SAR 631,772,482.50)**

Source: The Company

Principal Activities of the Company

The Company's principal activities are Restaurants Management, Proprietary Investment, and Activities of Head Office, which is mainly the overseeing and managing of other units of the company or enterprise; undertaking the strategic or organizational planning and decision-making role of the company or enterprise; exercising operational control and manage the day-to-day operations of their related units. This includes activities of head offices, centralized administrative offices, corporate offices, district and regional offices and subsidiary management offices.

Vision, Mission and Strategy

Vision

To be the fastest growing and most trusted food operator in the world.

Mission

To create awesome experiences for internal and external customers and amazing value for shareholders.

Strategy

To achieve its vision and mission, the Group intends to continue its growth and development through four principal strategic levers, namely: growth in restaurant portfolio, revenues growth, margin expansion and optionality in the platform (and for information related to the Company's strategies, please refer to the "**Strategies**" paragraph of the "**Business Description**" Sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus).

Competitive strengths and strategy of the Group

The Group believes that it has many competitive advantages rooted in its heritage, size and platform that distinguish it from other restaurant operators in the Middle East and North Africa ("**MENA**") region and Kazakhstan (and for information related to the Company's strengths, please refer to the "**Strengths**" paragraph of the "Business Description" sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus).

Summary of Market Information

The Group is the leading out-of-home dining (OOHD) and quick service restaurant (QSR) operator in a U$56 billion total OOHD market across the 12 markets of its presence in the MENA region and Kazakhstan. 78.6% of its sales, as of 2021, were coming from top 4 of its markets (UAE, KSA, Kuwait, Egypt), and 21.4% were coming from 8 other markets comprising Morocco, Qatar, Iraq, Oman, Bahrain, Jordan, Lebanon and Kazakhstan.

The Group serves its customers across 11 brands and multiple on-premise and off-premise channels, and is active in the main QSR segments (comprising Chicken, Pizza and Burger) as well as segments of Indulgence, Casual Dining (referred to as "**FSR and casual dining**") and Coffee (referred to as "**Coffee shops**"). The Group's immediate addressable market thus comprises a significant share of the overall OOHD market. The share of Group's addressable and serviced segments in its key markets, as of 2021, comprised 81% of the overall OOHD category in value terms in KSA, 71% in UAE, 65% in Kuwait and 36% in Egypt. The Group has a stated ambition to expand both its penetration of its addressable segments, as well as the range of verticals addressed by its brand offerings[1].

The markets of the Group's presence benefit from strong macroeconomic tailwinds supporting further development of the OOHD market and its subsegments. While these markets are geographically, economically, socially and ethnically diverse and distinct from each other, they share common characteristics that differentiate them globally, such as fast-growing economies with relatively high real GDP growth rates, large share of young population cohorts, and overall high population growth. Many of the Group's markets, particularly in the GCC states, benefit from large government-led economic transformation and diversification projects, large scale new infrastructure development and high overall level of economic resilience, underpinned by stable currencies pegged to US dollar or currency baskets. These factors have supported high levels of disposable income growth and have thus been an important enabler of overall OOHD sector growth and are expected to be a key demand driving factor in near to medium term.

1 Based on 2021 data taking into account the group's market exposure according to the Market Study Consultant report in July 2022. Exposure through fast service restaurants offering chicken and fast service restaurants offering burgers, desserts/pleasures and integrated restaurant chains and regular restaurants in Saudi Arabia, Kuwait, the United Arab Emirates and Egypt; Exposure to fast service restaurants serving pizza in the KSA (we draw attention to the launch of Pizza Hut operations in 2022), United Arab Emirates and Egypt; Exposure to cafes in Egypt (i.e. not taking into account the planned expansion of Peet's Coffee).

Supportive macroeconomic factors in the Group's markets have been complemented by increased supply of OOHD operators, enabling high overall OOHD growth rates over 2011-2019 in key Group's markets, especially in comparison to developed countries and the world overall. Chained operators, especially those operating globally resonant, US-originated brands, have been particularly successful in growing their presence and market share, enabled by local operators such as the Company. Despite this superior growth, the Group's markets remain largely underpenetrated in OOHD overall and across individual segments, both in supply (number of outlets per 10,000 population) and demand (average spend and transactions per capita) compared to referenced developed and developing markets, in particular the US. In particular in the GCC countries, the OOHD market and QSR vertical in particular are expected to increasingly converge to the model of consumption most resembling that of the US, driving "Westernisation" of food culture in the region, which is expected to be favorable for the group as the region's leading diversified operator with focus on US brands.

As the number 1 OOHD platform across the total of its 12 markets of operation, the Group has strong and well-entrenched competitive presence in its key countries and has consistently and continually strengthened its market share in OOHD and its segments over the years 2019-2021. The Group is a clear number 1 QSR operator, both in terms of number of outlets and value sales, in the total of its 12 markets of presence, and in its four core markets, it has a larger restaurant footprint than the combined operations of the next four largest QSR competitors. However, in comparison to international benchmarks to leading respective category brands, the Group continues to see significant penetration upside for its "**Power Brands**" (KFC, Pizza Hut, Hardee's, Krispy Kreme), in particular considering the overall strong relative position within its markets. Furthermore, with relatively nascent Casual Dining and Coffee footprint, it is exposed to significant penetration increase potential in those verticals.

Research methodology

All data, analysis and research estimates in Section (4) "**Market And Industry Overview**" are based on research work conducted by Market Study Consultant conducted between May 2022 and July 2022 including: (i) desk research to collect publicly available secondary sources of data, including statistics on macroeconomic indicators, demographics from entities such as the General Authority for Statistics (GASTAT), Saudi Central Bank (SAMA), Euromonitor's internal database (passport), and trade press on retailing, company and third-party reports; (ii) trade survey analysis of the opinions and perspectives of a sample of leading food service operators and distribution companies across core and other markets; and (iii) cross-checks and analysis of all sources to build an industry consensus on the market size and historic trends.

It is noted that the Company provided their 2018 to 2021 audited sales data which was used to calculate their share. Shares for the Company across core markets are calculated using their audited sales data over the total market size as estimated by Euromonitor in this Market Due Diligence (MDD) section.

Forecasting bases and assumptions

Euromonitor based the Report on the following assumptions: (i) the social, economic and political environment is expected to remain stable in all countries during 2022-2026; based on 2021 data in all relevant areas (except to the extent governmental or other public sources indicate an expectation of a material change from 2021 performance); (ii) there will be no external shocks, such as financial crises that affect the demand and supply of the sector across the core and other markets during the same period; (iii) the same key drivers that tend to influence growth/demand during 2018-2021 period will apply during the forecast and 2022-2026 period, including growth in the target population, inflation, GDP growth and government expenditure on the sector (except to the extent governmental or other public sources indicate an expectation of a material change from 2021 performance); (iv) values in local currency have been converted to US dollars using current exchange rates for historic years and fixed 2021 exchange rate for forecast (2022-2026).

Summary of Financial Information

The financial information set out below was derived from the Special Purpose Carve-out financial statements of Americana Restaurants LTD and its subsidiaries (the "**Group**") for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G (the "**Carve-Out Financial Statements**"), and the condensed interim financial statements for the six months period ended 30 June 2022G in accordance with International Accounting Standard No. 34, ("**interim financial reporting**"). The Group's selected financial information and key performance indicators set out below should be read together with the information provided in the Section (3) ("**Risk Factors**") of this Prospectus and "**Investment**" sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus and Section (5) "**Management's Discussion and Analysis of Financial Position and Results of Operations**" of this Prospectus and the Special Purpose Carve-out financial statements of the Company for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G, and the interim financial reporting for the six months period ended 30 June 2022G.

The Carve-Out Financial Statements have been prepared by the Group and in accordance the IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The Carve-Out Financial Statements have been audited by PricewaterhouseCoopers Limited.

The condensed interim carve-out financial statements have been prepared in accordance with IAS 34. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the condensed interim carve-out financial position. The condensed interim carve-out financial statements do not include all the information required for full annual consolidated Financial Statements which have been prepared by the Group in accordance with the IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC)

All figures in this section have been presented in United States Dollars ("**USD**") and have been rounded up to the nearest thousand. As such, if summed, the numbers may differ from those which are stated in the tables. Subsequently, all annual percentages, margins, expenses are based on rounded figures.

Summary of Audited Financial Statements of the Group for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G

Currency: USD000	2019G	2020G	2021G
Special purpose carve-out statement of income			
Revenues	1,890,219	1,577,795	2,051,747
Cost of revenues	(902,821)	(773,853)	(970,351)
Gross profit	**987,398**	**803,942**	**1,081,396**
Selling and marketing expenses	(646,018)	(578,882)	(679,603)
General and administrative expenses	(165,113)	(157,849)	(176,989)
Other income	12,990	32,017	15,478
Reversal of impairment/ (impairment losses) of non-financial assets	(248)	(21,298)	1,179
Monetary gain from hyperinflation	-	38,818	3,043
Net impairment allowance on financial assets	50	(1,644)	(1,454)
Operating profit	**189,059**	**115,104**	**243,050**
Finance income	589	822	2,208
Finance costs	(28,411)	(29,864)	(23,118)
Profit before income tax, Zakat, and Kuwait Foundation for the Advancement of sciences("KFAS")	**161,237**	**86,062**	**222,140**
Income tax, Zakat, and contribution to KFAS	(9,138)	(6,281)	(15,732)
Net profit for the year	**152,099**	**79,781**	**206,408**
Non – controlling interests	(1,029)	1,045	(2,491)
Net Parent Investment Attributable to Parent Company	**151,070**	**80,826**	**203,917**
Summary of special purpose carve-out statement of financial position			
Total non-current assets	745,143	626,246	696,720
Total current assets	355,420	390,116	391,194
Total assets	**1,100,563**	**1,016,362**	**1,087,914**
Total non-current liabilities	450,473	390,308	382,103
Total current liabilities	514,703	539,439	566,099
Total liabilities	**965,176**	**929,747**	**948,202**
Total equity	**135,387**	**86,615**	**139,712**
Total liabilities and shareholders' equity	**1,100,563**	**1,016,362**	**1,087,914**
Summary of special purpose carve-out statement of cash flows			
Net cash generated from operating activities	511,236	284,116	468,849
Net cash generated from / (used in) investing activities	(71,288)	(45,149)	(161,568)
Net cash generated from / (used in) financing activities	(376,635)	(223,202)	(307,867)
Cash and cash equivalents at beginning of year	95,488	156,247	171,784
Cash and cash equivalents at end of year[2]	**156,247**	**171,784**	**166,923**

Source: Audited financial statements and related financial information

2 Cash and cash equivalents at year end presented in the summary of the cash flow statement is less bank overdrafts of USD 13.6m, USD 24.6m and USD 7.1m at 31 December 2019G, 2020G and 2021G respectively

Key performance indicators for years ended on 31 December 2019G, 2020G and 2021G

Income statement and balance sheet key performance indicators			
	2019G	2020G	2021G
Gross profit margin (1)	52.2%	51.0%	52.7%
Net profit margin (2)	8.0%	5.1%	10.1%
Current ratio (3)	0.7	0.7	0.7
Total liabilities to total assets (4)	87.7%	91.5%	87.2%
Net debt (net cash) (thousand USD) (5)	(156,247)	(171,784)	(166,923)
Days revenues outstanding (6)	3	4	5
Days inventory outstanding (7)	52	64	55
Days payable outstanding (8)	97	114	99
NWC as a percentage of revenues (9)	(8.8%)	(11.5%)	(10.6%)
ROA (10)	13.8%	7.8%	19.0%
ROE (11)	112.3%	92.1%	147.7%

Source: Management information

(1) Gross margin is defined as gross profit divided by revenues

(2) Net profit margin is defined as the net profit for the year divided by revenues

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from Related Parties)

(7) Days inventory outstanding is defined as inventory divided by cost of inventory multiplied by 365 (where inventory refers to sum of raw material, filing and packaging material and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by cost of inventory multiplied by 365 (where trade and other payables refers to the sum of trade payables, current portion of unearned income and trade related dues to Related Parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from Related Parties less trade and other payables, due to Related Parties, provisions for legal, tax and other claims, income tax, zakat and other deductions payable

(10) Return on assets is calculated based on profit for the year divided by total assets

(11) Return on equity is calculated based on profit for the year divided by total equity

Summary of condensed interim carve-out financial statements of the Group for the six months ended 30 June 2021G and the six months ended 30 June 2022G:

Currency: USD000	30 June 2021G	30 June 2022G
Condensed interim carve-out statement of income		
Revenues	968,149	1,151,929
Cost of revenues	(458,886)	(546,122)
Gross profit	**509,263**	**605,807**
Selling and marketing expenses	(327,702)	(360,342)
General and administrative expenses	(80,896)	(90,402)
Other income	9,849	9,429
Monetary gain from hyperinflation	3,093	547
Impairment losses on non-financial assets	(2,403)	(1,035)
Net impairment allowance on financial assets	(810)	(1,182)
Fair value gains on financial assets at fair value through profit or loss	-	1,275
Tax claim charge	-	(25,482)
Operating profit	**110,394**	**138,615**
Finance income	802	1,146
Finance costs	(11,505)	(10,431)
Profit before income tax, Zakat, and Kuwait Foundation for the Advancement of sciences("KFAS")	**99,691**	**129,330**
Income tax, Zakat, and contribution to KFAS	(6,058)	(6,119)
Net profit for the period	**93,633**	**123,211**
Non-controlling interests	(309)	(1,945)
Net profit attributable to: The shareholder of the Parent Company/ Net Investment attributable to Intermediate Parent Company	**93,324**	**121,266**
Currency: USD000	**31 December 2021G**	**30 June 2022G**
Summary of condensed interim carve-out statement of financial position		
Total non-current assets	696,720	634,084
Total current assets	391,194	506,134
Total assets	**1,087,914**	**1,140,218**
Total non-current liabilities	382,103	371,335
Total current liabilities	566,099	614,137
Total liabilities	**948,202**	**985,472**
Total equity	**139,712**	**154,746**
Total liabilities and equity	**1,087,914**	**1,140,218**
Currency: USD000	**30 June 2021G**	**30 June 2022G**
Summary of condensed interim carve-out statement of cash flows		
Net cash generated from operating activities	208,486	241,331
Net cash generated from / (used in) investing activities	(84,199)	18,483
Net cash used in financing activities	(168,053)	(197,221)
Cash and cash equivalents at beginning of year	171,784	166,923
Cash and cash equivalents at end of year	**127,924**	**236,369**

Source: Reviewed condensed interim carve-out financial statements and related financial information

Key performance indicators for the six months ended 30 June 2021G and the six months ended 30 June 2022G:

Income statement key performance indicators		
Currency: USD000	**30 June 2021G**	**30 June 2022G**
Gross profit margin [(1)]	52.6%	52.6%
Net profit margin [(2)]	9.7%	10.7%

Source: Management information

Balance sheet key performance indicators		
Currency: USD000	**31 December 2021G**	**30 June 2022G**
Current ratio [(3)]	0.7	0.8
Total liabilities to total assets [(4)]	87.2%	86.4%
Net debt (net cash) (thousand USD) [(5)]	(166,923)	(236,369)
Days revenues outstanding [(6)]	5	4
Days inventory outstanding [(7)]	55	69
Days payable outstanding [(8)]	99	95
NWC as a percentage of revenues [(9)]	(10.6%)	(9.9%)
ROA [(10)]	19.0%	20.7%
ROE [(11)]	147.7%	152.5%

Source: Management information

(1) Gross margin is defined as gross profit for the six months period divided by revenues for the six months period

(2) Net profit margin is defined as the net profit for the six months period divided by revenues for the six months period

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues (for the last twelve months period) multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from Related Parties)

(7) Days inventory outstanding is defined as inventory divided by cost of inventory (for the last twelve months period) multiplied by 365 (where inventory refers to sum of raw material, filing and packaging material and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by cost of inventory (for the last twelve months period) multiplied by 365 (where trade and other payables refers to the sum of trade payables, current portion of unearned income and trade related dues to Related Parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from Related Parties less trade and other payables, due to Related Parties, provisions for legal, tax and other claims, income tax, zakat and other deductions payable

(10) Return on assets is calculated based on profit for the last twelve months period divided by total assets

(11) Return on equity is calculated based on profit for the last twelve months period divided by total equity

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1. DEFINITIONS AND ABBREVIATIONS

The following sets out certain definitions and abbreviations used in this Prospectus:

ADGM	Means the Abu Dhabi Global Markets, an international financial center in the UAE.
ADGM Companies Regulations	Means the Abu Dhabi Global Market ADGM Companies Regulations 2020, as amended.
Admission	AdmissionMeans admission of all the Shares, to trading on the Saudi Stock Exchange (subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus), and in the Abu Dhabi Securities ExchangeADX in accordance with the relevant rules and regulations.
Advisors	Means the Company's Advisors in relation to the Offering in the KSA whose names appear on pages (viii) to (xi) of this Prospectus.
ADX	Means Abu Dhabi Securities Exchange in the UAE.
Affiliate	Means a person who Controls another person or is Controlled by that other person, or who is under common Control with that person by a third person. In any of the preceding, Control could be direct or indirect.
Final Price Range	From [•] UAE Dirhams (AED [•]) (equivalent to [•] Saudi Riyals (SAR [•])) per share to [•] UAE Dirhams (AED [•]) (equivalent to [•] Saudi Riyals (SAR [•])) per share of the Offering Shares.
Application Form	Means the application form to be used by Participating Entities Tranche registered in the KingdomKSA to bid for the Offer Shares during the Book-Buildingbook building Period. This term includes, when applicable, the sup-plementary bid formBid Form when the price range is changed.
Articles of Association	Means the Company's Articles of Association.
Auditor	Means PricewaterhouseCoopers Limited.
Authority or CMA	Means the Capital Market Authority of the Kingdom of Saudi Arabia. Any reference to the Authority's Resolutions is a reference to the Resolutions of its Board.
Bid Form	Means the bid form used by the Participating Entities Tranche registered in the KSA to register their bids for Offer Shares during the Book-building peri-od, which term includes (as applicable) the supplementary application in the event of a change in the Offer Price Range.
Board/ Board of Director MembersDirectors	Means the Board of Directors of the Company.
Book Building Instructions	The Instructions on Book-building Process and the Allocation Method in Initial Public Offerings issued pursuant to CMA Board Resolution No. 2-94-2016 dated 15/10/1437H (corresponding to 20/07/2016G) and amendments thereto issued pursuant to CMA Board Resolution No. 3-102-2019 dated 18/01/1441H (corresponding to 17/09/2019G).
Book-Building Application for Investors Outside the Kingdom	Means Book-building applications that are submitted to the Bookrunners via phone or e-mail, without the need to fill out and sign the Subscription Application Form for Participating Entities Tranche in accordance with the instructions stated in Section (13) of this Prospectus ("**Share Information and Subscription Terms and Conditions**") of this Prospectus.
Book-building Process and subscription period for Institutional Tranche	Means the period which will commence on Monday 20/04/1444H (corresponding to 14/11/2022G) and continue for a period of nine (9) days up to and including the subscription closing date and end on Tuesday 28/04/1444H (corresponding to 22/11/2022G) at 11 p.m. (in conjunction with the Book-building Process and subscription period for Institutional Tranche in the UAE).
Bookrunners	Means SNB Capital, FAB Capital, Goldman Sachs Saudi Arabia, Morgan Stanley Saudi Arabia, EFG Hermes KSA and HSBC Saudi Arabia.
Burger QSR	Means all QSR operators with beef burgers or similar as their primary focus. If the outlet specialises in burgers made from chicken, it is included in Chicken QSR.
Business Day	Means any day (with the exception of Fridays, Saturdays and official holidays) on which the Receiving Agents are open for business in the Kingdom.
CEO	Means the Chief Executive Officer of the Company.
CFO	Means the Chief Financial Officer of the Company.
Chained FSR and casual dining	Means Chained FSR and casual dining restaurants have a minimum of 10 outlets under a single brand.
Chained OOHD	Means those operating 10 or more outlets under a single brand. An exception is made for international chains that have a presence of fewer than 10 outlets in a coun-try. In this case, they are still considered to be chained operators.

Chained QSR	Means Chained and franchised QSR operators that operate under a single brand and corporate identity. Chained QSR operators have a minimum of 10 branded outlets. Means a predominant exception is made for international chains that have a presence of fewer than 10 outlets in a country. In this case, they are still considered to be chained operators.
Chairperson	Means the chairman of the Board of the Directors of the Company.
Chicken QSR	Means all QSR operators with chicken products as their primary focus.
CML	Means the Capital Market Law issued under Royal Decree M/30, dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
CML	Means the Capital Market Law issued under Royal Decree M/30, dated 02/06/1424H (corresponding to 31/07/2003G), as amended.
Company or Issuer	Means Americana Restaurants International PLC (previously known as Americana Restaurants LTD).
Directors	Means members of the Company's Board of Directors.
Edaa	Means the Securities Depository Center Company (Edaa).
EFG Hermes	Means EFG Hermes KSA
FAB Capital	Means FAB Capital Company.
Final Offer Price	Means the Final Offer Price shall be the price at which Subscribers from the Individual Subscribes Tranche in KSA, the UAE Retail Tranche, and the Institutional Tranche will purchase each of the Offer Share as allocated to them, amounting to [•] UAE Dirhams (AED [•]) (equivalent to [•] Saudi Riyals (SAR [•]) per share. The Final Offer Price of each Offer Share will be determined following the completion of the Book-building and after consultation between the Financial Advisors, the Selling Shareholder and the Company, noting that the price will be determined in the UAE in AED and in the KSA in SAR, through the Offer Price Range.
Final Price Range	Means from [•] UAE Dirhams (AED [•]) (equivalent to [•] Saudi Riyals (SAR [•])) per share to [•] UAE Dirhams (AED [•]) (equivalent to [•] Saudi Riyals (SAR [•])) per share of the Offering Shares.
Financial Advisors	Means the financial advisors of the Company, being SNB Capital, FAB Capital, Goldman Sachs and Morgan Stanley.
Financial Due Diligence Advisor	Means Ernst & Young Professional Services (Professional LLC).
Financial Year	Means the Company's Financial Year.
Foreign Investors	Means Qualified Foreign Investors (QFIs) and Foreign Strategic Investors (FSIs).
Foreign Strategic Investors (FSIs)	Means a foreign legal entity aiming to acquire a strategic interest in listed companies in accordance with FSI Instructions. "**Strategic interest**" refers to the direct ownership percentage in the listed Company's Shares, through which the owner aims to contribute to enhancing the financial or operating performance of the listed company.
Former Parent Company	Means Kuwait Food Company (Americana) K.S.C.C., one of the group companies.
FSI Instructions	Means instructions for FSIs to acquire strategic stakes in listed companies issued by the CMA Board pursuant to Resolution No. 3-65-2019 dated 14/10/1440H (corresponding to 17/06/2019G), as amended.
Full service restaurants (FSR) and casual dining	Means FSR and casual dining encompasses all sit-down restaurants where the focus is on food rather than on drinks. These restaurants offer full table service (wait staff attend to customers and take orders at the tables) and a relatively higher quality of food compared to QSR, with menus offering multiple selections that may include break-fast, lunch and dinner. Includes à la carte, all-you-can-eat and sit-down buffets within restaurants. Excludes outlets with "limited table service", where customers order their food at the counter (even if a waiter then brings the food to the table). Fine dining restaurants are included in FSR and casual dining.
GCC	Means the Cooperation Council for the Arab States of the Gulf.
GCC Investor with Legal Personality	Means a legal entity with a majority of its capital owned by citizens of GCC countries or their governments, which have the nationality of a GCC country in accordance with the definition set out in the Resolution of the Supreme Council of the Gulf Cooperation Council (GCC) issued in its fifteenth session and approved by Council of Ministers Resolution No. 16 dated 20/01/1418H, as well as corporate investment funds established in a GCC country whose units are publicly offered to investors in those countries in accordance with their respective applicable laws and the majority of their capital is owned by citizens of GCC countries or their governments.
General Assemblies	Means a general assembly of the Company convened in accordance with the Company's Articles of Association.
Goldman Sachs	Means Goldman Sachs Saudi Arabia.
Government	Means the government of the Kingdom of Saudi Arabia.

Group	Means the Company and its Subsidiaries.
HSBC Saudi	Means HSBC Saudi Arabia
IASB	Means the International Accounting Standards Board.
IFRS	Means the International Financial Reporting Standards issued by IASB.
Independent FSR and casual dining	Means Independent FSR and casual dining restaurants have one or more (but fewer than 10) outlets and are not affiliated with any other business. Mainly refers to fami-ly businesses or small-scale partnerships.
Independent OOHD	Means Independent operators that do not have 10 or more outlets under a single brand. Small local businesses operating fewer than 10 outlets under a single brand are also included in this definition.
Independent QSR	Means Independent QSR operators that have one or more (but fewer than 10) outlets and are not affiliated with any other business. Mainly refers to family businesses or small-scale partnerships.
Individual Investors Offering Period	Means the period which will commence on Monday 20/04/1444H (corresponding to 14/11/2022G), and continue for a period of eight (8) days up to and including the subscription closing date and end on Monday 27/04/1444H (corresponding to 21/11/2022G) at 12 a.m. (in conjunction with the Individual Subscribers Offer Period in the UAE and the Book-building Process and subscription period for Institutional Tranche.
Individual Subscribers in KSA	This tranche comprises Saudi natural persons including any divorcee or widow Saudi woman having minor children from a marriage to a non-Saudi individu-al, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is di-vorced or widowed and the mother of her Saudi minor children, any non-Saudi natural person who is resident in the KingdomKSA or GCC nationals who, in each case, have a bank account, and is entitled to open an investment account, with one of the Receiving Agents in KSA.
Individual Subscribers Tranche in UAE	This tranche includes individual subscribers and subscribers of "**other investors**" in the UAE, as described in the Main Prospectus.
Individual Investors Offering Period	Means the period which will commence on [Tuesday 15/03/1444H (corresponding to 11/10/2022G)] and continue for a period of eight (8) days up to and including the subscription closing date and end at the end of [Tuesday 22/03/1444H (corresponding to 18/10/2022G)] (in conjunction with the Individual Subscribers Offer Period in the UAE and the Book-building Process and subscription period for Institutional Tranche]
Individual Subscription Application Form in KSA	Means the subscription application form that individual subscribers must complete to subscribe to the Offer Shares during the Offering Period for indi-vidual subscribers.
Indulgence outlets	Means Ice cream (ice cream, frozen yoghurt) and Bakery (sandwiches, pastries, and bread products) focused QSRs. Category excludes traditional bakeries/outlets focused exclusively on at-home consumption.
Institutional Tranche	In relation to the UAE, this tranche includes "**professional investors**" (as defined in the Chairman of the SCA Board of Directors Resolution No. 13 RM of 2021G as amended from time to time), which specifically includes "**professional investor by its nature**" and "**resident professional investor**" and "**resident professional investor**" as defined in paragraph (b) ("**Institutional Tranche**") of section "**Tranche Structure**" in the cover page of the Main Prospectus. In relation to KSA, this tranche is limited to "**Participating Entities Tranche**" as defined in this Section (1) ("**Definitions and Abbreviations**").
Instructions for Companies Announcements	Means Instructions for Companies Announcements issued pursuant to CMA Board Resolution No. 1-199-2006, dated 18/07/1427H (corresponding to 12/08/2006G), as amended.
International cuisine res-taurants	Means FSR and casual dining restaurants that serve international cuisine including ribs, steaks, burgers, barbecued meats, Caesar salads, lobster, as well as some ethnic dishes such as Mexican or Italian dishes, or others.
Institutional Tranche	In relation to the UAE, this tranche includes "**professional investors**" (as defined in the Chairman of the SCA Board of Directors Resolution No. 13 RM of 2021G as amended from time to time), which specifically includes "**professional investor by its nature**" and "**resident professional investor**" and "**resident professional investor**" as defined in paragraph (b) ("**Institutional Tranche**") of section "**Tranche Structure**" in the cover page of the Main Prospectus. In relation to KSA, this tranche is limited to "**Participating Entities Tranche**" as defined in this Section (1) ("**Definitions and Abbreviations**").
Joint Global Coordinators	Means SNB Capital, FAB Capital, Goldman Sachs and Morgan Stanley.
Kingdom or KSA	Means the Kingdom of Saudi Arabia.
KSA Listing Rules	Means the Listing Rules approved by the CMA Board pursuant to its Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), as amended by CMA Board Resolution No. 3-96-2022 dated 10/02/1444H (corresponding to 06/09/2022G).
Lead Manager	Means SNB Capital.
Legal Advisor	Means Abuhimed Alsheikh Alhagbani Law Firm, Clifford Chance LLP and Ibrahim and Partners.

Listing	Means the listing of the Shares for trading on Tadawul in accordance with the Listing Rules (subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus) and on ADX in accordance with the applicable regulations of the UAE.
Listing Date	Means the date of listing the Offer Shares on Tadawul and the ADX.
M&A Regulations	Means the Merger and Acquisition Regulations issued pursuant to CMA Board Res-olution No. 1-50-2007, dated 21/09/1428H (corresponding to 03/10/2007G), as amended.
Main Market	Means the market in which securities, which have been registered and offered under Chapter IV of the OSCOs and listed under Chapter III of the Listing Rules are traded.
Main Prospectus	Means the Prospectus for the public offering of the Company's shares issued in the UAE with the same date as that of this Prospectus and approved by the SCA.
Market Consultant	Means Euromonitor International Limited.
Market Study	Means the market study prepared by the Market Consultant dated 04 August 2022G.
Morgan Stanley	Means Morgan Stanley Saudi Arabia
Net Proceeds	Means the offering proceeds after deduction of all expenses related to the Offering.
Offer Price Range Announcement	Means the announcement to be published on the same day as the beginning of the Offering Period (prior to the date of the commencement of the Offering Period) which includes the Offer Price Range.
Offer Price Range	Means from [•] UAE Dirhams (AED [•]) (equivalent to [•] Saudi Riyals (SAR [•])) per share to [•] UAE Dirhams (AED [•]) (equivalent to [•] Saudi Riyals (SAR [•])) per share of the Offer Shares.
Offer Shares	Means two billion five hundred twenty-seven million eighty-nine thousand nine hundred and thirty (2,527,089,930) shares fully paid ordinary Shares, representing thirty percent (30%) of the Company's capital.
Offering	Means the initial dual concurrent public offering of the Company's Shares under the terms of this Prospectus and the Main Prospectus.
OSCOs	Means the Rules on the Offer of Securities and Continuing Obligations issued by the CMA Board pursuant to its Resolution No. 3-123-2017, dated 09/04/1439H (corresponding to 27/12/2017G), based on the Capital Market Law and amended by CMA Board Resolution No. 1-94-2022, dated 24/01/1444H (corresponding to 22/08/2022G).
Other FSR and casual dining	Means any other type of FSR and casual dining restaurant besides international cuisine restaurants is included here.
Other OOHD	Includes self-service cafeterias and street stalls/kiosks. Self-service cafeterias offer no (or limited) service content. Rather than table service, they feature food-serving counters/stalls where customers take the food. For some food and drink items, customers collect an empty container, pay at the check-out, and fill the container after check-out. Self-service cafeterias either charge a flat rate for admission (as in a buffet) or pay at the check-out for each item. Some cafeterias also charge by weight. Unlike QSR, self-service cafeterias feature a menu comprising full, regular meals, often with a large choice of first course, main course and desserts. Excludes fully captive contract self-service cafeterias located within institutions such as schools, etc. Street stalls/kiosks are small, sometimes mobile providers characterised by a limited product offering and low prices. Includes street stalls, street hawkers and OOHD kiosks where food is prepared and served through a hatch or over a display counter to take away. Includes kiosks and carts located externally or internally e.g., in shopping malls etc. Street stalls/kiosks tend to be smaller than 100% home delivery/takeaway outlets, with more limited menus, and often (though not always) with a greater emphasis on snack items, rather than full meals.
Other QSR	Means any other QSR operator besides Chicken, Pizza and Burger QSR is included in the category.
Out-of-home dining (OOHD)	Comprises quick service restaurants (QSR), FSR and casual dining restaurants, cof-fee shops, indulgence outlets and other out-of-home dining outlets. Fine dining is included in FSR and casual dining restaurants.

Participating Entities Tranche	This tranche comprises the parties that are entitled to participate in the Book-building Process under the Book Building Instructions, namely: 1- public and private funds that invest in securities listed on the Saudi Stock Exchange as permitted by the fund's terms and conditions, and in accordance with the provisions and limitations stipulated in the IFR and the Instructions on Book-building Process and the Allocation Method in Initial Public Offerings; 2- capital market institutions which are licensed to deal in securities as a principal in accordance with the Pru-dential Rules when submitting the Subscription Application Forms; 3- clients of a capital market institution authorized by the CMA to conduct managing activities in accordance with the provisions and restrictions set forth in the Instructions on Book-building Process and the Alloca-tion Method in Initial Public Offerings; 4- any legal persons allowed to open an investment account in the KSA, and an account with Edaa, with the exception of non-resident foreign investors, other than QFIs under the QFI Rules; 5- Government entities, any supranational authority recognized by the CMA, the Exchange, or any other stock exchange recognized by the CMA, or Edaa; 6- Government-owned companies, whether investing directly or through a portfolio manager; and 7- GCC companies and GCC funds, if permissible according to the terms and conditions of such funds.
PIF	Means Public Investment Fund in KSA.
Pizza QSR	Means all QSR operators with pizza as their primary focus. Includes outlets selling individual slices or single-serve pizzas.
Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or more of their Share Capital	Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or more of their Share Capital, issued by the Board of the CMA pur-suant to its resolution number 4-48-2013 dated 15/1/1435H (corresponding to 18/11/2013G), as amended.
Prospectus	Means this supplemental prospectus prepared by the Company in connection with the Offering in accordance with the OSCOs (subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus).
Public	Means persons other than the following: 1- Affiliates of the Issuer; 2- Substantial Shareholders of the Issuer; 3- Directors and Senior Executives of the Issuer; 4- Directors and Senior Executives of the Affiliates of the Issuer; 5- Directors and Senior Executives of the Substantial Shareholders of the Issuer; 6- any Relatives of the persons referred to in 1, 2, 3, 4, or 5 above; 7- any company Controlled by any person referred to in 1, 2, 3, 4, 5 or 6 above; and 8- persons acting in concert with a collective shareholding 5% or more of the class of shares to be listed.
QFI Rules	Means the Rules for Qualified For-eign Financial Institutions Investment in Listed Securities issued pursuant to CMA Board Resolution No. 1-50-200742-2015, dated 21/09/1428H15/07/1436H (corresponding to 03/10/2007G),04/05/2015G) pur-suant to the CML, as amended. by CMA Board Resolution No. 3-65-2019, dated 14/10/1440H (corresponding to 17/06/2019G).
Qualified Foreign Investors (QFIs)	Means a qualified foreign investor authorized in accordance with the QFI Rules. Qualification applications are submitted to an authorized market institution to evalu-ate and accept the application in accordance with the QFI Rules.
Quick service restaurants (QSR)	QSR combines fast food and 100% home delivery/takeaway focused outlets that offer relatively limited menus focused on items that can be prepared quickly. Customers typically order, pay and collect their order from a counter, though some outlets can have limited table service. QSR tend to specialise in one or two main offerings, such as burgers, pizza or chicken, but they usually also provide drinks, salads, dessert, etc. Other key characteristics include: (a) a standardised and restricted menu; (b) high level of individual portion control on all ingredients and on the finished product; (c) individual packaging of each item; and (d) counter service. Excludes outlets with seating that offer table service with servers.
Receiving Agents	Means the receiving agents in KSA for Offering purposes in the KSA, whose details are shown on page ([[•]]) of this Prospectus.
Regulatory Rules	Means the Regulatory Rules and Procedures issued pursuant to the Com-panies Law relating to Listed Joint Stick Companies, issued pursuant to CMA Board Resolution No. 8-127-2016, dated 16/10/1438H (corresponding to 17/10/2016G), as amended.

Related Party/Parties	In accordance with the SCA Board Resolution No. 3 (R,M) dated 2020G, pertaining to the approval of the publicly traded joint-stock company governance manual, the related parties are the Chairman of the Company's Board of Directors, its members, Senior Executives, employees, and any companies invested into by any of the forgoing persons with a percentage no less than (30%) of its share capital, and the Company's subsidiaries, sister companies, or allied companies.
Relatives	Means father, mother, siblings, children, husband, father-in-law, mother-in-law, and stepchildren. For purposes of the UAE Governance Rules, this term includes: • fathers, mothers, grandfathers and grandmothers and their ancestors; • children, grandchildren and their descendants; • siblings, maternal and paternal half-siblings; and • husbands and wives.
Rules for Registering Auditors of Entities Subject to the CMA's Supervision	Means Rules for Registering Auditors of Entities Subject to the CMA's Su-pervision issued pursuant to CMA Board Resolution No. 1-135-2018, dated 12/04/1440H (corresponding to 19/12/2018G), as amended.
Saudi Arabian CGRs or KSA Corporate Governance Regulations	Means the Corporate Governance Regulations issued pursuant to CMA Board Reso-lution No. 8-16-2017, dated 16/05/1438H (corresponding to 13/02/2017G) (pursuant to the Companies Law), as amended pursuant to the CMA's Board Resolution No. 1-94-2022 dated 24/01/1444H (corresponding to 22/08/2022G).
Saudi Arabian Riyal (SAR)	Means the official currency of the Kingdom of Saudi Arabia.
Saudi Exchange Company	Means the Saudi Exchange Company (Tadawul).
Saudi Stock Exchange (Tadawul)	The market where securities are traded and operated by the Saudi Exchange Compa-ny.
SCA	SCA Means Securities and Commodities Authority in the UAE.
Secretary	Means the Secretary of the Board of Directors.
Selling Shareholder	Means Adeptio Ad Investments Ltd.
Selling Shareholder Contractual Lock-up Period	Means the period during which the Selling Shareholder is contractually obligated not to dispose of its Shares, which ends six months from the Listing Date.
Selling Shareholder Statutory Lock-up Period	The statutory period provided in Article (87)(a) of the Rules on the Offer of Securities and Continuing Obligations in which the Selling Shareholder must not dispose any of its shares during a period of six (6) months from the date on which the issuers shares' trading first commences on Saudi Stock Exchange (Tadawul).
Minority Shareholders Lock-up Period	Means the period during which some of the minority shareholders are contractually obligated not to dispose of their shares, which ends (180) days from the Listing Date.
Senior Executives or Senior Management	Means the Senior Executives or Senior Management members whose names appear in the sub-section title "**Company's Board Structure**" of the Fourth Section ("**Other Details**") of the Main Prospectus, being members in the Company's executive management.
Shares	Means any ordinary Share with a nominal value of (AED 0.073) (equivalent to SAR 0.075) per share in the Company's capital.
SNB Capital	Means SNB Capital Company.
SOCPA	Means the Saudi Organization for Chartered and Professional Accountants.
Special Resolution	Means resolutions of the General Assembly issued by a majority of three quarters of the shares represented in the General Assembly meeting.
Subscribers or Investors	Means the Subscription Application Form for Participating Entities Tranche and the Individual Subscription Application Form, as applicable.
Subscription Application Form	Means any Shareholder owning, whether directly or indirectly, five percent (5%) or more of the Company's Shares.
Substantial Shareholders	Means any Shareholder owning, whether directly or indirectly, five percent (5%) or more of the Company's Shares.

Tadawul System	Means the automated Saudi securities trading system.
UAE	Means the United Arab Emirates.
UAE Dirham(s)	Means the official currency of the United Arab Emirates.
UAE Governance Rules	Means the Chairman of the SCA's Board of Directors' Decision No. (3/R.M) of 2020 Concerning Approval of Joint Stock Companies Governance Guide (as amended from time to time).
Underwriters	Means SNB Capital, FAB Capital, Goldman Sachs, Morgan Stanley, EFG Hermes KSA and HSBC.
Underwriting Agreement	Means the underwriting agreement entered into between the Company and the Un-derwriters in accordance with the terms described in Section 9 ("**Underwriting**").
US Securities Act	Means the United States Securities Act of 1933, as amended.
USD	Means the official currency of the United States of America.

2. THE RATIONALE OF THE DUAL CONCURRENT INITIAL PUBLIC OFFERING AND LISTING

The Company believes that pursuing a concurrent dual initial public offering on the ADX and Tadawul would be beneficial for the Group, the Selling Shareholders, the Subscribers in both the KSA, the UAE and the KSA's financial market in general. This structure is believed to maximize the attractiveness of the Offering to subscribers in both the UAE and KSA as well as the international institutional investor community.

It is also worth noting that dual listings implemented concurrently with an IPO across two markets will establish a framework and precedent in the KSA and the UAE and would be a significant development for both the KSA and the UAE's capital markets.

The key benefits of pursuing the concurrent dual initial public offering structure are as follows:

- the Company has businesses in different countries and targets a large number of geographical areas. Tadawul and the ADX are considered among the Group's strategic markets due to the presence of a major customer base in these two countries and the fact that they are the home markets of its two core Shareholders, is a key objective;
- the Group is an established regional champion and the Company, as a publicly listed company, will represent an attractive investment opportunity for investors in both the UAE and KSA, by providing the opportunity for investors to trade their shares in the Saudi Stock Exchange (Tadawul) and the ADX, which would not happen if the Offering and Listing is taking place in one exchange only;
- The Company targets, through the mechanism and structure of the Offering and Listing, to optimize the Company's shareholder base, allowing access to different classes of investors in both markets, together with international institutions;
- The structure and mechanism of the Offering aims to provide broader benefits to the Saudi Stock Exchange (Tadawul) and the ADX, as it is an offering of a special nature and the first of its kind in the KSA and the UAE and will highlight the depth and the maturity of both markets.

For more information about risks related to the concurrent dual initial public offering and Listing, please refer to sub-section "**Investment Risks**" of the Second Section ("**Key details of the Company**") of the Main Prospectus and those which are listed in Section (3) ("Risk Factors') of this Prospectus.

3. RISK FACTORS

Before deciding whether to invest in the Offer Shares, prospective investors are advised to carefully consider all the information contained in the Main Prospectus and in this Prospectus, particularly the risk factors described in the "**Investment Risks**" sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus in addition to the ones described below. These risk factors may not include all the risks that the Company may encounter, and additional risks may exist that are not currently known by the Company, or that may be deemed immaterial but may nevertheless adversely affect the Company's business, financial position, results of operations, cash flows and prospects.

The Company's business, financial position, results of operations, cash flows and prospects could be adversely and materially affected if any of the following risks, which are identified as material, or if any other risks that the Directors have not identified or which are currently not considered to be material, but which may become material if they occur. As a result of such risks or other factors that may affect the Company's business, the forward-looking events and circumstances discussed in this the Main Prospectus and in this Prospectus might not occur in the way the Company and/or the Directors expect, or at all. When evaluating the risks described in the Main Prospectus and this Prospectus, a prospective investor should also consider, amongst other information set out in the Main Prospectus and this Prospectus, the information on the Company and the relevant agreements in Section (3) ("**Financial Disclosures**") of the Main Prospectus.

The Directors also confirm that, to the best of their knowledge and belief, there are no other material risks besides those mentioned in the "**Investment Risks**" sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus and this Section, the non-disclosure of which would affect investors' decisions to invest in any Offer Shares as at the date of the Main Prospectus and this Prospectus.

An investment in the Offer Shares is only appropriate for investors who are capable of assessing the risks and merits of such an investment and who have sufficient resources to bear any loss that might result from this investment. Any prospective investor who has any doubts concerning the appropriate action to be taken should consult a financial advisor licensed by the CMA for advice in connection with any investment in the Offer Shares in the KSA.

The occurrence of any of the risk factors specified in the Main Prospectus and in this Prospectus below, or the occurrence of any other risks which the Directors have not identified, or are unknown to them or those which they do not consider to be material as at the date of the Main Prospectus and this Prospectus (but which may become material if they occur), may result in the reduction of the price of the Shares in the market and an investor could lose all or some of the value of his investment in the Offer Shares.

The risks and uncertainties described in the Main Prospectus and in this Prospectus below are presented in an order that does not reflect their importance or anticipated effect on the Company. The risks set out in in the "**Investment Risks**" sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus and this Section (3) ("**Risk Factors**") do not purport to be: (a) a complete or composite list of all risks which may affect the Company or in any case its operations, activities, assets or markets in which it operates; or (b) an explanation of all the risks involved in investing in the Offer Shares.

3.1 Risks related to the Group's Business, Market and Industry

For information related to risk factors related to the Group's business, market and sector, please see section Risk Factors provided in paragraph "**Risks Relating to the Group's Business**" of the "**Investment Risks**" sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus.

3.2 Risks related to Geographical, Political and Economic Conditions

For information related to risk factors related to the geographical, political and economic conditions, please see section Risk Factors provided in paragraph "**Risks Relating to Geographical, Political and Economic Conditions**" of the "**Investment Risks**" sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus.

3.3 Risks Related to the Offering and Offer Shares

For information related to risk factors related to the Offering and Offer Shares (including the listing of the offer shares on the ADX), please see section Risk Factors provided in paragraph "**Risks Relating to the Offering and to the Offer Shares**" of the "Investment Risks" sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus.

3.4 Risks Related to the Dual Concurrent Initial Public Offering and Listing

3.4.1 Risks related to the Company being subject to both the Saudi and UAE laws, regulations at the same time

Companies that are listed on both Tadawul and the ADX are subject to a wide range of laws and regulations that govern their continuing obligations as listed companies, including, but not limited to, corporate governance rules, investor protection, disclosure rules, merger and acquisition regulations, etc. given that the Company's shares will be listed in both Tadawul and the ADX after the completion of the Offering, the Company will be subject to those laws and regulations applicable to companies concurrently listed in the two countries, which may result in confusion and conflict with respect to the application and interpretation of such laws and regulations, in the event that there are any differences between the KSA and UAE laws and regulations (whether in terms of the current or future laws, taking into consideration that the Company is a company incorporated in the ADGM and that adherence to the laws and regulations in the UAE is a primary and unbreachable obligation of the Company). In the event that the Company is required to apply a requirement in the UAE laws and regulations and such requirement contradicts other provisions in the KSA laws and regulations, or otherwise, fines and penalties may be applied under KSA and / or UAE's laws and regulations - as appropriate - and imposed by the CMA in the KSA or the SCA in the UAE or by any other regulators in KSA or UAE and/or the suspension or cancellation of Listing the Company's Shares in the Saudi Stock Exchange (Tadawul), unless any additional exemptions are obtained in this regard, which may take an extended period of time in addition to the fact that obtaining the necessary exemptions will not be guaranteed, which may adversely affect the Company.

Whilst the Company and its consultants have undertaken research to identify differences between the KSA and UAE laws and regulations related to the Offering and Listing (as such, a number of waivers have been requested by the Company, as set out in section (12) ("**Waivers**") of this Prospectus); however, none of such waivers can guarantee that there are currently no other differences or that other laws, regulations and / or guidelines will not be issued in the future, the compliance with any of them may lead to a breach of other regulations, instructions or rules in any of the two countries.

In the event that the Company fails to comply with the relevant KSA and / or the UAE laws and regulations and the realization of any of the risks referred to above, this may have a material adverse effect on the Company's business, financial position, results of operations, and prospects, and thus on the Company's share price, which may result in the suspension and/or cancellation of Listing of the Company's Shares on Saudi Stock Exchange (Tadawul).

3.4.2 Risks related to delisting the Company's shares in the Saudi Stock Exchange (Tadawul) in the event of non-compliance with the laws and regulations in the Kingdom of Saudi Arabia

Companies that are listed on the Saudi Stock Exchange (Tadawul) are subject to a wide range of laws and regulations that govern their continuing obligations as listed companies, including, but not limited to, corporate governance rules, investor protection, disclosure rules, merger and acquisition regulations, etc., which the Company must be comply as per the disclosures made in in section (11) ("**The Regulatory Framework For The Company's Post-Listing Obligations In The KSA and Its Post-Listing Undertakings**") of this Prospectus, subject to the waivers from the regulatory requirements that are obtained from the relevant regulatory authorities in the KSA, as clarified in section (12) ("**Waivers**") of this Prospectus. In the event that the Company does not comply with any of the relevant regulations, the regulations of the CMA or Tadawul (whether these requirements are compatible with or inconsistent with the UAE regulations and instructions), fines and penalties may be applied under KSA laws and regulations - as appropriate - and imposed by the CMA or Tadawul, including the suspension or cancellation of Listing the Company's Shares in the Saudi Stock Exchange (Tadawul), unless any additional exemptions are obtained in this regard.

In the event of any suspension and/or cancellation of Listing the Company's Shares in the Saudi Stock Exchange (Tadawul), this will affect the liquidity of the Company's shares in KSA, as the ability of investors in KSA to dispose of their shares listed on the Saudi Stock Exchange (Tadawul) will be restricted. As a result, the investors in KSA will not be able to sell their shares, which may result in them incurring financial losses that may be material.

3.4.3 Risks related to the KSA regulators being unable to verify the Company's practices and implement penalties on the Company as an ADGM Company and rely on the UAE regulators in such cases

The CMA and the relevant regulators in the KSA have regulatory jurisdiction over companies incorporated and/or operating in the KSA, while regulators in the UAE have jurisdiction over those incorporated within it, such as the Company. In the event that the Company commits any regulatory violations that may affect its shareholders' rights (including shareholders in the KSA), the KSA regulators may not have the regulatory jurisdiction to verify or enforce penalties for such violations. Shareholders in the KSA may have to resort to regulatory and judicial authorities in the UAE to enforce their rights in the event of any irregularities or practices that may adversely affect their rights.

In the event that any of the foregoing risks are realized, the shareholder in the KSA may have to procure representation in the UAE - in addition to the likelihood of having to appoint legal advisors - which may result in additional costs, in addition to being subject to procedures that may be lengthy to appoint representatives in the UAE.

3.4.4 Risks related to the structure of the Offering as a dual concurrent initial public offering and Listing of Shares in the KSA by a non-Saudi company which is a novelty in the KSA prior to the Offering

Public Offerings in the KSA are subject to various laws and regulations issued or governed by various authorities in the KSA, which include the Companies Law and its implementing regulations, and the CMA Law and its implementing regulations, including the OSCOs. Considering that there has never been a process of offering shares of a foreign company in the KSA as a dual concurrent initial public offering in the KSA and at the Company's place of incorporation under a structure similar to what is described in this Prospectus and in the Main Prospectus.

The Company has interpreted and applied these laws and regulations as it deems appropriate after consulting with its Advisors in this regard. Thus, if any governing or judicial authority in the KSA interprets the laws and regulations that are applicable to the Offering in a way that contradicts the way the Company interprets and applies them, this may have a material adverse effect on the Company's business, financial position, results of operations, and prospects, and ultimately on the Company's share price, [which may also cause an unexpected listing suspension of its shares in the KSA].

4. MARKET AND INDUSTRY OVERVIEW

4.1 Introduction

The Group operates in 12 countries, in the MENA and Kazakhstan. These are KSA, the UAE, Kuwait, Egypt, Morocco, Qatar, Iraq, Oman, Bahrain, Jordan, Lebanon and Kazakhstan. The Group's main markets of operation (as determined by share of total value sales) are KSA, the UAE, Egypt and Kuwait, hereinafter referred to as "**core markets**". The remaining countries in which the Group operates are hereinafter referred to as "**other markets**". While these 12 markets are geographically, economically, socially and ethnically diverse and distinct from each other, they share common characteristics that differentiate them globally, such as relatively high real GDP growth rates, young and growing populations and highly dynamic OOHD markets. Furthermore, three of the four core markets (KSA, the UAE and Kuwait) are witnessing a very similar evolution towards an OOHD structure resembling that of the US and other English-speaking countries, with a strong presence of international QSR operators and significant penetration opportunities compared to both developed and developing markets.

Table (4-1): Nominal GDP growth CAGR (2022-2026) US$: Global comparison[3]

Country/Region	CAGR 2022-2026
KSA	5.5%
UAE	5.1%
Egypt	12.4%
Kuwait	4.2%
Group's 4 core markets	7.0%
Group's 8 other markets[4]	5.6%
Group's 12 markets	6.8%
Developed countries[5]	4.5%
Developing countries[6]	7.1%

Source: Euromonitor estimates from United Nations, World Bank, International Monetary Fund (IMF), GASTAT, SAMA and OPEC.

Note that average provided here, as well as in other parts of the report, are weighted averages

Table (4-2): Population growth CAGR (2022-2026): Global comparison

Country/Region	CAGR 2022-2026
KSA	1.2%
UAE	0.8%
Egypt	1.5%
Kuwait	1.0%
Group's 4 core markets	1.4%
Group's 8 other markets	1.0%
Group's 12 markets	1.4%
Developed countries	0.8%
Developing countries	0.8%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

3 All global comparisons are based on US$ current prices, fixed 2021 exchange rate.
4 The Group's other markets of operation: Iraq, Morocco, Qatar, Bahrain, Oman, Lebanon, Jordan, Kazakhstan.
5 Select developed countries: US, UK, Canada, Australia.
6 Select developing countries: China, Indonesia, Malaysia, South Africa.

Table (4-3): Population breakdown by age groups (2021): Global comparison

Region	0-29	30-44	45-64	65+
Group's 4 core markets	54%	24%	17%	5%
Group's 8 other markets	56%	22%	17%	6%
Group's 12 markets	55%	23%	17%	5%
Developed countries	37%	20%	25%	18%
Developing countries	38%	22%	28%	12%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Core Markets: KSA, UAE, Kuwait, Egypt

Kingdom of Saudi Arabia (KSA)

KSA is among the top 20 economies globally, a member of the G20 and one of the major global economies. It is also the largest economy among the Group's 12 markets of operation with a nominal GDP of US$833.5 billion in 2021.[7] KSA's economic outlook remains positive, with real GDP growth expected to reach 2.3% by 2026, which is considerably higher than the growth expected for developed markets, such as the US, at 1.6%, the UK, at 1.6%, or Canada, at 1.7%, in 2026.[8]

The population of KSA was 33 million in 2021 making it one of the largest markets by population in the 12 markets in which the Group operates. It also has the largest young population (0-29 years), at 45.7% of the total population in 2021, and a higher growth rate, at 1.2%, than the global average of 0.9% for the period 2022-2026.[9]

Despite stagnation in 2019 and a decline during 2020, partially due to the Covid19 pandemic and low crude oil prices, the economy saw a recovery to pre-Covid levels in 2021. This resulted in a nominal GDP CAGR of 0.7% in US dollar terms over the 2018-2021 period.[10] Rising oil prices, due to the energy market shift caused by the war in Ukraine, is among the key reason for KSA's expected 5.8% real GDP growth in 2022.[11]

Inflationary pressure in KSA is expected to ease in the medium term as supply-chain bottlenecks gradually resolve. In 2021, inflation declined to 3.1%, from 3.4% in the previous year, as the effects of the VAT increase in 2020, from 5% to 15%, faded. Inflation is forecast to decrease further in 2022, to 2.5%, and this trend is expected to continue in the coming years, with inflation in KSA projected to fall to 2.0% by 2026. Contrary to other countries in the region, KSA's reliance on wheat from Ukraine and Russia is limited. The country also benefits from robust local crude oil production.[12] Furthermore, rents, a major part of the country's CPI basket have been falling, while price caps and subsidies have kept overall food and gasoline price increases at bay.[13] The Saudi riyal has been at a fixed rate against the US dollar since 1986, which provides the country's currency with additional stability and lowers the impact of increasing commodity prices.

While oil exports remain the largest contributor to GDP, recent government strategy (most notably Vision 2030) has focused on economic diversification, the development of megaprojects, trillion-dollar investments in tourism and entertainment and other economic and social reforms. This shift in focus is designed to attract foreign investment, increase the size of the private sector and develop public services such as health, education and infrastructure.[14] The resulting economic growth is expected to positively impact consumer spending, with OOHD expected to be one of the key beneficiaries.

A growing population is paired with a higher urbanisation rate than in previous years, which is expected to reach 85.2% by 2026. This growth is set to be supported by several urban developments such as Diriyah Gate, King Salman Park and Qiddiya. Riyadh, the capital city, is expected to double its urban population from 7.5 million in 2021 to 15 million by 2030.[15] The development of new "**smart cities**", such as NEOM, is also poised to attract a greater investment in shopping malls, increasing retail and foodservice space.

7 Euromonitor Passport
8 Euromonitor Passport
9 Euromonitor Passport
10 Euromonitor Passport
11 Euromonitor Passport
12 Arab News (2022): Saudi inflation to stay below other G20 economies till 2023, OECD predicts, https://www.arabnews.com/node/2101841/business-economy
13 IMF (2022): Saudi Arabia: Staff Concluding Statement of the 2022 Article IV Mission, https://www.imf.org/en/News/Articles/2022/06/17/saudi-arabia-staff-concluding-statement-of-the-2022-article-iv-mission
14 Vision 2030, Kingdom of Saudi Arabia, https://www.vision2030.gov.sa/v2030/overview/
15 Riyadh Strategy 2030

Shopping malls are also among the main beneficiaries of the developing cinema industry. Since the 35-year-long ban was lifted in late 2017, the industry has been developing rapidly, grossing US$238.0 million through approximately 430 screens in 2021.[16] Current estimates suggest that the industry may reach US$1.0 billion by 2025 and 1,500 screens by 2025/2026.[17] Such an increase is set to create significant additional footfall in shopping malls and adjacent food courts throughout the country.

Among the social reforms started in 2018, was government-led support for more women to enter the workforce. This is expected to boost household disposable incomes (US$12,968 in 2026 vs. US$10,394 in 2021) as well as spending in the OOHD segment. This, combined with other social reforms, such as the lifting of the ban on women driving, the opening of cinemas, and the ending of gender segregation in restaurants and public places are expected to lead to new consumption habits. Higher disposable incomes, combined with a large young population that appreciate global brands, represent positive drivers for the total addressable market for OOHD operators.[18]

Table (4-4): Macro and demographic indicators in KSA (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP[19]	US$ bn	816.6	803.6	703.4	833.5	906.9	1,122.4	0.7%	5.5%
Real GDP growth (US$)	%	2.4%	0.3%	(4.1%)	3.2%	5.8%	2.3%	-	-
Inflation rate	%	2.5%	2.1%	3.4%	3.1%	2.5%	2.0%	-	-
Total population	000	33,703	34,003	32,861	33,160	33,591	35,176	(0.5%)	1.2%
Young population (0-29 years)	000	16,057	15,951	15,195	15,146	15,187	15,433	(1.9%)	0.4%
Urbanisation rate	%	83.7%	83.9%	84.1%	84.3%	84.5%	85.2%	-	-
Disposable income per capita	US$	8,907	9,125	9,237	10,394	11,029	12,968	5.3%	4.1%
Consumer expenditure per capita	US$	9,234	9,481	9,623	10,837	11,506	13,537	5.5%	4.1%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

United Arab Emirates (UAE)

The UAE's economy recorded a nominal GDP of US$411.6 billion in 2021. With a share of approximately 30.0%, the oil sector remains the largest contributor to GDP. However, the country has been successful in diversifying from being an oil-dependent economy to increasing its GDP contribution from sectors such as trade, tourism and real estate. The tourism sector is an important source of revenue, projected to contribute approximately 12.4% of GDP by 2026.[20]

In 2021, expats made up approximately 90.0% of the UAE population of 9.3 million, resulting in a unique demographic mix from Asia, the Middle East, Europe and other backgrounds with varied preferences and tastes.

The UAE's economy recovered rapidly from the negative effects of the Covid19 pandemic. In 2021, real GDP growth returned to pre-pandemic levels, while inflation remained below that of most Western economies and some neighbouring countries, at only 0.2%. As with the Saudi riyal, the Emirati dirham is pegged to the US dollar, limiting the country's risk from foreign exchange fluctuations. The country's system of pricing caps on essential food items is keeping food inflation to a minimum, as price increases must be approved. While relying heavily on food imports, the UAE has adopted a highly diversified sourcing strategy to ensure food security over the years. Its reliance on wheat from Ukraine and Russia is relatively limited compared to other countries in the region, such as Egypt.[21] However, the impact of the war in Ukraine on global food and other commodity prices, as well as high crude oil prices, are expected to increase inflation to 2.5% in 2022.

16 Arab News (2022): How reopening of cinemas in Saudi Arabia has proved a film-industry game-changer, https://www.arabnews.com/node/2041361/saudi-arabia
17 Deadline (2021): Saudi Arabia Tipped To Become $1B Box Office Market By 2025: Growth Outlook, https://deadline.com/2021/12/saudi-arabia-box-office-outlook-one-billion-dollar-market-1234901866/
18 Euromonitor Passport
19 Nominal GDP, applicable to all country tables in section 3.
20 Euromonitor Passport
21 The National (2022): "**Tight monitoring of food prices 'to keep UAE inflation in check**", https://www.thenationalnews.com/uae/2022/04/20/tight-monitoring-of-food-prices-to-keep-uae-inflation-in-check/

OOHD spending in the UAE stood at US$1,317.2 per capita in 2021, the highest in the region and the 15th highest globally.[22] Demand is supported by the busy lifestyles of the country's male-dominated, diverse and expat-driven population, excellent infrastructure and a competitive market. Dubai in particular has attracted investments in international food and beverage brands and is considered a global industry hub, with the world's leading brands having a notable presence in the country.

The UAE is a global tourism destination, with Dubai International Airport reported to be the world's busiest airport by international passenger traffic.[23] Expo 2020 acted as a catalyst for further expansion of the tourism and hospitality sectors. In 2020 alone, the tourism sector generated approximately US$24.6 billion, equivalent to 6.5% of the country's GDP.[24] The tourism industry is further supported by numerous leading regional and global events, including the annual Abu Dhabi F1 Grand Prix, the Expo 2020 and trade fairs, such as Gulfood (the world's largest F&B sourcing event).[25]

With the UAE continuing to invest in large infrastructure projects to support economic development across all sectors, OOHD capacity is expected to increase driven by growth in potential expansion locations. In 2022, it is estimated that more than US$650 billion in construction projects are planned or in the pipeline, including Saadiyat Island Community, Louvre Abu Dhabi Residences and Meydan One Mall.

Table (4-5): Macro and demographic indicators in the UAE (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP	US$ bn	422.2	421.1	380.6	411.6	436.0	532.1	(0.8%)	5.1%
Real GDP growth (US$)	%	1.2%	1.7%	(6.0%)	1.5%	3.8%	2.5%	-	-
Inflation rate	%	3.1%	1.9%	2.1%	0.2%	2.5%	2.0%	-	-
Total population	000	9,367	9,504	9,282	9,335	9,420	9,741	(0.1%)	0.8%
Young population (0-29 years)	000	3,611	3,640	3,485	3,493	3,509	3,541	(1.1%)	0.2%
Urbanisation rate	%	87.2%	87.5%	87.7%	87.9%	88.2%	89.0%	-	-
Disposable income per capita	US$	20,346	20,309	17,823	18,096	19,109	22,133	(3.8%)	3.7%
Consumer expenditure per capita	US$	16,203	16,241	14,293	14,416	15,255	17,670	(3.8%)	3.7%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Kuwait

Kuwait holds the world's seventh largest proven oil reserves.[26] With a nominal GDP of US$111.7 billion in 2021, after a recession caused by Covid19 and low oil prices, the gradual expansion of oil production is expected to lead to a strong recovery in nominal GDP with a forecast CAGR of 4.2% in US dollar terms over 2022-2026.[27]

In 2021, Kuwait's population stood at 4.4 million, with 100.0% of the population living in urban areas. As in the UAE, expats form the majority of the population, more than 80.0% in 2021. However, Kuwait's Vision 2035 reform plan, which aims to promote employment among Kuwaiti nationals, is expected to see the share of expats in the total population decline over time.[28]

Covid19 and lower oil prices negatively impacted the economy during 2020, resulting in an 8.9% decline in real GDP compared to 2019. Many of the strict government-imposed restrictions were gradually lifted in mid-2020 and regular business activity resumed. In 2022, higher oil prices and increased OPEC production quotas are expected to have a positive impact on GDP, with forecast real GDP growth of 7.4%. However, GDP is not expected to reach pre-pandemic levels before 2024.

The Kuwaiti dinar is pegged to a basket of currencies dominated by the US dollar, which kept the exchange rate close to KWD0.30:US$1 over the past two decades. Despite this, inflation increased due to global commodity price rises and supply-chain disruptions. As the lingering impact of Covid19 disruptions and supply-chain pressure subside, inflation is expected to decline gradually over the 2022-2026 period. To support the reduction in inflation, the government may delay the planned introduction of a value-added tax, originally scheduled for 2023.[29]

22 Euromonitor Passport: Covering a total of 210 countries.
23 Dubai Airports. https://media.dubaiairports.ae/
24 Euromonitor Passport
25 Gulfood (2022): https://www.gulfood.com/
26 https://www.gisreportsonline.com/r/kuwait-oil-time-to-catch-up/
27 Euromonitor Passport
28 Euromonitor Passport
29 https://www.vatcalc.com/kuwait/kuwait-may-abandon-2023-vat-implementation/

As in other oil producing countries in the Middle East, one of the strategic goals of the government's Vision 2035 is to diversify its economy to reduce its dependence on the oil sector. In 2021, the oil sector accounted for approximately 40.0% of GDP and 92.0% of exports.[30]

As part of its diversification strategy, the government aims for the country to become a financial and trade hub, both regionally and internationally. The development of business precincts and leisure-related attractions offer expansion opportunities for OOHD operators, while efforts to boost inbound tourism arrivals are expected to yield a broader consumer base for OOHD products.

Table (4-6): Macro and demographic indicators in Kuwait (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP	US$ bn	138.2	136.9	107.4	111.7	125.6	147.9	(6.8%)	4.2%
Real GDP growth (US$)	%	2.4%	(0.6%)	(8.9%)	0.7%	7.4%	2.7%	-	-
Inflation rate	%	0.6%	1.1%	2.1%	3.4%	4.7%	2.5%	-	-
Total population	000	4,227	4,420	4,465	4,367	4,368	4,537	1.1%	1.0%
Young population (0-29 years)	000	1,537	1,580	1,603	1,618	1,661	1,805	1.1%	2.1%
Urbanisation rate	%	100%	100%	100%	100%	100%	100%	-	-
Disposable income per capita	US$	15,722	15,417	11,994	12,578	13,840	14,938	(7.2%)	1.9%
Consumer expenditure per capita	US$	9,822	9,665	7,579	7,876	8,668	9,379	(7.1%)	2.0%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Egypt

Egypt's nominal GDP grew at a CAGR of 12.6% between 2018 and 2021 to reach US$403.9 billion in 2021. It was the only country out of the 12 markets in which the Group operates to maintain positive real GDP growth throughout the 2018-2021 period.[31]

Egypt has the largest population of the 12 market in which the Group operates, at 101.5 million in 2021, and ranks in the top 15 globally by size of population. Young people (0-29 years) account for 58.5% of the total population, which experienced a CAGR of 1.8% over 2018-2021. In 2021, 42.9% of Egypt's population lived in urban areas, but urbanisation is expected to accelerate over the forecast period to reach 43.7% in 2026.

The Covid19 pandemic caused an initial shock to the economy during the first quarter of 2020 due to the abrupt halt in tourism, which accounted for approximately 12.0% of GDP at the beginning of the pandemic. However, economic measures adopted by the government and US$8 billion in additional funds received from the International Monetary Fund (IMF), allowed the country to maintain economic stability, and achieve real GDP growth of 3.6% in US dollar terms in 2020, while many countries globally saw GDP contract in the same year. [32]

In the face of rising commodity prices and an inflation rate of 14.4% in 2018, the Egyptian government set a fixed US dollar exchange rate for import of basic goods and raw materials, including wheat, to mitigate the impacts of currency devaluation and inflationary pressure on consumer purchasing power. This resulted in a gradual decline in inflation over 2018-2020. However, further increases in commodity prices caused by Covid19-related supply-chain disruptions and the war in Ukraine put upward pressure on Egypt's inflation rate, which is expected to reach 7.8% in 2022 before subsiding to a rate of 7.0% by 2026 as supply chains recover from their current bottlenecks. This is in line with the Central Bank of Egypt's target inflation range of 7.0% plus or minus two percentage points on average, in the same year.

Egypt's Vision 2030 is an ambitious national agenda that consists of eight key goals to be met by 2030, which align with UN Sustainable Development Goals (SDGs). The vision includes multiple "**megaprojects**" including a new airport, a recreational city in the Nile Valley, a business district and a large-scale urban park, creating multiple opportunities for OOHD outlet expansion. The largest project is building a new administrative capital that will be located 35km from Cairo. The new city is expected to house approximately 6-7 million people as well as key government departments, ministries, foreign embassies, universities and leisure facilities.

Infrastructure development is another government focus area, with Port Said, for example, investing significantly in transportation networks linking the city to the capital, Cairo. In the 2020-21 fiscal year, the Suez Canal Authority's development and expansion investment was estimated at US$1.07 billion.[33]

30 OPEC. https://www.opec.org/opec_web/en/about_us/165.htm
31 Euromonitor Passport
32 IMF, 2021. https://www.imf.org/en/News/Articles/2021/07/14/na070621-egypt-overcoming-the-covid-shock-and-maintaining-growth
33 Euromonitor Passport

Public transport is benefitting from the new Metro Line 3 in Cairo, which is expected to significantly improve urban mobility and limit traffic congestion for the more than 20 million people living in the capital. The project is heavily subsidised, with US$626 million from the European Investment Bank (EIB), close to US$300 million from the Agence Française de Dévelopement (AFD) and a US$43 million grant from the European Union (EU). The EIB investment is part of a wider agreement with the Egyptian government from 2021, to invest a total of US$1.1 billion in metro and tram infrastructure projects in Cairo and Alexandria, signalling further significant improvements to the public transportation system in the future. [34]

While Egypt's economy is less wealthy than those of US or Western European countries, its large population, rising middle class and new developments provide an attractive and dynamic consumer market for OOHD operators.

Table (4-7): Macro and demographic indicators in Egypt (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP	US$ bn	282.7	339.1	373.0	403.9	445.7	710.3	12.6%	12.4%
Real GDP growth (US$)	%	5.3%	5.6%	3.6%	3.3%	5.0%	4.5%	-	-
Inflation rate	%	14.4%	9.1%	5.0%	5.2%	7.8%	7.0%	-	-
Total population	000	96,279	98,100	99,800	101,479	103,100	109,346	1.8%	1.5%
Young population (0-29 years)	000	56,906	57,735	58,522	59,338	60,237	63,142	1.4%	1.2%
Urbanisation rate	%	42.7%	42.8%	42.8%	42.9%	43.0%	43.7%	-	-
Disposable income per capita	US$	2,582	2,930	3,283	3,595	4,061	6,081	11.7%	10.6%
Consumer expenditure per capita	US$	2,587	2,973	3,279	3,637	4,085	6,038	12.0%	10.3%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Other markets: Qatar, Morocco, Iraq, Oman, Bahrain, Jordan, Lebanon, Kazakhstan

Qatar

Qatar has the highest GDP per capita among the 12 markets in which the Group operates, and one of the highest globally, at US$66,748 in 2021. Nominal GDP stood at US$179.6 billion in 2021, up from US$144.4 billion in the previous year, indicating signs of an economic recovery after two consecutive years of decline. In 2021, the population stood at 2.7 million people, with the young population (0-29 years) accounting for 38.8% of the total in that year.

Qatar is the first country in the Middle East to host the FIFA World Cup (scheduled for October 2022). According to the government, the anticipated influx of a million visitors is expected to contribute an estimated US$20 billion to the economy and increase the attractiveness of the country as a tourist destination. While hosting the FIFA World Cup is expected to provide a large one-time boost to the OOHD sector, local population growth is expected to be a longer-term driver. Consumer expenditure on OOHD is expected to rise by a CAGR of 4.9% in US dollar terms between 2022-2026 following a period of stagnation resulting from the Covid19 pandemic.[35]

Table (4-8): Macro and demographic indicators in Qatar (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP	US$ bn	183.3	176.4	144.4	179.6	197.9	247.1	(0.7%)	5.7%
Real GDP growth (US$)	%	1.2%	0.8%	(3.6%)	1.5%	3.0%	2.7%	-	-
Total population	000	2,760	2,799	2,832	2,690	2,745	2,865	(0.9%)	1.1%
Young population (0-29 years)	000	1,097	1,104	1,105	1,044	1,051	1,035	(1.6%)	(0.4%)
Urbanisation rate	%	99.1%	99.2%	99.2%	99.3%	99.3%	99.4%	-	-
Disposable income per capita	US$	17,090	17,206	15,119	17,243	18,127	20,536	0.3%	3.2%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

34 Zawya (2022): EIB backs Cairo Metro Line 3 with $626mln financing, https://www.zawya.com/en/projects/construction/eib-backs-cairo-metro-line-3-with-626mln-financing-rfomb8ih

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Morocco

Morocco recorded a nominal GDP of US$132.8 billion in 2021, exceeding pre-pandemic levels. Intense industrial activity and good harvests in the agricultural sector, which raised additional income from exports, enabled the country to avoid economic recession in 2021. In 2021, approximately 50.2% of Morocco's population of 37.3 million was aged 0-29 years, which presents a sizeable domestic target group for the OOHD sector. The population is set to grow by an anticipated CAGR of 1.1% over the 2022-2026 period.

Tourism has historically accounted for approximately 10.0% of the country's GDP. With ongoing efforts to expand its tourism footprint across all price points, fresh investment is expected, helping Morocco to stay competitive and attract more visitors from countries such as China and India, which have a growing middle class and higher disposable incomes. This is expected to positively impact OOHD businesses.[36]

Table (4-9): Macro and demographic indicators in Morocco (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP	US$ bn	123.4	128.3	121.2	132.8	142.0	178.4	2.5%	5.9%
Real GDP growth (US$)	%	3.1%	2.6%	(6.3%)	7.4%	2.5%	3.5%	-	-
Total population	000	36,029	36,472	36,911	37,345	37,773	39,404	1.2%	1.1%
Young population (0-29 years)	000	18,686	18,713	18,733	18,749	18,761	18,829	0.1%	0.1%
Urbanisation rate	%	62.5%	63.0%	63.5%	64.1%	64.6%	66.7%	-	-
Disposable income per capita	US$	2,207	2,267	2,157	2,305	2,429	2,872	1.5%	4.3%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Iraq

Iraq's oil production is the sixth largest globally[37] and accounts for over 95.0% of the country's export earnings.[38] In 2021, Iraq's GDP reached US$206.4 billion, exceeding pre-pandemic levels and offsetting the steep decline in 2020. Young people (0-29 years) made up 65.4% of the population, which stood at 41.2 million in 2021. Iraq's young generation is well versed in technology and benefits from 100% mobile cellular network coverage, which offers an opportunity to further develop the home delivery OOHD channel.

The economy is expected to remain heavily dependent on the oil sector. However, as part of Iraq's Vision for Sustainable Development 2030, the government is looking to diversify the economy. The aim is for the private sector to be an active partner in this development. This is expected to provide further opportunities for OOHD expansion. Greater job opportunities for the local population are forecast to drive growth in disposable incomes and translate into a rise in spending on OOHD.

Table (4-10): Macro and demographic indicators in Iraq (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP	US$ bn	185.5	191.6	137.1	206.4	292.8	311.8	3.6%	1.6%
Real GDP growth (US$)	%	2.6%	5.5%	(11.3%)	2.8%	9.5%	2.6%	-	-
Total population	000	38,434	39,310	40,223	41,179	42,165	46,186	2.3%	2.3%
Young population (0-29 years)	000	25,610	26,040	26,487	26,945	27,413	29,232	1.7%	1.6%
Urbanisation rate	%	70.5%	70.7%	70.9%	71.1%	71.4%	72.4%	-	-
Disposable income per capita	US$	2,554	2,548	2,117	2,342	2,670	2,999	(2.8%)	2.9%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

36 Euromonitor Passport
37 International Trade Administration. https://www.trade.gov/country-commercial-guides/iraq-oil-and-gas-equipment-services
38 World Bank. https://www.worldbank.org/en/country/iraq/overview

Oman

Oman's nominal GDP reached US$87.1 billion in 2021, close to 2019 levels, signalling a recovery from the negative effects of Covid19, and further growth is expected over the 2022-2026 period. Oman has a relatively young population, with 47.0% of its 4.5 million inhabitants aged 0-29 years in 2021, making it an attractive location for the OOHD sector. In addition, after a period of contraction, Oman's population is expected to grow by a CAGR of 1.5% over 2022-2026, to reach 4.8 million by 2026, further expanding the addressable market.

Structural reforms aimed at boosting non-oil private sector growth and job creation are being fast-tracked under the Oman Vision 2040. As part of its strategy to expand the private sector, the government is, for example, encouraging public-private partnerships to boost the country's tourism sector. Inbound tourism value is expected to increase by a CAGR of 3.1% over the 2022-2026 period due to a facilitated process for visas and improved tourism infrastructure, providing growth potential for OOHD.[39]

Table (4-11): Macro and demographic indicators in Oman (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP	US$ bn	79.7	87.9	73.9	87.1	98.9	117.0	3.0%	4.3%
Real GDP growth (US$)	%	0.9%	(0.8%)	(2.8%)	2.0%	5.6%	2.5%	-	-
Total population	000	4,602	4,618	4,618	4,456	4,541	4,820	(1.1%)	1.5%
Young population (0-29 years)	000	2,289	2,264	2,218	2,096	2,079	2,085	(2.9%)	0.1%
Urbanisation rate	%	84.5%	85.4%	86.3%	87.0%	87.8%	90.1%	-	-
Disposable income per capita	US$	7,525	7,841	7,029	7,479	7,792	8,393	(0.2%)	1.9%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Bahrain

Bahrain recorded a nominal GDP of US$38.9 billion in 2021, representing real GDP growth of 2.2% over the previous year. Rising oil prices and the government's intention to diversify the economy are expected to fuel continued GDP growth in 2022 and beyond.

Bahrain had a population of approximately 1.5 million in 2021, tourists thus contribute significantly to private consumption. Tourism flows were substantially impacted during the Covid19 pandemic, but tourist arrivals are expected to reach pre-pandemic levels by early 2023. The anticipated return of regional tourists is set to be backed by industry and leisure developments, such as Bahrain Sports City (a multi-purpose indoor sports arena), Bahrain International Exhibition and Convention Centre, and Tourist City (a series of resorts in southwest Bahrain), which are expected to enhance the country's status as a global tourist destination and provide new venues for OOHD expansion.[40]

Table (4-12): Macro and demographic indicators in Bahrain (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP	US$ bn	37.8	38.7	34.7	38.9	43.5	55.9	0.9%	6.5%
Real GDP growth (US$)	%	2.3%	2.1%	(4.9%)	2.2%	3.2%	3.0%	-	-
Total population	000	1,503	1,484	1,472	1,469	1,490	1,567	(0.8%)	1.3%
Young population (0-29 years)	000	682	653	622	600	595	621	(4.2%)	1.1%
Urbanisation rate	%	89.3%	89.4%	89.5%	89.6%	89.7%	90.3%	-	-
Disposable income per capita	US$	13,526	13,645	13,056	13,305	14,028	16,655	(0.5%)	4.4%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

39 Euromonitor Passport
40 Euromonitor Passport

Jordan

Jordan's GDP stood at US$45.3 billion in 2021, up by a CAGR of 2.3% between 2018 and 2021, underpinned by the broadening of its trade agreement with the EU and a more diversified economy. This represents one of the highest growth rates of the 12 markets in which the Group operates. The total population of Jordan stood at 10.3 million in 2021 and is expected to grow at a CAGR of 0.7% over 2022-2026. A highly urbanised population, at 91.6% in 2021, and planned infrastructure development provide a supportive environment for the development of the OOHD sector.

Table (4-13): Macro and demographic indicators in Jordan (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP	US$ bn	42.3	44.6	43.8	45.3	47.6	59.5	2.3%	5.7%
Real GDP growth (US$)	%	1.9%	3.7%	(1.6%)	2.2%	2.3%	3.3%	-	-
Total population	000	9,904	10,070	10,209	10,320	10,405	10,693	1.4%	0.7%
Young population (0-29 years)	000	6,165	6,223	6,261	6,278	6,275	6,234	0.6%	(0.2%)
Urbanisation rate	%	91.0%	91.2%	91.4%	91.6%	91.8%	92.6%	-	-
Disposable income per capita	US$	3,711	3,582	3,626	3,678	3,816	4,632	(0.3%)	5.0%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

Lebanon

Lebanon's GDP stood at US$18.8 billion in 2021. In real terms, GDP registered a CAGR decline of 10.9% over 2018-2021 in US dollar terms, with a marked fall in 2020 due to the impact of the Covid19 pandemic. The population totalled 6.8 million in 2021, of which 49.8% were young people aged 0-29 years. In 2021, the urbanisation rate stood at 89.1%, with approximately one third of the population concentrated in the capital city, Beirut, which presents a focused opportunity for investment in the OOHD sector.

Since 2019, multiple factors, including civil unrest, Covid19, the 2020 Beirut warehouse explosion, political instability and a currency devaluation (the Lebanese pound lost 93.0% of its value between 2019-2021),[41] contributed to the country's economic and financial crisis. In the spring of 2022, Lebanon and the IMF held initial talks to agree on an economic reform plan that could unlock US$3 billion in funding over several years.[42]

Table (4-14): Macro and demographic indicators in Lebanon (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP	US$ bn	5.9	5.8	7.6	18.8	42.7	105.2	46.8%	25.3%
Real GDP growth (US$)	%	(1.7%)	(7.2%)	(22.0%)	(2.3%)	1.3%	2.5%	-	-
Total population	000	6,859	6,856	6,825	6,769	6,685	6,327	(0.4%)	(1.4%)
Young population (0-29 years)	000	3,591	3,538	3,464	3,368	3,255	2,833	(2.1%)	(3.4%)
Urbanisation rate	%	88.6%	88.8%	88.9%	89.1%	89.3%	89.9%	-	-
Disposable income per capita	US$	810	795	989	2,456	5,619	14,394	44.7%	26.5%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

41 Reuters (2022). Lebanon plan sees 93% currency slide, turns bulk of FX deposits to pounds: https://www.reuters.com/markets/rates-bonds/lebanon-plan-sees-93-currency-slide-turns-bulk-fx-deposits-pounds-2022-01-31/_
42 Euromonitor Passport

Kazakhstan

Kazakhstan's nominal GDP rose to US$194.8 billion in 2021, benefitting from higher crude oil prices that generate substantial export and tax revenues for the country. Kazakhstan ranks 10th in the largest oil-exporting countries globally.[43] The economic outlook remains positive, with nominal GDP expected to reach US$328.2 billion by 2026.

Kazakhstan's population grew at a CAGR of 1.3% over 2018-2021 to reach 18.9 million in 2021, with 49.0% of the population aged 0-29 years. The country's economic and investment outlook may be affected by social unrest, as observed in January 2022, and potential impacts from the Russian invasion of Ukraine, given its dependence on Russian imports.[44]

Table (4-15): Macro and demographic indicators in Kazakhstan (2018-2026)

Indicator	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
GDP	US$ bn	145.1	163.3	166.0	194.8	225.5	328.2	10.3%	9.8%
Real GDP growth (US$)	%	4.1%	4.5%	(2.6%)	4.1%	3.6%	3.5%	-	-
Total population	000	18,157	18,396	18,632	18,880	19,119	19,990	1.3%	1.1%
Young population (0-29 years)	000	9,075	9,117	9,183	9,255	9,328	9,735	0.7%	1.1%
Urbanisation rate	%	57.4%	57.5%	57.6%	57.7%	57.8%	58.7%	-	-
Disposable income per capita	US$	3,591	4,044	3,811	4,199	4,764	7,308	5.3%	11.3%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC.

OOHD and QSR market in KSA, UAE, Kuwait, Egypt

The Group is primarily active in the QSR segment within the wider OOHD market, with its top 3 brands (KFC, Hardee's and Pizza Hut[45]) contributing 89% of the Group's sales in 2021. The Group's four core markets (KSA, the UAE, Kuwait and Egypt) generated 78.6% of the Group's sales in 2021. Common growth drivers across these markets include the growing young population and disposable incomes, government spending on infrastructure projects, a rise in urbanisation rates in KSA and Egypt, the establishment of new communities and projects, a growing tourism sector and rising consumer demand for convenience and quality meals at affordable prices. Additionally, the "**Westernisation**" of food culture, i.e., the adoption of Western-style meals into day-to-day life, provides a common driver for further increase to the currently low penetration of QSR concepts in these markets. Food price inflation has persisted since early 2021 across the markets in which the Group operates, and is primarily related to rising oil and fertiliser prices and supply chain constraints due to the Covid19 pandemic and the war in Ukraine.[46] However, by 2026, inflation is expected to reach relatively stable rates of 2.0% in KSA and UAE, 2.5% in Kuwait and 7.0% in Egypt.

Overview of the OOHD sector

KSA, the UAE, Kuwait and Egypt represent resilient and dynamic OOHD markets, particularly in the QSR and FSR and casual dining categories. In terms of market size, KSA accounted for the largest share of OOHD sales among the Group's core markets, with OOHD value sales of US$14.5 billion in 2021, followed by the UAE with US$12.5 billion, Kuwait with US$2.6 billion and Egypt with US$6.4 billion.

Modernisation of the retail sector in KSA, the UAE and Kuwait since the early 1990s resulted in the rapid development of shopping malls, which created a mall culture in these countries, whereby malls became the go-to destination for shopping, leisure and dining. They also formed the entry point for international retail and American value-for-money food brands, including McDonald's, KFC and Pizza Hut, through franchise operators such as the Company. A few local brands have also developed into chains, such as Al Baik in KSA, but they remain limited in terms of sales compared to international brands.

43 Statista, Ranking of the largest oil exporting countries 2020
44 Euromonitor Passport
45 Prior to July 2022, Pizza Hut was operated by another franchisor in KSA.
46 World Bank. https://blogs.worldbank.org/opendata/food-prices-continued-their-two-year-long-upward-trajectory

Table (4-16): Market size (value sales and outlets)[47] of OOHD in KSA, UAE, Kuwait, Egypt (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
KSA	US$ mn	21,172	21,875	11,188	14,488	18,180	28,822	(11.9%)	12.2%
KSA	Outlets	35,601	36,309	34,287	33,382	34,577	42,912	(2.1%)	5.5%
UAE	US$ mn	14,841	15,339	10,540	12,454	13,379	16,915	(5.7%)	6.0%
UAE	Outlets	17,487	17,776	14,657	15,826	16,523	18,913	(3.3%)	3.4%
Kuwait	US$ mn	2,801	3,082	2,140	2,634	3,091	4,254	(2.0%)	8.3%
Kuwait	Outlets	6,696	7,009	5,920	6,405	6,803	7,501	(1.5%)	2.5%
Egypt	US$ mn	6,492	7,404	5,444	6,359	7,693	14,920	(0.7%)	18.0%
Egypt	Outlets	39,633	40,652	38,371	41,085	44,013	57,398	1.2%	6.9%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

OOHD market segment structure

The composition of the OOHD sector varies across the four core markets. In KSA and the UAE, FSR and casual dining is the largest segment in value terms, followed by QSR, whereas in Kuwait and Egypt, QSR is the leading sector, with FSR and casual dining the second largest.

In KSA, both FSR and casual dining and QSR are expected to record double-digit growth in US dollar value terms over the 2022-2026 period, with CAGRs of 12.6% and 10.0%, respectively. The continued rollout of international franchises operated by QSR-focused businesses, including the Group, is expected to underpin this growth.

In the UAE, FSR and casual dining represented 53.1% of total OOHD value sales in 2021, and is expected to grow by a CAGR of 5.2% in US dollar terms over 2022-2026. QSR represented 19.4% of total OOHD value sales and is expected to grow by a CAGR of 6.6% in US dollar terms over the same period due to increasing disposable incomes, rising tourism and the opening of new QSR outlets. During 2018-2021, the companies leading the QSR category in the UAE benefitted from a consumer shift from FSR and casual dining towards value-for-money QSR options.

In Kuwait and Egypt, QSR held the largest share of OOHD value sales in 2021. Egypt is expected to record CAGRs of 18.8% for QSR and 17.8% for FSR and casual dining, in US dollar terms over 2022-2026, driven by an increase in outlets, greater penetration of international franchises and population growth. In Kuwait, FSR and casual dining is expected to record a CAGR of 11.5% in US dollar terms over 2022-2026, whilst QSR has a forecast CAGR of 7.1% for the same period. Kuwait has the highest share for QSR, at 55.7% in 2021, compared to Egypt, the UAE and KSA, enabled by the earlier entry of international brands and greater adoption of Western dining trends. However, Kuwait is still underpenetrated compared to the US market, despite higher population density and urbanisation, enabling further category growth potential. Growth in FSR and casual dining is expected to be driven by the rising trend of authentic and local cuisine restaurants whereas the main driver for QSR is the expansion of international chains as well as local home-grown brands developed by Kuwaiti entrepreneurs. However, such local brands, lack significant scale, and are facing greater pressure from rising food costs and increasing competition from international brands.

Table (4-17): OOHD Market composition by country, % of total OOHD Value Sales in KSA, UAE, Kuwait, Egypt (2021)

Country	QSR	FSR and casual dining	Coffee shops	Indulgence outlets	Other
KSA	28.4%	51.6%	2.8%	11.8%	5.5%
UAE	19.4%	53.1%	3.7%	4.4%	19.4%
Kuwait	55.7%	25.8%	5.2%	2.7%	10.6%
Egypt	43.5%	18.0%	2.4%	2.6%	33.5%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

47 Outlets refer to both chained and independent outlets across the report unless specified.

Impact of Covid19 pandemic on OOHD

Prior to the Covid19 pandemic, OOHD across the core markets benefitted from increased tourism flows and rising urbanisation. However, strict measures to contain the spread of the virus adversely impacted tourism, consumer mobility and purchasing behaviours. The resulting economic shock, outlet closures and supply-chain distress temporarily reversed the growth trend of consumer spending on OOHD.

In all core markets, the negative impact of the Covid19 pandemic was greater in FSR and casual dining than in QSR, as the former category had more difficulty adapting to demand for home delivery and drive through channels. In 2020, FSR and casual dining saw a steeper year-on-year decline in value sales compared to QSR, ranging from a decline of 27.8% in Egypt to a decline of 54.6% in KSA.

2021 performance of OOHD market

During 2021, following the gradual easing of Covid19-related restrictions, the OOHD market started to show signs of recovery from the adverse effects of the pandemic. In the QSR segment, KSA recorded the highest value sales across the four core markets, at US$4.1 billion, generated through 6,641 outlets. Egypt was the second largest market, with total sales of US$2.8 billion, followed by the UAE with US$2.4 billion and Kuwait with US$1.5 billion. KSA was also the largest core market for FSR and casual dining in 2021, with sales of US$7.5 billion, followed by the UAE with US$6.6 billion. Egypt ranked third with sales of US$1.1 billion, followed by Kuwait with sales of US$0.7 billion.

Table (4-18): Market size (value sales and outlets) of QSR in KSA, UAE, Kuwait, Egypt (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
KSA	US$ mn	4,597	4,894	3,182	4,113	4,680	6,852	(3.6%)	10.0%
KSA	Outlets	7,137	7,302	6,561	6,641	6,863	8,277	(2.4%)	4.8%
UAE	US$ mn	2,419	2,567	2,038	2,421	2,646	3,420	0.0%	6.6%
UAE	Outlets	2,606	2,691	2,503	2,715	2,769	3,018	1.4%	2.2%
Kuwait	US$ mn	1,376	1,541	1,155	1,467	1,658	2,182	2.1%	7.1%
Kuwait	Outlets	3,040	3,196	2,905	3,100	3,300	3,550	0.7%	1.8%
Egypt	US$ mn	2,554	2,910	2,347	2,767	3,353	6,672	2.7%	18.8%
Egypt	Outlets	18,770	19,145	18,745	20,208	21,350	26,728	2.5%	5.8%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Table (4-19): Market size (value sales and outlets) of FSR and casual dining in KSA, UAE, Kuwait, Egypt (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
KSA	US$ mn	12,462	12,657	5,742	7,471	9,878	15,899	(15.7%)	12.6%
KSA	Outlets	14,786	15,001	13,578	13,421	13,893	17,535	(3.2%)	6.0%
UAE	US$ mn	8,173	8,406	5,547	6,609	7,023	8,603	(6.8%)	5.2%
UAE	Outlets	10,104	10,216	8,019	8,618	8,997	10,157	(5.2%)	3.1%
Kuwait	US$ mn	822	878	527	680	840	1,300	(6.1%)	11.5%
Kuwait	Outlets	1,637	1,710	1,245	1,441	1,570	1,760	(4.2%)	2.9%
Egypt	US$ mn	1,270	1,452	986	1,143	1,403	2,706	(3.4%)	17.8%
Egypt	Outlets	3,396	3,517	3,010	3,284	3,662	4,874	(1.1%)	7.4%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Chained QSR performance during and following the pandemic

Overall, QSR operators were better prepared to adapt to the challenges presented by the Covid19 pandemic than FSR and casual dining outlets. The majority of well-known QSR brands offered home-delivery or drive-through services as part of their channel strategy prior to the pandemic, whereas FSR and casual dining operators had historically focused on the dine-in model.

Well-established QSR chains in the core markets are mostly franchise operators of international brands with a strong foundation in the market, benefitting from large-scale suppliers and logistics. For this reason, they hold a large value share of QSR in KSA, the UAE and Kuwait, at 72.4%, 65.9%, and 78.0%, respectively in 2021. For the period 2022-2026, growth in chained QSR is expected to be higher than for its independent counterparts. In KSA, chained QSR is expected to grow at a CAGR of 10.3% vs a CAGR of 9.1% for independent QSR in US dollar terms. A similar trend is forecast for the UAE and Kuwait.

In Egypt, chained QSR constituted 28.2% of the total QSR market in 2021, and growth for the period 2022-2026 is expected to be similar for both chained and independent QSR, at a CAGR of 18.8% in US dollar terms. Overall, the QSR market in Egypt is more fragmented than in KSA, the UAE and Kuwait, and international franchises represent a smaller share of the OOHD landscape. Given the large size of the population in Egypt and lower disposable incomes compared to the other core markets, there is sizeable demand for affordable, local QSR outlets that often serve traditional food items. Hence, chained and independent QSR outlets have a similar forecast CAGR.

Across all core markets, independent QSR was more affected than international chained QSR by the Covid19 pandemic. Independent QSR had less concentrated buying power and fewer financial resources to sustain themselves during the period of restrictions. As a result, independent QSR recorded negative 2018-2021 CAGRs in KSA, the UAE and Kuwait and saw lower growth than chained QSR in Egypt.

Table (4-20): Chained vs. Independent (value sales) in QSR in KSA, UAE, Kuwait, Egypt (2018-2026)

Country		Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
KSA	Chained	US$ mn	3,038	3,300	2,308	2,980	3,374	4,999	(0.6%)	10.3%
KSA	Independent	US$ mn	1,559	1,594	874	1,133	1,306	1,853	(10.1%)	9.1%
KSA	Total QSR	US$ mn	4,597	4,894	3,182	4,113	4,680	6,852	(3.6%)	10.0%
KSA	% Share of chained	%	66.1%	67.4%	72.5%	72.4%	72.1%	73.0%	-	-
UAE	Chained	US$ mn	1,521	1,617	1,327	1,595	1,760	2,344	1.6%	7.4%
UAE	Independent	US$ mn	898	950	711	826	886	1,076	(2.8%)	5.0%
UAE	Total QSR	US$ mn	2,419	2,567	2,038	2,421	2,646	3,420	0.0%	6.6%
UAE	% Share of chained	%	62.9%	63.0%	65.1%	65.9%	66.5%	68.5%	-	-
Kuwait	Chained	US$ mn	1,020	1,155	893	1,144	1,303	1,724	3.9%	7.2%
Kuwait	Independent	US$ mn	356	385	262	323	355	458	(3.2%)	6.6%
Kuwait	Total QSR	US$ mn	1,376	1,541	1,155	1,467	1,658	2,182	2.1%	7.1%
Kuwait	% Share of chained	%	74.2%	75.0%	77.3%	78.0%	78.6%	79.0%	-	-
Egypt	Chained	US$ mn	699	796	648	780	951	1,895	3.7%	18.8%
Egypt	Independent	US$ mn	1,855	2,114	1,699	1,987	2,401	4,777	2.3%	18.8%
Egypt	Total QSR	US$ mn	2,554	2,910	2,347	2,767	3,353	6,672	2.7%	18.8%
Egypt	% Share of chained	%	27.4%	27.4%	27.6%	28.2%	28.4%	28.4%	-	-

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Home delivery channel

The home delivery channel gained importance during Covid19, as many QSR and FSR and casual dining outlets relied on this channel to service customers. While the dine-in channel is expected to regain some of the share it lost to home delivery following the lifting of restrictions, the latter's share of value sales is expected to remain above pre-pandemic levels in both QSR and FSR and casual dining over 2022-2026, due to the increased reach and popularity of food aggregators and food delivery apps, which is expected to continue after the pandemic. Increased investment by leading operators into new technologies is expected to further support the shift to digital channels.[48]

A growing number of food aggregators and delivery apps entered the core markets in 2020 in response to the Covid19 pandemic. Increased internet and smartphone penetration and the expansion of food aggregators helped operators to meet consumer demand for convenience, with online-ordering platforms and easy access to a diverse range of cuisines. International and well-established brands partnered with food aggregators to expand their consumer base, raise brand awareness and reduce their operational costs by downsizing their delivery fleets. It is important to note that most food aggregators manage a pool of independent delivery drivers, which can save costs but also creates inconsistencies in the speed and reliability of service, thereby potentially adversely impacting customer experience and creating a need for restaurant operators to balance own and third-party delivery to maintain customer satisfaction and accumulate customer data.

The growing popularity of food aggregators creates a challenge for small, independent businesses. While they offer a convenient method of offering online sales and delivery, commission rates, which can be as high as 30.0%,[49] decrease restaurants' profit margins. This contributes to market consolidation and creates a challenging environment for new restaurant start-ups, as they rarely have the capacity to provide their own delivery services. Leading food aggregators across the four core markets include Talabat, Deliveroo, Zomato, Jahez and Hungerstation.

A nascent concept expected to drive further growth in home delivery is cloud kitchens, a category encompassing food preparation and cooking facilities set up to create delivery-only meals. A cloud kitchen is a highly flexible concept that allows companies to employ fewer staff and service multiple brands from centralised locations (but not expensive, prime city blocks) thus keeping operating costs down.[50] This new concept, which aligns with consumer demand for proximity and shorter delivery times, proved successful in lowering operators' high investment in prime locations and expenses associated with branded network expansion. Cloud kitchens partner with food aggregators to optimise delivery costs. Leading cloud kitchen operators in KSA include Kitopi, Food to Go, Cloud Co Kitchen, KitchenPark and Kitch. Other operators in the space include Deliveroo and Reef Technologies, which has a regional partnership with the Company.

Table (4-21): Market share (value sales) of home delivery channel in KSA, UAE, Kuwait, Egypt (2018-2026)

Country	Sub-sector	2018	2019	2020	2021	2022	2026
KSA	QSR	12.6%	12.6%	26.8%	14.7%	14.9%	16.9%
KSA	FSR and casual dining	6.2%	7.0%	28.8%	21.1%	16.5%	16.4%
UAE	QSR	21.8%	22.3%	27.9%	25.4%	25.8%	27.2%
UAE	FSR and casual dining	15.1%	15.5%	18.3%	18.6%	19.0%	19.7%
Kuwait	QSR	22.4%	22.7%	35.5%	26.1%	26.4%	28.7%
Kuwait	FSR and casual dining	13.8%	14.6%	30.6%	25.9%	23.1%	23.5%
Egypt	QSR	14.3%	15.0%	25.7%	17.9%	16.0%	16.7%
Egypt	FSR and casual dining	6.3%	6.4%	12.4%	10.7%	9.7%	9.3%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Category structure of QSR

QSR can be classified into four main categories: chicken, burger, pizza and others. The Group operates in the first three categories, with KFC as its largest brand in value terms across all four core markets. In KSA and the UAE, chained Chicken, Pizza and Burger QSR are clear leaders compared to independent operators due to the strong penetration and expansion of, predominantly, international brands. In 2021, chained outlets accounted for the majority of each category's sales across both markets, with value shares ranging from 80.0%-97.0%.

48 Digital channels comprise purchases completed online, via company websites, food aggregators or mobile apps.
49 Khaleej Times. https://www.khaleejtimes.com/local-business/commission-rates-by-delivery-apps-proving-costly-to-uae-restaurants
50 Euromonitor. Limited-service restaurants in KSA.

Chicken QSR

Historically, chicken has been the preferred protein source in the Middle East and plays an outsized role in local cuisines and OOHD consumption relative to other markets, with popular Arabic dishes including grilled and shawarma chicken. In most markets except the UAE, chicken is expected to be the fastest-growing category within the overall QSR segment, driven by continued demand for locally relevant dining. In KSA, chicken held an 18.5% value share of total QSR sales in 2021, which is expected to increase to 19.5% by 2026. This compares with a 2021 value sales share of 25.3% in the UAE, 40.1% in Kuwait and 15.0% in Egypt. As in KSA, value shares are expected to increase in the UAE and Kuwait over 2022-2026, to reach 27.1% and 47.8%, respectively by the latter year. In Egypt, chicken's share of QSR is expected to decline to 12.2% by 2026, despite a forecast value CAGR of 14.7% over 2022-2026 in US dollar terms, the highest growth across the four core markets. This is largely due to faster growth of burger QSR, a relatively underpenetrated segment.

Historically dominated by traditional street food, chicken consumption in the Group's core markets has been shifting towards QSR channels, enabled by the entry of international and local players. For instance, in Egypt, multiple brands are present including KFC, Heart Attack, Kansas Fried Chicken, Al Haraa and Bazouka. In KSA, Al Baik is an established local brand with 112 restaurants (as of 2021) and a diverse menu that caters specifically to local palates. However, KFC is by far the leading brand in the chicken QSR category across all core markets, individually.

Table (4-22): Market size (value sales) of Chicken QSR in KSA, UAE, Kuwait, Egypt (2018-2026)

Country		Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
KSA	Value sales	US$ mn	721	796	604	759	875	1,339	1.7%	11.2%
KSA	Share of total QSR	%	15.7%	16.3%	19.0%	18.5%	18.7%	19.5%	-	-
UAE	Value sales	US$ mn	526	542	457	613	708	926	5.2%	6.9%
UAE	Share of total QSR	%	21.7%	21.1%	22.4%	25.3%	26.8%	27.1%	-	-
Kuwait	Value sales	US$ mn	611	704	522	587	698	930	(1.3%)	7.4%
Kuwait	Share of total QSR	%	44.4%	45.7%	45.2%	40.1%	42.1%	42.6%	-	-
Egypt	Value sales	US$ mn	357	382	325	414	471	816	5.1%	14.7%
Egypt	Share of total QSR	%	14.0%	13.1%	13.8%	15.0%	14.0%	12.2%	-	-

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Burger QSR

QSR outlets specialising in burgers have been gaining popularity for many years driven by increasing demand among consumers, especially young consumers, for different types of burgers as well as the entry of new brands in the Group's core markets. Burger accounts for the largest share of QSR value sales in KSA and the UAE. In KSA, burger QSR accounted for 38.1% of total QSR value sales in 2021, while in UAE its share was 33.0%. In the UAE, the growing presence of burger outlets is expected to drive value share growth, to 34.0% of total QSR sales by 2026. Similar to chained chicken QSR, chained burger QSR was able to grow its share in KSA in pandemic-affected 2020, as most brands in both segments already had apps and delivery networks in place prior to the start of the pandemic. Kuwait recorded a burger value share of 26.4% in 2021, compared to 8.9% in Egypt in the same year.

Premium burger consumption is gaining momentum across all four markets. In Kuwait, the premium burger trend started with the launch of Angus burgers, before evolving into Wagyu burgers and organic burgers in both QSR and FSR and casual dining. In KSA and the UAE, brands such as Shake Shack and Five Guys followed this trend. Local burger brands have been increasingly introducing similar innovations in their menus.

CAGRs in the burger category are expected to be in the high single digits in KSA, at 9.4%, and the UAE, at 7.7%, in US dollar terms over 2022-2026. Kuwait and Egypt are expected to record double-digit growth over the same period, at 10.6% and 19.6%, respectively, due to higher penetration potential and, in the case of Egypt, its large population.

Table (4-23): Market size (value sales) of Burgers QSR in KSA, UAE, Kuwait, Egypt (2018-2026)

Country		Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
KSA	Value sales	US$ mn	1,487	1,621	1,230	1,568	1,672	2,394	1.8%	9.4%
KSA	Share of total QSR	%	32.4%	33.1%	38.7%	38.1%	35.7%	34.9%	-	-
UAE	Value sales	US$ mn	837	908	691	800	863	1,164	(1.5%)	7.7%
UAE	Share of total QSR	%	34.6%	35.4%	33.9%	33.0%	32.6%	34.0%	-	-
Kuwait	Value sales	US$ mn	439	464	345	387	423	632	(4.2%)	10.6%
Kuwait	Share of total QSR	%	31.9%	30.1%	29.9%	26.4%	25.5%	29.0%	-	-
Egypt	Value sales	US$ mn	212	236	200	248	311	635	5.2%	19.6%
Egypt	Share of total QSR	%	8.3%	8.1%	8.5%	8.9%	9.3%	9.5%	-	-

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Pizza QSR

Restaurants specialising in pizza generally have a lower share of QSR value sales than those specialising in chicken and burgers in the Group's core markets. In KSA, pizza held a 6.1% value share of the QSR market in 2021. This share stood at 13.5% in the UAE, 9.0% in Kuwait and 5.8% in Egypt in the same year. Pizza QSR outlets have been popular in the region as one of the first types of international cuisine that established its popularity among all consumers.

Egypt's expected 15.0% CAGR for the pizza category over 2022-2026, in US dollar terms, is primarily due to its currently lower penetration rate in overall QSR compared with other core markets. The Group's other core markets are expected to register mid-single digit CAGRs over 2022-2026 in US dollar terms.

Table (4-24): Market size (value sales) of Pizza QSR in KSA, UAE, Kuwait, Egypt (2018-2026)

Country		Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
KSA	Value RSP	US$ mn	349	375	199	250	303	396	(10.5%)	6.9%
KSA	Share of total QSR	%	7.6%	7.7%	6.3%	6.1%	6.5%	5.8%	-	-
UAE	Value RSP	US$ mn	264	286	264	327	375	504	7.4%	7.7%
UAE	Share of total QSR	%	10.9%	11.1%	13.0%	13.5%	14.2%	14.7%	-	-
Kuwait	Value RSP	US$ mn	130	132	123	132	158	214	0.3%	8.0%
Kuwait	Share of total QSR	%	9.5%	8.5%	10.6%	9.0%	9.5%	9.8%	-	-
Egypt	Value RSP	US$ mn	153	173	141	161	195	341	1.7%	15.0%
Egypt	Share of total QSR	%	6.0%	5.9%	6.0%	5.8%	5.8%	5.1%	-	-

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Competitive landscape

The OOHD market is highly fragmented in the Group's markets of operation, with no player in KSA, the UAE or Egypt controlling more than 10.0% of the OOHD sector in value terms during 2021.

The Group is the leading diversified, pan-regional platform operator in terms of brand presence across multiple OOHD segments, by number of outlets, across the total of its 12 markets of operation. It is also the largest franchise operator across its 12 markets of operation in terms of total number of outlets and value sales in the four key OOHD categories (QSR, FSR and casual dining, coffee shops and indulgence outlets). As of 2021, the Group had a portfolio of 2,010 restaurants across all OOHD segments in 12 markets, which is even larger than the combined number of restaurants of the next 4 largest OOHD operators.

Table (4-25): OOHD rank and market share (value sales) of the Company in 12 markets of operation (2021)

Company	Rank, 2021	Market share, 2021
Americana Restaurants	1	3.6%
Al Shaya Group	2	1.6%
Herfy Food Services Co Ltd	3	0.6%
Emirates Fast Food Co LLC (McDonald's Emirates)	4	0.5%
Almaousherji Catering Co (McDonald's Kuwait)	5	0.4%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

The Group continued to capture OOHD market share (in terms of value sales) in its 12 markets of operation, holding a 2.6% share in 2019, and increasing this share to 3.2% in 2020 and 3.6% in 2021. The Group has similarly increased its market share across most of the key OOHD segments in the markets where it operates. It holds the largest share in QSR, growing from 7.6% in 2019 to 9.3% in 2021.

In its four core markets, the Group holds the leading value sales share, which grew from 3.1% in 2019 to 4.5% in 2021 in overall OOHD, and from 10.4% in 2019 to 13.1% in 2021 in QSR.

In 2020, the Group had strong QSR value sales gains in markets such as the UAE, Kuwait and Egypt, outperforming its competitors. Chained brands in the indulgence outlets segment gained share over independents, enabling the Group to increase its value share by 0.9 percentage points in 2020 in its 12 markets of operation.

Table (4-26): Market share (value sales) of the Company by segment in 12 markets of operation (2019-2021)

Segment	2019	2020	2021
OOHD	2.6%	3.2%	3.6%
QSR	7.6%	8.0%	9.3%
FSR and casual dining	0.5%	0.5%	0.4%
Coffee shops	1.1%	1.0%	1.2%
Indulgence outlets	2.1%	3.0%	3.0%

Source: Americana Restaurants audited sales data calculated on market size

Table (4-27): Market share (value sales) of the Company by segment in 4 core markets of operation (2019-2021)

Segment	2019	2020	2021
OOHD	3.1%	4.2%	4.5%
QSR	10.4%	12.2%	13.1%
FSR and casual dining	0.5%	0.6%	0.5%
Coffee shops	1.2%	1.1%	1.3%
Indulgence outlets	2.3%	3.5%	3.4%

Source: Americana Restaurants audited sales data calculated on market size

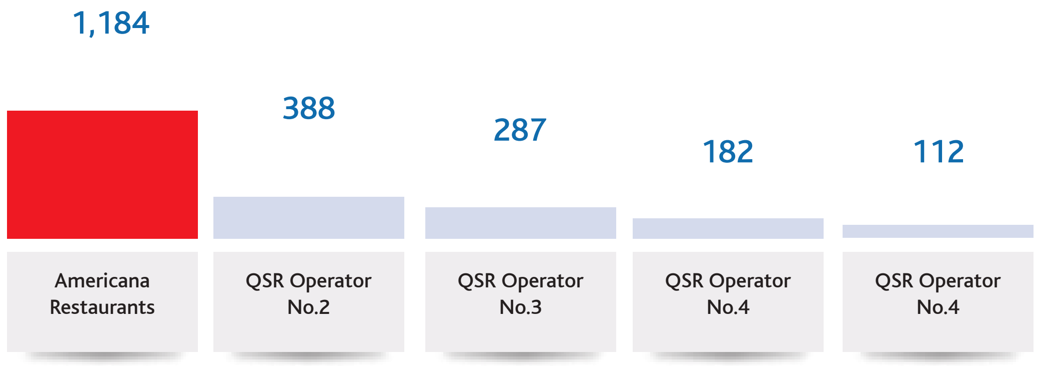
The Group is the number 1 QSR operator, both in terms of number of outlets and value sales, in the total of its 12 markets of presence. In its four core markets, it has a larger restaurant footprint than the combined operations of the next four largest QSR competitors.

Table (4-28): QSR rank and market share (value sales) of the Company in 4 core markets (2019-2021)

Country	Rank, 2019	Market share, 2019	Rank, 2020	Market share, 2020	Rank, 2021	Market share, 2021
KSA	2	6.8%	1	9.0%	1	9.1%
UAE	1	19.0%	1	21.9%	1	23.2%
Kuwait	1	15.5%	1	15.7%	1	18.3%
Egypt	1	6.3%	1	6.5%	1	7.4%

Source: Americana Restaurants audited sales data calculated on market size.

Figure (4-1): Number of the Company in QSR in 4 core markets, compared to other leading operators (2021)



Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

The Group's Power Brands (KFC, Pizza Hut,[51] Hardee's and Krispy Kreme) benefit from strong brand equity given their longstanding presence, high-quality taste and typically affordable pricing, which appeals to the growing middle class in its markets of operation. Pizza Hut was the first large pizza QSR chain to enter the region. The Group is among the top four brands by number of restaurants in their respective verticals in nearly every market of operation. KFC is the clear market leader for QSR chains serving chicken products in KSA, the UAE and Egypt, and Pizza Hut is the leader in pizza QSR in the UAE and Egypt (the Group opened its first outlet of Pizza Hut in KSA in July 2022).

Table (4-29): Rank and Market Share (value sales) of Americana Restaurants' brands by vertical in KSA, UAE, Egypt (2019-2021)[52]

Brand	Vertical	Country	Rank, 2019	Market share, 2019	Rank, 2020	Market share, 2020	Rank, 2021	Market share, 2021
KFC	Chicken QSR	KSA	1	28.8%	1	34.9%	1	37.5%
		UAE	1	48.9%	1	52.2%	1	51.1%
		Egypt	1	29.8%	1	29.5%	1	32.1%
Hardee's	Burger QSR	KSA	4	6.3%	4	6.1%	4	5.7%
		UAE	3	7.9%	3	9.1%	3	10.1%
		Egypt	2	11.2%	2	10.5%	2	10.1%
Pizza Hut	Pizza QSR	UAE	1	52.8%	1	54.3%	1	51.4%
		Egypt	1	25.5%	1	25.6%	1	28.2%
Krispy Kreme	Indulgence outlets	KSA	3	1.5%	4	2.7%	4	2.3%
		UAE	5	2.5%	5	2.8%	5	3.0%

Source: Americana Restaurants audited sales data calculated on market size

51 Prior to July 2022 Pizza Hut was operated by another franchisor in KSA. There are 2 franchisors for Pizza Hut in KSA. Americana Restaurants has the rights for all cities in KSA except Jeddah
52 Data not available for Kuwait

Table (4-30): Comparison of Americana's brands against competitors in KSA, UAE, Egypt (2021)

Brand	Vertical	Country	Rank (Number of Outlets)	Outlets	Difference in number of outlets with #1 brand	Difference in number of outlets with #2 brand
KFC	Chicken QSR	KSA	1	215	-	103 (Al Baik)
KFC	Chicken QSR	UAE	1	183	-	142 (Texas Chicken)
KFC	Chicken QSR	Egypt	1	170	-	156 (Heart Attack)
Hardee's	Burger QSR	KSA	4	119	269 (Herfy)	216 (McDonald's)
Hardee's	Burger QSR	UAE	3	79	103 (McDonald's)	9 (Burger King)
Hardee's	Burger QSR	Egypt	2	47	93 (McDonald's)	-
Pizza Hut	Pizza QSR	UAE	1	145	-	85 (Papa John's)
Pizza Hut	Pizza QSR	Egypt	1	93	-	36 (Papa John's)

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition). Americana Restaurants brand data

The FSR and casual dining segment is notably more fragmented than QSR across all four core markets, with the leading FSR and casual dining players controlling no more than 1.0% to 5.0% of value sales in each market of operation. The Group ranks among the top five FSR and casual dining operators across all four core markets in terms of number of outlets.

Presence of local brands

Local brands are gaining prominence in the region, with expansion plans from groups like Herfy Foods Services and Al Baik Food Systems in KSA, and Koshary Abou Tarek in Egypt, which is now expanding into KSA and Kuwait. These local operators benefit from strong brand loyalty, localisation of their offering, partnerships with local vendors and in-house production of fresh meat, which results in higher quality, reduced operating costs and lower prices for the consumer.

KSA

The QSR segment in KSA is highly fragmented. In 2021, the top three operators in terms of value sales were the Company, with a share of 9.1%, Herfy Food Services, with 7.5%, and Al Baik Food Systems, with 5.3%. Strong brand recognition, relatively extensive outlet networks, large advertising budgets and online ordering and delivery platforms were the main drivers behind the performance of the leading brands, which supported share growth over 2019-2021. At a brand level, McDonald's is the leading QSR brand with 335 outlets in 2021, however, as it is operated by various franchisees it is not listed among the top 5 operators. Reza Food Services is one of the largest franchisees, operating 50 plus McDonald's outlets in the Western and Southern regions. The increased presence and popularity of McDonald's was the primary factor impacting the position of the local operator of Burger King, which responded with an expansion plan and a change of format and locations.

The Company holds the franchise rights to leading international QSR chains (KFC and Hardee's) in KSA, and recently acquired the rights to the Pizza Hut brand (excluding Jeddah city), providing it with exposure in all three principal QSR verticals. As of 2021, KFC was the largest contributor to the Group's overall market share. Both KFC and Hardee's recorded notable growth over 2020, supported by drive through, home delivery and takeaway services. Both brands are highly focused on off-premises services and, as a result, recorded higher sales densities per outlet than their competitors. KFC's share growth was further supported by a change in procurement policy to locally sourced chicken. In 2021, KFC led chicken QSR, and Hardee's ranked fourth in burger QSR, by value sales.

Herfy Food Services and Al Baik Food Systems are established local operators with their own eponymous brands, Herfy and Al Baik. With 388 outlets, the Herfy brand has branches across KSA. The company also offers branded shelf items in supermarkets, such as frozen meats and bread, which helps to increase brand awareness and subsequently its QSR sales. Al Baik Food Systems operates 112 QSR branches across KSA with a clear focus on quality at lower prices. The brand is popular for its "**value**" positioning with low prices compared to international franchises. Currently, it is expanding by opening new branches and large food trucks to cover the whole country.

Other significant players in KSA include Kudu Corp, Olayan Food Services Co (Burger King and Texas Chicken) and Daily Food Co (Maestro Pizza), with value shares of 4.8%, 4.3%, and 2.3% in 2021, respectively. As with Herfy Food Services, Kudu's procurement setup comprises a mix of long-term supplier partnerships and in-house production of fresh meat and bakery products. All three companies rely on a strong network of QSR outlets serving primarily either burger or chicken-based menus across KSA.

Table (4-31): Market share (value sales) of key QSR operators in KSA (2019-2021)

Company	Key categories	Brands	2019	2020	2021
Americana Restaurants	Chicken, Burger	KFC, Hardee's	6.8%	9.0%	9.1%
Herfy Food Services Co Ltd	Burger	Herfy	7.0%	7.7%	7.5%
Al Baik Food Systems Co Ltd	Chicken	Al Baik	4.4%	4.8%	5.3%
Kudu Corp	Burger	Kudu	4.8%	4.6%	4.8%
Olayan Food Services Co	Chicken, Burger	Burger King, Texas Chicken	4.0%	3.8%	4.3%
Daily Food Co	Pizza	Maestro Pizza	2.4%	2.3%	2.3%
Others			70.6%	67.8%	66.8%
Total			**100%**	**100%**	**100%**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.
Note: Data in the table may not add precisely due to rounding.

Table (4-32): Key QSR operators (outlets) in KSA (2019-2021)

Company	2019	2020	2021
Herfy Food Services Co Ltd	372	388	388
Americana Restaurants	345	326	334
Al Baik Food Systems Co Ltd	97	102	112
Kudu Corp	283	285	287
Olayan Food Services Co	239	261	259
Daily Food Co	164	156	160
Others	5,802	5,043	5,101
Total	**7,302**	**6,561**	**6,641**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

UAE

The QSR segment in the UAE is less fragmented than in KSA. In the UAE, the top three players accounted for approximately 41.0% of value sales in 2021, with leading players operating well-known American chained brands. The Company (Hardee's, KFC, Pizza Hut) ranked first with a 23.2% value share in 2021, followed by Emirates Fast Food Co (McDonald's) with 11.5% and First Food Services (Burger King, Texas Chicken) with 6.3%.

Burger QSR, the largest QSR segment in UAE, is led by McDonald's, with 182 restaurants, followed by Hardee´s with 79 restaurants in 2021. KFC leads in chicken QSR and is the Group's key brand in the UAE. Pizza Hut leads the pizza QSR category with 145 restaurants. In 2021, KFC and Pizza Hut ranked first in the chicken and pizza QSR categories, whilst Hardee's ranked third in burger QSR, by value sales.

The Group's brands were well positioned for home delivery before Covid19 lockdowns were implemented, allowing them to capitalise on increased sales through this channel and gain share from smaller competitors who were less prepared to service home delivery demand, resulting in an overall increase in value sales share of QSR from 21.9% in 2020 to 23.2% in 2021.

The leading QSR players are expected to continue to focus on differentiating their offering, for instance through technology, increased access to off-premises channels, healthy food options or enhancement of customer experience, to attract consumers to their brands.

Table (4-33): Market share (value sales) of key QSR operators in the UAE (2019-2021)

Company	Key categories	Brands	2019	2020	2021
Americana Restaurants	Chicken, Pizza, Burger	KFC, Pizza Hut, Hardee's	19.0%	21.9%	23.2%
Emirates Fast Food Co LLC	Burger	McDonald's	12.9%	13.0%	11.5%
First Food Services	Burger, Chicken	Burger King, Texas Chicken	7.0%	7.1%	6.3%
PJP Investment Group	Pizza	Papa John´s	2.2%	3.0%	2.8%
Popeyes Louisiana Kitchen Inc	Chicken	Popeye's	1.8%	1.9%	1.6%
Al Islami Foods	Chicken	Al Farooj Fresh	1.6%	1.7%	1.5%
Others			55.4%	51.5%	53.1%
Total			**100%**	**100%**	**100%**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country. Note: Data in the table may not add precisely due to rounding.

Table (4-34): Key QSR operators (outlets) in UAE (2019-2021)

Company	2019	2020	2021
Americana Restaurants	355	372	407
Emirates Fast Food Co LLC	175	182	182
First Food Services	129	129	129
PJP Investment Group	55	59	62
Popeyes Louisiana Kitchen Inc	28	28	28
Al Islami Foods	23	23	23
Others	1,926	1,710	1,884
Total	**2,691**	**2,503**	**2,715**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Kuwait

In Kuwait, the QSR segment is becoming increasingly consolidated as larger chained operators gain share from smaller independents. This led to a decline in the value share of "**Others**" from 51.8% in 2019 to 46.7% in 2021. As in the UAE, all leading players operate international brands. Americana Restaurants (KFC, Hardee's) is the leading operator with a value share of 18.3%, followed by Al Maousherji with 15.0% and Kout Food Group (Burger King, Taco Bell, Pizza Hut) with 8.0%. Other leading players include M H Alshaya Co, with 7.4% share in 2021, which operates various international brands including Shake Shack and Pizza Express.

As of 2021, the Company had by far the largest number of restaurants, 130 in 2021, followed by Kout Food, with 97, and Almaousherji Catering Co, with 87. The KFC brand was the largest contributor to the Group's value sales share, due to its leading position in the chicken QSR category in 2021. The Group's investments in online delivery channels allowed it to further reinforce market share during Covid19 lockdowns.

Table (4-35): Market share (value sales) of key QSR operators in Kuwait (2019-2021)

Company	Key categories	Brands	2019	2020	2021
Americana Restaurants	Chicken, Burger	KFC, Hardee's, Wimpy	15.5%	15.7%	18.3%
Almaousherji Catering Co	Burger	McDonald's	14.0%	14.5%	15.0%
Kout Food Group	Burger, Pizza, Other	Burger King, Pizza Hut, Taco Bell,	7.5%	7.7%	8.0%
M H Alshaya Co	Burger, Pizza	Shake Shack, Pizza Express	6.6%	6.8%	7.0%
Alghanim Industries	Burger	Wendy's	2.8%	2.9%	3.0%
Alsayer Franchising Co	Burger	Five Guys	1.8%	1.9%	2.0%
Others			51.8%	50.5%	46.7%
Total			**100%**	**100%**	**100%**

Source Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country. Note: Data in the table may not add precisely due to rounding.

Table (4-36): Key QSR operators (Outlets) in Kuwait (2019-2021)

Company	2019	2020	2021
Americana Restaurants	126	127	130
Kout Food Group	96	74	97
Almaousherji Catering Co	85	66	87
M H Al Shaya Co	39	30	39
Alghanim Industries	4	4	4
Alsayer Franchising Co	5	4	6
Others	2,841	2,600	2,737
Total	**3,196**	**2,905**	**3,100**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Egypt

Egypt has the most fragmented QSR market of the four core markets, with the top three players generating just 15.0% of total value sales in 2021. As in KSA, independent operators rank among the leading players.

The Company (KFC, Hardee's, Pizza Hut) was the leading QSR operator with a 7.4% value share in 2021, followed by Manfoods Egypt (McDonald's) with 5.2%. Consistent quality, high brand awareness and increased restaurant penetration enabled international brands to capture a sizeable customer base and gain share over 2019-2021.

In terms of outlet numbers, KFC leads in the chicken QSR segment with 170 restaurants, while McDonald's leads in burger QSR with 140 restaurants. Pizza Hut, the leading pizza chain, has a foothold in the pizza QSR segment with 93 restaurants. The Group also relaunched its Wimpy[53] brand in Egypt in 2021, with three outlets in operation at end of 2021. Wimpy was one of the first American QSR chains to open in Kuwait (1969) and Egypt (1971).

Local brands Roma Pizza 2 go, Buffalo Burger k, Cook Door and Gad held a combined value share of 2.4% in 2021. Local brands are expected to continue developing, supported by continued high demand and the fragmentation of the overall OOHD market.

53 The Group considers Wimpy a fast casual brand which is still part of QSR.

Table (4-37): Market share (value sales) of key QSR operators in Egypt (2019-2021)

<table>
<tr><th>Company</th><th>Key categories</th><th>Brands</th><th>2019</th><th>2020</th><th>2021</th></tr>
<tr><td>Americana Restaurants</td><td>Chicken, Burger, Pizza</td><td>KFC, Hardee's, Pizza Hut, Wimpy</td><td>6.3%</td><td>6.5%</td><td>7.4%</td></tr>
<tr><td>Manfoods Egypt</td><td>Burger</td><td>McDonald's</td><td>4.1%</td><td>4.6%</td><td>5.2%</td></tr>
<tr><td>Al Shaya Egypt</td><td>Burger</td><td>Burger King</td><td rowspan="4">2.4%</td><td rowspan="4">2.4%</td><td rowspan="4">2.4%</td></tr>
<tr><td>Saal Invest Co</td><td>Burger, Pizza</td><td>Roma Pizza 2 go, Buffalo Burger</td></tr>
<tr><td>International Co for Food Industries</td><td>Other</td><td>Cook Door</td></tr>
<tr><td>Gad Restaurant</td><td>Other</td><td>Gad</td></tr>
<tr><td>Others</td><td></td><td></td><td>87.2%</td><td>86.5%</td><td>85.0%</td></tr>
<tr><td>Total</td><td></td><td></td><td>100%</td><td>100%</td><td>100%</td></tr>
</table>

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.
Note: Data in the table may not add precisely due to rounding. Shares for smaller brands have been combined.

Table (4-38): Key QSR operators (outlets) in Egypt (2019-2021)

Company	2019	2020	2021
Americana Restaurants	290	295	313
Manfoods Egypt	120	135	140
International Co for Food Industries	81	78	78
Saal Invest Co	23	28	28
Gad Restaurant	24	24	23
Al Shaya Egypt	22	21	21
Others	18,585	18,164	19,605
Total	**19,145**	**18,745**	**20,208**

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

OOHD AND QSR IN OTHER MARKETS: QATAR, MOROCCO, IRAQ, BAHRAIN, OMAN, JORDAN, LEBANON, KAZAKHSTAN

OOHD Overview

The size of the OOHD market in the other eight markets, including other GCC countries and others in which the Group operates, amounted to approximately US$20 billion in 2021, with Iraq being the largest market in value terms, at US$7.4 billion, followed by Jordan, at US$4.2 billion. Morocco is the leading market in terms of outlet numbers, with 50,254 restaurants in 2021, compared with 49,647 in Iraq and just 4,639 in Qatar. Due to higher levels of disposable income and a relatively low restaurant count, Qatar leads in terms of value sales per outlet.

Prior to 2020 and the Covid19 pandemic, Qatar, Morocco and Iraq saw consistent growth in OOHD sales, posting year-on-year value increases of 6.2%, 4.5% and 2.4%, respectively, from 2018 to 2019. Unlike Qatar, Morocco and Iraq are both nascent markets, which were supported by the entry of international QSR outlets. This resulted in the Americanisation of food culture over the past two decades,[54] with the Group's KFC, Hardee's and Pizza Hut brands among the leading players in Bahrain, Oman (excludes Pizza Hut), Jordan and Kazakhstan.

The outlook for Qatar, Morocco and Iraq displays varying dynamics in their recovery from the Covid19 pandemic. Morocco's OOHD market is expected to witness a slower recovery than Qatar and Iraq, with a CAGR of 5.9% in US dollar value terms for the 2022-2026 period, driven by population growth and the rising affluence of the urban middle-class, as well as new hotels, resorts and malls scheduled to open over the next 5-7 years, but tempered by inflation and high rents. In Lebanon, the forecast CAGR of 51.5% in US dollar terms reflects the impact of the country's hyperinflation. In constant terms, growth is expected to be markedly lower, at 2.6%, with neither restaurant nor transaction numbers expected to return to pre-Covid19 levels by 2026.

In Qatar, the FIFA World Cup is expected to provide a boost to QSR and FSR and casual dining sales in 2022, while growing stability and the cessation of hostilities in Iraq are expected to underpin an increase in disposable income levels and the entry of new brands that will drive growth in the OOHD market. In Qatar, a value CAGR of 7.3% in US dollar terms forecast for QSR is expected to outpace that of FSR and casual dining of 5.4%, over the 2022-2026 period.

54 Euromonitor trade interviews with experts and players in the industry.

Table (4-39): Market size of OOHD (value sales) in Qatar, Morocco, Iraq, Bahrain, Oman, Jordan, Lebanon, Kazakhstan (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Qatar	US$ mn	1,346	1,430	1,398	1,415	1,555	2,070	1.7%	7.4%
Morocco	US$ mn	3,763	3,934	2,606	2,683	2,867	3,604	(10.7%)	5.9%
Iraq	US$ mn	7,194	7,368	7,141	7,365	9,027	16,509	0.8%	16.3%
Bahrain	US$ mn	801	841	623	709	869	1,396	(4.0%)	12.6%
Oman	US$ mn	1,647	1,726	1,228	1,526	1,911	3,020	(2.5%)	12.1%
Jordan	US$ mn	4,306	5,214	3,563	4,184	4,811	7,665	(1.0%)	12.3%
Lebanon	US$ mn	1,086	1,095	672	802	2,060	10,846	(9.6%)	51.5%[55]
Kazakhstan	US$ mn	2,065	2,114	1,119	1,476	1,707	2,408	(10.6%)	9.0%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

QSR performance

In the Group's other markets, the QSR segment has varying degrees of importance in the overall OOHD sector. For example, while QSR represented 77.2% of the OOHD market in Iraq in value terms in 2021, this share was 46.3% in Qatar and 44.3% in Bahrain in 2021. Morocco, Oman, Lebanon and Kazakhstan remain underpenetrated in terms of QSR's position in the overall market, with value shares of 29.5%, 28.0%, 27.1% and 23.8%, respectively, in 2021, as FSR and casual dining and other OOHD segments are still preferred. This is particularly true in Jordan where QSR's share of OOHD is almost negligible at 3.8%.

Post-pandemic supply and demand trends focused on value pricing, influenced by heightened price sensitivity among consumers, which fuelled growth in QSR value sales and FSR and casual dining. This was particularly the case in Jordan's already price-sensitive consumer market and Lebanon and Kazakhstan's crisis-affected economies.

Table (4-40): Market size (value sales and outlets) of QSR in Qatar, Morocco, Iraq, Bahrain, Oman, Jordan, Lebanon, Kazakhstan (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
Qatar	US$ mn	611	660	649	655	717	950	2.4%	7.3%
Qatar	Outlets	918	956	965	966	980	1,056	1.7%	1.9%
Morocco	US$ mn	1,007	1,077	748	791	854	1,031	(7.7%)	4.8%
Morocco	Outlets	2,825	2,920	2,795	2,791	2,828	2,998	(0.4%)	1.5%
Iraq	US$ mn	5,548	5,684	5,512	5,683	6,801	12,262	0.8%	15.9%
Iraq	Outlets	34,582	35,114	34,922	35,000	36,520	50,545	0.4%	8.5%
Bahrain	US$ mn	325	345	295	314	345	459	(1.1%)	7.4%
Bahrain	Outlets	699	718	650	660	710	815	(1.9%)	3.5%
Oman	US$ mn	439	465	348	427	489	744	(0.9%)	11.0%
Oman	Outlets	972	1,004	1,010	1,000	1,030	1,260	1.0%	5.2%
Jordan	US$ mn	131	153	135	159	186	297	6.7%	12.5%
Jordan	Outlets	450	455	489	515	532	605	4.6%	3.3%
Lebanon	US$ mn	266	271	185	218	561	3,037	(6.5%)	52.5%[56]
Lebanon	Outlets	2,647	2,462	1,354	1,324	1,327	1,466	(20.6%)	2.5%
Kazakhstan	US$ mn	392	412	298	352	407	595	(3.5%)	10.0%
Kazakhstan	Outlets	1,006	1,064	1,083	1,100	1,160	1,423	3.0%	5.2%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

55 High forecast growth for Lebanon is due to hyperinflation. In constant terms, OOHD forecast CAGR 2022-2026 is expected to be 2.6%
56 High forecast growth for Lebanon due to hyperinflation. In constant terms, QSR forecast CAGR 2022-2026 is expected to be 3.3%.

Competitive landscape

The entry of international QSR operators, with KFC among the leading QSR brands, created a strong preference for American food culture in Oman, Jordan and Kazakhstan. In Morocco and Iraq where the QSR market is highly fragmented, leading international brands compete with established local players. The popularity and strong market position of international chains in the Gulf countries, mainly Qatar, is powered by a large and diverse expat population, which drives consumer demand for QSR brands that cater to Western tastes.

The Company's presence

In 2021, the Group was the leading QSR operator across all eight other markets, except for Morocco, where it ranked third in terms of value sales. The value share of QSR sales of the Group's top three brands (KFC, Pizza Hut, Hardee's) was especially high in Jordan, at 29.5%, Kazakhstan, at 23.0%, and Qatar, at 17.5%, in 2021. In these other markets, the Group is primarily represented by its top three brands catering to the popularity of chicken, burgers and pizzas.

KFC accounted for the largest number of restaurants across the eight other markets. This is in line with greater consumer affinity with and demand for chicken over burgers and pizza in the region. The Group maintained a lower number of Hardee's restaurants across these markets, with the highest number in Qatar, at 22, where beef consumption is relatively higher. The Group's presence in the pizza category, as of 2021, was limited to Jordan, Bahrain and Kazakhstan.

Through its scale and platform advantages, the Group has been able to effectively compete against smaller competitors, including both other international brand operators and local brands/traditional players, resulting in growing value sales share and number one and number two positions in each individual market of presence (excluding Morocco).

Table (4-41): Americana Restaurants QSR rank and market share (value sales) of top 3 brands in QSR in Qatar, Morocco, Iraq, Bahrain, Oman, Jordan, Lebanon, Kazakhstan (2019-2021)

Country	Company	Market share, 2019	Market share, 2020	Market share, 2021	Rank, 2021
Qatar	Americana Restaurants (KFC, Hardee's)	15.5%	14.1%	17.5%	1
Morocco	Americana Restaurants (KFC)	1.9%	1.9%	3.2%	3
Iraq	Americana Restaurants (KFC, Hardee's)	0.3%	0.2%	0.4%	1
Bahrain	Americana Restaurants (KFC, Hardee's, Pizza Hut)	n/a	n/a	13.2%	1
Oman	Americana Restaurants (KFC, Hardee's)	n/a	n/a	11.2%	1
Jordan	Americana Restaurants (KFC, Hardee's, Pizza Hut)	n/a	n/a	29.5%	1
Lebanon	Americana Restaurants (KFC)	n/a	n/a	5.0%	2
Kazakhstan	Americana Restaurants (KFC, Hardee's, Pizza Hut)	n/a	n/a	23.0%	1

Source: Americana Restaurants audited sales data calculated on market size

Addressable market growth potential

Between 2011-2019, OOHD growth in core markets surpassed that of most developed countries

Given that the OOHD market is dominated by international brands in the Group's core markets, they are most comparable with developed Western/English-speaking countries such as the US, UK, Canada and Australia. However, the selected developing countries of China, Malaysia, Indonesia and South Africa provide a further benchmark for penetration levels. Between 2011 and 2019, three out of the Group's four core markets, KSA, the UAE and Egypt, witnessed high OOHD CAGRs in comparison with benchmark countries, at 5.8%, 6.1%, and 14.4%, respectively, in US dollar terms. When compared to the world average of 4.4% and the average for developed countries, at 3.0%, this indicates how underpenetrated the Group's core markets are.

This same trend was also apparent in chained OOHD, FSR and casual dining and most chained QSR segments. Both chained burger QSR and chained pizza QSR across KSA, the UAE and Egypt witnessed CAGRs that were above the world and developed countries average. Over 2011-2019, population growth, increases in disposable incomes and growing expenditure on OOHD were key growth drivers across the Group's core markets. This was most notable in countries where urbanisation rates and a shift from unchained and traditional trade towards modern retail locations (especially shopping malls in Gulf countries) supported expansion in chained outlets, mainly in QSR.

Table (4-42): OOHD historic value sales (US$) CAGR by segment (2011-2019): Global comparison[57]

Country/Region	Out-of-home dining (OOHD)	Chained OOHD	Chained QSR	FSR and casual dining	Chained FSR and casual dining
KSA	5.8%	7.5%	6.4%	5.0%	8.6%
UAE	6.1%	7.1%	7.7%	5.2%	6.9%
Egypt	14.4%	14.9%	14.4%	14.1%	16.3%
Australia	3.3%	3.2%	3.6%	1.9%	(3.2%)
Canada	2.8%	3.3%	3.3%	2.6%	3.1%
UK	1.6%	2.3%	5.5%	1.7%	3.7%
US	3.2%	3.8%	4.5%	1.7%	1.3%
China	8.1%	14.0%	15.2%	8.4%	9.9%
Indonesia	7.6%	11.8%	11.9%	7.2%	8.1%
Malaysia	6.3%	9.8%	10.9%	4.9%	7.8%
South Africa	7.5%	6.9%	6.2%	7.6%	8.7%
World	4.4%	5.2%	6.0%	4.5%	3.4%
Developed countries	3.0%	3.6%	4.4%	1.7%	1.5%
Developing countries	8.0%	13.5%	14.6%	8.3%	9.7%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Table (4-43): Chained QSR historic value sales (US$) CAGR by segment (2011-2019): Global comparison[58]

Country/Region	Chained burger QSR	Chained chicken QSR	Chained pizza QSR
KSA	5.1%	7.4%	14.5%
UAE	6.8%	6.0%	22.6%
Egypt	11.7%	11.0%	13.6%
Australia	4.9%	2.5%	2.7%
Canada	3.7%	2.4%	4.0%
UK	3.2%	4.0%	11.0%
US	2.8%	8.8%	5.4%
China	10.2%	7.3%	24.4%
Indonesia	12.3%	12.1%	29.3%
Malaysia	10.5%	9.1%	15.2%
South Africa	7.7%	6.3%	9.9%
World	3.9%	8.5%	6.4%
Developed countries	3.0%	7.5%	5.5%
Developing countries	10.1%	7.5%	21.3%

Source: Euromonitor Passport

57 KSA, UAE and Egypt are based on local currency. All other markets are based on US$ current prices, fixed 2021 exchange rate.
58 KSA, UAE and Egypt are based on local currency. All other markets are based on US$ current prices, fixed 2021 exchange rate. Data is not available for other markets.

OOHD remains overall underpenetrated across the Group's markets in 2021

The Group's markets of operation, which as of 2021 encompass a total population of over 270 million people, are still underpenetrated in terms of supply of OOHD outlet capacity and consumption per capita relative to international benchmarks. A global comparison of overall OOHD annual spend per capita, outlets per 10,000 population and transactions per capita offers further evidence that the core markets are underpenetrated, with all three metrics below the respective averages of developed countries.

In 2021, the average penetration across the Group's core markets stood at annual spend of US$226 per capita, 6 outlets per 10,000 population and 31 transactions per capita. These figures are below the average of developed countries, at US$1,616 per capita, 21 outlets per 10,000 population and 158 transactions per capita.

With penetration rates two times lower than those of developing countries, the Group's markets of presence indicate potential for significant future growth in outlets, transactions, and annual spend. Even in 2026, penetration in the core markets is set to remain much lower than in developed and developing countries.

Table (4-44): OOHD penetration rates: Global comparison (2021)

Country/ Region	Annual spend (US$ per capita)	Outlets per 10,000 population	Transactions (per capita)
KSA	437	10	50
UAE	1,334	17	93
Egypt	63	4	21
Kuwait	603	15	82
Iraq	179	12	76
Morocco	72	13	28
Qatar	526	17	83
Bahrain	483	14	73
Oman	342	9	44
Lebanon	119	6	18
Jordan	405	17	97
Kazakhstan	78	3	13
Group's 4 core markets	226	6	31
Group's 8 other markets[59]	153	10	46
Group's 12 markets[60]	207	9	41
Developed countries	1,616	21	158
Developing countries	459	62	104
Developing countries (excluding China)	97	10	18

Source: Euromonitor Passport

59 The Group's other markets of operation: Qatar, Morocco, Iraq, Bahrain, Oman, Jordan, Lebanon, Kazakhstan
60 The Group's total markets of operation

Table (4-45): OOHD penetration rates: Global comparison (2026)

Country/ Region	Annual spend (US$ per capita)	Outlets per 10,000 population	Transactions (per capita)
KSA	819	12	87
UAE	1,737	19	110
Egypt	136	5	33
Kuwait	938	17	99
Iraq	357	16	130
Morocco	91	13	35
Qatar	723	20	104
Bahrain	891	18	130
Oman	627	11	76
Lebanon	1,714	8	21
Jordan	717	19	146
Kazakhstan	120	3	17
Group's 4 core markets	409	8	51
Group's 8 other markets[61]	360	13	78
Group's 12 markets[62]	387	10.2	63
Developed countries	1,961	22.1	186
Developing countries	587	73.4	119

Source: Euromonitor Passport

In 2021, QSR in core markets was similarly underpenetrated compared to developed markets

A comparison of QSR penetration shows that the Group's four core markets had an average of 0.6 QSR outlets per 10,000 population as of 2021, compared to 1.2 in developing countries and 5.2 in the developed countries. A similar trend is seen in average annual QSR spend per capita, at US$44 in the Group's four core markets in 2021, compared with US$594 in developed markets. However, in terms of annual spend per capita, there were notable variances between the Group's core markets, with the UAE and Kuwait recording the largest figures, at US$171 and US$262, respectively, followed by KSA with US$90 and, at some distance, Egypt with just US$8.

Table (4-46): Chained QSR: Global comparison (2021)

Country/ Region	Annual spend (US$ per capita)	Outlets per 10,000 population	Transactions (per capita)
KSA	90	1	11
UAE	171	2	18
Egypt	8	<1	2
Kuwait	262	4	36
Iraq	7	<1	1
Morocco	8	<1	1
Qatar	219	3	24
Bahrain	123	n/a	n/a
Oman	29	n/a	n/a
Lebanon	11	n/a	n/a
Jordan	5	n/a	n/a
Kazakhstan	14	n/a	n/a
Group's 4 core markets	44	<1	6
Group's 8 other markets	15	n/a	n/a
Group's 12 markets	31	n/a	n/a
Developed countries	594	5	84
Developing countries	44	1	10

Source: Euromonitor Passport

61 The Group's other markets of operation: Qatar, Morocco, Iraq, Bahrain, Oman, Jordan, Lebanon, Kazakhstan
62 The Group's total markets of operation.

Multiple growth drivers to support further penetration of OOHD and its segments

Between 2022-2026, key macroeconomic factors are expected to drive growth of the OOHD sector. The average disposable income of the Group's 12 markets of operation is expected to grow by a CAGR of 8.2% in US dollar terms compared to 4.7% in developed markets. Consumer expenditure on OOHD is also expected to grow by a CAGR of 12.2% in US dollar terms, more than double the CAGR of developed countries, at 4.7%, and almost double that of developing countries, at 6.9%.

Among the four core markets, large, young and growing populations (especially in KSA and Egypt), large expat communities (in KSA, the UAE and Kuwait), high and rapidly growing disposable incomes and further increases in household incomes, as more women participate in the workforce, are expected to positively impact demand for OOHD. Government strategies for tourism and the creation of new communities are also expected to drive demand for OOHD consumption.

A thriving tourism sector is expected to support demand for OOHD and QSR in KSA and the UAE. Higher tourist arrival numbers, attracted by large events or religious pilgrimages (KSA attracts eight million religious tourists annually) are also expected to drive growth in OOHD, where QSR concepts are well-positioned to serve these consumers, with internationally recognised brands and globally proven concepts.

A key sector-specific growth driver is expected to be the QSR-led focus on building digital capabilities, such as developing mobile apps and loyalty programs and partnering with third-party delivery providers. Internet access is rising in many countries, including Egypt, where 47.0% of population used the internet in 2018, a figure that it expected to rise to 79.0% by 2026. High mobile penetration (more than 95% of the population in all countries in 2021) is expected to support demand through online channels, boosting the growing home delivery and takeaway channels in markets such as KSA, the UAE and Egypt.

Table (4-47): Key growth factors CAGR (2022-2026): Global Comparison

Country/Region	Disposable income	Consumer expenditure on OOHD per capita	Population	Urban population
KSA	5.3%	10.9%	1.2%	1.4%
UAE	4.6%	5.2%	0.8%	1.1%
Egypt	12.3%	16.3%	1.5%	1.9%
Kuwait	2.9%	7.3%	1.0%	1.0%
Group's 4 core markets	8.1%	9.8%	1.4%	1.6%
Group's 8 other markets	8.5%	16.1%	1.4%	1.8%
Group's 12 markets	8.2%	12.2%	1.4%	1.7%
Developed countries	4.7%	4.7%	0.5%	0.7%
Developing countries	7.2%	6.9%	0.2%	1.4%

Source: Euromonitor estimates from United Nations, World Bank, IMF, GASTAT, SAMA and OPEC. Data on Consumer expenditure is from Euromonitor Passport

New "megaprojects" in KSA, the UAE and Egypt are expected to provide additional retail space and more communities to be served by the sector. Large urbanisation efforts include the development of new urban centres (e.g. Diriyah Gate and King Salman Park in KSA), new developments (e.g. Saadiyat Island in the UAE) and even new cities (e.g. the new administrative capital in Egypt and NEOM in KSA).

Table (4-48): Key megaprojects announced in KSA, UAE, Egypt (2022-2030)

Coun-try	Project name	Expected year of com-pletion	Total size	Other details
KSA	NEOM	2025	26,500 km2	Planned to incorporate smart city technologies
KSA	Qiddiya (Riyadh)	2023	334 km2	Entertainment megaproject, expected to attract 17 million visitors annually
KSA	Ad Diriyah Gate (Riyadh outskirts)	Phase 1: 2022 Overall: 2024	7 km2	Expect to attract 27 million visitors annually and 100,000 resident population
KSA	King Salman Park	2024	13 km2	20,000 residential units
UAE	The Royal Atlantis Resort & Residences	End of 2022/ early 2023	0.1 km2	The destination will also be home to over 35 restaurants and bars
UAE	Meydan One Mall	End of 2022	0.1 km2	Meydan One Mall - 620 retail shops
UAE	Louvre Abu Dhabi Residences	2025	0.2 km2	
UAE	Saadiyat mixed-use development	2026	6 km2	2,700 residential units
UAE	Dubai Creek Harbour	Ongoing	6 km2	10,000 residential units,1,500 hotel rooms, retail space
Egypt	New administrative Capital	2030	700 km2	1.1 million residential units
Egypt	Entertainment District	2025	17 km2	US$20 billion
Egypt	El-Alamein City Project	2025	202 km2	3 million inhabitants

Source: Euromonitor from desk research

Most core markets are forecast to experience value growth rates above the world average

As a result of the structural under penetration and favourable macroeconomic indicators discussed above, projected OOHD, chained QSR and FSR and casual dining CAGRs in the Group's core markets are expected to be higher than the average for developed markets across verticals over 2022-2026.

Table (4-49): OOHD forecast value sales CAGR by segment (2022-2026): Global comparison

Country/ Region	Out-of-home dining (OOHD)	Chained OOHD	Chained QSR	FSR and casual dining	Chained FSR and casual dining
KSA	12.2%	13.0%	10.3%	12.6%	16.8%
UAE	6.0%	6.7%	7.4%	5.2%	7.5%
Egypt	18.0%	18.5%	18.8%	17.8%	18.4%
Kuwait	8.3%	n/a	7.2%	11.5%	13.6%
Canada	8.3%	7.6%	6.9%	9.6%	9.0%
UK	7.3%	7.6%	5.8%	8.8%	9.5%
US	6.3%	5.6%	5.7%	6.2%	4.8%
China	7.1%	10.4%	9.5%	6.5%	8.0%
Indonesia	16.7%	17.5%	17.2%	16.3%	18.8%
Malaysia	10.5%	13.2%	14.7%	7.9%	8.9%
South Africa	13.0%	11.2%	10.3%	13.9%	12.4%
Group's 4 core markets	11.4%	n/a	10.9%	10.5%	13.7%
Group's 8 other markets	17.7%	n/a	21.8%	23.5%	22.0%
Group's 12 markets	13.8%	n/a	13.8%	13.8%	14.8%
World	8.4%	7.5%	6.8%	8.5%	7.4%
Developed countries	2.9%	2.8%	2.8%	2.6%	1.7%
Developing countries	4.6%	7.0%	6.4%	4.1%	5.4%

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

QSR is expected to remain underpenetrated in the near term

The above growth assumptions are expected to support an increase in QSR penetration in the Group's four core markets from an average of 0.6 outlets per 10,000 population in 2021 to an estimated 0.7 outlets in 2026. However, this will remain below the average of 1.7 for select developing countries (China, Indonesia, Malaysia, South Africa) and 5.3 for select developed countries (US, UK, Canada and Australia) in 2026, suggesting there is capacity for further growth.

Within QSR, the four core markets are expected to record CAGRs, in US dollar terms, ranging from 9.5% to 11.6% for the three segments over 2022-2026, compared with 2.3% to 3.7% for developed markets.

Table (4-50): Chained QSR: Global comparison (2026)

Country/Region	Annual spend (US$ per capita)	Outlets per 10,000 population	Transactions (per capita)
KSA	142	1.3	16.3
UAE	241	2.1	20.5
Egypt	17	0.2	2.3
Kuwait	380	4.8	42.8
Iraq	13	0.1	2.4
Morocco	9	0.1	1.1
Qatar	305	3.0	26.5
Bahrain	179	n/a	n/a
Oman	68	n/a	n/a
Lebanon	270	n/a	n/a
Jordan	16	n/a	n/a
Kazakhstan	32	n/a	n/a
Group's 4 core markets	69	0.7	6.4
Group's 8 other markets	38	n/a	n/a
Group's 12 markets	55	n/a	n/a
Developed countries	680	5.3	92.4
Developing countries	62	1.7	14.5

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

Table (4-51): Chained QSR forecast value sales (US$) CAGR by segment (2022-2026): Global comparison

Country/Region	Chained burger QSR	Chained chicken QSR	Chained pizza QSR
KSA	9.4%	11.6%	6.9%
UAE	6.6%	8.6%	4.1%
Egypt	17.9%	20.1%	15.2%
Kuwait	6.4%	8.5%	4.0%
Canada	7.5%	6.2%	4.7%
UK	4.8%	5.0%	5.7%
US	4.8%	6.9%	5.8%
China	7.2%	10.1%	15.7%
Indonesia	14.9%	18.8%	9.7%
Malaysia	16.0%	15.1%	11.1%
South Africa	8.8%	10.9%	11.5%
Group's 4 core markets	9.5%	11.6%	7.0%
World	6.2%	8.7%	6.6%
Developed countries	2.3%	3.7%	2.8%
Developing countries	5.2%	7.1%	10.8%

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

FSR and casual dining is dominated by independents providing further opportunity for chained expansion

Historically, FSR and casual dining have been largely present through independent outlets that offer local and traditional cuisine across all core markets. As with QSR, the landscape started to change in the late 1990s, following the entry of international chains that mostly offered international cuisine such as ribs, steaks and salads, a novelty to most consumers and therefore well-perceived.

In 2021, international cuisine restaurants accounted for 16.0% of FSR and casual dining value sales in KSA, the UAE and Kuwait and 5.0% in Egypt, where the presence of local and traditional cuisine restaurants is relatively strong. The sector is expected to witness high value sales growth between 2022-2026, with Egypt leading with an expected CAGR of 17.8% in US dollar terms, followed by KSA with 12.6%, Kuwait with 11.5%and the UAE with 5.2%.

Table (4-52): Market size (value sales and outlets) of FSR and casual dining in KSA, UAE, Kuwait, Egypt, (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
KSA	US$ mn	12,462	12,657	5,742	7,471	9,878	15,899	(15.7%)	12.6%
KSA	Outlets	14, 786	15,001	13,578	13,421	13,893	17,535	(3.2%)	6.0%
UAE	US$ mn	8,173	8,406	5,547	6,609	7,023	8,603	(6.8%)	5.2%
UAE	Outlets	10,104	10,216	8,019	8,618	8,997	10,157	(5.2%)	3.1%
Kuwait	US$ mn	822	878	527	680	840	1,300	(6.1%)	11.5%
Kuwait	Outlets	1,637	1,710	1,245	1,441	1,570	1,760	(4.2%)	2.9%
Egypt	US$ mn	1,270	1,452	986	1,143	1,403	2,706	(3.4%)	17.8%
Egypt	Outlets	3,396	3,517	3,010	3,284	3,662	4,874	(1.1%)	7.4%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

In the four core markets, chained FSR and casual dining outlets accounted for an average of only 15% of FSR and casual dining value sales in 2021 implying a low level of penetration compared to international benchmark countries such as the US as well as the Group's core QSR markets. The average number of outlets per 10,000 population in the core markets in 2021 was only 0.1, compared to 0.9 in the US. This suggests opportunities for dynamic growth in the future with the average number of outlets per 10,000 population across the four core markets expected to double to 0.2 by 2026. FSR and casual dining outlets offering local and authentic cuisine are expected to drive growth in Egypt and Kuwait.

Table (4-53): Chained FSR and casual dining outlets: Global comparison (2021, 2026)

Country/Region	Total outlets, 2021	Outlets per 10,000 population, 2021	Total outlets, 2026	Outlets per 10,000 popula-tion, 2026
KSA	1,001	0.3	1,412	0.4
UAE	488	0.5	587	0.6
Egypt	315	0.0	416	0.0
Kuwait	109	0.2	143	0.3
Group's 4 core markets[63]	1,913	0.1	2,558	0.2
US	28,791	0.9	28,314	0.8

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

Large growth potential in chained coffee shops and indulgence outlets

Prior to the 1990s, coffee shops across the Group's core markets were present only with independent local outlets that served basic food items and targeted predominantly male consumers. The entry of American-inspired coffee shop chains in the early 2000s in KSA, the UAE, Kuwait and later Egypt attracted the young population with its strong branding, restaurant designs and menus offering hot and cold drinks, which eventually developed into a popular place for all age groups to socialise and work. The distribution of coffee shops in the four core markets is spread across shopping malls, forecourts and independent outlets at shopping and retail concepts.

63 Data not available for the Group's 8 and 12 markets.

The coffee shop segment in KSA, the UAE and Kuwait is highly consolidated with the top 5 chained players controlling 80%-90% of the market in value terms in 2021. However, the segment remains highly underpenetrated, implying potential for new market entry and further value sales growth. Driven by macroeconomic and consumer trends and an expansion in the number of outlets, coffee shops are expected to continue to grow in the Group's core markets, to reach an anticipated 3,611 outlets in 2026, as more consumers develop a strong affinity towards coffee shops as places to socialise and work. An increasing offering of menu items and partnerships with food aggregators are also expected to support growth in coffee shops. While the home delivery channel is expected to continue growing over 2022-2026, the takeaway channel is expected to observe the most dynamic growth in coffee shops, as consumers increasingly value the convenience of takeaway. Chained coffee shops represented more than 90.0% of total coffee shop outlets in KSA, Kuwait and the UAE but only 36.0% in Egypt.

Coffee shops in KSA are expected to register the largest CAGR of 16.6% in US dollar value sales terms between 2022-2026. Consumption of traditional Arabic coffee is highly popular but until recent years mostly occurred at home. A significant change in lifestyles, driven by the country's social transformation in 2018, is changing consumption habits. The coffee shop setting, with its modern interiors, free Wi-Fi and comfortable couches, is perceived as new and highly attractive locations to socialise, especially among younger demographics.

In the UAE and Kuwait, the coffee shops segment accelerated rapidly over recent years and hence is more mature. Today, coffee shops are increasingly used for networking and workspaces, expanding consumer demand. Outlets compete by offering different ambiences, sophisticated settings and attractive menus.

When compared to the US, a leading market for chained coffee shops, penetration of coffees shops in the core markets remains quite low. The average number of outlets per 1 million population in the core markets was only 15.1 in 2021, compared to 84.6 in the US. Egypt has the lowest penetration rate, at 1.7 outlets per 1 million population in 2021, followed by KSA at 31.2. The UAE and Kuwait had higher penetration rates of 72.8 and 74.2 outlets per 1 million population in 2021, respectively.

Chained indulgence outlets in the core markets have similar penetration rates to coffee shops, with the number of outlets per 1 million population reaching an average of 21.2 in 2021. Operators are expected to increase their presence in the home delivery channel and consequently increase overall value sales.

Table (4-54): Market size (value sales and outlets) of coffee shops in KSA, UAE, Kuwait, Egypt, (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
KSA	US$ mn	473	493	337	400	510	944	(5.5%)	16.6%
KSA	Outlets	1,055	1,187	1,221	1,115	1,175	1,670	1.9%	9.2%
UAE	US$ mn	483	493	425	459	480	612	(1.7%)	6.3%
UAE	Outlets	702	720	710	733	758	905	1.5%	4.5%
Kuwait	US$ mn	136	146	120	137	155	197	0.3%	6.2%
Kuwait	Outlets	338	355	335	345	351	398	0.7%	3.2%
Egypt	US$ mn	150	170	128	153	187	337	(0.7%)	15.8%
Egypt	Outlets	532	543	518	547	572	638	0.9%	2.8%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Table (4-55): Market size (value sales and outlets) of indulgence outlets in KSA, UAE, Kuwait, Egypt, (2018-2026)

Country	Unit	2018	2019	2020	2021	2022	2026	CAGR 2018-2021	CAGR 2022-2026
KSA	US$ mn	2,379	2,457	1,267	1,709	2,050	3,408	(10.4%)	13.6%
KSA	Outlets	9,165	9,244	9,130	8,777	8,986	10,621	(1.4%)	4.3%
UAE	US$ mn	622	642	476	543	571	677	(4.4%)	4.3%
UAE	Outlets	944	963	893	969	986	1,057	0.9%	1.8%
Kuwait	US$ mn	77	87	64	71	87	155	(2.5%)	15.4%
Kuwait	Outlets	243	252	235	245	252	283	0.3%	2.9%
Egypt	US$ mn	166	189	140	167	204	377	0.1%	16.6%
Egypt	Outlets	1,308	1,335	1,288	1,410	1,576	2,107	2.5%	7.5%

Source: Euromonitor estimates from Passport Consumer Foodservice (2021 edition), desk research and trade interviews with major OOHD players in the country.

Table (4-56): Chained coffee shops (2021, 2026): Global comparison

Country/Region	Total outlets, 2021	Outlets per 1 million population, 2021	Total outlets, 2026	Outlets per 1 million population, 2026
KSA	1,036	31.2	1,562	44.4
UAE	680	72.8	820	84.2
Kuwait	324	74.2	378	83.3
Egypt	196	1.7	216	2.0
Group's 4 core markets[64]	2,236	15.1	2,976	18.7
US	28,109	84.6	29,752	87.0

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

Table (4-57): Chained indulgence outlets (2021, 2026): Core markets

Country/Region	Total outlets, 2021	Outlets per 1 million population, 2021	Total outlets, 2026	Outlets per 1 million population, 2026
KSA	1,984	59.8	2,438	69.3
UAE	719	77.0	778	79.9
Egypt	251	2.5	314	2.9
Kuwait	191	43.7	219	48.3
Group's 4 core markets[65]	3,145	21.2	3,749	23.6

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

Penetration potential of the Group's brands

An illustrative comparison of market positions and restaurant penetration of the Group's brands and respective vertical leaders in the US, which in the Group's view is the key international benchmark considering the overall trend of Westernisation, specifically Americanisation, of local OOHD markets, implies significant further penetration potential for the Group's brands.

For instance, in 2021, the penetration rate of KFC in the Group's core markets, at 0.04 outlets per 10,000 population, is lower than the penetration rate in the US, at 0.12, and even lower than select markets like Malaysia where the rate stands at 0.24. Furthermore, while KFC and Pizza Hut are leading brands in their verticals in the core markets, in the US they face strong competition from other large chains that have even stronger penetration.

Hence the potential for penetration of these brands in the core markets may be higher than that in the US. Both KFC and Pizza Hut are leading brands in their segments, Chicken QSR and Pizza QSR at a global scale. In 2021, KFC ranked as the number one brand globally in Chicken QSR in number of outlets and Pizza Hut ranked second in number of outlets in the same year.

64 Data not available for the Group's 8 and 12 markets.
65 Data not available for the Group's 8 and 12 markets.

Table (4-58): Rank and penetration of leading brands in each OOHD segment in the US (2021)

Vertical	Brand	Number of outlets per 10,000 population	Rank in vertical (number of outlets)
Chicken QSR	KFC	0.12	1
Burger QSR	McDonald's	0.41	1
Pizza QSR	Pizza Hut	0.20	1
FSR and casual dining	IHOP	0.05	1
Coffee shops	Starbucks	0.47	1
Indulgence outlets	Dairy Queen	0.13	2

Source: Euromonitor Passport Consumer Foodservice (2021 edition)

Table (4-59): Penetration of leading brands in the Group's markets: outlets per 10,000 population (2021)[66]

Vertical	Brand	KSA	UAE	Kuwait	Egypt	Group's 4 core markets	Group's markets of operation
Chicken QSR	KFC	0.06	0.20	0.16	0.02	0.04	0.03[67]
Burger QSR	Hardee's	0.04	0.09	0.13	0.00	0.02	0.02[68]
Pizza QSR	Pizza Hut	-	0.16	-	0.01	0.02[69]	0.02[70]
FSR and casual dining	TGI Friday's	0.01	0.01	0.03	0.00	0.00	0.00[71]
Indulgence outlets	Krispy Kreme	0.04	0.0	0.04	0.00	0.01	0.01[72]
Coffee shops	Costa Coffee	-	-	-	0.01	0.00[73]	0.01[74]

Source: Euromonitor Passport Consumer Foodservice (2021 edition), Americana Restaurants data on number of outlets

The Group believes that due to its diversified exposure across high-growth OOHD segments, leadership in the structurally attractive QSR and FSR and casual dining segments and support from macroeconomic, social and market indicators in its markets of operation, it is well placed to execute growth opportunities in these markets. In particular, the Group believes that it possesses the required capabilities to benefit from the structural channel shifts in OOHD consumption and considers itself well-positioned against fragmented chained and independent competition across its focus categories. The Group believes that due to the prevalence of American restaurant brands in its markets of operation and the relatively high share of chained QSR, these markets will evolve to resemble the US market, in particular, more closely.

66 Data is reflective of outlets owned by Americana Restaurants only and not by other franchisees.
67 12 markets
68 10 markets (Lebanon and Morocco excluded)
69 UAE and Egypt
70 UAE, Egypt, Bahrain, Jordan and Kazakhstan
71 Four core markets plus Bahrain and Qatar
72 Four core markets plus Bahrain and Qatar
73 Egypt only
74 Egypt, Jordan and Kazakhstan

5. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

5.1 Introduction

The following management discussion and analysis of the financial position and operations results for the Company, previously known as Americana Restaurants LTD, and its subsidiaries (collectively the "**Group**") presents an analytical review of its operational performance and financial position over the years ended 31 December 2019G, 2020G and 2021G and the six-month periods ended 30 June 2021G and 30 June 2022G. This section is based on the audited special purpose carve-out financial statements of the Kuwait Food Company (Americana) K.S.C.C. - Americana Restaurants (subsequently known as Americana Restaurants LTD) for the years ended 31 December 2019G, 2020G and 2021G (the "**Audited Financial Statements**" or "**Annual Carve-out Financial Statements**") and the reviewed condensed interim carve-out financial statements of the Americana Restaurants LTD as at and for the six-month period ended 30 June 2022G (the "**Condensed Interim Financial Statements**").

The Audited Financial Statements have been prepared by the Group in accordance with IFRS and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The Audited Financial Statements have been audited by PricewaterhouseCoopers Limited ("**PwC**") as stated in their auditor's report thereon. The Condensed Interim Financial Statements have been prepared by the Group in accordance with International Accounting Standard 34 "**Interim Financial Reporting**" (IAS 34) and reviewed by PwC as stated in their review report thereon.

As shown in note (1) of the Annual Financial Statements, the Company was not managed as a separate entity during the years presented. Therefore, these Annual Carve-out Financial Statements are not necessarily an indication of the future results of Americana Restaurant's business as a separate, stand-alone entity.

These Annual Carve-out Financial Statements may not necessarily be indicative of the financial position, results of operations or cash flows of the Company, had it operated as a separate legal group during the periods presented. In addition, these Carve-out Annual Financial Statements do not reflect the financial impact that would arise at the point of separation of the Restaurants Business from the Former Parent Company.

Certain expenses including staff costs, selling and marketing expenses and general and administrative expenses, associated with the Company have been allocated in these Annual Carve-out Financial Statements. 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 expenses have been allocated to the Company on a systematic basis representing the estimated usage of these services by the Restaurants Business. The various allocation methods are described in note 4 of the Annual Carve-out Financial Statements.

As of the date of this Prospectus, PwC has given and has not withdrawn, their written consent to the publication of their name, logo, and statements (being the independent auditor's report on the Group's special purpose carve out financial statements for the years ended 31 December 2019G, 2020G and 2021G, the review report on the Group's special purpose condensed interim carve-out and consolidated financial statements for the six month period ended 30 June 2022G and the review report on the Group's condensed interim carve out financial statements for the nine month period ended 30 September 2022). Neither PwC nor its employees have any shareholding or interest of any kind in the Company as of the date of the Prospectus which would impair their independence.

All figures in this section have been presented in United States Dollars ("**USD**") and have been rounded up to the nearest thousand. As such, if summed, the numbers may differ from those which are stated in the tables. Subsequently, all annual percentages, margins, expenses are based on rounded figures. This Section may contain forward-looking statements in connection with the Company, based on its management's current plans and expectations regarding the Group's growth, results of operations and financial conditions, and as such may involve risks and unconfirmed expectations. Actual results of the Group could differ materially from those expressed or implied by these expectations, as a result of various factors and future events, including factors discussed in this section or elsewhere in this Prospectus, particularly those set out in Section (3) "**Risk Factors**".

5.2 Directors' Declaration for Financial Information

Members of the Board of Directors acknowledge that the financial information contained in this Section is extracted from the Audited Financial Statements and management information of the Group without substantial adjustments for the Financial Years ended 31 December 2019G, 2020G and 2021G.

These Audited Financial Statements have been prepared by the Group in accordance with the IFRS and interpretations issued by the IFRS IC applicable to companies reporting under IFRS.

The Board of Directors acknowledge that there are no fundamental changes in the Group's accounting policies.

The Board of Directors acknowledge that there are no fundamental changes to the listing entity.

The Board of Directors acknowledge that there is no substantial adjustment to the Audited Financial Statements.

The Board of Directors acknowledge that the Group have working capital sufficient for at least 12 months immediately following date of publication of the Prospectus.

The Board of Directors acknowledge that there has been no negative fundamental change in the Group's financial or commercial position in the three Financial Years immediately preceding the application for registration and offer of securities that are subject of this Prospectus and the period covered in the independent auditor's report up to the date of approval of the Prospectus.

The Board of Directors declares that there is no intention to introduce any material changes to the nature of the Group's activity. The Board of Directors confirm that operations have not discontinued in a way that could affect or has affected its financial position materially during the past 12 months. The Board of Directors confirms that all material facts regarding the Group and its financial performance have been disclosed in this Prospectus, and that there are no other fact, the omission of which would make any statement herein misleading. The Board of Directors confirms that the Group and its subsidiaries' capital is not under option. The Board of Directors confirms that the Group does not have any material contractual securities or other assets which value is subject to fluctuations or is difficult to estimate.

The Board of Directors confirms that there are no commissions, discounts, brokerage fees or any non-cash compensation granted by the Group relating to the issuance or offering of any securities.

5.3 Basis of preparation and summary of significant accounting policies

5.3.1 Basis of preparation

The Audited Financial Statements have been prepared in accordance with IFRS issued by the IFRS IC applicable to companies reporting under IFRS. The Audited Financial Statements comply with IFRS as issued by the IASB. The Company has applied IFRS 1, First-Time Adoption of International Financial Reporting Standards ("**IFRS 1**") in its adoption of IFRS. The transition date ("**Transition Date**") is 1 January 2019G, which is the opening balance sheet date for the year ended 31 December 2019G.

The Audited Financial Statements represent consolidation of all assets, liabilities, revenues and expenses of the Company as historically reported in the stand-alone financial statements of the subsidiaries of the Company 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 Kuwait Food Company (Americana) K.S.C.C (the "**Former Parent Company**") under a Business Transfer Agreement;
- Transfer of directly attributable income, costs and liabilities specifically in relation to the Company historically recorded in the Former Parent Company;
- Removing certain shared costs recorded historically by Kuwait Food Co. Americana LLC ("**UAE Restaurants**") which were incurred to support operations of other businesses in the Former Parent Company and hence did not relate to the operations of the Group. These allocated costs have been eliminated on a systematic basis representing the estimated usage of these services by the Group and other operations not part of the Restaurant Business;
- Removing the financial information pertaining to the investments of the Egyptian Company for International Touristic Projects ("**ECITP**") in certain entities of the Former Parent Company's Food Business which are not part of the Group's operations, and which were disposed off by ECITP during the course of the three years ended 31 December 2021G; and
- Removing the financial information pertaining to the investments of United Food Company LLC ("**UFC**") in certain entities of the Former Parent Company's Food Business which are not part of the Group's operations, and which were disposed off during the year ended 31 December 2021G.

The Company has never prepared financial statements on the basis of preparation presented in Note 2.1 to the Audited Financial Statements. The Audited Financial Statements represent the historical operations of the Company and have been derived from the historical accounting records of the Former Parent Company and are presented on a carve-out basis. The Company has historically operated as part of the Former Parent Company and not as a separate group of companies. The entities included in these Audited Financial Statements have historically prepared their own reviewed financial information.

The Audited Financial Statements are the first set of financial statements of the Company as the business did not constitute a separate legal entity in any of the periods presented. Audited Financial Statements have been prepared for the purpose of inclusion in the Prospectus in connection with the proposed listing of the Company on Abu Dhabi Stock Exchange in the United Arab Emirates and on the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia.

The accounting policies have been consistently applied to all the years presented, unless otherwise stated. For further details on the basis of preparation and the accounting and other principles applied in preparing the Audited Financial Statements please refer to Note 2.1 "**Basis of preparation**" to the Audited Financial Statements.

5.3.2 New standards, amendments and interpretations

A- Standards issued and adopted

The Company applied certain standards, interpretations and amendments for the first time, which are effective for annual periods beginning on or after 1 January 2021G. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards effective 1 January 2021G

The Company has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2021G:

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16:

On 27 August 2020G, Interest Rate Benchmark Reform — Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (referred to as Phase 2 of IBOR transactions project) was released by the IASB. The areas impacted by the amendments include application of a practical expedient for 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 the Company is exposed and how it manages those risks. The amendments are applied retrospectively with no restatement required for prior periods.

Management is currently working on the Company transition activities and continues to engage with its counterparties to support an orderly transition and to mitigate the risks resulting from the transition. The Company's major exposure as of 31 December 2021G is a loan to a Related Party with a carrying value of USD 64,000 thousand which is linked and is yet to transition from London Inter-bank Offered Rate ("**LIBOR**"). As per the latest guidance, Intercontinental Exchange ("**ICE**") would continue publishing LIBOR till 30th June 2023G. Any change of benchmark rate would be economically indifferent to the Company and the counterparties, no matter which alternative benchmark is adopted. The management is of the view that the loan agreement might have to be amended sometime before 30th June 2023G to agree on the alternative benchmark once the Loan Market Association ("**LMA**") has issued concrete guidelines on the recommended alternative benchmark.

- Extension of IFRS 16 COVID-19 Related Rent Concessions Amendment:

On 31 March 2021G, the IASB published a further amendment to extend the date of the practical expedient from 30 June 2021G to 30 June 2022G in light of the ongoing COVID-19 pandemic. Since the Company had already applied the practical expedient in the May 2020G 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 2021G amendment. The Company has early adopted this amendment on 1 January 2021G and as a result, the Company has recognised a gain on the rent concessions amounting to USD 6,978 thousand as 'other income' in the special purpose carve-out statement of income for the year ended 31 December 2021G (2020G: USD 28,113 thousand) to reflect changes in lease payments that arise from rent concessions to which they have applied the practical expedient.

B- Standards issued but not yet effective

The standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the Audited Financial Statements are disclosed below. Management intends to adopt these standards, if applicable, when they become effective.

- IFRS 17, 'Insurance contracts' (effective from 1 January 2022G);
- Amendments to IFRS 3 (effective from 1 January 2022G); and
- Amendments to IAS 1 and IAS 8 (effective from 1 January 2022G).

5.3.3 Foreign currency translation

A- Functional and presentation currency

Items included in the Audited Financial Statements of each of the Company's entities are measured using the currency of the primary economic environment in which each entity operates ('**the functional currency**'). The Audited Financial Statements are presented in United States Dollars ("**USD**") which is the "**presentation currency**" of the Company and the currency which management measures the Company'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 special purpose carve-out statement of income.

Foreign exchange gains and losses that relate to borrowings are presented in the special purpose carve-out statement of income, within finance costs. All other foreign exchange gains and losses are presented in the special purpose carve-out 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 Company, none of which has the currency of a hyper-inflationary economy (except for one legal entity in Lebanon for the year ended 31 December 2020 and 31 December 2021) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets aWd expenses for each special purpose carve-out 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

(ii) All resulting exchange differences are recognized in other comprehensive income and in foreign currency translation reserve in the special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out statement of financial position. Exchange differences arising are recognised in equity in the special purpose carve-out statement of financial position.

5.3.4 Hyperinflation

The financial statements (including comparative amounts) of the Company entities whose functional currencies are the currencies of hyperinflationary economies are adjusted in terms of the measuring unit currency at the end of the reporting period.

As the presentation currency of the Company 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 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 profit or loss 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.

Gains or losses on the net monetary position are recognised in profit or loss. 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 special purpose 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 Company's entity, International Touristic Projects Lebanese Co, has been expressed in terms of the measuring unit current at the reporting date.

5.3.5 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 Company's and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the special purpose carve-out 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 fit outs (10 years) and building extensions (7 years).

The Company 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 special purpose carve-out statement of income.

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 Americana Restaurants' policy.

5.3.6 Investment properties

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

Investment properties is measured at its 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 Company 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 considered in determining profit or loss. This is recorded in the special purpose carve-out statement of income as gain or loss on sale of investment properties.

5.3.7 Intangible assets

These comprise 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

5.3.8 Financial assets

1- Classification

The Company 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 special purpose carve-out statement of income.

2- Recognition and derecognition

At initial recognition, the Company 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 profit or loss.

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.

3- 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 special purpose carve-out 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 special purpose carve-out 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 profit or loss and presented net within other gains/(losses) in the period in which it arises.

4- Impairment

The Company 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.

5.3.9 Trade and other receivables

The Company 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 Company has established a provision matrix that is based on The Company ' 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 Company .

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.

5.3.10 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.

5.3.11 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 Company in accordance with the shipping terms agreed with the suppliers.

5.3.12 Cash and cash equivalents

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

5.3.13 Leases

Americana Restaurant's leasing activities and how these are accounted for

The Company 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 Company . Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the special purpose carve-out 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 Company .

- 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 Company 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 profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets generally comprise of office equipment.

5.3.14 Variable lease payments

Estimation uncertainty arising from variable lease payments

Some leases contain variable payment terms that are linked to revenues generated from a store. Variable lease payments that depend on revenues are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

5.3.15 Extension and termination options

Extension and termination options are included in a several properties, land and vehicles leases across the Company . These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company or both parties mutually agreeing on renewed terms and conditions.

5.3.16 Provision for employees' end of service benefits

The liability for employees' end of service benefits recognised in the carve-out balance sheet 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 Company'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 Company 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 special purpose carve-out 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 special purpose carve-out statement of changes in equity and in the carve-out 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 special purpose carve-out statement of income as past service costs.

5.3.17 Financial liabilities

The Company 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 Company 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 recognized 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.

5.3.18 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.

5.3.19 Provisions

Provisions are recognised when the Company 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 special purpose carve-out 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.

5.3.20 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 profit or loss for the year. The Company does not apply hedge accounting.

5.3.21 Revenues from contracts with customers

The Company recognises revenues, 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 Company 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 Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognise revenues as and when the Company satisfies a performance obligation.

Revenues are measured at the fair value of consideration received or receivable, taking into account the contractually agreed terms of payment excluding taxes and duties. the Company assesses its revenues 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 revenues arrangements.

Revenues are recognised in the Audited Financial Statements to the extent that it is probable that the economic benefits will flow to the Company and the revenues and costs, if and when applicable, can be measured reliably. Revenues represent the amounts received from food and beverage revenues and rental income.

Revenues are recognised from the Company's activities as follows:

A- Food and beverage

Revenues from food and beverage are recognised in the accounting period in which the goods are sold. The revenues are stated net of discounts.

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 revenues in the special purpose carve-out statement of income.

5.3.22 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 special purpose carve-out 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 special purpose carve-out statement of income in the period in which it is incurred.

5.3.23 Current and deferred income tax and Zakat

The tax expense for the year comprises of current and deferred tax. Tax is recognised in the special purpose carve-out 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 Company'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 special purpose carve-out 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 statement of financial position in the countries where the Company'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 Audited 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 Company 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 special purpose carve-out 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.

5.3.24 Royalties

The Company has entered into agreements with various international host brands 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 revenues and is expensed in the year in which it accrues against the revenues recognised.

5.3.25 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision makers assess the financial performance and position of the Company and makes strategic decisions. The chief operating decision makers consist of the CEO and the CFO.

The Group is organized into operating segments based on geographic location. There are three major reportable segments: "Major GCC countries" which comprises the KSA, Kuwait and the UAE, "Lower Gulf Countries" which comprises Qatar, Oman and Bahrain and "North Africa" which comprises Egypt and Morocco. All other operating segments which are not reportable segments are combined under "Others" which comprise Kazakhstan, Iraq, Lebanon and Jordan.

5.4 Key factors affecting group performance

The following is a discussion of the most significant factors that have affected or are expected to affect the Group's financial position and results of operations. These factors are based on the information currently available to the Group and may not represent all the factors that may have an impact on the Group's business.

5.4.1 Risks related to the dependence of the Group's growth strategy in part on opening profitable new stores

As part of the Group's planned growth and strategy, the Group intends to significantly increase its number of stores, in the medium term (for more information on the Group's planned growth and strategy, refer to section (3) ("**Risk Factors**") of this Prospectus). Each new store may take some time from its opening date to reach profitable operating levels due to ramp-up period typically associated with new stores, including lack of market awareness, competition and the need to hire and train new staff. There can be no assurance that any new store will be profitable or will achieve its projected investment returns. Additionally, the Group's new stores could impact the revenues of its existing stores in the same vicinity given that some customers may prefer visiting or placing orders from the new stores. There can also be no assurance that revenues' cannibalization will not occur or become more significant in the future as the Group increases its presence in existing markets, which could have an adverse effect on the Group's business, results of operations, financial position and future prospects.

5.4.2 Risks related to increase in costs of food ingredients and raw materials

The Group's business depends on reliable sources of large quantities of food ingredients and raw materials such as protein (including poultry and beef), cheese, oil, and other condiments. Food ingredients and raw materials are subject to price volatility caused by fluctuation in aggregate supply and demand, or other external conditions, such as changes in international trade policies and international barriers to trade, the emergence of a trade war, climate and environmental conditions where weather conditions or natural events or disasters may affect expected harvests of such raw materials, as well as outbreak of viruses and diseases, such as COVID-19 and current global inflation pressures. There can be no assurance that the Group will continue to purchase food ingredients and raw materials at reasonable prices, or that food ingredients and raw materials prices will remain stable in the future. This, in turn, could have an adverse effect on the Group's business, results of operations, financial position and future prospects.

5.4.3 Risks related to achieving growth and profitability at the desired rate in the future

The Group's net income increased by 35.7% between 2019G and 2021G and 31.6% between the six months ended 30 June 2021G and 30 June 2022G. However, the Group's rapid revenues growth in recent periods should not be viewed as indicative of its future performance, and there can be no assurance that the Group will be able to sustain, or exceed, the revenues growth or profitability achieved in recent periods. As the Group's revenues increase, its profitability may also decrease as the Group scales up its business operations and delivery services, and diversifies into new products, businesses, markets and sources of revenues, including business lines with lower margins.

The Group may not be successful in its efforts to increase its revenues growth and profitability. In addition, the Group may not be able to address the risks and difficulties that it may encounter in a rapidly changing and competitive market. If the demand for food and beverage does not develop as the Group expects, or if the Group is unable to address the needs of its customers, this could have an adverse effect on the Group's business, results of operations, financial position and future prospects.

5.4.4 Risks related to inventories levels

The Group had inventories (excluding spare parts) of USD 88.6m, USD 92.5m, USD 103.2m and USD 140.8m, representing 8.0%, 9.1%, 9.5% and 12.3% of the Group's total assets as at the years ended 31 December 2019G, 2020G, 2021G and 30 June 2022G respectively. The Group has recorded provisions for inventories loss (excluding provisions for spare parts) amounting to USD 4.9m, USD 4.6m, USD 4.1m and USD 3.8m as at the years ended 31 December 2019G, 2020G 2021G and 30 June 2022G, respectively. The Group's policy is to seek to maintain optimal level of inventories to control inventories carrying costs and more efficient management of working capital, while ensuring timely delivery of quality ingredients and packaging materials. If the Group is not able to maintain optimal stock levels and monitor inventories periodically, this could lead to a decrease or an excess in inventories levels, leading to the Group's inability to meet consumer requirements, or sell products, which would have an adverse effect on the Group's business, results of operations, financial position and future prospects.

5.4.5 Risk related to foreign exchange risks

The Group operates through its subsidiaries across various jurisdictions in MENA and Kazakhstan. As a result, the Group is exposed to currency exchange risks. The Group's financial statements are denominated in US Dollar and the Group is therefore exposed to foreign currency translation risk in reporting its financial results with respect to the Group's subsidiaries which operate using other currencies; particularly currencies that are not pegged to the US Dollar (such as Kuwaiti Dinar, Egyptian Pound and Kazakhstani Tenge). Adverse movements in foreign exchange rates could therefore adversely impact the Group's reported results of operation and financial condition.

In addition, each of the Group's subsidiaries is exposed to operational exchange rate risk as it generates revenues in local currency but may be required to pay for certain of its operating needs (such as restaurant equipment and certain food ingredients) in another currency. In such circumstances, an adverse movement in foreign exchange rates can adversely affect the relevant subsidiary's operating margins.

Additionally, the Group is exposed to a hyperinflationary environment with respect to its operations in Lebanon. Any significant fluctuation in the value of such currencies, may have a material adverse effect on the Group's business, results of operations and financial condition.

5.4.6 Risks related to future capital expenditures

The Group's capital expenditures are expected to increase over the next few years as a result of higher number of expected store openings. The Group's capital expenditures, represented by the cash used to purchase property and equipment within the cash flow statement, amounted to USD 67.8m, USD 39.9m and USD 91.5m for the years ended 31 December, 2019G, 2020G and 2021G respectively and USD 44.6m in the six months ended 30 June 2022G. Any increases in the Group's future capital expenditures may reduce the funds available for the operations of the Group's existing stores, which could have an adverse effect on the Group's business, results of operations, financial position and future prospects.

5.4.7 Risks related to seasonality in the month of Ramadan

The revenues of the Group are subject to seasonal variations during the month of Ramadan; in general footfall and sales are lowest during this month. The Group may not anticipate the extent of future seasonal changes in footfall and the volume of sales. There can be no assurance that the Group will have sufficient resources to fully capitalize on seasons with higher footfall and sales. This, in turn, could have an adverse effect on the Group's business, results of operations, financial position and future prospects.

5.4.8 Risks related to changes in the regulatory environment

In carrying out its work, the Group is subject to regulations of a number of government bodies in the countries in which it operates. The regulatory environment in each country is subject to constant changes and developments. Therefore, relevant regulators are likely to adopt changes in the systems, regulations and policies that the Group cannot anticipate, including, changes in tax regulations and policies, antitrust, liquidation, corporate governance, imports and exports, environmental protection and health and safety standards that may affect the Group's business and operations. Any of these future regulatory changes may have a negative impact on the Group's business, results of operations, financial position and future expectations.

5.4.9 Risks related to political instability and security concerns in states where the Group exercises or may carry out its activities

The Group's core operations and customer base are located in the MENDA and Kazakhstan. The MENA and Kazakhstan is exposed to a number of geographical, political and security risks. Any geographical and political events or future developments in the geographical and political situation may contribute to the instability in the MENA and Kazakhstan and surrounding areas (which may or may not directly include the countries in which the Group operates), and investments in the MENA and Kazakhstan are therefore highly uncertain. Any unexpected changes in the political, social or other situations in the MENA and Kazakhstan, or any future terrorist attacks or acts of sabotage targeting any of the countries in which the Group operates or any other countries that the Group may wish to expand into, could have a negative impact on the markets in which the Group operates, its ability to retain customers and investments made by the Group or attract customers or investments in the future, which may have a negative impact on the Group's business, results of operations, financial position and future expectations.

For more information about risks, refer to section (3) ("**Risk Factors**") from this Prospectus and the "**Investment Risks**" sub-section of the Second Section ("**Key details of the Company**") of the Main Prospectus.

5.5 Summary of Audited Financial Statements and key performance indicators

The Audited Financial Statements and key performance indicators ("**KPIs**") of the Group set out below should be read together with the Audited Financial Statements including, in each case, the notes thereto in the financial statements and the independent auditor's report thereon included in this Prospectus.

Table (5-1): Summary of Audited Financial Statements of the Group:

Currency: USD000	2019G	2020G	2021G
Special purpose carve-out statement of income			
Revenues	1,890,219	1,577,795	2,051,747
Cost of revenues	(902,821)	(773,853)	(970,351)
Gross profit	**987,398**	**803,942**	**1,081,396**
Selling and marketing expenses	(646,018)	(578,882)	(679,603)
General and administrative expenses	(165,113)	(157,849)	(176,989)
Other income	12,990	32,017	15,478
Reversal of impairment/ (impairment losses) of non-financial assets	(248)	(21,298)	1,179
Monetary gain from hyperinflation	-	38,818	3,043
Net impairment allowance on financial assets	50	(1,644)	(1,454)
Operating profit	**189,059**	**115,104**	**243,050**
Finance income	589	822	2,208
Finance costs	(28,411)	(29,864)	(23,118)
Profit before income tax, Zakat, and Kuwait Foundation for the Advancement of sciences("KFAS")	**161,237**	**86,062**	**222,140**
Income tax, Zakat, and contribution to KFAS	(9,138)	(6,281)	(15,732)
Net profit for the year	**152,099**	**79,781**	**206,408**
Non – controlling interests	(1,029)	1,045	(2,491)
Net Parent Investment Attributable to Parent Company	**151,070**	**80,826**	**203,917**
Summary of special purpose carve-out statement of financial position			
Total non-current assets	745,143	626,246	696,720
Total current assets	355,420	390,116	391,194
Total assets	**1,100,563**	**1,016,362**	**1,087,914**
Total non-current liabilities	450,473	390,308	382,103
Total current liabilities	514,703	539,439	566,099
Total liabilities	**965,176**	**929,747**	**948,202**
Total equity	**135,387**	**86,615**	**139,712**
Total liabilities and shareholders' equity	**1,100,563**	**1,016,362**	**1,087,914**
Summary of special purpose carve-out statement of cash flows			
Net cash generated from operating activities	511,236	284,116	468,849
Net cash generated from / (used in) investing activities	(71,288)	(45,149)	(161,568)
Net cash generated from / (used in) financing activities	(376,635)	(223,202)	(307,867)
Cash and cash equivalents at beginning of year	95,488	156,247	171,784
Cash and cash equivalents at end of year1	**156,247**	**171,784**	**166,923**

Source: Audited financial statements and related financial information

[1] Cash and cash equivalents at year end presented in the summary of the cash flow statement is less bank overdrafts of USD 13.6m, USD 24.6m and USD 7.1m at 31 December 2019G, 2020G and 2021G respectively.

Table (5-2): Key performance indicators for years ended on 31 December 2019G, 2020G and 2021G

Income statement and balance sheet key performance indicators			
	2019G	2020G	2021G
Gross profit margin (1)	52.2%	51.0%	52.7%
Net profit margin (2)	8.0%	5.1%	10.1%
Current ratio (3)	0.7	0.7	0.7
Total liabilities to total assets (4)	87.7%	91.5%	87.2%
Net debt (net cash) (thousand USD) (5)	(156,247)	(171,784)	(166,923)
Days revenues outstanding (6)	3	4	5
Days inventory outstanding (7)	52	64	55
Days payable outstanding (8)	97	114	99
NWC as a percentage of revenues (9)	(8.8%)	(11.5%)	(10.6%)
ROA (10)	13.8%	7.8%	19.0%
ROE (11)	112.3%	92.1%	147.7%

Source: Management information

(1) Gross margin is defined as gross profit for the six months period divided by revenues for the six months period

(2) Net profit margin is defined as the net profit for the six months period divided by revenues for the six months period

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues (for the last twelve months period) multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from related parties)

(7) Days inventory outstanding is defined as inventory divided by cost of inventory (for the last twelve months period) multiplied by 365 (where inventory refers to sum of raw material, filing and packaging material and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by cost of inventory (for the last twelve months period) multiplied by 365 (where trade and other payables refers to the sum of trade payables, current portion of unearned income and trade related dues to related parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from related parties less trade and other payables, due to related parties, provisions for legal, tax and other claims, income tax, zakat and other deductions payable

(10) Return on assets is calculated based on profit for the last twelve months period divided by total assets

(11) Return on equity is calculated based on profit for the last twelve months period divided by total equity

5.5.1 Result of operations of the Group

5.5.1.1 Special purpose carve-out statement of income for the years ended 31 December

The following tables set out the Group's special purpose carve-out statement of income for the years ended 31 December 2019G, 2020G and 2021G:

Table (5-3): Special purpose carve-out statement of income statement for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Revenues	1,890,219	1,577,795	2,051,747
Cost of revenues	(902,821)	(773,853)	(970,351)
Gross profit	**987,398**	**803,942**	**1,081,396**
Selling and marketing expenses	(646,018)	(578,882)	(679,603)
General and administrative expenses	(165,113)	(157,849)	(176,989)
Other income	12,990	32,017	15,478
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Monetary gain from hyperinflation	-	38,818	3,043
Net impairment allowance on financial assets	50	(1,644)	(1,454)
Operating profit	**189,059**	**115,104**	**243,050**
Finance income	589	822	2,208
Finance costs	(28,411)	(29,864)	(23,118)
Profit before income tax, Zakat, and KFAS	**161,237**	**86,062**	**222,140**
Income tax, Zakat, and contribution to KFAS	(9,138)	(6,281)	(15,732)
Net profit for the year	**152,099**	**79,781**	**206,408**
Non – controlling interests	(1,029)	1,045	(2,491)
Net Parent Investment Attributable to Parent Company	**151,070**	**80,826**	**203,917**

Source: Audited financial statements and related financial information

The following represents a summary of the Group's performance between 2019G and 2021G. For more details, refer to the subsequent detailed discussions for each of the income statement line items.

The impact of COVID-19 on the performance of the Group

The COVID-19 pandemic adversely impacted the performance of the Group during 2020G. The impact varied by market based on the severity of lockdowns, restrictions on operating hours and seating capacity.

The aforementioned factors have resulted in a decline in revenues by 16.5% from USD 1,890.2m in 2019G to USD 1,577.8m in 2020G driven by the decrease in the number of orders / lower footfall particularly during lockdowns.

The Group's profitability margins were also impacted as a certain portion of the Group's costs are fixed in nature (such as staff costs and depreciation costs). Additionally, raw material and input costs increased during the pandemic.

To mitigate the impact of COVID-19, the Group's management implemented certain initiatives and cost saving measures, which included:

- Upgrading a certain number of restaurants to meet the increase in home delivery revenues;
- Undertaking a portfolio rationalization exercise to allow the Group to focus on Power Brands. This resulted in the closure of 94 restaurants in 2020G;
- Implementing salary cuts for a temporary period for non-store employees to support the business performance;
- Re-negotiating lease terms with landlords and obtaining concessions from host brands; and
- Negotiated rebates and payment terms with suppliers.

Revenues

The Group manages and operates multiple restaurants/ brands across 12 markets. The Group's Power Brands are KFC, Hardee's, Pizza Hut and Krispy Kreme. These four brands collectively contributed 92.4% to total revenues in 2021G. As at 31 December 2021G, the Group was operating the following Power Brand restaurants:

- 896 KFC restaurants in 12 markets
- 381 Hardee's restaurants in 10 markets
- 280 Pizza Hut restaurants in 5 markets
- 220 Krispy Kreme restaurants in 6 markets

The Group's top revenues generating markets were the UAE, KSA, Kuwait, Egypt, and Qatar accounting for 84.6% of total revenues in 2021G.

Products for the four Power Brands are sold through four primary revenue channels, which are dine-in, take out, home delivery and drive-through restaurants (except for Pizza Hut which does not operate any drive-through restaurants).

Revenues decreased from USD 1,890.2m in 2019G to USD 1,577.8m in 2020G on the back of COVID-19 primarily due to the closure of 94 restaurants during 2020G coupled with lockdowns and reduced working hours, which resulted in a decrease in the number of orders in 2020G. This decrease in revenues was partially offset by the opening of 61 new restaurants, mostly in the second half of 2020G and the increase in the average order value from USD 11.1 in 2019G to USD 12.3 in 2020G driven by the increase in home delivery revenues and management's focus and efforts on off premise coverage through upgrading 20 restaurants to accommodate for the additional demand for home delivery during the pandemic.

Revenues increased from USD 1,577.8m in 2020G to USD 2,051.7m in 2021G, exceeding pre-COVID19 revenues levels primarily due to a recovery in the number of orders within the existing stores (mainly dine-in and take-out), the opening of 164 new restaurants and the further increase in home delivery revenues during 2021G to reach USD 863.2m compared to USD 650.5m in 2020G as the home delivery trading zones served by the Group grew in 2021G.

Cost of revenues

Cost of revenues primarily include cost of inventory, royalties paid to the host brands, staff costs, rent expenses, depreciation and amortization and other expenses.

Cost of revenues decreased by 14.3% from USD 902.8m in 2019G to USD 773.9m in 2020G primarily due to the decrease in revenues from USD 1,890.2m in 2019G to USD 1,577.8m in 2020G driven by the decrease in the number of orders on the back of COVID-19 coupled with a decline in staff costs, royalties paid to the host brands and rent costs. This decline was mostly driven by certain initiatives undertaken by the Group to mitigate the impact of COVID-19.

Cost of revenues subsequently increased by 25.4% from USD 773.9m in 2020G to USD 970.4m in 2021G mainly due to the growth in revenues.

Gross profit and gross profit margin

Gross profit decreased by 18.6% from USD 987.4m in 2019G to USD 803.9m in 2020G driven by the decline in revenues due to the pandemic impact. Gross profit margin declined by 1.2 percentage points from 52.2% in 2019G to 51.0% in 2020G primarily due to the increase in the cost of inventory as a percentage of revenues between 2019G and 2020G due to the partial transition in KSA from frozen chicken to fresh local chicken and the overall increase in input costs and commodities across all markets. This was partially offset by price increases across all core markets except for Kuwait during 2020G.

Gross profit increased by 34.5% from USD 803.9m in 2020G to USD 1,081.4m in 2021G as the Group's business activity expanded. Gross profit margin also improved by 1.7 percentage points from 51.0% in 2020G to 52.7% in 2021G due to: (i) the decrease in the staff costs as a percentage of revenues during 2021G compared to 2020G and; (ii) the decline in the depreciation costs as a percentage of revenues given its fixed nature. Management further passed price increases across all core markets during 2021G.

Selling and marketing expenses

Selling and marketing expenses primarily include staff costs, depreciation, advertisement and business development costs, home delivery and transportation, utilities, and other expenses.

Selling and marketing expenses decreased by 10.4% from USD 646.0m in 2019G to USD 578.9m in 2020G driven by:

- The decline in staff costs as a result of the decline in the overall headcount due to natural attrition that was not replaced with new hires and the decrease in overtime and commission expenses paid during the pandemic in light of the reduced working hours;
- The decline in variable rent costs in line with the decrease in revenues during the year;
- The decline in advertisement and business development costs as the Group negotiated a lower marketing spend with the host brands during the pandemic; partially offset by
- The increase in home delivery expenses as home delivery revenues increased between 2019G and 2020G.

Selling and marketing expenses increased by 17.4% from USD 578.9m in 2020G to USD 679.6m in 2021G driven by:

- The increase in staff costs as headcount increased with the opening of new restaurants;
- The increase in variable rent costs as revenues grew coupled with the increase in number of operating restaurants;
- Termination of marketing spend concessions that were utilised during the pandemic;
- Further increase in home delivery costs as a result of the increase in home delivery revenues; and
- The increase in fuel costs and utility costs in line with the expansion in business activity in 2021G.

General and administrative expenses

General and administrative expenses primarily include staff costs, provision expenses, depreciation, and amortization, rent, utilities, repairs and maintenance, professional and legal fees in addition to other miscellaneous expenses.

General and administrative expenses decreased by 4.4% from USD 165.1m in 2019G to USD 157.8m in 2020G driven by the decline in staff costs (primarily due to the salary cuts), professional and legal fees (one-off costs of USD 6.5m in relation to consulting projects in 2019G) and rent expenses.

General and administrative expenses increased by 12.1% from USD 157.8m in 2020G to USD 177.0m in 2021G driven by the increase in staff costs, rent costs and utilities as business activity expanded. Despite this fact, the Group was able to maintain the general and administrative expenses as a percentage of revenues at pre-COVID 19 levels (2021G: 8.6% compared to 2019G: 8.7%) (as a certain portion of general and administrative expenses are fixed in nature).

Other income

Other income includes one-off rent concessions negotiated with landlords during the COVID-19 pandemic, rebates from suppliers, gain or loss on disposals of fixed assets and other miscellaneous items.

Reversal of impairment/ (impairment losses) of non-financial assets / Monetary gain from hyperinflation

The Lebanese economy has recently been impacted by hyperinflation. As such, all items recognised in the income statement were restated by applying the change in the general price index to each line item in line with IAS 29 requirements. The net impact of such restatement has been recorded in the special purpose carve-out financials within "**Monetary gain from hyperinflation**". In 2020G, the Group's monetary gain from inflation was USD 38.8m.

Similarly, the carrying amounts of non-monetary assets and liabilities were adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment is recognised in the income statement if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Net impairment allowance on financial assets

Net impairment allowance on financial assets represent the financial loss on trade and other receivables in line with the expected credit loss model of IFRS 9.

Finance income

Finance income represents income generated from interest earning deposits and loan to a Related Party.

Finance income increased between 2019G (USD 0.6m) and 2020G (USD 0.8m) was primarily driven by the increase in the short-term deposits with banks from USD 44.1m as at 31 December 2019G to USD 71.6m as at 31 December 2020G.

Finance income further increased in 2021G to USD 2.2m primarily as a result of the further increase in short-term deposits from USD 71.6m as at 31 December 2020G to USD 80.3m at December 2021G and the interest income from the loan to a Related Party which amounted to USD 64.0m as at 31 December 2021G. The Related Party loan of USD 64.0m has been fully repaid by Americana Foods Investments Group Company LLC on 20 April 2022G.

Finance costs

Finance costs represent interest costs paid to banks in relation to outstanding loans / facilities and finance costs for right of use lease liabilities in line with IFRS-16 requirements.

Income tax, Zakat, and contribution to KFAS

Income tax, Zakat, and contribution to KFAS declined from USD 9.1m in 2019G to USD 6.3m in 2020G driven by the decline in profit before taxes and Zakat from USD 161.2m in 2019G to USD 86.1m in 2020G. Income tax, Zakat, and contribution to KFAS subsequently increased from USD 6.3m in 2020G to USD 15.7m in 2021G in line with the increase in the profit before taxes and Zakat from USD 86.1m in 2020G to USD 222.1m in 2021G.

Net profit

Net profit declined from USD 152.1m in 2019G to USD 79.8m in 2020G on the back of a slowdown in business activity due to COVID-19. Net profit increased to USD 206.4m in 2021G compared to USD 79.8m in 2020G as business activity expanded post COVID-19.

Revenues

Revenues by market

Table (5-4): Revenues by market breakdown for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
UAE	540,144	476,333	598,455	(11.8%)	25.6%
KSA	405,494	340,373	434,869	(16.1%)	27.8%
Kuwait	308,090	225,255	330,689	(26.9%)	46.8%
Egypt	225,786	187,741	247,711	(16.9%)	31.9%
Qatar	112,671	99,409	124,300	(11.8%)	25.0%
Other markets	298,035	248,683	315,724	(16.6%)	27.0%
Total revenues	**1,890,219**	**1,577,795**	**2,051,747**	**(16.5%)**	**30.0%**
As a percentage of revenues					
UAE	28.6%	30.2%	29.2%		
KSA	21.5%	21.6%	21.2%		
Kuwait	16.3%	14.3%	16.1%		
Egypt	11.9%	11.9%	12.1%		
Qatar	6.0%	6.3%	6.1%		
Other markets	15.8%	15.8%	15.4%		

Source: Management information

Revenues by channel

Table (5-5): Revenues by channel breakdown for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Dine-in	599,816	304,677	389,289	(49.2%)	27.8%
Take-out	526,632	390,085	506,536	(25.9%)	29.9%
Home delivery	571,040	650,483	863,249	13.9%	32.7%
Drive through	149,902	168,768	211,402	12.6%	25.3%
Others	42,829	63,782	81,271	48.9%	27.4%
Total revenues	**1,890,219**	**1,577,795**	**2,051,747**	**(16.5%)**	**30.0%**
As a percentage of revenues					
Dine-in	31.7%	19.3%	19.0%		
Take-out	27.9%	24.7%	24.7%		
Home delivery	30.2%	41.2%	42.1%		
Drive through	7.9%	10.7%	10.3%		
Others	2.3%	4.0%	4.0%		

Source: Management information

Revenues by brand

Table (5-6): Revenues by brand breakdown for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
KFC	1,053,377	918,066	1,236,082	(12.8%)	34.6%
Hardee’s	347,547	267,199	350,078	(23.1%)	31.0%
Pizza Hut	212,048	196,325	236,553	(7.4%)	20.5%
Krispy Kreme	64,022	60,422	73,732	(5.6%)	22.0%
Others	213,225	135,783	155,304	(36.3%)	14.4%
Total revenues	**1,890,219**	**1,577,795**	**2,051,747**	**(16.5%)**	**30.0%**
As a percentage of revenues					
KFC	55.7%	58.2%	60.2%		
Hardee’s	18.4%	16.9%	17.1%		
Pizza Hut	11.2%	12.4%	11.5%		
Krispy Kreme	3.4%	3.8%	3.6%		
Others	11.3%	8.6%	7.6%		

Source: Management information

The Group's Power Brands are KFC, Hardee's, Pizza Hut and Krispy Kreme. These four brands collectively contributed 92.4% to total revenues in 2021G. The Group's top revenues generating markets were the UAE, KSA, Kuwait, Egypt, and Qatar accounting for 84.6% of total revenues in 2021G.

Revenues decreased from USD 1,890.2m in 2019G to USD 1,577.8m in 2020G on the back of COVID-19 primarily due to:

- The closure of 94 restaurants during 2020G while store openings were 61 restaurants (most of which opened during the latter half of 2020G). This coupled with lockdowns and reduced working hours resulted in a decrease in the number of orders from 170.6m orders in 2019G to 127.0m orders in 2020G;
- Hardee's revenues were impacted the most among the Power Brands as it did not have its own mobile phone application and primarily depended on food aggregators (Hardee's mobile phone application was rolled out in KSA during December of 2020G and in 2021G for the remaining markets);
- This decline was partially offset by the increase in the average order value from USD 11.0 in 2019G to USD 12.3 in 2020G driven by the increase in home delivery revenues, which typically have a higher average order value compared to dine-in and take-away.

Revenues increased from USD 1,577.8m in 2020G to USD 2,051.7m in 2021G, exceeding pre-COVID19 revenues levels primarily due to:

- The opening of 164 new restaurants;
- The increase in the number of orders from existing and new restaurants from 127.0m in 2020G orders to 165.2m orders in 2021G while the average order value remained stable at USD 12.3 during 2020G and 2021G;
- The further increase in home delivery revenues during 2021G to reach USD 863.2m compared USD 650.5m in 2020G (representing 42.1% of total revenues in 2021G compared to 41.2% in 2020G). The Group increased the trading zones it delivers to in 2021G.

KFC continued to outperform the other brands within the portfolio and its contribution increased from 55.7% of total revenues in 2019G to 60.2% in 2021G driven by the increase in both the number of restaurants from 849 operating restaurants as at 31 December 2019G to 896 restaurants as at 31 December 2021G coupled with an increase in average revenues per store from USD 1.2m in 2019G to USD 1.4m in 2021G.

Non-Power Brands contribution to the overall revenues declined between 2019G and 2021G from 11.3% in 2019G to 7.6% in 2021G in line with the Group's initiative to rationalize their portfolio of brands / restaurants and the continued investment in the four Power Brands.

Cost of revenues

Table (5-7): Cost of revenues breakdown for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Cost of inventory	563,686	473,108	623,720	(16.1%)	31.8%
Staff costs	124,765	104,265	121,101	(16.4%)	16.1%
Depreciation and amortization	78,109	77,144	75,623	(1.2%)	(2.0%)
Royalties	93,519	79,812	105,773	(14.7%)	32.5%
Rent	23,737	17,377	21,612	(26.8%)	24.4%
Others	19,005	22,147	22,522	16.5%	1.7%
Total cost of revenues	**902,821**	**773,853**	**970,351**	**(14.3%)**	**25.4%**
As a percentage of revenues					
Cost of inventory	29.8%	30.0%	30.4%		
Staff costs	6.6%	6.6%	5.9%		
Depreciation and amortization	4.1%	4.9%	3.7%		
Royalties	4.9%	5.1%	5.2%		
Rent	1.3%	1.1%	1.1%		
Others	1.0%	1.4%	1.1%		
Total cost of revenues	47.8%	49.0%	47.3%		

Source: Audited financial statements and related financial information

Cost of inventory

Cost of inventory includes raw material costs such as chicken, beef, French fries, soft drinks, and other input costs.

Cost of inventory decreased by 16.1% from USD 563.7m in 2019G to USD 473.1m in 2020G in line with the decline in revenues on the back of COVID-19 lockdowns and lower number of operating restaurants. This was partially offset by the increase in the cost of raw materials on the back of introducing fresh local chicken during 2020G in KSA.

Cost of inventory increased by 31.8% from USD 473.1m in 2020G to USD 623.7m in 2021G as revenues expanded to surpass 2019G levels (from both existing restaurants and the opening of new restaurants). Cost of inventory increased as a percentage of revenue in 2021G (30.4%) compared to 2020G (30.0%) primarily due to the increase in logistics costs and commodity prices as a result of inflationary pressures (for example: imported cheese prices in the UAE and chicken due to the shift to local fresh chicken and oil prices increase in the KSA). Management significantly mitigated the increase in logistics and input costs by performing price increases during 2020G and 2021G.

Staff costs

Staff costs include salaries and wages, overtime and other benefits and allowances of commissaries and in-store back area employees.

Staff costs decreased by 16.4% from USD 124.8m in 2019G to USD 104.3m in 2020G driven by: (i) natural attrition that was not replaced during the pandemic resulting in a decline in head count of restaurants employees in the five core markets from 30,979 in 2019G to 29,054 in 2020G, (ii) the decline in average cost per employee between 2019G and 2020G due to cuts in commissions and overtime typically paid to in-store employees to curb costs.

Staff costs increased by 16.1% from USD 104.3m in 2020G to USD 121.1m in 2021G as business activity normalized post the pandemic and the resumption in commission payments and overtime. The headcount of restaurants for the five core markets collectively increased from 29,054 in 2020G to 30,037 in 2021G. Average staff cost per headcount also increased between 2020G and 2021G. Staff costs as a percentage of revenues decreased from 6.6% in 2020G compared to 5.9% in 2021G, which the Group believes is the optimal level of headcount as the employees' level of utilization improved.

Depreciation and amortization

Depreciation costs allocated to cost of revenues pertain to restaurant equipment and cold rooms and the amortization of right of use assets.

Depreciation expenses declined by 1.2% from USD 78.1m in 2019G to USD 77.1m in 2020G driven by the decline in the number of operating restaurants from 1,933 in 2019G to 1,900 in 2020G.

Depreciation declined further by 2.0% from USD 77.1m in 2020G to USD 75.6m in 2021G primarily driven by: (i) the full year impact of the store closures in 2020G as these were mostly closed in H2 – 2020G (while new restaurants were only opened towards the end of 2021G) and (ii) an increase in fully depreciated items.

Royalties

Royalty fees ranged between 4.0% and 6.0% of revenues.

Royalty fees decreased by 14.7% from USD 93.5m in 2019G to USD 79.8m in 2020G in line with the decrease in revenues coupled with certain concessions negotiated with the host brands between March 2020G and July 2020G.

The increase in royalty fees by 32.5% from USD 79.8m in 2020G to USD 105.8m in 2021G was driven by the growth in revenues in 2021G.

Rent

This represents the short term / variable rent paid in relation to the Group's restaurants. The portion of rent costs allocated to cost of revenues pertains to the restaurants' kitchen / back area.

Rent costs declined by 26.8% from USD 23.7m in 2019G to USD 17.4m in 2020G in line with the decline in revenues (approximately 28% of the Group's restaurants have a variable rent component) and the renegotiation of rental agreements with landlords during the year. The Group has also undertaken a portfolio rationalization exercise, whereby 94 restaurants were closed in 2020G and started using third party storage facilities instead of leasing and managing the facilities themselves, this in turn resulted in a decline in rent costs and an increase in others within cost of revenues.

Rent costs subsequently increased by 24.4% from USD 17.4m in 2020G to USD 21.6m in 2021G in line with the growth in revenues. Additionally, the Group opened 164 new restaurants in 2021G, thereby increasing the number of operating restaurants from 1,900 as at 31 December 2020G to 2,010 as at 31 December 2021G.

Rent costs as a percentage of revenues declined from 1.3% in 2019G to 1.1% in 2021G as the Group was able to renegotiate certain lease terms and the rental value of certain mall restaurants went down permanently.

Others

Others include commissary and warehouse expenses such as utilities, maintenance expenses in addition to distribution costs between commissaries / warehouses and restaurants. The increase in Others from USD 19.0m in 2019G to USD 22.1m in 2020G was driven by the Group's decision to utilize third party storage which resulted in an increase in service contracts (prior to 2020G the Group leased and managed warehouses themselves and costs related to these warehouses were mainly recorded under rent costs). The line item remained broadly stable in 2021G.

Gross profit and gross profit margin

Gross profit decreased by 18.6% from USD 987.4m in 2019G to USD 803.9m in 2020G driven by the decline in revenues on the back of COVID-19. Gross profit margin declined by 1.2 percentage points from 52.2% in 2019G to 51.0% in 2020G primarily due to:

- The increase in the cost of inventory as a percentage of revenues between 2019G and 2020G primarily due to the partial transition in KSA from frozen chicken to fresh local chicken during 2020G and the overall inflationary environment with regards to input costs and commodities across all markets. Management partially offset the increase in costs by increasing prices across all core markets except in Kuwait during 2020G.
- The fixed nature of the depreciation and amortization costs which represented 4.9% of revenues in 2020G as opposed to 4.1% in 2019G.

The change in country revenues mix from Kuwait to the UAE (gross profit margin of Kuwait is relatively higher compared to the UAE) has also further contributed to lower gross margin in 2020G compared to 2019G. Kuwait contributed 16.3% to total revenues in 2019G compared to 14.3% to total revenues in 2020G, while the UAE contributed 28.6% to total revenues in 2019G compared to 30.2% in 2020G.

Gross profit increased by 34.5% from USD 803.9m in 2020G to USD 1,081.4m in 2021G as business activity expanded. Gross profit margin also improved by 1.7 percentage points from 51.0% in 2020G to 52.7% in 2021G due to:

- The decrease in staff costs as a percentage of revenues during 2021G compared to 2020G even though the staff costs in nominal terms increased during the same period.
- The decline in the depreciation costs as a percentage of revenues given its fixed nature (and the timings of the store closures / new openings as explained earlier), partially offset by
- The further increase in cost of inventory as a percentage of revenues between 2020G and 2021G primarily due to: (i) the full year impact of the shift in KSA from Brazilian imported chicken to fresh local chicken, and (ii) the overall inflationary environment with regards to input costs and commodity prices across all markets. The Group was able to pass on these increases to customers through price increases across all core markets during 2021G.

The change in country revenues mix from UAE to Kuwait further contributed to the improvement in the gross profit margins. Kuwait's contribution to total revenues increased from 14.3% in 2020G to 16.1% in 2021G on the account of a decline in UAE's contribution from 30.2% in 2020G to 29.2% in 2021G.

Selling and marketing expenses

Table (5-8): Selling and marketing expenses breakdown for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Staff costs	213,604	178,161	207,772	(16.6%)	16.6%
Depreciation and amortization	129,209	122,053	117,308	(5.5%)	(3.9%)
Advertisement and business development	80,372	64,543	89,828	(19.7%)	39.2%
Home delivery and transportation	37,929	53,769	76,493	41.8%	42.3%
Utilities and communication	61,664	51,880	62,040	(15.9%)	19.6%
Rent	23,920	22,533	23,317	(5.8%)	3.5%
Call center expenses	7,708	9,636	9,219	25.0%	(4.3%)
Maintenance and other operating expenses	42,017	40,327	48,521	(4.0%)	20.3%
Licenses and insurance charges	8,593	7,309	7,790	(14.9%)	6.6%
Others	41,002	28,671	37,315	(30.1%)	30.1%
Total selling and marketing expenses	**646,018**	**578,882**	**679,603**	**(10.4%)**	**17.4%**
As a percentage of revenues					
Staff costs	11.3%	11.3%	10.1%		
Depreciation and amortization	6.8%	7.7%	5.7%		
Advertisement and business development	4.3%	4.1%	4.4%		
Home delivery and transportation	2.0%	3.4%	3.7%		
Utilities and communication	3.3%	3.3%	3.0%		
Rent	1.3%	1.4%	1.1%		
Call center expenses	0.4%	0.6%	0.4%		
Maintenance and other operating Expenses	2.2%	2.6%	2.4%		
Licenses and insurance charges	0.5%	0.5%	0.4%		
Others	2.2%	1.8%	1.8%		
Total selling and marketing expenses	**34.2%**	**36.7%**	**33.1%**		

Source: Audited financial statements and related financial information

Staff costs

Staff costs allocated to selling and distribution pertain to customer facing in-store employees and home delivery drivers.

Staff costs declined by 16.6% from USD 213.6m in 2019G to USD 178.2m in 2020G driven by: (i) natural attrition that was not replaced during the pandemic resulting in a decline in head count of restaurant employees in the five core markets from 30,979 in 2019G to 29,054 in 2020G, and (ii) the decline in average cost per employee between 2019G and 2020G due to cuts in commissions and overtime typically paid to in-store employees.

Staff costs subsequently increased from USD 178.2m in 2020G to USD 207.8m in 2021G as salaries normalized post COVID-19. Additionally, headcount of restaurant employees in the five core markets increased from 29,054 in 2020G to 30,037 in 2021G in line with the increase in the number of operating restaurants within these markets from 1,584 restaurants as at 31 December 2020G to 1,673 restaurants as at 31 December 2021G. Despite the staff costs increasing in nominal terms staff costs as a percentage of revenues decreased from 11.3% in 2020G to 10.1% in 2021G, which the Group believes is the optimal level of headcount as the employees' level of utilization improved.

Depreciation and amortization

Depreciation expense allocated to selling and distribution primarily pertains to the machinery and equipment of the restaurants' front area.

Amortization costs pertain to: (i) franchise costs paid to the host brands in relation store openings, and (ii) a portion of the right of use assets' amortization costs pertaining to the restaurants' front area.

Depreciation and amortization expense declined by 5.5% from USD 129.2m in 2019G to USD 122.1m in 2020G driven by the lower number of operating restaurants. Depreciation expenses decreased further by 3.9% from USD 122.1m in 2020G to USD 117.3m in 2021G primarily driven by the full year impact of the store closures in 2020G (these were mostly closed in H2 – 2020G and new restaurants in 2021G were only opened towards the end of the year) coupled with an increase in fully depreciated items.

Advertisement and business development

Advertisement and business development costs declined by 19.7% from USD 80.4m in 2019G to USD 64.5m in 2020G driven by the Group's decision to reduce marketing spend during the pandemic and certain marketing spend concessions negotiated with host brands for the months of March 2020G to December 2020G.

Advertisement and business development costs increased by 39.2% from USD 64.5m in 2020G to USD 89.8m in 2021G as marketing spend normalized post COVID-19.

Home delivery and transportation

Home delivery costs primarily include commissions paid to delivery aggregators and the Group's fleet and fuel costs.

The line item increased by 41.8% from USD 37.9m in 2019G to USD 53.8m in 2020G as home delivery revenues increased from USD 571.0m in 2019G USD 650.5m in 2020G. Home delivery revenues' contribution to total revenues increased from 30.2% in 2019G to 41.2% in 2020G.

Home delivery costs increased further by 42.3% from USD 53.8m in 2020G to USD 76.5m in 2021G driven by an increase in home delivery revenues from USD 650.5m in 2020G to USD 863.2m in 2021G. The contribution of home delivery revenues to total revenues increased from 41.2% in 2020G to 42.1% in 2021G.

Utilities and communication

Utilities and communication declined by 15.9% from USD 61.7m in 2019G to USD 51.9m in 2020G driven by the lower number of operating restaurants coupled with reduced working hours during lockdowns. Utilities increased by 19.6% from USD 51.9m in 2020G to USD 62.0m in 2021G as working hours normalized and the number of operating restaurants increased.

Rent

Rent costs allocated to selling and distribution primarily pertains to the restaurants front area.

Rent declined by 5.8% from USD 23.9m in 2019G to USD 22.5m in 2020G driven by the lower number of operating restaurants as explained earlier and rental renegotiations.

Rent costs increased by 3.5% from USD 22.5m in 2020G to USD 23.3m in 2021G driven by the higher number of operating restaurants. This was partially offset by the Group's ability to renegotiate certain lease terms during the pandemic.

Call centre expenses

This pertains to costs of running the call centres (excluding payroll costs).

Call centre costs increased by 25.0% from USD 7.7m in 2019G to USD 9.6m in 2020G as a result of using outsourced call centre to help facilitate increased home delivery volumes and deploying call center agents to mitigate the COVID-19 related changes in closure timings during 2020G.

Call centre costs slightly decreased by 4.3% from USD 9.6m in 2020G to USD 9.2m in 2021G primarily due to business normalizing and more customers shifting to using mobile phone applications instead of call centres.

Maintenance and other operating expenses

Includes maintenance and operating supplies such as cleaning and stationary supplies. The decrease in maintenance and other operating expenses from USD 42.0m in 2019G to USD 40.3m in 2020G was driven by lower utilization of restaurants which resulted in lower maintenance requirements.

The increase in maintenance and other operating expenses from USD 40.3m in 2020G to USD 48.5m in 2021G was driven by the additional spend on the Group's mobile phone applications, spare parts and replacement of old equipment.

License and insurance charges

This line item includes commercial and municipality licenses for restaurants and premiums for all insurance policies (general, fire, property, fidelity and others, etc).

The decline in licenses and insurance charges from USD 8.6m in 2019G to USD 7.3m in 2020G was driven by concessions provided by the various governments in relation to licenses renewals due to COVID-19.

License and insurance charges increased from USD 7.3m in 2020G and USD 7.8m in 2021G as operations normalized and no concessions were received.

Others

Others primarily include wastage and spoilage, smallware costs, credit card commissions and service contracts (such as security, cash collection from restaurants and others).

Others declined by 30.1% from USD 41.0m in 2019G to USD 28.7m in 2020G driven primarily by a decline in credit card commissions in line with the decline in revenues. The subsequent increase from USD 28.7m in 2020G to USD 37.3m in 2021G was primarily driven by the increase in credit card commissions as revenues recovered, preopening expenses of USD 2.0m and USD 1.4m in wastage.

General and administrative expenses

Table (5-9): General and administrative expenses breakdown for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Staff costs	92,527	71,815	95,593	(22.4%)	33.1%
Professional and legal	8,516	3,089	4,146	(63.7%)	34.2%
Depreciation and amortisation	12,736	15,550	15,698	22.1%	1.0%
Rent	7,821	5,287	8,965	(32.4%)	69.6%
Utilities	6,073	5,919	5,375	(2.5%)	(9.2%)
Repairs and maintenance	3,510	5,265	5,867	50.0%	11.4%
Office administration	1,803	612	2,116	(66.1%)	245.8%
Travel and accommodation	2,327	1,402	2,118	(39.8%)	51.1%
Loss/(gains) on foreign exchange	(1,239)	1,515	2,905	(222.3%)	91.7%
Provision for tax and legal claims	1,611	23,897	14,557	1383.4%	(39.1%)
Others	29,428	23,498	19,649	(20.2%)	(16.4%)
Total general and administrative expenses	**165,113**	**157,849**	**176,989**	**(4.4%)**	**12.1%**
As a percentage of revenues					
Staff costs	4.9%	4.6%	4.7%		
Professional and legal	0.5%	0.2%	0.2%		
Depreciation and amortisation	0.7%	1.0%	0.8%		
Rent	0.4%	0.3%	0.4%		
Utilities	0.3%	0.4%	0.3%		
Repairs and maintenance	0.2%	0.3%	0.3%		
Office administration	0.1%	0.0%	0.1%		
Travel and accommodation	0.1%	0.1%	0.1%		
Loss/(gains) on foreign exchange	(0.1%)	0.1%	0.1%		
Provision expense	0.1%	1.5%	0.7%		
Others	1.6%	1.5%	1.0%		
Total general and administrative expenses	**8.7%**	**10.0%**	**8.6%**		

Source: Audited financial statements and related financial information

Staff costs

Staff costs include salaries and wages, residency and visa fees, and other benefits and allowances for non-store employees.

Staff costs decreased by 22.4% from USD 92.5m in 2019G to USD 71.8m in 2020G primarily due to salary cuts specifically between April 2020G and July 2020G in response to COVID-19. Headcount of non-restaurants employees also declined from 3,027 in 2019G to 2,802 in 2020G due to certain layoffs made by the Group during 2020.

Staff costs increased by 33.1% from USD 71.8m in 2020G to USD 95.6m in 2021G primarily due to the increase in headcount from 2,802 in 2020G to 3,017 in 2021G coupled with an increase in average cost per employee between 2020G and 2021G. Additionally, salary increments were implemented for certain employees in the fourth quarter of 2021G.

Professional and legal fees

This represents fees paid to consultants, lawyers, and auditors for the provision of services. Professional and legal fees were higher in 2019G (USD 8.5m) compared to 2020G (USD 3.1m) driven by certain one-off costs of USD 6.5m in relation to certain consulting projects. Professional and legal fees increased by 34.2% from USD 3.1m in 2020G to USD 4.1m in 2021G driven by certain costs paid to IT consultants in relation to various IT projects.

Depreciation and amortization

Depreciation and amortization costs relate to the Group's offices and staff accommodations. Depreciation and amortization expenses increased by 22.1% from USD 12.7m in 2019G to USD 15.6m in 2020G due to the increase in right of use assets depreciation in relation to staff accommodations driven by new accommodations as mandated by social distancing requirements. These expenses remained relatively flat in 2021G at USD 15.7m.

Rent

This pertains to rent paid for various offices across the markets and staff accommodation. Rent expense declined by 32.4% from USD 7.8m in 2019G to USD 5.3m in 2020G driven by rent relief due to COVID-19 and rent renegotiations with landlords. Rent expense increased by 69.6% from USD 5.3m in 2020G to USD 9.0m in 2021G as the Group entered into new lease agreements for staff accommodation in Egypt and KSA.

Utilities

This pertains to the cost of electricity, water, and other utility expenses for offices and staff accommodation.

Utilities expenses remained relatively stable between 2019G (USD 6.1m) and 2020G (USD 5.9m). Utilities decreased by 9.2% from USD 5.9m in 2020G to USD 5.4m in 2021G driven by various energy efficiency initiatives.

Repairs and maintenance

This represents repairs and maintenance costs in relation to the Group's offices and IT related costs in relation to the Group's mobile phone applications. Repairs and maintenance expenses increased by 50.0% from USD 3.5m in 2019G to USD 5.3m in 2020G driven by certain IT system upgrades undertaken by the Group.

Repairs and maintenance costs further increased by 11.4% from USD 5.3m in 2020G to USD 5.9m in 2021G primarily due to the pick-up in business activity post COVID-19.

Office administration

Office administration represents cleaning and office supplies.

Office administration expenses decreased from USD 1.8m in 2019G to USD 0.6m in 2020G primarily due to work from home and social distancing measures relating to COVID-19. Office administration increased from USD 0.6m in 2020G to USD 2.1m in 2021G as offices resumed working in full capacity during 2021G as the COVID-19 restrictions were lifted.

Travel and accommodation

This includes travel expenses in relation to business trips. The expense represented 0.1% of revenues in 2019G, 2020G and 2021G, respectively.

Loss/(gains) on foreign exchange

This pertains to gains / losses on the revaluation of foreign currency loans, bank accounts and current accounts with Related Parties (primarily Egypt and Kuwait).

Provision for tax and legal claims

This primarily includes slow moving inventory provisions and tax provisions.

The increase in the provision expense from USD 1.6m in 2019G to USD 23.9m in 2020G was driven by a one-off provision expense recorded in Egypt in relation to a litigation with the Social Insurance Authority, which was settled in 2021G. This explains the subsequent decline in provisions expense by 39.1% from USD 23.9m in 2020G to USD 14.6m in 2021G.

Others

Others primarily include trade licenses, insurance, bank charges and service contracts and other miscellaneous fees.

The decline in others by 20.2% from USD 29.4m in 2019G to USD 23.5m in 2020G was driven by certain one-off severance payments made to employees in relation to restructuring initiative in Egypt in 2019G (USD 9.4m). Others further decreased from USD 23.5m in 2020G to USD 19.6m in 2021G due to high impairment charges in 2020G driven by decline in revenues.

Other income

Table (5-10): Other income for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Gain on rent concessions	-	28,114	6,978	100.0%	(75.2%)
Other income	796	1,186	1,523	49.0%	28.4%
Gain / loss on disposal of PPE	1,836	650	1,105	(64.6%)	70.0%
Other income (payment processor)	679	271	836	(60.1%)	208.5%
Noon income	1,260	514	290	(59.2%)	(43.6%)
Others	8,419	1,283	4,746	(84.8%)	269.9%
Total other income	**12,990**	**32,017**	**15,478**	**146.5%**	**(51.7%)**

Source: Management information

Gain on rent concessions

This pertains to rent concessions received from landlords during the pandemic. Concessions were effective until 30 June 2022. Rent concessions were obtained for 1,150 restaurants in 2020G versus only 386 restaurants in 2021G resulting in the decline in rent concessions in 2021G by 75.2% from USD 28.1m in 2020G to USD 7.0m in 2021G.

Other income

This represents rebates and incentives received by the Group from one of the cleaning materials suppliers.

Gain /loss on disposal of PPE

Gain / loss on disposal of PPE declined by 64.6% from USD 1.8m in 2019G to USD 0.7m in 2020G and increased in 2021G by 70.0% to USD 1.1m. Gain/ loss on disposal is primarily driven by the number of stores closed in a period and the sale of related PPE assets.

Other income (payment processor)

This represents incentives received from a payment processor for the use of its point of sale machines. The decline in the income by 60.1% in 2020G from USD 0.7m in 2019G to USD 0.3m in 2020G was driven by the decline in the number of orders due to COVID-19. The income subsequently increased from USD 0.3m in 2020G to USD 0.8m 2021G as business activity normalized.

Noon income

This represents rent income received from Noon in return for renting space in the Group's warehouses between July 2018G and July 2021G. This contract was terminated in October 2021G.

Others

In 2021G, others included: (i) one-off income received from a campaign with one of the aggregators in the KSA (USD 1.3m), (ii) a reversal of a provision in relation to a faulty shipment from Farm Frites (USD 1.1m), (iii) support received from the government of Egypt in relation to restaurants located in touristic areas (USD 818k) and (iv) various other miscellaneous income.

The decrease in 'others' by 84.8% from USD 8.4m in 2019G to USD 1.3m in 2020G was primarily driven by the decrease in income party hall, rental income from subleasing, and one-off income from USAID which was recorded in 2019G. The subsequent increase from USD 1.3m in 2020G to USD 4.7m in 2021G was primarily driven by: (i) one-off income of USD 1.3m in relation to the aggregators campaign; (ii) the reversal of the provision for Farm Frites shipment of USD 1.1m and (iii) support received from the government of Egypt in relation to restaurants located in touristic areas of USD 0.8m.

Reversal of impairment/ (impairment losses) of non-financial assets / Monetary gain from hyperinflation

The Lebanese economy has recently been impacted by hyperinflation. As such, all items recognised in the income statement were restated by applying the change in the general price index to each line item in line with IAS 29 requirements. The net impact of such restatement has been recorded in the Audited Financial Statements within "**Monetary gain from hyperinflation**" relating to the Group's operations in Lebanon.

Similarly, the carrying amounts of non-monetary assets and liabilities were adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment is recognised in the income statement if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Finance income

Finance income represents finance income generated from interest earning deposits.

Finance income increased between 2019G (USD 0.6m) and 2020G (USD 0.8m) primarily driven by the increase in the short-term deposits with banks from USD 44.1m as at 31 December 2019G to USD 71.6m as at 31 December 2020G.

Finance income further increased in 2021G to USD 2.2m primarily as a result of the further increase in short-term deposits from USD 71.6m as at 31 December 2020G to USD 80.3m at December 2021G and interest income from the loan to a Related Party which amounted to USD 64.0m as at 31 December 2021G. The Related Party loan was repaid on 20 April 2022G.

Finance costs

Table (5-11): Finance costs for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Finance cost on bank facilities	(1,623)	(1,178)	(1,455)	(27.4%)	23.5%
Finance cost on lease liabilities	(26,788)	(25,010)	(20,713)	(6.6%)	17.2%
Interest on employees end of service benefit	-	(3,676)	(950)	Not applicable	(74.2%)
Finance cost net	**(27,822)**	**(29,042)**	**(20,910)**	**4.4%**	**(28.0%)**

Source: Audited financial statements and related financial information

Finance costs represent interest costs paid to the banks in relation to outstanding loans / facilities and finance costs for right of use lease liabilities in line with IAS 19 requirements.

Income tax, Zakat, and contribution to KFAS

Table (5-12): Income tax, Zakat, and contribution to KFAS for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Current tax of subsidiaries on taxable profits for the year	6,052	5,313	10,666	(12.2%)	100.8%
Zakat of subsidiaries	2,294	398	3,985	(82.7%)	901.3%
Kuwait Foundation for the Advancement of Sciences	792	570	1,081	(28.0%)	89.6%
Total Income tax, Zakat, and contribution to KFAS	**9,138**	**6,281**	**15,732**	**(31.3%)**	**150.5%**

Source: Audited financial statements and related financial information

Income tax, Zakat, and contribution to KFAS declined from USD 9.1m in 2019G to USD 6.3m in 2020G driven by the decline in profit before taxes and Zakat from USD 161.2m in 2019G to USD 86.1m in 2020G. Income tax, Zakat, and contribution to KFAS subsequently increased from USD 6.3m in 2020G to USD 15.7m in 2021G in line with the increase in the profit before taxes and Zakat from USD 86.1m in 2020G to USD 222.1m in 2021G.

Net profit for the year and profit margin for the period

Net profit for the year decreased by 47.5% from USD 152.1m in 2019G to USD 79.8m in 2020G driven by the decline in gross profit on the back of COVID-19, which was not offset by a similar decline in operating expenses (a certain portion of the Group's expenses are fixed in nature).

Net profit margin decreased from 8.0% in 2019G to 5.1% in 2020G driven by: (i) the decline in gross profit margin by 1.2 percentage points from 52.2% in 2019G to 51.0% in 2020G, (ii) increase in general and administrative expenses as a percentage of revenues from 8.7% in 2019G to 10.0% in 2020G (a certain portion of general and administrative expenses are fixed in nature) and (iii) increase in selling and distribution expenses from 34.2% in 2019G to 36.7% in 2020G primarily due to the increase in home delivery revenues and the corresponding delivery costs.

Net profit for the year increased by 158.7% from USD 79.8m in 2020G to USD 206.4m in 2021G driven by the increase in gross profit by 34.5% from USD 803.9m in 2020G to USD 1,081.4m in 2021G as revenues exceeded pre-COVID-19 levels.

Net profit margin subsequently increased in 2021G to 10.1% driven by: (i) an improvement in gross profit margin by 1.7 percentage points from 51.0% in 2020G to 52.7% in 2021G as explained earlier, (ii) decline in general and administrative expenses as a percentage of revenues from 10.0% in 2020G to 8.6% in 2021G, and (iii) decline in selling and distribution expenses from 36.7% in 2020G to 33.1% in 2021G.

5.5.1.2 Special purpose carve-out statement of financial position for the Group

Table (5-13): Special purpose carve-out statement of financial position as at 31 December 2019G, 31 December 2020G, and 31 December 2021G for the Group:

Currency: USD000	2019G	2020G	2021G
Property and equipment	244,334	207,887	221,919
Right of use assets	459,665	371,547	361,975
Loan to a Related Party	-	-	51,200
Investment properties	8,007	7,521	9,341
Intangible assets	32,987	37,692	42,623
Derivative financial instrument	-	-	7,512
Deferred tax asset	150	1,599	2,150
Total non-current assets	**745,143**	**626,246**	**696,720**
Inventories	93,886	97,093	107,297
Trade and other receivables	89,943	95,980	94,034
Due from Related Parties	1,713	696	1,189
Loan to a Related Party	-	-	12,800
Derivative financial instrument	-	-	1,878
Cash and cash equivalents	169,878	196,347	173,996
Total current assets	355,420	390,116	391,194
Total assets	**1,100,563**	**1,016,362**	**1,087,914**
Lease liability	**318,945**	**263,630**	**248,136**
Provision for employees' end of service benefits	81,231	80,413	76,260
Trade and other payables	49,470	46,265	50,195
Deferred gain on derivative financial instrument	-	-	7,512
Deferred tax liabilities	827	-	-
Total non-current liabilities	450,473	390,308	382,103
Bank facilities	13,631	24,563	7,073
Deferred gain on derivative financial	-	-	1,878
Lease liability	148,780	139,809	136,463
Income tax, Zakat and other deductions payable	10,552	8,636	12,614
Trade and other payables	314,469	321,702	352,326
Due to Related Parties	14,382	22,419	23,683
Provisions	12,889	22,310	32,062
Total current liabilities	**514,703**	**539,439**	**566,099**
Total liabilities	**965,176**	**929,747**	**948,202**
Foreign currency translation reserve	(1,448)	(12,683)	(20,429)
Accumulated net contribution from Former Parent Company	119,951	89,789	148,984
Non-controlling interests	16,884	9,509	11,157
Total equity	**135,387**	**86,615**	**139,712**
Total liabilities and shareholders' equity	**1,100,563**	**1,016,362**	**1,087,914**

Source: Audited financial statements and related financial information

The following represents a summary of the movements within the statement of financial position of the Group as at 31 December 2019G, 2020G and 2021G. For more details refer to the subsequent detailed discussions for each of the statement of financial position accounts.

Non-current assets

Non-current assets decreased from USD 745.1m as at 31 December 2019G to USD 626.2m as at 31 December 2020G mainly driven by: (i) the decrease in the right-of-use assets as a result of the closure of restaurants during 2020G, (ii) the decrease in property and equipment as a result of the higher depreciation expense (USD 72.0m) compared to the additions made during the year (USD 33.8m). The decrease in right-of-use assets and property and equipment was partially offset by the increase in the intangible assets as a result of the additions related to franchise and key money during the 2020G driven by the opening of 61 new restaurants during 2020G.

Non-current assets increased from USD 626.2m as at 31 December 2020G to USD 696.7m as at 31 December 2021G mainly driven by: (i) the increase in loans to Related Parties for business expansion and (ii) the increase in property and equipment and intangible assets in line with the expansion of operations and the opening of 164 new restaurants.

Current assets

Current assets increased from USD 355.4m as at 31 December 2019G to USD 390.1m as at 31 December 2020G mainly driven by the increase in: (i) cash as a result of cash generated from operating activities exceeding cash used in investing and financing activities, (ii) trade receivables from aggregators (recorded within trade and other receivables) as a result of an increase in home delivery sales and (iii) inventory balances as a result of the increase in the goods in transit as at 31 December 2020G as the Group was expecting an uptake in the business activity in 2021G.

Current assets further increased from USD 390.1m as at 31 December 2020G to USD 391.2 as at 31 December 2021G primarily due to the increase in: (i) inventory levels driven by the higher raw materials balance and goods in transit to support the expansion of business activity, (ii) loans to Related Party in 2021G iii) due from Related Parties balance primarily in relation to interest receivable from Gulf Food Company Americana LLC., partially offset by (iv) the slight decrease in trade and other receivable balance and cash and cash equivalents balance.

Non-current liabilities

Non-current liabilities decreased from USD 450.5m as at 31 December 2019G to USD 390.3m as at 31 December 2020G due to: (i) the decrease in lease liabilities balance as a result of the net closure of restaurants during the year and the rent concessions received by the Group during the year, (ii) minor decrease in the provision for employees' end of service benefits as a result of the payments during the year for employees who left the organization and (iii) the decrease in trade and other payables reflecting amortization of supplier advances.

Non-current liabilities decreased from USD 390.3m as at 31 December 2020G to USD 382.1m as at 31 December 2021G primarily due to the decrease in: (i) lease liabilities as rent concessions continued in 2021G coupled with the full year impact of store closures that occurred in the second half of 2020G, (ii) the provision for employees' end of service benefits as a result of payments exceeding expenses for the year, partially offset by (iii) the increase in the trade and other payables balance.

Current liabilities

Current liabilities increased from USD 514.7m as at 31 December 2019G to USD 539.4m as at 31 December 2020G primarily due to the increase in: (i) bank facilities in Egypt to fund the business activity during the pandemic, (ii) trade and other payables primarily as a result of the Group negotiating extended payment terms with the host brands during the COVID-19 pandemic, (iii) due to Related Parties, (iv) provisions as a result of the increase in the tax and legal provisions, partially offset by (v) decrease in lease liabilities.

Current liabilities increased from USD 539.4m as at 31 December 2020G to USD 566.1m as at 31 December 2021G primarily due to the increase in: (i) trade and other payables as business activity normalised, (ii) provisions in relation to tax (USD 13.8m) and legal (USD 9.4m) cases against the Group, and (iii) amounts due to Related Party driven by the increase in purchases during the year 2021G (USD 107.2m) compared to 2020G (USD 87.6m).

Total equity

Total equity decreased from USD 135.4m as at 31 December 2019G to USD 86.6m as at 31 December 2020G primarily due to: (i) the decrease in the foreign currency translation reserve in relation to the hyperinflation adjustment in Lebanon, (ii) decrease in accumulated net contribution from the Former Parent Company as a result of the decline in the profit for the year, offset by (iii) the decrease in non-controlling interest as a result of the acquisition of 9.47% of the shares of the Egyptian Company for International Touristic Projects during 2020G.

Total equity increased from USD 86.6m as at 31 December 2020G to USD 139.7m as at 31 December 2021G as a result of: (i) the increase in the accumulated net contribution from the Former Parent Company and the increase in non-controlling interest driven by the increase in the profit for the year, partially offset by (ii) the decrease in the foreign currency translation reserve primarily due to the hyper inflation adjustment related to Lebanon.

Non-current assets

Table (5-14): Non-current assets as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Property and equipment	244,334	207,887	221,919
Right of use assets	459,665	371,547	361,975
Loan to a Related Party	-	-	51,200
Investment properties	8,007	7,521	9,341
Intangible assets	32,987	37,692	42,623
Derivative financial instrument	-	-	7,512
Deferred tax asset	150	1,599	2,150
Total non-current assets	**745,143**	**626,246**	**696,720**

Source: Audited financial statements and related financial information

Property and equipment

Table (5-15): Property and equipment net book value as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	Additions & transfers	Disposals	Net hyperinflation adjustment	Depreciation	Impairment	Forex	2020G	Additions & transfers	Disposals	Net hyperinflation adjustment	Depreciation	Impairment	Forex	2021G
Land	**19,806**	-	-	12,995	-	(7,024)	76	**25,853**	-	-	3,082	-	490	(10,330)	**19,095**
Leasehold improve-ment and furn-iture	**108,203**	13,124	(2,511)	1,127	(29,365)	(2,250)	(408)	**87,920**	49,265	(793)	101	(37,245)	87	403	**99,738**
Buildings and cold rooms	**26,400**	1,514	(297)	3,585	(4,896)	(2,262)	43	**24,087**	1,290	1	570	(3,640)	605	(2,669)	**20,244**
Equip-ment and tools	**65,281**	21,195	(755)	1,351	(32,566)	(1,415)	(382)	**52,709**	24,452	(1,250)	156	(16,383)	170	(1,574)	**58,280**
Vehicles	**5,017**	3,740	(24)	5	(5,154)	(10)	-	**3,574**	1,277	(29)	-	(1,237)	4	8	**3,597**
Capital work-in-prog-ress	**19,627**	(5,746)	(1)	-	-	-	(136)	**13,744**	7,430	(81)	-	-	-	(128)	**20,965**
Net book value	**244,334**	**33,827**	**(3,588)**	**19,063**	**(71,981)**	**(12,961)**	**(807)**	**207,887**	**83,714**	**(2,152)**	**3,909**	**(58,505)**	**1,356**	**(14,290)**	**221,919**

Source: Audited financial statements and related financial information

Land

The balance of USD 19.1m as at 31 December 2021G mainly related to lands in Jordan, Egypt, Lebanon, Kazakhstan and Morocco. These lands are being used for stores, offices, warehouses and others.

No additions were made between 31 December 2019G and 31 December 2021G.

Land increased from USD 19.8m as at 31 December 2019G to USD 25.9m as at 31 December 2020G, the increase was driven by the net hyperinflation adjustment of USD 13.0m in relation to the Lebanese entity partially offset by the impairment recorded of USD 7.0m in 2020G.

Land net book value decreased from USD 25.9m as at 31 December 2020G to USD 19.1m as at 31 December 2021G due to the forex impact of USD 10.3m pertaining to the Lebanese entity partially offset by the net hyperinflation adjustment of USD 3.1m.

Leasehold improvement and furniture

Leasehold improvement and furniture amounted to USD 99.7m as at 31 December 2021G mainly comprised restaurants furniture, fixtures, decorations and design contracts with vendors.

Leasehold improvement and furniture decreased from USD 108.2m as at 31 December 2019G to USD 87.9m as at 31 December 2020G primarily as a result of depreciation charges of USD 29.4m and disposals of USD 2.5m in relation to the 94 closed restaurants. This was partially offset by the additions of USD 13.1m in relation to the opening of 61 new restaurants during 2020G.

Leasehold improvement and furniture increased from USD 87.9m as at 31 December 2020G to USD 99.7m as at 31 December 2021G primarily as a result of the additions and transfers of USD 49.3m in relation to the opening of 164 new restaurants, partially offset by the depreciation charges of 2021G of USD 37.2m.

Buildings and cold rooms

Buildings and cold rooms of USD 20.2m as at 31 December 2021G mainly represented cold rooms in restaurants back areas and warehouses. This also included chillers, freezers and air-conditioning in restaurants.

Building and cold rooms net book value deceased from USD 26.4m as at 31 December 2019G to USD 24.1m as at 31 December 2020G primarily as a result of the depreciation charge for the year of USD 4.9m, partially offset by additions of USD 1.5m and net hyperinflation adjustment of USD 3.6m offset by impairments of USD 2.3m.

Building and cold rooms net book value deceased from USD 24.1m as at 31 December 2020G to USD 20.2m as at 31 December 2021G primarily as a result of the depreciation charge for the year of USD 3.6m and forex impact of USD 2.7m, partially offset by additions of USD 1.3m and impairments of USD 0.6m.

Equipment and tools

Equipment and tools of USD 58.3m as at 31 December 2021G related to in-store and warehouses equipment.

Equipment and tools decreased from USD 65.3m as at 31 December 2019G to USD 52.7m as at 31 December 2020G primarily driven by the depreciation charges for the year of USD 32.6m partially offset by the addition and transfers of USD 21.2m in relation to the new restaurants opened in 2020G and upgrades performed for restaurants to cover the increased demand in home delivery revenues.

Equipment and tools increased from USD 52.7m as at 31 December 2020G to USD 58.3m as at 31 December 2021G primarily driven by the additions of USD 24.5m in relation to the new restaurants opened during 2021G partially offset by depreciation charges of USD 16.4m, disposals of USD 1.3m and forex gains of USD 1.6m.

Vehicles

Vehicles of USD 3.6m as at 31 December 2021G primarily related to the distribution trucks owned by Group, staff transportation buses and home delivery vehicles.

Vehicles decreased from USD 5.0m as at 31 December 2019G to USD 3.6m as at 31 December 2020G primarily driven by the depreciation of USD 5.2m partially offset by additions of USD 3.7m relating to accommodation buses used to transport staff and vehicles for home delivery.

Vehicles remained stable between 31 December 2020G and 31 December 2021G at USD 3.6m as a result of additions of USD 1.3m offset by depreciation costs of USD 1.2m.

Capital work in progress

Capital work in progress of USD 21.0m as at 31 December 2021G primarily related to restaurants under construction and other ongoing projects of the Group.

Capital work in progress and others decreased from USD 19.6m as at 31 December 2019G to USD 13.7m as at 31 December 2020G primarily driven by net transfers of USD 5.7m from work in progress to other fixed assets categories primarily related to restaurants under construction.

Work in progress increased from USD 13.7m as at 31 December 2020G to USD 21.0m as at 31 December 2021G primarily driven by the net additions of USD 7.4m during 2021G related to restaurants under construction.

Table (5-16): Useful lives of property and equipment used for depreciation expenses of the group:

	Useful lives (years)
Leasehold improvements and furniture	5-7
Buildings	7-20
Cold rooms	5
Equipment and tools	4-7
Vehicles	4

Source: Audited financial statements and related financial information

Right of use assets

Table (5-17): Right-of-use assets breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	Buildings and leasehold	Land	Vehicles	Key money	Net book value
2019G	**425,176**	**8,022**	**21,288**	**5,179**	**459,665**
Additions and transfers	104,342	350	5,202	2,583	112,477
Net disposals	(46,693)	(453)	(10,512)	-	(57,658)
Charge for the year	(126,825)	(1,337)	(6,908)	(2,059)	(137,129)
Foreign currency translation difference	(1,763)	(650)	(52)	53	(2,412)
Reversal of impairment charges	(7,650)	-	-	-	(7,650)
Hyperinflation adjustment	4,254	-	-	-	4,254
2020G	**350,841**	**5,932**	**9,018**	**5,756**	**371,547**
Additions and transfers	125,884	414	6,589	3,244	136,131
Net disposals	(1,770)	(95)	(106)	-	(1,971)
Charge for the year	(132,361)	(1,167)	(7,933)	(1,782)	(143,243)
Foreign currency translation difference	(1,709)	(41)	29	(21)	(1,742)
Reversal of impairment charges	(292)	-	-	-	(292)
Hyperinflation adjustment	1,545	-	-	-	1,545
2021G	**342,138**	**5,043**	**7,597**	**7,197**	**361,975**

Source: Audited financial statements and related financial information

The Group has adopted IFRS 16 on 1 January 2019, which requires companies to account for finance and operating leases on their books in the form of right-of-use assets and liabilities. The standard was adopted using the simplified approach (i.e., no impact on the retained earnings as at 1 January 2019G).

As at 31 December 2021G the right of use assets related to 5,160 leases (primarily leases for 2,503 vehicles and delivery cars, 1,833 restaurants, 482 staff accommodation and administrative offices and other leases).

Net book value of right-of-use assets decreased from USD 459.7m as at 31 December 2019G to USD 371.5m as at 31 December 2020G as a result of: (i) the depreciation charge of the year of USD 137.1m, (ii) net disposals of USD 57.7m in relation to the 94 restaurants that were closed during 2020G, partially offset by (iii) additions for the year of USD 112.5m in relation to the 61 new restaurants that were opened in 2020G.

Net book value of right-of-use assets decreased from USD 371.5m as at 31 December 2020G to USD 362.0m as at 31 December 2021G primarily due to the depreciation charge for the year of USD 143.2m and net disposals of USD 2.0m in relation to the 54 restaurants closed during the year partially offset by additions of USD 136.1m for the 164 new store openings during 2021G.

Foreign currency translation is related to Egypt and Kazakhstan. Hyperinflation adjustment primarily relate to Lebanon.

Loan to a Related Party

Table (5-18): Loan to a Related Party as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Loan to a Related Party (non-current)	-	-	51,200
Loan to a Related Party (current)	-	-	12,800
Loan to a Related Party	**-**	**-**	**64,000**

Source: Audited financial statements and related financial information

On 21 March 2021G, Americana Prime Investments Limited (an entity within the Group) entered into a loan agreement of USD 64.0m with Americana Foods Investments Group Company LLC, a subsidiary of the Former Parent Company for business expansion. The loan is for a period of five years ending on 21 March 2026G and is repayable over five equal annual installments of USD 12.8m on the 21st of March 2022, 2023G, 2024G, 2025G and 2026G. As at 31 December 2021G, the loan carried an interest rate of LIBOR plus margin payable on a quarterly basis (with no grace period). The Related Party loan of USD 64.0m has been fully repaid by Americana Foods Investments Group Company LLC on 20 April 2022G.

Investment properties

Table (5-19): Investment properties as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	Depreciation	Foreign currency translation difference	2020G	Net transfers from property and equipment	Depreciation	Foreign currency translation difference	2021G
Investment properties	**8,007**	**(642)**	**156**	**7,521**	**2,454**	**(646)**	**12**	**9,341**

Source: Audited financial statements and related financial information

Investment properties as at 31 December 2021G primarily included buildings (USD 8.4m), land (USD 1.0m).

The fair value of the investment properties is determined by qualified external appraisers once every year.

An external valuation of the investment properties was undertaken by an independent appraiser, on an open market basis as at 31 December 2019G, 2020G and 2021G. Based on such valuation, the fair value of the investment at 31 December 2021G was determined at USD 32.0m (2020: USD 24.2m; 2019: USD 26.6m).

Investment properties decreased from USD 8.0m as at 31 December 2019G to USD 7.5m as at 31 December 2020G primarily due to the depreciation charge of USD 0.6m partially offset by the foreign currency translation difference of USD 0.2m.

The balance increased from USD 7.5m as at 31 December 2020G to USD 9.3m as at 31 December 2021G primarily driven by the addition of buildings in KSA worth USD 2.5m in relation to a warehouse partially offset by depreciation charges of USD 0.6m.

Intangible assets

Table (5-20): Intangible assets breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G for the Group:

Currency: USD000	2019G	Additions & transfers	Hyperinflation adjustment	Disposals	Amortisation	Impairment	Forex	2020G	Additions & transfers	Hyperinflation adjustment	Disposals	Amortisation	Impairment	Forex	2021G
Franchise & agencies	24,529	9,742	596	(431)	(4,398)	(687)	(117)	29,234	11,700	108	(510)	(6,133)	115	(349)	34,165
Others	8,458	-	-	-	-	-	-	8,458	-	-	-	-	-	-	8,458
Net book value	**32,987**	**9,742**	**596**	**(431)**	**(4,398)**	**(687)**	**(117)**	**37,692**	**11,700**	**108**	**(510)**	**(6,133)**	**115**	**(349)**	**42,623**

Source: Audited financial statements and related financial information

Intangible assets as at 31 December 2021G primarily included: (i) franchise fees paid to the host brands and are amortized over the life of the agreement / store license period and (ii) others in relation to goodwill recorded when the Group acquired the franchise operations in Jordan.

Net book value of intangible assets increased from USD 33.0m as at 31 December 2019G to USD 37.7m as at 31 December 2020G. The increase in intangible assets during 2020G was primarily driven by the additions of USD 9.7m related to new store opening during 2020G partially offset by the amortisation expense of USD 4.4m.

Net book value of intangible assets further increased from USD 37.7m as at 31 December 2020G to USD 42.6m as at 31 December 2021G. The increase in intangible assets during 2021G was primarily driven by the additions of USD 11.7m relating to store openings in 2021G partially offset by the amortisation expense of USD 6.1m.

The additions in both 2020G and 2021G primarily related to the expansion of the business and the opening of new restaurants.

Derivative financial instrument

The Company entered into an agreement on 9 December 2021G with a third party to operate cloud kitchens in the region through an investment in REEF Technology Middle East Limited. The Company acquired 25% shares in the entity in exchange for loan notes of USD 28.5m which are non-interest bearing and have a non-recourse against the Company. 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 Company.

The Company neither bears 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 Company contributed a working capital loan of USD 1.0m towards the REEF Technology Middle East Limited 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, a put option and call option is provided to both parties that is exercisable after 9 December 2024G. Management has estimated the fair valuation of the stake along with the underlying derivative instrument to be USD 9.4m and accordingly recorded the derivative financial instrument with the corresponding deferred gain as at 31 December 2021G.

Deferred tax asset

Deferred tax assets and liabilities represent temporary timing differences in tax treatment related to capital expenditures and the tax on retained losses that were recorded in Egypt in 2020G.

The deferred tax assets and liabilities related to Egypt and Oman and arose mainly due to timing differences in related to capital expenditures and the tax on retained losses that were recorded in Egypt during 2021G.

Current assets

Table (5-21): Current assets as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Inventories	93,886	97,093	107,297
Trade and other receivables	89,943	95,980	94,034
Due from Related Parties	1,713	696	1,189
Loan to a Related Party	-	-	12,800
Derivative financial instrument	-	-	1,878
Cash and cash equivalents	169,878	196,347	173,996
Total current assets	**355,420**	**390,116**	**391,194**

Source: Audited financial statements and related financial information

Inventories

Table (5-22): Inventories breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Raw materials	65,761	64,396	69,528
Filling and packing materials	8,653	9,020	11,546
Other materials	13,163	13,988	12,879
Goods in transit	5,849	9,695	13,425
Spare parts	7,243	6,752	6,400
Inventory	**100,669**	**103,851**	**113,778**
Waste, spoilage and defective allowance	(6,783)	(6,758)	(6,481)
Total inventory	**93,886**	**97,093**	**107,297**

Source: Audited financial statements and related financial information

Raw materials

Raw materials primarily include food items such as cheese, meat, chicken, bread, beverages and other smaller raw materials balances such as condiments and spices.

Raw materials decreased from USD 65.8m as at 31 December 2019G to USD 64.4m as at 31 December 2020G in line with the decline in revenues due to the pandemic.

Raw materials increased from USD 64.4m as at 31 December 2020G to USD 69.5m as at 31 December 2021G driven by revenue growth in 2021G compared to 2020G as the business grew beyond pre-COVID-19 levels. The number of operating restaurants also increased from 1,933 as at 31 December 2019G to 2,010 as at 31 December 2021G.

Filling and packing materials

Filling and packing material increased from USD 8.7m as at 31 December 2019G to USD 9.0m as at 31 December 2020G and to USD 11.5m as at 31 December 2021G primarily due to the expansion of home delivery (which require more packing material) coupled with the increase in number of operating restaurants in 2021G.

Other materials

Other materials mainly relate to smallware, cleaning, marketing material, uniforms and other smaller balances.

Other materials had minor movements as at 31 December 2019G, 31 December 2020G and as at 31 December 2021G, which were within the normal course of business.

Goods in transit

Goods in transit increased from USD 5.8m as at 31 December 2019G to USD 9.7m as at 31 December 2020G and USD 13.4m as at 31 December 2021G due to the expansion of the business activity coupled with the increase in purchases in anticipation of an increase in revenues in the first quarter of the following years.

Waste and spoilage allowance

Waste and spoilage allowance decreased from USD 4.9m as at 31 December 2019G to USD 4.6m as at 31 December 2020G and to USD 4.1m as at 31 December 2021G primarily driven by the Group's decision to include waste and spoilage management as part of in store employees' key performance indicators (KPIs).

Net spare parts

Net spare parts decreased from USD 5.3m as at 31 December 2019G to USD 4.6m as at 31 December 2020G and further to USD 4.0m as at 31 December 2021G primarily due to the Group's efforts to rationalize the purchasing of spare parts.

Trade and other receivables

Table (5-23): Trade and other receivables breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Gross trade receivables	16,104	19,988	26,800
Less: doubtful debt provision	(842)	(1,744)	(1,856)
Net trade receivables	**15,262**	**18,244**	**24,944**
Prepaid expenses	39,586	34,835	28,489
Advances to suppliers	2,375	7,145	5,499
Refundable deposits	20,220	20,139	18,627
Accrued income	4,498	4,573	5,304
Insurance receivables	764	1,101	752
Staff receivables	918	1,697	2,313
Others	6,320	8,246	8,106
Trade and other receivables	**89,943**	**95,980**	**94,034**

Source: Audited financial statements and related financial information

Trade receivables

Trade receivables primarily comprised receivables from aggregators, institutional and catering customers in addition to credit card receivables.

Gross trade receivables increased from USD 16.1m as at 31 December 2019G to USD 20.0m as at December 2020G primarily as a result of the expansion in the home delivery revenues generated through aggregators.

Trade receivables increased from USD 20.0m as at 31 December 2020G to USD 26.8m as at December 2021G primarily as a result of the increase in revenues and the further expansion of the home delivery revenues in both nominal and as a percentage of revenues.

Doubtful debt provision

Doubtful debt increased from USD 0.8m as at 31 December 2019G to USD 1.7m as at 31 December 2020G in line with the expected credit loss model of IFRS 9.

Doubtful debt provision increased from USD 1.7m as at 31 December 2020G to USD 1.9m as at 31 USD 2021G in line with the increase in the trade receivables balance; the doubtful debt provision declined as a percentage of gross trade receivables as at 31 December of 2020G and 31 December 2021G.

Prepaid expenses

Prepaid expenses related to residence permits for employees, housing expenses, legal fees, medical insurance, rent, maintenance charges and other smaller balances.

Prepaid expenses decreased from USD 39.6m as at 31 December 2019G to USD 34.8m as at December 2020G and further decreased to USD 28.5m as at 31 December 2021G primarily due to the decrease in prepaid rent as the Group was able to negotiate monthly and quarterly rent payments with landlords as opposed to annual payments.

Advances to suppliers

This primarily includes advances to contractors, vendors and advance made to landlords.

Advances to suppliers increased from USD 2.4m as at 31 December 2019G to USD 7.1m as at 31 December 2020G as a result of the increase in rent concessions received in the UAE during 2020G amounting to USD 5.3m and recorded under this line item.

The balance subsequently decreased to USD 5.5m as at 31 December 2021G as a result of the decrease in the concessions received in the UAE to USD 0.2m as the adverse impact of COVID-19 subsided.

Refundable deposits

Refundable deposits primarily relate to rent deposits paid to landlords.

Refundable deposits remained relatively stable between 31 December 2019G and 31 December 2020G. Refundable deposits decreased from USD 20.1m as at 31 December 2020G to USD 18.6m as at 31 December 2021G as Management performed an exercise to replace the deposits with bank guarantees.

Accrued income

Accrued income related to rebates received from a cleaning materials supplier and rebates from payment processors.

Accrued income increased from USD 4.5m as at 31 December 2019G to USD 4.6m as at 31 December 2020G and USD 5.3m as at 31 December 2021G primarily due to the increase in purchases of cleaning materials during the pandemic and the increase in the number of restaurants in 2021G in addition to the receivable balance from beverage suppliers as the business expanded in 2021G.

Insurance receivables

Insurance receivables primarily include receivables in relation to claims from insurance providers.

Insurance receivables increased from USD 0.8m as at 31 December 2019G to USD 1.1m as at 31 December 2020G due to the increased number of claims in relation to shipment damages. The balance subsequently decreased to USD 0.8m as at 31 December 2021G as the claims were collected.

Staff receivables

Staff receivables primarily include housing allowances granted to employees that are subsequently deducted from employee's monthly salary.

Staff receivables increased from USD 0.9m as at 31 December 2019G to USD 1.7m as at 31 December 2020G as more employees opted for housing allowances during the pandemic. The balance further increased to USD 2.3m as at 31 December 2021G within the normal course of business as the employee headcount increased and more employees opted to take the housing allowance.

Others

Others primarily included receivables from sublease agreements in Egypt and KSA.

The balance increased from USD 6.3m as at 31 December 2019G to USD 8.2m as at 31 December 2020G as a result of the increase in the sublease rental income between 2019G and 2020G. Others remained relatively stable as at 31 December 2021G compared to as at 31 December 2020G.

Due from Related Parties

Table (5-24): Due from Related Parties' balances as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	Place of incorporation	Nature of relationship	2019G	2020G	2021G
Due from Related Parties					
Americana Group for Food & Touristic Projects SAE	Egypt	Fellow subsidiary	21	-	-
Americana Foods Investments Group Company LLC	UAE	Fellow subsidiary	-	-	457
Kuwait Foods Divisions (Meat, Cake Agencies)	Kuwait	Division of Former Parent Company	2	-	-
Gulf Food Industries Company (California Garden) FZE	UAE	Fellow subsidiary	76	-	68
Gulf Food Company Americana LLC	UAE	Fellow subsidiary	866	-	-
Noon E Commerce Solutions	UAE	Entity controlled by a major shareholder	-	143	-
Nshmi Development LLC	UAE	Entity controlled by a major shareholder	180	84	90
Other			568	469	574
Total due from Related Parties	**1,713**	**696**	**1,189**		

Source: Audited financial statements and related financial information

Due from Related Parties' balances decreased from USD 1.7m as at 31 December 2019G to USD 0.7m as at 31 December 2020G primarily due to the decrease in the balance from Gulf Food Company Americana LLC. The balance from Gulf Food Company Americana LLC represented a current balance with UAE Restaurants and the balance was settled during 2020G. Due from Related Parties subsequently increased to USD 1.2m as at 31 December 2021G as a result of the increase in the balance from Americana Foods Investments Group Company LLC by USD 0.5m in relation to interest on the loan to a Related Party.

Cash and cash equivalents

Table (5-25): Cash and cash equivalents breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Cash on hand	2,040	1,778	4,309
Cash at banks	123,747	122,931	89,420
Short-term deposits with original maturity of 3 months or less	44,091	71,638	80,267
Cash and cash equivalents	**169,878**	**196,347**	**173,996**

Source: Audited financial statements and related financial information

Cash and cash equivalents represent the Group's bank accounts, interest earning deposits and cash on hand. Cash and cash equivalents increased from USD 169.9m as at 31 December 2019G to USD 196.3m as at 31 December 2020G and subsequently decreased to USD 174.0m as at 31 December 2021G. For more details, refer to the cash flow statement section of the Group.

Potential liabilities and capital commitments

The Group had capital commitments in relation to projects in progress of USD 13.9m as at 31 December 2021G (USD 5.8m as at 31 December 2019G and USD 1.7m as at 31 December 2020G). The Group also had outstanding letters of credit of USD 12.7m as at 31 December 2021G (USD 3.9m as at 31 December 2019G and USD 6.9m as at 31 December 2020G). Capital commitments are primarily related to new store openings.

The Group has irrevocable letters of guarantee from a commercial bank for USD 12.8m as at 31 December 2021G (USD 12.8m as at 31 December 2019G and USD 12.2m as at 31 December 2020G).

Property and equipment with a carrying amount of USD 19.7m as at 31 December 2021G (2020G: USD 16.1m, 2019G: USD 19.4m) were pledged as security for a borrowing held by the Former Parent Company. The Group received a waiver for these pledges dated 17 August 2022G.

Non-current liabilities

Table (5-26): Non-current liabilities as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Lease liability	318,945	263,630	248,136
Provision for employees' end of service benefits	81,231	80,413	76,260
Trade and other payables	49,470	46,265	50,195
Deferred gain on derivative financial instrument	-	-	7,512
Deferred tax liabilities	827	-	-
Total non-current liabilities	**450,473**	**390,308**	**382,103**

Source: Audited financial statements and related financial information

Lease liabilities

Table (5-27): Lease liabilities breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Lease liability non-current	318,945	263,630	248,136
Lease liability current	148,780	139,809	136,463
Total lease liabilities	**467,725**	**403,439**	**384,599**

Source: Audited financial statements and related financial information

The Group has applied IFRS 16 on 1 January 2019, which requires companies to account for finance and operating leases in their books in the form of right-of-use assets and liabilities. The standard was adopted using the simplified approach (i.e. no impact on the retained earnings as at 1 January 2019G).

The lease liabilities decreased from USD 467.7m as at 31 December 2019G to USD 403.4m as at 31 December 2020G as a result of the closure of 94 restaurants during 2020G and the opening of fewer restaurants compared to previous years due to the COVID-19 pandemic in addition to rent concessions of USD 28.1m which were received during 2020G.

Lease liabilities decreased from USD 403.4m as at 31 December 2020G to USD 384.6m as at 31 December 2021G primarily as a result of rent concessions of USD 7.0m which were received during 2021G and lease payments exceeding additions during the year.

Provision for employees' end of service benefits

Table (5-28): Provision for employees' end of service benefits breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Beginning balance	**84,186**	**81,231**	**80,413**
Current service cost	13,522	8,001	10,074
Interest cost	-	3,676	950
Transfer to staff accruals	(2,232)	(1,100)	(2)
Benefits paid during the year	(14,317)	(17,333)	(13,535)
Remeasurement of employees' end of service benefits	-	6,050	(436)
Foreign currency translation differences	72	(112)	(1,204)
Ending balance	**81,231**	**80,413**	**76,260**

Source: Audited financial statements and related financial information

End of service benefits are calculated in accordance with the labour laws of each jurisdiction. Actuarial valuations are carried out at the end of each reporting period.

End of service benefits slightly decreased from USD 81.2m as at 31 December 2019G to USD 80.4m as at 31 December 2020G driven by the benefits paid during the year of USD 17.3m primarily in KSA and the UAE and the transfer of staff accruals of USD 1.1m partially offset by the current service charge for the 2020G year of USD 8.0m, interest costs of USD 3.7m and remeasurement of employees' end of service benefits of USD 6.1m.

End of service benefits further decreased from USD 80.4m as at 31 December 2020G to USD 76.3m as at 31 December 2021G driven by the benefits paid during 2021G of USD 13.5m (UAE 4.6M, KSA 4.6M, Kuwait 2.9M, Qatar 0.6M, Others 0.7M), forex (primarily related to Lebanon) and actuarial losses of USD 1.2m partially offset by the current service charge for the 2021G year of USD 10.1m and interest costs of USD 1.0m.

Non-current trade and other payables

Non-current portion pertains to the unearned income in relation to upfront payments made by beverage supplier with a performance obligation expected to be satisfied and recognised within a period exceeding 12 months. Non-current trade and other payables decreased from USD 49.5m as at 31 December 2019G to USD 46.3m as at 31 December 2020G. Non-current trade and other payables increased from USD 46.3m as at 31 December 2020G to USD 50.2m as at 31 December 2021G.

Deferred gain on derivative financial instrument

The Company entered into an agreement on 9 December 2021G with a third party to operate cloud kitchens in the region through an investment in REEF Technology Middle East Limited. The Company acquired 25% shares in the entity in exchange for loan notes of USD 28.5m which are non-interest bearing and have a non-recourse against the Company. 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 Company.

The Company neither bears 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 Company contributed a working capital loan of USD 1.0m towards REEF Technology Middle East Limited 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, a put option and call option is provided to both parties that is exercisable after 9 December 2024G. Management has estimated the fair valuation of the stake along with the underlying derivative instrument to be USD 9.4m and accordingly recorded the derivative financial instrument with the corresponding deferred gain as at 31 December 2021G.

Deferred tax liability

Deferred tax liability mainly pertains to Kazakhstan and calculated due to the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and tax base as per Local Tax Laws.

Current liabilities

Table (5-29): Current liabilities as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Bank facilities	13,631	24,563	7,073
Deferred gain on derivative financial	-	-	1,878
Lease liability	148,780	139,809	136,463
Income tax, Zakat and other deductions payable	10,552	8,636	12,614
Trade and other payables	314,469	321,702	352,326
Due to Related Parties	14,382	22,419	23,683
Provisions	12,889	22,310	32,062
Total current liabilities	**514,703**	**539,439**	**566,099**

Source: Audited financial statements and related financial information

Bank facilities

Table (5-30): Bank facilities benefits breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	Country	2019G	2020G	2021G
Dukhan Bank	Qatar	19	-	-
Commercial Bank of Qatar	Qatar	1	12	-
National Bank of Kuwait	Kuwait	32	-	-
Commercial International Bank	Egypt	4,687	13,150	5,400
Arab Bank	Egypt	704	3,819	200
Banque Misr	Egypt	0	-	-
QNB	Egypt	3,325	3,185	1,165
National Bank of Kuwait	Lebanon	4,864	4,397	308
BLOM BANK	Lebanon	-	-	0
Total borrowings and bank facilities		**13,631**	**24,563**	**7,073**

Source: Audited financial statements and related financial information

The Group has availed of various bank facilities across the markets in which it operates. These facilities include overdrafts, letters of credit, letters of guarantee and corporate credit cards. As at 31 December 2021G, outstanding facilities related to Lebanon and Egypt.

The increase in bank facilities from USD 13.6m as at 31 December 2019G to USD 24.6m as at 31 December 2020G was primarily driven by the increase in the loan balance in Egypt from Commercial International Bank and Arab Bank in order to fund business activity in Egypt. A portion of the outstanding facility in Egypt was subsequently settled during 2021G. This, coupled with the devaluation of the local currency in Lebanon, explains the reason for the decline in total borrowings and bank facilities as at 31 December 2021G to USD 7.1m.

Given low utilisation of bank facilities and high cash generation profile of the business, management believes that the Group has enough flexibility to fund future expansion through internal cash generation and if needed through existing bank facilities.

Income tax, Zakat and other deductions payable

Table (5-31): Income tax, Zakat and other deductions payable breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Income tax	5,063	4,124	6,018
Property and other taxes	41	792	829
Zakat	3,060	1,429	3,310
Other taxes payable	2,388	2,291	2,457
Income tax, Zakat and other deductions payable	**10,552**	**8,636**	**12,614**

Source: Audited financial statements and related financial information

Income tax, Zakat and other deductions payable represent taxes arising from the normal course of business. Income tax, Zakat and other deductions payable decreased from USD 10.6m as at 31 December 2019G to USD 8.6m as at 31 December 2020G in line with the decline in overall business activity (and accordingly net profit before Zakat and taxes) during the pandemic.

Income tax, Zakat and other deductions payable increased from USD 8.6m as at 31 December 2020G to USD 12.6m as at 31 December 2021G as a result of the expansion of the operations during the year.

Trade and other payables

Table (5-32): Trade and other payables breakdown as at 31 December 2019G, 31 December 2020G and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Trade payables	118,158	107,230	126,543
Non-trade payables	27,977	33,206	40,250
Accrued expenses	108,489	92,172	95,944
Unearned income	17,207	18,205	21,108
Accrued staff benefits	20,384	16,489	46,903
Value added tax payable	7,344	7,502	6,006
Customer deposits	4,555	4,137	2,979
Other payables	10,355	42,761	12,593
Total trade and other payables	**314,469**	**321,702**	**352,326**

Source: Audited financial statements and related financial information

Trade payables

Trade payables primarily relate to suppliers of raw materials and packaging materials and other materials required for running the business.

Trade payables decreased from USD 118.2m as at 31 December 2019G to USD 107.2m as at 31 December 2020G primarily driven by the slowdown in business activity during the pandemic, resulting in lower purchases coupled with the decrease in the number of operating restaurants.

Trade payables increased from USD 107.2m as at 31 December 2020G to USD 126.5m as at 31 December 2021G as the level of purchases increased with the expansion of the business activity during 2021G.

Non-trade payables

Non-trade payables primarily relate to contractors and capital expenditure suppliers.

Non-trade payables increased from USD 28.0m as at 31 December 2019G to USD 33.2m as at 31 December 2020G primarily driven by the increase in the balance related to capex contractors.

Non-trade payables further increased from USD 33.2m as at 31 December 2020G to USD 40.3m as at 31 December 2021G driven by the increase in new store openings as the COVID-19 impact subsided.

Accrued expenses

Accrued expenses mainly related to rental, utilities, maintenance, advertising and other smaller accrual balances.

Accrued expenses decreased from USD 108.5m as at 31 December 2019G to USD 92.2m as at 31 December 2020G driven by the decline in advertising expenses in line with the decline in business activity during 2020G compared to 2019G.

Accrued expenses increased from USD 92.2m as at 31 December 2020G to USD 95.9m as at 31 December 2021G as business activity normalized and advertising expenses returned to the normal course of business.

Unearned income

Unearned income mainly related to income recorded from the beverage supplier. The balance increased from 17.2m in 2019G to USD 21.1m in 2021G in line with the increase in the level of operations and the expansion of the business.

Accrued staff benefits

Accrued staff benefits include bonus accruals and the annual leave accruals.

Accrued staff benefits decreased from USD 20.4m as at 31 December 2019G to USD 16.5m as at 31 December 2020G as employees were encouraged to utilize their leave balances during the pandemic. Additionally, the Group did not pay / accrue for bonuses during 2020G.

Accrued staff benefits increased from USD 16.5m as at 31 December 2020G to USD 46.9m as at 31 December 2021G as a result of: (i) the accrual of bonuses of USD 9.3m that was subsequently paid during May of 2022G, and (ii) increase in annual leave accruals by USD 11.3m in line with the increase in headcount.

Value added tax payable

Value added tax payables relate to payable taxes to the tax authorities on taxes generated with revenues.

Value add tax increased from USD 7.3m as at 31 December 2019G to USD 7.5m as at 31 December 2020G primarily due to the increase in the value-add tax rate in KSA from 5% to 15%.

Value added tax declined in 2021G primarily due to the currency devaluation in Lebanon which reduced the payable balance from USD 2.2M to USD 0.2M.

Customer deposits

Customer deposits relate to retained balances in relation to contractors, which are released after a specific agreed upon period post the completion of store construction.

Customer deposits decreased from USD 4.6m to 31 December 2019G to USD 4.1m before further decreasing to USD 3.0m as at 31 December 2021G. The decrease between 31 December 2019G and 31 December 2021G is within the normal course of business.

Other payables

Other payables primarily related to outstanding balances to the host brands including royalties.

Other payables increased from USD 10.4m as at 31 December 2019G to USD 42.8m as at 31 December 2020G as the Group negotiated extended payment terms with the host brands during the pandemic to manage cashflows. These payables were settled during 2021G, hence the decline in the balance from USD 42.8m as at 31 December 2020G to USD 12.6m as at 31 December 2021G.

Payables to the host brands were higher at 2021G compared to 2019G in line with the growth in business activity.

Due to Related Parties

Table (5-33): Due to Related Parties' balances as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	Place of incorpora-tion	Nature of rela-tionship	2019G	2020G	2021G
National Company for Food Industries LLC	KSA	Fellow subsidiary	9,965	9,474	7,110
International Co. for Agricultural development ('Farm Frites') SAE	Egypt	Fellow subsidiary	1,592	4,403	6,261
Senyorita for Food Industries SAE	Egypt	Fellow subsidiary	-	-	2,551
Gulf Food Company Americana LLC	UAE	Fellow subsidiary	-	1,591	2,295
Gulf Food Industries Company (California Garden) FZE	UAE	Fellow subsidiary	-	1,208	1,467
Cairo Poultry Processing Company SAE	Egypt	Fellow subsidiary	1,920	1,885	1,213
Americana Group for Food & Touristic Projects SAE	Egypt	Fellow subsidiary	-	2	-
Others	Not applicable	Fellow subsidiary	798	803	162
Kuwait Foods Divisions (Meat, Cake Agencies)	Kuwait	Division of Former Parent Company	-	3,008	2,282
Noon E Commerce Solutions	UAE	Entities controlled by a major shareholder	97	-	-
Noon AD Holdings	UAE	Entities controlled by a major shareholder	10	31	274
Noon Payments Digital Limited	KSA	Entities controlled by a major shareholder	-	14	68
Total due to Related Parties	**14,382**	**22,419**	**23,683**		

Source: Audited financial statements and related financial information

Due to Related Party balances as at 31 December 2021G primarily related to purchases of raw materials from food business of the Former Parent. The balance with Senyorita for Food Industries SAE is a short-term current account balance which was then subsequently settled in 2022G.

Due to Related Parties' balances increased from USD 14.4m as at 31 December 2019G to USD 22.4m as at 31 December 2020G primarily due to the increase in balance with Kuwait Foods Divisions (Meat, Cake Agencies) and International Co. for Agricultural development ('Farm Frites') SAE.

Due to Related Party balances further increased from USD 22.4m as at December 2020G to USD 23.7m as at December 2021G primarily due to the increase in the amounts due to the International Co. for Agricultural development ('Farm Frites') SAE, and Senyorita for Food Industries SAE driven by an increase in purchases from USD 87.6m in 2020G to USD 120.5m in 2021G. The increase in balances to the aforementioned Related Parties was partially offset by the decrease in the balance to Kuwait Foods Divisions (Meat, Cake Agencies) and National Company for Food Industries LLC.

Provisions for legal, tax and other claims

Table (5-34): Provisions for legal, tax and other claims' balances as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Legal cases	3,966	7,737	9,430
Provision for termination and closure	2,450	3,849	5,060
Tax	4,135	7,906	13,781
Other provisions	2,338	2,818	3,791
Total provisions	**12,889**	**22,310**	**32,062**

Source: Audited financial statements and related financial information

Legal cases

This represents provision for legal claims filed against the Group.

Legal cases provision increased from USD 4.0m as at 31 December 2019G to USD 7.7m as at 31 December 2020G and further increased to USD 9.4m as at 31 December 2021G.

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 2021G.

Provision for termination and closure

The provision relates to potential costs to be incurred in relation to store closures and other lease termination charges.

The provision for termination and closure of restaurants increased from USD 2.5m as at 31 December 2019G to USD 3.8m as at 31 December 2020G and further to USD 5.1m as at 31 December 2021G in line with the closure of restaurants during 2020G and 2021G.

Tax

This represents provisions for ongoing tax / Zakat assessments by the relevant tax authorities for the open years. The provision balance was calculated in line with precedents (i.e., previous years' tax inspections) and past interpretations of the laws. As such, the Group's management deems the provision balance to be adequate.

The increase from USD 4.1m as at 31 December 2019G to USD 7.9m as at 31 December 2020G and subsequently to USD 13.8m as at 31 December 2021G was primarily driven by Egypt's tax provisions in relation to the open years.

Other provisions

Other provisions comprised expected claims from external parties in relation to the Company's activities. The Group's management reviews these provisions on a yearly basis and adjusts the balances based on the latest developments, discussions, and agreements with such parties.

Total equity

Table (5-35): Total equity as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of the Group:

Currency: USD000	Foreign currency translation reserve	Accumulated net contribution from Former Parent Company	Total	Non-controlling interests	Total equity
Balance as at 31 December 2019	**(1,448)**	**119,951**	**118,503**	**16,884**	**135,387**
Net profit for the year	-	80,826	80,826	(1,045)	79,781
Remeasurement of employees' end of service benefits	-	(6,050)	(6,050)	-	(6,050)
Hyperinflation adjustment	(10,495)	-	(10,495)	-	(10,495)
Foreign currencies translation differences	(740)	-	(740)	8	(732)
Changes in non-controlling interest	-	(9,513)	(9,513)	(6,338)	(15,851)
Distributions to the Former Parent Company	-	(59,949)	(59,949)	-	(59,949)
Net payments and impact of capital reorganisation with the Former Parent Company	-	(35,476)	(35,476)	-	(35,476)
Balance as at 31 December 2020	**(12,683)**	**89,789**	**77,106**	**9,509**	**86,615**
Net profit for the year	-	203,917	203,917	2,491	206,408
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)
Changes in non-controlling interest	-	(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 as at 31 December 2021	**(20,429)**	**148,984**	**128,555**	**11,157**	**139,712**

Source: Audited financial statements and related financial information

Foreign currency translation

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 in equity.

Accumulated net contribution from Former Parent Company

Accumulated net contribution from Former Parent Company decreased from USD 120.0m as at 31 December 2019G to USD 89.8m as at 31 December 2020G primarily as a result of the distributions to the Former Parent Company of USD 59.9m, net payments and impact of capital reorganisation with the Former Parent Company of USD 35.5m and change in non-controlling interest (primarily in Egypt) of USD 9.5m. This was partially offset by the net profit for the year of USD 80.8m.

Accumulated net contribution from the Former Parent Company increased from USD 89.8m as at 31 December 2020G to USD 149.0m as at 31 December 2021G primarily as a result of the net profit for the year of USD 203.9m partially offset by distributions to the Former Parent Company of USD 129.8m and net payments and impact of capital reorganisation with the Former Parent Company of USD 15.2m.

Non-controlling interest

December 2020G primarily due to the net loss for the year attributed to minority interest shareholders of USD 1.0m and the Group acquiring an additional 9.14% stake in its subsidiary Egyptian Company for International Touristic Projects through a mandatory takeover on the Egyptian Stock Exchange market for USD 14.7m (EGP 231.1m equivalent to EGP 6.32 per share), increasing the ownership to 99.24 with 0.55% as treasury shares and remaining shared as non-controlling interest.

As this transaction does not change the Company's control status of Egyptian Company for International Touristic Projects, the difference between the total consideration paid and the identified net assets attributable to the non-controlling interest acquired amounting to USD 9.5m has been charged to accumulated net contribution from the Former Parent Company in equity on the basis that this is considered a shareholder's transaction in accordance with the Company's accounting policy. Hence, this does not result in the recognition of any additional non-current assets.

Non-controlling interests increased from USD 9.5m as at 31 December 2020G to USD 11.2m as at 31 December 2021G primarily as a result of the profit attributed to non-controlling interest of USD 2.5m partially offset by the changes in non-controlling interest of USD 0.9m.

5.5.1.3 Special purpose carve-out statement of cashflows

Table (5-36): Special purpose carve-out statement of cash flows for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of the Group:

Currency: USD000	2019G	2020G	2021G
Cash flows from operating activities			
Profit before income tax and Zakat for the year[1]	160,445	85,492	221,059
Adjustments for:			
Depreciation and amortisation	220,054	214,747	208,629
Provision for employees' end of service benefits, net of transfers	13,522	8,001	10,074
Impairment allowance on financial assets	(50)	1,644	1,454
Provision for obsolete, slow moving, and defective inventories	1,855	3,159	1,387
(Reversal of impairment)/impairment losses of non-financial assets	248	21,298	(1,179)
Loss on disposal of property and equipment and intangible assets	7,174	3,240	1,224
Gain on rent concessions	-	(28,113)	(6,978)
Finance income	(589)	(822)	(2,208)
Finance cost	28,411	29,864	23,118
Hyperinflation impact	-	(33,136)	1,348
Operating cash flows before changes in working capital	**431,070**	**305,374**	**457,928**
Payments of employees' end of service benefits	(14,317)	(17,333)	(13,535)
Income tax paid	(5,183)	(5,501)	(6,971)
Changes in working capital:			
Trade and other receivables	(1,851)	(9,129)	(62)
Due from Related Parties	26,033	1,017	(493)
Inventories	12,883	(6,214)	(11,274)
Due to Related Parties	(7,605)	8,037	1,264
Trade and other payables, provisions and other taxes	70,206	7,865	41,992
Net cash generated from operating activities	**511,236**	**284,116**	**468,849**
Cash flows from investing activities			
Purchase of property and equipment	(67,843)	(39,933)	(91,510)

Currency: USD000	2019G	2020G	2021G
Proceeds from sale of property and equipment	3,274	779	1,438
Purchase of intangible assets	(6,529)	(5,073)	(8,303)
Payments for key money	(779)	(1,744)	(1,401)
Interest received on short term deposits	589	822	2,208
Loans to a Related PartyRelated Party	-	-	(64,000)
Net cash used in investing activities	**(71,288)**	**(45,149)**	**(161,568)**
Cash flows from financing activities			
Payments of finance costs	(1,623)	(1,178)	(1,455)
Changes in non-controlling interests	(2,288)	(1,139)	(826)
Acquisition of additional shares in subsidiary from non-controlling interests	-	(14,712)	(184)
Principal elements of lease payments	(133,535)	(110,748)	(160,363)
Distributions to the Former Parent Company	(105,941)	(59,949)	(129,817)
Movement in payments and impact of capital reorganisation with the Former Parent Company	(133,248)	(35,476)	(15,222)
Net cash used in financing activities	**(376,635)**	**(223,202)**	**(307,867)**
Net change in cash and cash equivalents	63,313	15,765	(586)
Foreign currency translation differences	(2,554)	(228)	(4,275)
Cash and cash equivalents at the beginning of the year	95,488	156,247	171,784
Cash and cash equivalents at the end of the year [2]	**156,247**	**171,784**	**166,923**

Source: Audited financial statements and related financial information

[1] Profit before income tax and Zakat for the year presented above is before Zakat and income tax and after the Kuwait Foundation for the Advancement of Sciences fees

[2] Cash and Cash equivalents at year end presented in the cash flow statement is less bank overdrafts of USD 13.6m, USD 24.6m and USD 7.1m as at 31 December 2019G, 2020G and 2021G respectively.

Net cash generated from operating activities

Net cash generated from operating activities decreased from USD 511.2m in 2019G to USD 284.1m in 2020G primarily due to the impact of COVID-19 on revenues during the year which decreased by 16.5% between 2019G and 2020G resulting in a decrease in profit before income tax and Zakat for the year for the year from USD 160.4m in 2019G to USD 85.5m in 2020G. In addition, the change in working capital during 2020G resulted in a cash inflow of USD 1.6m compared to a cash inflow of USD 99.7m in 2019G.

Net cash generated from operating activities increased from USD 284.1m in 2020G to USD 468.8m in 2021G primarily due to the recovery in business activity. Revenues increased by 30.0% resulting in an increase in profit before income tax and Zakat for the year from USD 85.5m in 2020G to USD 221.1m in 2021G. In addition to the recovery of profits before tax in 2021G, the change in working capital during 2021G resulted in a cash inflow of USD 31.4m compared to USD 1.6m in 2020G.

Net cash used in investing activities

Net cash used in investing activities decreased from USD 71.3m in 2019G to USD 45.1m in 2020G primarily driven by the decrease in the cash used to purchase property and equipment as less restaurants were opened during 2020G.

Net cash used in investing activities increased from USD 45.1m in 2020G to USD 161.6m in 2021G primarily driven by the increase in the cash used to purchase property and equipment as more restaurants were opened during 2021G. Additionally, a loan of USD 64.0m was provided to a Related Party in 2021G.

Net cash used in financing activities

Net cash used in financing activities decreased from USD 376.6m in 2019G to USD 223.2m in 2020G primarily as a result of the decrease in distributions to the Former Parent Company and movement in payments and impact of capital reorganization account from USD 239.2m in 2019G to USD 95.4m in 2020G. This was partially offset by the increase in cash used in the acquisition of additional shares in Egyptian Company for International Touristic Projects amounting to USD 14.7m.

Net cash used in financing activities increased from USD 223.2m in 2020G to USD 307.9m in 2021G primarily as a result of the increase in distributions to the Former Parent Company and movement in payments and impact of capital reorganization account from USD 95.4m in 2020G to USD 145.0m in 2021G and the increase in cash used to pay the principal element of lease payments from USD 110.7m in 2020G to USD 160.4m in 2021G.

5.5.2 Kuwait Food Company Americana LLC in respect of its UAE Restaurant Business (UAE) ("UAE Restaurants Business") for the years ended 31 December

Table (5-37): Summary of the financial information of UAE Restaurants Business for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G:

Currency: USD000	2019G	2020G	2021G
Statement of income			
Revenues	540,144	476,333	598,456
Cost of revenues	(252,913)	(222,381)	(271,691)
Gross profit	**287,231**	**253,953**	**326,764**
General and administrative expenses	(64,213)	(51,889)	(71,149)
Selling and marketing expenses	(184,977)	(175,439)	(204,849)
Impairment of non-financial assets	-	(427)	38
Net (impairment)/reversal of allowance on financial assets	152	(86)	(217)
Other operating income – net	1,035	6,622	3,630
Operating profit	**39,229**	**32,735**	**54,218**
Finance costs	(4,419)	(3,873)	(3,059)
Profit for the year	**34,810**	**28,861**	**51,159**
Summary of the statement of financial position			
Total non-current assets	177,128	153,052	161,601
Total current assets	80,986	78,828	105,769
Total assets	**258,114**	**231,879**	**267,371**
Total non-current liabilities	79,431	76,977	74,810
Total current liabilities	177,878	130,421	151,218
Total liabilities	**257,310**	**207,397**	**226,027**
Total equity	**804**	**24,482**	**41,343**
Total liabilities and equity	**258,114**	**231,879**	**267,371**

Source: Audited financial statements and related financial information

Table (5-38): Key performance indicators for the years ended on 31 December 2019G, 2020G and 2021G

Income statement and balance sheet key performance indicators			
Currency: USD000	2019G	2020G	2021G
Gross profit margin (1)	53.2%	53.3%	54.6%
Net profit margin (2)	6.4%	6.1%	8.5%
Current ratio (3)	0.5	0.6	0.7
Total liabilities to total assets (4)	99.7%	89.4%	84.5%
Net debt (net cash) (thousand USD) (5)	(22,470)	(16,673)	(31,526)
Days revenues outstanding (6)	4	4	5
Days inventory outstanding (7)	40	53	55
Days payable outstanding (8)	115	142	106
NWC as a percentage of revenues (9)	(15.1%)	(7.5%)	(7.0%)
ROA (10)	13.5%	12.4%	19.1%
ROE (11)	4,327.6%	117.9%	123.7%

Source: Management information

(1) Gross margin is defined as gross profit for the six months period divided by revenues for the six months period

(2) Net profit margin is defined as the net profit for the six months period divided by revenues for the six months period

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues (for the last twelve months period) multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from related parties)

(7) Days inventory outstanding is defined as inventory divided by cost of inventory (for the last twelve months period) multiplied by 365 (where inventory refers to sum of raw material, filing and packaging material and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by cost of inventory (for the last twelve months period) multiplied by 365 (where trade and other payables refers to the sum of trade payables, current portion of unearned income and trade related dues to related parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from related parties less trade and other payables, due to related parties, provisions for legal, tax and other claims, income tax, zakat and other deductions payable

(10) Return on assets is calculated based on profit for the last twelve months period divided by total assets

(11) Return on equity is calculated based on profit for the last twelve months period divided by total equity

5.5.2.1 Statement of income

The following tables set out UAE Restaurants Business's statement of income for 31 December 2019G, 31 December 2020G and 31 December 2021G.

Table (5-39): Statement of income for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
Statement of income			
Revenues	540,144	476,333	598,456
Cost of revenues	(252,913)	(222,381)	(271,691)
Gross profit	**287,231**	**253,953**	**326,764**
General and administrative expenses	(64,213)	(51,889)	(71,149)
Selling and marketing expenses	(184,977)	(175,439)	(204,849)
Impairment of non-financial assets	-	(427)	38
Net (impairment)/reversal of allowance on financial assets	152	(86)	(217)
Other operating income – net	1,035	6,622	3,630
Operating profit	**39,229**	**32,735**	**54,218**
Finance costs	(4,419)	(3,873)	(3,059)
Profit for the year	**34,810**	**28,861**	**51,159**

Source: Audited financial statements and related financial information

Revenues by brand

Table (5-40): Revenues by brand for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
KFC	264,812	238,947	313,322	(9.8%)	31.1%
Pizza Hut	151,017	143,368	167,857	(5.1%)	17.1%
Hardee's	72,136	63,144	81,086	(12.5%)	28.4%
Krispy Kreme	15,902	13,258	16,044	(16.6%)	21.0%
Others	36,277	17,616	20,148	(51.4%)	14.4%
Total revenues	**540,144**	**476,333**	**598,456**	**(11.8%)**	**25.6%**
As a percentage of revenues					
KFC	49.0%	50.2%	52.4%		
Pizza Hut	28.0%	30.1%	28.0%		
Hardee's	13.4%	13.3%	13.5%		
Krispy Kreme	2.9%	2.8%	2.7%		
Others	6.7%	3.7%	3.4%		

Source: Management information

Revenues by channel

Table (5-41): Revenues by channel for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Home delivery	186,722	96,078	120,376	(48.5%)	25.3%
Take-out	173,745	223,088	278,718	28.4%	24.9%
Dine-in	145,112	118,011	139,721	(18.7%)	18.4%
Drive-through	23,762	25,267	32,515	6.3%	28.7%
Others	10,803	13,889	27,126	28.6%	95.3%
Total revenues	**540,144**	**476,333**	**598,456**	**(11.8%)**	**25.6%**
As a percentage of revenues					
Home delivery	34.6%	20.2%	20.1%		
Take-out	32.2%	46.8%	46.6%		
Dine-in	26.9%	24.8%	23.3%		
Drive-through	4.4%	5.3%	5.4%		
Others	2.0%	2.9%	2.4%		

Source: Management information

The Company's Power Brands are KFC, Pizza Hut, Hardee's and Krispy Kreme. All the four brands operate in the UAE and collectively contributed 96.6% to total revenues in 2021G.

- Revenues decreased from USD 540.1m in 2019G to USD 476.3m in 2020G on the back of COVID-19 primarily due to:
- Lockdowns and reduced working hours resulting in a decrease in the number of orders from 42.4m orders in 2019G to 33.7m orders in 2020G;
- Hardee's revenues were more impacted than KFC and Pizza Hut as it did not have its own mobile delivery application and primarily depended on food aggregators (Hardee's mobile application was rolled out in UAE in August of 2020G); partially offset by
- The increase in the average order value from USD 12.7 in 2019G to USD 14.1 in 2020G driven by the growth in home delivery revenues, which typically have a higher average order value compared to dine-in and take-away. Management took the initiative to upgrade a number of restaurants to accommodate the additional demand for home delivery; and
- The increase in prices during 2020G whereby KFC prices increased by 3.0% in January 2020G onwards, Hardee's by 4.5% in March of 2020G onwards, and Pizza Hut by 4.5% in February 2020G.

Revenues increased from USD 476.3m in 2020G to USD 598.5 in 2021G, exceeding pre-COVID19 revenues levels primarily due to:

- The opening of 52 new restaurants and the normalization of the number of operating hours of existing restaurants as a result of lifting of COVID-19 related restrictions;
- The increase in the number of orders from existing and new restaurants from 33.7m in 2020G orders to 43.0m orders in 2021G;
- The further increase in home delivery revenues in nominal value during 2021G to reach USD 278.7m compared to USD 223.1m in 2020G (albeit being slightly lower as a percentage of revenues in 2021G compared to 2020G) as the Company increased the trading zones it delivers to in 2021G; and
- Further increase in prices for Pizza Hut by 5.5% in June 2021G onwards.

KFC continued to outperform the brands within the portfolio to grow in contribution from 49.0% of total revenues in 2019G to 52.4% in 2021G driven by the increase in the number of restaurants and the increase in average revenues per restaurant from USD 1.6m in 2019G to USD 1.7m in 2021G due to higher number of orders (driven by home delivery) and higher average order values.

In terms of channel wise revenues, home delivery revenues, increased from 32.2% of total revenues in 2019G to 46.6% of total revenues in 2021G primarily capturing share from dine-in revenues, which did not fully recover in 2021G.

Cost of revenues

Table (5-42): Cost of revenues breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Raw materials	150,417	127,951	163,172	(14.9%)	27.5%
Staff costs	34,783	30,628	36,841	(11.9%)	20.3%
Royalties fees	28,153	25,249	32,223	(10.3%)	27.6%
Depreciation	21,332	22,169	21,906	3.9%	(1.2%)
Short term and variable rent	10,906	6,882	7,204	(36.9%)	4.7%
Waste and spoilage charges	2,524	2,482	2,790	(1.7%)	12.4%
Provision for slow moving inventories	126	131	77	3.9%	(41.4%)
Others	4,673	6,889	7,480	47.4%	8.6%
Total cost of revenues	**252,913**	**222,381**	**271,691**	**(12.1%)**	**22.2%**
As a percentage of revenues					
Raw materials	27.8%	26.9%	27.3%		
Staff costs	6.4%	6.4%	6.2%		
Royalties fees	5.2%	5.3%	5.4%		
Depreciation	3.9%	4.7%	3.7%		
Short term and variable rent	2.0%	1.4%	1.2%		
Waste and spoilage charges	0.5%	0.5%	0.5%		
Provision for slow moving inventories	0.0%	0.0%	0.0%		
Others	0.9%	1.4%	1.2%		
Total cost of revenues	**46.8%**	**46.7%**	**45.4%**		

Source: Audited financial statements and related financial information

Raw materials

Raw material costs include the costs of protein, cheese, french fries, beverages, and other input costs.

Raw materials decreased by 14.9% from USD 150.4m in 2019G to USD 128.0m in 2020G in line with the decline in revenues on the back of COVID-19 lockdowns. Raw materials as a percentage of revenues decreased from 27.8% in 2019G to 26.9% in 2020G due to channel shift and increase in raw material prices.

Raw materials increased by 27.5% from USD 128.0m in 2020G to USD 163.2m in 2021G driven by the recovery in revenues post easing of lockdowns combined with an increase in the cost of cooking oil, packaging and potatoes in KFC, beef and chicken in Hardee's and cheese in Pizza Hut. Cost of raw materials as a percentage of revenues increased in 2021G (27.3%) compared to 2020G (26.9%).

Staff costs

Staff costs include salaries and wages, overtime and other benefits and allowances of in-restaurants back area employees.

Staff costs decreased by 11.9% from USD 34.8m in 2019G to USD 30.6m in 2020G primarily due to the (i) decrease in the number of employees as the natural attrition in 2020G was not replaced; and (ii) a decline in average cost per employee in 2020G compared to 2019G due to overtime and variable pay reductions taken by Management to mitigate the adverse impact of COVID-19.

Staff costs increased by 20.3% from USD 30.6m in 2020G to USD 36.8m in 2021G primarily due to the increase in the number of employees in 2021G compared to 2020G combined with an increase in average cost per employee in 2021G compared to 2020G as business activity normalized post-pandemic.

Royalties

Royalty fees in UAE ranged between 4.0% and 6.0% of revenues.

Royalty fees decreased by 10.3% from USD 28.2m in 2019G to USD 25.2m in 2020G in line with the decrease in revenues during 2020G combined with the royalty wavier received from some of the host brands from April to May 2020G.

The increase in royalty fees by 27.6% from USD 25.2m in 2020G to USD 32.2m in 2021G was driven by the revenues growth in 2021G and the termination of royalty concessions.

Royalty fees slightly increased during 2019G, 2020G and 2021G as a percentage of revenues as a result of the increase in one of the Power Brands' royalty fees from 5.25% in 2019G to 5.5% in 2020G.

Depreciation

Depreciation costs allocated to cost of revenues pertain to restaurants equipment and cold rooms.

Depreciation expense is considered broadly fixed in nature. Depreciation remained relatively stable between 2019G, 2020G and 2021G at USD 21.3m, USD 22.2m and USD 21.9m respectively.

Short-term and variable rent

This represents the short-term and variable rent paid in relation to the restaurants rent. The portion of rent costs allocated to cost of revenues pertains to the restaurants' kitchen/back area. Short-term rent are rental agreements that are short in period and do not qualify under IFRS 16 and variable rent is primarily driven by revenues.

Short-term and variable rent costs decreased by 36.9% from USD 10.9m in 2019G to USD 6.9m in 2020G primarily in line with the decline in revenues (approximately 49.5% of the UAE's restaurants have a variable rent component). In addition to the decrease in revenues, short-term rent decreased in 2020G as a result of the Company shifting to third party storage and distribution services contract, the cost of which is recorded within "**others**".

Short-term and variable rent cost subsequently increased by 4.7% from USD 6.9m in 2020G to USD 7.2m primarily driven by the increase in revenues. Additionally, the Company opened 52 new restaurants in 2021G, thereby increasing the number of restaurants from 438 as at 31 December 2020G to 480 as at 31 December 2021G.

Short-term and variable rent costs as a percentage of revenues declined from 1.4% in 2020G to 1.2% in 2021G as the Company was able to renegotiate certain lease terms and the rental value of certain restaurants reduced permanently.

Waste and spoilage charges

Waste and spoilage charges relate to food waste resulting from business operations.

Waste and spoilage charges remained fairly stable in 2019G and 2020G with a balance of USD 2.5m.

Waste and spoilage increased by USD 0.3m from USD 2.5m in 2020G to USD 2.8m in 2021G in line with the increase in revenues.

Waste and spoilage as a percentage of revenues remained stable at 0.5% between 2019G and 2021G.

Provision for slow moving items

Provision for slow-moving items relate to inventory components.

Provision for slow-moving items remained fairly stable from 2019G to 2021G at USD 0.1m.

Others

Others include miscellaneous commissary and warehouse expenses such as utilities, and maintenance expenses in addition to distribution costs between commissaries/warehouses and restaurants. The increase in Others from USD 4.7m in 2019G to USD 6.9m was driven by the Company's decision to utilize third-party storage and distribution (previously the Company used to lease and manage their warehouses).

Others further increased from USD 6.9m in 2020G to USD 7.5m in 2021G as a result of the normalization of operations.

Selling and marketing expenses

Table (5-43): Selling and marketing expenses breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Staff costs	59,086	52,175	62,371	(11.7%)	19.5%
Depreciation	35,121	37,465	34,720	6.7%	(7.3%)
Advertising and promotion	23,070	18,877	27,857	(18.2%)	47.6%
Utilities and communication	19,350	16,787	19,115	(13.2%)	13.9%
Rent	11,830	8,791	9,224	(25.7%)	4.9%
Home delivery expenses	11,287	16,214	21,956	43.7%	35.4%
Operating supplies charges	4,806	4,170	3,634	(13.2%)	(12.9%)
License and insurance	4,236	3,526	3,322	(16.8%)	(5.8%)
Miscellaneous expenses	7,979	8,422	9,860	5.5%	17.1%
Maintenance charges	5,196	4,579	7,973	(11.9%)	74.1%
Amortization	1,238	1,730	2,384	39.8%	37.8%
Small ware charges	1,150	1,204	1,162	4.7%	(3.5%)
Closure loss	625	1,500	1,270	139.8%	(15.3%)
Total selling and marketing expenses	**184,977**	**175,439**	**204,849**	**(5.2%)**	**16.8%**
As a percentage of revenues					
Staff costs	10.9%	11.0%	10.4%		
Depreciation	6.5%	7.9%	5.8%		
Advertising and promotion	4.3%	4.0%	4.7%		
Utilities and communication	3.6%	3.5%	3.2%		
Rent	2.2%	1.8%	1.5%		
Home delivery expenses	2.1%	3.4%	3.7%		
Operating supplies charges	0.9%	0.9%	0.6%		
License and insurance	0.8%	0.7%	0.6%		
Miscellaneous expenses	1.5%	1.8%	1.6%		
Maintenance charges	1.0%	1.0%	1.3%		
Amortization	0.2%	0.4%	0.4%		
Small ware charges	0.2%	0.3%	0.2%		
Closure loss	0.1%	0.3%	0.2%		
Total selling and marketing expenses	**34.2%**	**36.8%**	**34.2%**		

Source: Audited financial statements and related financial information

Staff costs

Staff costs allocated to selling and distribution pertain to customer-facing employees in restaurants and drivers.

Staff costs declined by 11.7% from USD 59.1m in 2019G to USD 52.2m in 2020G driven by: (i) natural attrition that was not replaced during the pandemic resulting in a decline in headcount in 2020G compared to 2019G, and (ii) the decline in average cost per employee due to cuts in commissions and overtime typically paid to in-restaurants employees.

Staff costs subsequently increased from USD 52.2m in 2020G to USD 62.4m in 2021G as salaries normalized post COVID-19 and the headcount increased as a result of the expansion of the business and the increase in the number of operating stores.

Depreciation

Depreciation expense allocated to selling and distribution primarily pertains to machinery and equipment in the restaurants' front area and right-of-use assets.

Depreciation expense increased by 6.7% from USD 35.1m in 2019G to USD 37.5m in 2020G driven by the increase in the number of restaurants from 432 to 438.

Depreciation expenses decreased by 7.3% from USD 37.5m in 2020G to USD 34.7m in 2021G primarily driven by the full year impact of the store closures in 2020G (these were mostly closed in H2 – 2020G and new restaurants in 2021G were only opened towards the end of the year) coupled with an increase in fully depreciated items.

Advertisement and promotion

Advertising and promotion expenses primarily comprise marketing spend in relation to the agreements with the host brands. The Company is mandated by the virtue of the franchise agreements with the host brands to spend the following on an annual basis: (i) KFC, Pizza Hut and Hardee's: 5% of gross revenues (ii) Krispy Kreme: 3% of gross revenues (iii) TGIF: 2% of gross revenues.

Advertisement and business development costs declined by 18.2% from USD 23.1m in 2019G to USD 18.9m in 2020G driven by Management's decision to decrease marketing spends during the pandemic combined with host brand's allowing the Company to spend below the contracted minimum marketing spend threshold in certain months.

Advertisement and business development costs increased by 47.6% from USD 18.9m in 2020G to USD 27.9m in 2021G primarily due to the increase in revenues and the normalization in marketing spend post-pandemic.

Utilities and communication

Utilities and communication declined by 13.2% from USD 19.4m in 2019G to USD 16.8m in 2020G driven by the reduced working hours during lockdowns.

Utilities increased by 13.9% from USD 16.8m in 2020G to USD 19.1m in 2021G as working hours normalized and the number of operating restaurants increased.

Rent

Rent costs allocated to selling and distribution primarily pertain to the restaurants' front area.

Rent declined by 25.7% from USD 11.8m in 2019G to USD 8.8m in 2020G driven by: (i) the decline in revenues which led to a decline in variable rent, and (ii) a portfolio rationalization exercise was undertaken wherein 23 restaurants were closed in 2020G.

Rent costs increased by 4.9% from USD 8.8m in 2020G to USD 9.2m in 2021G driven by the higher number of operating restaurants and the normalisation of operations.

Home delivery

Home delivery costs primarily include commissions paid to delivery aggregators and the Company's fleet costs.

The line item increased by 43.7% from USD 11.3m in 2019G to USD 16.2m in 2020G as revenues from home delivery increased from USD 173.7m in 2019G to USD 223.1m in 2020G.

Home delivery costs increased further by 35.4% from USD 16.2m in 2020G to USD 22.0m in 2021G driven by the further increase in home delivery revenues from USD 223.1m in 2020G to USD 278.7m in 2021G.

Operating supplies charges

Operating supply charges primarily consist of cleaning & office supplies such as tissues, towels, cleaning tools, paper in addition to personal protective supplies such as gloves, masks, etc.

Operating and supply charges decreased by 13.2% from USD 4.8m in 2019G to USD 4.2m in 2020G due to COVID-19 restrictions and curfews, which resulted in lower office supplies expenses, partially offset by an increase in personal protective supplies driven by the pandemic.

Operating and supplies charges further decreased by 12.9% from USD 4.2m in 2020G to USD 3.6m in 2021G due to higher expenses incurred in 2020G on hygiene products compared to 2021G (sanitizers, masks, etc.).

License and insurance

This includes commercial and municipality licenses for restaurants and premiums for all insurance policies (general, fire, property, fidelity and others, etc).

The decline in licenses and insurance charges from USD 4.2m in 2019G to USD 3.5m in 2020G was driven by COVID-19 related concessions provided by the government on restaurants trade licenses in 2020G.

Licenses and insurance charges further decreased from USD 3.5m in 2020G to USD 3.3m in 2021G as the license concession were provided during 2021G.

Miscellaneous expenses

Miscellaneous expenses include credit card commissions and service contracts (such as security, cash collection from restaurants, etc.).

Miscellaneous expenses increased by 5.5% from USD 8.0m in 2019G to USD 8.4m in 2020G due to the increase in the revenue made using credit cards in line with the increase in home delivery sales.

Miscellaneous expenses further increased by 17.1% from USD 8.4m in 2020G to USD 9.9m in 2021G due to the further increase in revenues generated through credit card payments as home delivery sales continued to increase during 2021G compared to 2020G and 2019G.

Maintenance charges

Maintenance charges decreased by 11.9% from USD 5.2m in 2019G to USD 4.6m 2020G driven by the lower utilization of restaurants which resulted in lower maintenance requirements.

Maintenance charges increased by 74.1% from USD 4.6m in 2020G to USD 8.0m in 2021G driven by: (i) normalized utilization of restaurants, and (ii) the increase in spend on the Company's mobile applications, and spare parts and replacement of old equipment.

Amortization

Amortization costs pertain to intangible assets in relation to franchise costs paid to the host brands in relation to restaurants openings.

Amortization costs increased by 39.8% from USD 1.2m in 2019G to USD 1.7m 2020G driven by the net increase in the number of operating restaurants during the year by 6.

Amortization costs further increased by 37.8% from USD 1.7m in 2020G to USD 2.4m in 2021G in line with the further net increase in the number of operating restaurants by 42.

Small ware charges

Small ware charges consist of small ancillary items like tongs, lids, brushes, trays, whisks, pans and other serve ware/glassware used at restaurants.

Small ware charges remained fairly stable during 2019G, 2020G, and 2021G at USD 1.2m.

Closure loss

Closure loss costs relate to losses incurred due to write off of the net book value of assets when the restaurant is closed, rent penalty for early closure in addition to demolition costs.

Closure loss costs increased by 139.8% from USD 0.6m in 2019G to USD 1.5m in 2020G due to closure of 23 restaurants in 2020G compared to 6 restaurants in 2019G.

Closure loss costs decreased by 15.3% from USD 1.5m in 2020G to USD 1.3m in 2021G as a lower number of restaurants closed in 2021G (10 restaurants) as opposed to 2020G (23 restaurants).

General and administrative expenses

Table (5-44): General and administrative expenses breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Staff costs	40,167	31,273	50,218	(22.1%)	60.6%
Depreciation	3,436	6,529	8,133	90.0%	24.6%
Maintenance charges	3,094	3,472	4,155	12.2%	19.7%
Utilities and communication	3,180	2,746	3,059	(13.7%)	11.4%
Short term and variable rent	4,762	2,377	1,744	(50.1%)	(26.6%)
Others	9,573	5,492	3,839	(42.6%)	(30.1%)
Total general and administrative expenses	**64,213**	**51,889**	**71,149**	**(19.2%)**	**37.1%**
As a percentage of revenues					
Staff costs	7.4%	6.6%	8.4%		
Depreciation	0.6%	1.4%	1.4%		
Maintenance charges	0.6%	0.7%	0.7%		
Utilities and communication	0.6%	0.6%	0.5%		
Short term and variable rent	0.9%	0.5%	0.3%		
Others	1.8%	1.2%	0.6%		
Total general and administrative expenses	**11.9%**	**10.9%**	**11.9%**		

Source: Audited financial statements and related financial information

Staff costs

Staff costs include salaries and wages, residency and visa fees, and other benefits and allowances for non-restaurants employees.

Staff costs decreased by 22.1% from USD 40.2m in 2019G to USD 31.3m in 2020G primarily due to salary cuts specifically between late March 2020 and June 2020 in response to COVID-19. In addition to the salary cuts, the headcount also declined between 2019G and 2020G.

Staff costs increased by 60.6% from USD 31.3m in 2020G to USD 50.2m in 2021G primarily due to the increase in headcount in 2021G compared to 2020G and the increase in the cost per employee driven by: (i) new hiring in development and design in line with new store openings and renovations strategies, and (ii) new hiring in the IT department for certain technology projects.

Depreciation

This cost item relates to depreciation costs for the Company's offices. Depreciation expense increased by 90.0% from USD 3.4m in 2019G to USD 6.5m in 2020G and further to USD 8.1m in 2021G due to the increase in the depreciation of right-of-use assets, and the capitalization of major IT projects in both years.

Maintenance charges

This represents maintenance costs in relation to the Company's offices.

Maintenance expenses increased by 12.2% from USD 3.1m in 2019G to USD 3.5m in 2020G driven by certain IT systems upgrades undertaken by the Company.

Maintenance charges further increased by 19.7% from USD 3.5m in 2020G to USD 4.2m in 2021G primarily due to the increase in maintenance costs related to major IT projects maintenance cost.

Utilities and communication

This pertains to the cost of electricity, water, and other utility expenses for offices.

Utilities and communication expenses decreased by 13.7% from USD 3.2m in 2019G to USD 2.7m in 2020G driven by the reduced working hours as a result of the COVID-19. Utilities and communication increased by 11.4% from USD 2.7m in 2020G to USD 3.1m in 2021G as business activity normalized.

Short-term and variable rent

This pertains to rent paid for various offices in the UAE. Short-term and variable rent expenses declined by 50.1% from USD 4.8m in 2019G to USD 2.4m in 2020G driven by the Company shifting from operating its own warehouses to third party service providers during 2020G. Short term rent costs of warehouses operated by the Company were accounted for under this line in 2019G. Short-term and variable rent expenses further decreased by 26.6% from USD 2.4m in 2020G to USD 1.7m in 2021G representing the full year impact of shifting from operating its own warehouses to third party service providers.

Others

Others primarily include trade licenses, insurance, bank charges, service contracts and other miscellaneous fees.

The decrease in 'others' by 42.6% from USD 9.6m in 2019G to USD 5.5m in 2020G was driven by concessions received from the government in relation to license fees and concessions for other overheads. Others further decreased by 30.1% from USD 5.5m in 2020G to USD 3.8m in 2021G driven by certain one-off restructuring costs recorded in 2020G but not in 2021G.

Other operating income – net

Table (5-45): Other operating income, net breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Gain on rent concessions	-	6,047	3,278	100.0%	(45.8%)
Others	1,035	575	352	(44.5%)	(38.8%)
Other operating income – net	**1,035**	**6,622**	**3,630**	**539.9%**	**(45.2%)**

Source: Audited financial statements and related financial information

Gain on rent concessions

This pertains to rent concessions received from landlords during the pandemic. Waivers were effective until 30 June 2022. Rent concessions were obtained for 165 restaurants in 2020G versus only 53 restaurants in 2021G resulting in the decline in rent concessions in 2021G by 45.8% from USD 6.0m in 2020G to USD 3.3m in 2021G.

Others

Others included income from subleasing arrangements in certain restaurant premises, car wash contracts, kids' games area subleasing, party hall rental income, gain/loss from disposal of property and equipment.

Others decreased by 44.5% from USD 1.0m in 2019G to USD 0.6m in 2020G and further decreased by 38.8% to USD 0.4m in 2021G due to the closure of entertainment activities like party hall, kids' games completely in 2020G and partially in 2021G.

Finance costs

Table (5-46): Finance costs breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Interest on lease liabilities	4,419	3,873	2,751	(12.4%)	(29.0%)
Others	-	-	308	0.0%	100.0%
Total finance cost	**4,419**	**3,873**	**3,059**	**(12.4%)**	**(21.0%)**

Source: Audited financial statements and related financial information

Finance costs primarily include interest on lease liabilities and others represent the impact of IAS 19 (based on the valuation of employee benefit plan). This expense was accounted at Americana Group level financials in 2019G and 2020G.

Interest on lease liabilities decreased by 12.4% from USD 4.4m in 2019G to USD 3.9m in 2020G due to the decrease in the lease liabilities driven by the rent concession received in 2020G.

Interest on lease liabilities further decreased by 29.0% from USD 3.9m to USD 2.8m as rent concessions continued in 2021G.

The decrease in the interest on lease liabilities was partially offset by the recording of finance costs of USD 0.3m in relation to the end of service benefits.

Profit for the year and net profit margin for the year

Profit for the year decreased by 17.1% from USD 34.8m in 2019G to USD 28.9m in 2020G driven by the decline in gross profit on the back of COVID-19, which was not offset by a similar decline in operating expenses (a certain portion of the Company's expenses are fixed in nature).

Net profit margin declined by 0.3% from 6.4% in 2019G to 6.1% in 2020G primarily driven by the increase in selling and marketing expenses as a percentage of revenues from 34.2% in 2019G to 36.8% in 2020G (as home delivery expenses increased from 2.1% in 2019G to 3.4% in 2020G and the decline in revenues was not fully offset by a similar decline in costs). This was partially offset by the increase in other income as a result of rent concessions received.

Profit for the year increased by 77.3% from USD 28.9m in 2020G to USD 51.2m in 2021G driven by the increase in gross profit from USD 254.0m in 2020G to USD 326.8m in 2021G, which was offset by an increase in operating expenses for the reasons explained earlier.

Net profit margin improved by 2.4% from 6.1% in 2020G to 8.5% in 2021G primarily driven by: (i) decline in selling and marketing expenses as a percentage of revenues from 36.8% in 2020G to 34.2% in 2021G as revenues recovered; and (ii) 1.3% increase in gross profit margin from 53.3% in 2020G to 54.6% in 2021G. This was partially offset by the increase in general and administrative expenses as a percentage of revenues by 1.0% on the back of higher staff costs as explained earlier and the decrease in rent concessions recorded during the year.

5.5.2.2 Statement of financial position of UAE Restaurants Business

Table (5-47): Statement of financial position as at 31 December 2019G, 31 December 2020G and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
Property, plant and equipment	79,756	64,468	71,221
Right of use assets	90,497	77,892	77,332
Intangible assets	6,875	10,692	13,048
Total non-current assets	**177,128**	**153,052**	**161,601**
Inventories	19,311	20,618	27,009
Due from Related Parties	7,373	5,839	15,337
Trade and other receivables	31,832	35,698	31,897
Cash and cash equivalents	22,470	16,673	31,526
Total current assets	**80,986**	**78,828**	**105,769**
Total assets	**258,114**	**231,879**	**267,371**
Lease liability	49,988	48,742	43,622
Provision for employees' end of service benefits	29,444	28,235	31,188
Total non-current liabilities	**79,431**	**76,977**	**74,810**
Lease liability	37,714	32,504	34,827
Due to Related Parties	43,920	3,474	4,200
Trade and other payables	96,244	94,442	112,191
Total current liabilities	**177,878**	**130,421**	**151,218**
Total liabilities	**257,310**	**207,397**	**226,027**
Share capital	41	41	41
Statutory reserve	20	20	20
Retained earnings	743	24,420	41,282
Total equity	**804**	**24,482**	**41,343**
Total liabilities and equity	**258,114**	**231,879**	**267,371**

Source: Audited financial statements and related financial information

Non-current assets

Table (5-48): Non-current assets as at 31 December 2019G, 31 December 2020G and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
Property and equipment	79,756	64,468	71,221
Right-of-use assets	90,497	77,892	77,332
Intangible assets	6,875	10,692	13,048
Total non-current assets	**177,128**	**153,052**	**161,601**

Source: Audited financial statements and related financial information

Property and equipment

Table (5-49): Property and equipment net book value as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	Additions	Transfers	Disposals	Depreciation	Impairment	2020G	Additions	Transfers	Disposals	Depreciation	Impairment	2021G
Land	**6,385**	-	-	-	-	-	**6,385**	-	-	-	-	-	**6,385**
Buildings and refrigerating rooms	**8,897**	227	1,141	(391)	(2,180)	(4)	**7,690**	1,470	1,319	(374)	(2,051)	4	**8,057**
Leasehold improvements	**32,717**	981	7,429	(529)	(13,587)	(11)	**27,000**	2,805	6,526	(445)	(10,551)	11	**25,345**
Equipment and tools	**18,868**	1,743	3,651	(326)	(6,331)	(24)	**17,581**	8,494	71	(415)	(5,847)	24	**19,907**
Furniture and fixture	**3,194**	441	92	(249)	(792)	-	**2,687**	462	23	(140)	(786)	-	**2,245**
Motor vehicles	**1,086**	588	-	-	(307)	-	**1,366**	51	100	-	(370)	-	**1,148**
Capital work-in-progress	**8,610**	9,542	(16,393)	-	-	-	**1,759**	16,019	(9,644)	-	-	-	**8,133**
Net book values	**79,756**	**13,522**	**(4,080)**	**(1,495)**	**(23,197)**	**(38)**	**64,468**	**29,301**	**(1,606)**	**(1,375)**	**(19,605)**	**38**	**71,221**

Source: Audited financial statements and related financial information

Land

The balance of USD 6.4m as at 31 December 2021G is mainly related to a land plot owned by the Company.

No additions nor impairments were made to the lands between 31 December 2019G and 31 December 2021G.

Buildings and refrigerating rooms

Buildings and refrigerating rooms of USD 8.1m as at 31 December 2021G mainly represented cold rooms in restaurants back areas and warehouses. This also included chillers, freezers and air-conditioning.

Buildings and refrigerating rooms net book value decreased from USD 8.9m as at 31 December 2019G to USD 7.7m as at 31 December 2020G primarily as a result of the depreciation charge for the year of USD 2.2m, partially offset by additions and transfers of USD 1.4m.

Buildings and refrigerating rooms net book value increased from USD 7.7m as at 31 December 2020G to USD 8.1m as at 31 December 2021G primarily as a result of additions and transfers of USD 2.8m partially offset by the depreciation charge of USD 2.1m.

Leasehold improvements

Leasehold improvements of USD 25.3m as at 31 December 2021G related to restaurant fixtures, decorations and design contracts with vendors.

Leasehold improvements net book value decreased from USD 32.7m as at 31 December 2019G to USD 27.0m as at 31 December 2020G primarily as a result of the depreciation charge for the year of USD 13.6m and disposal of USD 0.5m, partially offset by additions and transfers of USD 8.4m.

Leasehold improvements net book value further decreased from USD 27.0m as at 31 December 2020G to USD 25.3m as at 31 December 2021G primarily as a result of the depreciation charge for the year of USD 10.6m and disposal of USD 0.4m, partially offset by additions and transfers of USD 9.3m.

Equipment and tools

Equipment and tools of USD 19.9m as at 31 December 2021G related to in-restaurants and warehouse equipment.

Equipment and tools net book value decreased from USD 18.9m as at 31 December 2019G to USD 17.6m as at 31 December 2020G primarily driven by the depreciation charges for the year of USD 6.3m partially offset by the addition and transfers of USD 5.4m in relation to new restaurants opened in 2020G.

Equipment and tools net book value increased from USD 17.6m as at 31 December 2020G to USD 19.9m as at 31 December 2021G primarily driven by the additions of USD 8.5m in relation to the new restaurants opened during 2021G partially offset by depreciation charges of USD 5.8m and disposals of USD 0.4m.

Furniture and fixture

Furniture and fixture of USD 2.2m as at 31 December 2021G related to restaurants furniture and fixtures.

Furniture and fixture decreased from USD 3.2m as at 31 December 2019G to USD 2.7m as at 31 December 2020G driven by the depreciation charge of USD 0.8m and disposals of USD 0.2m partially offset by additions and transfers of USD 0.5m.

Furniture and fixture further decreased from USD 2.7m as at 31 December 2020G to USD 2.2m as at 31 December 2021G driven by the depreciation charge of USD 0.8m and disposals of USD 0.1m offset by additions and transfers of USD 0.5m.

Motor vehicles

Vehicles of USD 1.1m as at 31 December 2021G primarily related to the distribution trucks owned by the Company, staff transportation buses and home delivery vehicles.

Vehicles net book value increased from USD 1.1m as at 31 December 2019G to USD 1.4m as at 31 December 2020G primarily driven by the additions of USD 0.6m, partially offset by a depreciation of USD 0.3m.

Vehicles net book value decreased from USD 1.4m as at 31 December 2020G to USD 1.1m at December 2021G primarily due to the depreciation charge of USD 0.4m in 2021G partially offset by additions and transfers of USD 0.2m.

Capital work-in-progress

Capital work-in-progress of USD 8.1m as at 31 December 2021 primarily related to restaurants under construction and other ongoing projects of the Company.

Capital work-in-progress decreased from USD 8.6m as at 31 December 2019G to USD 1.8m as at 31 December 2020G primarily driven by transfers of USD 16.4m from work in progress to other fixed assets categories including a computer software that was transferred to intangible assets of USD 4.1m.

Capital work-in-progress increased from USD 1.8m as at 31 December 2020G to USD 8.1m as at 31 December 2021G primarily driven by the additions of USD 16.0m during 2021G, partially offset by transfers of USD 9.6m.

Table (5-50): Useful lives of property and equipment used for depreciation as at 31 December 2020G and 31 December 2021G of UAE Restaurants Business:

	Useful life in years
Buildings and refrigerating rooms	5-20
Leasehold improvements	Lower of 5 years or lease
Equipment and tools	5-10
Furniture and fixtures	6-7
Motor vehicles	4

Source: Audited financial statements and related financial information

Right-of-use assets

Table (5-51): Right-of-use assets net book value as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	Additions	Disposals	Impairment	Depreciation	2020G	Additions	Disposals	Depreciation	2021G
Building and leasehold	**83,965**	32,540	(396)	(388)	(39,997)	**75,724**	43,325	(642)	(41,637)	**76,770**
Vehicles	**6,531**	413	(1,808)	-	(2,969)	**2,168**	1,916	(4)	(3,518)	**562**
Net book value	**90,497**	**32,953**	**(2,204)**	**(388)**	**(42,966)**	**77,892**	**45,241**	**(647)**	**(45,155)**	**77,332**

Source: Audited financial statements and related financial information

As at 31 December 2021G, the right-of-use assets represented 433 vehicles and 579 buildings.

Net book value of right-of-use assets decreased from USD 90.5m as at 31 December 2019G to USD 77.9m at December 2020G primarily due to depreciation charge for the year of USD 43.0m mainly from buildings and disposals of USD 2.2m combined with impairment of USD 388k from buildings. This was partially offset by additions of the year of USD 33.0m in relation to buildings and leasehold and vehicles.

Net book value of right-of-use assets slightly decreased from USD 77.9m as at 31 December 2020G to USD 77.3m at December 2021G as a result of the depreciation charge of USD 45.2m and disposals of USD 0.6m in relation to buildings during 2021G, partially offset by additions of USD 45.2m in relation to buildings and leasehold and vehicles.

Intangible assets

Table (5-52): Intangible assets net book value as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	Additions	Transfers	Disposals	Depreciation	2020G	Additions	Transfers	Disposals	Depreciation	2021G
Franchise fee	**5,304**	1,013	-	(15)	(801)	**5,501**	2,736	-	(255)	(873)	**7,110**
Key money	**298**	-	-	-	(123)	**176**	-	-	-	(102)	**74**
Computer software	**1,273**	470	4,080	(1)	(807)	**5,015**	947	1,323	(12)	(1,409)	**5,865**
Net book value	**6,875**	**1,483**	**4,080**	**(16)**	**(1,730)**	**10,692**	**3,684**	**1,323**	**(267)**	**(2,384)**	**13,048**

Source: Audited financial statements and related financial information

Intangible assets as at 31 December 2021 primarily included: (i) franchise fees paid to the host brands and are amortized over the life of the agreement/restaurants license period, (ii) key money paid to the landlords to secure a lease property amortized over the duration of the lease, and (iii) computer software.

Net book value of intangible assets increased from USD 6.9m as at 31 December 2019G to USD 10.7m as at 31 December 2020G. The increase was primarily driven by additions of USD 1.0m in 2020G in relation to the franchise fee and additions and transfers of USD 4.6m in relation to computer software partially offset by the depreciation charge for the year of USD 1.7m.

Net book value of intangible assets further increased from USD 10.7m as at 31 December 2020G to USD 13.0m as at 31 December 2021G. The increase was primarily driven by the additions of USD 2.7m in 2021G in relation to franchise fees, additions and transfers related to computer software of USD 2.3m partially offset by the depreciation charge for the year of USD 2.4m and disposals of USD 0.3m.

Current assets

Table (5-53): Current assets as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
Inventories	19,311	20,618	27,009
Due from Related Party	7,373	5,839	15,337
Trade receivable and other receivables	31,832	35,698	31,897
Cash and cash equivalents	22,470	16,673	31,526
Total current assets	**80,986**	**78,828**	**105,769**

Source: Audited financial statements and related financial information

Inventories

Table (5-54): Inventories breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
Food supplies	13,458	13,989	17,684
Filling and packing material	1,767	2,118	2,221
Other materials	2,166	1,664	2,108
Spare parts	1,220	924	1,093
Inventory	**18,612**	**18,695**	**23,106**
Less: provision for slow moving inventories	(541)	(659)	(640)
Goods in transit	1,240	2,583	4,544
Total inventory	**19,311**	**20,618**	**27,009**

Source: Audited financial statements and related financial information

Food supplies

Food supplies primarily include food items such as beef, chicken, beverages, bread, cheese, and other smaller raw materials balances such as condiments and spices.

Food supplies increased from USD 13.5m as at 31 December 2019G to USD 14.0m as at 31 December 2020G within the normal course of business.

Food supplies increased further from USD 14.0m as at 31 December 2020G to USD 17.7m as at 31 December 2021G driven by the increase in number of operating restaurants as at 2021G compared to 2020G combined with the increase in prices of raw materials.

Filling and packing material

Packing material increased from USD 1.8m as at 31 December 2019G to USD 2.1m as at 31 December 2020G and to USD 2.2m as at 31 December 2021G primarily due to the expansion of home delivery channel (which requires more packing material) coupled with the increase in the number of operating restaurants.

Other materials

Other materials mainly relate to smallware, cleaning, marketing material, uniforms and other smaller balances.

Other materials decreased from USD 2.2m as at 31 December 2019G to USD 1.7m as at 31 December 2020G in line with the decline in revenues due to the pandemic.

Other materials increased from USD 1.7m as at 31 December 2020G to USD 2.1m as at 31 December 2021G driven by the expansion of operations in 2021G compared to 2020G.

Spare parts

Spare parts primarily include spare parts used in equipment and machinery, cold rooms, and cooking equipment.

Spare parts decreased from USD 1.2m as at 31 December 2019G to USD 0.9m as at 31 December 2020G primarily due to the Group's efforts to rationalize the purchasing of spare parts coupled with reduced business activity (less maintenance required) during the pandemic.

Spare parts increased from USD 0.9m as at 31 December 2020G to USD 1.1m as at 31 December 2021G as the business expanded.

Provision for slow-moving inventories

Provision for slow-moving inventories remained fairly stable between USD 0.5m to USD 0.6m between 31 December 2019G to 31 December 2021G.

Goods in transit

Goods in transit increased from USD 1.2m as at 31 December 2019G to USD 2.6m as at 31 December 2020G and USD 4.5m as at 31 December 2021G due to the recovery of business activity coupled with the increase in purchases in anticipation of an increase in sales in the first quarter of the next year.

Due from Related Parties' balances

Table (5-55): Due from Related Parties' balances as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	Nature of relationship	2019G	2020G	2021G
Americana Holding for UAE Restaurants Limited	parent company	-	-	8,171
Société Marocaine De Projects Touristiques SARL	Fellow subsidiary	1,716	1,831	1,864
Lebanese International Touristic Projects Company LLC	Fellow subsidiary	1,306	1,342	1,531
The Caspian International Restaurants Company LLP	Fellow subsidiary	355	728	1,094
Americana Company for Restaurants Holding Limited	Fellow subsidiary	-	-	1,002
Tourist Projects & International Restaurants Co. (Americana) LLC	Fellow subsidiary	316	303	491
Al Ahlia Restaurants Company LLC	Fellow subsidiary	2,228	26	226
Kuwait Food Company (Americana) K.S.C.C	Former Parent Company	-	1,071	185
Bahrain and Kuwait Restaurants Co. WLL	Fellow subsidiary	12	29	169
Americana Kuwait Company Restaurants WLL	Fellow subsidiary	14	50	162
International Tourism Restaurants Company LLC	Fellow subsidiary	128	194	145
Qatar Food Company WLL	Fellow subsidiary	-	59	104
Others		1,296	206	195
Due from Related Parties		**7,373**	**5,839**	**15,337**

Source: Audited financial statements and related financial information

Due from Related Parties' balances decreased from USD 7.4m as at 31 December 2019G to USD 5.8m as at 31 December 2020G primarily due to the decrease in the balance of Al Ahlia Restaurants Company LLC and the others balance partially offset by the increase in the balance due from the Former Parent Company.

Due from Related Parties' balances increased from USD 5.8m as at December 2020G to USD 15.3m as at December 2021G due to the increase in the balance from Americana Company for Restaurants Holding Limited in relation to the payment made in relation to Reef Technology and the increase in the balance from Americana Holding for UAE restaurants Limited.

Trade and other receivables

Table (5-56): Trade and other receivables breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
Gross trade receivables	5,605	5,788	9,026
Loss allowance	(385)	(460)	(666)
Net trade receivables	**5,220**	**5,327**	**8,360**
Prepayments and deposits	24,204	28,569	19,891
Advances	1,367	1,249	2,618
Claims receivables	1,041	473	917
Others	-	80	110
Trade and other receivables	**31,832**	**35,698**	**31,897**

Source: Audited financial statements and related financial information

Gross trade receivables

Gross trade receivables primarily comprise receivables from aggregators, institutional and catering customers in addition to credit card receivables.

Gross trade receivables increased from USD 5.6m as at 31 December 2019G to USD 5.8m as at December 2020G mainly driven by the increase in trade receivables from aggregators as a result of the increase in revenues from home delivery during COVID-19.

Gross trade receivables increased from USD 5.8m as at 31 December 2020G to USD 9.0m as at December 2021G mainly driven by the recovery of business activities, expansion of home delivery revenues and number of operating restaurants.

Loss allowance

Management calculates its provision for doubtful accounts based on expected credit loss ("**ECL**") in line with IFRS9 and based on Management's policy for each ageing bucket.

Loss allowance remained relatively stable between 31 December 2019G and 31 December 2020G. Loss allowance increased from USD 0.5m as at 31 December 2020G to USD 0.7m as at 31 USD 2021G in line with the increase in the receivable balance.

Prepayments and deposits

Prepayments and deposits related to residence permits, housing expenses, legal fees, medical insurance, rent, maintenance charges and other smaller balances.

Prepayments and deposits increased from USD 24.2m as at 31 December 2019G to USD 28.6m as at 31 December 2020G primarily driven by new store openings during 2020G.

Prepayments and deposits decreased to USD 19.9m as at 31 December 2021G primarily due to a decrease in prepaid rent as the Company was able to negotiate monthly and quarterly rent payments as opposed to annual payments.

Advances

This primarily includes advances to trade suppliers for critical inventory items as well as housing allowances granted to employees that are subsequently deducted from the employee's monthly salary.

Advances to suppliers decreased from USD 1.4m as at 31 December 2019G to USD 1.2m as at 31 December 2020G due to the Company not providing substantial advances to vendors.

The balance increased to USD 2.6m as at 31 December 2021G mainly as a result of the increase in the advances to chicken suppliers.

Claims receivables

Claims receivables primarily include receivables in relation to claims from insurance providers.

Claims receivables decreased from USD 1.0m as at 31 December 2019G to USD 0.5m as at 31 December 2020G due to the decrease in the level operations on the back of COVID-19 and the decrease in the number of accidents. The balance subsequently increased to USD 0.9m as at 31 December 2021G as operations normalised and the operations expanded beyond the 2019G level.

Others

Others primarily include non-trade receivables.

The balance increased from nil as at 31 December 2019G to USD 80k as at 31 December 2020G and further to USD 110k as a result of the increase in the number of orders within the normal course of business.

Cash and cash equivalents

Table (5-57): Cash and cash equivalents breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
Current accounts held with banks	21,535	15,825	28,069
Cash on hand	935	847	3,457
Total cash and cash Equivalents	**22,470**	**16,673**	**31,526**

Source: Audited financial statements and related financial information

Cash and cash equivalents represent the Company's current accounts held with banks and cash on hand. Cash and cash equivalents decreased from USD 22.5m as at 31 December 2019G to USD 16.7m as at 31 December 2020G and subsequently increased to USD 31.5m as at 31 December 2021G. For more details refer to the cash flow statement section.

Capital commitments

The Group had capital commitments in relation to projects in progress of USD 5.1m as at 31 December 2021G (USD 4.4m as at 31 December 2019G and USD 0.4m as at 31 December 2020G). The Group also had outstanding letters of credit of USD 7.3m as at 31 December 2021G (USD 1.3m as at 31 December 2019G and nil as at 31 December 2020G). Capital commitments are primarily related to new store openings.

Non-current liabilities

Table (5-58): Non-current liabilities as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
Lease liabilities non-current	49,988	48,742	43,622
Provision for employees' end of service benefits	29,444	28,235	31,188
Total non-current liabilities	**79,431**	**76,977**	**74,810**

Source: Audited financial statements and related financial information

Lease liabilities

Table (5-59): Lease liabilities breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
Lease liabilities non-current	49,988	48,742	43,622
Lease liabilities current	37,714	32,504	34,827
Total lease liabilities	**87,702**	**81,246**	**78,449**

Source: Audited financial statements and related financial information

The lease liabilities decreased from USD 87.7m as at 31 December 2019G to USD 81.2m as at 31 December 2020G as a result of the closure of 23 restaurants during 2020G coupled with the opening of fewer restaurants compared to previous years due to the COVID-19 pandemic. This, combined with the rent concession of USD 6.0m received from the landlords in 2020G, resulted in a decrease in the lease liabilities.

Lease liabilities decreased from USD 81.2m as at 31 December 2020G to USD 78.4m as at 31 December 2021G primarily due to the rent concessions of USD 3.3m received from the landlords in 2021G.

Provision for employees' end-of-service benefits

Table (5-60): Provision for employees' end of service benefits breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
At 1 January	**29,195**	**29,444**	**28,235**
Charge for the year	4,697	4,780	5,352
Interest charge	-	-	301
Remeasurement of employees' end of service benefits	-	-	1,911
Payments during the year	(4,448)	(5,988)	(4,612)
As at 31 December	**29,444**	**28,235**	**31,188**

Source: Audited financial statements and related financial information

The Company's employee defined benefit liability is determined using actuarial valuations which are carried out at the end of each reporting year.

End-of-service benefits slightly decreased from USD 29.4m as at 31 December 2019G to USD 28.2m as at 31 December 2020G. The decrease was primarily driven by the payments made during the year of USD 6.0m partially offset by the current service charge for 2020G of USD 4.8m.

End-of-service benefits increased from USD 28.2m as at 31 December 2020G to USD 31.2m as at 31 December 2021G. The increase was primarily driven by the current service charge for 2021G of USD 5.4m, remeasurement of employees' end-of-service benefits of USD 1.9m and interest costs of USD 0.3m, partially offset by the payments made during the year of USD 4.6m.

Current liabilities

Table (5-61): Current liabilities as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
Lease liability	37,714	32,504	34,827
Due to Related Parties	43,920	3,474	4,200
Trade and other payables	96,244	94,442	112,191
Total current liabilities	**177,878**	**130,421**	**151,218**

Source: Audited financial statements and related financial information

Due to Related Parties

Table (5-62): Due to Related Parties' balances as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	Nature of relationship	2019G	2020G	2021G
International Co. for Agricultural Development (Farm Frites) SAE	Fellow subsidiary	407	871	1,985
Gulf Food Company Americana LLC	Fellow subsidiary	-	356	1,129
National Company for Food Industries LLC	Fellow subsidiary	3,243	2,232	1,011
Egyptian Canning Company (Americana) SAE	Fellow subsidiary	5	-	50
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd	Fellow subsidiary	-	-	25
Cairo Poultry Processing Company SAE	Fellow subsidiary	-	15	-
Kuwait Food Company (Americana) K.S.C.C	Former Parent Company	26,515	-	-
Americana Holding for UAE Restaurants LTD	parent company	13,615	-	-
Qatar Food Company WLL	Fellow subsidiary	135	-	-
Due to Related Parties		**43,920**	**3,474**	**4,200**

Source: Audited financial statements and related financial information

Due to Related Parties' balances as at 31 December 2021G was primarily related to purchases of raw materials from fellow subsidiaries.

Due to Related Parties' balances decreased from USD 43.9m as at 31 December 2019G to USD 3.5m as at 31 December 2020G primarily due to the settlement of amounts due to the Former Parent Company and Americana Holding for UAE Restaurants LTD.

Due to Related Party balances increased from USD 3.5m at December 2020G to USD 4.2m at December 2021G due to the increase in purchases from Related Parties as business normalized.

Trade and other payables

Table (5-63): Trade and other payables breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
Trade payables	43,539	46,430	43,225
Accrued expenses	29,431	27,440	35,390
Payable to employees	18,271	14,025	24,206
Other payables	5,004	6,547	9,370
Total trade and other payables	**96,244**	**94,442**	**112,191**

Source: Audited financial statements and related financial information

Trade payables

Trade payables relate to supplier balances mainly for raw materials and packaging materials purchases.

Trade payables increased from USD 43.5m as at 31 December 2019G to USD 46.4m as at 31 December 2020G primarily due to the increase in purchases towards the end of 2020G as COVID-19 restrictions partially eased and restaurants started to function normally.

Trade payables decreased from USD 46.4m as at 31 December 2020G to USD 43.2m as at 31 December 2021G as a result of the reclassification of unclaimed cheques under other payables line item in 2021G. Unclaimed checks were accounted for under trade payables during 2019G and 2020G.

Accrued expenses

Accrued expenses mainly relate to utilities, maintenance, advertising etc.

Accrued expenses decreased from USD 29.4m as at 31 December 2019G to USD 27.4m as at 31 December 2020G primarily due to the decrease in the level of operations during 2020G compared to 2019G.

Accrued expenses increased from USD 27.4m as at 31 December 2020G to USD 35.4m as at 31 December 2021G primarily due to the increase in the level of operations as the COVID-19 impact subsided.

Payable to employees

Payable to employees includes bonus accruals and accrued leave balances for employees.

Payable to employees decreased from USD 18.3m as at 31 December 2019G to USD 14.0m as at 31 December 2020G as the Company encouraged employees to utilize their leave balance during 2020G and no bonus accruals were made during 2020G to limit the adverse impact of COVID-19 on the operations.

Payable to employees increased from USD 14.0m at December 2020G to USD 24.2m as at 31 December 2021G as business activity normalized, headcount increased and bonus accruals were recorded as at 31 December 2021G for the year ended 2021G.

Other payables

Other payables primarily related to franchise payables to host brands (including royalty and initial franchise fee).

Other payables increased from USD 5.0m as at 31 December 2019G to USD 6.5m as at 31 December 2020G as the host brands provided longer payment terms in order to support the Company to manage its cashflows from the COVID-19 pandemic. Other payables further increased from USD 6.5m as at 31 December 2020G to USD 9.4m as at 31 December 2021G due to the reclassification of unclaimed cheques under this line item in 2021G. Unclaimed checks were accounted for under trade payables during 2019G and 2020G.

Total equity

Table (5-64): Total equity as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
Share capital	41	41	41
Statutory reserve	20	20	20
Retained earnings	743	24,420	41,282
Total equity	**804**	**24,482**	**41,343**

Source: Audited financial statements and related financial information

Share capital and statutory reserve

Share capital and statutory reserve remained stable between 31 December 2019G and 31 December 2021G.

Retained earnings

Retained earnings increased from USD 0.7m as at 31 December 2019G to USD 24.4m as at 31 December 2020G and USD 41.3m as at 31 December 2021G, as a result of the profits recorded during 2020G and 2021G of USD 28.9m and USD 51.2m respectively.

5.5.2.3 Statement of cash flow of UAE Restaurants Business

Table (5-65): Statement of cash flows for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of UAE Restaurants Business:

Currency: USD000	2019G	2020G	2021G
Profit for the year	34,810	28,861	51,159
Adjustments for:			
Depreciation of property and equipment	22,780	23,197	19,605
Amortization of intangible assets	1,238	1,730	2,384
(Reversal of)/impairment losses of non-financial assets	-	427	(38)
Depreciation of right of use assets	37,109	42,966	45,155
Provision for employees' end of service indemnity	4,697	4,780	5,352
Provision for slow moving inventories	126	131	77
Impairment allowance on financial assets	(152)	86	217
Loss on disposal and write off property and equipment and intangible assets	126	1,068	1,608
Finance costs	4,419	3,873	3,059
Gain on rent concessions	-	(6,047)	(3,278)
Operating cash flows before payment for employees end of service benefits and changes in operating working capital	**105,152**	**101,072**	**125,298**
Employees' end of service benefits paid	(4,448)	(5,988)	(4,612)
Changes in working capital			
Trade and other receivables	9,885	(3,952)	4,231
Inventories	3,645	(1,439)	(6,468)
Trade and other payables	14,908	(1,802)	13,522
Due from Related Parties	9,327	1,534	(36,837)
Due to Related Parties	41,360	(40,446)	723
Net cash generated from operating activities	**179,830**	**48,979**	**95,857**
Purchases of property and equipment	(27,763)	(13,522)	(29,301)
Proceeds from disposal of property and equipment	296	443	34
Purchase of intangible assets	(2,840)	(1,483)	(3,684)
Net cash used in investing activities	(30,307)	(14,562)	(32,951)
Principal elements of lease payments	(36,355)	(31,158)	(40,534)
Payment of finance costs	(4,419)	(3,873)	(2,758)
Issuance of share capital	41	-	-
Other Head office movement, net of transfer of property and equipment and provision for employees' end of service indemnity	(95,378)	-	-
Net movement in carve-out adjustments	(9,105)	(5,184)	(4,762)
Net cash used in financing activities	**(145,216)**	**(40,215)**	**(48,053)**
Net change in cash and cash equivalents	4,306	(5,798)	14,853
Cash and cash equivalents at the beginning of the year	18,164	22,470	16,673
Cash and cash equivalents, end of the year	**22,470**	**16,673**	**31,526**

Source: Audited financial statements and related financial information

Net cash generated from operating activities

Net cash generated from operating activities decreased from USD 179.8m in 2019G to USD 49.0m in 2020G primarily due to:

- The decrease in profit for the year from USD 34.8m in 2019G to USD 28.9m in 2020G.
- The change in cash generated as a result of changes in working capital from a cash inflow of USD 79.1m to a cash outflow of USD 46.1m.

Net cash generated from operating activities increased from USD 49.0m in 2020G to USD 95.9m in 2021G as a result of:

- The increase in profit for the year from USD 28.9m in 2020G to USD 51.2m in 2021G, as a result of expansion of the operations which led to profit exceeding 2019G figures.
- The positive impact of the cash generated as a result of changes in working capital from a cash outflow of USD 46.1m in 2020G to an outflow of USD 24.8m in 2021G.

Net cash used in investing activities

Net cash used in investing activities decreased from USD 30.3m in 2019G to USD 14.6m in 2020G primarily driven by decrease in cash used to purchase property and equipment from USD 27.8m in 2019G to USD 13.5m in 2020G as fewer restaurants were opened during 2020G.

Net cash used in investing activities increased from USD 14.6m in 2020G to USD 33.0m in 2021G primarily due to the increase in cash used in purchasing property and equipment from USD 13.5m in 2020G to USD 29.3m in 2021G and the increase in purchases of intangible assets from USD 1.5m in 2020G to USD 3.7m in 2021G in line with the increase in the number of operating restaurants.

Net cash used in financing activities

Net cash used in financing activities decreased from USD 145.2m in 2019G to USD 40.2m in 2020G as a result of (i) a decline in net of transfer of property and equipment, and provision for employees' end of service indemnity from USD 95.4m to nil in 2020G; (ii) the decrease in lease payments in relation to the principal element of lease liabilities; and (iii) the decrease in net movement in carve-out adjustments.

Net cash used in financing activities increased from USD 40.2m in 2020G to USD 48.1m in 2021G as a result of the increase in lease payments in relation to the principal element of lease liabilities partially offset by the decrease in payment of finance costs.

5.5.3 Al Ahlia Restaurants Company LLC (KSA) for the years ended 31 December

Table (5-66): Summary of the financial information of Al Ahlia Restaurants Company LLC for the years ended on 31 December 2019G, 2020G and 2021G:

Currency: USD000	2019G	2020G	2021G
Statement of income			
Revenues	405,494	340,373	434,868
Cost of revenues	(330,464)	(287,155)	(350,171)
Gross profit	**75,030**	**53,219**	**84,697**
Selling and distribution expenses	(19,593)	(13,504)	(21,759)
General and administrative expenses	(38,162)	(26,544)	(30,295)
Other income, net	(364)	3,825	335
Operating income	**16,911**	**16,995**	**32,978**
Share in profits of a subsidiary	-	-	1,498
Finance costs	(7,525)	(5,536)	(4,693)
Profit before Zakat	**9,385**	**11,459**	**29,784**
Zakat	(1,426)	-	(3,795)
Profit for the year	**7,960**	**11,459**	**25,989**
Currency: USD000	2019G	2020G	2021G
Statement of financial position			
Total equity	**59,441**	**70,344**	**85,420**
Total non-current assets	185,346	141,981	235,411
Total current assets	115,057	134,645	52,920
Total assets	**300,404**	**276,627**	**288,332**
Total non-current liabilities	126,815	97,719	85,973
Total current liabilities	114,148	108,564	116,939
Total liabilities	**240,963**	**206,283**	**202,912**
Total liabilities and equity	**300,404**	**276,627**	**288,332**

Source: Audited financial statements and related financial information

Table (5-67): Key performance indicators for the years ended on 31 December 2019G, 2020G and 2021G:

Income statement and balance sheet key performance indicators			
Currency: USD000	2019G	2020G	2021G
Gross profit margin [1]	18.5%	15.6%	19.5%
Net profit margin [2]	2.0%	3.4%	6.0%
Current ratio [3]	1.0	1.2	0.5
Total liabilities to total assets [4]	80.2%	74.6%	70.4%
Net debt (net cash) (thousand USD) [5]	(70,009)	(103,675)	(23,369)
Days revenues outstanding [6]	4	4	5
Days inventory outstanding [7]	62	65	52
Days payable outstanding [8]	112	125	107
NWC as a percentage of revenue [9]	(5.1%)	(11.1%)	(12.4%)
ROA [10]	2.6%	4.1%	9.0%
ROE [11]	13.4%	16.3%	30.4%

Source: Management information

(1) Gross margin is defined as gross profit divided by revenues

(2) Net profit margin is defined as the net profit for the year divided by revenues

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from Related Parties)

(7) Days inventory outstanding is defined as inventory divided by raw materials consumed multiplied by 365 (where inventory refers to sum of raw material, inventories within restaurants, packing materials and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by raw materials consumed multiplied by 365 (where trade and other payables refers to the sum of trade payables and trade related dues to Related Parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from Related Parties less trade and other payables, due to Related Parties, and zakat and other deductions payable

(10) Return on assets is calculated based on profit for the year divided by total assets

(11) Return on equity is calculated based on profit for the year divided by total equity

5.5.3.1 Statement of income of Al Ahlia Restaurants Company LLC (KSA)

The following tables set out Al Ahlia Restaurants Company LLC (KSA)'s statements of income for 31 December 2019G, 31 December 2020G and 31 December 2021G.

Table (5-68): Statement of income for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Statement of income			
Revenues	405,494	340,373	434,868
Cost of revenues	(330,464)	(287,155)	(350,171)
Gross profit	**75,030**	**53,219**	**84,697**
Selling and distribution expenses	(19,593)	(13,504)	(21,759)
General and administrative expenses	(38,162)	(26,544)	(30,295)
Other income, net	(364)	3,825	335
Operating income	**16,911**	**16,995**	**32,978**
Share in profits of a subsidiary	-	-	1,498
Finance costs	(7,525)	(5,536)	(4,693)
Profit before Zakat	**9,385**	**11,459**	**29,784**
Zakat	(1,426)	-	(3,795)
Profit for the year	**7,960**	**11,459**	**25,989**

Source: Audited financial statements and related financial information

Revenue by brand

Table (5-69): Revenue by brand breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
KFC	229,645	210,800	284,997	(8.2%)	35.2%
Hardee's	101,760	74,517	89,985	(26.8%)	20.8%
Krispy Kreme	36,358	34,397	39,591	(5.4%)	15.1%
Others	37,731	20,659	20,296	(45.2%)	(1.8%)
Total revenue	**405,494**	**340,373**	**434,868**	**(16.1%)**	**27.8%**
As a percentage of revenue					
KFC	56.6%	61.9%	65.5%		
Hardee's	25.1%	21.9%	20.7%		
Krispy Kreme	9.0%	10.1%	9.1%		
Others	9.3%	6.1%	4.7%		

Source: Management information

Revenue by channel

Table (5-70): Revenue by channel breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Dine-in	85,083	53,506	61,669	(37.1%)	15.3%
Take-out	145,140	94,710	127,300	(34.7%)	34.4%
Home delivery	98,329	108,141	133,940	10.0%	23.9%
Drive-through	72,293	79,657	102,645	10.2%	28.9%
Others	4,649	4,360	9,314	(6.2%)	113.6%
Total revenues	**405,494**	**340,373**	**434,868**	**(16.1%)**	**27.8%**
As a percentage of revenues					
Dine-in	21.0%	15.7%	14.2%		
Take-out	35.8%	27.8%	29.3%		
Home delivery	24.2%	31.8%	30.8%		
Drive-through	17.8%	23.4%	23.6%		
Others	1.1%	1.3%	2.1%		

Source: Management information

Of the four Power Brands, the Company operates KFC, Hardee's, and Krispy Kreme in the Kingdom of Saudi Arabia. These three brands collectively contributed 95.3% to total revenue in 2021G.

Revenue decreased from USD 405.5m in 2019G to USD 340.4m in 2020G on the back of COVID-19 primarily due to:

- The closure of 27 restaurants during 2020G, while only six new restaurants were opened (most of which were opened during the latter half of 2020G). This coupled with lockdowns and reduced working hours resulted in a decrease in the number of orders from 37.0m orders in 2019G to 28.9m orders in 2020G;
- Hardee's revenues were the most impacted amongst the Power Brands as it did not have its own mobile delivery application and primarily depended on food aggregators (Hardee's mobile application was rolled out in KSA in December of 2020G); and
- Partially offset by the increase in the average order value from USD 11.0 in 2019G to USD 11.8 in 2020G driven by: (i) price increases across the various brands whereby KFC prices increased by 9.8% from July 2020G onwards and Hardee's by 0.4% in January of 2020G and 7.8% in July of 2020G; and (ii) the growth in home delivery revenues, which typically have a higher average order value compared to dine-in and take-away. Management also took the initiative to upgrade a number of restaurants to accommodate the additional demand for home delivery.

Revenue increased from USD 340.4m in 2020G to USD 434.9m in 2021G, exceeding pre-COVID19 revenue levels primarily due to:

- The opening of 19 new restaurants and the normalization in the number of operating hours of existing restaurants as a result of lifting restrictions. This resulted in an increase in the number of orders from existing and new restaurants from 28.9m in 2020G orders to 37.1m orders in 2021G;
- The introduction of fresh local chicken in November 2020G, which was popular and successful in the local market;
- The further increase in home delivery revenues in nominal value during 2021G to reach USD 133.9m compared to USD 108.1m in 2020G (a slight decrease as a percentage of revenues to 30.8% in 2021G compared to 31.8% in 2020G due to the increase in the take-out revenues as restrictions eased); and
- Further increase in prices for KFC by 5.0% in July 2021G and Hardee's by 2.5% in March 2021G.

KFC continued to outperform the brands within the portfolio to grow in contribution from 56.6% of total revenue in 2019G to 65.5% in 2021G driven by the increase in the number of operating restaurants and the increase in average revenue per restaurant from USD 1.0m in 2019G to USD 1.3m in 2021G due to higher orders (driven by higher home delivery) and higher average order values.

Cost of revenues

Table (5-71): Cost of revenues breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Raw materials consumed	118,883	101,245	134,602	(14.8%)	32.9%
Salaries and other employees' benefits	91,121	79,060	90,644	(13.2%)	14.7%
Depreciation of right-of-use	32,529	24,998	29,611	(23.2%)	18.5%
Royalties	19,780	17,019	22,262	(14.0%)	30.8%
Depreciation of property and equipment	16,679	13,070	8,762	(21.6%)	(33.0%)
Utilities and communications	15,273	12,758	13,831	(16.5%)	8.4%
Delivery costs	8,766	10,471	16,220	19.5%	54.9%
Rent	8,314	6,184	7,398	(25.6%)	19.6%
Service fees	3,009	5,727	8,555	90.3%	49.4%
Cleaning and related supplies	3,185	4,788	4,837	50.3%	1.0%
Repairs and maintenance	4,125	4,308	5,990	4.4%	39.0%
Insurance	1,798	1,306	1,597	(27.3%)	22.2%
Loss allowance for inventory obsolescence	214	1,240	829	480.1%	(33.1%)
Amortization of intangible assets	1,178	1,099	1,085	(6.7%)	(1.2%)
Others	5,611	3,880	3,948	(30.9%)	1.8%
Total cost of revenues	**330,464**	**287,155**	**350,171**	**(13.1%)**	**21.9%**
As a percentage of revenues					
Raw materials consumed	29.3%	29.7%	31.0%		
Salaries and other employees' benefits	22.5%	23.2%	20.8%		
Depreciation of right-of-use	8.0%	7.3%	6.8%		
Royalties	4.9%	5.0%	5.1%		
Depreciation of property and equipment	4.1%	3.8%	2.0%		
Utilities and communications	3.8%	3.7%	3.2%		
Delivery costs	2.2%	3.1%	3.7%		
Rent	2.1%	1.8%	1.7%		
Service fees	0.7%	1.7%	2.0%		
Cleaning and related supplies	0.8%	1.4%	1.1%		
Repairs and maintenance	1.0%	1.3%	1.4%		
Insurance	0.4%	0.4%	0.4%		
Loss allowance for inventory obsolescence	0.1%	0.4%	0.2%		
Amortization of intangible assets	0.3%	0.3%	0.2%		
Others	1.4%	1.1%	0.9%		
Total cost of revenues	**81.5%**	**84.4%**	**80.5%**		

Source: Audited financial statements and related financial information

Raw materials consumed

Raw materials consumed includes the costs of meat, chicken, french fries, beverages, and other input costs.

Raw material cost decreased by 14.8% from USD 118.9m in 2019G to USD 101.2m in 2020G primarily due to the decrease in revenue as a result of the COVID-19 pandemic. On the other hand, raw materials consumed as a percentage of revenue increased from 29.3% in 2019G to 29.7% in 2020G as a result of partial shift from frozen Brazilian chicken to sourcing fresh local chicken (which is comparatively more expensive) and the increase in costs of potatoes and spices.

Raw material cost increased by 32.9% from USD 101.2m in 2020G to USD 134.6m in 2021G primarily due to the increase in the revenues during the same period. Raw materials consumed as a percentage of revenue further increased from 29.7% in 2020G to 31.0% in 2021G primarily due to the full-year impact of sourcing fresh local chicken and the increase in the costs of other commodities due to the overall inflationary environment.

Salaries and other employee benefits

Salaries and other employee benefits include costs for in-restaurant employees and drivers (e.g. salaries, wages, residency fees, visas, overtime and other benefits and allowances).

Salaries and other employee benefits decreased by 13.2% from USD 91.1m in 2019G to USD 79.1m in 2020G primarily as a result of the decline in headcount due to natural attrition that was not replaced and governmental support received during 2020G for an amount of USD 2.45m.

Salaries and other employee benefits increased by 14.7% from USD 79.1m in 2020G to USD 90.6m in 2021G primarily due to: (i) the increase in the number of employees in line with the expansion of the business in KSA due to opening of 19 new restaurants in 2021G; and (ii) the increase in average cost per headcount as the Company resumed paying overtime and bonuses in line with the normalization of operating hours post the pandemic.

The Company's Saudization rates was 25.0% as at 31 December 2021G.

Depreciation of right-of-use

Depreciation of right-of-use comprises buildings and vehicles.

Depreciation of right-of-use decreased by 23.2% from USD 32.5m in 2019G to USD 25.0m in 2020G driven by the decline in right-of-use of buildings as a result of the net closure of 21 restaurants during 2020G.

Depreciation of right-of-use increased by 18.5% from USD 25.0m in 2020G to USD 29.6m in 2021G, driven by the increase in right-of-use assets of buildings and vehicles as a result of the net opening of 12 restaurants during 2021G and additional vehicles were leased to address the increased home delivery demand.

Royalties

Royalty fees ranged between 4.0% and 6.0% of revenues in KSA between 2019G and 2021G.

Royalties decreased by 14.0% from USD 19.8m in 2019G to USD 17.0m in 2020G in line with the decrease in revenues combined with the royalty concession received from one of the host brands between April to May 2020G to limit the adverse impact of the COVID-19 pandemic.

Royalties increased by 30.8% from USD 17.0m in 2020G to USD 22.3m in 2021G driven by the expansion of revenues during 2021G as a result of gross opening 19 new restaurants during the year and the increase in revenue from existing restaurants as the COVID-19 impact subsided.

Depreciation of property and equipment

Depreciation of property and equipment pertains to buildings, decorations, machinery and equipment and others.

Depreciation of property and equipment decreased by 21.6% from USD 16.7m in 2019G to USD 13.1m in 2020G, primarily driven by the decrease in the number of operating restaurants from 483 restaurants as at 31 December 2019G to 462 restaurants as at 31 December 2020G.

Depreciation of property and equipment further decreased by 33.0% from USD 13.1m in 2020G to USD 8.8m in 2021G, primarily as a result of the disposals and restaurant closures in 2020G and more assets becoming fully depreciated. This was partially offset by the net opening of 12 restaurants in 2021G in KSA in the latter part of the year.

Utilities and communications

Utilities and communications decreased by 16.5% from USD 15.3m in 2019G to USD 12.8m in 2020G, driven by the lower number of operating restaurants coupled with the reduced working hours as a result of lockdowns and curfews during the pandemic.

Utilities and communications increased by 8.4% from USD 12.8m in 2020G to USD 13.8m in 2021G primarily as a result of the expansion of the business, the increase in the number of restaurants and the number of operating hours as curfews were lifted during 2021G.

Delivery costs

Delivery costs in KSA primarily include aggregator fees, vehicle rental and fuel costs.

Delivery costs increased by 19.5% from USD 8.8m in 2019G to USD 10.5m in 2020G primarily driven by the increase in home delivery revenue from USD 98.3m in 2019G to USD 108.1m in 2020G. Home delivery revenues' contribution to revenue increased from 24.2% in 2019G to 31.8% in 2020G as it replaced dine-in and take-away revenues during lockdown and curfew periods.

Delivery costs further increased by 54.9% from USD 10.5m in 2020G to USD 16.2m in 2021G, driven by the increase in home delivery revenues which further expanded by 23.9% from USD 108.1m in 2020G to USD 133.9m in 2021G. The increase in delivery fees was also driven by the increase in the fuel costs as fuel costs increased globally.

Rent

This represents the rent charged under short-term lease contracts or non-contractual rent charged in relation to the Company's restaurants, which are not treated as right-of-use under IFRS 16.

Rent costs decreased by 25.6% from USD 8.3m in 2019G to USD 6.2m in 2020G as the Company undertook a portfolio rationalization exercise, whereby 27 restaurants were closed.

Rent costs increased by 19.6% from USD 6.2m in 2020G to USD 7.4m in 2021G due to the expansion of the operations in KSA driven by the increase in the number of restaurants from 462 as at 31 December 2020G to 474 as at 31 December 2021G.

Service fees

Service fee related to warehousing charges, credit card commissions and third-party services fees (such as security, cleaning and other services).

Service fees increased by 90.3% from USD 3.0m in 2019G to USD 5.7m in 2020G and further to USD 8.6m in 2021G due to: (i) increase in credit card sales; (ii) increase in storage service fees as the Company shifted from rented warehouses to a third-party warehouse service contract; and (iii) credit card commissions reclassification from 'others' to service fees in 2020G.

Cleaning and related supplies

Cleaning and related supplies cost increased by 50.3% from USD 3.2m in 2019G to USD 4.8m in 2020G, due to increased purchases of masks, sanitizing and cleaning materials during the pandemic.

Cleaning and related supplies costs remained stable in nominal terms between 2020G and 2021G. However, as a percentage of revenues, it declined from 1.4% to 1.1% between 2020G and 2021G as the revenues increased during the same period.

Repairs and maintenance

Repairs and maintenance increased by 4.4% from USD 4.1m in 2019G to USD 4.3m in 2020G, driven by new maintenance contracts signed for fire-fighting systems, coffee machines, etc. which were being managed in-house in prior years offset by decrease in regular maintenance activities due to COVID-19.

Repairs and maintenance further increased by 39.0% from USD 4.3m in 2020G to USD 6.0m in 2021G, driven by the additional spending on regular maintenance activities post COVID-19.

Insurance

Insurance costs relate to insurance policies covering restaurants, kitchens and delivery vehicles.

Insurance costs decreased by 27.3% from USD 1.8m in 2019G to USD 1.3m in 2020G driven by the decrease in the number of restaurants that were operating as at 31 December 2020G compared to 2019G.

Insurance costs increased by 22.2% from USD 1.3m in 2020G to USD 1.6m in 2021G driven by the increase in the number of operating restaurants between 31 December 2020G and 31 December 2021G.

Loss allowance for inventory obsolescence

Loss allowance for inventory obsolescence increased by 480.1% from USD 0.2m in 2019G to USD 1.2m in 2020G driven by masks and other tools purchased during COVID-19, which were ordered in excess to cover for shortage of such materials at the time.

Loss allowance for inventory obsolescence decreased by 33.1% from USD 1.2m in 2020G to USD 0.8m in 2021G driven by the one-off impact in 2020G as explained above.

Amortization of intangible assets

Intangible assets include franchise fees and key money.

Amortization of intangible assets remained relatively stable between 2019G and 2021G in line with normal course of business.

Others

Others primarily related to security costs, travelling and transportation and other provisions.

Others decreased by 30.9% from USD 5.6m in 2019G to USD 3.9m in 2020G driven by the reduction in security costs, travelling and transportation charges due to temporary restaurant closures and travel restrictions during COVID-19.

Others in nominal terms remained stable between 2020G and 2021G at USD 3.9m as most of the restrictions like travelling and transportation remained in place.

Selling and distribution expenses

Table (5-72): Selling and distribution expenses breakdown for the years ended 31 December 2019G, 2020G and 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Marketing and advertising expenses	18,925	13,102	21,215	(30.8%)	61.9%
Salaries and other employee benefits	620	399	445	(35.6%)	11.3%
Others	48	2	100	(95.6%)	4627.4%
Total selling and distribution expenses	**19,593**	**13,504**	**21,759**	**(31.1%)**	**61.1%**
As a percentage of revenues					
Marketing and advertising expenses	4.7%	3.8%	4.9%		
Salaries and other employee benefits	0.2%	0.1%	0.1%		
Others	0.0%	0.0%	0.0%		
Total selling and distribution expenses	**4.8%**	**4.0%**	**5.0%**		

Source: Audited financial statements and related financial information

Marketing and advertising expenses

Marketing and advertising expenses primarily comprise marketing spends in relation to the agreements with the host brands. The Company is mandated by the virtue of the franchise agreements with the host brands to spend the following: (i) KFC and Hardee's: 5% of the gross revenues (ii) Krispy Kreme: 3% of gross revenues (iii) TGIF: 2% of gross revenues.

Marketing and advertising expenses decreased by 30.8% from USD 18.9m in 2019G to USD 13.1m in 2020G primarily driven by the decrease in revenue between 2019G and 2020G coupled with a temporary relief due to certain marketing spend concessions negotiated with host brands for the months of March 2020G to December 2020G.

Marketing and advertising expenses increased by 61.9% from USD 13.1m in 2020G to USD 21.2m in 2021G primarily due to the increase in revenue and resumption of marketing spend requirement to the agreed upon amount in the franchise agreements.

Salaries and other employee benefits

Salaries and other benefits include salaries and wages, residency and visa fees, overtime, and other benefits and allowances for employees working in the marketing department.

Salaries and other employee benefits expenses decreased by 35.6% from USD 620k in 2019G to USD 399k in 2020G primarily due to (i) natural attrition that was not replaced during the pandemic resulting in a decline in headcount, and (ii) the salary cuts that were applied between April and July of 2020G.

Salaries and other employee benefits increased by 11.3% from USD 399k in 2020G to USD 445k in 2021G driven by the normalization of salaries (no salary cuts were applied in 2021G) and increased headcount after resuming the hiring process.

Others

Others primarily related to free toys given along with kids' meals.

Others decreased by 95.6% from USD 48k in 2019G to USD 2k in 2020G and increased to USD 100k in 2021G.

General and administrative expenses

Table (5-73): General and administrative expenses breakdown for the years ended 31 December 2019G, 2020G and 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Salaries and other employee benefits	25,533	19,099	21,575	(25.2%)	13.0%
Depreciation of property and equipment	2,997	2,749	2,202	(8.3%)	(19.9%)
Utilities and communication	3,082	1,078	1,384	(65.0%)	28.3%
Professional fees	492	870	623	76.7%	(28.3%)
Repairs and maintenance	611	676	735	10.7%	8.7%
Depreciation of right-of-use assets	2,187	429	917	(80.4%)	114.0%
Transportation	223	210	191	(5.5%)	(9.2%)
Service expense	888	50	74	(94.3%)	47.1%
Others	2,150	1,383	2,593	(35.7%)	87.5%
Total general and administrative expenses	**38,162**	**26,544**	**30,295**	**(30.4%)**	**14.1%**
As a percentage of revenues					
Salaries and other employee benefits	6.3%	5.6%	5.0%		
Depreciation of property and equipment	0.7%	0.8%	0.5%		
Utilities and communication	0.8%	0.3%	0.3%		
Professional fees	0.1%	0.3%	0.1%		
Repairs and maintenance	0.2%	0.2%	0.2%		

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Depreciation of right-of-use assets	0.5%	0.1%	0.2%		
Transportation	0.1%	0.1%	0.0%		
Service expense	0.2%	0.0%	0.0%		
Others	0.5%	0.4%	0.6%		
Total general and administrative expenses	**9.4%**	**7.8%**	**7.0%**		

Source: Audited financial statements and related financial information

Salaries and other employee benefits

Salaries and other employee benefits within general and administrative expenses include salaries and wages, residency and visa fees, overtime, and other benefits and allowances of non-restaurant employees.

Salaries and other employee benefits decreased by 25.2% from USD 25.5m in 2019G to USD 19.1m in 2020G primarily due to salary cuts specifically between April 2020G and July 2020G in response to COVID-19, combined with a reduction in the employee headcount between 2019G to 2020G as a result of normal attrition that was not replaced. The Company also did not incur bonus costs during 2020G in order to mitigate the impact of COVID-19 on the performance of the business.

Salaries and other employee benefits increased by 13.0% from USD 19.1m in 2020G to USD 21.6m in 2021G due to the increase in the number of employees as a result of the expansion of the business combined with an increase in average cost per employee in 2021G as bonus expenses and full salaries were paid (as opposed to salary cuts that were performed in 2020G).

Depreciation of property and equipment

Depreciation of property and equipment related to the Company's offices, equipment and staff accommodations.

Depreciation of property and equipment decreased from USD 3.0m in 2019G to USD 2.7m in 2020G and further reduced to USD 2.2m in 2021G as there were no material additions capitalized during 2020G and 2021G in relation to property and equipment. Additionally, certain existing assets were fully depreciated.

Utilities and communication

This pertains to the cost of electricity, water, and other utility expenses for offices and staff accommodation.

Utilities and communication expenses decreased by 65.0% from USD 3.1m in 2019G to USD 1.1m in 2020G due to reduced working hours and employees working from home during the pandemic.

Utilities and communication expenses increased by 28.3% from USD 1.1m in 2020G to USD 1.4m in 2021G as a result of the increase in the number of operating days and the return of employees to offices. Costs remained below the 2019G due to the shift to third party warehouse during 2020G, which resulted in lower utilities and communication charges in 2021G compared to 2019G.

Professional fees

This represents fees paid to consultants, lawyers, and auditors for the provision of services.

Professional fees increased by 76.7% from USD 0.5m in 2019G to USD 0.9m in 2020G due to the increase in ad-hoc services taken for tax advisory in 2020G.

Professional fees decreased by 28.3% from USD 0.9m in 2020G to USD 0.6m in 2021G due to the decrease in ad-hoc services taken for tax advisory in 2021G.

Repairs and maintenance

Repairs and maintenance increased in nominal terms by 10.7% from USD 0.6m in 2019G to USD 0.7m in 2020G and in 2021G. However, repairs and maintenance as a percentage of revenues remained stable around 0.2% between 2019G and 2021G.

Depreciation of right-of-use assets

Depreciation of right-of-use assets decreased by 80.4% from USD 2.2m in 2019G to USD 0.4m in 2020G and subsequently increased to USD 0.9m in 2021G. This was due to rent reduction on account of shift from self-managed rented warehouses to 3rd party managed warehouses.

Transportation

Transportation related to employee travel expenses.

Transportation remained stable between 2019G and 2021G of USD 0.2m.

Service expense

Service expense related to security services and IT services and consultancy costs.

Service expense decreased by 94.3% from USD 888k in 2019G to USD 50k in 2020G due to reduction in security services related to warehouses arising due to shift from self-managed rented warehouses to 3rd party managed warehouses.

Service expenses subsequently increased from USD 50k in 2020G to USD 74k in 2021G.

Other expenses

Others primarily include vehicle and short-term building rent, trade licenses, insurance, bank charges and service contracts and other miscellaneous fees.

Other expenses decreased by 35.7% from USD 2.2m in 2019G to USD 1.4m in 2020G primarily due to reduction in vehicle rent arising due to shift from self-managed rented warehouses to 3rd party managed warehouses.

Other expenses increased by 87.5% from USD 1.4m in 2020G to USD 2.6m in 2021G primarily due to the increase in provisions for claims in relation to certain legal disputes.

Other income / (expense), net

Table (5-74): Other income, net breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Losses on closures of restaurants	(2,953)	(2,449)	(901)	(17.1%)	(63.2%)
(Charges) / reversal of impairment on property and equipment and intangible assets	(584)	694	(888)	Not applicable	Not applicable
Income from Noon Company, net	1,260	514	290	(59.3%)	(43.6%)
Lease concession	-	6,926	235	Not applicable	(96.6%)
Others	1,913	(1,860)	1,599	Not applicable	Not applicable
Total other income / (expense), net	**(364)**	**3,825**	**335**	**(1150.2%)**	**(91.2%)**

Source: Audited financial statements and related financial information

Losses on closures of restaurants

Losses on closures of restaurants are costs associated with the termination of a lease contract.

Losses on closures of restaurants decreased by 17.1% from USD 3.0m in 2019G to USD 2.4m in 2020G and further to USD 0.9m in 2021G by 63.2%. These costs are incurred on a case by case basis and vary from one store to another, costs decreased in 2021G as a result of the decrease in the number of stores closed compared to 2020G.

(Charges) / reversal of impairment on property and equipment and intangible assets

This is arising from impairment testing carried out every year and any other provisions for fixed assets due to pending restaurant closures.

The reversal in 2020G is on account of reversal of certain provisions taken in 2019G which were not required due to lesser losses resulting post the restaurant closures.

Income from Noon Company, net

Al Ahlia Restaurants Company LLC entered into an agreement with Noon E Commerce Solutions (a Related Party) to provide logistics / storage support. Income from the agreement with Noon E Commerce Solutions decreased by 59.3% from USD 1.3m in 2019G to USD 0.5m in 2020G and further decreased to USD 0.3m in 2021G as Noon Company shifted to their own storage facilities, hence requiring less support from Al Ahlia Restaurants Company LLC. This contract was terminated in October 2021G.

Rent concession

This represents rent concessions negotiated with landlords during the pandemic. The Company recorded one-off rent concessions of USD 6.9m in 2020G and USD 0.2m in 2021G.

Others

Others relate to gain/loss from fair valuation of investment properties, closure losses related to warehouse and other one-off provisions.

Others decreased from a gain of USD 1.9m to a loss of USD 1.9m in 2020G primarily driven by the recording of the provision for a faulty shipment from Farm Frites.

Others increased from a loss of USD 1.9m in 2020G to a gain of USD 1.6m in 2021G primarily as a result of: (i) the reversal of the provision for a faulty shipment from Farm Frites and (ii) income received from an aggregator in relation to a marketing campaign that was funded by the aggregator. The aggregator offered discounts for Americana Brands on its application (which resulted in lower revenue recorded in relation to the orders during the campaign), the aggregator subsequently reimbursed the discounted value and was recorded within other income (USD 1.3m).

Share in profits of a subsidiary

Table (5-75): Share in profits of a subsidiary breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Revenues	-	-	1,502	Not applicable	100.0%
Gross profit	-	-	1,502	Not applicable	100.0%
Total expenses	-	-	(4)	Not applicable	100.0%
Share in profits of a subsidiary	**-**	**-**	**1,498**	**Not applicable**	**100.0%**

Source: Audited financial statements and related financial information

During the 2021G, the Company incorporated Americana Prime Investment Limited ("**Prime Investment**"), which is a limited liability company registered in the United Arab Emirates. Al Ahlia Restaurants Company LLC owns 100% of the shared of Americana Prime Investment Limited.

According to Management, the investment company currently only holds fixed deposits and cash with Mashreq Bank.

Finance costs

Table (5-76): Finance cost breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Interest on lease liabilities	6,859	5,097	4,374	(25.7%)	(14.2%)
Interest cost on employee benefits obligations	666	439	319	(34.1%)	(27.3%)
Total finance costs	**7,525**	**5,536**	**4,693**	**(26.4%)**	**(15.2%)**

Source: Audited financial statements and related financial information

Finance costs primarily constitute interest related to lease liabilities and interest on employee benefits. Total finance costs decreased from USD 7.5m in 2019G to USD 5.5m in 2020G due to: (i) a decrease in lease liabilities as a result of the closure of 27 restaurants in 2020G, payments made against lease liabilities and rent concessions received during 2020G as a result of the COVID-19 impact, (ii) a decrease in discount rate used for lease liabilities from 3.5% in 2019G to 2.5% in 2020G and (ii) a decline in employee headcount on the back of the COVID-19, which resulted in a lower interest cost on employee benefits.

Total finance costs further decreased from USD 5.5m in 2020G to USD 4.7m in 2021G primarily due to (i) further decrease in lease liabilities as a result of payments exceeding the additions during the year, (ii) rent concessions received during the year of USD 0.2m and (iii) the further decrease in the discount rate from 2.5% in 2020G to 2.0% in 2021G.

Profit for the year and net profit margin for the year

Profit for the year increased by 44.0% from USD 8.0m in 2019G to USD 11.5m in 2020G driven by the decline in selling and distribution expenses, general and administrative expenses, finance costs and Zakat as a result of COVID-19. In addition to the decline in costs, other income increased as a result of rent concessions received during 2020G. The decline in costs and the increase in other income were partially offset by the decrease in the gross profit on the back of Covid-19.

Net profit margin improved from 2.0% in 2019G to 3.4% in 2020G driven by (i) the increase in prices during 2020G (ii) a decrease in operating expenses as a percentage of revenues due to various reasons explained earlier, (iii) an increase in other income due to the rent concession of USD 6.9m recorded during the year and (iv) the decrease in Zakat in 2020G. This was partially offset by the decline in the gross profit margin by 2.9% primarily due to sourcing fresh local chicken and the fixed nature of some of the costs within the cost of revenues.

Profit for the year increased by 126.8% from USD 11.5m in 2020G to USD 26.0m in 2021G driven by the increase in gross profit by 59.1% from USD 53.2m in 2020G to USD 84.7m in 2021G as revenues exceeded pre-Covid-19 levels, offset by the decrease in rent concessions, legal case provision and increase in the advertising and promotion campaigns, Zakat and general and administrative expenses.

Net profit margin further improved from 3.4% in 2020G to 6.0% in 2021G driven by (i) further increase in prices in 2021G (ii) the increase in gross profit by 3.9% on the back of the improvement in revenue while fixed costs within cost of revenues did not increase at the same rate (for example: depreciation right-of-use, salaries of employees, and depreciation of property plant and equipment) and (iii) the decrease in general and administrative expenses as a percentage of revenue due to these costs being mostly fixed in nature. The improvement in gross margin and decrease in general and administrative expenses as a percentage of revenue was partially offset by the increase in selling and distribution expenses due to the resumption of marketing spends as concessions from host brands were suspended in 2021G.

5.5.3.2 Statement of financial position of Al Ahlia Restaurants Company LLC (KSA):

Table (5-77): Statement of financial position as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Property and equipment	46,560	36,105	34,821
Intangible assets	5,423	4,674	4,765
Investment property	-	-	1,717
Right-of-use assets	133,139	100,978	92,351
Investment accounted for using the equity method	-	-	101,520
Margin deposit for letters of guarantee	224	224	237
Total non-current assets	**185,346**	**141,981**	**235,411**
Prepayments and other receivables	9,398	7,062	10,340
Due from Related Parties	14,634	5,236	184
Inventories	21,016	18,672	19,027
Cash and cash equivalents	70,009	103,675	23,369
Total current assets	**115,057**	**134,645**	**52,920**
Total assets	**300,404**	**276,627**	**288,332**
Employee benefits obligations	23,454	21,126	17,670
Lease liabilities	103,361	76,593	68,303
Total non-current liabilities	**126,815**	**97,719**	**85,973**
Lease liabilities	48,350	39,944	33,382
Accruals and other payables	21,846	30,564	39,730
Trade payables	32,782	31,646	35,641
Due to Related Parties	6,262	3,157	4,177
Dividend payable	1,920	1,920	865
Zakat payable	2,988	1,334	3,144

Currency: USD000	2019G	2020G	2021G
Total current liabilities	**114,148**	**108,564**	**116,939**
Total liabilities	**240,963**	**206,283**	**202,912**
Share capital	56,000	56,000	56,000
Statutory reserve	16,621	16,800	16,800
Retained earnings /(accumulated losses)	(13,180)	(2,456)	12,620
Net equity	**59,441**	**70,344**	**85,420**
Total liabilities and equity	**300,404**	**276,627**	**288,332**

Source: Audited financial statements and related financial information

Non-current assets

Table (5-78): Non-current assets as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Property and equipment	46,560	36,105	34,821
Intangible assets	5,423	4,674	4,765
Investment property	-	-	1,717
Right-of-use assets	133,139	100,978	92,351
Investment accounted for using the equity method	-	-	101,520
Margin deposit for letters of guarantee	224	224	237
Total non-current assets	**185,346**	**141,981**	**235,411**

Source: Audited financial statements and related financial information

Property and equipment

Table (5-79): Property and equipment breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	Charge for the period	Transfers& additions	Write-off	Net disposals	2020G	Charge for the period	Transfers & additions	Write-off	Net disposals	Transfer to Investment property	2021G
Land	**5,008**	-	-	-		**5,008**	-	-	-	-	-	**5,008**
Buildings	**7,494**	(1,016)	-	-	(215)	**6,263**	(977)	1,315	(673)	-	(1,271)	**4,657**
Decorations	**15,448**	(7,838)	2,065	-	(203)	**9,472**	(4,956)	5,681	-	(10)	(352)	**9,835**
Machinery and equipment	**12,227**	(5,360)	2,063	(15)	(163)	**8,753**	(4,086)	5,764	(55)	(151)	(497)	**9,727**
Air conditioning equipment	**764**	(635)	365	-	(3)	**491**	(458)	1,179	-	(3)	(8)	**1,201**
Vehicles and transportation equipment	**181**	(143)	-	-	-	**38**	(38)	-	-	-	-	**-**
Furniture, and fixtures	**1,491**	(827)	282	-	(19)	**927**	(449)	361	-	(12)		**827**
Capital work in progress	**3,947**	-	1,207	-	-	**5,154**	-	(1,429)	(159)	-	-	**3,566**
Net book value	**46,560**	**(15,820)**	**5,982**	**(15)**	**(603)**	**36,105**	**(10,963)**	**12,871**	**(888)**	**(176)**	**(2,128)**	**34,821**

Source: Audited financial statements and related financial information

Land

The balance of USD 5.0m as at 31 December 2021G mainly related to land plots owned by the Company.

No additions were made to land between 31 December 2019G and 31 December 2021G.

Buildings

Buildings of USD 4.7m as at 31 December 2021G mainly represented cold rooms in restaurants' back areas and warehouses.

Buildings' net book value decreased from USD 7.5m as at 31 December 2019G to USD 6.3m as at 31 December 2020G primarily as a result of the depreciation charge for the year of USD 1.0m and disposals of USD 0.2m in relation to restaurants that were closed during 2020G.

Buildings' net book value decreased from USD 6.3m as at 31 December 2020G to USD 4.7m as at 31 December 2021G primarily due to: (i) the depreciation charge for the year of USD 1.0m, (ii) the transfer of a warehouse to investment property of USD 1.3m as a result of the Company shifting to 3rd party warehousing and (iii) a write-off of USD 0.7m in relation to disposal of old unusable assets, partially offset by additions and transfers of USD 1.3m primarily in relation to the restaurants that were opened during the year of 2021G.

Decorations

The balance of USD 9.8m as at 31 December 2021G mainly comprised decorations and design contracts with vendors.

Decorations decreased from USD 15.4m as at 31 December 2019G to USD 9.5m as at 31 December 2020G primarily as a result of depreciation charges of USD 7.8m, partially offset by the additions and transfers of USD 2.1m in relation to the opening 6 new restaurants during 2020G.

Machinery and equipment

Machinery and equipment of USD 9.7m as at 31 December 2021G mainly comprised in-restaurant and warehouses equipment.

Machinery and equipment decreased from USD 12.2m as at 31 December 2019G to USD 8.8m as at 31 December 2020G primarily as a result of depreciation charges of USD 5.4m and disposals of USD 163k, partially offset by the additions and transfers of USD 2.1m in relation to 6 new restaurants opened in 2020G and upgrades performed for restaurants to cover the increased demand in home delivery.

Machinery and equipment increased from USD 8.8m as at 31 December 2020G to USD 9.7m as at 31 December 2021G primarily as a result of the additions and transfers of USD 5.8m in relation to 19 new restaurants opened during 2021G, offset by the depreciation charges of the year of USD 4.1m.

Air conditioning equipment

Air conditioning equipment of USD 1.2m as at 31 December 2021G mainly comprised chillers, freezers and air-conditioning equipment.

Air conditioning equipment decreased from USD 0.8m as at 31 December 2019G to USD 0.5m as at 31 December 2020G primarily as a result of depreciation charges of USD 0.6m, partially offset by the additions and transfers of USD 0.4m.

Air conditioning equipment increased from USD 0.5m as at 31 December 2020G to USD 1.2m as at 31 December 2021G primarily as a result of the additions and transfers of USD 1.2m partially offset by the depreciation charge of USD 0.5m.

Vehicles and transportation

Vehicles primarily related to the distribution trucks owned by the Company. As at 31 December 2021G the Company owned 149 vehicles in KSA.

Vehicles decreased from USD 181k as at 31 December 2019G to USD 38k as at 31 December 2020G primarily driven by the depreciation charges of USD 143k.

Vehicles have decreased further from USD 38k as at 31 December 2020G to nil as at 31 December 2021G as the assets were fully depreciated.

Furniture and fixtures

The balance of USD 0.8m as at 31 December 2021G mainly comprised furniture and fixtures for restaurants, offices and staff accommodation.

Furniture and fixtures decreased from USD 1.5m as at 31 December 2019G to USD 0.9m as at 31 December 2020G primarily as a result of depreciation charges of USD 0.8m, partially offset by the additions and transfers of USD 0.3m

Furniture and fixtures decreased from USD 0.9m as at 31 December 2020G to USD 0.8m as at 31 December 2021G primarily due to the deprecation charge of USD 0.5m, partially offset by additions and transfers of USD 0.4m.

Capital work in progress

Capital work in progress of USD 3.6m as at 31 December 2021G primarily related to restaurants under construction and renovation of restaurants.

Capital work in progress increased from USD 3.9m as at 31 December 2019G to USD 5.2m as at 31 December 2020G primarily driven by the additions and transfers of USD 1.2m.

Capital work in progress decreased from USD 5.2m as at 31 December 2020G to USD 3.6m as at 31 December 2021G primarily driven by the net transfers to other property and equipment line items of USD 1.5m and write-off of USD 159k.

Table (5-80): Useful lives of property and equipment used for depreciation as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

	Useful life (years)
Buildings	10 – 20
Decoration	5
Machinery and Equipment	5 – 6.7
Air conditioning equipment	4 – 5
Vehicles	4
Furniture and fixtures	5

Source: Audited financial statements and related financial information

Intangible assets

Table (5-81): Intangible assets net book value as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	Additions	Charge for the period	Disposals	2020G	Charge for the period	Additions & transfers	2021G
Franchises	5,280	581	(1,077)	(231)	4,553	(1,021)	1,138	4,670
Key Money	143	-	(22)	-	121	(26)	-	95
Net book value	**5,423**	**581**	**(1,099)**	**(231)**	**4,674**	**(1,047)**	**1,138**	**4,765**

Source: Audited financial statements and related financial information

Net book value of intangible assets decreased from USD 5.4m as at 31 December 2019G to USD 4.7m as at 31 December 2020G. The decrease in intangible assets during 2020G was primarily driven by the amortization expense of USD 1.1m partially offset by the additions of USD 0.6m.

Net book value of intangible assets further increased from USD 4.7m as at 31 December 2020G to USD 4.8m as at 31 December 2021G. The increase in intangible assets during 2021G was primarily driven by the additions of USD 1.1m in relation to franchise fees namely the new restaurants opened during the year (19 new restaurants) partially offset by the amortization charge for the year USD 1.0m.

The additions in both 2020G and 2021G primarily related to the expansion of the business and the Opening of new restaurants (6 restaurants in 2020G and 19 restaurants in 2021G).

Right of use assets

Table (5-82): Right of use assets as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Buildings	129,808	98,993	89,030
Vehicles	3,331	1,985	3,321
Total right of use assets	**133,139**	**100,978**	**92,351**

Source: Audited financial statements and related financial information

Table (5-83): Right of use assets breakdown as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	Additions	Depreciation	Disposals	2020G	Additions	Depreciation	Disposals	2021G
Building	129,808	-	(22,851)	(7,964)	98,993	19,520	(28,502)	(981)	89,030
Vehicles	3,331	236	(1,581)	-	1,985	3,504	(2,100)	(69)	3,321
Net book value	**133,139**	**236**	**(24,432)**	**(7,964)**	**100,978**	**23,024**	**(30,602)**	**(1,050)**	**92,351**

Source: Management information

As at 31 December 2021G the right of use assets related to 510 restaurants, 358 staff accommodation, 821 delivery vehicles and 103 leases for different assets including administrative offices, commissaries and others.

Net book value of right-of-use assets decreased from USD 133.1m as at 31 December 2019G to USD 101.0m as at 31 December 2020G primarily as a result of restaurant closures during 2020G, disposal of vehicles during the year of USD 8.0m and depreciation charge of USD 24.4m

Net book value of right-of-use assets decreased from USD 101.0m as at 31 December 2020G to USD 92.4m as at 31 December 2021G primarily due to the depreciation charge of USD 30.6m which exceeded the additions of USD 23.0m.

Investment accounted for using the equity method

Table (5-84): Investment accounted for using the equity method as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Current assets	-	-	37,510
Non-current assets	-	-	64,014
Current liabilities	-	-	(4)
Net assets	**-**	**-**	**101,520**

Source: Audited financial statements and related financial information

Table (5-85): Movement in the carrying amount of investment accounted for using the equity method as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
January 1	-	-	-
Addition during the year	-	-	100,021
Share in profit for the year	-	-	1,498
December 31	-	-	**101,520**

Source: Audited financial statements and related financial information

During the year ended 31 December 2021G, the Company incorporated Americana Prime Investment Limited ("**Prime Investment**") with 100% equity ownership. As at 31 December 2021G Americana Prime Investment Limited has 100 million shares translating to USD 100m (375,080,000 Saudi Riyals) with a carrying amount of USD 101.5m.

Margin deposit for letters of guarantee

This represents cash collaterals on outstanding bank guarantees of USD 0.2m as at 31 December 2021. These were issued in the normal course of business.

Current assets

Table (5-86): Current assets as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Prepayments and other receivables	9,398	7,062	10,340
Due from Related Parties	14,634	5,236	184
Inventories	21,016	18,672	19,027
Cash and cash equivalents	70,009	103,675	23,369
Total current assets	**115,057**	**134,645**	**52,920**

Source: Audited financial statements and related financial information

Inventories

Table (5-87): Inventories breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Raw materials	13,062	11,129	11,919
Inventories within restaurants	3,164	4,062	3,215
Consumable spare parts of machines and equipment	2,246	2,442	2,225
Packing materials	2,126	1,909	2,853
Goods in transit	1,718	1,062	1,007
Gross inventory	**22,315**	**20,605**	**21,219**
Less: loss allowance for inventory obsolescence	(1,299)	(1,933)	(2,193)
Total inventory	**21,016**	**18,672**	**19,027**

Source: Audited financial statements and related financial information

Raw materials

Raw materials primarily include food items such as meat and chicken, bread, beverages and other smaller raw materials balances such as condiments and spices.

Raw materials decreased from USD 13.1m as at 31 December 2019G to USD 11.1m as at 31 December 2020G in line with the decline in revenues due to the pandemic.

Raw materials increased from USD 11.1m as at 31 December 2020G to USD 11.9m as at 31 December 2021G driven by: (i) recovery in and expansion during 2021G compared to 2020G, (ii) the increase in the cost of chicken due to the shift from frozen to fresh local chicken and (iii) the overall inflationary environment, which impacted commodity prices.

Inventories within restaurants

Inventories within restaurants primarily comprise the stock that is physically located within the restaurants and typically represents 2-3 days of revenues.

Inventories increased from USD 3.2m as at December 2019G to USD 4.1m as at 31 December 2020G and further decreased to USD 3.2m as at 31 December 2021G in the normal course of business.

Consumable spare parts of machines and equipment

Consumable spare parts increased from USD 2.2m as at 31 December 2019G to USD 2.4m as at 31 December 2020G due to more purchases done compared to the consumption.

Consumable spare parts decreased from USD 2.4m as at 31 December 2020G to USD 2.2m as at 31 December 2021G primarily due to the Company's efforts to rationalize the purchasing of spare parts.

Packing materials

Packing materials decreased from USD 2.1m as at 31 December 2019G to USD 1.9m as at 31 December 2020G primarily in line with decrease in revenues offset partially by increase in home delivery revenues (which require more packing material).

Packing materials increased from USD 1.9m as at 31 December 2020G to USD 2.9m as at 31 December 2021G primarily due to the expansion of home delivery coupled with the increase in number of operating restaurants.

Goods in transit

Goods in transit decreased from USD 1.7m as at 31 December 2019G to USD 1.1m as at 31 December 2020G and further decreased to USD 1.0m as at 31 December 2021G primarily due to sourcing fresh local chicken and the decrease in reliance on imported chicken.

Prepayments and other receivables

Table (5-88): Prepayments and other receivables breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Receivables from service providers	2,552	2,485	4,728
Prepaid expenses	1,350	1,599	1,190
Receivable against sale through credit cards	1,461	1,078	1,152
Prepaid rent	2,452	1,062	2,672
Refundable deposits	1,584	838	598
Total prepayments & other receivables	**9,398**	**7,062**	**10,340**

Source: Audited financial statements and related financial information

Receivables from service providers

Receivables from service providers represent amounts to be collected from aggregators for revenues made through their websites and mobile applications.

Receivables from service providers decreased from USD 2.6m as at 31 December 2019G to USD 2.5m as at December 2020G primarily as a result of the collection of overdue balances from one of the food aggregators.

Receivables increased from USD 2.5m as at 31 December 2020G to USD 4.7m as at 31 December 2021G primarily as a result of the increase in home delivery revenues.

Prepaid expenses

Prepaid expenses related to residence permits, housing expenses, legal fees, medical insurance, maintenance charges and other smaller balances.

Prepaid expenses increased from USD 1.4m as at 31 December 2019G to USD 1.6m as at 31 December 2020G due to the renewal of licenses during 2020G resulting in an increase in the prepaid licence costs. License costs are amortised over a period ranging between 2-5 years.

Prepaid expenses decreased from USD 1.6m as at 31 December 202G to USD 1.2m as at 31 December 2021G primarily due to the amortization of prepaid expenses which was not offset by the additions to prepaid expenses during 2021G.

Receivable against sale through credit cards

Receivables against sale through credit cards relate to amounts due from banks for credit card orders. These typically take 2-3 days to be collected and deposited in the Company's account.

Receivables against sale through credit cards decreased from USD 1.5m as at 31 December 2019G to USD 1.1m as at 31 December 2020G in line with the decline in revenues.

Receivables against sale through credit cards increased from USD 1.1m as at 31 December 2020G to USD 1.2m as at 31 December 2021G in line with the recovery in revenues.

Prepaid rent

Prepaid rent primarily relates to restaurants' rent paid in advance, which is generally the practice in KSA.

Prepaid rent decreased from USD 2.5m as at 31 December 2019G to USD 1.1m as at 31 December 2020G in line with the decline in operating restaurants from 483 as at 31 December 2019G to 462 as at 31 December 2020G. In addition, the Company was able to negotiate monthly and quarterly rent payments as opposed to annual payments.

Prepaid rent increased from USD 1.1m as at 31 December 2020G to USD 2.7m as at December 2021G in line with the increase in operating restaurants from 462 as at 31 December 2020G to 474 as at 31 December 2021G.

Refundable deposits

Refundable deposits primarily relate to rent deposits paid to landlords.

Refundable deposits decreased from USD 1.6m as at 31 December 2019G to USD 0.8m as at 31 December 2020G due to termination of contracts or renewals with refundable deposits.

Refundable deposits further decreased from USD 0.8m as at 31 December 2020G and to USD 0.6m as at December 2021G due to termination of contracts or renewals with refundable deposits.

Due from Related Party

Table (5-89): Due from Related Party balances as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	Nature of relationship	2019G	2020G	2021G
Due from Related Parties				
Noon E-Commerce Solutions One Person Company LLC ("Noon Company")	Affiliate	-	143	82
The Caspian International Restaurants Company LLP	Affiliate	334	44	44
Touristic Project & International Restaurants Co. (Americana) LLC	Affiliate	62	59	38
International Fashion Company	Affiliate	-	-	15
International Cosmetics Company	Affiliate	-	-	4
Egyptian Company for International Touristic Projects SAE	Affiliate	-	-	1
Kuwait Food Company (Americana) K.S.CC	Former Parent Company	13,862	4,230	-
Qatar Food Company WLL	Affiliate	112	107	-
Americana Kuwait Company Restaurants WLL	Affiliate	243	-	-
Bahrain & Kuwait Restaurant Co. WLL	Affiliate	20	-	-
United Food Company LLC	Affiliate	-	652	-
Due from Related Party		14,634	5,236	184

Source: Audited financial statements and related financial information

Due from Related Party balances decreased from USD 14.6m as at 31 December 2019G to USD 5.2m as at 31 December 2020G and further to USD 0.2m as at 31 December 2021G primarily due to the decrease in the balance from the Former Parent Company as the balance was settled during 2020G and 2021G.

Cash and cash equivalents

Table (5-90): Cash and cash equivalents breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Cash in hand	13	11	3
Cash at bank	26,836	63,115	6,833
Murabaha short-term bank deposits	43,160	40,550	16,533
Total cash and cash equivalents - net	**70,009**	**103,675**	**23,369**

Source: Audited financial statements and related financial information

Cash and cash equivalents represent the Company's bank accounts, short-term bank deposits and cash in hand. Cash and cash equivalents increased from USD 70.0m as at 31 December 2019G to USD 103.7m as at 31 December 2020G after which it decreased to USD 23.4m as at 31 December 2021G. For more details refer to the cash flow statement section of the Company's analysis.

Potential liabilities and capital commitments

In addition to the pledge against bank guarantees, the Company also has committed capital expenditure (contracted but not yet incurred) as at 31 December 2021G of USD 3.0m (2020: USD 0.4m). The committed capital related to restaurants expected to open post 31 December 2021G.

Non-current liabilities

Table (5-91): Non-current liabilities as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Employee benefits obligations	23,454	21,126	17,670
Lease liabilities	103,361	76,593	68,303
Total non-current liabilities	**126,815**	**97,719**	**85,973**

Source: Audited financial statements and related financial information

Employee benefits obligations

Table (5-92): Employee benefits obligations breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Beginning balance	**24,454**	**23,454**	**21,126**
Amounts recognized in the statement of comprehensive income	4,719	3,780	2,973
Payments during the year	(5,719)	(6,108)	(4,610)
Less: classified under accrued and other liabilities	-	-	(1,819)
Ending balance	**23,454**	**21,126**	**17,670**

Source: Audited financial statements and related financial information

Employee benefits obligations are calculated in accordance with the Saudi labor laws. Actuarial valuations are carried out at the end of each reporting period.

Employee benefits obligations decreased from USD 23.5m as at 31 December 2019G to USD 21.1m as at 31 December 2020G driven by the benefits paid during the year of USD 6.1m in line with the decline in the head count due to natural attrition, partially offset by the amounts recognized in the statement of comprehensive income of USD 3.8m (current service cost).

Employee benefits obligations further decreased from USD 21.1m as at 31 December 2020G to USD 17.7m as at 31 December 2021G driven by the benefits paid during 2021G of USD 4.6m and the classification of USD 1.8m under accrued and other liabilities as they represent the current portion of the end of service benefits, partially offset by the amounts recognized in the statement of comprehensive income (current service cost) of USD 3.0m.

Lease liabilities

Table (5-93): Lease liabilities breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Lease liability non-current	103,361	76,593	68,303
Lease liability current	48,350	39,944	33,382
Total lease liabilities	**151,711**	**116,537**	**101,685**

Source: Audited financial statements and related financial information

The lease liabilities decreased from USD 151.7m as at 31 December 2019G to USD 116.5m as at 31 December 2020G as a result of the (i) the closure of 27 restaurants during 2020G, (and the opening of fewer restaurants compared to previous years due to the COVID-19 pandemic) and (ii) rent concessions received from landlords of USD 6.9m during 2020G.

Lease liabilities decreased from USD 116.5m as at 31 December 2020G to USD 101.7m as at 31 December 2021G primarily as a result of payments made against lease liabilities and rent concessions of USD 0.2m which were received during 2021G.

Current liabilities

Table (5-94): Current liabilities as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Lease liabilities	48,350	39,944	33,382
Accruals and other payables	21,846	30,564	39,730
Trade payables	32,782	31,646	35,641
Due to Related Parties	6,262	3,157	4,177
Dividend payable	1,920	1,920	865
Zakat payable	2,988	1,334	3,144
Total current liabilities	**114,148**	**108,564**	**116,939**

Source: Audited financial statements and related financial information

Accruals and other payables

Table (5-95): Accruals and other payables breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Accrued expenses	19,828	25,224	31,078
Current portion of employee benefit	-	-	1,819
Value added tax	938	2,977	2,184
Withholding tax	290	601	1,317
Retentions	775	948	1,118
Others	14	813	2,214
Total accruals and other payables	**21,846**	**30,564**	**39,730**

Source: Audited financial statements and related financial information

Accruals and other payables increased from USD 21.8m as at 31 December 2019G to USD 30.6m as at 31 December 2020G primarily due to the increase in:

- Accrued expenses from USD 19.8m as at 31 December 2019G to USD 25.2m as at 31 December 2020G in relation to vendor accrual and rent accrual;
- Value added tax payable as a result of the increase in the tax rate from 5% to 15% during 2020G;
- Other balances from USD 14k as at 31 December 2019G to USD 0.8m as at 31 December 2020G primarily due to reclassification of employee dues from Accrued expenses to others.

Accruals and other payables increased from USD 30.6m as at 31 December 2020G to USD 39.7m at December 2021G primarily due to the increase in:

- The accrued expenses from USD 25.2m as at 31 December 2020G to USD 31.1m as at 31 December 2021G in relation to leave balance dues of employees, marketing and rent accruals;
- The recognition of the current portion of employee benefits of USD 1.8m as a result of reclassification of current portion of employee benefit from end of service;
- Other balances from USD 0.8m as at 31 December 2020G to USD 2.2m as at 31 December 2021G primarily due to employee bonus and provisions for claims under certain legal cases.

Trade Payables

Trade payables decreased from USD 32.8m as at 31 December 2019G to USD 31.6m as at 31 December 2020G primarily due to the decrease in business activity and accordingly inventory levels as at 31 December 2020G.

Trade payables increased from USD 31.6m as at 31 December 2020G to USD 35.6m as at 31 December 2021G as the level of purchases increased with the expansion of the business activity during 2021G compared to 2020G.

Due to Related Party

Table (5-96): Due to Related Parties' balances as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	Nature of relationship	2019G	2020G	2021G
Due to Related Parties				
National Company for Food Industries LLC	Affiliate	2,909	2,331	2,476
International Co. for Agricultural Development (Farm Frites) SAE	Affiliate	926	762	1,380
Kuwait Food Company Americana LLC	Affiliate	2,209	26	226
The Caspian International Restaurants Company LLP	Affiliate	0	-	-
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd	Affiliate	-	-	66
Egyptian Company for International Touristic Projects SAE	Affiliate	76	-	-
Noon Payments Digital Limited	Affiliate	97	-	-
International Tourism Restaurants Company LLC	Affiliate	43	-	-
Americana Kuwait Company Restaurants WLL	Affiliate	-	38	17
Bahrain & Kuwait Restaurant Co. WLL & Gulf & Arab World Restaurant WLL	Affiliate	-	0	11
Lebanese International Touristic Projects Company LLC	Affiliate	-	0	-
Qatar Food Company WLL	Affiliate	-	-	1
Due to Related Parties		**6,262**	**3,157**	**4,177**

Source: Audited financial statements and related financial information

Due to Related Parties' balances as at 31 December 2021G primarily related to purchases of raw materials from affiliate companies.

Due to Related Parties' balances decreased from USD 6.3m as at 31 December 2019G to USD 3.2m as at 31 December 2020G primarily as purchases from Related Parties decreased during 2020G.

Due to Related Party balances increased from USD 3.2m as at December 2020G to USD 4.2m as at December 2021G primarily due to the increase in the balance of International Co. for Agricultural Development (Farm Frites) SAE in line with the increased purchases from this Related Party.

Zakat payable

Table (5-97): Table 6.97: Zakat payable breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Beginning balance	**2,048**	**2,988**	**1,334**
Zakat reversal during the year	-	(267)	-
Provision for the year	1,371	-	3,795
Payment during the year	(431)	(1,388)	(1,984)
Ending balance	**2,988**	**1,334**	**3,144**

Source: Audited financial statements and related financial information

Zakat payable decreased from USD 3.0m as at 31 December 2019G to USD 1.3m as at 31 December 2020G as a result of the payments made during 2020G of USD 1.4m and the reversal of the Zakat provision of USD 0.3m. The reversal was as a result of the initial provision booked exceeding the actual Zakat expense for the year.

Zakat payable increased from USD 1.3m as at 31 December 2020G to USD 3.1m as at 31 December 2021G as a result of the provisions made during the year of 2021G of USD 3.8m partially offset by payments made during the year of USD 2.0m.

Total equity

Table (5-98): Total equity as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Share capital	56,000	56,000	56,000
Statutory reserve	16,621	16,800	16,800
Retained earnings /(accumulated losses)	(13,180)	(2,456)	12,620
Net equity	**59,441**	**70,344**	**85,420**

Source: Audited financial statements and related financial information

Share capital

Share capital represents 210,000 shares with a value per share of USD 267 (SAR 1000). Share capital remained the same between 31 December 2019G and 31 December 2021G

Statutory reserves

In accordance with the regulations in the KSA, Al Ahlia Restaurants Company LLC is required to transfer 10% of the profit for the year to a statutory reserve until such reserve equates to 30% of its share capital. This reserve is not available for distribution to the shareholders of the Company. At 31 December 2021G the statutory reserve had reached 30% of the share capital of the Company.

Retained earnings

Table (5-99): Retained earnings as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Opening balance	(19,321)	(13,180)	(2,456)
Total comprehensive income for the year	6,921	10,903	25,743
Transfer to statutory reserves	(781)	(179)	-
Dividends	-	-	(10,667)
Total retained earnings	**(13,180)**	**(2,456)**	**12,620**

Source: Audited financial statements and related financial information

Retained earnings increased from negative USD 13.2m as at 31 December 2019G to negative USD 2.5m as at 31 December 2020G primarily due to the profits recorded during 2020G of USD 10.9m slightly offset by the transfers to statutory reserves of USD 0.2m.

Retained earnings further increased as at 31 December 2021G to USD 12.6m as a result of the recorded profits during 2021G partially offset by the dividends distributed during 2021G of USD 10.7m.

5.5.3.3 Statement of cash flow of Al Ahlia Restaurants Company LLC (KSA)

Table (5-100): Statement of cash flows for the years 2019G, 2020G and 2021G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	2019G	2020G	2021G
Profit before Zakat	9,385	11,459	29,784
Adjustments for:			
Depreciation of property and equipment	19,676	15,820	10,963
Depreciation of right-of-use assets	34,716	25,427	30,529
Amortization of intangible assets	1,178	1,099	1,047
Write-off on property and equipment	1,582	15	888
Impairment on property and equipment	584	-	-
Write-off of intangible asset	264	231	-
Loss allowance for inventory obsolescence	214	1,240	829
Losses on closures of restaurants	1,107	2,449	901
Current service cost for employee benefits obligations	3,681	2,784	2,408
Finance cost	7,525	5,536	4,693
Rent concession	-	(6,926)	(235)
Impairment loss on an investment property	-	-	409
Share of profit from investment in subsidiaries	-	-	(1,498)
Gain on sale of disposal of property, plant and equipment	-	(193)	(180)
Changes in operating asset and liabilities:			
Inventories	3,673	1,104	(1,184)
Margin deposit for letters of guarantee	(224)	-	(13)
Prepayments and other receivables	9,649	2,336	(3,278)
Due from Related Parties	(283)	9,398	5,051
Trade payables	4,893	(1,136)	3,995

Currency: USD000	2019G	2020G	2021G
Due to Related Parties	(7,929)	(3,105)	(34)
Accruals and other payables	(12,991)	6,450	6,537
Employee benefits obligations paid	(5,719)	(6,108)	(4,610)
Zakat paid	(431)	(1,388)	(1,984)
Net cash generated from operating activities	**70,549**	**66,493**	**85,016**
Property and equipment transfer out	3,848	-	-
Additions to property and equipment	(10,428)	(5,982)	(12,883)
Investment in a subsidiary	-	-	(100,021)
Proceeds from disposal of property and equipment	-	795	356
Additions to intangible assets	(570)	(581)	(1,127)
Net cash used in investing activities	**(7,150)**	**(5,768)**	**(113,675)**
Lease liability payments	(28,833)	(27,059)	(40,981)
Dividend paid	-	-	(10,667)
Net cash used in financing activities	(28,833)	(27,059)	(51,648)
Net (decrease)/ increase in cash and cash equivalents	34,566	33,666	(80,306)
Cash and cash equivalents at beginning of year	35,443	70,009	103,675
Cash and cash equivalents at end of year	**70,009**	**103,675**	**23,369**

Source: Audited financial statements and related financial information

Net cash generated from operating activities

Net cash generated from operating activities decreased from USD 70.5m in 2019G to USD 66.5m in 2020G despite an increase in profits before Zakat from USD 9.4m in 2019G to USD 11.5m in 2020G primarily due to:

- The decrease in non-cash adjustments from a positive USD 70.5m in 2019G to USD 47.5m in 2020G on the back of rent concessions of USD 6.9m and the decrease in depreciation expenses of both property and equipment, and right-of-use assets for the reasons explained earlier
- Partially offset by the increase in cash generated as a result of changes in working capital from a cash outflow of USD 9.4m to a cash inflow of USD 7.6m.

Net cash generated from operating activities increased from USD 66.5m in 2020G to USD 85.0m in 2021G as a result of:

- The increase in profit before Zakat from USD 11.5m in 2020G to USD 29.8m in 2021G due to the reasons mentioned earlier and the impact of COVID-19 subsiding.
- The increase in non-cash adjustments from a positive impact of USD 47.5m in 2020G to USD 50.8m in 2021G as a result of the decrease in rent concessions by USD 6.7m, the increase depreciation right-of-use assets by USD 5.1m. Partially offset by the profits recorded related to investments in associate of USD 1.5m and decline in the depreciation of property plant and equipment by USD 4.9m.
- Partially offset by the decrease in the cash generated as a result of changes in working capital from USD 7.6m in 2020G to USD 4.5m in 2021G.

Net cash used in investing activities

Net cash used in investing activities slightly decreased from USD 7.2m in 2019G to USD 5.8m in 2020G primarily driven by the decrease in cash used to purchase property and equipment from USD 10.4m in 2019G to USD 6.0m in 2020G as less restaurants were opened during 2020G.

Net cash used in investing activities increased from USD 5.8m in 2020G to USD 113.7m in 2021G primarily due to the investment in a subsidiary (Americana Prime Investment Limited) for USD 100.0m and the increase in cash used in purchasing property and equipment from USD 6.0m in 2020G to USD 12.9m in 2021G.

Net cash used in financing activities

Net cash used in financing activities decreased from USD 28.8m in 2019G to USD 27.1m in 2020G as a result of the decrease in the payments made against lease liabilities.

Net cash used in financing activities increased from USD 27.1m in 2020G to USD 51.6m in 2021G as a result of the increase in lease liability payments (primarily due to the decrease in rent concessions received from USD 6.9m in 2020G to USD 0.2m in 2021G) and the payment of dividends of USD 10.7m.

5.5.4 Kuwait Food Company (Americana) K.S.C.C in respect of its Kuwait Restaurants Business ("Americana Kuwait") for the years ended 31 December

Table (5-101): Summary of the financial information of Americana Kuwait for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G:

Currency: USD000	2019G	2020G	2021G
Statement of income			
Revenues	308,090	225,255	330,689
Cost of revenues	(117,596)	(80,619)	(114,360)
Gross profit	**190,494**	**144,635**	**216,329**
Selling and marketing expenses	(87,831)	(70,683)	(93,729)
General and administrative expenses	(21,246)	(21,725)	(14,385)
Other operating income – net	1,608	8,180	3,140
Operating profit	**83,026**	**60,407**	**111,355**
Finance costs	(3,853)	(3,361)	(3,280)
Profit before Zakat & KFAS	79,172	57,046	108,075
Zakat & KFAS	(1,571)	(1,122)	(2,177)
Net profit for the year	**77,601**	**55,924**	**105,898**
Statement of financial position			
Total non-current assets	109,213	93,301	93,218
Total current assets	104,596	86,482	130,182
Total assets	**213,810**	**179,783**	**223,400**
Total non-current liabilities	131,741	115,682	118,834
Total current liabilities	83,340	84,889	89,071
Total liabilities	215,081	200,571	207,904
Total equity	(1,271)	(20,787)	15,495
Total liabilities and equity	**213,810**	**179,783**	**223,400**

Source: Audited financial statements and related financial information

Table (5-102): Key performance indicators for the years ended on 31 December 2019G, 2020G and 2021G of Americana Kuwait

Income statement and balance sheet key performance indicators			
Currency: USD000	2019G	2020G	2021G
Gross profit margin [1]	61.8%	64.2%	65.4%
Net profit margin [2]	25.2%	24.8%	32.0%
Current ratio [3]	1.3	1.0	1.5
Total liabilities to total assets [4]	100.6%	111.6%	93.1%
Net debt (net cash) (thousand USD) [5]	(1,996)	(3,422)	(7,131)
Days revenues outstanding [6]	4	7	4
Days inventory outstanding [7]	58	95	77
Days payable outstanding [8]	195	344	228
NWC as a percentage of revenues [9]	13.9%	9.0%	16.5%
ROA [10]	36.3%	31.1%	47.4%
ROE [11]	Not applicable	Not applicable	683.4%

Source: Management information

(1) Gross margin is defined as gross profit divided by revenues

(2) Net profit margin is defined as the net profit for the year divided by revenues

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from Related Parties)

(7) Days inventory outstanding is defined as inventory divided by raw materials consumed multiplied by 365 (where inventory refers to sum of raw material, inventories within restaurants, packing materials and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by raw materials consumed multiplied by 365 (where trade and other payables refers to the sum of trade payables and trade related dues to Related Parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from Related Parties less trade and other payables, due to Related Parties, and zakat and other deductions payable

(10) Return on assets is calculated based on profit for the year divided by total assets

(11) Return on equity is calculated based on profit for the year divided by total equity

5.5.4.1 Statement of income for Americana Kuwait

The following tables set out Americana Kuwait's and statement of income for 31 December 2019G, 31 December 2020G, and 31 December 2021G.

Table (5-103): Statement of income for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Statement of income			
Revenues	308,090	225,255	330,689
Cost of revenues	(117,596)	(80,619)	(114,360)
Gross profit	190,494	144,635	216,329
Selling and marketing expenses	(87,831)	(70,683)	(93,729)
General and administrative expenses	(21,246)	(21,725)	(14,385)
Other operating income – net	1,608	8,180	3,140
Operating profit	**83,026**	**60,407**	**111,355**
Finance costs	(3,853)	(3,361)	(3,280)
Profit before Zakat & KFAS	79,172	57,046	108,075
Zakat & KFAS	(1,571)	(1,122)	(2,177)
Net profit for the year	**77,601**	**55,924**	**105,898**

Source: Audited financial statements and related financial information

Revenues by brand

Table (5-104): Revenues by brand breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
KFC	148,616	114,115	171,583	(23.2%)	50.4%
Hardee's	85,637	62,530	95,203	(27.0%)	52.3%
Krispy Kreme	6,693	6,784	8,162	1.4%	20.3%
Others	67,144	41,826	55,741	(37.7%)	33.3%
Total revenues	**308,090**	**225,255**	**330,689**	**(26.9%)**	**46.8%**
As a percentage of revenues					
KFC	48.2%	50.7%	51.9%		
Hardee's	27.8%	27.8%	28.8%		
Krispy Kreme	2.2%	3.0%	2.5%		
Others	21.8%	18.6%	16.9%		

Source: Management information

Revenues by channel

Table (5-105): Revenues by channel breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Home delivery	138,589	113,313	186,309	(18.2%)	64.4%
Take-out	60,979	39,064	52,192	(35.9%)	33.6%
Dine-in	75,329	35,587	41,210	(52.8%)	15.8%
Drive-through	23,755	23,784	33,079	0.1%	39.1%
Others	9,439	13,505	17,900	43.1%	32.5%
Total revenues	**308,090**	**225,255**	**330,689**	**(26.9%)**	**46.8%**
As a percentage of revenues					
Home delivery	45.0%	50.3%	56.3%		
Take-out	19.8%	17.3%	15.8%		
Dine-in	24.5%	15.8%	12.5%		
Drive-through	7.7%	10.6%	10.0%		
Others	3.1%	6.0%	5.4%		

Source: Management information

Of the four Power Brands, the Company operates KFC, Hardee's, and Krispy Kreme in Kuwait. These three brands collectively contributed 83.2% to total revenues in 2021G.

Revenues decreased from USD 308.1m in 2019G to USD 225.3m in 2020G on the back of COVID-19 primarily due to:

- The closure of eight restaurants during 2020G, while only three new restaurants were opened (most of which were opened during the latter half of 2020G). This coupled with lockdowns and reduced working hours (e.g., home deliveries were not allowed after 6pm), resulted in a decrease in the number of orders from 23.3m orders in 2019G to 15.7m orders in 2020G; partially offset by
- the increase in the average order value from USD 13.2 in 2019G to USD 14.3 in 2020G driven by the increase in group consumptions. Hardee's revenues were the most impacted amongst the Power Brands as it did not have its own mobile delivery application and primarily depended on food aggregators (Hardee's mobile application was rolled out in Kuwait in March 2021G).

Revenues increased from USD 225.3m in 2020G to USD 330.7m in 2021G, exceeding pre-COVID-19 revenues levels primarily due to:

- The opening of 11 new restaurants and the normalization of the number of operating hours of existing restaurants as a result of lifting of COVID-19 restrictions;
- The increase in the number of orders from existing and new restaurants from 15.7m in 2020G orders to 22.4m orders in 2021G;
- The increase in home delivery revenues in nominal value during 2021G to reach USD 186.3m compared to USD 113.3m in 2020G; and
- An increase in product prices across all brands as follows: Krispy Kreme increased by 1.9% from Jan20A onwards; and prices increased in FY21A as follows: Jun21A (2.2% for KFC, 5.0% for Krispy Kreme, 4.0% for TGI, 2.0% for Baskin and Robbins), Nov21A (17.0% for Chicken Tikka) and Dec21A (2.1% for Hardee's).

KFC continued to outperform the brands within the portfolio thereby growing its total contribution to revenue from 48.2% of total revenues in 2019G to 51.9% in 2021G driven by the increase in the number of restaurants and the increase in average revenues per restaurant from USD 2.2m in 2019G to USD 2.5m in 2021G.

In terms of revenue evolution by channel, home delivery increased from 45.0% of total revenues in 2019G to 56.3% of total revenues in 2021G, primarily as dine-in and take out revenues declined during the pandemic and did not fully recover in 2021G.

Cost of revenues

Table (5-106): Cost of revenues breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Cost of inventory	67,987	42,544	66,394	(37.4%)	56.1%
Rent	4,700	1,589	1,794	(66.2%)	12.9%
Staff costs	18,835	13,573	17,367	(27.9%)	28.0%
Royalties	13,934	10,412	15,453	(25.3%)	48.4%
Depreciation - property and equipment	2,374	2,083	1,746	(12.3%)	(16.2%)
Depreciation - right-of-use assets	8,809	9,658	10,112	9.6%	4.7%
Other indirect costs	957	761	1,494	(20.5%)	96.3%
Total cost of revenues	**117,596**	**80,619**	**114,360**	**(31.4%)**	**41.9%**
As a percentage of revenues					
Cost of inventory	22.1%	18.9%	20.1%		
Rent	1.5%	0.7%	0.5%		
Wages and salaries	6.1%	6.0%	5.3%		
Royalties	4.5%	4.6%	4.7%		
Depreciation - property and equipment	0.8%	0.9%	0.5%		
Depreciation - right-of-use assets	2.9%	4.3%	3.1%		
Other indirect costs	0.3%	0.3%	0.5%		
Total cost of revenues	38.2%	35.8%	34.6%		

Source: Audited financial statements and related financial information

Cost of inventory

Cost of inventory primarily include raw materials consumed such as protein, french fries, beverages, and other input costs.

Cost of inventory decreased by 37.4% from USD 68.0m in 2019G to USD 42.5m in 2020G primarily due to the decrease in revenues as a result of the COVID-19 pandemic combined with a decrease in packaging costs in KFC.

Cost of inventory increased by 56.1% from USD 42.5m in 2020G to USD 66.4m in 2021G primarily due to the increase in revenues during the same year.

Rent

This represents the rent charged under short-term lease contracts or non-contractual rent charged in relation to the Company's restaurants, which are not treated as right-of-use under IFRS 16.

Rent costs decreased by 66.2% from USD 4.7m in 2019G to USD 1.6m in 2020G as the Company had undertaken a portfolio rationalization exercise and closed 8 restaurants coupled with the decrease in the variable rent portion due to the decrease in revenues and rent concessions received from landlords.

Rent costs increased by 12.9% from USD 1.6m in 2020G to USD 1.8m in 2021G in Kuwait driven by the increase in the number of restaurants from 202 as at 31 December 2020G to 208 as at 31 December 2021G.

Wages and salaries

Wages and salaries include costs for in-restaurant employees and drivers (e.g. salaries, wages, residency fees, visas, overtime and other benefits and allowances).

Wages and salaries decreased by 27.9% from USD 18.8m in 2019G to USD 13.6m in 2020G primarily as a result of: (i) decline in the overall headcount due to natural attrition that was not replaced with new hires, and (ii) the decline in expenses related to overtime (due to reduced working hours) and bonuses (there were no bonus payments during the pandemic).

Wages and salaries increased by 28.0% from USD 13.6m in 2020G to USD 17.4m in 2021G primarily due to (i) the increase in the number of employees in line with the expansion of the operations in Kuwait after opening 11 new restaurants in 2021G, (ii) the normalization of operating hours post the pandemic, and (iii) the normalization of overtime and bonus payments / accruals in 2021G.

Royalties

Royalty fees ranged between 4.0% and 6.0% of revenues in Kuwait.

Royalties decreased by 25.3% from USD 13.9m in 2019G to USD 10.4m in 2020G in line with the decrease in revenues combined with the royalty waiver received from one of the host brand between April to May 2020G.

Royalties increased by 48.4%% from USD 10.4m in 2020G to USD 15.5m in 2021G driven by the expansion of revenues during 2021G as a result of opening 11 new restaurants during the year and the increase in revenues from existing restaurants as the COVID-19 impact subsided.

Depreciation - property and equipment

Depreciation of property and equipment pertains to buildings, decorations, machinery and equipment and others.

Depreciation of property and equipment decreased by 12.3% from USD 2.4m in 2019G to USD 2.1m in 2020G primarily driven by the decrease in the number of operating restaurants from 207 restaurants as at 31 December 2019G to 202 restaurants as at 31 December 2020G.

Depreciation of property and equipment further decreased by 16.2% from USD 2.1m in 2020G to USD 1.7m in 2021G primarily as a result of the disposals and restaurant closures in 2020G (which took place primarily in the second half of 2020G) and more assets becoming fully depreciated. This was partially offset by the net opening of 6 restaurants in 2021G in Kuwait in the latter part of the year.

Depreciation of right-of-use assets

Depreciation of right-of-use comprises buildings and vehicles.

Depreciation of right-of-use increased by 9.6% from USD 8.8m in 2019G to USD 9.7m in 2020G driven by the shift of certain rent contracts from being short-term (does not qualify under IFRS 16) to qualifying rent contracts under IFRS 16.

Depreciation of right-of-use increased further by 4.7% from USD 9.7m in 2020G to USD 10.1m in 2021G driven by the increase in right-of-use assets of buildings and vehicles as a result of the opening of 11 restaurants during 2021G and additional vehicles were leased to address the increased home delivery revenues.

Other indirect costs

Other indirect costs primarily related to security costs, travelling and transportation and other provisions.

Other indirect costs decreased by 20.5% from USD 1.0m in 2019G to USD 0.8m in 2020G driven by the travel restrictions and lockdown measures taken by the government.

Other indirect costs increased by 96.3% from USD 0.8m in 2020G to USD 1.5m in 2021G driven by the increase in traveling and transportation costs which returned to normalcy post lifting of COVID-19 related restrictions.

Selling and marketing expenses

Table (5-107): Selling and marketing expenses breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Staff cost	32,886	22,937	30,427	(30.3%)	32.7%
Rent	4,579	4,171	5,182	(8.9%)	24.3%
Home delivery	6,741	6,860	12,186	1.8%	77.6%
Utilities and communication	2,462	1,752	2,084	(28.9%)	19.0%
Maintenance expenses	1,747	1,612	2,137	(7.7%)	32.5%
Operating supplies and expenses	2,431	1,620	1,691	(33.4%)	4.4%
Advertising expenses	11,981	7,641	12,796	(36.2%)	67.4%
Depreciation - property and equipment	5,132	4,399	3,418	(14.3%)	(22.3%)
Depreciation - right-of-use assets	10,515	11,325	11,308	7.7%	(0.1%)
Amortization	1,959	1,959	1,780	0.0%	(9.1%)
Others	7,398	6,406	10,719	(13.4%)	67.3%
Total selling and marketing expenses	**87,831**	**70,683**	**93,729**	**(19.5%)**	**32.6%**
As a percentage of revenues					
Staff cost	10.7%	10.2%	9.2%		
Rent	1.5%	1.9%	1.6%		
Home delivery	2.2%	3.0%	3.7%		
Utilities and communication	0.8%	0.8%	0.6%		
Maintenance expenses	0.6%	0.7%	0.6%		
Operating supplies and expenses	0.8%	0.7%	0.5%		
Advertising expenses	3.9%	3.4%	3.9%		
Depreciation - property and equipment	1.7%	2.0%	1.0%		
Depreciation - right-of-use assets	3.4%	5.0%	3.4%		
Amortization	0.6%	0.9%	0.5%		
Others	2.4%	2.8%	3.2%		
Total selling and marketing expenses	**28.5%**	**31.4%**	**28.3%**		

Source: Audited financial statements and related financial information

Staff cost

Staff costs allocated to selling and distribution pertain to customer facing in-restaurant employees and home delivery drivers.

Staff costs decreased by 30.3% from USD 32.9m in 2019G to USD 22.9m in 2020G primarily due to the decrease in the number of employees in 2020G coupled with halting overtime payments and bonuses during 2020G in order to manage the adverse impact of COVID-19 on operations. These were partially offset by the increase in drivers' salaries as a result of the shortage of drivers and the salary increases provided to employees of a certain nationality as mandated by the government.

Staff costs increased by 32.7% from USD 22.9m in 2020G to USD 30.4m in 2021G primarily due to the increase in the number of employees combined with an increase in cost per employee as overtime and incentive costs increased with the increase in operating hours post the COVID-19 pandemic.

Rent

Rent costs allocated to selling and distribution primarily pertains to the restaurants front area.

Rent costs decreased by 8.9% from USD 4.6m in 2019G to USD 4.2m in 2020G driven by: (i) the decline in revenues which led to a decline in variable rent, (ii) portfolio rationalization exercise undertaken wherein 8 restaurants were closed.

Rent costs increased by 24.3% from USD 4.2m in 2020G to USD 5.2m in 2021G driven by the higher number of operating restaurants.

Home delivery

Home delivery costs primarily include commissions paid to delivery aggregators and the Company's fleet and fuel costs.

Home delivery costs increased by 1.8% from USD 6.7m in 2019G to USD 6.9m in 2020G as a result of the increase in the aggregator fees.

Home delivery costs increased by 77.6% from USD 6.9m in 2020G to USD 12.2m in 2021G driven by an increase in home delivery revenues from USD 113.3m in 2020G to USD 186.3m in 2021G. The contribution of home delivery revenues to total revenues increased from 50.3% in 2020G to 56.3% in 2021G.

Utilities and communication

Utilities and communication declined by 28.9% from USD 2.5m in 2019G to USD 1.8m in 2020G driven by the reduced working hours during lockdowns.

Utilities and communication increased by 19.0% from USD 1.8m in 2020G to USD 2.1m in 2021G as working hours normalized and the number of operating restaurants increased.

Maintenance expenses

Maintenance expenses relate to the maintenance of machines, buildings and IT related maintenance costs.

Maintenance expenses decreased by 7.7% from USD 1.7m in 2019G to USD 1.6m 2020G, driven by the lower utilization of restaurants which resulted in lower maintenance requirements.

Maintenance expenses increased by 32.5% from USD 1.6m in 2020G to USD 2.1m in 2021G driven by (i) normalized utilization of restaurants, (ii) the additional spend on the Company's mobile applications, spare parts, and (iii) the increased number of restaurants operating during 2021G.

Operating supplies and expenses

Operating supply charges primarily consist of cleaning and office supplies like tissues, towels, cleaning tools, paper, personal protectives like gloves, masks etc.

Operating supplies and expenses decreased by 33.4% from USD 2.4m in 2019G to USD 1.6m in 2020G in line with the decline of operating hours and the in-restaurant revenues.

Operating supplies and expenses increased by 4.4% from USD 1.6m in 2020G to USD 1.7m in 2021G in line with the normalization of operating hours and the increase in the number of restaurants.

Advertising expenses

Advertising expenses primarily comprise marketing spend in relation to the agreements with the host brands. The Company is mandated by the virtue of the franchise agreements with the host brands to spend the following on an annual basis: (i) KFC and Hardee's: 5% of the gross revenues (ii) Krispy Kreme: 3% of gross revenues (iii) TGIF: 2% of gross revenues.

Advertising expenses decreased by 36.2% from USD 12.0m in 2019G to USD 7.6m in 2020G primarily driven by the decrease in revenues between 2019G and 2020G and the concessions in the minimum marketing spend requirement from the host brands during 2020G.

Advertising expenses increased by 67.4% from USD 7.6m in 2020G to USD 12.8m in 2021G primarily due to the increase in revenues and the normalization of marketing spend.

Depreciation of property and equipment

Depreciation expense allocated to selling and distribution primarily pertains to machinery and equipment of the restaurants' front area.

Depreciation of property and equipment decreased from USD 5.1m in 2019G to USD 4.4m in 2020G and further reduced to USD 3.4m in 2021G as a result of assets becoming fully depreciated.

Depreciation of right-of-use assets

Depreciation expense allocated to selling and distribution primarily pertains to right-of-use assets capitalised in relation to IFRS 16.

Depreciation of right-of-use assets increased by 7.7% from USD 10.5m in 2019G to USD 11.3m in 2020G as a result of an increase in leases related to vehicles. It remained stable between 2020G and 2021G.

Amortization

Amortization costs pertain to franchise costs paid to the host brands in relation to restaurant openings and key money paid to landlords.

Amortization costs remained fairly stable at USD 2.0m in 2019G and 2020G, subsequently decreased by 9.1% from USD 2.0m to USD 1.8m in 2021G.

Others

Others primarily related to preopening expenses, credit card commissions and waste and spoilage.

Others decreased by 13.4% from USD 7.4m in 2019G to USD 6.4m in 2020G as a result of the decrease in credit card commission and wastage costs in line with the decrease in revenues.

Others increased by 67.3% from USD 6.4m in 2020G to USD 10.7m in 2021G due to preopening expenses for a new location (USD 1.6m), an increase in credit card commissions (USD 1.1m), and an increase in waste and spoilage USD 0.4m.

General and administrative expenses

Table (5-108): General and administrative expenses breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Wages and salaries	10,389	9,561	7,621	(8.0%)	(20.3%)
Rent	1,305	2,576	2,335	97.5%	(9.4%)
Depreciation - property and equipment	568	755	750	32.9%	(0.6%)
Depreciation - right-of-use assets	4,453	3,011	2,268	(32.4%)	(24.7%)
Provisions	-	-	224	-	100.0%
Others	4,530	5,822	1,187	28.5%	(79.6%)
Total general and administrative expenses	**21,246**	**21,725**	**14,385**	**2.3%**	**(33.8%)**
As a percentage of revenues					
Wages and salaries	3.4%	4.2%	2.3%		
Rent	0.4%	1.1%	0.7%		
Depreciation - property and equipment	0.2%	0.3%	0.2%		
Depreciation - right-of-use assets	1.4%	1.3%	0.7%		
Provisions	0.0%	0.0%	0.1%		
Others	1.5%	2.6%	0.4%		
Total general and administrative expenses	**6.9%**	**9.6%**	**4.4%**		

Source: Audited financial statements and related financial information

Wages and salaries

Wages and salaries within general and administrative expenses include salaries and wages, residency and visa fees, overtime, and other benefits and allowances of non-restaurant employees.

Wages and salaries declined by 8.0% from USD 10.4m in 2019G to USD 9.6m in 2020G due to a decrease in average cost per employee primarily driven by salary cuts specifically between April 2020 and July 2020.

Wages and salaries further decreased by 20.3% from USD 9.6m in 2020G to USD 7.6m in 2021G as a result of the decrease in the bonus accruals in 2021G and the reduction of headcount compared to 2020G.

Rent

This cost item pertains to rent paid for various offices and staff accommodation.

Rent expense increased by 97.5% from USD 1.3m in 2019G to USD 2.6m in 2020G as accommodation leases shifted from long-term to yearly leasing. Rent expense decreased by 9.4% from USD 2.6m in 2020G to USD 2.3m in 2021G primarily as a result of the decrease in headcount.

Depreciation - property and office equipment

Depreciation of property and office equipment increased from USD 0.6m in 2019G to USD 0.8m in 2020G due to the depreciation expenses related to Krispy Kreme commissary which opened in 2020G.

Depreciation of property and office equipment remained fairly stable at USD 0.8m as there were no material additions capitalized during 2020G and 2021G in relation to property and office equipment.

Depreciation - right-of-use assets

This comprised the depreciation of right-of-use assets including buildings and vehicles utilized by Management.

Depreciation of right-of-use assets decreased by 32.4% from USD 4.5m in 2019G to USD 3.0m in 2020G as a result of the termination of accommodation contracts.

Depreciation of right-of-use assets further decreased by 24.7% from USD 3.0m in 2020G to USD 2.3m in 2021G driven by the full year impact of termination of accommodation lease contracts.

Provisions

Provisions include expenses relating to overdue outstanding rent receivables.

Provision expense of USD 0.2m was incurred during 2021G due to the rent receivable balances that has been overdue.

Others

Others primarily include trade licenses, insurance, bank charges and service contracts and other miscellaneous fees.

Others increased by 28.5% from USD 4.5m in 2019G to USD 5.8m in 2020G primarily due to the restructuring (including notice period salaries due to employee termination) and car rental costs recorded in 2020G.

Other decreased by 79.6% from USD 5.8m in 2020G to USD 1.2m in 2021G as the restructuring and car rental costs were not incurred in 2021G.

Other operating income – net

Table (5-109): Other income, net breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Vendors	1,474	1,457	2,359	(1.2%)	61.9%
PPE Disposal / Others	101	198	69	96%	(65.2%)
Rent Concessions	0	6,441	705	100%	(89.1)
Forex	33	84	7	154.5%	(91.7%)
Other operating income – net	**1,608**	**8,180**	**3,140**	**408.5%**	**(61.6%)**

Source: Management information

Other operating income – net primarily relates to rebates and incentives received from a cleaning materials supplier), incentive received for the use of point of sale machines), and gains on rent concessions primarily in 2020G (USD 6.4m).

Finance costs

Table (5-110): Finance cost breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Interest expenses – lease liabilities	3,853	3,350	2,996	(13.1%)	(10.6%)
Interest expenses – bank overdraft	-	11	-	100.0%	(100.0%)
Interest expense on employee benefits obligations	-	-	284	-	100.0%
Total finance cost	**3,853**	**3,361**	**3,280**	**(12.8%)**	**(2.4%)**

Source: Audited financial statements and related financial information

Finance costs primarily constitute interest related to lease liabilities and bank overdraft as well as interest on employee benefits obligations.

Total finance costs decreased from USD 3.9m in 2019G to USD 3.4m in 2020G due to: (i) a decrease in lease liabilities as a result of the closure of 8 restaurants; (ii) payments made against lease liabilities and rent concessions received during 2020G as a result of the COVID-19 impact.

Total finance costs further decreased from USD 3.4m in 2020G to USD 3.3m in 2021G primarily due to the further decrease in interest on lease liabilities as a result of the decrease in lease liabilities between 31 December 2020G to 31 December 2021G. This was partially offset by the recognition of USD 0.3m of interest expense on employee benefit obligations in 2021G, which was not present in both 2019G and 2020G.

Net profit for the year and net profit margin for the year

Net profit for the year decreased by 27.9% from USD 77.6m in 2019G to USD 55.9m in 2020G driven by the decline in gross profit on the back of COVID-19, which was not offset by a similar decline in operating expenses (a certain portion of the Group's expenses are fixed in nature).

Net profit margin decreased from 25.2% in 2019G to 24.8% in 2020G, driven by: (i) an increase in general and administrative expenses as a percentage of revenues from 6.9% in 2019G to 9.6% in 2020G, (ii) an increase in selling and marketing expenses as a percentage of revenues from 28.5% in 2019G to 31.4% in 2020G ; partially offset by (iii) the improvement in gross profit margin by 2.4% driven by the decrease in cost of inventory as for the reasons explained earlier; and (iv) increase in other operating income as a percentage of revenues from 0.5% in 2019G to 3.6% in 2020G driven by the rent concessions received in 2020G.

Net profit increased by 89.4% from USD 55.9m in 2020G to USD 105.9m in 2021G driven by the increase in gross profit by 49.6% from USD 144.6m in 2020G to USD 216.3m in 2021G as revenues exceeded pre-COVID-19 levels.

Net profit margin improved from 24.8% in 2020G to 32.0% in 2021G driven by: (i) increase in product prices across all brands in 2021G, which resulted in a slight increase in gross profit margin by 1.2% along with the growth in revenues; and (ii) the decrease in both selling and marketing expenses and general and administrative expenses as a percentage of revenues as these costs are mostly fixed in nature (except for home delivery cost in selling and marketing expenses), this was partially offset by (iii) the decrease in other income as lower rent concessions were recorded during 2021G compared to 2020G.

5.5.4.2 Statement of financial position of Americana Kuwait

Table (5-111): Statement of financial position as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Property and equipment	19,764	16,866	20,272
Right of use assets	84,491	71,128	65,828
Intangible assets	4,959	5,307	7,118
Total non-current assets	**109,213**	**93,301**	**93,218**
Inventories	11,931	12,249	15,168
Due from Related Parties	72,476	54,017	90,089
Trade and other receivables	18,161	16,793	17,794
Cash and cash equivalents	2,028	3,422	7,131
Total current assets	**104,596**	**86,482**	**130,182**
Total assets	**213,810**	**179,783**	**223,400**
Lease liability	63,320	52,610	50,502
Trade and other payables	49,470	46,265	50,195
Provision for employees' end of service benefits	18,951	16,807	18,136
Total non-current liabilities	**131,741**	**115,682**	**118,834**
Lease liability	23,590	22,139	20,631
Due to Related Parties	3,351	6,897	5,458
Bank overdraft	32	-	-
Trade and other payables	56,367	55,854	62,982
Total current liabilities	**83,340**	**84,889**	**89,071**
Total liabilities	**215,081**	**200,571**	**207,904**
Net residual attributable to head office	**(1,271)**	**(20,787)**	**15,495**
Total equity & liabilities	**213,810**	**179,783**	**223,400**

Source: Audited financial statements and related financial information

Non-current assets

Table (5-112): Non-current assets as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Property and equipment	19,764	16,866	20,272
Right-of-use assets	84,491	71,128	65,828
Intangible assets	4,959	5,307	7,118
Total non-current assets	**109,213**	**93,301**	**93,218**

Source: Audited financial statements and related financial information

Property and equipment

Table (5-113): Property and equipment net book value as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	Additions & transfers	Disposals	Forex	Depreciation	2020G	Additions & transfers	Disposals	Forex	Depreciation	2021G
Buildings	444	8	-	(3)	(101)	349	-	-	2	(96)	255
Vehicles and motorbikes	661	1,266	(1)	(6)	(469)	1,449	184	(20)	10	(540)	1,083
Machinery and equipment	6,477	905	(24)	(42)	(2,170)	5,146	1,804	(137)	34	(1,842)	5,005
Furniture and decors	9,772	993	(26)	(68)	(3,756)	6,915	5,798	(63)	46	(2,798)	9,898
Office equipment	1,340	193	(1)	(10)	(592)	930	539	(4)	6	(429)	1,043
Software	402	293	-	(3)	(149)	543	139	-	4	(211)	475
Work in progress	668	868	-	(3)	-	1,534	970	-	9	-	2,512
Net book value	**19,764**	**4,526**	**(52)**	**(134)**	**(7,237)**	**16,866**	**9,434**	**(225)**	**111**	**(5,915)**	**20,272**

Source: Audited financial statements and related financial information

Buildings

Buildings mainly represented cold rooms in restaurants' back areas and warehouses.

Buildings net book value decreased from USD 444k as at 31 December 2019G to USD 349k as at 31 December 2020G and further to USD 255k in 2021G primarily as a result of the depreciation charge in the relevant years.

Vehicles and motorbikes

Vehicles and motorbikes primarily related to the distribution trucks owned by the Company, staff transportation buses and home delivery vehicles. As at 31 December 2021G the Company owned 82 vehicles in Kuwait.

Vehicles and motorbikes balances increased from USD 0.7m as at 31 December 2019G to USD 1.4m as at 31 December 2020G primarily due to the additions of USD 1.3m in relation to staff transportation buses, partially offset by the depreciation charge of USD 0.5m.

Vehicles and motorbikes balances decreased from USD 1.4m as at 31 December 2020G to USD 1.1m as at 31 December 2021G due to the depreciation charge of USD 0.5m and disposals of USD 20k partially offset by additions of USD 0.2m.

Machinery and equipment

Machinery and equipment of USD 5.0m as at 31 December 2021G mainly comprised in-restaurant and warehouses equipment.

Machinery and equipment decreased from USD 6.5m as at 31 December 2019G to USD 5.1m as at 31 December 2020G due to the depreciation charge of USD 2.2m and disposals of USD 24k in relation to the closure of restaurants partially offset by additions and transfers of USD 0.9m in relation to 3 new restaurants opened in 2020G and upgrades performed for restaurants to cover the increased demand in home delivery revenues.

Machinery and equipment remained stable as at 31 December 2020G and 2021G at USD 5.1m and USD 5.0m respectively as a result of the additions and transfers of USD 1.8m in relation to 11 new restaurants opened during 2021G, offset by the depreciation charge for the year of USD 1.8m.

Furniture and decors

Furniture and decors of USD 9.9m as at 31 December 2021G mainly comprised restaurants furniture, fixtures, decorations and design contracts with vendors.

Furniture and decors decreased from USD 9.8m as at 31 December 2019G to USD 6.9m as at 31 December 2020G primarily due to the depreciation charge of USD 3.8m.

Furniture and decors increased from USD 6.9m as at 31 December 2020G to USD 9.9m as at 31 December 2021G driven by the additions of USD 5.8m related to the opening of 11 new restaurants partially offset by the depreciation charge of USD 2.8m.

Office equipment

Office equipment decreased from USD 1.3m as at 31 December 2019G to USD 0.9m as at 31 December 2020G due to the depreciation charge of USD 0.6m, partially offset by additions and transfers of USD 0.2m.

Office equipment increased from USD 0.9m as at 31 December 2020G to USD 1.0m as at 31 December 2021G driven by additions and transfers of USD 0.5m, partially offset by depreciation charge of USD 0.4m.

Software

Software increased from USD 0.4m as at 31 December 2019G to USD 0.5m as at 31 December 2020G primarily due to additions and transfers of USD 0.3m partially offset by depreciation charge for the year of USD 0.1m.

Software remained relatively stable at USD 0.5m between 31 December 2020G and 31 December 2021G due to the depreciation charge of USD 0.2m being partially offset by additions and transfer of USD 0.1m.

Work in progress

Work in progress of USD 2.5m as at 31 December 2021G primarily related to restaurants under construction and other ongoing projects of the Company.

Work in progress increased from USD 0.7m as at 31 December 2019G to USD 1.5m as at 31 December 2020G and further to USD 2.5 as at 31 December 2021G primarily due to additions and transfers incurred of USD 0.9m and USD 1.0m, respectively.

Table (5-114): Useful lives of property and equipment used for depreciation as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Americana Kuwait:

	Useful life (Years)
Buildings	6.7
Leasehold improvements and building improvements	5
Furniture and fixtures	6.7
Machinery and equipment	6.7
Computer devices and hardware	3
Vehicles	5

Source: Audited financial statements and related financial information

Right-of-use assets

Table (5-115): Right-of-use assets net book value as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	Additions	Disposals	Forex	Deprecia-tion	2020G	Additions	Disposals	Forex	Deprecia-tion	2021G
Buildings	77,191	15,350	(3,024)	(373)	(22,279)	66,865	18,480	115	388	(22,600)	63,247
Vehicles	7,300	2,798	(4,067)	(52)	(1,715)	4,264	2	-	29	(1,713)	2,581
Net book value	**84,491**	**18,147**	**(7,091)**	**(426)**	**(23,994)**	**71,128**	**18,482**	**115**	**416**	**(24,313)**	**65,828**

Source: Management information

As at 31 December 2021G, the right of use assets primarily related to leases for 159 restaurants and 925 delivery vehicles.

Net book value of right-of-use assets decreased from USD 84.5m as at 31 December 2019G to USD 71.1m as at 31 December 2020G, primarily due to disposals and depreciation charges exceeding the additions during 2020G.

Net book value of right-of-use assets decreased from USD 71.1m as at 31 December 2020G to USD 65.8m as at 31 December 2021G, primarily due to the depreciation charge exceeding additions during the year.

Intangible assets

Table (5-116): Intangible assets net book value as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	Addi-tions & Transfers	Dispos-als	Forex	Amorti-sation	2020G	Addi-tions & Transfers	Dispos-als	Forex	Amorti-sation	2021G
Franchise fee	1,783	319	(0)	(9)	(323)	1,769	349	(21)	11	(339)	1,770
Key money	3,176	2,024	(1)	(26)	(1,636)	3,538	3,228	-	24	(1,442)	5,348
Net book value	**4,959**	**2,343**	**(1)**	**(35)**	**(1,959)**	**5,307**	**3,578**	**(21)**	**35**	**(1,780)**	**7,118**

Source: Audited financial statements and related financial information

Intangible assets as at 31 December 2021G primarily included: (i) franchise fees paid to the host brands and are amortized over the life of the agreement / restaurant license period, and (ii) key money paid to the landlords to secure a lease property, which is amortized over the duration of the lease.

Net book value of intangible assets increased from USD 5.0m as at 31 December 2019G to USD 5.3m as at 31 December 2020G. The increase in intangible assets during 2020G was primarily driven by the increase in key money as a result of additions of USD 2.0m in relation to renewal of contracts, partially offset by the amortization expense of USD 1.6m. Franchise fees remained stable between 31 December 2019G and 2020G as additions were offset by amortization costs for the year.

Net book value of intangible assets further increased from USD 5.3m as at 31 December 2020G to USD 7.1m as at 31 December 2021G driven by the increase in key money as a result of additions of USD 3.2m in relation to renewal of contracts, partially offset by the amortization expense of USD 1.4m. Franchise fees remained stable as at 31 December 2020G and 2021G as additions were offset by amortization costs for the year.

Current assets

Table (5-117): Current assets as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Inventories	11,931	12,249	15,168
Due from Related Parties	72,476	54,017	90,089
Trade and other receivables	18,161	16,793	17,794
Cash and cash equivalent	2,028	3,422	7,131
Total current assets	**104,596**	**86,482**	**130,182**

Source: Audited financial statements and related financial information

Inventories

Table (5-118): Inventories breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Raw material	8,777	8,433	10,357
Packing material	1,123	1,121	1,513
Other materials	1,758	1,900	1,892
Spare parts	539	604	585
Less: provision for slow moving inventories	(1,157)	(1,308)	(1,375)
Goods in transit	889	1,499	2,196
Total inventories	**11,931**	**12,249**	**15,168**

Source: Audited financial statements and related financial information

Raw material

Raw material primarily includes food items such as meat, chicken, bread, beverages and other smaller raw materials balances such as condiments and spices.

Raw materials decreased from USD 8.8m as at 31 December 2019G to USD 8.4m as at 31 December 2020G in line with the decline in revenues due to the pandemic.

Raw materials increased from USD 8.4m as at 31 December 2020G to USD 10.4m as at 31 December 2021G driven by growth in revenue during 2021G compared to 2020G as the business grew beyond pre-COVID-19 levels and number of operating restaurants increased.

Packing material

Packing material remined fairly stable as at 31 December 2019G and 31 December 2020G at USD 1.1m before increasing to USD 1.5m as at 31 December 2021G primarily due to the expansion of home delivery coupled with the increase in number of operating restaurants.

Other materials

Other materials mainly relate to smallware, cleaning, marketing material, uniforms and other smaller balances.

Other materials had minor movements as at 31 December 2019G, 31 December 2020G and as at 31 December 2021G, which were within the normal course of business.

Spare parts

Spare parts had minor movements as at 31 December 2019G, 31 December 2020G and as at 31 December 2021G, which were within the normal course of business.

Goods in transit

Goods in transit increased from USD 0.9m as at 31 December 2019G to USD 1.5m as at 31 December 2020G and USD 2.2m as at 31 December 2021G due to the expansion of the business activity coupled with the increase in purchases in anticipation of an increase in revenues in the first quarter of the next year.

Trade and other receivables

Table (5-119): Trade and other receivables breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Trade receivables	3,533	4,588	4,205
Less: loss allowance	(364)	(411)	(585)
Net trade receivables	**3,169**	**4,177**	**3,620**
Other debit balances	5,039	4,870	5,562
Prepaid expenses	3,612	2,089	2,608
Refundable deposits	5,320	5,082	5,313
Staff receivables	380	357	308
Advances to suppliers	641	406	499
Provision for other receivables	-	(187)	(116)
Trade and other receivables	**18,161**	**16,793**	**17,794**

Source: Audited financial statements and related financial information

Trade receivables

Trade receivables primarily comprised receivables from aggregators, institutional and catering customers in addition to credit card receivables.

Trade receivables increased from USD 3.5m as at 31 December 2019G to USD 4.6m at December 2020G primarily due to the increase in aggregator home delivery sales and delays in funds transfer from aggregators.

Trade receivables decreased from USD 4.6m as at 31 December 2020G to USD 4.2m at December 2021G due to the normalisation of the cycle of receiving the transfers from aggregators.

Loss allowance

Loss allowance increased from USD 364k as at 31 December 2019G to USD 411k as at 31 December 2020G in line with the increase in the trade receivable balance.

Loss allowance increased from USD 0.4m as at 31 December 2020G to USD 0.6m as at 31 December 2021G due to the additional provision recorded in relation to overdue rent receivables.

Other debit balances

Other debit balances include receivables from legal cases and sale of used oil.

Other debit balances remained relatively stable as at 31 December 2019G and 31 December 2020G within the normal course of business.

Other debit balances increased from USD 4.9m as at 31 December 2020G to USD 5.6m as at 31 December 2021G driven by the increase in the income from the beverage provider.

Prepaid expenses

Prepaid expenses related to residence permits, housing expenses, legal fees, medical insurance, rent, maintenance charges and other smaller balances.

Prepaid expenses decreased from USD 3.6m as at 31 December 2019G to USD 2.1m as at 31 December 2020G primarily due to the decrease in prepaid rent as the Company was able to negotiate monthly and quarterly rent payments as opposed to annual payments.

Prepaid expenses increased from USD 2.1m as at 31 December 2020G to USD 2.6m as at 31 December 2021G primarily due to expansion of operations and the increase in the number of operating restaurants as at 31 December 2021G.

Refundable deposits

Refundable deposits primarily relate to rent deposits paid to landlords.

Refundable deposits remained relatively stable from 31 December 2019G to 31 December 2021G within the normal course of business.

Staff receivables

Staff receivables primarily include advances given to employees that are subsequently deducted from the employee's monthly salary.

Staff receivables remained fairly stable between 31 December 2019G and 31 December 2020G with a balance of USD 0.4m. The balance decreased to USD 0.3m as at 31 December 2021G within the normal course of business.

Advances to suppliers

This primarily includes advances to trade suppliers primarily for critical inventory items.

Advances to suppliers decreased from USD 0.6m as at 31 December 2019G to USD 0.4m as at 31 December 2020G as a result of the decrease in purchases in line with the decline in revenues. The balance increased to USD 0.5m as at 31 December 2021G within the normal course of business.

Provision for other receivables

Provision for other receivables decreased from USD 0.2m as at 31 December 2020G to USD 0.1m as at 31 December 2021G due to the write-off of one of the receivable balances.

Due from Related Parties

Table (5-120): Due from Related Parties' balances as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	Nature of relationship	2019G	2020G	2021G
Kuwait Food Company (Americana) K.S.C.C	Former Parent Company	1,218	-	729
Kuwait Food Company (Americana) K.S.C.C / Kuwait Area account	Former Parent Company	70,193	51,093	85,990
Lebanese International Touristic Projects Company LLC	Affiliate	194	2,367	3,023
Touristic Projects & International Restaurants Co. (Americana) LLC	Affiliate	224	224	-
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd	Affiliate	178	180	-
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd	Affiliate	-	13	222
Others	Affiliate	469	141	126
Total due from Related Parties		**72,476**	**54,017**	**90,089**

Source: Audited financial statements and related financial information

Due from Related Parties primarily related to the Kuwait Food Company (Americana) K.S.C.C / Kuwait Area account during the period between 31 December 2019G and 31 December 2021G where it represented 95.4% of the total due from Related Party balance as at 31 December 2021G.

The balance decreased from USD 70.2m as at 31 December 2019G to USD 51.1m as at 31 December 2020G as the 2019G profit for the year was deducted from this balance in January 2020G. The balance subsequently increased as at 2021G driven by excess fund transfers made to the head office through this account in 2021G as the business normalized.

Amounts due from Kuwait Food Company (Americana) K.S.C.C declined from USD 1.2m as at 31 December 2019G to nil as at 31 December 2020G as the profit of Kuwait Real Estate was transferred to the head office through this account in January 2020. There was no similar transaction performed during the pandemic. The balance subsequently increased to USD 729k as at 31 December 2021G as excess funds were transferred to the head office through this account in 2021G as the business normalized.

The amounts due from Lebanese International Touristic Projects Company LLC increased from USD 194k as at 31 December 2019G to USD 2.4m as at 31 December 2020G and USD 3.0m as at 31 December 2021G mainly due to the reason that 2020G payments related to Lebanon branch have been executed by Americana Kuwait due to fund/transfer restrictions are in place in Lebanon to outside the country.

Cash and cash equivalents

Table (5-121): Cash and cash equivalents breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Cash on hand	225	158	49
Current accounts held with banks	1,804	3,264	7,082
Total cash and cash equivalents - net	**2,028**	**3,422**	**7,131**

Source: Audited financial statements and related financial information

Cash and cash equivalents represent the Company's bank accounts and cash on hands. Cash and cash equivalents increased from USD 2.0m as at 31 December 2019G to USD 3.4m as at 31 December 2020G and further increased to USD 7.1m as at 31 December 2021G. For more details, refer to the cash flow statement section of the Company's analysis.

Potential liabilities and capital commitments

The Company had capital commitments in relation to projects in progress of USD 0.8m as at 31 December 2021G (USD 0.5m as at 31 December 2019G and USD 0.5m as at 31 December 2020G). The Company also had outstanding letters of credit of USD 1.2m as at 31 December 2021G (USD 0.6m as at 31 December 2019G and USD 0.8m as at 31 December 2020G). Capital commitments are primarily related to new restaurant openings.

The Company has irrevocable letters of guarantee from a commercial bank for USD 2.7m as at 31 December 2021G (USD 1.8m as at 31 December 2019G and USD 2.7m as at 31 December 2020G).

Non-current liabilities

Table (5-122): Non-current liabilities as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Lease liability	63,320	52,610	50,502
Trade and other payables	49,470	46,265	50,195
Provision for employees' end of service benefits	18,951	16,807	18,136
Total non-current liabilities	**131,741**	**115,682**	**118,834**

Source: Audited financial statements and related financial information

Lease liabilities movement

Table (5-123): Lease liabilities movement as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Current	23,590	22,139	20,631
Non-current	63,320	52,610	50,502
Total lease liabilities	**86,910**	**74,748**	**71,134**

Source: Audited financial statements and related financial information

The Company has applied IFRS 16 on 1 January 2019, which requires companies to account for finance and operating leases on their books in the form of right-of-use assets and liabilities. The standard was adopted using the simplified approach (i.e., no impact on the retained earnings as at 1 January 2019G).

The lease liabilities decreased from USD 86.9m as at 31 December 2019G to USD 74.7m as at 31 December 2020G as a result of the closure of 8 restaurants during 2020G and the opening of fewer restaurants due to the COVID-19 pandemic in addition to rent concessions of USD 6.4m, which were received during 2020G.

Lease liabilities decreased from USD 74.7m as at 31 December 2020G to USD 71.1m as at 31 December 2021G primarily as a result of payments made against lease liabilities and rent concessions of USD 0.7m, which were received during 2021G.

Non-current trade and other payables

Non-current portion pertains to the unearned income in relation to upfront payments made by a beverage supplier with a performance obligation expected to be satisfied and recognized within a period exceeding 12 months. Non-current trade and other payables decreased from USD 49.5m as at 31 December 2019G to USD 46.3m as at 31 December 2020G.

Non-current trade and other payables increased from USD 46.3m as at 31 December 2020G to USD 50.2m as at 31 December 2021G.

Provision for employees' end of service benefits

Table (5-124): Provision for employees' end of service benefits movement as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Beginning balance	**19,969**	**18,951**	**16,807**
Charge for the year	2,621	2,244	953
Interest cost on liability	-	-	284
Transferred to staff accruals	(1,075)	(554)	-
Remeasurements loss	-	-	2,931
Paid during the year	(2,638)	(3,783)	(2,931)
Forex	75	(53)	92
Ending balance	**18,951**	**16,807**	**18,136**

Source: Audited financial statements and related financial information

End of service benefits are calculated in accordance with the Kuwait labour laws. Actuarial valuations are carried out at the end of each reporting year.

End of service benefits decreased from USD 19.0m as at 31 December 2019G to USD 16.8m as at 31 December 2020G primarily driven by the benefits paid during the year of USD 3.8m and the transfer of staff accruals of USD 0.6m, partially offset by the current service charge for 2020G of USD 2.2m.

End of service benefits increased from USD 16.8m as at 31 December 2020G to USD 18.1m as at 31 December 2021G driven by the current service charge for the year of USD 1.0m, interest cost on liability of USD 0.3m and remeasurement loss of USD 2.9m. The aforementioned increase was partially offset by amounts paid during the year of USD 2.9m during 2021G.

Current liabilities

Table (5-125): Current liabilities as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Lease liability	23,590	22,139	20,631
Due to Related Parties	3,351	6,897	5,458
Bank overdraft	32	-	-
Trade and other payables	56,367	55,854	62,982
Total current liabilities	**83,340**	**84,889**	**89,071**

Source: Audited financial statements and related financial information

Trade and other payables

Table (5-126): Trade and other payables breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Trade payables	33,301	33,287	36,189
Accrued expenses	6,466	6,569	7,811
Contractors payable	1,701	955	1,187
Leave provision	3,254	2,405	2,663
Staff payable	3,934	2,943	4,280
Others	7,711	9,696	10,853
Total trade and other payables	**56,367**	**55,854**	**62,982**

Source: Management information

Trade payables

Trade payables primarily relate to suppliers of raw materials and packaging materials and other materials required for running the business.

Trade payables remained stable as at 31 December 2019G and 31 December 2020G at USD 33.3m primarily driven by the slowdown in business activity during the pandemic, resulting in lower purchases coupled with the decrease in the number of operating restaurants. This was offset by the Company's ability to negotiate payment terms with suppliers to manage cash.

Trade payables increased from USD 33.3m as at 31 December 2020G to USD 36.2m as at 31 December 2021G due to the increase in the level of purchases with the growth in revenue during 2021G which exceeded 2019G levels.

Accrued expenses

Accrued expenses mainly relate to utilities, maintenance, advertising and other smaller accrual balances.

Accrued expenses slightly increased from USD 6.5m as at 31 December 2019G to USD 6.6m as at 31 December 2020G within the normal course of business.

Accrued expenses increased from USD 6.6m as at 31 December 2020G to USD 7.8m as at 31 December 2021G as a result of the increase in costs relating to outsourced employees, who were contracted to meet the increase in demand post COVID-19.

Contractors payable

This relates to retention amounts withheld in relation to fit-out / renovation contractors

Contractors' payable decreased from USD 1.7m as at 31 December 2019G to USD 1.0m as at 31 December 2020G due to the lower number of new restaurants openings in 2020G compared to 2019G.

Contractors payable increased from USD 1.0m as at 31 December 2020G to USD 1.2m as at 31 December 2021G due to new restaurants openings in 2021G.

Leave provision

Leave provision include employees' annual leave accruals.

Leave provision decreased from USD 3.3m as at 31 December 2019G to USD 2.4m as at 31 December 2020G as management encouraged employees to utilise their leave balances during 2020G.

Leave provision increased from USD 2.4m as at 31 December 2020G to USD 2.7m as at 31 December 2021G operations normalized and leave accruals within the normal course of business were recorded.

Staff payables

Staff payables mainly comprise bonus accruals.

Staff payables decreased from USD 3.9m as at 31 December 2019G to USD 2.9m as at 31 December 2020G driven by the decline in employee headcount.

Staff payables increased from USD 2.9m as at 31 December 2020G to USD 4.3m as at 31 December 2021G due to the increase in number of employees as the business recovered from COVID-19.

Others

Others include outstanding balances to the host brands including royalties, legal provisions, withholding taxes related to royalties and provisions.

Others increased from USD 7.7m as at 31 December 2019G to USD 9.7m as at 31 December 2020G as Management was able to negotiate longer payment periods with host brands in addition to recording of a provision related to the impairment of the cash generating units during 2020G.

Others increased from USD 9.7m as at 31 December 2020G to USD 10.9m as at 31 December 2021G driven by the expansion of the business and the increase in revenues during 2021G beyond what was generated in 2019G and 2020G.

Due to Related Parties

Table (5-127): Due to Related Parties' balances as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	Nature of relationship	2019G	2020G	2021G
Kuwait Food Company Americana LLC	Affiliate	14	50	162
Gulf Food Company Americana LLC	Affiliate	-	1,168	1,072
National Company for Food Industries LLC (Meat Division)	Affiliate	2,109	2,547	1,509
National Company for Food Industries LLC (Cake Division)	Affiliate	172	193	171
International Co. for Agricultural Development (Farm Frites) SAE	Affiliate	81	1,014	1,345
Americana Kuwait for Selling Meat & Refreshments WLL (Cake Division)	Affiliate	534	1,693	1,144
Americana Kuwait for Selling Meat & Refreshments WLL (Meat Division)	Affiliate	74	221	51
Al Ahlia Restaurants Company LLC	Affiliate	244	-	-
Others	Affiliate	123	10	5
Total due to Related Parties		**3,351**	**6,897**	**5,458**

Source: Audited financial statements and related financial information

Due to Related Parties' balances as at 31 December 2021G primarily related to purchases of raw materials from affiliate companies.

Due to Related Parties' balances increased from USD 3.4m as at 31 December 2019G to USD 6.9m as at 31 December 2020G primarily due to an arrangement to delay payments during the pandemic. The amounts due to Gulf Food Company Americana LLC, International Co. for Agricultural Development (Farm Frites) SAE and Americana Kuwait for Selling Meat & Refreshments WLL (Cake Division) increased due to the increase in purchases from affiliate companies.

Due to Related Parties' balances decreased from USD 6.9m as at December 2020G to USD 5.5m as at 31 December 2021G primarily due to the decrease in the balance of National Company for Food Industries LLC (Meat Division), Americana Kuwait for Selling Meat & Refreshments WLL (Cake Division), and Gulf Food Company Americana LLC.

Borrowings and bank facilities

Table (5-128): Borrowings and bank facilities as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Total bank overdraft	32	-	-

Source: Audited financial statements and related financial information

Borrowings and bank facilities primarily relate to bank overdraft from National Bank of Kuwait as at 31 December 2019G with a balance of USD 32k.

Net residual attributable to head office

Table (5-129): Net residual attributable to head office as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Balance at 1 January	43,444	(1,271)	(20,787)
Transfers to Head Office	(51,095)	(53,630)	(33,647)
Total comprehensive income for the year	77,817	56,388	102,686
Forex	146	5	(117)
Balance at 31 December – before carve-out	**70,311**	**1,491**	**48,134**
Impact of carve-out entries	(71,583)	(22,279)	(32,639)
Balance at 31 December	**(1,271)**	**(20,787)**	**15,495**

Source: Audited financial statements and related financial information

Net residual attributable to head office pertains to retained earnings to be transferred to the head office.

The balance decreased from a negative USD 1.3m as at 31 December 2019G to a negative USD 20.8m as at 31 December 2020G primarily due to the transfers made to head office of USD 53.6m and the impact of carve-out entries, which exceeded the total comprehensive income of the year.

Net residual attributable to head office increased from a negative USD 20.8m as at 31 December 2020G to USD 15.5m as at 31 December 2021G due to the recognition of total comprehensive income of the year of USD 102.7m, partially offset by the transfers to head office of USD 33.6m and carve-out entries amounting to USD 32.6m.

5.5.4.3 Statement of cash flow of Kuwait Food Company (Americana) LLC (Kuwait):

Table (5-130): Statement of cash flows for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Americana Kuwait:

Currency: USD000	2019G	2020G	2021G
Profit for the year	**77,601**	**55,924**	**105,898**
Adjustments for:	-	-	-
Depreciation of property and equipment	8,075	7,237	5,915
Amortisation of intangible assets	1,959	1,959	1,780
Depreciation of right-of-use assets	23,777	23,994	23,688
Provision for employees' end of service indemnity	2,621	2,244	953
Provision for slow moving inventories	49	384	196
Increase in loss allowance of trade receivable	29	48	267
Increase in loss allowance of other receivable	-	185	-
Loss / (gain) on sale of property and equipment	(23)	(36)	33
Loss on sale of intangible assets	43	1	21
Interest expenses - bank overdraft	-	11	-
Interest expenses - lease liabilities	3,853	3,350	2,996
Interest expense on employee benefit obligations	-	-	284
Gain on rent concessions	-	(6,441)	(705)
Operating cash flows before payment for employees end of service benefits and changes in operating working capital	**117,985**	**88,860**	**141,327**
Employees' end of service benefits paid	(2,631)	(3,752)	(2,938)
Changes in working capital			
Trade and other receivables	(2,741)	1,148	(1,175)
Inventories	4,074	(745)	(3,053)
Trade and other payables	55,341	(4,546)	11,150
Due from Related Parties	(17,979)	18,007	(35,806)
Due to Related Parties	98	3,576	(1,527)
Net cash generated from operating activities	**154,148**	**102,548**	**107,976**
Purchase of property and equipment	(5,726)	(4,769)	(11,314)
Proceeds from disposal of property and equipment	222	88	192
Purchase of intangible assets	(1,130)	(2,046)	(1,744)
Net cash used in investing activities	**(6,634)**	**(6,727)**	**(12,865)**
Principal elements of lease payments	(25,051)	(19,104)	(24,949)
Payment of finance costs	-	(11)	-
Transfers to head-office	(50,954)	(53,189)	(33,737)
Net movement in carve-out adjustments	(71,385)	(22,095)	(32,726)
Net cash used in financing activities	(147,390)	(94,400)	(91,412)
Increase in cash and cash equivalents	125	1,422	3,699
The effect of a change in exchange rates on the cash held	7	4	9
Cash and cash equivalents at beginning of the year	1,865	1,996	3,422
Cash and cash equivalents at end of the year	**1,996**	**3,422**	**7,131**

Source: Audited financial statements and related financial information

Net cash generated from operating activities

Net cash generated from operating activities decreased from USD 154.1m in 2019G to USD 102.5m in 2020G, this was primarily due to:

- The decrease in profit for the period from USD 77.6m in 2019G to USD 55.9m in 2020G;
- The decrease in non-cash adjustments from USD 40.4m in 2019G to USD 32.9m in 2020G, mainly driven by the increase in rent concessions from nil in 2019G to USD 6.4m in 2020G (these are deducted from the non-cash adjustments), depreciation expenses of both property, and equipment and provision for employees' end of service indemnity; and
- The decrease in cash generated as a result of changes in working capital from USD 38.8m in 2019G to USD 17.4m in 2020G.

Net cash generated from operating activities increased from USD 102.5m in 2020G to USD 108.0m in 2021G as a result of:

- The increase in profit for the year from USD 55.9m in 2020G to USD 105.9m in 2021G, as a result of the improvement in margins and profitability during 2021G compared to 2020G for the reasons mentioned earlier;
- The slight increase in non-cash adjustments from USD 32.9m in 2020G to USD 35.4m in 2021G as a result of a decrease in rent concessions by USD 5.7m (deducted from the non-cash adjustments); partially offset by the decline in the depreciation of property, plant and equipment by USD 1.3m.
- Partially offset by the decrease in the cash generated as a result of changes in working capital from a cash inflow of USD 17.4m in 2020G to a cash outflow of USD 30.4m in 2021G.

Net cash used in investing activities

Net cash used in investing activities slightly increased from USD 6.6m in 2019G to USD 6.7m in 2020G primarily driven by the increase in the purchases of intangible assets from USD 1.1m in 2019G to USD 2.0m in 2020G partially offset by the decrease in the purchases of property plant and equipment from USD 5.7m in 2019G to USD 4.8m in 2020G.

Net cash used in investing activities increased from USD 6.7m in 2020G to USD 12.9m in 2021G, primarily due to the increase in cash used in purchasing property and equipment from USD 4.8m in 2020G to USD 11.3m in 2021G.

Net cash used in financing activities

Net cash used in financing activities decreased from USD 147.4m in 2019G to USD 94.4m in 2020G as a result of the decrease in the net movement in carve-out adjustments.

Net cash used in financing activities further decreased from USD 94.4m in 2020G to USD 91.4m in 2021G mainly due to decrease in transfers made to head-office, which was partially offset by increase in cash used in net movement in carve-out adjustments and principal elements of lease payments.

5.5.5 Egyptian Company for International Touristic Projects (Egypt) ("ECITP") for the years ended 31 December

Table (5-131): Summary of the financial information of ECITP for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G:

Currency: USD000	2019G	2020G	2021G
Statement of income			
Revenues	225,786	187,741	247,713
Cost of revenues	(137,913)	(111,331)	(143,790)
Gross profit	**87,873**	**76,410**	**103,923**
Selling and distribution expenses	(66,990)	(67,696)	(77,553)
General and administrative expenses	(5,300)	(13,319)	(14,999)
Other operating income	2,882	3,319	5,394
Other operating expenses	(19,244)	(31,871)	(3,928)
Operating / (loss) profit	**(778)**	**(33,157)**	**12,836**
Finance costs, net	(4,525)	(6,184)	(6,370)
Net (loss) / profit before tax	**(5,303)**	**(39,341)**	**6,466**

Currency: USD000	2019G	2020G	2021G
Income tax	(944)	1,632	(407)
Net (loss) / profit for the year	**(6,247)**	**(37,709)**	**6,058**
Statement of financial position			
Total non-current assets	78,989	76,840	91,798
Total current assets	31,625	36,596	52,132
Total assets	**110,613**	**113,436**	**143,930**
Total non-current liabilities	23,349	25,246	28,233
Total current liabilities	66,845	95,306	101,126
Total liabilities	**90,194**	**120,552**	**129,359**
Total equity	**20,419**	**(7,117)**	**14,571**
Total liabilities and equity	**110,613**	**113,436**	**143,930**

Source: Audited financial statements and related financial information

Table (5-132): Key performance indicators for the years ended on 31 December 2019G, 2020G and 2021G of ECITP:

Income statement and balance sheet key performance indicators			
Currency: USD000	2019G	2020G	2021G
Gross profit margin (1)	38.9%	40.7%	42.0%
Net profit /loss margin (2)	(2.8%)	(20.1%)	2.4%
Current ratio (3)	0.5	0.4	0.5
Total liabilities to total assets (4)	81.5%	106.3%	89.9%
Net debt (net cash) (thousand USD) (5)	4,942	16,272	4,992
Days revenues outstanding (6)	6	9	8
Days inventory outstanding (7)	62	106	66
Days payable outstanding (8)	52	65	69
NWC as a percentage of revenues (9)	(9.1%)	(16.6%)	(11.8%)
ROA (10)	(5.6%)	(33.2%)	4.2%
ROE (11)	(30.6%)	Not applicable	41.6%

Source: Management information

(1) Gross margin is defined as gross profit divided by revenues

(2) Net profit margin is defined as the net profit for the year divided by revenues

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from Related Parties)

(7) Days inventory outstanding is defined as inventory divided by raw materials consumed multiplied by 365 (where inventory refers to sum of raw material, inventories within restaurants, packing materials and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by raw materials consumed multiplied by 365 (where trade and other payables refers to the sum of trade payables and trade related dues to Related Parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from Related Parties less trade and other payables, due to Related Parties, and zakat and other deductions payable

(10) Return on assets is calculated based on profit for the year divided by total assets

(11) Return on equity is calculated based on profit for the year divided by total equity

5.5.5.1 Statement of income

The following tables set ECITP's statement of income for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G.

Table (5-133): Statement of income for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Statement of income			
Revenues	225,786	187,741	247,713
Cost of revenues	(137,913)	(111,331)	(143,790)
Gross profit	**87,873**	**76,410**	**103,923**
Selling and distribution expenses	(66,990)	(67,696)	(77,553)
General and administrative expenses	(5,300)	(13,319)	(14,999)
Other operating income	2,882	3,319	5,394
Other operating expenses	(19,244)	(31,871)	(3,928)
Operating / (loss) profit	**(778)**	**(33,157)**	**12,836**
Finance costs, net	(4,525)	(6,184)	(6,370)
Net (loss) / profit before tax	**(5,303)**	**(39,341)**	**6,466**
Income tax	(944)	1,632	(407)
Net (loss) / profit for the year	**(6,247)**	**(37,709)**	**6,058**

Source: Audited financial statements and related financial information

Revenues by brand

Table (5-134): Revenues by brand breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
KFC	106,624	95,203	133,077	(10.7%)	39.8%
Pizza Hut	41,112	35,869	45,498	(12.8%)	26.8%
Hardee's	24,804	20,798	25,054	(16.2%)	20.5%
Krispy Kreme	-	-	2,523	Not Applicable	100.0%
Others	53,246	35,871	41,560	(32.6%)	15.9%
Total revenue	**225,786**	**187,741**	**247,713**	**(16.9%)**	**31.9%**
As a percentage of revenues					
KFC	47.2%	50.7%	53.7%		
Pizza Hut	18.2%	19.1%	18.4%		
Hardee's	11.0%	11.1%	10.1%		
Krispy Kreme	-	-	1.0%		
Others	23.6%	19.1%	16.8%		

Source: Management information

Revenues by channel

Table (5-135): Revenues by channel breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Home delivery	72,773	84,932	101,750	16.7%	19.8%
Take-out	59,197	46,051	72,620	(22.2%)	57.7%
Dine-in	85,176	47,299	63,238	(44.5%)	33.7%
Drive-through	582	883	2,247	51.7%	154.5%
Others	8,059	8,575	7,857	6.4%	(8.4%)
Total revenue	**225,786**	**187,741**	**247,713**	**(16.9%)**	**31.9%**
As a percentage of revenues					
Home delivery	32.2%	45.2%	41.1%		
Take-out	26.2%	24.5%	29.3%		
Dine-in	37.7%	25.2%	25.5%		
Drive-through	0.3%	0.5%	0.9%		
Others	3.6%	4.6%	3.2%		

Source: Management information

The Company operates all four Power Brands (KFC, Pizza Hut, Hardee's and Krispy Kreme) in Egypt. The Power Brands collectively contributed 83.2% to total revenues in 2021G.

In 2021G, revenues generated from the home delivery channel was the highest making up 41.1% of total revenues, followed by take-out at 29.3% and dine-in at 25.5% of total revenues.

Revenues decreased from USD 225.8m in 2019G to USD 187.7m in 2020G primarily due to:

- The closure of 19 restaurants during 2020G while only 10 new restaurants were opened during the same year (most of which were opened during the second half of the year). This resulted in a decline in the number of operating restaurants from 417 as at 31 December 2019G to 408 restaurants as at 31 December 2020G due to COVID-19;
- The decrease in the number of orders from 27.8m orders in 2019G to 20.0m orders in 2020G mainly due to lockdowns and reduced working hours during April 2020G and May 2020G due to COVID-19; partially offset by
- The increase in the average order value from USD 8.1 in 2019G to USD 9.4 in 2020G, mainly driven by the growth in home delivery revenues (which typically have a higher average order value compared to dine-in and take-out). Management upgraded a number of restaurants to accommodate the additional demand for home delivery. Additionally, the Company increased its prices across all brands by 6.0% in 2020G (2019G: 8.1%) to mitigate the impact of inflation.

Hardee's revenues were the most impacted amongst the Power Brands as it did not have its own mobile delivery application and primarily depended on food aggregators, Hardee's mobile application was rolled out in Egypt in April of 2021G.

Revenues increased from USD 187.7m in 2020G to USD 247.7m in 2021G, which exceeded pre COVID-19 (2019G) revenue levels primarily due to:

- The opening of 37 new restaurants (24 of which related to the four Power Brands) and the normalization of the number of operating hours of existing restaurants as a result of lifting COVID-19 restrictions. This was partially offset by the closure of 22 restaurants (16 of which related to non-core brands) during 2021G;
- The increase in the number of orders from existing and new restaurants from 20.0m in 2020G orders to 26.1m orders in 2021G, as the adverse impact of COVID-19 subsided and the company launched Krispy Kreme during the second half of 2021G. In addition, the average order value marginally increased from USD 9.4 in 2020G to USD 9.5 in 2021G; and
- The Company's initiatives to drive revenues including quality improvement, improved technology (e.g. launch of the Hardee's app in April 2021G), and increase in the speed of service/delivery.

From a channel perspective, home delivery revenues increased in nominal value during 2021G to reach USD 101.8m compared to USD 84.9m in 2020G (albeit it decreased as a percentage of revenues to 41.1% in 2021G compared to 45.2% in 2020G on account of the increase in the take-out channel's contribution to total revenues as the impact of COVID-19 subsided).

Expenses by type

Table (5-136): Total expenses by type breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Cost of revenues	137,913	111,331	143,790	(19.3%)	29.2%
Selling and distribution expenses	66,990	67,696	77,553	1.1%	14.6%
General and administrative expenses	5,300	13,319	14,999	151.3%	12.6%
Total of cost of revenues, selling and distribution and general and administrative expenses	**210,202**	**192,346**	**236,343**	**(8.5%)**	**22.9%**
As a percentage of revenues					
Cost of revenues	61.1%	59.3%	58.0%		
Selling and distribution expenses	29.7%	36.1%	31.3%		
General and administrative expenses	2.3%	7.1%	6.1%		
Total of cost of revenues, selling and distribution and general and administrative expenses	**93.1%**	**102.5%**	**95.4%**		

Source: Audited financial statements and related financial information

Expenses by nature

Table (5-137): Total expenses by nature breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Food material	86,563	70,626	93,449	(18.4%)	32.3%
Staff costs	40,547	39,509	43,552	(2.6%)	10.2%
Depreciation expense	19,240	20,962	22,061	8.9%	5.3%
Miscellaneous expenses	23,645	17,283	22,209	(26.9%)	28.5%
Utilities	10,892	11,516	13,166	5.7%	14.3%
Marketing expenses	8,694	8,423	10,946	(3.1%)	29.9%
Packing material	6,758	6,316	8,356	(6.5%)	32.3%
Rent expense	5,123	5,026	9,014	(1.9%)	79.3%
Maintenance expenses	4,039	4,995	6,581	23.7%	31.8%
Other operating expenses	2,018	3,038	2,954	50.6%	(2.8%)
Operating supplies	1,122	2,446	2,283	118.0%	(6.6%)
Insurance and licensing expenses	1,221	1,257	1,115	2.9%	(11.3%)
Professional fees	114	813	510	616.0%	(37.3%)
Travel expenses	144	89	89	(37.8%)	(0.0%)
Bank charges	51	47	57	(9.4%)	23.2%
Board of directors' compensation and benefits	31	-	-	(100.0%)	Not Applicable
Total expenses	**210,202**	**192,346**	**236,343**	**(8.5%)**	**22.9%**
As a percentage of revenues					
Food material	38.3%	37.6%	37.7%		

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Staff costs	18.0%	21.0%	17.6%		
Depreciation expense	8.5%	11.2%	8.9%		
Miscellaneous expenses	10.5%	9.2%	9.0%		
Utilities	4.8%	6.1%	5.3%		
Marketing expenses	3.9%	4.5%	4.4%		
Packing material	3.0%	3.4%	3.4%		
Rent expense	2.3%	2.7%	3.6%		
Maintenance expenses	1.8%	2.7%	2.7%		
Other operating expenses	0.9%	1.6%	1.2%		
Operating supplies	0.5%	1.3%	0.9%		
Insurance and licensing expenses	0.5%	0.7%	0.5%		
Professional fees	0.1%	0.4%	0.2%		
Travel expenses	0.1%	0.0%	0.0%		
Bank charges	0.0%	0.0%	0.0%		
Board of directors' compensation and benefits	0.0%	0.0%	0.0%		
Total expenses	**93.1%**	**102.5%**	**95.4%**		

Source: Audited financial statements and related financial information

Food material

Food material mainly includes cost chicken, meat, french fries, beverages, and other input costs.

Food material decreased by 18.4% from USD 86.6m in 2019G to USD 70.6m in 2020G primarily due to a decline in revenues due to the adverse impact of COVID-19 in terms of restrictions and lock downs for restaurants.

Food material increased by 32.3% from USD 70.6m in 2020G to USD 93.4m in 2021G as revenues surpassed 2019G levels combined with the increase in logistics costs and the increase in the food material costs such as cost of cooking oil, dairy, chicken, and beef.

Staff costs

Staff costs include salaries and wages and other benefits and allowances for both restaurant-level and non-restaurant level employees.

Staff costs slightly decreased by 2.6% from USD 40.5m in 2019G to USD 39.5m in 2020G driven by the decline in average cost per employee in 2020G compared to 2019G due to cuts in bonus commissions for both restaurant level and non-restaurant level employees. The decrease in the average cost per employee was partially offset by the increase in total headcount from 9,976 employees to 10,573 employees (majority of the increase was in restaurant level employees).

Staff costs increased by 10.2% from USD 39.5m in 2020G to USD 43.6m in 2021G, driven by the increase in average staff cost per headcount as business activity normalized post the pandemic and the resumption in commission payments and overtime for restaurant level employees. The increase in the average cost per employee was partially offset by the decrease in total headcount from 10,573 employees in 2020G to 9,996 employees in 2021G.

Depreciation expense

Depreciation expense includes all costs relating to the depreciation of property and equipment such as buildings, decorations, machinery and equipment and others, in addition to the depreciation of right-of-use of buildings and intangible assets amortization.

Depreciation expense increased by 8.9% from USD 19.2m in 2019G to USD 21.0m in 2020G primarily due to the opening of 10 new restaurants during 2020G and full year depreciation expense for restaurants opened in 2019G.

Depreciation expense further increased by 5.2% from USD 21.0m in 2020G to USD 22.1m in 2021G, mainly due to the increase in the number of operating restaurants from 408 in 2020G to 423 in 2021G and the full year depreciation charge for the restaurants opened in 2020G.

Miscellaneous expenses

Miscellaneous expenses include royalty fees, service contracts (such as security) and food wastage costs.

Miscellaneous expenses decreased by 26.9% from USD 23.6m in 2019G to USD 17.3m in 2020G primarily as a result of: (i) the decrease in royalty fees in line with the decrease in revenues, (ii) the decrease in general costs in line with the decline in the level of operations and (iii) the decrease in the number of operating stores from 417 restaurants as at 31 December 2019G to 408 restaurants as at 31 December 2020G.

Miscellaneous expenses increased by 28.5% from USD 17.3m in 2020G to USD 22.2m in 2021G mainly due to: (i) the increase in the royalty fees in line with the increase in the revenues during the same period and (ii) the increase in the service contracts and fees as the number of restaurants increased from 408 restaurants as at 31 December 2020G to 423 restaurants as at 31 December 2021G.

Utilities

Utility costs pertains to the cost of electricity, water, and other utility expenses for restaurants, staff accommodation, and offices.

Utilities expenses increased by 5.7% from USD 10.9m in 2019G to USD 11.5m in 2020G primarily as a result of the increase in pricing of electricity and water by the Egyptian government.

Utilities expenses further increased by 14.3% from USD 11.5m in 2020G to USD 13.2m in 2021G as working hours normalized and the number of operating restaurants increased in addition to the further price increase in electricity and water prices by the government.

Marketing expenses

Marketing expenses mainly comprise annual marketing spend mandated by the franchise agreements with the host brands.

Marketing expenses slightly decreased by 3.1% from USD 8.7m in 2019G to USD 8.4m in 2020G, primarily driven by Management's decision to decrease marketing spend during the pandemic combined with host brands' allowing the Company to spend below the minimum contracted marketing spend threshold in certain months.

Marketing expenses increased by 29.9% from USD 8.4m in 2020G to USD 10.9m in 2021G primarily due to the growth in revenues and the cessation of temporary relief received from the host brands, which resulted in a normalization in marketing spending in 2019G.

Packing material

Packing material relates to packaging items like paper wrap, burger clamshell, paper carry bags, cups and other miscellaneous items.

Packing material expenses decreased by 6.5% from USD 6.8m in 2019G to USD 6.3m in 2020G primarily in line with the decline in revenues as business activity slowed down during the pandemic coupled with the decrease in the number of restaurants.

Packing material expenses increased by 32.3% from USD 6.3m in 2020G to USD 8.4m in 2021G primarily due to the expansion of home delivery revenues which requires more packaging coupled with the increase in the number of operating restaurants.

Rent expense

This represents the short term / variable rent in relation to the Company's restaurants, offices and staff accommodation.

Rent expense slightly decreased by 1.9% from USD 5.1m in 2019G to USD 5.0m in 2020G in line with the decrease in revenues during the year.

Rent expense increased by 79.3% from USD 5.0m in 2020G to USD 9.0m in 2021G mainly driven by: (i) the higher number of operating restaurants and the normalisation of operations; (ii) the increase in variable rent as a result of increase in revenues in 2021G compared to 2020G and (iii) the higher rental costs upon renewing rent contracts after the devaluation of the Egyptian pound in 2016G.

Maintenance expenses

Maintenance expenses relate to the maintenance of machines, buildings and IT related maintenance costs.

Maintenance expenses increased by 23.7% from USD 4.0m in 2019G to USD 5.0m in 2020G primarily due to maintenance of: (i) software for USD 0.5m; (ii) machinery and equipment for USD 0.3m; and (iii) decor for USD 0.2m.

Maintenance expenses further increased by 31.8% from USD 5.0m in 2020G to USD 6.6m in 2021G, mainly driven by the increased number of operating restaurants combined with an increase in software maintenance and the normalized utilization of restaurants during 2021G.

Other operating expenses

Other operating expenses primarily include motorcycle expenses along with the service fees in relation to drivers on demand and cash collection services.

Other operating expenses increased by 50.6% from USD 2.0m in 2019G to USD 3.0m in 2020G primarily as a result of the increase in service fees relating to the use of drivers on demand to accommodate the increased demand from home delivery channel utilisation.

Other operating expenses remained relatively stable at USD 3.0m between 2020G and 2021G.

Operating supplies

This line item includes costs related to cleaning materials and stationary supplies.

Operating supplies increased by 118.0% from USD 1.1m in 2019G to USD 2.4m in 2020G primarily as a result of the increased purchases of masks, sanitizing and cleaning materials during the pandemic.

Operating supplies remained relatively stable in nominal terms between 2020G and 2021G.

Insurance and licensing expenses

This line item includes commercial and municipality licenses for restaurants and insurance premiums (general, fire, property, fidelity and others, etc).

Insurance and licensing expenses increased by 2.9% from USD 1.2m in 2019G to USD 1.3m in 2020G primarily due to the full year impact of new restaurant openings in 2019G.

Insurance and licensing expenses slightly decreased by 11.3% from USD 1.3m in 2020G to USD 1.1m in 2021G mainly due to insurance company charging lower premium rate in addition to revision the sum-insured values.

Professional fees

This represents fees paid to consultants, lawyers, and auditors for the provision of services.

Professional fees increased by 616.0% from USD 0.1m in 2019G to USD 0.8m in 2020G due to appointing social insurance and tax consultants in 2020G as a one-time engagement for the restructuring performed. Professional fees declined subsequently in 2021G as social insurance and tax consultant costs decreased.

Travel expenses

This includes travel expenses in relation to business trips.

Travel expenses decreased by 37.8% from USD 144k in 2019G to USD 89k in 2020G primarily as a result of reduced business trips during the pandemic.

Travel expenses remained relatively stable at USD 89k in both 2020G and 2021G.

Bank charges

This mainly related to admin fees for remittance and transfers.

Bank charges remained relatively stable at around USD 50k in 2019G, 2020G and 2021G respectively.

Board of directors' compensation and benefits

Board of Directors' costs mainly relate to allowances paid to the Board's of the Company. Board of Directors' costs in 2019G was USD 31k in 2019G and nil in both 2020G and 2021G.

Other operating income

Table (5-138): Other operating income for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Chilled water from investment properties	1,479	1,174	1,922	(20.6%)	63.7%
Reversal of impairment - fixed assets	-	-	1,644	Not applicable	100.0%
Capital gain - sales of fixed assets	1,403	294	971	(79.1%)	230.4%
Rent concessions	-	1,851	702	Not applicable	(62.1%)
Other operating income	-	-	155	Not applicable	100.0%
Total other operating income	**2,882**	**3,319**	**5,394**	**15.2%**	**62.5%**

Source: Audited financial statements and related financial information

Chilled water from investment properties

This pertains to chilled water revenues generated from the Americana Plaza in Sheikh Zayed and New Cairo areas.

Revenues of chilled water from investment properties decreased by 20.6% from USD 1.5m in 2019G to USD 1.2m in 2020G due to the adverse impact of COVID-19.

Revenues of chilled water from investment properties increased by 63.7% from USD 1.2m in 2020G to USD 1.9m in 2021G due to the recovery after the COVID-19 impact subsided.

Reversal of impairment - fixed assets

During 2020G, the Company recorded an impairment of USD 2.8m in other operating expenses in relation to the cash generating units due to the adverse impact of COVID-19 on operations. During 2021G the level of operations within the cash generating units recovered, as such a reversal of the provision of USD 1.6m was recorded within other operating income offset partially by an impairment of USD 1.0m recorded in other operating expenses.

Capital gain - sales of fixed assets

The Company recorded a gain on sale of fixed assets of USD 1.4m in 2019G, USD 0.3m in 2020G and USD 1.0m in 2021G in relation to the sale of their fixed assets.

Rent concessions

This pertains to rent concessions received from landlords during the pandemic. Waivers were effective until 30 June 2022.

The Company recorded rent concessions of USD 1.9m in 2020G and USD 0.7m in 2021G in relation to restaurant rent waivers.

Other operating income

Other operating income of USD 0.2m in 2021G pertains to the sale of scrap items related to logistics.

Other operating expenses

Table (5-139): Other operating expenses for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
End of service provision	18,351	6,938	1,430	(62.2%)	(79.4%)
Provisions - others	542	2,071	1,306	282.2%	(36.9%)
Fixed assets - impairment	178	2,787	954	1,465.9%	(65.8%)
Inventory - impairment	167	293	196	75.7%	(33.0%)
Trade receivables - impairment	6	651	41	10,094.5%	(93.7%)
Due from Related Parties - impairment	-	149	-	Not Applicable	(100.0%)
Other expenses	-	18,982	-	Not Applicable	(100.0%)
Total other operating expenses	**19,244**	**31,871**	**3,928**	**65.6%**	**(87.7%)**

Source: Audited financial statements and related financial information

End of service provision

End of service provision costs primarily related to the restructuring costs, which were settled during the period between 31 December 2019G and 30 June 2022G.

End of service provision decreased by 62.2% from USD 18.4m in 2019G to USD 7.0m in 2020G and further to USD 1.4m in 2021G as the restructuring exercise was majorly completed.

Provisions - others

Other provision expenses related to expected claims from other parties in connection with the Company's activities. The Company's management reviews these provisions annually and adjusts the amount allocated based on the latest developments, discussions and agreements.

Other provisions and expenses have increased by 282.2% from USD 0.5m in 2019G to USD 2.1m in 2020G due to recording additional tax provision for disputes related to the period of 2012G to 2016G.

Other provisions and expenses decreased by 36.9% from USD 2.1m in 2020G to USD 1.3m in 2021G as no further tax provisions were recorded in 2021G.

Fixed assets - impairment

Fixed assets impairment increased by 1,465.9% from USD 0.2m in 2019G to USD 2.8m in 2020G due to the impact of the COVID-19 on the cash generating units, which resulted in a higher impairment cost.

Fixed assets impairment decreased by 65.8% from USD 2.8m in 2020G to USD 1.0m in 2021G in line with the recovery of the operations of the cash generating units as the business normalized, and a reversal was recorded within other operating income during 2021G.

Inventory - impairment

Inventory impairment increased by 75.7% from USD 0.2m in 2019G to USD 0.3m in 2020G due to the slightly lower inventory turnover (COVID-19 impact).

Inventory impairment decreased by 33.0% from USD 0.3m in 2020G to USD 0.2m in 2021G due to the increase in revenues in 2021G in comparison to 2020G.

Trade receivables - impairment

The Company recorded an impairment for trade receivables in 2020G of USD 0.7m due to higher receivable defaults as a result of COVID-19. The balances for other years were immaterial.

Due from Related Parties - impairment

In 2020G, due from Related Parties' impairment balance was USD 0.1m which related to a dormant current account with an entity under common control.

Other expenses

Other expenses of USD 19.0m in 2020G was driven by a one-off provision expense recorded in Egypt in relation to a litigation with the Social Insurance Authority, which was settled in 2021G.

Finance costs, net

Table (5-140): Finance costs, net breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Interest expense on lease liabilities	5,494	5,650	5,271	2.8%	(6.7%)
Interest expense	448	834	1,262	86.0%	51.3%
Foreign exchange differences	(1,191)	(130)	(7)	(89.1%)	(94.5%)
Interest income	(226)	(170)	(156)	(24.9%)	(8.4%)
Finance cost, net	**4,525**	**6,184**	**6,370**	**36.7%**	**3.0%**

Source: Audited financial statements and related financial information

Net finance costs primarily constitute interest relating to lease liabilities, interest expense on overdrafts, amounts paid to social insurance office in 2021G in relation to social insurance claim, interest income on term deposits, and gains on foreign exchange differences mainly due to the revaluation of the current accounts with Related Parties.

Net finance costs increased by 36.7% from USD 4.5m in 2019G to USD 6.2m in 2020G primarily due to: (i) the decrease in foreign exchange gains during 2020G compared to 2019G driven by the fluctuations in the exchange rate of the Egyptian pound to USD, (ii) the increase in interest expenses on bank overdraft facilities due to the higher utilization during 2020G compared to 2019G and (iii) the increase in interest expense on lease liabilities from USD 5.5m in 2019G to USD 5.7m in 2020G in line with the increase in lease liabilities as at 31 December 2020G compared to 31 December 2019G.

Net finance costs further increased from USD 6.2m in 2020G to USD 6.4m in 2021G primarily due to the increase in interest expense (on the back of the higher utilization of bank facilities in 2021G) and further decrease in gains from foreign exchange differences as a result of the improvement of the exchange rate of the Egyptian Pound against the USD. This was partially offset by the decrease in interest expense on lease liabilities.

Income tax

Table (5-141): Income tax breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Income tax expense for the year	(3)	(131)	(427)	4,066.8%	225.1%
Tax deducted on dividends distribution	(205)	(48)	(40)	(76.8%)	(16.7%)
Deferred tax (income) / expense for the year	(736)	1,811	60	346.0%	(96.7%)
Income tax	**(944)**	**1,632**	**(407)**	**272.8%**	**(125.0%)**

Source: Audited financial statements and related financial information

This includes the income tax for the year, tax deductions on dividends and deferred tax income or expense for the year.

Income tax decreased from an expense of USD 0.9m in 2019G to a tax income of USD 1.6m in 2020G primarily driven by the deferred tax income of USD 1.8m in 2020G in relation to losses recorded in the year. This was partially offset by the income tax expense charged for the year.

Income tax expense increased from a tax income of USD 1.6m in 2020G to a tax expense of USD 0.4m in 2021G mainly due to profits recorded during the year which resulted in a lower deferred tax income coupled with an increase in the income tax expense for the year.

Net profit /loss for the year and net profit /loss margin for the year

Net loss for the year increased from USD 6.2m in 2019G to USD 37.7m in 2020G driven by: (i) the decline in gross profit during the year due to the impact of COVID-19; (ii) the increase in general and administrative expenses from USD 5.3m in 2019G to USD 13.3m in 2020G, mainly related to the appointment of consultants in relation to the social insurance claim; and (iii) the increase in other operating expenses from USD 19.2m in 2019G to USD 31.9m in 2020G due to the social insurance claim as well.

Net loss margin increased from a loss of 2.8% in 2019G to a loss of 20.1% in 2020G primarily driven by (i) the increase in selling and distribution expenses as a percentage of revenues from 29.7% in 2019G to 36.1% in 2020G mainly as a portion of these expenses are fixed in nature; (ii) the increase in general and administrative expenses as a percentage of revenues from 2.3% in 2019G to 7.1% in 2020G mostly in relation to social insurance claims; and (iii) the increase in other operating expenses as a percentage of revenues from 8.5% in 2019G to 17.0% in 2020G mainly due to other expenses of USD 19.0m recorded in 2020G in relation to the social insurance costs incurred during 2020G. This was offset by the decrease in cost of revenues as a percentage of revenues from 61.1% in 2019G to 59.3% in 2020G primarily due to lower food materials as a percentage of revenue.

Net profit/ loss for the year improved from a net loss of USD 37.7m in 2020G to a net profit of USD 6.1m in 2021G driven by the increase in gross profit from USD 76.4m in 2020G to USD 103.9m in 2021G and the decrease in the other operating expenses for the reasons explained earlier. This was partially offset by the increase in selling and distribution expenses and G&A expenses in line with the expansion of the business.

Net loss margin improved from a net loss margin of 20.1% in 2020G to an income margin of 2.4% in 2021G primarily driven by: (i) the decline in other operating expenses as a percentage of revenues from 17.0% in 2020G to 1.6% in 2021G as no costs associated with social insurance were recorded during 2021G (USD 19.0m in 2020G); (ii) decline in selling and distribution expenses as a percentage of revenues from 36.1% in 2020G to 31.3% in 2021G as a portion of these expenses are fixed in nature and did not increase at the same pace as revenue; (iii) decline in general and administrative expenses as a percentage of revenues from 7.1% in 2020G to 6.1% in 2021G as a portion of these expenses are fixed in nature and did not increase at the same pace as revenue; and (iv) increase in gross profit margin from 40.7% in 2020G to 42.0% in 2021G driven by the normalization of business activities post COVID-19 and the increase in expenses at a slower pace in comparison to the increase in revenue.

5.5.5.2 Statement of financial position of ECITP

Table (5-142): Statement of financial position as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Property and equipment	35,227	31,346	40,248
Projects under progress	740	412	1,798
Right of use assets	30,644	30,667	35,344
Intangible assets	4,371	5,760	6,249
Investment property	8,007	7,521	7,213
Deferred tax assets	-	1,135	946
Total non-current assets	**78,989**	**76,840**	**91,798**
Inventories	16,803	22,415	19,180
Trade and other receivables	10,487	9,809	14,910
Due from Related Parties	560	489	16,268
Cash and cash equivalent	3,774	3,882	1,773
Total current assets	**31,625**	**36,596**	**52,132**
Total assets	**110,613**	**113,436**	**143,930**
Lease liabilities	22,110	25,191	28,233
Notes payable	498	-	-
Deferred tax liability	741	54	-
Total non-current liabilities	**23,349**	**25,246**	**28,233**
Provisions	2,267	2,580	1,682
Bank overdraft	8,716	20,154	6,765
Trade and notes payables	12,545	9,207	14,392
Other credit balances	25,211	43,330	31,530
Due to Related Parties	8,247	8,709	31,785
Income tax payable	83	145	232
Lease liabilities	9,775	11,181	14,741
Total current liabilities	**66,845**	**95,306**	**101,126**
Total liabilities	**90,194**	**120,552**	**129,359**
Share capital	24,974	25,467	25,511
Reserves	11,777	12,010	12,031
Treasury shares	-	(626)	(627)
Foreign currency translation reserve	(296)	(180)	(5)
Retained earning	(16,071)	(43,825)	(22,384)
Equity attributable to owners of the parent company	**20,385**	**(7,154)**	**14,526**
Non-controlling interests	35	37	45
Total equity	**20,419**	**(7,117)**	**14,571**
Total liabilities and equity	**110,613**	**113,436**	**143,930**

Source: Audited financial statements and related financial information

Non-current assets

Table (5-143): Statement of financial position as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Property and equipment	35,227	31,346	40,248
Projects under progress	740	412	1,798
Right of use assets	30,644	30,667	35,344
Intangible assets	4,371	5,760	6,249
Investment property	8,007	7,521	7,213
Deferred tax assets	-	1,135	946
Total non-current assets	**78,989**	**76,840**	**91,798**

Source: Audited financial statements and related financial information

Property and equipment

Table (5-144): Property and equipment net book value as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	Additions & transfers	Deprecia-tion	Disposals	Impairment	Forex	2020G	Additions & transfers	Deprecia-tion	Disposals	Impairment	Forex	2021G
Land	1,260	-	-	-	(38)	25	1,247	-	-	-	24	2	1,273
Buildings and fixed marine units	5,041	-	(462)	-	(627)	94	4,046	(326)	(632)	(24)	546	7	3,617
Decorations and improvements	10,097	2,863	(3,910)	(340)	(337)	179	8,552	8,036	(3,660)	(233)	290	18	13,003
Cold Rooms	2,875	-	(202)	-	-	56	2,729	-	(21)	-	-	5	2,712
Cooling tools and equipment's	7,154	1,722	(2,364)	(52)	(254)	129	6,335	5,347	(2,289)	(229)	118	13	9,296
Motor vehicles	370	345	(161)	(9)	(6)	7	546	696	(217)	(8)	3	1	1,022
Computers and computer tools	2,588	1,456	(1,017)	(7)	(29)	46	3,038	1,203	(1,066)	(13)	3	6	3,170
Furniture & air conditioners	5,843	639	(1,408)	(122)	(206)	108	4,853	2,771	(1,374)	(81)	(23)	10	6,155
Net book value	**35,227**	**7,026**	**(9,523)**	**(529)**	**(1,497)**	**643**	**31,346**	**17,725**	**(9,258)**	**(588)**	**961**	**61**	**40,248**

Source: Audited financial statements and related financial information

Land

The balance of USD 1.3m as at 31 December 2021G is mainly related to land plots owned by the Company used for restaurants, warehouses and offices.

The balance remained relatively stable at USD 1.2m and USD 1.3m between 31 December 2019G and 31 December 2021G with minor fluctuations in relation to impairments and forex.

Buildings and fixed marine units

Buildings and fixed marine units of USD 3.6m as at 31 December 2021G mainly represented the restaurants and buildings owned by the company.

Buildings and fixed marine units net book value decreased from USD 5.0m as at 31 December 2019G to USD 4.0m as at 31 December 2020G primarily as a result of the depreciation charge for the year of USD 0.5m and impairment of USD 0.6m in relation to the annual assessment made to the cash generating unit.

Buildings and fixed marine units net book value decreased from USD 4.0m as at 31 December 2020G to USD 3.6m as at 31 December 2021G primarily due to: (i) the transfers of USD 0.3m; and (ii) the depreciation charge for the year of USD 0.6m. This was partially offset by a positive impairment as per the annual assessment made to the cash generating unit of USD 0.5m, in addition to the transfer of a boat from buildings to investment property.

Decorations and improvements

The balance of USD 13.0m as at 31 December 2021G mainly comprised decorations and design contracts with vendors.

Decorations and improvements decreased from USD 10.1m as at 31 December 2019G to USD 8.6m as at 31 December 2020G primarily as a result of the depreciation charge of USD 3.9m, disposals of USD 0.3m and impairments of USD 0.3m, partially offset by the additions and transfers of USD 2.9m in relation to the opening of 10 new restaurants during 2020G.

Decorations and improvements increased from USD 8.6m as at 31 December 2020G to USD 13.0m as at 31 December 2021G as a result of additions and transfers of USD 8.0m in relation to the opening of 37 new restaurants during 2021G, partially offset by the depreciation charge of USD 3.7m and disposals of USD 0.2m.

Cold rooms

Cold rooms of USD 2.7m as at 31 December 2021G mainly represent cold rooms in restaurants and warehouses.

Cold rooms decreased from USD 2.9m as at 31 December 2019G to USD 2.7m as at 31 December 2020G mainly as a result of a depreciation charge of USD 0.2m.

Cold rooms remained fairly stable between 31 December 2020G and 31 December 2021G at USD 2.7m as there were no additions or disposals incurred during the period.

Cooling tools and equipment

The balance of USD 9.3m as at 31 December 2021G mainly represents chillers and freezers.

Cooling tools and equipment decreased from USD 7.2m as at 31 December 2019G to USD 6.3m as at 31 December 2020G as a result of the depreciation charge of USD 2.4m, partially offset by the additions and transfers of USD 1.7m.

Cooling tools and equipment increased from USD 6.3m as at 31 December 2020G to USD 9.3m as at 31 December 2021G primarily due to the additions of USD 5.3m in relation to new restaurant openings offset by a depreciation charge of USD 2.3m and the disposals of USD 0.2m.

Motor vehicles

Motor vehicles primarily relate to the distribution trucks owned by the Company, staff transportation buses and home delivery vehicles.

Motor vehicles increased from USD 0.4m as at 31 December 2019G to USD 0.5m as at 31 December 2020G primarily driven by the additions and transfers of USD 0.3m as a result of the expansion in home delivery service. This was partially offset by depreciation charges of USD 0.2m.

Motor vehicles balance increased further from USD 0.5m as at 31 December 2020G to USD 1.0m as at 31 December 2021G primarily driven by the additions and transfers of USD 0.7m as a result of the continued expansion in home delivery service. This was partially offset by depreciation charges of USD 0.2m.

Computers and computer tools

Computers and computer tools of USD 3.2m as at 31 December 2021G relate to both restaurants and offices.

Computers and computer tools increased from USD 2.6m as at 31 December 2019G to USD 3.0m as at 31 December 2020G mainly as a result of additions of USD 1.5m in relation to new restaurants opening, partially offset by a depreciation charge of USD 1.0m.

Computers and computer tools further increased from USD 3.0m as at 31 December 2020G to USD 3.2m as at 31 December 2021G primarily due to additions of USD 1.2m in relation to new restaurants opening, partially offset by the depreciation charge of USD 1.1m.

Furniture and air conditioners

The balance of USD 6.2m as at 31 December 2021G mainly comprised furniture and fixtures for restaurants, offices, staff accommodation and air-conditioning equipment.

Furniture and air conditioners decreased from USD 5.8m as at 31 December 2019G to USD 4.9m as at 31 December 2020G primarily as a result of the depreciation charge of USD 1.4m and impairment charges of USD 0.2m, partially offset by the additions and transfers of USD 0.6m in line with the opening of 10 new restaurants in 2020G.

Furniture and air conditioners increased from USD 4.9m as at 31 December 2020G to USD 6.2m as at 31 December 2021G primarily due to the additions and transfers of USD 2.8m, partially offset by the depreciation charge of USD 1.4m in line with the opening of 37 new restaurants in 2021G.

Table (5-145): Annual rates of depreciation as at 31 December 2019G, as at 31 December 2020G and 31 December 2021G of ECITP:

	Depreciation rates
Buildings and fixed marine units (floating restaurants)	5%
Decorations and improvements	10%-20%
Cold rooms	5%
Cooling tools and equipment	15%-20%
Motor vehicles	25%
Computer and computer tools	20%
Furniture and air conditioners	10%-15%

Source: Audited financial statements and related financial information

Projects under progress

Table (5-146): Projects under progress movement as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Opening balance	**666**	**740**	**412**
Additions	1,216	1,578	6,739
Transfers	(1,220)	(1,921)	(5,354)
Forex	79	15	1
Closing balance	**740**	**412**	**1,798**

Source: Audited financial statements and related financial information

Projects under progress of USD 1.8m as at 31 December 2021G primarily related to restaurants under construction and other ongoing projects.

Projects under progress decreased from USD 0.7m as at 31 December 2019G to USD 0.4m as at 31 December 2020G primarily driven by transfers of USD 1.9m relating to property and equipment (decorations and improvements, cooling tools and equipment, computer and computer tools and furniture and air conditioners). This was partially offset by the additions of USD 1.6m.

Projects under progress increased from USD 0.4m as at 31 December 2020G to USD 1.8m as at 31 December 2021G primarily driven by the additions of USD 6.8m mainly related to future restaurants openings, partially offset by the transfers of USD 5.4m of property and equipment in relation to the opening of 37 new restaurants.

Right-of-use assets

Table (5-147): Right-of-use assets net book value as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	Additions	Disposals	Deprecia-tion	Impair-ment	Forex	2020G	Additions	Deprecia-tion	Impair-ment	Forex	2021G
Building & leasehold (include Cold Stores)	30,644	11,158	(960)	(10,026)	(703)	554	30,667	16,033	(11,074)	(344)	63	35,344
Net book value	**30,644**	**11,158**	**(960)**	**(10,026)**	**(703)**	**554**	**30,667**	**16,033**	**(11,074)**	**(344)**	**63**	**35,344**

Source: Audited financial statements and related financial information

As at 31 December 2021G, the right of use assets related to 310 restaurants, 22 staff accommodation, and 48 other facilities (administrative offices, commissary, storage space, warehouses etc.).

Net book value of right-of-use assets slightly increased from USD 30.6m as at 31 December 2019G to USD 30.7m as at 31 December 2020G primarily driven by the additions of USD 11.2m in relation to the 10 newly opened restaurants during 2020G and renewals of existing restaurants. This was offset by the depreciation charge for the year of USD 10.0m and disposals of USD 1.0m.

Net book value of right-of-use assets further increased from USD 30.7m as at 31 December 2020G to USD 35.3m as at 31 December 2021G primarily driven by the additions of USD 16.0m in relation to 37 new restaurants openings and the renewal of existing restaurants. This was offset by the depreciation charge for the year of USD 11.1m.

Intangible assets

Table (5-148): Intangible assets net book value as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	Additions and transfers	Disposals	Amortisation	Impairment	Forex	2020G	Additions and transfers	Disposals	Amortisation	Impairment	Forex	2021G
Franchises	3,556	1,071	(26)	(505)	(110)	67	4,054	1,402	(140)	(626)	111	7	4,809
Software	459	1,067	-	(218)	(19)	8	1,297	177	(11)	(394)	19	3	1,090
Key money	356	93	-	(46)	-	7	410	-	-	(61)	-	1	349
Net book value	**4,371**	**2,232**	**(26)**	**(770)**	**(130)**	**82**	**5,760**	**1,579**	**(151)**	**(1,081)**	**131**	**11**	**6,249**

Source: Audited financial statements and related financial information

Net book value of intangible assets as at 31 December 2021G primarily related to franchise fees paid to the host brands and are amortized over the life of the agreement / restaurant license period, software and key money.

Net book value of intangible assets increased from USD 4.4m as at 31 December 2019G to USD 5.8m as at 31 December 2020G. The increase in intangible assets during 2020G was primarily driven by the additions and transfers of USD 2.2m relating to: (i) centralized IT software implemtation amounting to USD 1.1m; (ii) key money to new restaurant openings of USD 0.1m; and (iii) franchise fees amounting to USD 1.0m. This was partially offset by the amortization charge of USD 0.8m and impairment charges of USD 0.1m.

Net book value of intangible assets increased from USD 5.8m as at 31 December 2020G to USD 6.2m as at 31 December 2021G, this was primarily driven by the additions of USD 1.6m in relation to franchise fees namely the new restaurants opened during the year (37 new restaurants), partially offset by the amortization charge for the year of USD 1.1m and disposals of USD 0.2m.

Investment property

Table (5-149): Investment property net book value as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	Additions and transfers	Depreciation	Forex	2020G	Transfers	Depreciation	Forex	2021G
Land	942	-	-	19	961	-	-	2	962
Buildings and fixtures	7,064	1	(642)	136	6,560	326	(647)	12	6,251
Net book value	**8,007**	**1**	**(642)**	**155**	**7,521**	**326**	**(647)**	**14**	**7,213**

Source: Audited financial statements and related financial information

Land

The balance of USD 1.0m as at 31 December 2021G relates to the lands of Americana Plazas. The net book value of land remained stable between 31 December 2019G and 31 December 2021G with no additions.

Buildings and fixtures

The balance of USD 6.3m as at 31 December 2021G relates to the Americana Plazas and boat owned by americana.

The net book value of buildings and fixtures decreased from USD 7.1m as at 31 December 2019G to USD 6.6m as at 31 December 2020G mainly driven by the depreciation charge of USD 0.6m. This was partially offset by forex differences of USD 0.1m.

Buildings and fixtures net book value further decreased from USD 6.6m as at 31 December 2020G to USD 6.3m as at 31 December 2021G mainly due to the depreciation charge of USD 0.6m. This was partially offset by net transfers from property and equipment of USD 0.3m.

Deferred tax assets

Deferred tax assets represent temporary timing differences in tax treatment relating to capital expenditure and the tax on retained losses that were recorded in Egypt in 2020G.

Current assets

Table (5-150): Current assets as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Inventories	16,803	22,415	19,180
Trade and other receivables	10,487	9,809	14,910
Due from Related Parties	560	489	16,268
Cash and cash equivalent	3,774	3,882	1,773
Total current assets	**31,625**	**36,596**	**52,132**

Source: Audited financial statements and related financial information

Inventory

Table (5-151): Inventory breakdown as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Food supplies	12,494	16,392	12,130
Goods in transit	1,205	3,120	3,155
Other materials	596	722	2,508
Packing materials	1,072	1,003	1,512
Spare parts	257	401	501
Operating tools	1,647	1,456	189
Advertising material	107	98	85
Gross inventory	**17,378**	**23,191**	**20,078**
Less: provision for slow moving inventory	(575)	(776)	(898)
Net inventory	**16,803**	**22,415**	**19,180**

Source: Audited financial statements and related financial information

Food supplies

Food supplies primarily include food items such as meat and chicken, bread, beverages and other raw material balances condiments and spices.

Food supplies increased from USD 12.5m as at 31 December 2019G to USD 16.4m as at 31 December 2020G due to the one-time increase in the stock of chicken in the fourth quarter in 2020G mainly to benefit from the relatively lower chicken prices in the region.

Food supplies decreased from USD 16.4m as at 31 December 2020G to USD 12.1m as at 31 December 2021G driven by the lower purchases of chicken during 2021G as a result of the build-up during the previous year.

Goods in transit

Goods in transit increased from USD 1.2m as at 31 December 2019G to USD 3.1m as at 31 December 2020G and to USD 3.2m as at 31 December 2021G due to the anticipation of an increase in sales in the first quarter of the next year.

Other materials

Other materials mainly relate to smallware, cleaning, marketing material, uniforms and other smaller balances.

Other materials increased from USD 0.6m as at 31 December 2019G to USD 0.7m as at 31 December 2020G within the normal course of business.

Other materials further increased from USD 0.7m as at 31 December 2020G to USD 2.5m as at 31 December 2021G driven by the expansion of operations in 2021G compared to 2020G through the opening of 37 new restaurants and the reclassification from operating tools to other materials of USD 1.3m.

Packing materials

Packing materials sightly decreased from USD 1.1m as at 31 December 2019G to USD 1.0m as at 31 December 2020G driven by the decline in revenue partially offset by the expansion of home delivery sales.

Packing materials balance increased from USD 1.0m as at 31 December 2020G to USD 1.5m as at 31 December 2021G primarily due to the expansion of home delivery and take-out sales, the opening of 37 new restaurants during 2021G and the increase in the packaging material costs by 8.0% during 2021G compared to 2020G.

Spare parts

Spare parts primarily include spare parts used in equipment and machinery, cold rooms, and cooking equipment.

Spare parts increased from USD 0.3m as at 31 December 2019G to USD 0.4m as at 31 December 2020G within the normal course of business.

As at 31 December 2021G, spare parts increased to USD 0.5m as the business expanded.

Operating tools

Operating tools mainly includes cleaning supplies, office supplies, and small wares.

Operating tools decreased from USD 1.6m as at 31 December 2019G to USD 1.5m as at 31 December 2020G and further decreased to USD 0.2m as at 31 December 2021G primarily due to the reclassification of certain items of USD 1.3m from this line item to other materials in 2021G.

Advertising material

Advertising material related to flyers, gifts, and other promotional items used in marketing campaigns.

Advertising material decreased from USD 107k as at 31 December 2019G to USD 98k as at 31 December 2020G and it further decreased to USD 85k as at 31 December 2021G in the normal course of business.

Provision for slow-moving inventories

Provision for slow-moving inventories increased from USD 0.6m as at 31 December 2019G to USD 0.8m as at 31 December 2020G in line with the increase in the inventory balance as at 31 December 2020G compared to 31 December 2019G. The provision balance further increased to USD 0.9m as at 31 December 2021G, mainly due to promotional items from prior marketing campaigns which are not expected to be used in the future.

Trade receivables and other receivables

Table (5-152): Trade receivables and other receivables breakdown as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Trade receivables	3,471	4,637	5,316
Refundable deposits	2,447	2,564	3,436
Prepaid expenses	2,230	896	2,277
Advances to suppliers	768	378	2,159
Value added tax and other taxes	840	1,175	1,521
Accrued income	-	280	20
Others	842	645	577
Trade receivables and other receivables	**10,598**	**10,576**	**15,306**
Trade provision	(34)	(274)	(128)
Other provision	(78)	(492)	(268)
Net trade receivables and other receivables	**10,487**	**9,809**	**14,910**

Source: Audited financial statements and related financial information

Trade receivables

Trade receivables of USD 5.3m as at 31 December 2021G related to receivables from aggregators, institutional and catering customers, credit card receivables, tenant receivables in addition to receivables from cash collection company.

Trade receivables increased from USD 3.5m as at 31 December 2019G to USD 4.6m as at 31 December 2020G mainly driven by the increase in trade receivables from aggregators as a result of the increase in revenues from home delivery sales during COVID-19 and tenant receivables. This was partially offset by the decrease in sales to institutional and catering customers.

Trade receivables further increased from USD 4.6m as at 31 December 2020G to USD 5.3m as at 31 December 2021G primarily as a result of the increase in revenues, further expansion of home delivery sales and number of operating restaurants.

Refundable deposits

Refundable deposits primarily relate to rent deposits paid to landlords.

Refundable deposits increased from USD 2.4m as at 31 December 2019G to USD 2.6m as at 31 December 2020G mainly due to 10 new restaurant openings in 2020G.

Refundable deposits increased from USD 2.6m as at 31 December 2020G to USD 3.4m as at 31 December 2021G. This is in line with the increase in the number of restaurants as at 31 December 2021G after the opening of 37 new restaurants in 2021G.

Prepaid expenses

Prepaid expenses related to housing expenses, legal fees, medical insurance, rent, maintenance charges and other smaller balances.

Prepaid expenses decreased from USD 2.2m as at 31 December 2019G to USD 0.9m as at 31 December 2020G as the Company was able to negotiate monthly and quarterly rent payments with landlords as opposed to annual payments resulting in a decline in prepaid rent.

Prepaid expenses increased from USD 0.9m as at 31 December 2020G to USD 2.3m as at 31 December 2021G primarily due to the normalization of business activities from COVID-19 which resulted in an increase in prepaid rent expenses during the year.

Advances to suppliers

Advances to suppliers included advances to trade suppliers primarily for critical inventory items.

Advances to suppliers decreased from USD 0.8m as at 31 December 2019G to USD 0.4m as at 31 December 2020G as a result of the decrease in the operations due to COVID-19.

Advances to suppliers increased from USD 0.4m as at 31 December 2020G to USD 2.2m as at 31 December 2021G primarily in relation to payments made to contractors in 2021G towards the restaurants under construction.

Value added tax and other taxes

Value added tax and other taxes primarily related to taxes for imports and trade tax.

Value added tax and other taxes increased from USD 0.8m as at 31 December 2019G to USD 1.2m as at 31 December 2020G mainly due to the increase in imports during 2020G.

As at 31 December 2021G, value added tax and other taxes increased to USD 1.5m mainly due to an increase in imports during 2021G.

Accrued income

Accrued income mainly related to dividends accruals.

Accrued income increased from nil as at 31 December 2019G to USD 280k as at 31 December 2020G before it decreased to USD 20k as at 31 December 2021G in relation to dividends declared and related payments during 2020G and 2021G.

Others

Others mainly related to chilled water accrued income in the Americana Plaza Zayed and New Cairo in addition to custom duty deposits.

Others decreased from USD 0.8m as at 31 December 2019G to USD 0.6m as at 31 December 2020G and at 31 December 2021G mainly due to the reclassification of petty cash from other debit balances to cash and cash equivalent in 2020G onwards.

Trade provision

Trade provision increased from USD 34k as at 31 December 2019G to USD 0.3m as at 31 December 2020G, then decreased to USD 0.1m as at 31 December 2021G primarily in relation to provisions for aggregators and trade customers.

Other provision

Other provision increased from USD 0.1m as at 31 December 2019G to USD 0.5m as at 31 December 2020G, then decreased to USD 0.3m as at 31 December 2021G primarily in relation to provisions for receivables from tenants based on their ageing.

Due from Related Parties

Table (5-153): Due from Related Parties balances as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	Nature of relationship	2019G	2020G	2021G
Americana Holding for Egypt Food LTD	Under common control	-	-	15,754
Société Marocaine De Projects Touristiques SARL	Subsidiary	227	232	230
Lebanese International Touristic Projects Company LLC	Under common control	6	179	180
Egyptian Restaurants Company	Subsidiary	147	151	152
Kuwait Food Company - Egypt	Under common control	68	70	72
The Caspian International Restaurants Company LLP	Under common control	-	2	20
Touristic Project Company	Subsidiary	2	4	5
Bahrain & Kuwait Restaurant Co. WLL	Under common control	-	2	2
Americana Kuwait Company Restaurants WLL	Under common control	-	-	1
Touristic Projects & International Restaurants Co. (Americana) LLC	Under common control	11	-	1
Cairo Poultry Processing Company SAE	Under common control	-	-	0
Americana Group for Food and Touristic Projects SAE	Under common control	21	-	-
Al Ahlia Restaurants Company LLC	Under common control	76	-	-
Provision for bad debts - Related Parties		-	(150)	(150)
Total due from Related Parties		**560**	**489**	**16,268**

Source: Audited financial statements and related financial information

Due from Related Parties' balances slightly decreased from USD 0.6m as at 31 December 2019G to USD 0.5m as at 31 December 2020G primarily due to the decrease in balances from Al Ahlia Restaurants Company LLC after settling the balance and the recording of a provision for bad debts of USD 0.2m in relation to the balance with Egyptian Restaurants Company The decrease was partially offset by the increase in the balance of Lebanese International Touristic Projects Company LLC.

As at 31 December 2021G, due from Related Parties' balances increased to USD 16.3m mainly driven by the increase in the amounts due from Americana Holding for Egypt Food LTD of USD 15.8m in relation to, the sale of ECITP shares in its sister company Cairo Poultry Processing Company SAE to Americana Holding For Egypt Food in UAE.

Cash and cash equivalents

Table (5-154): Cash and cash equivalents breakdown as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Cash at banks	1,765	2,026	1,759
Cash on hand	77	26	14
Term deposits	1,933	1,829	-
Total cash and cash equivalents	**3,774**	**3,882**	**1,773**

Source: Audited financial statements and related financial information

Cash and cash equivalents represent the Company's bank accounts, cash on hand, cash on transit and term deposits. The maturity period of the time deposits is less than 3 months from the date of the deposit and the average interest rate is 8.3%.

Cash and cash equivalents increased from USD 3.8m as at 31 December 2019G to USD 3.9m as at 31 December 2020G and subsequently decreased to USD 1.8m as at 31 December 2021G. For more details refer to the cash flow statement section.

Commitments and contingent liabilities

The Company has outstanding letters of credit issued on 31 December 2021G amounting to USD 0.7m (USD 0.5m as at 31 December 2020G and USD 0.9m as at 31 December 2019G).

The Group had capital commitments in relation to projects in progress of USD 4.5m as at 31 December 2021G (USD 0.7m as at 31 December 2019G and USD 0.3m as at 31 December 2020G).

Non-current liabilities

Table (5-155): Non-current liabilities as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Lease liabilities	22,110	25,191	28,233
Notes payable	498	-	-
Deferred tax liability	741	54	-
Total non-current liabilities	**23,349**	**25,246**	**28,233**

Source: Audited financial statements and related financial information

Lease liabilities

Table (5-156): Lease liabilities breakdown as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Non-current	22,110	25,191	28,233
Current	9,775	11,181	14,741
Total lease liabilities	**31,884**	**36,372**	**42,975**

Source: Audited financial statements and related financial information

The lease liabilities increased from USD 31.9m as at 31 December 2019G to USD 36.4m as at 31 December 2020G and further to USD 43.0m as at 31 December 2021G in line with the opening of 10 new restaurants in 2020G and 37 new restaurants during 2021G.

Notes payable

The balance for notes payables as at 31 December 2019G of USD 0.5m is related to postdated checks. There were no postdated checks as at 31 December 2020G and 31 December 2021G.

Deferred tax liability

Deferred tax liability mainly pertains to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and tax base as per local tax laws. The balance decreased from USD 741k as at 31 December 2019G to USD 54k as at 31 December 2020G and further decreased to nil as at 31 December 2021G after the balance changed to a deferred tax asset.

Current liabilities

Table (5-157): Current liabilities as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Provisions	2,267	2,580	1,682
Bank overdraft	8,716	20,154	6,765
Trade and notes payable	12,545	9,207	14,392
Other credit balance	25,211	43,330	31,530
Due to Related Parties	8,247	8,709	31,785
Income tax payable	83	145	232
Lease liabilities	9,775	11,181	14,741
Total current liabilities	**66,845**	**95,306**	**101,126**

Source: Audited financial statements and related financial information

Provisions

Table (5-158): Provisions breakdown as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Other provisions	2,261	2,567	1,669
End of service provisions	7	13	13
Total provisions	**2,267**	**2,580**	**1,682**

Source: Audited financial statements and related financial information

Other provisions

Table (5-159): Other provisions movement as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Opening balance	**1,967**	**2,261**	**2,567**
Formed during the year	554	2,056	1,292
Utilized during the year	(493)	(1,794)	(2,194)
Forex	232	45	4
Ending balance	**2,261**	**2,567**	**1,669**

Source: Audited financial statements and related financial information

Other provisions of USD 1.7m as at 31 December 2021G related to outstanding legal cases and unsettled governmental disputes.

Other provisions increased from USD 2.3m as at 31 December 2019G to USD 2.6m as at 31 December 2020G mainly driven by the increase in provisions formed during the year of USD 2.1m in relation to governmental disputes. This was partially offset by the increase in the provisions utilised during the year of USD 1.8m in relation to a payment made against a legal case during 2020G.

Other provisions decreased from USD 2.6m as at 31 December 2020G to USD 1.7m as at 31 December 2021G, primarily driven by the decline in provisions formed during the year to USD 1.3m in relation to governmental disputes. This was partially offset by the increase in the provisions utilised during the year of USD 2.2m in relation to payments made to governmental institutions during 2020G.

End of service benefits provisions

Table (5-160): End of service benefits provisions movement as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Opening balance	**14**	**7**	**13**
Formed during the year	15	25	17
Utilized during the year	(24)	(19)	(14)
Forex	2	-	-
Reversed during the year	-	-	(3)
Ending balance	**7**	**13**	**13**

Source: Audited financial statements and related financial information

End of service benefits increased from USD 7k as at 31 December 2019G to USD 13k as at 31 December 2020G mainly driven by the increase in current service charge of the year to USD 25k compared to USD 15k in 2019G, offset by payments of USD 19k.

End of service benefits remained stable at USD 13k between 31 December 2020G and 31 December 2021G as the additions during the year were offset by payments and reversals made during the year.

Bank overdraft

Bank overdraft increased from USD 8.7m as at 31 December 2019G to USD 20.2m as at 31 December 2020G primarily driven by the increase in the loan balance from Commercial International Bank in order to fund the business activity due to the decline in revenue due to the adverse impact of COVID-19.

Bank overdraft decreased from USD 20.2m as at 31 December 2020G to USD 6.8m as at 31 December 2021G. This was mainly driven by the increase in revenues in 2021G as the adverse impact of COVID-19 eased off.

Trade and note payables

Table (5-161): Trade and note payables breakdown as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Trade payables	9,298	9,092	14,392
Notes payables	3,247	114	-
Total trade and notes payables	**12,545**	**9,207**	**14,392**

Source: Audited financial statements and related financial information

Trade and note payables decreased from USD 12.5m as at 31 December 2019G to USD 9.2m as at 31 December 2020G primarily driven by the decrease in the notes payables which represents post-dated check; during 2020G and 2021G post-dated checks were netted off against cash.

Trade and note payables increased from USD 9.2m as at 31 December 2020G to USD 14.4m as at 31 December 2021G as the level of purchases increased with the expansion of business activity during 2021G compared to 2020G and Management's ongoing efforts to optimize and negotiate payment terms with suppliers.

Other credit balances

Table (5-162): Other credit balances breakdown as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Accrued expenses	11,835	9,746	12,774
Other credit balances	2,647	25,121	7,005
Tax payables	6,500	4,401	5,688
Unearned revenue	2,257	1,807	1,881
Advances from customers	26	1	1,415
Employees' payables	396	864	1,068
Refundable deposits	822	757	943
Accrued letters of credit	538	452	709
12% service fees	127	125	49
Social insurance	62	54	-
Total other credit balances	**25,211**	**43,330**	**31,530**

Source: Audited financial statements and related financial information

Accrued expenses

Accrued expenses mainly consist of accrued advertising expenses, utility expenses, consultancy fees, rent expenses and other accrued expenses.

Accrued expenses decreased from USD 11.8m as at 31 December 2019G to USD 9.7m as at 31 December 2020G mainly due to the decrease in revenues during 2020G compared to 2019G which in turn resulted in a decrease in accrued advertising and other accrued expenses.

Accrued expenses increased to USD 12.8m as at 31 December 2021G from USD 9.7m as at 31 December 2020G driven by the recovery of the revenues and the level of operations as the COVID-19 impact subsided.

Other credit balances

Other credit balances consist mainly of accrued expenses contactors, franchisors, local creditors.

Other credit balances increased from USD 2.6m as at 31 December 2019G to USD 25.1m as at December 2020G mainly due to an increase in social insurance accruals during 2020G.

As at 31 December 2021G, other credit balances decreased to USD 7.0m due to the partial payment made in relation to social insurance accrual during 2021G.

Tax payables

Tax payables consist of value added tax , corporate tax, stamp and duty taxes, and discount tax.

Tax payables decreased from USD 6.5m as at 31 December 2019G to USD 4.4m as at 31 December 2020G mainly driven by the decrease in revenues and profits during the year.

Tax payables as at 31 December 2021G increased to USD 5.7m primarily as a result of increase in revenue and profits recorded during 2021G.

Unearned revenue

Unearned revenue relates to advances tenants.

The balance decreased from USD 2.3m as at 31 December 2019G to USD 1.8m as at 31 December 2020G, mainly due to the decrease in prepayments made by tenants during the pandemic.

As at 31 December 2021G, unearned revenue remained relatively stable compared to 31 December 2020G.

Advances from customers

Advances from customers mainly consist of amounts paid to customers in return for a specific service provided by the Company,

Advances from customers decreased from USD 26k as at 31 December 2019G to USD 1k as at December 2020G within the normal course of business.

Advances from customers increased to USD 1.4m as at 31 December 2021G due to timing of receiving advances from customers prior to year-end closing 31 December 2021G within the normal course of business.

Employees' payables

Employees' payables consist of salaries and wages payables, incentives and bonuses for restaurant and non-restaurant employees.

Employees' payables increased from USD 0.4m as at 31 December 2019G to USD 0.9m as at 31 December 2020G mainly driven by an increase in employee headcount.

As at 31 December 2021G, employees' payables increased to USD 1.1m due to the increase in salaries during 2021G.

Refundable deposits

Refundable deposits mainly relate to security deposits in relation to investment properties.

Refundable deposits slightly decreased from USD 822k as at 31 December 2019G to USD 757k as at 31 December 2020G primarily due to the expiration of existing lease contracts as at 31 December 2020G.

Refundable deposits as at 31 December 2021G increased to USD 0.9m as new lease agreements were signed at a higher rent per square meter.

Accrued letters of credit

Accrued letters of credit consist of estimated costs and expenses of shipments for which receipts have not been issued yet (as a result the accrual relies on estimates).

Accrued letters of credit remained relatively stable at USD 0.5m as at 31 December 2019G and 31 December 2020G. The balance increased to USD 0.7m as at 31 December 2021G due to the increase in the number of imported shipments.

12% service fees

The balance of 12% service fees mainly represents fees paid by customers in casual dining restaurants (in line with the market practice).

As at 31 December 2020G, 12% service fees remained fairly stable at USD 0.1m between 31 December 2019G and 31 December 2020G. 12% service fees as at 31 December 2021G decreased to USD 49k, primarily due to the decline in the operations of certain casual dining restaurants especially after certain restrictive decisions made by the government.

Social insurance

Social insurance represented payables to the Social Insurance Authority in Egypt.

Social insurance slightly decreased from USD 62k as at 31 December 2019G to USD 54k as at 31 December 2020G before it declined to nil as at 31 December 2021G due to the settlement of the payable balance.

Due to Related Parties

Table (5-163): Due to Related Parties balances as at 31 December 2019G, 31 December 2020G and wn31 December 2021G of ECITP:

Currency: USD000	Nature of relationship	2019G	2020G	2021G
Americana Group for Food & Touristic Projects SAE	Under common control	-	2	20,448
Kuwait Food Company (Americana) K.S.C.C	Former Parent Company	4,952	5,108	5,344
Senyorita for Food Industries SAE	Under common control	4	-	2,551
Gulf Food Industries Company (California Garden) FZE	Under common control	338	1,208	1,467
Cairo Poultry Processing Company SAE	Under common control	1,809	1,817	1,213
International Co. for Agricultural Development (Farm Frites) SAE	Under common control	868	486	643
Kuwait Food Company Americana LLC	Under common control	90	45	72
National Company for Food Industries LLC (Cake Division)	Under common control	-	-	34
International Co. for Agricultural Production and processing SAE	Under common control	28	16	11
Al Ahlia Restaurants Company LLC	Under common control	-	-	1
Americana Kuwait Company Restaurants WLL	Under common control	49	3	-
Egyptian Canning Company (Americana) SAE	Under common control	53	24	-
Bahrain & Kuwait Restaurant Co. WLL	Under common control	27	-	-
Corporation Guard Services (Aman) SAE	Under common control	13	-	-
Al Mohandes National for Meat Industries SAE (Beefy)	Under common control	15	-	-
International Tourism Restaurants Company LLC	Under common control	1	-	-
Total due to Related Parties		**8,247**	**8,709**	**31,785**

Source: Audited financial statements and related financial information

Due to Related Parties' balances as at 31 December 2021G primarily related to purchases of raw materials and other inter-company transactions from entities under common control and the Former Parent Company.

Due to Related Parties' balances increased from USD 8.2m as at 31 December 2019G to USD 8.7m as at 31 December 2020G. This was mainly due to the increase in balance to Gulf Food Industries Company (California Garden) FZE in relation to the sale of their products through the Company during the pandemic.

Due to Related Parties' balances increased from USD 8.7m as at 31 December 2020G to USD 32.0m as at 31 December 2021G mainly driven by the financial support received from Americana Group for Food & Touristic Projects SAE to settle pending social insurance claims which amounted to USD 20.4m.

Income tax payable

Table (5-164): Income tax payable breakdown as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Balance at the beginning of the year	1,695	83	145
Income taxes for the year	83	145	232
Income taxes paid during the year	(1,895)	(85)	(145)
Forex	200	2	0
Total income tax payable	**83**	**145**	**232**

Source: Audited financial statements and related financial information

Income tax payable increased from USD 83k as at 31 December 2019G to USD 145k as at 31 December 2020G. This was mainly due to the income taxes recorded during 2020G of USD 145k which exceeded the taxes paid during the year.

Income tax payable increased from USD 145k as at 31 December 2020G to USD 232k as at 31 December 2021G mainly due to the increase in income taxes for the year.

Total equity

Table (5-165): Total equity as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Share capital	24,974	25,467	25,511
Reserves	11,777	12,010	12,031
Treasury shares	-	(626)	(627)
Foreign currency translation reserve	(296)	(180)	(5)
Retained earning	(16,071)	(43,825)	(22,384)
Equity attributable to owners of the Former Parent Company	**20,385**	**(7,154)**	**14,526**
Non-controlling interests	35	37	45
Total equity	**20,419**	**(7,117)**	**14,571**

Source: Audited financial statements and related financial information

Share capital

Share capital represents 400m shares with a value per share of USD 0.1 (Egyptian pound 1).

Share capital slightly increased during the period from USD 25.0m as at 31 December 2019G to USD 25.5m as at 31 December 2020G and remained stable as at 31 December 2021G primarily due to the fluctuations of the exchange rate between the Egyptian pound and USD (share capital was stable at 400 million Egyptian pounds between 31 December 2019G and 31 December 2021G).

Reserves

Table (5-166): Reserves as at 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Statutory reserves	5,478	5,586	5,596
Voluntary reserves	6,299	6,423	6,434
Capital reserves	1	1	1
Total reserves	**11,777**	**12,010**	**12,031**

Source: Audited financial statements and related financial information

Reserves increased from USD 11.8m as at 31 December 2019G to USD 12.0m as at 31 December 2020G and 31 December 2021G primarily due to the fluctuations of the exchange rate between the Egyptian pound and USD.

Treasury shares

Treasury shares were nil as at 31 December 2019G and then increased to USD 0.6m as at 31 December 2020G as a result of the purchase of 2.2m shares with a value of 9.8m Egyptian Pounds. Treasury shares remained stable in local currency and the observed fluctuations are due to movements in the exchange rate of the Egyptian pound to USD.

Retained earning

Retained earnings decreased from a negative USD 16.1m as at 31 December 2019G to a negative USD 43.8m as at 31 December 2020G primarily due to the losses recorded in 2020G of USD 37.7m and dividends paid of USD 1.7m during 2020G which was offset by the positive impact of carve-out adjustments of USD 12.2m.

Retained earnings increased from a negative USD 43.8m as at 31 December 2020G to a negative USD 22.4m as at 31 December 2021G primarily due to the profits recorded during the year of USD 6.1m and carve-out adjustments of USD 15.7m.

5.5.5.3 Statement of cash flow of Egyptian Company for international Touristic Projects (Egypt)

Table (5-167): Statement of cash flow for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of ECITP:

Currency: USD000	2019G	2020G	2021G
Profit / (loss) for the year before tax	**(5,303)**	**(39,341)**	**6,466**
Adjustments for:			
Depreciation of property and equipment	8,846	9,523	9,258
Amortization of intangible assets	434	770	1,081
Depreciation of investment property	600	642	647
Depreciation of right of use assets	9,361	10,026	11,074
Provision charged during the year	543	2,071	1,306
Provision for slow moving inventories	167	293	196
Loss allowance for trade and other receivables	6	651	41
Intangible assets written-off	-	26	151
(Reversal of)/impairment in property and equipment and intangible assets	178	2,329	(748)
Gain on disposal of property and equipment	(1,403)	(294)	(971)
Finance costs	(226)	(170)	(156)
Interest income	5,942	6,484	6,533
Operating cash flows before payment for tax and interest and changes in operating working capital	**19,144**	**(6,989)**	**34,881**
Tax paid during the year	(1,809)	(85)	(145)
Interest paid	(448)	(834)	(1,262)
Changes in:			
Trade and other receivables	(2,424)	230	(5,129)
Inventories	6,225	(5,548)	3,080
Trade and other payables	1,879	(3,569)	5,174
Other credit balances	4,219	17,487	(11,925)
Due from Related Parties	100	81	(15,792)
Due to Related Parties	(11,898)	297	23,081
Notes payable	(331)	(506)	-
Provision utilized	(494)	(1,804)	(2,210)

Currency: USD000	2019G	2020G	2021G
Net cash generated from/(used in) operating activities	**14,164**	**(1,240)**	**29,751**
Purchases of property and equipment	(7,914)	(5,986)	(12,768)
Proceeds from disposal of property and equipment	2,094	821	1,559
Purchase of intangible assets	(1,330)	(1,316)	(1,520)
Additions to projects under construction	(1,161)	(1,571)	(6,745)
Purchases of investment property	-	(1)	-
Interest received	226	170	156
Net cash used in investing activities	**(8,085)**	**(7,883)**	**(19,319)**
Lease liabilities paid	(11,006)	(11,959)	(14,774)
Dividends paid to Company's shareholders	(6,395)	(1,662)	-
Dividends paid to non-controlling interests in a subsidiary	(15)	(3)	-
Acquisition of treasury shares	-	(623)	-
Bank overdrafts	2,351	11,213	(13,436)
Impact as a result of the carve-out	1,536	12,190	15,660
Net cash (used in)/generated from financing activities	**(13,529)**	**9,156**	**(12,550)**
Net increase in cash and cash equivalents	**(7,450)**	**32**	**(2,117)**
Cash and cash equivalents at beginning of year	10,354	3,774	3,882
The effect of the change in the exchange rate on cash	870	75	8
Cash and cash equivalents	**3,774**	**3,882**	**1,773**

Source: Audited financial statements and related financial information

Net cash generated from / (used in) operating activities

Net cash from operating activities decreased from a cash inflow of USD 14.2m in 2019G to a cash outflow of USD 1.2m in 2020G primarily due to:

- The increase in loss before tax from USD 5.3m in 2019G to USD 39.3m in 2020G.
- This was offset by the increase in cash generated as a result of changes in working capital from a cash outflow of USD 2.7m in 2019G to a cash inflow of USD 6.7m in 2020G driven by the increase in cash generated from other credit balances. Other credit balances increased from USD 4.2m in 2019G to USD 17.5m in 2020G due to the increase in the provision to Social Insurance Authority.
- The decrease in net cash flow from operating activities was also offset by the increase in adjustments of non-cash items from a positive impact of USD 24.4m in 2019G to a positive impact of USD 32.4m in 2020G. This was driven by the increase in depreciation of property and equipment, intangible assets and right of use assets and the increase in the impairment of property and equipment and other provisions charged in the year.

Net cash generated from operating activities increased from a cash outflow of USD 1.2m in 2020G to a cash inflow of USD 29.8m in 2021G as a result of:

- The increase in profit before tax from a loss of USD 39.3m in 2020G to a profit of USD 6.5m in 2021G as COVID-19 impact subsided; partially offset by
- The decrease in non-cash adjustments from a cash inflow of USD 32.4m in 2020G to cash inflow of USD 28.4m in 2021G primarily due to the decrease in provisions charged during the year and the adjustments of impairment for PP&E from an inflow of USD 2.3m in 2020G to an outflow of USD 0.7m in 2021G.
- The decrease in cash generated from changes in working capital from a cash inflow of USD 6.7m in 2020G to a cash outflow of USD 3.7m in 2021G. This was mainly due to the decrease in other credit balances after the payments to Social Insurance Authority of USD 19.0m.

Net cash used in investing activities

Net cash used in investing activities decreased from USD 8.1m in 2019G to USD 7.9m in 2020G primarily driven by the decrease in cash used to purchase property and equipment from USD 7.9m in 2019G to USD 6.0m in 2020G as fewer restaurants were opened during 2020G compared to 2019G. This was partially offset by the cash generated from the disposal of property and equipment.

Net cash used in investing activities increased from USD 7.9m in 2020G to USD 19.3m in 2021G primarily due to the increase in cash used in purchasing property and equipment and projects under construction due to the expansion of operations in Egypt.

Net cash used in financing activities

Net cash used in financing activities increased from a cash outflow of USD 13.5m in 2019G to a cash inflow of USD 9.2m in 2020G as a result of the increase in cash from utilizing bank overdrafts (USD 8.9m) and the increase in cash generated from the impact of carve-out by USD 10.7m in addition to the decrease in dividends declared and paid during 2020G compared to 2019G.

Net cash used in financing activities decreased from cash inflow of USD 9.2m in 2020G to cash outflow of USD 12.6m in 2021G, as a result of the increase in payments made against lease agreements from USD 12.0m in 2020G to USD 14.8m in 2021G and cash used to repay bank overdraft of USD 13.4m. This was partially offset by the increase in cash generated due to the impact of carve-out adjustments of USD 3.5m.

5.5.6 Qatar Food Company W.L.L. for the years ended 31 December

Table (5-168): Summary of the financial information of Qatar Food Company W.L.L. for the years ended 31 December 2019G, 31 December 2020G, and 31 December 2021G:

Currency: USD000	2019G	2020G	2021G
Statement of income			
Revenues	111,370	98,745	124,300
Cost of revenues	(87,259)	(80,368)	(100,206)
Gross profit	**24,111**	**18,377**	**24,094**
Other gains and losses	37	2,757	681
General and administrative expenses	(3,452)	(3,850)	(5,623)
Marketing and selling expenses	(4,535)	(3,808)	(5,553)
Operation profit	**16,160**	**13,476**	**13,600**
Financing cost	(1,699)	(1,710)	(1,309)
Profit before income tax expense	**14,462**	**11,766**	**12,290**
Income tax expense	(1,434)	(1,451)	(1,716)
Profit from continuing operations	**13,028**	**10,314**	**10,575**
Loss from discontinued operation	(114)	(104)	-
Profit for the year	**12,914**	**10,210**	**10,575**
Statement of financial position			
Total equity	**12,996**	**10,293**	**10,688**
Total non-current assets	55,186	49,114	52,495
Total current assets	18,966	22,150	23,270
Total assets	**74,152**	**71,264**	**75,764**
Total non-current liabilities	34,102	31,543	29,972
Total current liabilities	27,054	29,428	35,104
Total liabilities	**61,156**	**60,971**	**65,076**
Total liabilities and equity	**74,152**	**71,264**	**75,764**

Source: Audited financial statements and related financial information

Table (5-169): Key performance indicators for the years ended on 31 December 2019G, 2020G and 2021G

Income statement and balance sheet key performance indicators			
Currency: USD000	2019G	2020G	2021G
Gross profit margin (1)	21.6%	18.6%	19.4%
Net profit margin (2)	11.6%	10.3%	8.5%
Current ratio (3)	0.7	0.8	0.7
Total liabilities to total assets (4)	82.5%	85.6%	85.9%
Net debt (net cash) (thousand USD) (5)	(9,172)	(10,197)	(12,818)
Days revenues outstanding (6)	5	5	4
Days inventory outstanding (7)	50	70	62
Days payable outstanding (8)	62	109	100
NWC as a percentage of revenues (9)	(3.5%)	(5.4%)	(7.9%)
ROA (10)	17.4%	14.3%	14.0%
ROE (11)	99.4%	99.2%	98.9%

Source: Management information

(1) Gross margin is defined as gross profit divided by revenues

(2) Net profit margin is defined as the net profit for the year divided by revenues

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from Related Parties)

(7) Days inventory outstanding is defined as inventory divided by raw materials consumed multiplied by 365 (where inventory refers to sum of raw material, inventories within restaurants, packing materials and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by raw materials consumed multiplied by 365 (where trade and other payables refers to the sum of trade payables and trade related dues to Related Parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from Related Parties less trade and other payables, due to Related Parties, and zakat and other deductions payable

(10) Return on assets is calculated based on profit for the year divided by total assets

(11) Return on equity is calculated based on profit for the year divided by total equity

5.5.6.1 Statement of income of Qatar Food Company W.L.L.

The following tables set out Qatar Food Company W.L.L.'s statements of income 2019G, 2020G and 2021G.

Table (5-170): Statement of income for the financial periods ended 31 December 2019G, 2020G and 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Statement of income			
Revenues	111,370	98,745	124,300
Cost of revenues	(87,259)	(80,368)	(100,206)
Gross profit	**24,111**	**18,377**	**24,094**
Other gains and losses	37	2,757	681
General and administrative expenses	(3,452)	(3,850)	(5,623)
Marketing and selling expenses	(4,535)	(3,808)	(5,553)
Operation profit	**16,160**	**13,476**	**13,600**
Financing cost	(1,699)	(1,710)	(1,309)
Profit before income tax expense	**14,462**	**11,766**	**12,290**
Income tax expense	(1,434)	(1,451)	(1,716)
Profit from continuing operations	**13,028**	**10,314**	**10,575**
Loss from discontinued operation 1	(114)	(104)	-
Profit for the year	**12,914**	**10,210**	**10,575**

Source: Audited financial statements and related financial information

[1] During the year ended 31 December 2020G, the Company has discontinued "**Red Lobster**" franchise and disposed of all its related assets and classified the loss from these operations within this line item.

Revenues by brand

Table (5-171): Revenues by brand breakdown for the financial periods ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
KFC	79,105	73,012	91,869	(7.7%)	25.8%
Hardee's	22,950	18,772	22,470	(18.2%)	19.7%
Krispy Kreme	2,987	3,453	4,730	15.6%	37.0%
Others	7,629	4,172	5,231	(45.3%)	25.4%
Total revenues including discontinued operations	**112,671**	**99,409**	**124,300**	**(11.8%)**	**25.0%**
Revenues attributed to discontinued operations	(1,301)	(664)	-	(49.0%)	(100.0%)
Total revenues excluding discontinued operations	**111,370**	**98,745**	**124,300**	**(11.3%)**	**25.9%**
As a percentage of revenues					
KFC	70.2%	73.4%	73.9%		
Hardee's	20.4%	18.9%	18.1%		
Krispy Kreme	2.7%	3.5%	3.8%		
Others	6.8%	4.2%	4.2%		

Source: Management information

Revenues by channel

Table (5-172): Revenues by channel breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Home delivery	33,479	44,766	55,947	33.7%	25.0%
Take-away	34,550	21,851	31,413	(36.8%)	43.8%
Dine-in	33,863	15,303	19,902	(54.8%)	30.1%
Drive-through	5,322	8,163	9,395	53.4%	15.1%
Others	5,457	9,326	7,643	70.9%	(18.0%)
Total revenues	**112,671**	**99,409**	**124,300**	**(11.8%)**	**25.0%**
Revenues attributed to discontinued operations	(1,301)	(664)	-	(49.0%)	(100.0%)
Total revenues excluding discontinued operations	**111,370**	**98,745**	**124,300**	**(11.3%)**	**25.9%**
As a percentage of revenues					
Home Delivery	29.7%	45.0%	45.0%		
Take-away	30.7%	22.0%	25.3%		
Dine-in	30.1%	15.4%	16.0%		
Drive-through	4.7%	8.2%	7.6%		
Others	4.8%	9.4%	6.1%		

Source: Management information

Of the four Power Brands, the Company operates KFC, Hardee's, and Krispy Kreme in Qatar. These three brands collectively contributed 95.8% to total revenues in 2021G.

Revenues decreased from USD 111.4m in 2019G to USD 98.7m in 2020G on the back of COVID-19 primarily due to:

- Lockdowns and reduced working hours resulting in a decrease in the number of orders from 9.4m orders in 2019G to 7.5m orders in 2020G;
- Hardee's revenues were impacted the most among the Power Brands as it did not have its own mobile delivery application and primarily depended on food aggregators. Hardee's mobile application was rolled out in Qatar in August of 2021G;
- Partially offset by (i) the increase in the average order value from USD 12.0 in 2019G to USD 13.3 in 2020G driven by the increase in home delivery revenues, which typically have a higher average order value compared to dine-in and take-away revenues channels; and (ii) the net opening of three restaurants in the last quarter of 2020G.

Revenues increased from USD 98.7m in 2020G to USD 124.3m in 2021G, exceeding pre-COVID19 revenues levels primarily due to:

- The opening of 14 new restaurants while no restaurants were closed in 2021G;
- The increase in the number of orders from existing and new restaurants from 7.5m in 2020G orders to 9.5m orders in 2021G, partially offset by the slight decrease in the average order value from USD 13.3 in 2020G to USD 13.0 in 2021G (albeit exceeding the 2019G average order value of USD 12.0);
- The further increase in home delivery revenues during 2021G to reach USD 55.9m compared to USD 44.8m in 2020G representing 45.0% of total revenues in 2021G driven by Management's initiatives to drive revenues including quality improvement, improved technology (e.g., launch of the Hardee's application in Aug 2021G), and speed of service/delivery.

KFC continued to outperform the brands within the portfolio to grow in contribution from 70.2% to total revenues in 2019G to 73.9% in 2021G driven by the increase in the number of restaurants from 43 operating restaurants as at 31 December 2019G to 53 restaurants as at 31 December 2021G. This was partially offset by a slight decrease in revenues per restaurant from USD 1.8m in 2019 to USD 1.7m in 2021G driven by slower recovery due to the continuation of certain COVID-19 restrictions on dine-in and food court locations in the first half of 2021G combined with cannibalization in certain restaurants (revenues per restaurant however increased compared to 2020G where the average revenues per restaurant was USD 1.6m).

Cost of revenues

Table (5-173): Cost of revenues breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Food costs	34,292	29,498	36,382	(14.0%)	23.3%
Staff cost	16,502	13,988	18,342	(15.2%)	31.1%
Depreciation of right-of-use assets	11,836	14,131	13,553	19.4%	(4.1%)
Royalties to host brands	5,513	5,000	6,378	(9.3%)	27.6%
Cleaning and office supplies	1,552	3,867	4,874	149.2%	26.1%
Aggregators fees	1,315	3,084	4,431	134.5%	43.7%
Packing costs	3,194	2,863	3,840	(10.4%)	34.1%
Depreciation of property and equipment	2,719	2,467	2,523	(9.3%)	2.3%
Other operating expenses	11,460	6,020	9,663	(47.5%)	60.5%
Amortization of intangible assets	202	193	220	(4.4%)	13.6%
Attributable to the discontinued operations	(1,325)	(744)	-	(43.8%)	(100.0%)
Total cost of revenues	**87,259**	**80,368**	**100,206**	**(7.9%)**	**24.7%**
As a percentage of revenues					
Food costs	30.8%	29.9%	29.3%		
Staff cost	14.8%	14.2%	14.8%		
Depreciation of right-of-use assets	10.6%	14.3%	10.9%		
Royalties to host brands	5.0%	5.1%	5.1%		
Cleaning and office supplies	1.4%	3.9%	3.9%		
Aggregators fees	1.2%	3.1%	3.6%		
Packing costs	2.9%	2.9%	3.1%		
Depreciation of property and equipment	2.4%	2.5%	2.0%		
Other operating expenses	10.3%	6.1%	7.8%		
Amortization of intangible assets	0.2%	0.2%	0.2%		
Attributable to the discontinued operations	(1.2%)	(0.8%)	0.0%		
Total cost of revenues	**78.4%**	**81.4%**	**80.6%**		

Source: Audited financial statements and related financial information

Food costs

Food costs include raw material costs such as protein, french fries, beverages, and other input costs.

Food costs decreased by 14.0% from USD 34.3m in 2019G to USD 29.5m in 2020G. The decrease was primarily driven by the decrease in revenues as a result of the COVID-19 pandemic. Food costs as a percentage of revenues decreased due to an increase in selling prices for KFC and Hardee's.

Food costs increased by 23.3% from USD 29.5m in 2020G to USD 36.4m in 2021G as revenues expanded in 2021G and the number of restaurants increased. Food costs as a percentage for revenues decreased due to the decrease in the cost of coffee for Krispy Kreme combined with a change in brand sales mix (i.e. KFC's food costs in relation to revenues are lower than Hardee's, and KFC increased its contribution to revenues from 2020G to 2021G while Hardee's contribution to revenues declined).

Staff cost

Staff cost includes costs for in-restaurant employees and distribution employees (e.g., salaries, wages, residency fees, visas, overtime and other benefits and allowances).

Staff costs decreased by 15.2% from USD 16.5m in 2019G to USD 14.0m in 2020G driven by the decline in headcount (due to natural attrition without replacement) in addition to the decrease in variable pay and overtime to mitigate the adverse impact of COVID-19.

Staff cost increased by 31.1% from USD 14.0m in 2020G to USD 18.3m in 2021G primarily due to an increase in the number of employees in line with the opening of 14 new restaurants in Qatar in 2021G and the increase in the operating hours after the COVID-19 impact subsided. Management also introduced driver incentives for additional deliveries from February 2021G onwards.

Depreciation of right-of-use assets

This represents the depreciation of right-of-use assets for buildings and vehicles.

Depreciation of right-of-use assets increased by 19.4% from USD 11.8m in 2019G to USD 14.1m in 2020G as a result of net openings of 3 new restaurants during 2020G and the increase in lease vehicles to accommodate for the increase in home delivery revenues.

Depreciation of right-of-use assets decreased by 4.1% from USD 14.1m in 2020G to USD 13.6m in 2021G driven by the decrease in right-of-use assets of vehicles. The higher depreciation of right-of-use assets was driven by the higher number of leased vehicles in 2020G which expired during 2020G.

Royalties to host brands

Royalty fees ranges between 4.0% and 6.0% of revenues in Qatar.

Royalties decreased by 9.3% from USD 5.5m in 2019G to USD 5.0m in 2020G in line with the decrease in revenues combined with the royalty wavier received from the host brands from April to May 2020G.

Royalties increased by 27.6% from USD 5.0m in 2020G to USD 6.4m in 2021G driven by the expansion of revenues during 2021G.

Cleaning and office supplies

Cleaning and office supplies increased by 149.2% from USD 1.6m in 2019G to USD 3.9m in 2020G due to increased purchases of masks, sanitizing and cleaning materials during the pandemic.

Cleaning and office supplies cost in nominal value increased by 26.1% from USD 3.9m in 2020G to USD 4.9m in 2021G in line with the increase in the number of restaurants and increase in operational hours as COVID-19 curfews were lifted. Cleaning and office supplies as a percentage of revenues remained stable between 2020G and 2021G at 3.9%.

Aggregators fees

Aggregators fees are related to aggregators' commission fee.

Aggregators fees increased by 134.5% from USD 1.3m in 2019G to USD 3.1m in 2020G and further to USD 4.4m in 2021G in line with the increase in home delivery revenues between 2019G, 2020G and 2021G.

Packing costs

Packing costs relate to packaging items like paper wrap, burger clamshell, paper carry bags, cups and other miscellaneous items.

Packing costs decreased by 10.4% from USD 3.2m in 2019G to USD 2.9m in 2020G in line with the decline in revenues during the year partially offset by the increase in home delivery revenues (home delivery and takeaway revenues typically require additional packing materials compared to the other revenue channels).

Packing costs increased by 34.1% from USD 2.9m in 2020G to USD 3.8m in 2021G in line with the increase in revenues in 2021G. Packing costs as a percentage of revenues went up from 2.9% in 2020G to 3.1% in 2021G driven by the increase in take-away as a percentage of revenues from 22.0% in 2020G to 25.3% in 2021G.

Depreciation of property and equipment

Depreciation of property and equipment comprises the depreciation of fixed assets including decorations, refrigerating rooms, buildings, machinery and equipment, motor vehicles etc.

Depreciation of property and equipment decreased by 9.3% from USD 2.7m in 2019G to USD 2.5m in 2020G, primarily driven by restaurant closures and fully depreciated assets.

Depreciation of property and equipment slightly increased by 2.3% from USD 2.5m in 2020G to USD 2.5m in 2021G driven by the net opening of 14 restaurants in 2021G in the latter part of the year.

Other operating expenses

Other operating expenses include utilities, repairs and maintenance, rent, car rent, wastage and spoilage, entertainment, travelling and transportation, communication, insurance, loss on sale of property and equipment, and miscellaneous expenses.

Other operating expenses decreased by 47.5% from USD 11.5m in 2019G to USD 6.0m in 2020G, driven by the decrease in utilities (USD 1.5m) and rent (USD 3.6m) as a result of the shift from short-term rent agreements to long-term rent agreements which were classified under right-of-use assets during 2020G.

Other operating expenses increased by 60.5% from USD 6.0m in 2020G to USD 9.7m in 2021G majorly driven by the increase in utilities in line with the increase in the number of operating restaurants and the increase in operating hours.

Amortization of intangible assets

Amortization of intangible assets primarily relates to franchise fees paid to the host brands to operate their franchises in Qatar namely KFC, Hardee's, Krispy Kreme and T.G.I Friday's.

Amortization of intangible assets remained relatively stable between 2019G and 2021G at USD 0.2m within the normal course of business.

Marketing and selling expenses

Table (5-174): Marketing and selling expenses breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Advertising and promotion campaigns	4,390	3,741	5,490	(14.8%)	46.8%
Staff cost	131	60	55	(53.9%)	(8.8%)
Depreciation of property and equipment	1	1	1	11.9%	1.1%
Other expenses	14	6	6	(57.9%)	8.8%
Total marketing and selling expenses	4,535	3,808	5,553	(16.0%)	45.8%
As a percentage of revenues					
Advertising and promotion campaigns	3.9%	3.8%	4.4%		
Staff cost	0.1%	0.1%	0.0%		
Depreciation of property and equipment	0.0%	0.0%	0.0%		
Other expenses	0.0%	0.0%	0.0%		
Total marketing and selling expenses	**4.1%**	**3.9%**	**4.5%**		

Source: Audited financial statements and related financial information

Advertising and promotion campaigns

Advertising and promotion campaigns expenses primarily comprise marketing spends in relation to the contractual minimum marketing spend mandated by the agreements with the host brands.

Advertising and promotion campaigns decreased by 14.8% from USD 4.4m in 2019G to USD 3.7m in 2020G primarily driven by the decrease in revenues between 2019G and 2020G and the relief in the minimum marketing requirement from the host brands during 2020G.

Advertising and promotion campaigns increased by 46.8% from USD 3.7m in 2020G to USD 5.5m in 2021G primarily due to the increase in the revenues and the termination of temporary relief received from the host brands.

Staff costs

Staff costs include salaries and wages, residency and visa fees, overtime, and other benefits and allowances for employees working in the marketing department.

Staff costs decreased by 53.9% from USD 131k in 2019G to USD 60k primarily due to (i) natural attrition that was not replaced during the pandemic resulting in a decline in headcount, and (ii) salary cuts that were applied between April and July of 2020G.

Staff costs further decreased by 8.8% from USD 60k in 2020G to USD 55k in 2021G as a result of the unused leave balance deduction as per employee leave policy amounting to USD 5k.

Depreciation of property and equipment

Depreciation expenses related to equipment (laptops, etc.) used by the marketing and selling team.

Depreciation of property and equipment remained stable at USD 1k between 2019G and 2021G.

Other expenses

Other expense primarily related to the depreciation of right-of-use assets, rent attributable to the discontinued operations and others.

Other expenses decreased from USD 14k in 2019G to USD 6k in 2020G and remained stable in 2021G at USD 6k.

General and administrative expenses

Table (5-175): General and administrative expenses breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Provision for legal cases	-	126	1,576	n.a	1,147.8%
Impairment of assets classified as held for sale	-	1,313	1,251	n.a	(4.8%)
Staff cost	1,774	1,102	930	(37.9%)	(15.6%)
Miscellaneous	151	133	719	(11.9%)	441.9%
Rent	16	111	280	590.0%	152.3%
Depreciation of property and equipment	268	260	224	(2.7%)	(14.1%)
Depreciation of right-of-use assets	144	160	177	11.7%	10.5%
Provision for slow moving items	107	99	147	(7.6%)	48.9%
Communication	58	118	109	102.4%	(8.0%)
Repairs and maintenance	131	106	97	(19.1%)	(9.2%)
Others	152	93	113	(38.7%)	21.4%
Impairment of property and equipment	-	235	0	n.a	(100.0%)
Outlets closing	203	-	-	(100.0%)	n.a
Provision others	470	-	-	(100.0%)	n.a

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Attributable to the discontinued operations	(20)	(7)	-	(66.2%)	(100.0%)
Total general and administrative expenses	**3,452**	**3,850**	**5,623**	**11.5%**	**46.0%**
As a percentage of revenues					
Provision for legal cases	0.0%	0.1%	1.3%		
Impairment of assets classified as held for sale	0.0%	1.3%	1.0%		
Staff cost	1.6%	1.1%	0.7%		
Miscellaneous	0.1%	0.1%	0.6%		
Rent	0.0%	0.1%	0.2%		
Depreciation of property and equipment	0.2%	0.3%	0.2%		
Depreciation of right-of-use assets	0.1%	0.2%	0.1%		
Provision for slow moving items	0.1%	0.1%	0.1%		
Communication	0.1%	0.1%	0.1%		
Repairs and maintenance	0.1%	0.1%	0.1%		
Others	0.1%	0.1%	0.1%		
Impairment of property and equipment	0.0%	0.2%	0.0%		
Outlets closing	0.2%	0.0%	0.0%		
Provision others	0.4%	0.0%	0.0%		
Attributable to the discontinued operations	0.0%	0.0%	0.0%		
Total general and administrative expenses	**3.1%**	**3.9%**	**4.5%**		

Source: Audited financial statements and related financial information

Provision for legal cases

Provision for legal cases increased from USD 126k in 2020G to USD 1.6m in 2021G primarily related to the maintenance and restoration of a building which the Company has used for offices, staff accommodation and call center. This legal case is mainly based on damages to building structure caused by water leakage and miscellaneous modifications on the layout of the building. Subsequent to the year ended 31 December 2021, the final verdict has been reached by the appeal court against the Company total amounting to USD 2.0m.

Impairment of assets classified as held for sale

Table (5-176): Impairment of assets classified as held for sale breakdown for the financial periods ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Warehouse under construction					
Cost reclassified from property and equipment	-	2,564	2,564	-	0.0%
Impairment recognized	-	(1,313)	(2,564)	-	95.2%
Transferred to property and equipment	-	-	(0)	-	-
Fair value less cost to sell	**-**	**1,251**	**-**	**-**	**(100.0%)**

Source: Audited financial statements and related financial information

The Company transferred an unfinished, unutilized warehouse from capital work in progress to assets classified as held for sale.

During 2020G a prospective buyer had shown interest in purchasing the warehouse, and the Company impaired the asset by the remaining net book value (gross book value less the offer amount) as at 31 December 2020G. However, in 2021G the buyer could not complete the transaction, so the asset was fully impaired.

The warehouse has been transferred back to the property and equipment with a fair value of USD 0.27k.

Staff cost

Staff cost decreased by 37.9% from USD 1.8m in 2019G to USD 1.1m in 2020G driven by: (i) natural attrition that was not replaced during the pandemic resulting in a decline in headcount in administrative staff, and (ii) the salary cuts that were applied between April and July of 2020G.

Staff costs further decreased by 15.6% from USD 1.1m in 2020G to USD 0.9m in 2021G driven by the unused vacation provision reversal as per the leave policy, decrease in the ticket provision expenses during the year as a result of the carryover of unused ticket allowances from the previous year due to travel restrictions during 2020G and the decrease in overtime.

Miscellaneous

Miscellaneous primarily relate to provision of evacuated accommodations, sub-lease receivable provisions and cost related to third party warehouse costs.

Miscellaneous slightly decreased from USD 0.2m in 2019G to USD 0.1m in 2020G before increasing to USD 0.7m in 2021G, driven by the provision for legal cases against the Company.

Rent

Rent increased from USD 16k in 2019G to USD 111k in 2020G as a result of the reclassification of the rent costs related to the administrative offices to general and administrative expenses during 2020G (the rent costs of these locations were recorded under cost of revenues, selling and distribution and general and administrative costs during 2019G).

Rent further increased from USD 111k in 2020G to USD 280k in 2021G due to the full year effect of recording the rental costs within general and administrative costs.

Depreciation of property plant and equipment

Depreciation costs related to the Company's offices and staff accommodations.

Depreciation of property plant and equipment remained relatively stable between 2019G to 2020G.

Depreciation of property and equipment decreased by 14.1% from USD 0.3m in 2020G to USD 0.2m in 2021G primarily due to shift in the call centre from being in-house to outsourced and the disposal of the assets associated with the in-house call centre.

Depreciation of right of use assets

This comprised the depreciation of right-of-use assets including buildings and vehicles utilized by Management.

Depreciation of right of use assets increased slightly from USD 144k in 2019G to USD 160k in 2020G and further increased to USD 177k in 2021G primarily due to renting new staff accommodation.

Provision for slow moving items

Inventory provision is based on shelf life for raw material, ageing for spare parts and other non-moving inventory items.

Provision for slow moving items remained relatively stable between 2019G and 2020G.

Provision for slow moving items increased by 48.9% from USD 99k in 2020G to USD 147k in 2021G driven by the provision addition during the year, partially offset by the provision written-off.

Communication

Communication expenses related to internet and other telecom costs.

Communication increased from 58k to 118k from 2019G to 2020G driven by the migration of the call center telephone connections from in-house to outsource call center.

Communication expenses remained fairly stable between 2020G and 2021G at USD 0.1m.

Repairs and maintenance

Repairs and maintenance decreased by 19.1% from USD 131k in 2019G to USD 106k in 2020G due to the reduced working hours as a result of COVID-19 and shifting maintenance responsibility for accommodations from the Company to the landlords during 2020G.

Repairs and maintenance remained relatively stable between 2020G and 2021G.

Others

Others include professional fees, cleaning and office supplies, entertainment, insurance, and travelling and transportation expenses.

Others decreased from USD 152k in 2019G to USD 93k in 2020G driven by the decrease in utilities and entertainment expenses partially offset by the increase in cleaning and office during the pandemic.

Others increased from USD 93k in 2020G to USD 113k in 2021G due to the increase in entertainment, and cleaning and office supplies during the period.

Impairment of property and equipment

During 2020G, the Company has recognized an impairment loss of USD 0.2m against one restaurant that management deemed as unusable in the subsequent period. Management believes that the recoverable amount of the impaired assets is nil.

Outlets closing

Outlets closing amounted to USD 0.2m in 2019G primarily due to the closure of 3 restaurants during the year. In 2020G, only one outlet was closed related to Red Lobster and the outlet closing costs associated with that particular restaurant was accounted for under discontinued operations.

Provisions other

Provisions other primarily relate to old office buildings and accommodations.

Provisions expense of USD 0.5m in 2019G was incurred in relation to the old office buildings and accommodations.

Other gains and losses

Table (5-177): Other gains and losses breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Rent concessions received	-	2,417	576	-	(76.2%)
Other gains	37	49	58	32.4%	18.2%
Rental income from a sub-lease	-	-	42	-	-
Liquidated damages received from contractors	-	-	40	-	-
Interest income from fixed deposits	-	81	22	-	(72.6%)
Attributable to the discontinued operations	-	(21)	-	-	(100.0%)
Loss / gain on disposal of property and equipment	-	67	(7)	-	(110.5%)
Foreign exchange (losses) / gains	-	163	(50)	-	(130.9%)
Total other gains and losses	**37**	**2,757**	**681**	**7,320.6%**	**(75.3%)**

Source: Audited financial statements and related financial information

Rent concession received

Rent concessions received represent rent concessions that were provided by landlords due to the COVID-19 impact and various lockdowns. The Company recorded one-off rent concessions of USD 2.4m in 2020G and USD 0.6m in 2021G.

Other gains

Other gains primarily relate to damage compensation and insurance claims.

Other gains increased from USD 37k in 2019G to USD 58k in 2021G driven by the civil work damage compensation received from a landlord.

Rental income from a sub-lease

Rental income from a sub-lease related to rent income from subleased locations. These costs were netted off against rent expenses during 2019G and 2020G.

Liquidated damages received from contractors

Liquidated damages recorded in 2021G amounted to USD 40k, which related to a penalty changed to a fit-out contractor for delaying construction work versus the agreed period.

Interest income from fixed deposits

Interest income from fixed deposits relates to deposits with a maturity of less than 90 days. The Company recorded an interest income relating to fixed deposits of USD 81k in 2020G and USD 22k in 2021G.

Loss / gain on disposal of property and equipment

The Company recorded a gain on disposal of property and equipment of USD 67k in 2020G and a loss of USD 7k in 2021G. The gain on disposal of the property related to the one restaurant closed during 2020G.

Foreign exchange (losses) / gains

Foreign exchange (losses)/ gains primarily pertains to losses / gains on the revaluation of foreign currency loans, bank accounts and current accounts with Related Parties.

The Company recorded a foreign exchange gain of USD 163k in 2020G and a loss of USD 50k in 2021G.

Financing costs

Table (5-178): Finance cost breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Interest on lease liabilities	1,768	1,748	1,263	(1.1%)	(27.7%)
Interest expense from discounting employees' end of service benefits	-	-	46	-	-
Attributable to discontinued operations	(69)	(38)	-	(45.0%)	(100.0%)
Total financing cost	**1,699**	**1,710**	**1,309**	**0.7%**	**(23.4%)**

Source: Audited financial statements and related financial information

Finance costs primarily constitute interest related to lease liabilities, interest on employee benefits and interest attributable to discontinued operations.

Total finance costs remained relatively stable between 2019G and 2020G at USD 1.7m.

Total finance costs decreased from USD 1.7m in 2020G to USD 1.3m in 2021G due to the decrease in the interest on lease liabilities. During 2020G, the Company entered into vehicle leasing arrangements to accommodate for the increase in business from home delivery. These contracts ended during 2020G. Accordingly, no interest on lease liabilities related to these vehicles were recorded in 2021G resulting in a decrease in interest on lease liabilities.

Loss from discontinued operations

Table (5-179): Loss from discontinued operations breakdown for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G	Variance (2019G-2020G)	Variance (2020G-2021G)
Revenues	1,301	664	-	(48.9%)	(100.0%)
Cost of revenues	(1,325)	(744)	-	(43.8%)	(100.0%)
General and administrative expenses	(20)	(7)	-	(66.2%)	(100.0%)
Marketing and selling expenses	(0)	-	-	(100.0%)	-
Finance cost	(69)	(38)	-	(45.0%)	(100.0%)
Loss before income tax	**(114)**	**(125)**		**9.4%**	**(100.0%)**
Income tax expense	-	-	-	-	-
Loss after income tax of discontinued operation	**(114)**	**(125)**	**-**	**9.4%**	**(100.0%)**
Gain on sale of property and equipment's	-	21	-	-	(100.0%)
Loss from discontinued operation	**(114)**	**(104)**	**-**	**(8.7%)**	**(100.0%)**

Source: Audited financial statements and related financial information

During the year ended 31 December 2020G, the Company has discontinued "**Red Lobster**" franchise and disposed of all its related assets as shown in the table above.

Profit for the year and net profit margin for the year

Profit for the year decreased by 20.9% from USD 12.9m in 2019G to USD 10.2m in 2020G driven by the decline in gross profit on the back of COVID-19, which was not offset by a similar decline in operating expenses (a certain portion of the Company's expenses are fixed in nature).

Net profit margin decreased from 11.6% in 2019G to 10.3% in 2020G driven by (i) increase in general and administrative expenses as a percentage of revenues from 3.1% in 2019G to 3.9% in 2020G. (ii) decline in gross profit margin from 21.6% in 2019G to 18.6% in 2020G, partially offset by the increase in other income driven by the USD 2.4m rent concession received from the landlords during the year.

Profit for the year increased by 3.9% from USD 10.2m in 2020G to USD 10.6m in 2021G driven by the increase in gross profit by 31.1% from USD 18.4m in 2020G to USD 24.1m in 2021G as revenues exceeded pre-COVID-19 levels, offset by the decrease in rent concessions, legal case provision and increase in advertising and promotion campaigns.

Net profit margin decreased from 10.3% in 2020G to 8.5% in 2021G driven by (i) the increase in marketing and selling expenses as a percentage of revenues since no concessions were provided from the host brands during 2021G in relation to minimum marketing spend and (ii) the increase in general and administrative expenses as a result of the increase in provisions in relation to legal cases recorded during the year. The aforementioned factors were partially offset by the improvement in gross profit margin as a result of revenues growing while fixed costs within cost of revenues did not increase at the same rate (for example: depreciation right-of-use, cleaning and office supplies, and depreciation of property plant and equipment).

5.5.6.2 Statement of financial position of Qatar Food Company W.L.L.

Table (5-180): Statement of financial position as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Property and equipment	11,641	8,404	11,474
Right-of-use-assets	42,406	39,633	39,541
Intangible assets	1,139	1,077	1,479
Total non-current assets	**55,186**	**49,114**	**52,495**
Inventories	5,619	7,020	7,350
Trade receivables and other receivables	3,651	3,662	3,056
Due from Related Parties	504	8	46
Cash and bank balances	9,192	10,209	12,818
Assets classified as held for sale	-	1,251	-
Total current assets	**18,966**	**22,150**	**23,270**
Total assets	**74,152**	**71,264**	**75,764**
Employees' end of service benefits	3,758	3,235	3,079
Lease liabilities	30,344	28,309	26,893
Total non-current liabilities	**34,102**	**31,543**	**29,972**
Trade payables	5,033	6,235	6,571
Due to Related Parties	942	2,730	3,534
Current portion of lease liabilities	13,332	13,403	14,785
Accruals and other liabilities	6,293	5,196	6,428
Tax liability	1,434	1,451	1,809
Bank overdraft	20	12	-
Provisions	-	401	1,977
Total current liabilities	**27,054**	**29,428**	**35,104**
Total liabilities	**61,156**	**60,971**	**65,076**
Share capital	55	55	55
Legal reserve	27	27	27
Other reserve	-	-	31
Retained earnings	12,914	10,210	10,575
Total equity	**12,996**	**10,293**	**10,688**
Total liabilities and equity	**74,152**	**71,264**	**75,764**

Source: Audited financial statements and related financial information

Non-current assets

Table (5-181): Non-current assets as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Property and equipment	11,641	8,404	11,474
Right-of-use-assets	42,406	39,633	39,541
Intangible assets	1,139	1,077	1,479
Total non-current assets	**55,186**	**49,114**	**52,495**

Source: Audited financial statements and related financial information

Property and equipment

Table (5-182): Property and equipment net book value as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	Additions & transfers	Transfer to assets classifies as held for sale	Disposals/ retirements	Impairment loss	Depreciation charge	2020G	Additions & transfers	Disposals/ retirements	Depreciation charge	2021G
Design and decorations	**3,682**	1,257	-	(12)	-	(1,217)	**3,709**	2,838	-	(1,216)	**5,331**
Refrigerating rooms	**56**	-	-	(54)		(2)	**0**	-	-	-	**0**
Refrigerating restaurants	**271**	105	-	27		(113)	**290**	243	-	(128)	**405**
Machinery and equipment	**1,844**	241	-	(33)		(556)	**1,496**	1,312	(1)	(506)	**2,301**
Refrigeration equipment	**286**	30	-	-		(114)	**202**	194	-	(114)	**283**
Air conditioners	**725**	147	-	(3)		(183)	**685**	575	(3)	(227)	**1,030**
Motor vehicles	**117**	-	-	(16)		(31)	**70**	43	-	(25)	**88**
Furniture and fixtures	**500**	134	-	(1)		(141)	**492**	87	(5)	(140)	**434**
Computer equipment	**878**	523	-	(19)		(372)	**1,010**	619	(5)	(392)	**1,231**
Capital work in progress	**3,283**	(33)	(2,564)	-	(235)	-	**451**	(79)	-	-	**372**
Net book value	**11,641**	**2,403**	**(2,564)**	**(111)**	**(235)**	**(2,729)**	**8,404**	**5,832**	**(14)**	**(2,748)**	**11,474**

Source: Audited financial statements and related financial information

Design and decorations

Design and decorations amounted to USD 5.3m as at 31 December 2021G mainly comprised decorations and design contracts with vendors related to restaurants.

Design and decorations remained relatively stable primarily due to additions and transfers of USD 1.3m in relation to 4 new restaurant openings in 2020G, partially offset by the depreciation charge of USD 1.2m.

Design and decorations increased from USD 3.7m as at 31 December 2020G to USD 5.3m as at 31 December 2021G primarily due to additions and transfers of USD 2.8m in relation to the opening 14 new restaurants, partially offset by the depreciation charge of USD 1.2m.

Refrigerating rooms

Refrigerating rooms mainly represent cold rooms in warehouses.

Refrigerating rooms decreased from USD 56k as at 31 December 2019G to nil as at 31 December 2020G as a result of a disposals of USD 54k and depreciation charge of USD 2k.

No additions, transfers and disposals were made to refrigerating rooms between 31 December 2020G and 31 December 2021G after shifting to 3rd party providers for warehousing services.

Refrigerating restaurants

Refrigerating restaurants mainly represent cold rooms in restaurant back areas.

Refrigerating restaurants increased from USD 271k as at 31 December 2019G to USD 290k as at 31 December 2020G as a result of additions and transfers USD 105k partially offset by a depreciation charge of USD 113k.

Refrigerating restaurants increased from USD 290k as at 31 December 2020G to USD 405k as at 31 December 2021G as a result of additions and transfers of USD 243k partially offset by the depreciation charge of USD 128k.

Additions in 2020G and 2021G were primarily driven by the increase in the number of operating restaurants between 31 December 2019G and 31 December 2020G.

Machinery and equipment

As at 31 December 2021G, Machinery and equipment of USD 2.3m related to in-restaurant and warehouses equipment.

Machinery and equipment decreased from USD 1.8m as at 31 December 2019G to USD 1.5m as at 31 December 2020G as a result of depreciation charge of USD 0.5m and a disposal of USD 33k partially offset by additions and transfers of USD 0.2m.

Machinery and equipment increased from USD 1.5m as at 31 December 2020G to USD 2.3m as at 31 December 2021G primarily as a result of additions and transfers of USD 1.3m partially offset by the depreciation charge of USD 0.5m.

Additions in 2020G and 2021G were primarily driven by the increase in the number of operating restaurants between 31 December 2019G and 31 December 2020G.

Refrigeration equipment

Refrigerating equipment mainly represent chillers and freezers.

Refrigerating equipment decreased from USD 0.3m as at 31 December 2019G to USD 0.2m as at 31 December 2020G as a result of the depreciation charge of USD 0.1m.

Refrigerating equipment increased from USD 0.2m as at 31 December 2020G to USD 0.3m as at 31 December 2021G primarily due to additions of USD 0.2m offset by a depreciation charge of USD 0.1m.

Air conditioners

Air conditioners decreased from USD 725k as at 31 December 2019G to USD 685k as at 31 December 2020G as a result of the depreciation charge of USD 183k partially offset by additions and transfers of USD 147k.

Air conditioners increased from USD 0.7m as at 31 December 2020G to USD 1.0m as at 31 December 2021G primarily due to additions and transfers of USD 0.6m offset by a depreciation charge of USD 0.2m.

Motor vehicles

Motor vehicles are primarily related to the distribution trucks owned by the Company, staff transportation buses and home delivery vehicles.

Motor vehicles decreased from USD 117k as at 31 December 2019G to USD 70k as at 31 December 2020G primarily as a result of the depreciation charge of USD 31k and disposals of USD 16k.

Motor vehicles increased from USD 70k as at 31 December 2020G to USD 88k as at 31 December 2021G primarily due to additions and transfers of USD 43k offset by a depreciation charge of USD 25k.

Furniture fixtures

Furniture and fixtures of USD 434k as at 31 December 2021G mainly comprised restaurant furniture and fixtures.

Furniture and fixtures slightly decreased from USD 500k as at 31 December 2019G to USD 492k as at 31 December 2020G as a result of the depreciation charge of USD 141k partially offset by additions and transfers of USD 134k.

Furniture and fixtures further decreased from USD 492k as at 31 December 2020G to USD 434k as at 31 December 2021G primarily due to a deprecation charge of USD 140k offset by additions and transfers of USD 87k.

Computer equipment

Computer equipment increased from USD 0.9m as at 31 December 2019G to USD 1.0m as at 31 December 2020G as a result of additions and transfers of USD 0.5m partially offset by a depreciation charge of USD 0.4m.

Computer and equipment further increased from USD 1.0m as at 31 December 2020G to USD 1.2m as at 31 December 2021G primarily related to additions and transfers of USD 0.6m partially offset by depreciation and disposals USD 0.4m.

Capital work in progress

Capital work in progress of USD 0.3m as at 31 December 2021 primarily related to restaurants under construction and commissary under construction.

Capital work in progress decreased from USD 3.3m as at 31 December 2019G to USD 0.5m as at 31 December 2020G primarily driven by transfers to assets classified as held for sale of USD 2.6m related to a warehouse which is not yet completed and not in use.

Capital work in progress further decreased from USD 0.5m as at 31 December 2020G to USD 0.4m as at 31 December 2021G due to transfers of USD 79k.

Table (5-183): Useful life in years as at 31 December 2019G, 2020G and 2021G of Qatar Food Company W.L.L.:

	Useful life in years
Design and decoration	Lower of lease term or 5 years
Refrigerating rooms	13.3
Refrigerating restaurants	5.0
Machinery and equipment	6.7
Refrigerating equipment	4.0
Air conditioners	10.0
Motor vehicle	4.0
Furniture and fixtures	6.7
Computers equipment	5.0

Source: Audited financial statements and related financial information

Right-of-use assets

Table (5-184): Right-of-use assets NVB as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Buildings	42,094	39,298	38,519
Vehicles	312	336	1,022
Total right of use assets	**42,406**	**39,633**	**39,541**

Source: Management information

Table (5-185): Right-of-use assets net book value breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	Additions	Disposals	Charge for the year	2020G	Additions	Disposals	Charge for the year	2021G
Building	42,094	32,611	(21,490)	(13,864)	39,298	13,078	(0)	(13,857)	38,519
Vehicles	312	772	(373)	(428)	336	1,158	-	(471)	1,022
Net book value	**42,406**	**33,383**	**(21,863)**	**(14,292)**	**39,633**	**14,236**	**(0)**	**(14,328)**	**39,541**

Source: Management information

As at 31 December 2021G the right of use assets related to 100 restaurants, 14 staff accommodation, 269 vehicles, and 13 other facilities (call center, administrative offices, storage space etc.).

Net book value of right-of-use assets decreased from USD 42.4m as at 31 December 2019G to USD 39.6m as at 31 December 2020G as a result of disposals of USD 21.9m and charge for the year of USD 14.3m partially offset by additions of USD 33.4m.

Net book value of right-of-use assets decreased from USD 39.6m m as at 31 December 2020G to USD 39.5m as at 31 December 2021G due to additions of USD 14.2m offset by the depreciation charge for the year of USD 14.3m.

Intangible assets

Table (5-186): Intangible assets net book value as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	Additions	Disposals	Charge for the year	2020G	Additions	Disposals	Charge for the year	2021G
Franchise rights	1,139	131	-	(193)	1,077	622	-	(220)	1,479
Net book value	**1,139**	**131**	**-**	**(193)**	**1,077**	**622**	**-**	**(220)**	**1,479**

Source: Audited financial statements and related financial information

Net book value of intangible assets as at 31 December 2021G primarily related to franchise fees paid to the host brands and are amortized over the life of the agreement / restaurant license period.

Net book value of intangible assets slightly decreased from USD 1,139k as at 31 December 2019G to USD 1,077k as at 31 December 2020G. The decrease in intangible assets during 2020G was primarily driven by the depreciation charge for the year USD 193k.

Net book value of intangible assets increased from USD 1.1m as at 31 December 2020G to USD 1.5m as at 31 December 2021G. The increase in intangible assets during 2021G was primarily driven by the additions of USD 0.6m related to restaurants opening in 2021G partially offset by the amortization expense of USD 0.2m.

The additions in both 2020G and 2021G are primarily related to the expansion of the business and the opening of new restaurants (four restaurants in 2020G and 14 restaurants in 2021G).

Current assets

Table (5-187): Current assets as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Inventories	5,619	7,020	7,350
Trade receivables and other receivables	3,651	3,662	3,056
Due from Related Parties	504	8	46
Cash and bank balances	9,192	10,209	12,818
Assets classified as held for sale	-	1,251	-
Total current assets	**18,966**	**22,150**	**23,270**

Source: Audited financial statements and related financial information

Inventories

Table (5-188): Inventories breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Food stuff	3,999	4,447	4,857
Packing materials	660	829	1,040
Goods in transit	-	409	308
Supplies and marketing materials	493	944	712
Spare parts	1,068	1,069	1,125
Total	**6,219**	**7,698**	**8,042**
Less: Provision for slow moving items	(600)	(678)	(692)
Total inventories	**5,619**	**7,020**	**7,350**

Source Audited financial statements and related financial information

Food stuff

Food stuff primarily includes food items such as cheese, meat and chicken, bread, beverages and other smaller raw materials balances such as condiments and spices.

Food stuff increased from USD 4.0m as at 31 December 2019G to USD 4.4m as at 31 December 2020G as a result of receiving the inventory based on predetermined scheduled delivery plan while revenues decreased during the same period.

Food stuff further increased from USD 4.4m as at 31 December 2020G to USD 4.9m as at 31 December 2021G driven by revenues expansion during 2021G compared to 2020G as the business grew beyond pre-COVID-19 levels.

Packing materials

Packing material increased from USD 0.7m as at 31 December 2019G to USD 0.8m as at 31 December 2020G and to USD 1.0m as at 31 December 2021G primarily due to the expansion of home delivery revenues (which require more packing material) coupled with the increase in the number of operating restaurants as four new restaurants and 14 new restaurants were opened in 2020G and 2021G, respectively.

Goods in transit

Goods in transit were nil as at 31 December 2019G, and decreased from USD 0.4m as at 31 December 2020G to USD 0.3m as at 31 December 2021G due to timing differences.

Supplies and marketing materials

Supplies and marketing materials primarily include marketing and promotional items.

Supplies and marketing materials increased from USD 0.5m as at 31 December 2019G to USD 0.9m as at 31 December 2020G as the supplies of the promotional campaigns had already been pre-ordered prior to the onset of COVID-19.

Supplies and marketing materials decreased from USD 0.9m as at 31 December 2020G to USD 0.7m as at 31 December 2021G driven by the use of available supplies from 2020G.

Spare parts

Spare parts remained fairly stable with a balance of USD 1.1m as at 31 December 2019G, 31 December 2020G, and 31 December 2021G primarily due to the Company's efforts to rationalize the purchasing of spare parts.

Provision for slow moving items

Provision for slow moving items increased from USD 600k as at 31 December 2019G to USD 678k as at 31 December 2020G and further to USD 692k as at 31 December 2021G primarily due to the increase in the spare parts ageing and the other items aged above 6 months

Trade and other receivables

Table (5-189): Trade and other receivables breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Gross trade receivables	1,391	1,401	1,456
Loss allowance	(2)	(2)	(0)
Net trade receivables	**1,389**	**1,398**	**1,455**
Prepaid expenses	802	588	522
Refundable deposits and other receivables	2,556	2,686	2,434
Staff furniture allowances	9	74	88
Staff advances	9	20	27
Advances to suppliers	-	10	6
Other debit balances	23	21	88
Total	**4,788**	**4,799**	**4,620**
Less: provision for impairment of prepaid rent and refundable deposits	(1,137)	(1,137)	(1,564)
Total trade and other receivables	**3,651**	**3,662**	**3,056**

Source: Audited financial statements and related financial information

Gross trade receivables

Gross trade receivables primarily comprised receivables from aggregators, institutional and catering customers.

Gross trade receivables increased slightly from USD 1.39m as at 31 December 2019G to USD 1.40m as at 31 December 2020G primarily as a result of the increase in home delivery revenues generated through aggregators partially offset by the decrease in the revenues to institutional and catering customers (due to COVID-19 related restrictions).

Gross trade receivables increased from USD 1.4m as at 31 December 2020G to USD 1.5m as at December 2021G primarily as a result of increased revenues and the further growth in home delivery revenues.

Loss allowance

Loss allowance remained stable as at 31 December 2019G and 31 December 2020G at USD 2k. Loss allowance decreased from USD 2k as at 31 December 2020G to nil as at 31 December 2021G.

Prepaid expenses

Prepaid expenses related to residence permits, housing expenses, legal fees, medical insurance, rent, maintenance charges and other minor balances.

Prepaid expenses decreased from USD 0.8m as at 31 December 2019G to USD 0.6m as at December 2020G and further decreased to USD 0.5m as at 31 December 2022G mainly as a result of the reduction in rent for restaurants and staff accommodation after management negotiated shorter prepayment periods and rent concessions.

Refundable deposits and other receivables

Refundable deposits and other receivables primarily relate to rent deposits paid to landlords.

Refundable deposits and other receivables increased from USD 2.6m as at 31 December 2019G to USD 2.7m as at 31 December 2020G as the operating restaurants increased during the period from 71 to 74.

Refundable deposits and other receivables decreased from USD 2.7m as at 31 December 2020G to USD 2.4m as at 31 December 2021G as management provided bank guarantees for new restaurants instead of refundable deposits.

Staff furniture allowances

Staff furniture allowances primarily include allowances granted to employees in order to purchase furniture. These allowances are subsequently amortized over time. Only new employees were eligible for staff furniture allowances.

Staff furniture allowances increased from USD 9k as at 31 December 2019G to USD 74k as at 31 December 2020G due to hiring new employees, who are eligible for the furniture allowance.

The balance further increased to USD 88k as at 31 December 2021G within the normal course of business as new employees were hired.

Staff advances

Staff advances primarily include housing allowances granted to employees that are subsequently deducted from the employee's monthly salary.

Staff advances increased from USD 9k as at 31 December 2019G to USD 20k as at 31 December 2020G and USD 27k as at 31 December 2021G within the normal course of business as more employees opted to utilise the allowance.

Advances to suppliers

Advances to suppliers include advances to trade suppliers primarily for critical inventory items.

Advances to suppliers were nil as at 31 December 2019G and decreased from USD 10k as at 31 December 2020G to USD 6k as at 31 December 2021G within the normal course of business.

Other debit balances

Other debit balances primarily related to receivable from sale of used oil.

Other debit balances remained broadly stable as at 31 December 2019G and 31 December 2020G. Other debit balances increased from USD 21k as at 31 December 2020G to USD 88k as at 31 December 2021G.

Provision for impairment of prepaid rent and refundable deposits

Provision for impairment of prepaid rent and refundable deposits related to refundable deposits against which the Company filed a legal case.

Provision for impairment of prepaid rent and refundable deposits remained stable between December 2019G and December 2020G.

Provision for impairment of prepaid rent and refundable deposits increased from USD 1.1m as at 31 December 2020G to USD 1.6m as at 31 December 2021G as a result of additional provisions booked against disputed locations.

Due from Related Parties' balances

Table (5-190): Due from Related Parties' balances as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	Nature of relationship	2019G	2020G	2021G
Due from Related Parties				
Kuwait Food Company (Americana) K.S.C.C	Former Parent Company	366	-	17
Kuwait Food Company Americana LLC	Entities under common control	135	-	1
The Caspian International Restaurants Company LLP	Entities under common control	3	7	7
Gulf Food Industries Company (California Garden) FZE	Entities under common control	0	-	21
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd	Entities under common control	-	1	-
Total due from Related Parties		**504**	**8**	**46**

Source: Audited financial statements and related financial information

Due from Related Parties decreased from USD 504k as at 31 December 2019G to USD 8k as at 31 December 2020G as a result of the settlement of USD 366k from Kuwait Food Company (Americana) K.S.C.C and the settlement of USD 135k franchise fee from Kuwait Food Company Americana LLC which were collected during 2020G.

Cash and cash equivalents

Table (5-191): Cash and cash equivalents breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Cash on hand	78	75	79
Cash at bank	6,089	3,813	6,151
Deposits	3,025	6,321	6,588
Gross cash and cash equivalents	**9,192**	**10,209**	**12,818**
Less: bank overdrafts	(20)	(12)	-
Total cash and cash equivalents	**9,172**	**10,197**	**12,818**

Source: Audited financial statements and related financial information

Cash and cash equivalents represent the Company's bank accounts, interest earning deposits and cash on hand less bank overdrafts during the year (recorded within current liabilities). Cash and cash equivalents increased from USD 9.2m as at 31 December 2019G to USD 10.2m as at 31 December 2020G and further increased to USD 12.8m as at 31 December 2021G. For more details refer to the cash flow statement section.

Assets classified as held for sale

Table (5-192): Assets classified as held for sale as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Cost reclassified from property and equipment	-	2,564	2,564
Impairment recognized	-	(1,313)	(2,564)
Transferred to property and equipment	-	-	0.0
Fair value less cost to sell	**-**	**1,251**	**-**

Source: Audited financial statements and related financial information

As at 31 December 2020G, management had classified a warehouse, which was still under construction as held for sale as it was decided to sell it in its present condition without any additional capital expenditure. Management decided to measure the warehouse at the lower of its carrying amount and fair value less costs to sell amounting to USD 1.3m.

Commitment and contingent liabilities

Table (5-193): Commitment and contingent liabilities as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Contractual obligation	719	525	574
Letters of guarantee	320	77	55
Total commitment and contingent liabilities	**1,039**	**602**	**629**

Source: Audited financial statements and related financial information

The Company had contractual obligations in relation to contracts relating to future restaurant openings of USD 0.6m as at 31 December 2021G (USD 0.7m as at 31 December 2019G and USD 0.5m as at 31 December 2020G).

Additionally, the Company has irrevocable letters of guarantee from HSBC bank in relation to new restaurant openings for USD 55k as at 31 December 2021G (USD 320k as at 31 December 2019G and USD 77k as at 31 December 2020G).

Non-current liabilities

Table (5-194): Non-current liabilities as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Employees' end of service benefits	3,758	3,235	3,079
Lease liabilities	30,344	28,309	26,893
Total non-current liabilities	**34,102**	**31,543**	**29,972**

Source: Audited financial statements and related financial information

Lease liabilities

Table (5-195): Lease liabilities breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Lease liability current	13,332	13,403	14,785
Lease liability non-current	30,344	28,309	26,893
Total lease liabilities	**43,675**	**41,711**	**41,678**

Source: Audited financial statements and related financial information

Lease liabilities decreased from USD 43.7m as at 31 December 2019G to USD 41.7m as at 31 December 2020G as a result of rent concessions received from the landlords of USD 2.4m during 2020G.

Lease liabilities remained stable at USD 41.7m between 31 December 2020G and 31 December 2021G as a result of additions and payments offsetting each other during 2021G.

Employees' end of service benefits

Table (5-196): Employees' end of service benefits breakdown as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
At 1 January	**4,223**	**3,758**	**3,235**
Provided during the year	599	548	513
Transfer to employees' payables	(330)	(271)	-
Interest expenses	-	-	46
Remeasurement gains arising from changes in actuarial assumptions	-	-	(31)
Paid benefits during the year	(733)	(801)	(684)
As at 31 December	**3,758**	**3,235**	**3,079**

Source: Audited financial statements and related financial information

End of service benefits are calculated in accordance with the labour laws of Qatar.

End of service benefits slightly decreased from USD 3.8m as at 31 December 2019G to USD 3.2m as at 31 December 2020G driven by the benefits paid during the year of USD 0.8m and the transfer to employees payables USD 0.3m, partially offset by the end of service benefits provisions during the year of USD 0.5m.

End of service benefits further decreased from USD 3.2m as at 31 December 2020G to USD 3.1m as at 31 December 2021G driven by the benefits paid during 2021G of USD 0.7m and remeasurement gains arising from changes in actuarial assumptions of USD 31k in line with the IAS 19 calculation partially offset by the end of service benefits provisions during the year of USD 0.5m and the interest cost of 46k.

Current liabilities

Table (5-197): Current liabilities as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Trade payables	5,033	6,235	6,571
Due to Related Parties	942	2,730	3,534
Current portion of lease liabilities	13,332	13,403	14,785
Accruals and other liabilities	6,293	5,196	6,428
Tax liability	1,434	1,451	1,809
Bank overdraft	20	12	-
Provisions	-	401	1,977
Total current liabilities	**27,054**	**29,428**	**35,104**

Source: Audited financial statements and related financial information

Trade and other payables

Trade payables increased from USD 5.0m as at 31 December 2019G to USD 6.2m as at 31 December 2020G primarily driven by the temporary stretching by management to manage cash.

Trade payables further increased from USD 6.2m as at 31 December 2020G to USD 6.6m as at 31 December 2021G as the level of purchases increased with the expansion of business activity during 2021G.

Table (5-198): Due to Related Parties' balances as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	Nature of relationship	2019G	2020G	2021G
Due to Related Parties				
Rass Bu Abboud Trading Company W.L.L.-Qatar	Entities under common control	830	2,564	3,424
Al Ahlia Restaurant Company LLC	Entities under common control	113	107	-
Kuwait Food Company Americana LLC	Entities under common control	-	59	104
Americana Kuwait Company Restaurants WLL	Entities under common control	0	0	3
Bahrain & Kuwait Restaurant Co. WLL	Entities under common control	-	-	4
International Tourism Restaurants Company LLC	Entities under common control	-	0	-
Total due to Related Parties		**942**	**2,730**	**3,534**

Source: Audited financial statements and related financial information

Due to Related Party balances as at 31 December 2021G primarily related to purchases of raw materials from entities under common control.

Due to Related Parties' balances increased from USD 0.9m as at 31 December 2019G to USD 2.7m as at 31 December 2020G due to postponed payments.

Due to Related Parties further increased to USD 3.5m as at December 2021G, primarily due to an increase in purchases from entities under common control between 2020G and 2021G.

Accruals and other liabilities

Table (5-199): Accruals and other liabilities as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Accrued expenses	4,090	3,941	4,658
Retention payables	296	292	580
Other creditors	1,907	964	1,189
Total accruals and other liabilities	**6,293**	**5,196**	**6,428**

Source: Audited financial statements and related financial information

Accruals and other payables decreased from USD 6.3m as at 31 December 2019G to USD 5.2m as at 31 December 2020G primarily due to the decrease in:

- Accrued expenses from USD 4.1m as at 31 December 2019G to USD 3.9m as at 31 December 2020G in relation to the reduction in accrued bonus and COVID-19 reliefs in utilities.
- Other creditors from USD 1.9m as at 31 December 2020G to USD 1.0m at 31 December 2021G primarily due to the reclassification of legal provisions.

Accruals and other payables increased from USD 5.2m as at 31 December 2020G to USD 6.4m as at December 2021G primarily due to the increase in:

- Accrued expenses from USD 3.9m as at 31 December 2020G to USD 4.7m as at 31 December 2021G in relation to the increase in accruals related to aggregator commission and yearly bonuses.
- Retention payables increased from USD 0.3m as at 31 December 2020G to USD 0.6m as at 31 December 2021G in relation to the new restaurant openings during 2021G.
- Other creditors from USD 1.0m as at 31 December 2020G to USD 1.2m as at 31 December 2021G in line with the resumption of business.

Tax liability

Table (5-200): Tax liability as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Beginning balance	1,144	1,434	1,451
Current year charge	1,434	1,451	1,716
Prior year adjustments	-	152	(48)
Paid during the year	(1,144)	(1,586)	(1,310)
Ending balance	**1,434**	**1,451**	**1,809**

Source: Audited financial statements and related financial information

Tax liability remained relatively stable between 31 December 2019G (**USD 1.4m**) and 31 December 2020G (**USD 1.5m**) primarily due to the increase resulting in the current year charge (**USD 1.5m**) and the prior year adjustment (**USD 0.2m**), the increase was partially offset by the decrease due to the payments made during 2020G (**USD 1.6m**).

Tax liability increased as at 31 December 2021G (**USD 1.8m**) primarily due to the increase resulting in the current year charge (**USD 1.7m)** in line with the increase in profits before tax in 2021G compared to 2020G partially offset by the decrease resulting from the payments done during 2021G (**USD 1.3m**).

Provisions

Table (5-201): Provisions as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
At 1 January	-	**275**	**401**
Provided during the year	-	126	1,576
As at 31 December	-	**401**	**1,977**

Source: Audited financial statements and related financial information

Provision recorded as at 31 December 2020G and 31 December 2021G primarily relate to a legal case for the maintenance and restoration of a building that the Company has used for offices, staff accommodation and call center. The legal case is pertained to damages to the building structure caused by water leakage and miscellaneous modifications on the layout of the building.

Subsequent to the year ended 31 December 2021G, the final verdict has been reached by the appeal court against the Company for USD 2.0m.

Total equity

Table (5-202): Total equity as at 31 December 2019G, 31 December 2020G, and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Share capital	55	55	55
Legal reserve	27	27	27
Other reserve	-	-	31
Retained earnings	12,914	10,210	10,575
Total equity	**12,996**	**10,293**	**10,688**

Source: Audited financial statements and related financial information

Share capital

Share capital represents 200 shares with a value per share of USD 275 (QR 1000). Share capital remained the same between 31 December 2019G and 31 December 2021G.

Legal reserve

Legal reserve is in accordance with Qatar Commercial Companies Law and the Company's Articles of Association, 10% of the net profit for the year is to be transferred to the legal reserve account. This reserve is to be maintained until the reserve equals 50% of the paid capital and is not available for distribution except in circumstances specified by the law. No further transfer was made to the legal reserve in the current year as it reached 50% of the paid-in capital.

Other reserve

Other reserves primarily relate to the adjustments of end of service benefits based on the IAS 19.

Retained earnings

Table (5-203): Retained earnings as at 31 December 2019G, 31 December 2020G and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Opening balance	9,393	12,914	10,210
Total comprehensive income for the year	12,914	10,210	10,575
Dividends declared and paid in cash	(9,393)	(12,914)	(10,210)
Closing balance	**12,914**	**10,210**	**10,575**

Source: Audited financial statements and related financial information

Retained earnings decreased from USD 12.9m as at 31 December 2019G to USD 10.2m as at 31 December 2020G primarily due to dividends (USD 12.9m) exceeding the total comprehensive income (USD 10.2m) for the year recorded during 2020G.

Retained earnings increased from USD 10.2m as at 31 December 2020G to USD 10.6m as at 31 December 2021G as a result of the recorded total comprehensive income (USD 10.6m) during 2021G offset by the dividends distributed (USD 10.2m) during 2021G.

5.5.6.3 Statement of cash flows of Qatar Food Company W.L.L.

Table (5-204): Statement of cash flows for the years ended 31 December 2019G, 31 December 2020G and 31 December 2021G of Qatar Food Company W.L.L.:

Currency: USD000	2019G	2020G	2021G
Continuing operations	14,462	11,766	12,290
Discontinued operations	(114)	(104)	-
Profit before income tax including discontinued operations	**14,348**	**11,662**	**12,290**
Adjustments for:			
Depreciation of property and equipment	2,988	2,728	2,748
Depreciation of right of use assets	11,979	14,292	14,328
Amortisation of intangible assets	202	193	220
Write-off of property and equipment and intangible assets	216	111	-
Impairment for property and equipment	-	235	-
Impairment for assets classified as held for sale	-	1,313	1,251
Provision for employees' end of service benefits	599	548	513
Provision for slow moving items in inventories	88	99	147
Impairment of prepaid rent and refundable deposits	-	-	428
Provision for legal cases	-	-	1,576
Loss from disposal of property and equipment	-	-	7
Finance charges	1,768	1,748	1,309
Operating profit before changes in working capital	**32,187**	**32,930**	**34,818**
Changes in working capital:			
Changes in inventories	925	(1,400)	(477)
Changes in trade receivables and other receivables	(874)	(11)	179
Changes in due from Related Parties	(52)	496	(38)
Changes in trade payables	1,053	1,201	336
Changes in accruals and other credit balances	780	(696)	1,231
Changes in due to Related Parties	459	1,788	804
Cash generated from operations	**34,477**	**34,308**	**36,853**
Income tax paid	(1,144)	(1,586)	(1,310)
Employees' end of service benefits paid	(733)	(801)	(684)
Interest paid	(1,768)	(1,748)	(1,263)
Net cash generated from operating activities	**30,831**	**30,173**	**33,596**
Cash flows from investing activities			
Purchase of property and equipment	(3,348)	(2,402)	(5,832)
Proceeds from disposals	-	-	7
Acquisition of intangible assets	(309)	(131)	(622)
Net cash used in investing activities	**(3,657)**	**(2,533)**	**(6,447)**
Cash flows from financing activities			
Principal elements of lease payment	(10,206)	(13,701)	(14,318)
Dividends declared and paid	(9,393)	(12,914)	(10,210)
Net cash used in financing activities	**(19,600)**	**(26,615)**	**(24,528)**
Net increase in cash and bank balances	**7,575**	**1,026**	**2,621**
Cash and cash equivalents at beginning of the year	1,597	9,172	10,197
Cash and bank balances at end of the year [1]	**9,172**	**10,197**	**12,818**

Source: Audited financial statements and related financial information

1 Cash and bank balances at end of the year presented in the cash flow statement is different from what is presented in the statement of financial position due to bank overdraft balances of USD 20k and USD 12k as at 31 December 2019G and 2020G.

Net cash generated from operating activities

Net cash generated from operating activities decreased from USD 30.8m in 2019G to USD 30.2m in 2020G primarily due to:

- The decrease in profit before income tax including discontinued operations from USD 14.3m in 2019G to USD 11.7m in 2020G, driven by the decrease in continuing operations by 18.6%.
- The decrease in cash generated as a result of changes in working capital from a cash inflow of USD 2.3m in 2019G to a cash inflow of USD 1.4m in 2020G is driven by the cash outflow from inventory of USD 1.4m.
- Partially offset by the increased adjustments of non-cash items from a cash inflow USD 17.8m in 2019G to a cash inflow of USD 21.3m in 2020G, driven by the positive adjustments of the impairment for both assets classified as held for sale and PP&E of USD 1.6m and the increase in the depreciation of right-of-use assets from USD 12.0m in 2019G to USD 14.3m in 2020G.

Net cash generated from operating activities increased from USD 30.2m in 2020G to USD 33.6m in 2021G as a result of:

- The increase in profit before income tax including discontinued operations from USD 11.7m in 2020G to USD 12.3m in 2021G as the COVID-19 impact subsided.
- The increase in non-cash adjustments from a positive impact of USD 21.3m in 2020G to USD 22.5m in 2021G primarily due to the increase in provisions of USD 1.6m and the impairment of prepaid rent and refundable deposits for USD 0.4m.
- The increase in the cash generated as a result of changes in working capital from USD 1.4m in 2020G to USD 2.0m in 2021G.

Net cash used in investing activities

Net cash used in investing activities decreased from USD 3.7m in 2019G to USD 2.5m in 2020G primarily driven by the decrease in cash used to purchase property and equipment from USD 3.3m in 2019G to USD 2.4m in 2020G as fewer restaurants were opened during 2020G compared to 2019G.

Net cash used in investing activities increased from USD 2.5m in 2020G to USD 6.4m in 2021G primarily due to the increase in cash used in purchasing property and equipment from USD 2.4m in 2020G to USD 5.8m in 2021G.

Net cash used in financing activities

Net cash used in financing activities increased from USD 19.6m in 2019G to USD 26.6m in 2020G as a result of the increase in the principal payments made against lease liabilities combined with the increase in dividends declared and paid during 2020G.

Net cash used in financing activities decreased from USD 26.6m in 2020G to USD 24.5m in 2021G as a result of the decrease in dividend payments from USD 12.9m in 2020G to USD 10.2m in 2021G, partially offset by the increase of principal payments made against lease liabilities from USD 13.7m to USD 14.3m.

5.6 Summary of significant accounting policies as presented in the condensed interim financial statements for the six months period ended 30 June 2022G

Statement of compliance

The condensed interim carve-out financial statements for the six months period ended 30 June 2022G have been prepared in accordance with IAS 34, 'interim financial reporting'. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the condensed interim carve-out financial position. The condensed interim carve-out financial statements do not include all the information required for full annual consolidated financial and should be read in conjunction with the annual special purpose carve-out financial statements for the years ended 31 December 2019G, 2020G and 2021G.

Basis of preparation

The condensed interim carve-out financial statements have been prepared on a historical cost convention except for the defined benefit obligation which is recognised at the present value of future obligations using the projected unit credit method and the revaluation of derivative financial instrument. The accompanying condensed interim carve-out financial statements have been prepared for inclusion in the Company's initial public offering document to be filed in connection with the listing of the Company on the ADX in the United Arab Emirates and the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia.

Critical accounting estimates and judgements

The preparation of these condensed interim carve-out 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. In preparing these condensed interim carve-out financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual carve-out financial statements for the years ended 31 December 2019G, 2020G and 2021G.

Basis of consolidation

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 condensed interim carve-out 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 condensed interim carve-out 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 condensed interim carve-out statement of income.

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

The condensed interim carve-out financial statements comprises the condensed interim carve-out financial statements of the American Restaurants and its subsidiaries that were transferred to it by the Former Parent Company.

The subsidiaries of the American Restaurants were transferred to it under a capital re-organisation during the six-month period ended 30 June 2022G. The transfer is treated as a capital re-organisation under common control and the predecessor method of accounting and retrospective presentation is used.

Items included in the condensed interim carve-out financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The condensed interim carve-out financial statements are presented in USD, which is the "**presentation currency**" of the Company and the currency in which management measures the Company's performance and reports its results.

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.

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.

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 condensed interim carve-out 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 condensed interim carve-out statement of income.

5.7 Summary of condensed interim carve-out financial statements and key performance indicators of the Group for the six months ended 30 June 2021G and 30 June 2022G

Table (5-205): Summary of condensed interim carve-out financial financial statements of the Group:

Currency: USD000	30 June 2021G	30 June 2022G
Condensed interim carve-out statement of income		
Revenues	968,149	1,151,929
Cost of revenues	(458,886)	(546,122)
Gross profit	**509,263**	**605,807**
Selling and marketing expenses	(327,702)	(360,342)
General and administrative expenses	(80,896)	(90,402)
Other income	9,849	9,429
Monetary gain from hyperinflation	3,093	547
Impairment losses on non-financial assets	(2,403)	(1,035)
Net impairment allowance on financial assets	(810)	(1,182)
Fair value gains on financial assets at fair value through profit or loss	-	1,275
Tax claim charge	-	(25,482)
Operating profit	**110,394**	**138,615**
Finance income	802	1,146
Finance costs	(11,505)	(10,431)
Profit before income tax, Zakat, and Kuwait Foundation for the Advancement of sciences ("KFAS")	**99,691**	**129,330**
Income tax, Zakat, and contribution to KFAS	(6,058)	(6,119)
Net profit for the period	**93,633**	**123,211**
Non-controlling interests	(309)	(1,945)
Net profit attributable to: The shareholder of the Parent Company/ Net Investment attributable to Intermediate Parent Company	**93,324**	**121,266**

Currency: USD000	30 June 2021G	30 June 2022G
Currency: USD000	**31 December 2021G**	**30 June 2022G**
Summary of condensed interim carve-out statement of financial position		
Total non-current assets	696,720	634,084
Total current assets	391,194	506,134
Total assets	**1,087,914**	**1,140,218**
Total non-current liabilities	382,103	371,335
Total current liabilities	566,099	614,137
Total liabilities	**948,202**	**985,472**
Total equity	**139,712**	**154,746**
Total liabilities and equity	**1,087,914**	**1,140,218**
Currency: USD000	**30 June 2021G**	**30 June 2022G**
Summary of condensed interim carve-out statement of cash flows		
Net cash generated from operating activities	208,486	241,331
Net cash generated from / (used in) investing activities	(84,199)	18,483
Net cash used in financing activities	(168,053)	(197,221)
Cash and cash equivalents at beginning of year	171,784	166,923
Cash and cash equivalents at end of year	**127,924**	**236,369**

Source: Reviewed condensed interim carve-out financial statements and related financial information

Table (5-206): Key performance indicators for the six months ended 30 June 2021G and the six months ended 30 June 2022G:

Income statement key performance indicators		
Currency: USD000	**30 June 2021G**	**30 June 2022G**
Gross profit margin [(1)]	52.6%	52.6%
Net profit margin [(2)]	9.7%	10.7%

Source: Management information

Balance sheet key performance indicators		
Currency: USD000	**31 December 2021G**	**30 June 2022G**
Current ratio [(3)]	0.7	0.8
Total liabilities to total assets [(4)]	87.2%	86.4%
Net debt (net cash) (thousand USD) [(5)]	(166,923)	(236,369)
Days revenues outstanding [(6)]	5	4
Days inventory outstanding [(7)]	55	69
Days payable outstanding [(8)]	99	95
NWC as a percentage of revenues [(9)]	(10.6%)	(9.9%)
ROA [(10)]	19.0%	20.7%
ROE [(11)]	147.7%	152.5%

Source: Management information

(1) Gross margin is defined as gross profit for the six months period divided by revenues for the six months period

(2) Net profit margin is defined as the net profit for the six months period divided by revenues for the six months period

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues (for the last twelve months period) multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from related parties)

(7) Days inventory outstanding is defined as inventory divided by cost of inventory (for the last twelve months period) multiplied by 365 (where inventory refers to sum of raw material, filing and packaging material and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by cost of inventory (for the last twelve months period) multiplied by 365 (where trade and other payables refers to the sum of trade payables, current portion of unearned income and trade related dues to related parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from related parties less trade and other payables, due to related parties, provisions for legal, tax and other claims, income tax, zakat and other deductions payable

(10) Return on assets is calculated based on profit for the last twelve months period divided by total assets

(11) Return on equity is calculated based on profit for the last twelve months period divided by total equity

5.7.1 Result of operations of the Group

5.7.1.1 Condensed interim carve-out statement of income for the period ended 30 June 2021G and 2022G

The following tables set out the Group's condensed interim carve-out statement of income for the six months ended 30 June 2021G and the six months ended 30 June 2022G:

Table (5-207): Condensed interim carve-out statement of income statement for the six months ended 30 June 2021G and the six months ended 30 June 2022G of the Group:

Currency: USD000	30 June 2021G	30 June 2022G
Condensed interim carve-out statement of income		
Revenues	968,149	1,151,929
Cost of revenues	(458,886)	(546,122)
Gross profit	**509,263**	**605,807**
Selling and marketing expenses	(327,702)	(360,342)
General and administrative expenses	(80,896)	(90,402)
Other income	9,849	9,429
Monetary gain from hyperinflation	3,093	547
Impairment losses on non-financial assets	(2,403)	(1,035)
Net impairment allowance on financial assets	(810)	(1,182)
Fair value gains on financial assets at fair value through profit or loss	-	1,275
Tax claim charge	-	(25,482)
Operating profit	**110,394**	**138,615**
Finance income	802	1,146
Finance costs	(11,505)	(10,431)
Profit before income tax, Zakat, and Kuwait Foundation for the Advancement of sciences ("KFAS")	**99,691**	**129,330**
Income tax, Zakat, and contribution to KFAS	(6,058)	(6,119)
Net profit for the period	**93,633**	**123,211**
Non-controlling interests	(309)	(1,945)
Net profit attributable to: The shareholder of the Parent Company/ Net Investment attributable to Intermediate Parent Company	**93,324**	**121,266**

Source: Reviewed condensed interim carve-out financial statements and related financial information

The following represents a summary of the Group's performance in the six months ended 30 June 2022G compared to the six months ended 30 June 2021G. For more details, refer to the subsequent detailed discussions for each of the income statement line items.

Revenues

The Group manages and operates multiple restaurants/ brands across 12 markets. The Group's Power Brands are KFC, Hardee's, Pizza Hut and Krispy Kreme. These four brands collectively contributed 92.9% to total revenues in the six months ended 30 June 2022G. As at 30 June 2022G, the Group was operating the following Power Brand restaurants:

- 900 KFC restaurants in 12 markets
- 386 Hardee's restaurants in 10 markets
- 284 Pizza Hut restaurants in 6 markets
- 243 Krispy Kreme restaurants in 6 markets

The Group's top revenues generating markets were the UAE, KSA, Kuwait, Egypt, and Qatar accounting for 85.7% of total revenues in the six months ended 30 June 2022G.

Revenues increased from USD 968.1m in the six months ended 30 June 2021G to USD 1,151.9m in the six months ended 30 June 2022G primarily due to: (i) the recovery of revenues from the in-restaurant channels as the impact of Covid-19 continued to subside and (ii) the increase in the number of the operating restaurants from 1,918 as at 30 June 2021G to 2,050 restaurants as at 30 June 2022G.

Cost of revenues

Cost of revenues increased by 19.0% from USD 458.9m in the six months ended 30 June 2021G to USD 546.1m in the six months ended 30 June 2022G mainly as a result of the increase in revenues between the two periods coupled with the increase in the price of commodities used in operations including cooking oil, flour, chicken, potatoes and sauces.

Gross profit and gross profit margin

Gross profit increased by 19.0% in six months ended 30 June 2021G compared to six months ended 30 June 2022G primarily driven by revenues' growth.

Gross profit margin remained stable between 30 June 2021G and 30 June 2022G at 52.6%.

Selling and marketing expenses

Selling and marketing expenses increased by 10.0% from USD 327.7m in the six months ended 30 June 2021G to USD 360.3m in the six months ended 30 June 2022G primarily due to the increase in the advertisement and business development costs in line with the increase in revenues and increase in headcount.

General and administrative expenses

General and administrative expenses increased by 11.8% from USD 80.9m in the six months ended 30 June 2021G to USD 90.4m in the six months ended 30 June 2022G primarily driven by: (i) the increase in staff costs due to the increase in headcount in addition to a salary increment provided to select employees in the fourth quarter of 2021G and (ii) the increase in the professional and legal fees in relation to the transitional service agreement signed between the Former Parent Company and the Group.

Other income

Other income remained relatively stable between the six months ended 30 June 2021G and the six months ended 30 June 2022G at USD 9.8m and USD 9.4m respectively.

Impairment losses of non-financial assets / monetary gain from hyperinflation

The Lebanese economy has recently been impacted by hyperinflation. As such, all items recognised in the income statement were restated by applying the change in the general price index to each line item in line with IAS 29 requirements.

Similarly, the carrying amounts of non-monetary assets and liabilities were adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment is recognised in the income statement if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Net impairment allowance on financial assets

Net impairment allowance on financial assets represents the financial loss on trade and other receivables in line with the expected credit loss model of IFRS 9.

Fair value gains on financial assets at fair value through profit or loss

As at 30 June 2022, Management has estimated the fair valuation of the stake in REEF along with the underlying derivative instrument to be USD 10.7m as opposed to USD 9.4m as at 31 December 2021G resulting in a fair value gain of USD 1.3m in the six months ended 30 June 2022G.

Tax claim charge

The tax claim charge represented a non-recurring provision to settle legacy indirect tax claims pertaining to the historical period 2000G – 2017G in Egypt.

Finance income

Finance income further increased from USD 0.8m in the six months ended 30 June 2021G to USD 1.1m in the six months ended 30 June in 2022G as a result of: (i) the higher balance of short-term deposits as at 30 June 2022G compared to 30 June 2021G and (ii) increase in interest income from a loan given to a Related Party which has been fully repaid by Americana Foods Investments Group Company LLC in April 2022G.

Finance costs

Finance costs decreased from USD 11.5m in the six months ended 30 June 2021G to USD 10.4m in the six months ended 30 June 2022G primarily due to the decrease in lease liabilities from USD 376.2m as at 30 June 2021G to USD 353.1m as at 30 June 2022G.

Income tax, Zakat, and contribution to KFAS

Income tax, Zakat, and contribution to KFAS remained stable between the six months ended 30 June 2021G and the six months ended 30 June 2022G at USD 6.1m.

Net profit

Net profit increased from USD 93.6m in the six months ended 30 June 2021G to USD 123.2m in the six months ended 30 June 2022G primarily due to the increase in gross profit, and no changes to the cost base during the period.

Revenues by market

Table (5-208): Revenues by market breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of the Group:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
UAE	279,264	338,962	21.4%
KSA	212,567	254,863	19.9%
Kuwait	154,187	189,608	23.0%
Egypt	110,914	131,381	18.5%
Qatar	56,895	71,838	26.3%
Other markets	154,321	165,278	7.1%
Total revenues	968,149	1,151,929	19.0%
As a percentage of revenues			
UAE	28.8%	29.4%	
KSA	22.0%	22.1%	
Kuwait	15.9%	16.5%	
Egypt	11.5%	11.4%	
Qatar	5.9%	6.2%	
Other markets	15.9%	14.3%	

Source: Management information

Revenues by channel

Table (5-209): Revenues by channel breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of the Group:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Home delivery	426,287	459,838	7.9%
Take-out	238,605	282,371	18.3%
Dine-in	161,894	232,341	43.5%
Drive through	104,260	115,236	10.5%
Others	37,104	62,144	67.5%
Total revenues	**968,149**	**1,151,929**	**19.0%**
As a percentage of revenues			
Home delivery	44.0%	39.9%	
Take-out	24.6%	24.5%	
Dine-in	16.7%	20.2%	
Drive through	10.8%	10.0%	
Others	3.8%	5.4%	

Source: Management information

Revenues by brand

Table (5-210): Revenues by brand breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of the Group:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
KFC	589,633	696,840	18.2%
Hardee's	165,480	203,772	23.1%
Pizza Hut	111,738	126,291	13.0%
Krispy Kreme	34,166	42,985	25.8%
Others	67,132	82,041	22.2%
Total revenues	**968,149**	**1,151,929**	**19.0%**
As a percentage of revenues			
KFC	60.9%	60.5%	
Hardee's	17.1%	17.7%	
Pizza Hut	11.5%	11.0%	
Krispy Kreme	3.5%	3.7%	
Others	6.9%	7.1%	

Source: Management information

Power Brands (KFC, Hardee's, Pizza Hut and Krispy Kreme) collectively contributed 92.9% to total revenue in the six months ended 30 June 2022G. The Group's top revenues generating markets were the UAE, KSA, Kuwait, Egypt, and Qatar accounting for 85.7% of total revenues in the six months ended 30 June 2022G.

Revenues increased from USD 968.1m in the six months ended 30 June 2021G to USD 1,151.9m in the six-months ended 30 June 2022G primarily due to:

- Higher number of restaurants as at 30 June 2022G (2,050) compared to 30 June 2021G (1,918).
- Increased in orders from new and existing restaurants of 93.5m in the six months ended 30 June 2022G compared to 76.3m in the six months ended 30 June 2021G
- The further recovery of revenues from the dine-in, take-out and drive through sales as the impact of Covid-19 continued to subside and the operations continue to expand.
- These aforementioned factors were partially offset by the decrease in the average order value from USD 12.6 in the six months ended 30 June 2021G to USD 12.3 per order in the six months ended 30 June 2022G as dine-in, take-out and drive through channels typically have a lower average order value compared to home delivery.

Cost of revenues

Table (5-211): Cost of revenues breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of the Group:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Cost of inventory	290,941	357,305	22.8%
Staff costs	58,811	65,280	11.0%
Royalties	50,079	60,828	21.5%
Depreciation and amortization	36,475	36,284	(0.5%)
Rent	11,594	12,213	5.3%
Others	10,986	14,212	29.4%
Total cost of revenues	**458,886**	**546,122**	**19.0%**
As a percentage of revenues			
Cost of inventory	30.1%	31.0%	
Staff costs	6.1%	5.7%	
Royalties	5.2%	5.3%	
Depreciation and amortization	3.8%	3.1%	
Rent	1.2%	1.1%	
Others	1.1%	1.2%	
Total cost of revenues	**47.4%**	**47.4%**	

Source: Management information

Cost of inventory

Cost of inventory increased by 22.8% from USD 290.9m in the six months ended 30 June 2021G to USD 357.3m in the six months ended 30 June 2022G in line with the increase in revenues between these periods coupled with the increase in the price of commodities, key input including cooking oil, flour, chicken, potatoes and sauces. This resulted in an increase in the cost of inventory as a percentage of revenue in the six months ended 30 June 2022G (31.0%) compared to the six months ended 30 June 2021G (30.1%).

Staff costs

Staff costs increased by 11.0% from USD 58.8m in the six months ended 30 June 2021G to USD 65.3m in the six months ended 30 June 2022G in line with the increase in the number of operating restaurants from 1,918 restaurants as at 30 June 2021G to 2,050 restaurants as at 30 June 2022G.

The headcount of restaurants for the five core markets collectively increased from 29,903 employees as at 30 June 2021G to 32,833 employees as at 30 June 2021G.

Royalties

Royalties increased by 21.5% from USD 50.1m in the six months ended 30 June 2021G to USD 60.8m in the six months ended 30 June 2022G driven by the growth in revenues in the six months ended 30 June 2022G by 19.0% compared to the six months ended 30 June 2021G and the increase in the royalty fees of one of the Power Brands' royalty fees from 5.50% in the six months ended 30 June 2021G to 5.75% in the six months ended 30 June 2022G.

Depreciation and amortization

Depreciation and amortization were relatively stable in the six months ended 30 June 2021G and the six months ended 30 June 2022G at USD 36.5m and USD 36.3m, respectively.

Rent

Rent costs increased by 5.3% from USD 11.6m in the six months ended 30 June 2021G to USD 12.2m in the six months ended 30 June 2022G due to the increase in the number of operating restaurants between 30 June 2021G (1,918 restaurants) and 30 June 2022G (2,050 restaurants).

Others

Others included commissaries / warehouses costs such as utilities, maintenance in addition to distribution costs from commissaries / warehouses to restaurants.

Others increased from USD 11.0m in the six months ended 30 June 2021G to USD 14.2m in the six months ended 30 June 2022G driven by the Group's decision to further utilize third party storage which resulted in an increase in service contracts and the increase in other miscellaneous expenses in line with the increase in revenues.

Gross profit and gross profit margin

Gross profit increased by 19.0% in six months ended 30 June 2021G compared to six months ended 30 June 2022G primarily driven by revenues' growth.

Gross profit remained stable at 52.6% in six months ended 30 June 2021G and six months ended 30 June 2022G.

Selling and marketing expenses

Table (5-213): Selling and marketing expenses breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of the Group:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Staff cost	100,848	113,933	13.0%
Depreciation and amortization	57,674	57,598	(0.1%)
Advertisement and business development	44,124	51,948	17.7%
Home delivery and transportation	37,442	41,536	10.9%
Utilities and communication	27,998	29,698	6.1%
Maintenance and other operating expenses	22,486	26,156	16.3%
Rent	12,747	13,434	5.4%
Call centre expenses	5,344	4,832	(9.6%)
Licenses and insurance charges	3,973	4,157	4.6%
Spoilage and damaged goods	4,271	5,090	19.2%
Others	10,796	11,959	10.8%
Total selling and marketing expenses	**327,702**	**360,342**	**10.0%**
As a percentage of revenues			
Staff cost	10.4%	9.9%	
Depreciation and amortization	6.0%	5.0%	
Advertisement and business development	4.6%	4.5%	
Home delivery and transportation	3.9%	3.6%	
Utilities and communication	2.9%	2.6%	
Maintenance and other operating expenses	2.3%	2.3%	
Rent	1.3%	1.2%	
Call centre expenses	0.6%	0.4%	
Licenses and insurance charges	0.4%	0.4%	
Spoilage and damaged goods	0.4%	0.4%	
Others	1.0%	1.0%	
Total selling and marketing expenses	**33.8%**	**31.3%**	

Source: Management information

Staff costs

Staff costs increased from USD 100.8m in the six months ended 30 June 2021G to USD 113.9m in the six months ended 30 June 2022G in line with the increase in the number of operating restaurants from 1,918 restaurants as at 30 June 2021G to 2,050 restaurants as at 30 June 2022G.

The headcount of restaurants for the five core markets collectively increased from 29,903 as at 30 June 2021G to 32,833 as at 30 June 2022G.

Despite the staff costs increasing in nominal terms, staff costs as a percentage of revenues decreased from 10.4% in the six months ended 30 June 2021G to 9.9% in the six months ended 30 June 2022G.

Depreciation and amortization

Depreciation and amortization expense remained relatively in the six months ended 30 June 2021G and the six months ended 30 June 2022G at USD 57.7m and USD 57.6m, respectively.

Advertisement and business development

Advertisement and business development costs increased by 17.7% from USD 44.1m in the six months ended 30 June 2021G to USD 51.9m in the six months ended 30 June 2022G in line with the growth in revenues. Additionally, the Group launched multiple promotional campaigns during the six months ended 30 June 2022G across all the Power Brands.

Home delivery and transportation

Home delivery and transportation increased by 10.9% from USD 37.4m in the six months ended 30 June 2021G to USD 41.5m in the six months ended 30 June 2022G in line with the increase in home delivery revenues from USD 426.3m in the six months ended 30 June 2021G to USD 459.8m in the six months ended 30 June 2022G.

Utilities and communication

Utilities and communication increased by 6.1% from USD 28.0m in the six months ended 30 June 2021G to USD 29.7m in the six months ended 30 June 2022G as the number of operating restaurants increased.

Maintenance and other operating expenses

This line item includes maintenance and operating supplies such as cleaning and stationary supplies. The increase in maintenance and other operating expenses from USD 22.5m in the six months ended 30 June 2021G to USD 26.2m in the six months ended 30 June 2022G mainly driven by the increase in the number of operating restaurants from 1,918 restaurant as at 30 June 2021G to 2,050 restaurant as at 30 June 2022G.

Rent

Rent costs increased by 5.4% from USD 12.7m in the six months ended 30 June 2021G to USD 13.4m in the six months ended 30 June 2022G driven by the higher number of operating restaurants.

Call centre expenses

Call centre costs decreased by 9.6% from USD 5.3m in the six months ended 30 June 2021G to USD 4.8m in the six months ended 30 June 2022G primarily due to more customers shifting to using mobile phone applications instead of call centre.

License and insurance charges

License and insurance charges increased from USD 4.0m in the six months ended 30 June 2021G to USD 4.2m in the six months ended 30 June 2022G in line with the increase in the number of restaurants.

Spoilage and damaged goods

Spoilage and damaged goods increased from USD 4.3m during the six months ended 30 June 2021G to USD 5.1m during the six months ended 30 June 2022G in line with the increase in revenues, representing 0.4% of total revenue in both periods.

Others

Others primarily include smallware costs, credit card commissions and service contracts (such as security, cash collection from restaurants and others).

Others within selling and marketing expenses increased by 10.8% from USD 10.8m in the six months ended 30 June 2021G to USD 12.0m in the six months ended 30 June 2022G, in line with the increase in revenues.

General and administrative expenses

Table (5-214): General and administrative expenses breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of the Group:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G -30 June 2022G)
Staff costs	48,431	52,225	7.8%
Depreciation and amortisation	7,771	8,645	11.2%
Provision	3,194	5,216	63.3%
Rent	5,005	4,567	(8.7%)
Professional and legal	1,933	4,496	132.6%
Utilities	3,622	3,459	(4.5%)
Repairs and maintenance	2,656	3,336	25.6%
Loss on foreign exchange	2,502	1,265	(49.4%)
Travel and accommodation	830	1,176	41.7%
Others	4,953	6,018	21.5%
Total general and administrative expenses	**80,896**	**90,402**	**11.8%**
As a percentage of revenues			
Staff costs	5.0%	4.5%	
Depreciation and amortisation	0.8%	0.8%	
Provision	0.3%	0.5%	
Rent	0.5%	0.4%	
Professional and legal	0.2%	0.4%	
Utilities	0.4%	0.3%	
Repairs and maintenance	0.3%	0.3%	
Loss on foreign exchange	0.3%	0.1%	
Travel and accommodation	0.1%	0.1%	
Others	0.5%	0.5%	
Total general and administrative expenses	**8.4%**	**7.8%**	

Source: Management information

Staff costs

Staff costs increased by 7.8% from USD 48.4m in the six months ended 30 June 2021G to USD 52.2m in the six months ended 30 June 2022G primarily due to the increase in headcount for the five core markets from 1,930 in the six months ended 30 June 2021G to 2,258 in the six months ended 30 June 2022G and the average salary increment provided to select employees in the fourth quarter of 2021G of 3.9%.

Depreciation and amortization

Depreciation and amortization expenses increased by 11.2% from USD 7.8m in the six months ended 30 June 2021G to USD 8.6m in the six months ended 30 June 2022G due to the increase in right of use assets depreciation in relation to staff accommodations driven by additions of new accommodations as staff headcount increased during the period.

Provision

Provision increased by 63.3% from USD 3.2m in the six months ended 30 June 2021G to USD 5.2m in the six months ended 30 June 2022G due to the increase in slow moving inventory and impairment provisions.

Rent

Rent expense declined by 8.7% from USD 5.0m in the six months ended 30 June 2021G to USD 4.6m in the six months ended 30 June 2022G due to the shift of certain staff accommodation lease contracts from short-term to long-term contracts, which are accounted for under IFRS 16.

Professional and legal

Professional and legal increased by 132.6% from USD 1.9m in the six months ended 30 June 2021G to USD 4.5m in the six months ended 30 June 2022G driven by the recording of fees in relation to the transitional service agreement signed between the Former Parent Company and the Group, which was signed at 22 July 2022G which was effective from 1 January 2022G. The fees are based on a percentage of revenue and is capped at USD 7.5m per year.

Utilities

Utilities decreased by 4.5% from USD 3.6m in the six months ended 30 June 2021G to USD 3.6m in the six months ended 30 June 2022G driven by various energy efficiency initiatives.

Repairs and maintenance

Repairs and maintenance costs increased by 25.6%from USD 2.7m in the six months ended 30 June 2021G to USD 3.3m in the six months ended 30 June 2022G primarily due to IT systems upgrades undertaken by the Group.

Loss on foreign exchange

This pertains to gains on the revaluation of foreign currency loans, bank accounts and current accounts with Related Parties (primarily Egypt, Kuwait and Kazakhstan).

Travel and accommodation

Despite the increase in travelling and accommodation costs in nominal terms in the six months ended 30 June 2022G compared to the six months ended 30 June 2021G, it remained stable as a percentage of revenue at 0.1% in both periods.

Others

Others primarily include trade licenses, insurance, office administration, bank charges and service contracts and other miscellaneous fees.

Others increased by 21.5% from USD 5.0m in the six months ended 30 June 2021G to USD 6.0m in the six months ended 30 June 2022G primarily due to restructuring costs incurred in Egypt.

Other income

Other income slightly decreased from USD 9.8m in the six months ended 30 June 2021G to USD 9.4m in the six months ended 30 June 2022G primarily due to the decrease in the income recorded from the food aggregator campaign and rent concessions partially offset by the increase in dividend income from United Food Company, incentive from Franchisor related to supply chain and new restaurants opening rebates and real estate income in Kuwait.

Impairment losses on non-financial assets / monetary gain from hyperinflation

The Lebanese economy has recently been impacted by hyperinflation. As such, all items recognised in the income statement were restated by applying the change in the general price index to each line item in line with IAS 29 requirements. The net impact of such restatement has been recorded in the condensed interim carve-out financials within "**Monetary gain from hyperinflation**" relating to the Group's operations in Lebanon.

Similarly, the carrying amounts of non-monetary assets and liabilities were adjusted to reflect the change in the general price index from the date of acquisition to the end of the reporting period. An impairment is recognised in the income statement if the restated amount of a non-monetary item exceeds its estimated recoverable amount.

Net impairment allowance on financial assets

Net impairment allowance on financial assets, which relates to loss allowance in relation to trade and other receivables increased from USD 0.8m in the six months ended 30 June 2021G to USD 1.2m in the six months ended 30 June 2022G primarily driven by the increase in receivables balances outstanding for more than 6 months from USD 1.2m as at 30 June 2021G to USD 1.5m as at 30 June 2022G.

Fair value gains on financial assets at fair value through profit or loss

As at 30 June 2022, Management has estimated the fair valuation of the stake in REEF along with the underlying derivative instrument to be USD 10.7m as opposed to USD 9.4m as at 31 December 2021G resulting in a fair value gain of USD 1.3m in the six months ended 30 June 2022G. The valuation methodology used was consistent with the prior year valuation.

Tax claim charge

The tax claim charge related to the non-recurring provision to settle legacy indirect tax claims pertaining to the historical period 2000G – 2017G in Egypt. The claims relate to exemptions to the restaurants not having a 'touristic' status. The exemptions law was repealed in 2016G pursuant to a change in tax law.

The Group is in settlement discussions with the tax authority and will seek to rely on recently introduced amnesty legislation for a partial waiver of the penalties. Management believes that the provisions recorded are adequate to cover the full expected settlement amount including penalties.

Finance income

Finance income further increased from USD 0.8m in the six months ended 30 June 2021G to USD 1.1m in the six months ended 30 June in 2022G as a result of: (i) the higher balance of short-term deposits as at 30 June 2022G compared to 30 June 2021G and (ii) increase in interest income from a loan given to a Related Party of USD 0.5m in the six months ended 30 June 2021G compared to USD 0.7m in the six months ended 30 June 2022G. The loan was provided on 21 March 2021G and settled on 20 April 2022G.

Finance costs

Table (5-215): Finance costs for the six months ended 30 June 2021G and the six months ended 30 June 2022G of the Group:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Finance cost on bank facilities	1,119	574	(48.7%)
Finance cost on lease liabilities	10,386	9,264	(10.8%)
Interest on employees end of service benefit	-	593	100.0%
Finance cost	**11,505**	**10,431**	**(9.3%)**

Source: Management information

Finance costs decreased from USD 11.5m in the six months ended 30 June 2021G to USD 10.4m in the six months ended 30 June 2022G primarily due to the decrease in lease liabilities from USD 376.2m as at 30 June 2021G to USD 353.1m as at 30 June 2022G.

Income tax, Zakat, and contribution to KFAS

Table (5-216): Income tax, Zakat, and contribution to KFAS for the six months ended 30 June 2021G and the six months ended 30 June 2022G of the Group:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Current tax of subsidiaries on taxable profits for the year	3,951	4,154	5.1%
Zakat of subsidiaries	1,622	1,965	21.1%
Kuwait Foundation for the Advancement of Sciences	485	-	(100.0%)
Total Income tax, Zakat, and contribution to KFAS	**6,058**	**6,119**	**1.0%**

Source: Management information

Income tax, Zakat, and contribution to KFAS remained relatively stable at USD 6.1m in the six months ended 30 June 2021G and 2022G even though the profits increased from USD 93.6m in the six months ended 30 June 2021G to USD 123.2m in the six months ended 30 June 2022G as the majority of the profit was generated from non-taxable jurisdictions (primarily UAE).

Net profit for the period and net profit margin for the period

Net profit for the period increased by 31.6% from USD 93.6m in the six months ended 30 June 2021G to USD 123.2m in the six months ended 30 June 2022G driven by the increase in gross profit while the costs increased in a lesser magnitude during the same period.

Net profit margin increased from 9.7% in the six months ended 30 June 2021G to 10.7% in the six months ended 30 June 2022G driven by: (i) decline in general and administrative expenses as a percentage of revenues from 8.4% in the six months ended 30 June 2021G to 7.8% in the six months ended 30 June 2022G driven by lower staff and utilities costs as a percentage of revenue, and (ii) decline in selling and marketing expenses from 33.8% in the six months ended 30 June 2021G to 31.3% in the six months ended 30 June 2022G driven by the decrease in staff, depreciation, utilities and home delivery expenses as a percentage of revenue. The decrease in the selling and marketing costs and general and administrative costs as a percentage of revenue was partially offset by the one-off tax claim charge recorded during 30 June 2022G, which represented 2.2% of revenue.

5.7.1.2 Condensed interim carve-out statement of financial position for the Group

Table (5-217): Condensed interim carve-out statement of financial position as at 31 December 2021G and as at 30 June 2022G for the Group:

Currency: USD000	31 December 2021G	30 June 2022G
Property and equipment	221,919	235,988
Right of use assets	361,975	338,984
Loan to a Related Party	51,200	-
Investment properties	9,341	7,465
Intangible assets	42,623	40,728
Derivative financial instrument	7,512	8,295
Deferred tax asset	2,150	2,624
Total non-current assets	**696,720**	**634,084**
Inventories	107,297	144,683
Trade and other receivables	94,034	106,212
Due from Related Parties	1,189	2,830
Loan to a Related Party	12,800	-
Derivative financial instrument	1,878	2,370
Cash and cash equivalents	173,996	250,039
Total current assets	**391,194**	**506,134**
Total assets	**1,087,914**	**1,140,218**
Lease liability	248,136	229,872
Provision for employees' end of service benefits	76,260	70,499
Trade and other payables	50,195	64,387
Deferred gain on derivative financial instrument	7,512	6,573
Deferred tax liabilities	-	4
Total non-current liabilities	**382,103**	**371,335**
Bank facilities	7,073	13,670
Deferred gain on derivative financial	1,878	1,878
Lease liability	136,463	123,267
Income tax, Zakat and other deductions payable	12,614	9,862
Trade and other payables	352,326	385,030
Due to Related Parties	23,683	28,515
Provisions for legal, tax and other claims	32,062	51,915
Total current liabilities	**566,099**	**614,137**
Total liabilities	**948,202**	**985,472**
Share capital	-	168,473
Merger reserve	-	(1,608)
Foreign currency translation reserve	(20,429)	(21,520)
Accumulated net contribution from the Former Parent Company	148,984	-
Non-controlling interests	11,157	9,401
Total equity	**139,712**	**154,746**
Total liabilities and shareholders' equity	**1,087,914**	**1,140,218**

Source: Reviewed condensed interim carve-out financial statements and related financial information

Non-current assets

Table (5-218): Non-current assets breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	31 December 2021G	30 June 2022G
Property and equipment	221,919	235,988
Right of use assets	361,975	338,984
Loan to a Related Party	51,200	-
Investment properties	9,341	7,465
Intangible assets	42,623	40,728
Derivative financial instrument	7,512	8,295
Deferred tax asset	2,150	2,624
Total non-current assets	**696,720**	**634,084**

Source: Reviewed condensed interim carve-out financial statements and related financial information

Property and equipment

Table (5-219): Property and equipment net book value breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	31 December 2021G	Additions & transfers	Disposals	Net hyper-inflation adjustment	Depreciation	Impairment	Forex	30 June 2022G
Land	19,095	-	-	141	-	-	(2,511)	16,725
Leasehold improvement and furniture	99,738	28,383	(321)	(22)	(16,948)	(518)	(4,110)	106,202
Buildings and cold rooms	20,244	966	(832)	(42)	(1,691)	20	(1,339)	17,326
Equipment and tools	58,280	19,061	(303)	(55)	(9,553)	(56)	(1,692)	65,682
Vehicles	3,597	814	(4)	1	(755)	-	(164)	3,489
Capital work-in- progress	20,965	5,969	-	-	-	-	(370)	26,564
Net book value	**221,919**	**55,193**	**(1,460)**	**23**	**(28,947)**	**(554)**	**(10,186)**	**235,988**

Source: Reviewed condensed interim carve-out financial statements and related financial information

Land

The balance of USD 16.7m as at 30 June 2022G mainly related to lands in Jordan, Egypt, Lebanon, Kazakhstan and Morocco. These lands are being used for restaurants, offices, warehouses and others.

No additions were made between 31 December 2021G and 30 June 2022G.

Land net book value decreased from USD 19.1m as at 31 December 2021G to USD 16.7m as at 30 June 2022G due to the forex impact of USD 2.5m pertaining to the Lebanon and Egypt entities partially offset by the net hyperinflation adjustment of USD 0.1m.

Leasehold improvement and furniture

Leasehold improvement and furniture increased from USD 99.7m as at 31 December 2021G to USD 106.2m as at 30 June 2022G primarily as a result of the additions and transfers of USD 28.4m in relation to the opening of 66 new restaurants, partially offset by the depreciation charges for the period of USD 16.9m.

Buildings and cold rooms

Buildings and cold rooms net book value decreased from USD 20.2m as at 31 December 2021G to USD 17.3m as at 30 June 2022G primarily as a result of the depreciation charge for the year of USD 1.7m, disposals of USD 0.8m and forex impact of USD 1.3m, partially offset by additions and transfers of USD 1.0m.

Equipment and tools

Equipment and tools increased from USD 58.3m as at 31 December 2021G to USD 65.7m as at 30 June 2022G primarily driven by the additions and transfers of USD 19.1m in relation to the new restaurants opened during the period, this was partially offset by depreciation charges of USD 9.6m and forex impact of USD 1.7m.

Vehicles

Vehicles remained relatively stable between 31 December 2021G and 30 June 2022G at USD 3.6m and USD 3.5m respectively as a result of additions and transfers of USD 0.8m offset by depreciation costs of USD 0.8m.

Capital work in progress

Work in progress increased from USD 21.0m as at 31 December 2021G to USD 26.6m as at 30 June 2022G primarily driven by the net additions of USD 6.0m during the period related to restaurants under construction.

Table (5-220): Useful lives of property and equipment used for depreciation expenses of the group:

	Useful lives (years)
Leasehold improvements and furniture	5-7
Buildings	7-20
Cold rooms	5
Equipment and tools	4-7
Vehicles	4

Source: Reviewed condensed interim carve-out financial statements and related financial information

Right of use assets

Table (5-221): Right-of-use assets breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	Buildings and leasehold	Land	Vehicles	Key money	Net book value
31 December 2021G	**342,138**	**5,043**	**7,597**	**7,197**	**361,975**
Additions and transfers	56,617	-	2,397	1,265	60,279
Net disposals	(3,992)	(120)	(35)	-	(4,147)
Charge for the year	(65,004)	(590)	(3,365)	(1,036)	(69,995)
Foreign currency translation difference	(8,032)	13	(27)	(190)	(8,236)
Reversal of impairment charges	(470)	-	-	-	(470)
Hyperinflation adjustment	(422)	-	-	-	(422)
30 June 2022G	**320,835**	**4,346**	**6,567**	**7,236**	**338,984**

Source: Reviewed condensed interim carve-out financial statements and related financial information

As at 30 June 2022G the right of use assets related to 4,585 leases (primarily leases for 2,095 vehicles and delivery cars, 1,845 restaurants, 645 staff accommodation and administrative offices and other leases).

Net book value of right-of-use assets decreased from USD 362.0m as at 31 December 2021G to USD 339.0m as at 30 June 2022G primarily due to the depreciation charge for the period of USD 70.0m and net disposals of USD 4.1m in relation to the 26 restaurants closed during the period partially offset by additions and transfers of USD 60.3m for the 66 new restaurant openings during the period.

Foreign currency translation related to Egypt and Kazakhstan. Hyperinflation adjustment primarily related to Lebanon.

Loan to a Related Party

Table (5-222): Loan to a Related Party breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	31 December 2021G	30 June 2022G
Loan to a Related Party (non-current)	51,200	-
Loan to a Related Party (current)	12,800	-
Loan to a Related Party	**64,000**	**-**

Source: Management information

On 21 March 2021G, Americana Prime Investments Limited (an entity within the Group) entered into a loan agreement of USD 64.0m with Americana Foods Investments Group Company LLC, a subsidiary of The Former Parent Company for business expansion. The Related Party loan of USD 64.0m has been fully repaid by Americana Foods Investments Group Company LLC on 20 April 2022G.

Intangible assets

Table (5-223): Intangible assets net book value breakdown as at 31 December 2021G and as at 30 June 2022G for the Group:

Currency: USD000	31 December 2021G	Additions & transfers	Hyperinflation adjustment	Disposals	Amortisation	Impairment	Forex	30 June 2022G
Franchise and agencies	34,165	3,255	(27)	(626)	(3,281)	(11)	(1,205)	32,270
Others	8,458	-	-	-	-	-	-	8,458
Net book value	42,623	3,255	(27)	(626)	(3,281)	(11)	(1,205)	40,728

Source: Reviewed condensed interim carve-out financial statements and related financial information

Intangible assets as at 30 June 2022G primarily included: (i) franchise fees paid to the host brands and are amortized over the life of the agreement / restaurant license period and (ii) others in relation to goodwill recorded when the Group acquired the franchise operations in Jordan.

Net book value of intangible assets decreased from USD 42.6m as at 31 December 2021G to USD 40.7m as at 30 June 2022G. The decrease in intangible assets during the period is primarily driven by amortisation expense of USD 3.3m and forex impact of USD 1.2m partially offset by additions and transfers of USD 3.3m relating to restaurant openings during the period.

Derivative financial instrument

As at 30 June 2022, Management has estimated the fair valuation of the stake in REEF along with the underlying derivative instrument to be USD 10.7m compared to USD 9.4m as at 31 December 2021G. The valuation methodology used was consistent with the prior year valuation.

Deferred tax asset

The deferred tax assets and liabilities relate to Egypt and Oman and mainly arose due to timing differences in relation to capital expenditures and taxes on retained losses that were recorded in Egypt and Kazakhstan during the period.

Current assets

Table (5-224): Current assets breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	31 December 2021G	30 June 2022G
Inventories	107,297	144,683
Trade and other receivables	94,034	106,212
Due from Related Parties	1,189	2,830
Loan to a Related Party	12,800	-
Derivative financial instrument	1,878	2,370
Cash and cash equivalents	173,996	250,039
Total current assets	**391,194**	**506,134**

Source: Reviewed condensed interim carve-out financial statements and related financial information

Inventories

Table (5-225): Inventories breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	31 December 2021G	30 June 2022G
Raw materials	69,528	96,373
Filling and packing materials	11,546	14,730
Other materials	12,879	13,422
Goods in transit	13,425	20,051
Spare parts	6,400	6,302
Inventory	**113,778**	**150,878**
Waste, spoilage and defective allowance	(6,481)	(6,194)
Total inventory	**107,297**	**144,683**

Source: Management information

Raw materials

Raw materials increased from USD 69.5m as at 31 December 2021G to USD 96.4m as at 30 June 2022G mainly driven by revenue growth during the six months ended 30 June 2022G compared to 30 June 2021G. The number of operating restaurants also increased from 2,010 as at 31 December 2021G to 2,050 as at 30 June 2022G.

Filling and packing materials

Filling and packing material increased from USD 11.5m as at 31 December 2021G to USD 14.7m as at 30 June 2022G primarily due to the continued expansion of home delivery sales in nominal terms (which require more packing material) coupled with the increase in number of operating restaurants during the period.

Other materials

Other materials increased from USD 12.9m as at 31 December 2021G to USD 13.4m as at 30 June 2022G, which were within the normal course of business due to expansion of operations.

Goods in transit

Goods in transit increased from USD 13.4m as at 31 December 2021G to USD 20.1m as at 30 June 2022G, This was due to the supply chain disruptions.

Spare parts

Spare parts remained relatively stable between 31 December 2021G and 30 June 2022G at USD 6.4m and USD 6.3m, respectively.

Waste, spoilage and defective allowance

Waste, spoilage and defective allowance decreased from USD 6.5m as at 31 December 2021G to USD 6.2m as at 30 June 2022G primarily driven by the Group's decision to include waste and spoilage management as part of in restaurant employees' key performance indicators (KPIs).

Trade and other receivables

Table (5-226): Trade and other receivables breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	31 December 2021G	30 June 2022G
Gross trade receivables	26,800	27,995
Less: doubtful debt provision	(1,856)	(2,417)
Net trade receivables	**24,944**	**25,578**
Prepaid expenses	28,489	36,498
Advances to suppliers	5,499	7,746
Refundable deposits	18,627	18,521
Accrued income	5,304	5,298
Insurance receivables	752	758
Staff receivables	2,313	2,258
Others	8,106	9,555
Trade and other receivables	**94,034**	**106,212**

Source: Reviewed condensed interim carve-out financial statements and related financial information

Gross trade receivables

Trade receivables increased from USD 26.8m as at December 2021G to USD 28.0m as at 30 June 2022G primarily as a result of the increase in revenues and the further expansion of the business.

Doubtful debt provision

Doubtful debt provision increased from USD 1.9m as at 31 December 2021G to USD 2.4m as at 30 June 2022G as a result of the increase in the provisions related to food aggregator receivables in the KSA.

Prepaid expenses

Prepaid expenses increased from USD 28.5m as at 31 December 2021G to USD 36.5m as at 30 June 2022G primarily due to the increase in prepaid franchise fees of USD 2.6m and other prepaid expenses such as insurance and rentals, which are paid at the start of the year and are amortised over the period.

Advances to suppliers

The balance increased from USD 5.5m as at 31 December 2021G to USD 7.7m as at 30 June 2022G in line with the increase in the level of operations in the UAE, KSA and Egypt.

Refundable deposits

Refundable deposits slightly decreased from USD 18.6m as at 31 December 2021G to USD 18.5m as at 30 June 2022G within the normal course of business.

Accrued income

Accrued income remained stable as at 31 December 2021G and 30 June 2022G at USD 5.3m.

Insurance receivables

Insurance receivables remained stable as at 31 December 2021G and 30 June 2022G at USD 0.8m.

Staff receivables

Staff receivables remained relatively stable at USD 2.3m as at 31 December 2021G and 30 June 2022G.

Others

The balance increased from USD 8.1m as at 31 December 2021G to USD 9.6m as at 30 June 2022G, primarily due to the reclassification of cash with collection companies from trade receivables as at 31 December 2021G to others as at 30 June 2022G.

Due from Related Parties

Table (5-227): Due from Related Parties' balances breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	Place of incorporation	Nature of relationship	31 December 2021G	30 June 2022G
Due from Related Parties				
Americana Group for Food and Touristic Projects SAE	Egypt	Fellow subsidiary	-	74
International Co. for Agricultural development ('Farm Frites') SAE	Egypt	Fellow subsidiary	-	379
Americana Foods Investment Group Company LLC	UAE	Fellow subsidiary	457	-
Gulf Food Industries Company (California Garden) FZE	UAE	Fellow subsidiary	68	11
Americana Holding for KSA Food LTD	UAE	Fellow subsidiary	1	2,113
Nshmi Development LLC	UAE	Entity controlled by a major shareholder	90	27
Other			573	226
Total due from Related Parties	**1,189**	**2,830**		

Source: Reviewed condensed interim carve-out financial statements and related financial information

Due from Related Parties increased from USD 1.2m as at 31 December 2021G to USD 2.8m as at 30 June 2022G as a result of the increase in the balance from Americana Holding for KSA Food LTD in relation to a non-trade transaction which was settled and International Co. for Agricultural development ('Farm Frites') SAE within the normal course of business. This was partially offset by the decrease in the balances from Americana Foods Investment Group Company LLC.

Cash and cash equivalents

Table (5-228): Cash and cash equivalents breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	31 December 2021G	30 June 2022G
Cash on hand	4,309	4,996
Cash at banks	89,420	99,090
Short-term deposits with original maturity of 3 months or less	80,267	145,953
Cash and cash equivalents	**173,996**	**250,039**

Source: Reviewed condensed interim carve-out financial statements and related financial information

Cash and cash equivalents represent the Group's bank accounts, interest earning deposits and cash on hand. Cash and cash equivalents increased from USD 174.0m as at 31 December 2021G to USD 250.0m as at 30 June 2022G. For more details, refer to the cash flow statement section of the Group.

Potential liabilities and capital commitments

The Group had capital commitments in relation to projects in progress of USD 7.7m as at 30 June 2022G (USD 13.9m as at 31 December 2021G). The Group also had outstanding letters of credit of USD 11.0m as at 30 June 2022G (USD 12.7m as at 31 December 2021G). Capital commitments are primarily related to new restaurant openings.

The Group has irrevocable letters of guarantee from a commercial bank for USD 12.7m as at 30 June 2022G (USD 12.8m as at 31 December 2021G).

Property and equipment with a carrying amount of USD 23.4m as at 30 June 2022 (31 December 2021: USD 19.7m) are pledged as security for a borrowing held by the Former Parent Company. The Group received a waiver for these pledges dated 17 August 2022G.

Non-current liabilities

Table (5-229): Non-current liabilities breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	31 December 2021G	30 June 2022G
Lease liability	248,136	229,872
Provision for employees' end of service benefits	76,260	70,499
Trade and other payables	50,195	64,387
Deferred gain on derivative financial instrument	7,512	6,573
Deferred tax liabilities	-	4
Total non-current liabilities	**382,103**	**371,335**

Source: Reviewed condensed interim carve-out financial statements and related financial information

Lease liabilities

Table (5-230): Lease liabilities breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	31 December 2021G	30 June 2022G
Lease liability non-current	248,136	229,872
Lease liability current	136,463	123,267
Total lease liabilities	**384,599**	**353,139**

Source: Reviewed condensed interim carve-out financial statements and related financial information

Lease liabilities decreased from USD 384.6m as at 31 December 2021G to USD 353.1m as at 30 June 2022G primarily due to payments exceeding additions and accrued interest during the six months ended 30 June 2022G.

Provision for employees' end of service benefits

Table (5-231): Provision for employees' end of service benefits breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	31 December 2021G	30 June 2022G
Beginning balance	**80,413**	**76,260**
Current service cost	10,074	5,164
Interest cost	950	593
Transfer to staff accruals	(2)	-
Benefits paid during the year	(13,535)	(5,505)
Remeasurement of employees' end of service benefits	(436)	(5,726)
Foreign currency translation differences	(1,204)	(287)
Ending balance	**76,260**	**70,499**

Source: Management information

End of service benefits are calculated in accordance with the labour laws of each jurisdiction. Actuarial valuations are carried out at the end of each reporting period.

End of service benefits decreased from USD 76.3m as at 31 December 2021G to USD 70.5m as at 30 June 2022G driven by the benefits paid during the six months ended 30 June 2022G and the remeasurement of employees' end of service benefits of USD 5.5m and USD 5.7m respectively. This was partially offset by the interest costs recorded during the six months ended 30 June 2022G of USD 0.6m and current service charges of USD 5.2m.

Non-current trade and other payables

Non-current portion of trade and other payables pertains to the unearned income in relation to upfront payments made by a beverage supplier with a performance obligation expected to be satisfied and recognized within a period exceeding 12 months. Non-current trade and other payables increased from USD 50.2m as at 31 December 2021G to USD 64.4m as at 30 June 2022G.

Deferred gain on derivative financial instrument

As at 30 June 2022, Management has estimated the fair valuation of the stake in REEF along with the underlying derivative instrument to be USD 10.7m as opposed to USD 9.4m as at 31 December 2021G. The valuation methodology used was consistent with the prior year valuation.

Deferred tax liabilities

Deferred tax liabilities mainly pertain to Egypt and are recognised due to the temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and tax base as per Local Tax Laws.

Current liabilities

Table (5-232): Current liabilities breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	31 December 2021G	30 June 2022G
Bank facilities	7,073	13,670
Deferred gain on derivative financial	1,878	1,878
Lease liability	136,463	123,267
Income tax, Zakat and other deductions payable	12,614	9,862
Trade and other payables	352,326	385,030
Due to Related Parties	23,683	28,515
Provisions for legal, tax and other claims	32,062	51,915
Total current liabilities	**566,099**	**614,137**

Source: Reviewed condensed interim carve-out financial statements and related financial information

Bank facilities

Table (5-233): Bank facilities breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	Country	31 December 2021G	30 June 2022G
Commercial International Bank	Egypt	5,400	9,577
Arab Bank	Egypt	200	815
QNB	Egypt	1,165	2,999
National Bank of Kuwait	Lebanon	308	279
Total borrowings and bank facilities		**7,073**	**13,670**

Source: Management information

The increase in bank facilities from USD 7.1m as at 31 December 2021G to USD 13.7m as at 30 June 2022G was primarily driven by the increase in the loans in Egypt mainly from Commercial International Bank and QNB due to the opening of 18 restaurants in Egypt during the six months ended 30 June 2022G.

Given low utilisation of bank facilities and high cash generation profile of the business, management believes that the Group has enough flexibility to fund future expansion through internal cash generation and if needed through existing bank facilities.

Income tax, Zakat and other deductions payable

Income tax, Zakat and other deductions payable represent taxes arising from the normal course of business. Income tax, Zakat and other deductions payable decreased from USD 12.6m as at 31 December 2021G to USD 9.9m as at 30 June 2022G as a result of the payments made in relation to the accruals made for the year ended 30 June 2021G (representing 12 months accrual), which was only partially offset by the accruals made in the six months ended 30 June 2022G (representing six months accrual).

Trade and other payables

Table (5-234): Trade and other payables breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	31 December 2021G	30 June 2022G
Trade payables	126,543	129,856
Non-trade payables	40,250	45,936
Accrued expenses	95,944	118,110
Unearned income	21,108	21,777
Accrued staff benefits	46,903	43,911
Value added tax payable	6,006	8,316
Customer deposits	2,979	4,928
Other payables	12,593	12,196
Total trade and other payables	**352,326**	**385,030**

Source: Management information

Trade payables

Trade payables increased from USD 126.5m as at 31 December 2021G to USD 129.9m as at 30 June 2022G as the level of purchases increased with the expansion of the business activity during the first six months of 2022G.

Non-trade payables

Non-trade payables increased from USD 40.3m as at 31 December 2021G to USD 45.9m as at 30 June 2022G driven by the increase in new restaurant openings and further expansion of the business.

Accrued expenses

Accrued expenses increased from USD 95.9m as at 31 December 2021G to USD 118.1m as at 30 June 2022G as business activity expanded and advertising expenses increased in the six months ended 30 June 20 June 2022G in line with the increase in marketing campaigns as explained earlier.

Unearned income

Unearned income mainly related to income recorded from the beverage supplier. The balance remained relatively stable between 31 December 2021G and 30 June 2022G at USD 21.1m and USD 21.8m respectively.

Accrued staff benefits

Accrued staff benefits decreased from USD 46.9m as at 31 December 2021G to USD 43.9m as at 30 June 2022G as a result of the payment of bonuses accrued as at 31 December 2021G in May of 2022G amounting to USD 9.3m, partially offset by the recording of bonus accruals for the first half of 2022G.

Value added tax payable

Value added tax payable increased from USD 6.0m as at 31 December 2021G to USD 8.3m as at 30 June 2022G within the normal course of business.

Customer deposits

Customer deposits increased from USD 3.0m as at 31 December 2021G to USD 4.9m as at 30 June 2022G within the normal course of business.

Other payables

Other payables remained stable between 31 December 2021G and 30 June 2022G at USD 12.6m and USD 12.2m, respectively.

Due to Related Parties

Table (5-235): Due to Related Parties' balances breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	Place of incorporation	Nature of relationship	31 December 2021G	30 June 2022G
National Company for Food Industries LLC	KSA	Fellow subsidiary	7,110	11,575
International Co. for Agricultural development ('Farm Frites') SAE	Egypt	Fellow subsidiary	6,261	995
Senyorita for Food Industries SAE	Egypt	Fellow subsidiary	2,551	8
Gulf Food Company Americana LLC	UAE	Fellow subsidiary	2,295	3,217
Gulf Food Industries Company (California Garden) FZE	UAE	Fellow subsidiary	1,467	2,282
Cairo Poultry Processing Company SAE	Egypt	Fellow subsidiary	1,213	1,627
International Co. for Agricultural Production and Processing SAE	Egypt	Fellow subsidiary	11	5,825
Others	Not Applicable	Fellow subsidiary	151	-
Americana Kuwait for Selling Meat & Refreshments WLL	Kuwait	Division of Former Parent Company	2,282	2,427
Barakat vegetables and fruits Co. LLC	UAE	Entities controlled by a major shareholder	-	142
Noon AD Holdings	UAE	Entities controlled by a major shareholder	274	322
Noon Payments Digital Limited	KSA	Entities controlled by a major shareholder	68	95
Total due to Related Parties	**23,683**	**28,515**		

Source: Reviewed condensed interim carve-out financial statements and related financial information

Due to Related Party balances increased from USD 23.7m as at 31 December 2021G to UDS 28.5m as at 30 June 2022G primarily due to the increase in the amounts due to National Company for Food Industries LLC and International Co. for Agricultural Production and Processing SAE driven by an increase in purchases from Related Parties in line with the business growth. The increase in balances to the aforementioned Related Parties was partially offset by the decrease in the balance to Senyorita for Food Industries SAE and International Co. for Agricultural development ('Farm Frites') SAE.

Provisions for legal, tax and other claims

Table (5-236): Provisions for legal, tax and other claims balances breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	31 December 2021G	30 June 2022G
Legal cases	9,430	5,270
Provision for termination and closure	5,060	4,889
Tax	13,781	37,795
Other provisions	3,791	3,961
Total provisions	**32,062**	**51,915**

Source: Reviewed condensed interim carve-out financial statements and related financial information

Legal cases

This represents provisions for legal claims filed against the Group.

Legal cases provision decreased from USD 9.4m as at 31 December 2021G to USD 5.3m as at 30 June 2022G due to the settlement of a case in Qatar for USD 2.0m and reclassification of legal provisions to other receivables doubtful debts of USD 1.1m.

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 30 June 2022G.

Provision for termination and closure

The provision relates to potential costs to be incurred in relation to restaurant closures and other lease termination charges.

The provision for termination and closure of restaurants remained relatively stable between 31 December 2021G and 30 June 2022G at USD 5.1m and USD 4.9m respectively.

Tax

This represents provisions for ongoing tax / Zakat assessments by the relevant tax authorities for the open years. The provision balance was calculated in line with precedents (i.e., previous years' tax inspections) and past interpretations of the laws. As such, the Group's management deems the provision balance to be adequate.

The tax provision increased from USD 13.8m as at 31 December 2021G to USD 37.8m as at 30 June 2022G as a result of a tax claim charge relating to a legacy indirect tax claim for the historical period 2000G – 2017G. The claim relates to exemptions to the restaurants not having a 'touristic' status. The exemptions law was repealed in 2016G pursuant to a change in tax law.

The Group is in settlement discussions with the tax authorities and will seek to rely on recently introduced amnesty legislation for a partial waiver of the penalties. Management believes the provisions provided are adequate to cover the full expected settlement amount including penalties.

Other provisions

Other provisions comprised restructuring expenses and expected claims from external parties in relation to the Company's activities. The Group's management reviews these provisions on a yearly basis and adjusts the balances based on the latest developments, discussions, and agreements with such parties. The balance remained stable between 31 December 2021G and 30 June 2022G at USD 3.8m and USD 4.0m.

Total equity

Table (5-237): Total equity breakdown as at 31 December 2021G and as at 30 June 2022G of the Group:

Currency: USD000	Share capital	Merger reserve	Accumulated net contribution from the Former Parent Company	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance as at 31 December 2021G	-	-	148,984	(20,429)	128,555	11,157	139,712
Net profit for the year	-	-	121,266	-	121,266	1,945	123,211
Remeasurement of employees' end of service benefits	-	-	5,726	-	5,726	-	5,726
Hyperinflation adjustment	-	-	-	986	986	-	986
Foreign currencies translation differences	-	-	-	(2,077)	(2,077)	30	(2,047)
Changes in non-controlling interest	-	-	(129)	-	(129)	(3,731)	(3,860)
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	10	-	-	-	10	-	10
Capitalisation of shares	168,463	(1,608)	(166,855)	-	-	-	-
Balance as at 30 June 2022G	**168,473**	**(1,608)**	**-**	**(21,520)**	**145,345**	**9,401**	**154,746**

Source: Reviewed condensed interim carve-out financial statements and related financial information

Share capital

As at 30 June 2022G, the Group's authorized, issued and paid-up capital was USD 168.5m comprising of 168.5 million shares with nominal value of USD 1 each. 10,000 shares are issued in cash and 168.5 million shares are issued through a share-for-share exchange for the transfer of the Company assets and liabilities from the Former Parent Company.

Merger reserve

The merger reserve related to the capital reorganization of the Former Parent Company to separate the Company during the six-month period ended 30 June 2022.

Foreign currency translation

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 in equity.

Accumulated net contribution from Former Parent Company

Accumulated net contribution from Former Parent Company decreased from USD 149.0m as at 31 December 2021G to nil as at 30 June 2022G as a result of the capitalisation of shares into share capital, distributions to the Former Parent Company and net payments and impact of capital reorganisation with the Former Parent Company partially offset by the recognition of the net profit of USD 121.3m during the six-month ended 30 June 2022G.

Non-controlling interest

Non-controlling interests decreased from USD 11.2m as at 31 December 2021G to USD 9.4m as at 30 June 2022G primarily as a result of the dividend paid by subsidiaries of USD 3.2m and additional shares acquired of USD 516k in relation to 3.36% in Jordan (collectively making the USD 3.7m related to changes in non-controlling interest), partially offset by the increase resulting from the share of net profit of the six-month period ended 30 June 2022G of USD 1.9m.

5.7.1.3 Condensed carve-out interim statement of cash flows of the Group

Table (5-238): Condensed carve-out interim statement of cash flows for the period ended 30 June 2021G and 30 June 2022G of the Group:

Currency: USD000	30 June 2021G	30 June 2022G
Cash flows from operating activities		
Profit before income tax and Zakat for the period1	99,206	129,330
Adjustments for:		
Depreciation and amortisation	101,920	102,528
Provision for employees' end of service benefits, net of transfers	6,539	5,164
Impairment allowance on financial assets	810	1,182
Provision for obsolete, slow moving, and defective inventories	720	878
Impairment losses of non-financial assets	2,403	1,035
Loss on disposal of property and equipment and intangible assets	382	1,048
Gain on rent concessions	(4,662)	(667)
Finance income	(802)	(1,146)
Finance cost	11,505	10,431
Recognition of deferred gain on derivative financial instrument in other income	-	(939)
Fair value gains on financial assets at fair value through profit or loss	-	(1,275)
Tax claim charge	-	25,482
Hyperinflation impact	(2,680)	505
Operating cash flows before changes in working capital	**215,341**	**273,556**

Currency: USD000	30 June 2021G	30 June 2022G
Payments of employees' end of service benefits	(5,604)	(5,505)
Income tax paid	(4,835)	(6,062)
Changes in working capital:		
Trade and other receivables	(3,023)	(13,860)
Due from Related Parties	(223)	(1,641)
Inventories	(5,173)	(38,055)
Due to Related Parties	2,713	4,832
Trade and other payables, other liabilities and taxes	9,290	28,066
Net cash generated from operating activities	**208,486**	**241,331**
Cash flows from investing activities		
Purchase of property and equipment	(18,840)	(44,573)
Proceeds from sale of property and equipment	916	1,038
Purchase of intangible assets	(2,561)	(1,912)
Payments for key money	(516)	(1,216)
Interest received on short term deposits	802	1,146
Loans to a Related Party	(64,000)	(36,000)
Repayments of loans to a Related Party	-	100,000
Net cash generated from / (used in) investing activities	**(84,199)**	**18,483**
Cash flows from financing activities		
Payments of finance costs	(1,119)	(574)
Changes in non-controlling interests (cash dividends)	(825)	(3,215)
Acquisition of additional shares in subsidiary from non-controlling interests	(184)	(705)
Principal elements of lease payments	(78,257)	(83,745)
Distributions to the Former Parent Company	(72,410)	(83,089)
Movement in payments and impact of capital reorganisation with the Former Parent Company	(15,258)	(25,903)
Proceeds from issuance of share capital	-	10
Net cash used in financing activities	**(168,053)**	**(197,221)**
Net change in cash and cash equivalents	(43,766)	62,593
Foreign currency translation differences	(94)	6,853
Cash and cash equivalents at the beginning of the period	171,784	166,923
Cash and cash equivalents at the end of the period2	**127,924**	**236,369**

Source: Reviewed condensed interim carve-out financial statements and related financial information

1 Profit before income tax and Zakat for the period presented above is before Zakat and income tax and after the KFAS.

2 Cash and Cash equivalents at 30 June 2022G in the cash flow statement is less bank overdrafts of USD 13.7m as at 30 June 2022G.

Net cash generated from operating activities

Net cash generated from operating activities increased from USD 208.5m in the six months ended 30 June 2021G to USD 241.3m in the six months ended 30 June 2022G primarily due to the increase in profit before income tax and Zakat for the period from USD 99.2m in the six months ended 30 June 2021G to USD 129.3m in the six months ended 30 June 2022G and the increase in non-cash adjustments from a positive USD 116.1m in the six months ended 30 June 2021G to USD 144.2m in the six months ended 30 June 2022G. This was partially offset by the increase in cash outflow as a result of changes in working capital from a cash inflow of USD 3.6m in the six months ended 30 June 2021G to a cash outflow of USD 20.7m in the six months ended 30 June 2022G.

Net cash generated from / (used in) investing activities

Net cash of investing activities increased from a cash outflow of USD 84.2m in the six months ended 30 June 2021G to a cash inflow of USD 18.5m in the six months ended 30 June 2022G primarily due to the cash inflow from the repayment of the Related Party loan partially offset by the increase in cash used for the purchase of property and equipment.

Net cash used in financing activities

Net cash used in financing activities increased from USD 168.1m in the six months ended 30 June 2021G to USD 197.2m in the six months ended 30 June 2022G primarily as a result of the increase in distributions to the Former Parent Company, the increase in the payments made against leases and the movement in payments and impact of capital reorganization with the Former Parent Company.

5.7.2 UAE Restaurants Business for the six months ended 30 June 2021G and 30 June 2022G

Table (5-239): TaSummary of the financial information of UAE Restaurants Business:

Currency: USD000	30 June 2021G	30 June 2022G
Statement of income		
Revenues	279,263	338,962
Cost of revenues	(125,095)	(152,622)
Gross profit	**154,169**	**186,340**
Selling and marketing expenses	(98,806)	(112,516)
General and administrative expenses	(33,837)	(37,662)
Other operating income – net	2,474	1,694
Net impairment allowance on financial assets	-	35
Operating profit	**24,000**	**37,891**
Finance costs	(1,351)	(1,452)
Gain/ (loss) on foreign exchange	52	77
Net profit for the period	**22,701**	**36,517**
Currency: USD000	**31 December 2021G**	**30 June 2022G**
Summary of the statement of financial position		
Total non-current assets	161,601	162,871
Total current assets	105,769	124,792
Total assets	**267,371**	**287,662**
Total non-current liabilities	74,810	70,592
Total current liabilities	151,218	160,160
Total liabilities	**226,027**	**230,752**
Total equity	**41,343**	**56,910**
Total liabilities and equity	**267,371**	**287,662**

Source: Management Information

Table (5-240): Key performance indicators for the six months ended 30 June 2021G and the six months ended 30 June 2022G:

Income statement key performance indicators		
Currency: USD000	**30 June 2021G**	**30 June 2022G**
Gross profit margin [1]	55.2%	55.0%
Net profit margin [2]	8.1%	10.8%

Source: Management information

Balance sheet key performance indicators		
Currency: USD000	**31 December 2021G**	**30 June 2022G**
Current ratio [3]	0.7	0.8
Total liabilities to total assets [4]	84.5%	80.2%
Net debt (net cash) (thousand USD) [5]	(31,526)	(31,097)
Days revenues outstanding [6]	5	5
Days inventory outstanding [7]	55	65
Days payable outstanding [8]	106	92
NWC as a percentage of revenues [9]	(7.0%)	(5.0%)
ROA [10]	19.1%	22.6%
ROE [11]	123.7%	114.2%

Source: Management information

(1) Gross margin is defined as gross profit for the six months period divided by revenues for the six months period

(2) Net profit margin is defined as the net profit for the six months period divided by revenues for the six months period

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues (for the last twelve months period) multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from related parties)

(7) Days inventory outstanding is defined as inventory divided by cost of inventory (for the last twelve months period) multiplied by 365 (where inventory refers to sum of raw material, filing and packaging material and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by cost of inventory (for the last twelve months period) multiplied by 365 (where trade and other payables refers to the sum of trade payables, current portion of unearned income and trade related dues to related parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from related parties less trade and other payables, due to related parties, provisions for legal, tax and other claims, income tax, zakat and other deductions payable

(10) Return on assets is calculated based on profit for the last twelve months period divided by total assets

(11) Return on equity is calculated based on profit for the last twelve months period divided by total equity

5.7.2.1 Statement of income of UAE Restaurants Business

The following tables set out UAE Restaurants Business's statement of income for 30 June 2021G and 30 June 2022G.

Table (5-241): Statement of income for the financial periods ended 30 June 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	30 June 2021G	30 June 2022G
Statement of income		
Revenues	279,263	338,962
Cost of revenues	(125,095)	(152,622)
Gross profit	**154,169**	**186,340**
Selling and marketing expenses	(98,806)	(112,516)
General and administrative expenses	(33,837)	(37,662)
Other operating income – net	2,474	1,694
Net impairment allowance on financial assets	-	35
Operating profit	**24,000**	**37,891**
Finance costs	(1,351)	(1,452)
Gain/ (loss) on foreign exchange	52	77
Net profit for the period	**22,701**	**36,517**

Source: Management Information

Revenue by brand

Table (5-242): Revenues by brand breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of UAE Restaurants Business:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
KFC	145,099	179,004	23.4%
Pizza Hut	80,230	90,471	12.8%
Hardee's	37,268	46,256	24.1%
Krispy Kreme	7,324	10,256	40.0%
Others	9,342	12,976	38.9%
Total revenues	**279,263**	**338,962**	**21.4%**
As a percentage of revenues			
KFC	52.0%	52.8%	
Pizza Hut	28.7%	26.7%	
Hardee's	13.3%	13.6%	
Krispy Kreme	2.6%	3.0%	
Others	3.3%	3.8%	

Source: Management Information

Revenue by channel

Table (5-243): Revenues by channel breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of UAE Restaurants Business:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Home delivery	132,196	149,854	13.4%
Take-out	67,848	69,102	1.8%
Dine-in	54,192	63,387	17.0%
Drive-through	14,836	19,381	30.6%
Others	10,190	37,238	265.4%
Total revenues	**279,263**	**338,962**	**21.4%**
As a percentage of revenues			
Home delivery	47.3%	44.2%	
Take-out	24.3%	20.4%	
Dine-in	19.4%	18.7%	
Drive-through	5.3%	5.7%	
Others	3.6%	11.0%	

Source: Management Information

The Company's Power Brands are KFC, Pizza Hut, Hardee's and Krispy Kreme. These four brands collectively contributed 96.2% to total revenue in the six months ended 30 June 2022G.

Revenue increased by 21.4% from USD 279.3m in the six months ended 30 June 2021G to USD 339.0m in the six months ended 30 June 2022G, primarily due to:

- The increase in the number of restaurants from 447 restaurants as at 30 June 2021G to 492 restaurants as at 30 June 2022G;
- The increase in the number of orders from existing and new restaurants from 19.9m in the six months ended 30 June 2021G to 23.8m orders in the six months ended 30 June 2022G on the back of successful campaigns for KFC and Hardee's and the higher market traffic in the first quarter of 2022G as a result of the EXPO 2020;
- The increase in home delivery revenues in nominal value during six months ended June 2022G to reach USD 149.9m compared to USD 132.2m in the six months ended 30 June 2021G as a result of successful new technology initiatives implemented (delivery rider tracking, wider coverage of stores), which supported a lower cancellation rate and strong performance metrics for home delivery revenues;
- Increase in prices for all Power Brands during the first quarter of 2022G (KFC by 3.4%, Hardee's by 2.5% 2022G, Pizza Hut by 3.9% and Krispy Kreme by 13.7%).

Cost of revenues

Table (5-244): Cost of revenues breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of the of UAE Restaurants Business:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Raw materials	74,857	94,540	26.3%
Royalties' fees	15,067	18,695	24.1%
Staff costs	17,522	19,776	12.9%
Short term and variable rent	4,047	3,890	(3.9%)
Depreciation	9,956	11,134	11.8%
Others	3,644	4,586	25.9%
Total cost of revenues	**125,095**	**152,622**	**22.0%**
As a percentage of revenues			
Raw materials	26.8%	27.9%	
Royalties' fees	5.4%	5.5%	
Staff costs	6.3%	5.8%	
Short term and variable rent	1.4%	1.1%	
Depreciation	3.6%	3.3%	
Others	1.3%	1.4%	
Total cost of revenues	**44.8%**	**45.0%**	

Source: Management Information

Raw materials

Raw materials increased by 26.3% from USD 74.9m in the six months ended 30 June 2021G to USD 94.5m in the six months ended 30 June 2022G driven by an increase in the cost of cooking oil, packaging, chicken and potatoes in KFC, beef and chicken in Hardee's and cheese in Pizza Hut.

Royalties' fees

Royalties' fees increased by 24.1% from USD 15.1m in the six months ended 30 June 2021G to USD 18.7m in the six months ended 30 June 2022G driven by the increase in revenues during the same period by 21.4% and the increase in the royalty percentage of one of the Power Brands from 5.5% in the six months ended 30 June 2021G to 5.75% in the six months ended 30 June 2022G.

Staff costs

Staff costs increased by 12.9% from USD 17.5m in the six months ended 30 June 2021G to USD 19.8m in the six months ended 30 June 2022G primarily due to the increase in the number of restaurant employees by 15.8% from 8,615 employees as at 30 June 2021G to 9,974 employees as at 30 June 2022G while the costs as a percentage of revenue decreased from 6.3% in the six months ended 30 June 2021G to 5.8% in the six months ended 30 June 2022G as a result of the increase in the employees' efficiency.

Short term and variable rent

Short term and variable rent slightly decreased by 3.9% from USD 4.0m in the six months ended 30 June 2021G to USD 3.9m in the six months ended 30 June 2022G primarily driven by rental on lease agreements that were renewed during the second half of 2022G.

Depreciation

Depreciation increased by 11.8% from USD 10.0m in the six months ended 30 June 2021G to USD 11.1m in the six months ended 30 June 2022G in line with the increase in the number of restaurants.

Others

Others include miscellaneous commissary and warehouse expenses such as utilities, waste and spoilage charges, provision for slow moving items and maintenance expenses in addition to distribution costs between commissaries/warehouses and restaurants.

Others increased by 25.9% from USD 3.6m in the six months ended 30 June 2021G to USD 4.6m in the six months ended 30 June 2022G in line with the overall increase in revenues.

Selling and marketing expenses

Table (5-245): Selling and marketing expenses breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of the UAE Restaurants Business:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G - 30 June 2022G)
Staff costs	29,933	35,131	17.4%
Depreciation	17,421	18,294	5.0%
Advertising and promotion	13,641	15,776	15.7%
Home delivery expenses	10,495	12,047	14.8%
Utilities and communication	8,693	9,930	14.2%
Rent	5,189	5,054	(2.6%)
Maintenance and other operating supplies expenses	5,689	4,109	(27.8%)
Licenses & insurance	1,667	2,082	24.9%
Call center expenses	1,547	1,486	(3.9%)
Others	4,532	8,607	89.9%
Total selling and marketing expenses	**98,806**	**112,516**	**13.9%**
As a percentage of revenues			
Staff costs	10.7%	10.4%	
Depreciation	6.2%	5.4%	
Advertising and promotion	4.9%	4.7%	
Home delivery expenses	3.8%	3.6%	
Utilities and communication	3.1%	2.9%	
Rent	1.9%	1.5%	
Maintenance and other operating supplies expenses	2.0%	1.2%	
Licenses & insurance	0.6%	0.6%	
Call center expenses	0.6%	0.4%	
Others	1.6%	2.5%	
Total selling and marketing expenses	**35.4%**	**33.2%**	

Source: Management Information

Staff costs

Staff costs increased by 17.4% from USD 29.9m in the six months ended 30 June 2021G to USD 35.1m in the six months ended 30 June 2022G as the headcount increased from 8,615 restaurant employees as at 30 June 2021G to 9,974 restaurant employees as at 30 June 2022G in line with the expansion in the number of restaurants. The average cost per employee decreased in the six months ended 30 June 2022G compared to the six months ended 30 June 2021G primarily due to the majority of employees hired being lower in rank.

Depreciation

Depreciation expenses increased slightly by 5.0% from USD 17.4m in the six months ended 30 June 2021G to USD 18.3m in the six months ended 30 June 2022G primarily driven by the increase in the number of restaurants from 447 restaurants as at 30 June 2021G to 492 restaurants as at 30 June 2022G.

Advertising and promotion

Advertising and promotion costs increased by 15.7% from USD 13.6m in the six months ended 30 June 2021G to USD 15.8m in the six months ended 30 June 2022G in line with the increase in revenues during the same period.

Home delivery expense

Home delivery expense increased by 14.8% from USD 10.5m in the six months ended 30 June 2021G to USD 12.0m in the six months ended 30 June 2022G driven by the increase in home delivery revenues from USD 132.2m in the six months ended 30 June 2021G to USD 149.9m in the six months ended 30 June 2022G and the increase in the fuel costs.

Utilities and communication

Utilities and communication increased by 14.2% from USD 8.7m in the six months ended 30 June 2021G to USD 9.9m in the six months ended 30 June 2022G in line with the increase in the number of operating restaurants.

Rent

Rent costs decreased by 2.6% from USD 5.2m in the six months ended 30 June 2021G to USD 5.1m in the six months ended 30 June 2022G driven by concessions received during the six months ended 30 June 2022G of USD 0.3m, offset by the rental costs incurred due to the increase in the number of restaurants.

Maintenance and other operating supplies expenses

This line item decreased by 27.8% from USD 5.7m in the six months ended 30 June 2021G to USD 4.1m in the six months ended 30 June 2022G as the Company renegotiated the annual maintenance contracts, which resulted in lower costs. This was coupled with the reclassification of the operating supplies from this line item to others. The decrease in the annual maintenance contracts costs was partially offset by the increase in the number of restaurants between 30 June 2021G and 30 June 2022G.

License and insurance

Licenses and insurance expenses increased by 24.9% from USD 1.7m in the six months ended 30 June 2021G to USD 2.1m in the six months ended 30 June 2022G as the concessions received during the six months ended 30 June 2021G were suspended and the number of operating restaurants increased as at 30 June 2022G compared to 30 June 2021G.

Call centre expenses

Call centre costs remained relatively stable at USD 1.5m in the six months ended 30 June 2021G and the six months ended 30 June 2022G.

Others

Others include miscellaneous, amortization, small ware charges, closure losses, wastage and preopening expenses.

This line item increased by 89.9% from USD 4.5m in the six months ended 30 June 2021G to USD 8.6m in the six months ended 30 June 2022G, primarily driven by the reclassification of operating supplies from maintenance **(in six months ended 30 June 2021G**) to others in the six months ended 30 June 2022G, which amounted to USD 2.1m, the increase in smallware costs by USD 0.7m and the increase in overall other expenses including wastage, preopening expenses and miscellaneous expenses in line with the increase in revenues.

General and administrative expenses

Table (5-246): General and administrative expenses breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of UAE Restaurants Business:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Staff costs	24,130	25,624	6.2%
Depreciation	3,889	4,161	7.0%
Maintenance charges	1,344	1,826	35.9%
Utilities and communications	1,373	1,528	11.3%
Short term and variable rent	859	892	3.8%
Others	2,241	3,631	62.0%
Total general and administrative expenses	**33,837**	**37,662**	**11.3%**
As a percentage of revenues			
Staff costs	8.6%	7.6%	
Depreciation	1.4%	1.2%	
Maintenance charges	0.5%	0.5%	
Utilities & communications	0.5%	0.5%	
Short term and variable rent	0.3%	0.3%	
Others	0.8%	1.0%	
Total general and administrative expenses	**12.1%**	**11.1%**	

Source: Management Information

Staff costs

Staff costs increased by 6.2% from USD 24.1m in the six months ended 30 June 2021G to USD 25.6m in the six months ended 30 June 2022G primarily due to the increase in headcount from 484 employees as at 30 June 2021G to 598 employees as at 30 June 2022G.

Depreciation

Depreciation expense increased by 7.0% from USD 3.9m in the six months ended 30 June 2021G to USD 4.2m in the six months ended 30 June 2022G primarily due to additions that were made during the period between 30 June 2021G and 30 June 2022G.

Maintenance charges

Maintenance charges increased by 35.9% from USD 1.3m in the six months ended 30 June 2021G to USD 1.8m in the six months ended 30 June 2022G primarily due to the increase in the enterprise resource planning software maintenance costs of USD 0.5m.

Utilities and communication

Utilities and communication increased by 11.3% from USD 1.4m in the six months ended 30 June 2021G to USD 1.5m in the six months ended 30 June 2022G in the normal course of business.

Short term and variable rent

Short term and variable rent expense remained relatively stable at USD 0.9m in the six months ended 30 June 2021G and the six months ended 30 June 2022G.

Utilities and communication

Utilities and communication increased by 11.3% from USD 1.4m in the six months ended 30 June 2021G to USD 1.5m in the six months ended 30 June 2022G in the normal course of business.

Others

Others primarily include trade licenses, professional and legal fees, travelling and accommodation, provision expense insurance, bank charges and service contracts and other miscellaneous fees.

Others increased by 62.0% from USD 2.2m in the six months ended 30 June 2021G to USD 3.6m in the six months ended 30 June 2022G driven by the: (i) increase in the professional fees related to the implementation of the new ERP system and the cyber security assessment, (ii) increase in other internet subscriptions which were not incurred in the six months ended 30 June 2021G, and (iii) slight increase in provisions expense.

Other operating income – net

Table (5-247): Other operating income – net for the six months ended 30 June 2021G and the six months ended 30 June 2022G of UAE Restaurants Business:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Rent concession	2,443	75	(96.9%)
Gain or (Loss) on disposal of PPE	-	2	100.0%
Miscellaneous	(20)	(4)	(80.0%)
Others	52	1,620	3,015.4%
Other operating income – net	**2,474**	**1,694**	**(31.5%)**

Source: Management Information

Other operating income decreased from USD 2.5m in the six months ended 30 June 2021G to USD 1.7m in the six months ended 30 June 2022G primarily due to the decrease in the gains recorded from rent concessions. This was offset by the increase in income from others as a result of rebates received from a franchisor in relation to supply chain and new restaurant openings.

Finance costs

Table (5-248): Finance costs for the six months ended 30 June 2021G and the six months ended 30 June 2022G of UAE Restaurants Business:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Interest on lease liabilities	1,351	1,276	(5.6%)
Others	-	176	100.0%
Total finance cost	**1,351**	**1,452**	**7.5%**

Source: Management Information

Finance income increased from USD 1.4m in the six months ended 30 June 2021G to USD 1.5m in the six months ended 30 June in 2022G as a result of the finance costs relating to IAS 19 from the provision of employees' end of service benefits (recorded within others).

Net profit for the period and net profit margin for the period

Net profit for the period increased by 60.9% from USD 22.7m in the six months ended 30 June 2021G to USD 36.5m in the six months ended 30 June 2022G driven by the increase in revenues in nominal terms, while the costs increased in a lesser magnitude during the same period.

Net profit margin increased from 8.1% in the six months ended 30 June 2021G to 10.8% in the six months ended 30 June 2022G driven by: (i) decline in general and administrative expenses as a percentage of revenues from 12.1% in the six months ended 30 June 2021G to 11.1% in the six months ended 30 June 2022G, (ii) decline in selling and marketing expenses from 35.4% in the six months ended 30 June 2021G to 33.2% for the six months ended 30 June 2022G as a portion of these expenses are fixed in nature and did not increase in the same magnitude as the increase in revenue. This was partially offset by the increase in cost of sales as a percentage of revenue from 44.8% in the six months ended 30 June 2021G to 45.0% in the six months ended 30 June 2022G.

5.7.2.2 Statement of financial position of UAE Restaurants Business

Table (5-249): Statement of financial position as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	30 June 2022G
Property, plant and equipment	71,221	74,867
Right of use assets	77,332	74,948
Intangible assets	13,048	13,056
Total non-current assets	**161,601**	**162,871**
Inventories	27,009	35,332
Due from Related Parties	15,337	23,090
Trade and other receivables	31,897	35,273
Cash and cash equivalents	31,526	31,097
Total current assets	**105,769**	**124,792**
Total assets	**267,371**	**287,662**
Lease liability	43,622	42,690
Provision for employees' end of service benefits	31,188	27,903
Total non-current liabilities	**74,810**	**70,592**
Lease liability	34,827	33,859
Due to Related Parties	4,200	5,549
Income tax, Zakat and other deductions payable	-	54
Provisions for legal and other claims	-	2,179
Trade and other payables	112,191	118,518
Total current liabilities	**151,218**	**160,160**
Total liabilities	**226,027**	**230,752**
Share capital	41	41
Statutory reserve	20	20
Retained earnings	41,282	56,849
Total equity	**41,343**	**56,910**
Total liabilities and equity	**267,371**	**287,662**

Source: Management information

Table (5-250): Non-current assets position as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	30 June 2022G
Property and equipment	71,221	74,867
Right-of-use assets	77,332	74,948
Intangible assets	13,048	13,056
Total non-current assets	**161,601**	**162,871**

Source: Management information

Property and equipment

Table (5-251): Property and equipment net book value as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	Additions	Transfers	Disposals	Depreciation	30 June 2022G
Land	6,385	-	-	-	-	6,385
Buildings and refrigerating rooms	8,057	832	124	(19)	(1,135)	7,858
Leasehold improvements	25,345	1,956	756	(129)	(4,338)	23,590
Equipment and tools	19,907	3,748	125	(86)	(3,425)	20,270
Furniture and fixture	2,245	631	1	(51)	(422)	2,405
Motor vehicles	1,148	296	-	-	(222)	1,222
Capital work-in-progress	8,133	7,068	(2,065)	-	-	13,137
Net book values	**71,221**	**14,531**	**(1,059)**	**(285)**	**(9,542)**	**74,867**

Source: Management information

Land

No additions nor impairments were made to the lands as at 30 June 2022G.

Buildings and refrigerating rooms

Buildings and refrigerating rooms net book value decreased from USD 8.1m as at 31 December 2021G to USD 7.9m as at 30 June 2022G primarily as a result of the depreciation charge for the period of USD 1.1m partially offset by additions and transfers of USD 1.0 m.

Leasehold improvements

Leasehold improvements net book value decreased from USD 25.3m as at 31 December 2021G to USD 23.6m as at 30 June 2022G primarily as a result of the depreciation charge for the period of USD 4.3m and disposals of USD 0.1m, partially offset by additions and transfers of USD 2.7m relating to the opening of 15 new stores during the six months ended 30 June 2022G.

Equipment and tools

Equipment and tools net book value increased from USD 19.9m as at 31 December 2021G to USD 20.3m as at 30 June 2022G primarily driven by the additions of USD 3.7m and transfers of USD 0.1m in relation to the new restaurants opened during the period partially offset by the depreciation charge for the period of USD 3.4m.

Furniture and fixture

Furniture and fixture further increased from USD 2.2m as at 31 December 2021G to USD 2.4m as at 30 June 2022G driven by additions of USD 0.6m partially offset by the depreciation charge USD 0.4m and disposals USD 0.1m.

Motor vehicles

Vehicles net book value slightly increased from USD 1.1m as at December 2021G to USD 1.2m as at 30 June 2022G primarily due to additions of USD 0.3m partially offset by depreciation of USD 0.2m.

Capital work-in-progress

Capital work-in-progress increased from USD 8.1m as at 31 December 2021G to USD 13.1m as at 30 June 2022G primarily driven by the additions of USD 7.1m during 2022G, partially offset by transfers of USD 2.1m. These mainly related to restaurants under construction and fit-out work.

Table (5-252): Useful lives of property and equipment used for depreciation as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

	Useful life in years
Buildings and refrigerating rooms	5-20
Leasehold improvements	Lower of 5 years or lease
Equipment and tools	5-10
Furniture and fixture	6-7
Motor vehicles	4

Source: Management information

Right-of-use assets

Table (5-253): Right-of-use assets net book value as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	Additions	Disposals	Depreciation	30 June 2022G
Building and leasehold	76,770	18,443	-	(21,110)	74,103
Vehicles	562	1,812	-	(1,529)	845
Net book value	**77,332**	**20,256**	**-**	**(22,639)**	**74,948**

Source: Management information

As at 30 June 2022G, the right-of-use assets represented 432 vehicles and delivery cars and 586 buildings.

Net book value of right-of-use assets decreased from USD 77.3m at December 2021G to USD 75.0m as at 30 June 2022G as a result of the depreciation charge of USD 22.6m during the period, partially offset by additions of USD 20.3m in relation to both buildings and vehicles and renewals of existing stores.

Intangible assets

Table (5-254): Intangible assets net book value as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	Additions	Transfers	Disposals	Depreciation	30 June 2022G
Franchise fee	7,110	371	-	(56)	(534)	6,891
Key money	74	-	-	-	(34)	40
Computer software	5,865	50	1,052	(2)	(839)	6,125
Net book value	**13,048**	**421**	**1,052**	**(58)**	**(1,407)**	**13,056**

Source: Management information

Net book value of intangible assets slightly increased from USD 13.0m as at 31 December 2021G to USD 13.1m as at 30 June 2022G. The increase was primarily driven by additions and transfers related to computer software and mobile applications for USD 1.1m and franchise fees additions of USD 0.4m during the period. This increase was offset by the depreciation charge for the period of 1.4m.

Current assets

Table (5-255): Current assets as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	30 June 2022G
Inventories	27,009	35,332
Due from Related Parties	15,337	23,090
Trade receivable and other receivables	31,897	35,273
Cash and bank balances	31,526	31,097
Total current assets	**105,769**	**124,792**

Source: Management information

Inventories

Table (5-256): Inventories breakdown as 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	30 June 2022G
Food supplies	17,684	24,162
Filling and packing material	2,221	3,444
Other materials	2,108	2,360
Spare parts	1,093	1,250
Gross inventories	**23,106**	**31,216**
Less: provision for slow moving inventories and spare parts	(640)	(671)
Goods in transit	4,544	4,787
Total inventory	**27,009**	**35,332**

Source: Management information

Food supplies

Food supplies increased from USD 17.7m as at 31 December 2021G to USD 24.2m as at 30 June 2022G driven by the increase in number of restaurants as at 30 June 2022G combined with the increase in prices of raw materials.

Filling and packing material

Filling and packing material increased from USD 2.2m as at 31 December 2021G to USD 3.4m as at 30 June 2022G primarily due to the expansion of home delivery (**which requires more packing material**) coupled with the increase in the number of restaurants.

Other materials

Other materials increased from USD 2.1m as at 31 December 2021G to USD 2.4m as at 30 June 2022G driven by the expansion of operations within the normal course of business.

Spare parts

Spare parts slightly increased from USD 1.1m as at 31 December 2021G to USD 1.3m as at 30 June 2022G in the normal course of business.

Provision for slow-moving inventories

Provision for slow-moving inventories remained fairly stable between USD 0.6m to USD 0.7m between 31 December 2021G to 30 June 2022G in line with the increase in the overall inventory level.

Goods in transit

Goods in transit slightly increased from USD 4.5m as at 31 December 2021G to USD 4.8m as at 30 June 2022G this is in line with the expansion of the business and the increase in revenues.

Due from Related Parties' balances

Table (5-257): Due from Related Parties' balances as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	Nature of relationship	31 December 2021G	30 June 20222G
Americana Holding for UAE Restaurants LTD	parent company	8,171	8,174
Americana Restaurants Investment Group Company LLC	Holding Company	-	4,442
Société Marocaine De Projects Touristiques SARL	Fellow subsidiary	1,864	1,871
Lebanese International Touristic Projects Company LLC	Fellow subsidiary	1,531	1,546
The Caspian International Restaurants Company LLP	Fellow subsidiary	1,094	1,280
Americana Company for Restaurants Holding LTD	Fellow subsidiary	1,002	1,002
Tourist Projects & International Restaurants Co. (Americana) LLC	Fellow subsidiary	491	563
Al Ahlia Restaurants Company LLC	Fellow subsidiary	226	508
Kuwait Food Company (Americana) K.S.C.C	Former Parent Company	185	-
Bahrain and Kuwait Restaurants Co. WLL	Fellow subsidiary	169	535
Americana Kuwait Company Restaurants WLL	Fellow subsidiary	162	1,441
International Tourism Restaurants Company LLC	Fellow subsidiary	145	728
Qatar Food Company WLL	Fellow subsidiary	104	359
Others		195	640
Due from Related Parties		**15,337**	**23,090**

Source: Management information

All Related Party transactions are made on an arms-length basis.

Due from Related Parties' balances increased from USD 15.3m as at December 2021G to USD 23.1m as at 30 June 2022G primarily driven by the increase in the balance from Americana Restaurants Investment Group Company LLC in relation to a transfer of the receivable balance from the Former Parent Company to Americana Restaurants Investment Group Company LLC as part of the capital reorganizations.

Trade and other receivables

Table (5-258): Trade and other receivables breakdown as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	30 June 2022G
Gross trade receivables	9,026	8,334
Less: Loss allowance	(666)	(255)
Net trade receivables	**8,360**	**8,079**
Prepayments and deposits	19,891	20,976
Advances	2,618	4,820
Claims receivables	917	398
Others	110	1,001
Trade and other receivables	**31,897**	**35,273**

Source: Management information

Gross trade receivables

Gross trade receivables decreased from USD 9.0m as at December 2021G to USD 8.3m as at 30 June 2022G mainly driven by the reclassification of receivables from the sale of used oil from gross trade receivables as at 31 December 2021G to Others as at 30 June 2022G.

Loss allowance

Loss allowance decreased from USD 0.7m as at December 2021G to USD 0.3m as at 30 June 2022G due to the reclassification of the loss allowance against receivables from the sale of used oil from gross trade receivables as at 31 December 2021G to Others as at 30 June 2022G.

Prepayments and deposits

Prepayments and deposits increased from USD 19.9m as at 31 December 2021G to USD 21.0m as at 30 June 2022G in relation to prepayments made to landlords in the beginning of the year and the increase in the number of restaurants as at 30 June 2022G compared to 31 December 2021G.

Advances

The balance increased from USD 2.6m as at 31 December 2021G to USD 4.8m as at 30 June 2022G mainly due to an advance payment to a supplier of raw materials.

Claims receivables

Claims receivables balance decreased from USD 0.9m as at 31 December 2021G to USD 0.4m as at 30 June 2022G mainly due to the settlement of an insurance claim during the six months ended 30 June 2022G.

Others

The balance increased from USD 0.1m as a 31 December 2021G to USD 1.0m as at 30 June 2022G as a result of the reclassification of the receivables related to the sale of used oil from gross receivables as at 31 December 2021G to others as at 30 June 2022G.

Cash and cash equivalents

Table (5-259): Cash and cash equivalents breakdown as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	30 June 2022G
Current accounts held with banks	28,069	27,925
Cash on hand	3,457	3,172
Total cash and cash equivalents	**31,526**	**31,097**

Source: Management information

Cash and cash equivalents represent the Company's current accounts held with banks and cash on hand.

Cash and cash equivalents decreased from USD 31.5m as at 31 December 2021G to USD 31.1m as at 30 June 2022G. For more details refer to the cash flow statement section.

Capital commitments

The UAE Restaurants Business had capital commitments in relation to projects in progress of USD 2.4m as at 30 June 2022G (USD 5.1m as at 31 December 2021G). The UAE Restaurants Business also had outstanding letters of credit of USD 7.2m as at 30 June 2022G (USD 7.3m as at 31 December 2021G). Capital commitments are primarily related to new restaurant openings.

Non-current liabilities

Table (5-260): Non-current liabilities as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	30 June 2022G
Lease liability non-current	43,622	42,690
Provision for employees' end of service benefits	31,188	27,903
Total non-current liabilities	**74,810**	**70,592**

Source: Management information

Lease liabilities

Table (5-261): Lease liabilities breakdown as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	30 June 2022G
Lease liability non-current	43,622	42,690
Lease liability current	34,827	33,859
Total lease liabilities	**78,449**	**76,549**

Source: Management information

Lease liabilities decreased from USD 78.4m as at 31 December 2021G to USD 76.5m as at 30 June 2022G primarily due to payments during the six months ended 30 June 2022G exceeding the additions during the period.

Provision for employees' end of service benefits

Table (5-262): Non- current employees' end of service benefits breakdown as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	30 June 2022G
Beginning balance	28,235	31,188
Charge for the period	5,352	2,484
Interest charge	301	176
Remeasurement of employees' end of service benefits	1,911	(4,050)
Payments for the period	(4,612)	(1,895)
Ending balance	**31,188**	**27,903**

Source: Management information

End of service benefits decreased from USD 31.2m as at 31 December 2021G to USD 27.9m as at 30 June 2022G. The decrease was primarily driven by remeasurement of employees' end of service benefits of USD 4.1m and the payments for the period of USD 1.9m, partially offset by the current service charge for the period of USD 2.5m, and interest costs of USD 0.2m. Remeasurement of employees' end of service benefits is based on the actuarial calculation and is based on various assumptions including financial and non-financial metrics.

Current liabilities

Table (5-263): Current liabilities as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	30 June 2022G
Lease liability current	34,827	33,859
Due to Related Parties	4,200	5,549
Provisions for legal and other claims	-	2,179
Income tax, Zakat and other deductions payable	-	54
Trade and other payables	112,191	118,518
Total current liabilities	**151,218**	**160,160**

Source: Management information

Due to Related Parties

Table (5-264): Due to Related Parties' balances as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	Nature of relationship	31 December 2021G	30 June 2022G
National Company for Food Industries LLC	Fellow subsidiary	1,011	2,032
Gulf Food Company Americana LLC	Fellow subsidiary	1,129	1,728
International Co. for Agricultural Development (Farm Frites) SAE	Fellow subsidiary	1,985	1,424
Barakat Vegetables and fruits Co. LLC	Entities controlled by a major shareholder	-	142
Noon UAE	Entities controlled by a major shareholder	-	205
Gulf Food Industries Company (California Garden) FZE	Fellow subsidiary	-	10
Senyorita for Food Industries SAE	Fellow subsidiary	-	8
Egyptian Canning Company (Americana) SAE	Fellow subsidiary	50	-
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd	Fellow subsidiary	25	-
Due to Related Parties		**4,200**	**5,549**

Source: Management information

As at 30 June 2022G, due to Related Parties' balances primarily related to purchases of raw materials from fellow subsidiaries and entities controlled by a major shareholder.

Due to Related Parties' balances increased from USD 4.2m as at 31 December 2021G to USD 5.5m as at 30 June 2022G primarily from the increase in the balance to National Company for Food Industries LLC and Gulf Food Company Americana LLC as a result of the increase in purchases of raw materials.

Provisions for legal and other claims

This represents provisions for asset impairment and legal provisions. The balance increased from nil as at 31 December 2021G to USD 2.2m as at 30 June 2022G. As at 31 December 2021G, the legal provisions were netted off against the prepayments balance made to landlords since the legal claims relate to cases against payments to landlords. These payments were reclassified as at 30 June 2022G under this account resulting in the increase in this balance.

Trade and other payables

Table (5-265): Trade and other payables breakdown as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	30 June 2022G
Trade payables	43,225	40,949
Accrued expenses	35,390	44,540
Payable to employees	24,206	20,024
Other payables	9,370	13,005
Total trade and other payables	**112,191**	**118,518**

Source: Management information

Trade payables

Trade payables decreased from USD 43.2m as at 31 December 2021G to USD 40.9m as at 30 June 2022G as a result of the reclassification of the purchase orders accruals (in relation to receiving the services and shipments but not the invoices as at the reporting date) from trade payables as at 31 December 2021G to accrued expenses as at 30 June 2022G.

Accrued expenses

Accrued expenses increased from USD 35.4m as at 31 December 2021G to USD 44.5m as at 30 June 2022G as a result of the reclassification of purchase orders accruals from trade payables as at 31 December to accrued expenses as at 30 June 2022G.

Payable to employees

Payable to employees decreased USD 24.2m as at 31 December 2021G to USD 20.0m as at 30 June 2022G as the bonus for the 2021G was paid in May of 2022G, offset by the recording of the bonus accruals for the first six months of 2022G.

Other payables

Other payables increased from USD 9.4m as at 31 December 2021G to USD 13.0m as at 30 June 2022G as a result of receiving a deposit of USD 2.3m during the six months ended 30 June 2022G for a potential divestment of a non-core brand.

Total equity

Table (5-266): Total equity as at 31 December 2021G and 30 June 2022G of UAE Restaurants Business:

Currency: USD000	31 December 2021G	30 June 2022G
Share capital	41	41
Statutory reserve	20	20
Retained earnings	41,282	56,849
Total equity	**41,343**	**56,910**

Source: Management information

Share capital and statutory reserve

Share capital and statutory reserve balances remained stable between 31 December 2021G and 30 June 2022G.

Retained earnings

Retained earnings increased from USD 41.3m as at 31 December 2021G to USD 56.8m as a result of the profits recorded during the six months ended 30 June 2022G, partially offset by the declared dividends amounting to USD 25.0m.

5.7.2.3 Statement of cash flow of UAE Restaurants Business

Table (5-267): Statement of cash flows for the financial periods ended 30 June 2021G and 30 June 2022G of UAE Restaurants Business

Currency: USD000	30 June 2021G	30 June 2022G
Profit for the period	**22,701**	**36,517**
Adjustments for:		
Depreciation and amortization	11,254	10,916
Depreciation of right of use assets	20,123	22,673
Provision for employees' end of service benefits, net of transfers	2,661	2,484
Impairment allowance on financial assets	15	(35)
Provision for obsolete, slow moving, and defective inventories	14	94
(Reversal of impairment)/impairment losses of non-financial assets	(38)	-
Loss on disposal of property and equipment and intangible assets	334	304
Gain/(Loss) on rent concessions	385	(75)
Finance costs	-	1,452
Recognition of deferred gain on derivative financial instrument in other income	1,351	-
Operating cash flows before changes in working capital	**58,800**	**74,329**
Payments of employees' end of service benefits	(2,114)	(1,895)
Changes in working capital:		
Trade and other receivables	(3,288)	(3,341)
Inventories	938	(8,416)
Trade and other payables	10,861	8,561
Due from Related Parties	(8,386)	(7,753)
Due to Related Parties	294	1,357
Net cash generated from operating activities	**57,104**	**62,841**
Purchases of property and equipment	(9,497)	(14,531)
Proceeds from sale of property and equipment	9	39
Purchase of intangible assets	(851)	(421)
Net cash used in investing activities	**(10,339)**	**(14,913)**
Principal elements of lease payments	(21,888)	(23,357)
Distributions to the parent company	(27,624)	(25,000)
Net movement in carve-out adjustments	(2,177)	-
Net cash used in financing activities	**(51,689)**	**(48,357)**
Net change in cash and cash equivalents	(4,924)	(429)
Cash and cash equivalents at the beginning of the period	16,673	31,526
Cash and cash equivalents, end of the period	**11,748**	**31,097**

Source: Management information

Net cash generated from operating activities

Net cash generated from operating activities increased from USD 57.1m in the six months ended 30 June 2021G to USD 62.8m in the six months ended 30 June 2022G primarily due to the increase in profit for the period from USD 22.7m in the six months ended 30 June 2021G to USD 36.5m in the six months ended 30 June 2022G and the increase in non-cash adjustments from USD 36.1m in the six months ended 30 June 2021G to USD 37.8m in the six months ended 30 June 2022G. This was partially offset by changes in working capital where it changed from a cash inflow of USD 0.4m in the six months ended 30 June 2021G to a cash outflow of USD 9.6m in the six months ended 30 June 2022G.

Net cash used in investing activities

Net cash used in investing activities increased from a cash outflow of USD 10.3m in the six months ended 30 June 2021G to a cash outflow of USD 14.9m in the six months ended 30 June 2022G primarily due to the increase in cash used in the purchase of property and equipment from USD 9.5m in the six months ended 30 June 2021G to USD 14.5m in the six months ended 30 June 2022.

Net cash used in financing activities

Net cash used in financing activities decreased from a cash outflow of USD 51.7m in the six months ended 30 June 2021G to a cash outflow of USD 48.4m in the six months ended 30 June 2022G primarily driven by the decrease in distributions to the parent company combined with the carve out adjustment of USD 2.2m which only occurred in the six months ended 30 June 2021G, offset by the increase in the payments made against leases.

5.7.3 Al Ahlia Restaurants Company LLC (KSA) for the six months ended 30 June 2021G and 30 June 2022G

Table (5-268): Summary of consolidated financial information of Al Ahlia Restaurants Company LLC:

Currency: USD000	30 June 2021G	30 June 2022G
Statement of income		
Revenues	212,568	254,863
Cost of revenues	(103,790)	(125,661)
Gross profit	**108,778**	**129,202**
Selling and distribution expenses	(79,378)	(84,590)
General and administrative expenses	(14,874)	(17,110)
Other income / (expense), net	2,413	(267)
Gain on foreign exchange	45	17
Operating income	**16,984**	**27,252**
Share in profits of a subsidiary	-	798
Gain on available for sale investment	-	90
Finance costs	(2,178)	(1,976)
Profit before Zakat	**14,806**	**26,163**
Zakat	(2,133)	(1,920)
Profit for the period	**12,672**	**24,244**
Currency: USD000	**31 December 2021G**	**30 June 2022G**
Statement of financial position		
Total equity	**85,420**	**104,846**
Total non-current assets	235,411	242,662
Total current assets	52,920	73,345
Total assets	**288,332**	**316,007**
Total non-current liabilities	85,973	87,769
Total current liabilities	116,939	123,392
Total liabilities	**202,912**	**211,161**
Total liabilities and equity	**288,332**	**316,007**

Source: Management information

Table (5-269): Key performance indicators for the six months ended 30 June 2021G and the six months ended 30 June 2022G:

Income statement key performance indicators		
Currency: USD000	**30 June 2021G**	**30 June 2022G**
Gross profit margin (1)	51.2%	50.7%
Net profit margin (2)	6.0%	9.5%

Source: Management information

Balance sheet key performance indicators		
Currency: USD000	**31 December 2021G**	**30 June 2022G**
Current ratio (3)	0.5	0.6
Total liabilities to total assets (4)	**70.4%**	**66.8%**
Net debt (net cash) (thousand USD) (5)	(23,369)	(21,684)
Days revenues outstanding (6)	5	5
Days inventory outstanding (7)	52	77
Days payable outstanding (8)	107	95
NWC as a percentage of revenues (9)	(12.4%)	(10.1%)
ROA (10)	9.0%	11.9%
ROE (11)	30.4%	35.8%

Source: Management information

(1) Gross margin is defined as gross profit for the six months period divided by revenues for the six months period

(2) Net profit margin is defined as the net profit for the six months period divided by revenues for the six months period

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues (for the last twelve months period) multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from related parties)

(7) Days inventory outstanding is defined as inventory divided by cost of inventory (for the last twelve months period) multiplied by 365 (where inventory refers to sum of raw material, filing and packaging material and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by cost of inventory (for the last twelve months period) multiplied by 365 (where trade and other payables refers to the sum of trade payables, current portion of unearned income and trade related dues to related parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from related parties less trade and other payables, due to related parties, provisions for legal, tax and other claims, income tax, zakat and other deductions payable

(10) Return on assets is calculated based on profit for the last twelve months period divided by total assets

(11) Return on equity is calculated based on profit for the last twelve months period divided by total equity

5.7.3.1 Statement of income of Al Ahlia Restaurants Company LLC (KSA)

The following tables set out Al Ahlia Restaurants Company LLC (**KSA**) statement of income for the six months ended 30 June 2021G and 30 June 2022G.

Table (5-270): Statement of income for the six months ended 30 June 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	30 June 2021G	30 June 2022G
Statement of income		
Revenues	212,568	254,863
Cost of revenues	(103,790)	(125,661)
Gross profit	**108,778**	**129,202**
Selling and distribution expenses	(79,378)	(84,590)
General and administrative expenses	(14,874)	(17,110)
Other income / (expense), net	2,413	(267)
Gain on foreign exchange	45	17
Operating income	**16,984**	**27,252**
Share in profits of a subsidiary	-	798
Gain on available for sale investment	-	90
Finance costs	(2,178)	(1,976)
Profit before Zakat	**14,806**	**26,163**
Zakat	(2,133)	(1,920)
Profit for the period	**12,672**	**24,244**

Source: Management information

Revenues by brand

Table (5-271): Revenues by brand breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
KFC	138,106	169,961	23.1%
Hardee's	45,085	55,935	24.1%
Krispy Kreme	19,487	20,005	2.7%
Pizza Hut	-	118	100.0%
Others	9,890	8,844	(10.6%)
Total revenues	**212,568**	**254,863**	**19.9%**
As a percentage of revenues			
KFC	65.0%	66.7%	
Hardee's	21.2%	21.9%	
Krispy Kreme	9.2%	7.8%	
Pizza Hut	-	0.0%	
Others	4.7%	3.5%	

Source: Management information

Revenues by channel

Table (5-272): Revenues by channel breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Home delivery	67,309	78,473	16.6%
Take-out	63,121	75,048	18.9%
Drive-through	50,928	56,390	10.7%
Dine-in	26,650	38,472	44.4%
Others	4,560	6,480	42.1%
Total revenue	**212,568**	**254,863**	**19.9%**
As a percentage of revenues			
Home delivery	31.7%	30.8%	
Take-out	29.7%	29.4%	
Drive-through	24.0%	22.1%	
Dine-in	12.5%	15.1%	
Others	2.1%	2.5%	

Source: Management information

The Company operates KFC, Hardee's, Krispy Kreme and Pizza Hut in the Kingdom of Saudi Arabia. These four brands collectively contributed 96.5% to total revenue in the six months ended 30 June 2022G. The first Pizza Hut restaurant opened in KSA in the second half of June 2022G.

Revenue increased by 19.9% from USD 212.6m in the six months ended 30 June 2021G to USD 254.9 in the six months ended 30 June 2022G, primarily due to:

- The opening of 29 new restaurants (between 30 June 2021G and 30 June 2022G), this resulted in an increase in the number of orders from existing and new restaurants from 18.1m orders in the six months ended 30 June 2021G to 21.1m orders in the six months ended 30 June 2022G;
- The increase in the average order value from USD 11.7 in the six months ended 30 June 2021G to USD 12.1 in the six months ended 30 June 2022G primarily driven by price increases in the first quarter of 2021G for KFC by 6.9%, Hardee's by 6.5% and Krispy Kreme by 6.2%.

Home delivery revenues increased in nominal value during the six months ended 30 June 2022G to reach USD 78.5m compared to USD 67.3m in the six months ended 30 June 2021G, albeit declining as a percentage of revenues to 30.8% in the six months ended 30 June 2022G compared to 31.7% in the six months ended 30 June 2021G. This was driven by the normalisation of the dine-in channel post the easing of Covid-19 restrictions.

Cost of revenues

Table (5-273): Cost of revenues breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Raw materials consumed	63,942	82,277	28.7%
Salaries and other employees' benefits	16,251	17,564	8.1%
Royalties	10,917	13,398	22.7%
Depreciation	8,057	7,496	(7.0%)
Rent	2,100	1,546	(26.4%)
Others	2,522	3,380	34.0%
Total cost of revenues	**103,790**	**125,661**	**21.1%**
As a percentage of revenues			
Raw materials consumed	30.1%	32.3%	
Salaries and other employees' benefits	7.6%	6.9%	
Royalties	5.1%	5.3%	
Depreciation	3.8%	2.9%	
Rent	1.0%	0.6%	
Others	1.2%	1.3%	
Total cost of revenues	**48.8%**	**49.3%**	

Source: Management information

Raw materials consumed

Raw materials consumed increased by 28.7% from USD 63.9m in the six months ended 30 June 2021G to USD 82.3m in the six months ended 30 June 2022G primarily due to increase in revenues by 19.9% in addition to the increase in raw material costs such as chicken, cooking oil, and other items.

Raw materials consumed as a percentage of revenue increased from 30.1% in the six months ended 30 June 2021G to 32.3% in the six months ended 30 June 2022G primarily due to the aforementioned increase in input costs.

Salaries and other employees' benefits

Salaries and other employees' benefits increased by 8.1% from USD 16.3m in the six months ended 30 June 2021G to USD 17.6m in the six months ended 30 June 2022G primarily due to the increase in the number of employees as 29 new restaurants were opened in the period between 30 June 2021G and 30 June 2022G. In addition, performance bonuses and overtime increased during the same period in line with the increase in revenues and orders.

The Company's Saudization rate was 27.0% during the six months ended 30 June 2022G.

Royalties

Royalties increased by 22.7% from USD 10.9m in the six months ended 30 June 2021G to USD 13.4m in the six months ended 30 June 2022G driven by the increase in the royalty percentage of one of the Power Brands from 5.5% in the six months ended 30 June 2021G to 5.75% in the six months ended 30 June 2022G and the overall increase in revenues in the six months ended 30 June 2022G.

Depreciation

Depreciation decreased by 7.0% from USD 8.1m in the six months ended 30 June 2021G to USD 7.5m in the six months ended 30 June 2022G, primarily as a result of the disposals and closures of 4 restaurants in the six months ended 30 June 2022G and more assets becoming fully depreciated. This was partially offset by the opening of 13 restaurants in the six months ended 30 June 2022G in KSA.

Rent

Rent costs decreased by 26.4% from USD 2.1m in the six months ended 30 June 2021G to USD 1.5m in the six months ended 30 June 2022G mainly driven by the expiration of a portion of the short-term rent contracts that were not qualifying for capitalization under IFRS 16.

Others

Others primarily related to distribution costs, service fees, commissaries, warehouse overheads (excluding staff costs) and travelling and transportation.

Others increased by 34.0% from USD 2.5m in the six months ended 30 June 2021G to USD 3.4m in the six months ended 30 June 2022G driven by the opening of 4 new commissaries including a commissary related to Pizza Hut during the six months ended 30 June 2022G.

Selling and distribution expenses

Table (5-274): Selling and distribution expenses breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Salaries and other employee benefits	28,613	31,180	9.0%
Marketing and advertising expenses	9,885	12,105	22.5%
Depreciation	12,368	11,427	(7.6%)
Home delivery expenses	8,182	9,898	21.0%
Utilities	6,955	6,675	(4.0%)
Maintenance and other operating expenses	2,764	2,664	(3.6%)
Rent	2,833	2,115	(25.3%)
Others	7,779	8,527	9.6%
Total selling and distribution expenses	**79,378**	**84,590**	**6.6%**
As a percentage of revenues			
Salaries and other employee benefits	13.5%	12.2%	
Marketing and advertising expenses	4.7%	4.7%	
Depreciation	5.8%	4.5%	
Home delivery expenses	3.8%	3.9%	
Utilities	3.3%	2.6%	
Maintenance and other operating expenses	1.3%	1.0%	
Rent	1.3%	0.8%	
Others	3.7%	3.3%	
Total selling and distribution expenses	**37.3%**	**33.2%**	

Source: Management information

Salaries and other employee benefits

Salaries and other employee benefits increased by 9.0% from USD 28.6m in the six months ended 30 June 2021G to USD 31.2m in the six months ended 30 June 2022G primarily due to the increase in the number of employees and the increase in the number of restaurants from 463 restaurants as at 30 June 2021G to 483 restaurants as at 30 June 2022G. In addition, performance bonuses, overtime increased during the same period in line with the increase in revenues and transactions.

Marketing and advertising expenses

Marketing and advertising expenses increased by 22.5% from USD 9.9m in the six months ended 30 June 2021G to USD 12.1m in the six months ended 30 June 2022G primarily due to the increase in revenues.

Marketing and advertising expenses remained stable at 4.7% as a percentage of revenues during the six months ended 30 June 2021G and 30 June 2022G.

Depreciation

Depreciation expenses decreased slightly by 7.6% from USD 12.4m in the six months ended 30 June 2021G to USD 11.4m in the six months ended 30 June 2022G primarily driven by fixed assets (such as call centers and restaurant assets (excluding cold rooms) becoming fully depreciated, partially offset by the depreciation charges on newly added assets during the period.

Home delivery expenses

Home delivery expenses increased by 21.0% from USD 8.2m in the six months ended 30 June 2021G to USD 9.9m in the six months ended 30 June 2022G primarily due to the increase in home delivery revenues and increase in the aggregator commissions as a result of shifting from a marketplace model to a full-service model during the six months ended 30 June 2022G.

Utilities

Utilities decreased by 4.0% from USD 7.0m in the six months ended 30 June 2021G to USD 6.7m in the six months ended 30 June 2022G due to migration from more expensive fixed lines to router-based internet.

Maintenance and other operating expenses

Maintenance and other operating expenses decreased by 3.6% from USD 2.8m in the six months ended 30 June 2021G to USD 2.7m in the six months ended 30 June 2022G driven by lower expenses incurred in the six months ended 30 June 2022G on hygiene products (sanitizers, masks, etc.).

Rent

Rent costs decreased by 25.3% from USD 2.8m in the six months ended 30 June 2021G to USD 2.1m in the six months ended 30 June 2022G primarily driven by the expiration of a portion of the short-term rent contracts that were not qualifying for capitalization under IFRS 16.

Others

Others primarily related to license and insurance charges, call centres expenses, spoilage and damaged goods, cleaning and related supplies, security costs, pre-opening costs and free toys provided with kids' meals.

Others increased by 9.6% from USD 7.8m in the six months ended 30 June 2021G to USD 8.5m in the six months ended 30 June 2022G due to the increase in spoilage and damaged goods in line with the increase in revenues.

General and administrative expenses

Table (5-275): General and administrative expenses breakdown for the six months ended 30 June 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Salaries and other employee benefits	8,111	9,500	17.1%
Provisions expense	1,963	2,272	15.8%
Vehicle and short-term building rent	1,431	1,790	25.1%
Utilities and communications	1,203	889	(26.1%)
Repairs and maintenance	362	386	6.5%
Transportation	303	341	12.3%
Depreciation	369	316	(14.3%)
Professional fees	267	135	(49.4%)
Others	865	1,481	71.2%
Total general and administrative expenses	**14,874**	**17,110**	**15.0%**
As a percentage of revenues			
Salaries and other employee benefits	3.8%	3.7%	
Provisions expense	0.9%	0.9%	
Vehicle and short-term building rent	0.7%	0.7%	
Utilities and communications	0.6%	0.3%	
Repairs and maintenance	0.2%	0.2%	
Transportation	0.1%	0.1%	
Depreciation	0.2%	0.1%	
Professional fees	0.1%	0.1%	
Others	0.4%	0.6%	
Total general and administrative expenses	**7.0%**	**6.7%**	

Source: Management information

Salaries and other employee benefits

Salaries and other employee benefits increased by 17.1% from USD 8.1m in the six months ended 30 June 2021G to USD 9.5m in the six months ended 30 June 2022G, mainly due to the increase in the number of employees. The increase in headcount was mainly driven by the Company's decision to grow the development team to accommodate the expansion of the business and the launch of Pizza Hut in KSA.

Provisions expense

Provisions expense increased by 15.8% from USD 2.0m in the six months ended 30 June 2021G to USD 2.3m in the six months ended 30 June 2022G as a result of the increase in provisions against slow moving inventories and aggregator receivables by USD 0.3m which is in line with the increase in revenues.

Vehicle and short-term building rent

Vehicle and short-term building rent expense increased by 25.1% from USD 1.4m in the six months ended 30 June 2021G to USD 1.8m in the six months ended 30 June 2022G driven by the renewal of accommodation under short-term contracts which were not qualifying for capitalisation under IFRS16.

Utilities and communication

Utilities and communication expenses decreased by 26.1% from USD 1.2m in the six months ended 30 June 2021G to USD 0.9m in the six months ended 30 June 2022G primarily driven by migration from more expensive fixed lines to router-based internet.

Repairs and maintenance

Repairs and maintenance expenses remained broadly stable at USD 0.4m in the six months ended 30 June 2021G and the six months ended 30 June 2022G.

Transportation

Transportation expenses remained broadly stable at USD 0.3m in the six months ended 30 June 2021G and the six months ended 30 June 2022G.

Depreciation

Depreciation decreased by 14.3% from USD 0.4m in the six months ended 30 June 2021G to USD 0.3m in the six months ended 30 June 2022G as certain existing assets became fully depreciated in addition to the reclassification of a warehouse to investment property (hence no depreciation was recorded in relation to the warehouse).

Professional fees

Professional fees decreased by 49.4% from USD 0.3m in the six months ended 30 June 2021G to USD 0.1m in the six months ended 30 June 2022G mainly due to the decrease in ad-hoc services in the six months ended 30 June 2022G.

Others

Others primarily include trade licenses, insurance, service expense, bank charges, service contracts and other miscellaneous fees.

Other expenses increased from USD 0.9m in the six months ended 30 June 2021G to USD 1.5m in the six months ended 30 June 2022G as a result of the provision of trade receivables recorded during the six months ended 30 June 2022G of USD 0.5m.

Other income / (expense), net

Table (5-276): Other income / (expense), net breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Rent concessions	138	227	64.5%
Gain on disposal of PPE	49	16	(67.3%)
Others	2,226	(510)	(122.9%)
Other income / (expense), net	2,413	(267)	(111.1%)

Source: Management information

The line item decreased from an income of USD 2.4m in the six months ended 30 June 2021G to an expense of USD 0.3m in the six months ended 30 June 2022G primarily due to the recording of certain non-recurring income items in the six months ended 30 June 2021G such as income from a food aggregator for marketing campaigns (USD 1.3m) and the reversal of Farm Frites provision created in 2020G (USD 1.0m). This was partially offset by the increase in rent concessions; as per IFRS 16 all rent reductions related to COVID-19 must be recorded before 30 June 2022G (a portion of this income pertains to the period post 30 June 2022G).

Share in profits of a subsidiary

Share in profits of a subsidiary increased from nil in the six months ended 30 June 2021G to USD 0.8m in the six months ended 30 June 2022G in relation to the profits of the wholly owned subsidiary (Americana Prime investment Limited) in relation to the six months ended 2022G.

Finance costs

Table (5-277): Finance cost breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Interest on lease liabilities	2,257	1,854	(17.9%)
Interest cost on employee benefits obligations	-	187	Not applicable
Interest income	(78)	(65)	(16.7%)
Total finance cost	**2,178**	**1,976**	**(9.3%)**

Source: Management information

Total finance costs decreased by 9.3% from USD 2.2m in the six months ended 30 June 2021G to USD 2.0m in the six months ended 30 June 2022G primarily due to the decrease in interest on lease liabilities (**from USD 2.3m in the six months ended 30** June 2021G to USD 1.9m in the six months ended 30 June 2022G) in line with the decrease in lease liabilities as at 30 June 2022G (**USD 91.9m**) compared to 30 June 2021G (**USD 103.4m**) and USD 0.2m in relation to the employee benefits obligations in line with the requirements of IAS 19.

Zakat

Zakat costs decreased from USD 2.1m in the six months ended 30 June 2021G to USD 1.9m in the six months ended 30 June 2022G. Zakat expenses are recorded based on an estimate of the expected Zakat expense. During 2021G, the actual Zakat liability was lower than the accrual, as such management revised downwards their estimate of accrued Zakat expense in the six months ended 30 June 2022G.

Net profit and net profit margin for the period

Net profit increased by 91.3% from USD 12.7m in the six months ended 30 June 2021G to USD 24.2m in the six months ended 30 June 2022G driven by the increase in gross profit by 18.8% from USD 108.8m in the six months ended 30 June 2021G to USD 129.2m in the six months ended 30 June 2022G and the recording of share in profit of subsidiary of USD 0.8m in the six months ended 30 June 2022G. The aforementioned increase in gross profit and share in profit of subsidiary was partially offset by the decrease in other income, increase in selling and distribution and general and administrative expenses.

Net profit margin improved from 6.0% in the six months ended 30 June 2021G to 9.5% in the six months ended 30 June 2022G driven by the: (i) decline in general and administrative expenses as a percentage of revenues from 7.0% in the six months ended 30 June 2021G to 6.7% in the six months ended 30 June 2022G, (ii) decline in selling and distribution expenses from 37.3% in the six months ended 30 June 2021G to 33.2% in the six months ended 30 June 2022G as a portion of these costs (general and administrative and selling and distribution) are fixed in nature and did not increase at the same pace as revenue. This was partially offset by the increase in cost of revenues as a percentage of revenue from 48.8% in the six months ended 30 June 2021G to 49.3% in the six months ended 30 June 2022G primarily due to the increase in the cost of raw materials as explained earlier.

5.7.3.2 Statement of financial position of Al Ahlia Restaurants Company LLC (KSA)

Table (5-278): Statement of financial position as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
Property and equipment	34,821	43,889
Right-of-use assets	92,351	90,218
Intangible assets	4,765	6,019
Investment property	1,717	1,717
Investment accounted for using the equity method	101,520	100,818
Margin deposit for letters of guarantee	237	-
Total non-current assets	**235,411**	**242,662**
Inventories	19,027	32,221
Prepayments and other receivables	10,340	19,137
Due from Related Parties	184	303
Cash and cash equivalents	23,369	21,684
Total current assets	**52,920**	**73,345**
Total assets	**288,332**	**316,007**
Employee benefits obligations	17,670	19,488
Lease liabilities	68,303	68,281
Total non-current liabilities	**85,973**	**87,769**
Lease liabilities	33,382	23,622
Accruals and other payables	39,730	55,376
Trade payables	35,641	31,588
Due to Related Parties	4,177	9,594
Dividend payable	865	-
Zakat payable	3,144	3,211
Total current liabilities	**116,939**	**123,392**
Total liabilities	**202,912**	**211,161**
Share capital	56,000	56,000
Statutory reserve	16,800	16,800
Retained earnings / (accumulated losses)	12,620	32,046
Total equity	**85,420**	**104,846**
Total liabilities and equity	**288,332**	**316,007**

Source: Management information

Non-current assets

Table (5-279): Statement of financial position as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
Property and equipment	34,821	43,889
Right-of-use assets	92,351	90,218
Intangible assets	4,765	6,019
Investment property	1,717	1,717
Investment accounted for using the equity method	101,520	100,818
Margin deposit for letters of guarantee	237	-
Total non-current assets	**235,411**	**242,662**

Source: Management information

Property and equipment

Table (5-280): Property and equipment net book value breakdown as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	Transfers & additions	Disposals	Depreciation	Transfer to intangibles	Reversal of write-off	30 June 2022G
Land	5,008	-	-	-	-	-	5,008
Buildings	4,657	-	(826)	(423)	-	673	4,081
Decorations	9,835	7,218	(23)	(1,963)	-	-	15,068
Machinery and equipment	9,727	4,829	(170)	(1,828)	(1,430)	71	11,198
Air conditioning equipment	1,201	1,300	(4)	(252)	-	-	2,245
Vehicles and transportation equipment	-	223	-	(14)	-	-	209
Furniture and fixtures	827	853	(6)	(151)	-	-	1,522
Capital work in progress	3,566	834	-	-	-	159	4,560
Net book value	**34,821**	**15,257**	**(1,029)**	**(4,632)**	**(1,430)**	**903**	**43,889**

Source: Management information

Land

No additions nor impairments were made to the land balance as at 31 December 2021G and as at 30 June 2022G.

Buildings

Buildings' net book value decreased from USD 4.7m as at 31 December 2021G to USD 4.1m as at 30 June 2022G primarily due to: (i) the depreciation charge for the period of USD 0.4m, (ii) disposals of USD 0.8m in relation to old unusable assets, partially offset by the reversal of a write-off that was recorded in 2021G of USD 0.7m in relation to a warehouse.

Decorations

Decorations increased from USD 9.8m as at 31 December 2021G to USD 15.1m as at 30 June 2022G primarily as a result of the additions and transfers of USD 7.2m in relation to the opening 13 new restaurants during the six months ended 30 June 2022G. This was partially offset by depreciation charges of USD 2.0m.

Machinery and equipment

Machinery and equipment increased from USD 9.7m as at 31 December 2021G to USD 11.2m as at 30 June 2022G primarily as a result of the additions and transfers of USD 4.8m in relation to 13 new restaurants opened during the six months ended 30 June 2022G. This was offset by the depreciation charge for the period of USD 1.8m and transfer of USD 1.4m from machinery and equipment to intangible assets (software).

Air conditioning equipment

Air conditioning equipment increased from USD 1.2m as at 31 December 2021G to USD 2.2m as at 30 June 2022G primarily as a result of the additions and transfers of USD 1.3m. This was partially offset by the depreciation charge of USD 0.3m.

Vehicles and transportation equipment

Vehicles and transportation equipment increased from nil as at 31 December 2021G to USD 0.2m as at 30 June 2022G primarily due to the additions of USD 0.2m, partially offset by deprecation charge of USD 14k.

Furniture and fixtures

Furniture and fixtures increased from USD 0.8m as at 31 December 2021G to USD 1.5m as at 30 June 2022G primarily due to the additions and transfers of USD 0.9m, partially offset by the deprecation charge of USD 0.2m.

Capital work in progress

Capital work in progress increased from USD 3.6m as at 31 December 2021G to USD 4.6m as at 30 June 2022G primarily driven by the additions and transfers of USD 0.8m related to restaurants under construction, and the reversal of a write-off of USD 0.2m in relation to the write-off that was recorded during 2021G in relation to a warehouse.

Table (5-281): Useful lives of property and equipment used for depreciation as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

	Useful life (years)
Buildings	10 – 20
Decoration	5
Machinery and Equipment	5 – 6.7
Air conditioning equipment	4 – 5
Vehicles and transportation equipment	4
Furniture and fixtures	5

Source: Management information

Right of use assets

Table (5-282): Right of use assets net book value as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	Additions	Disposals	Depreciation	30 June 2022G
Buildings	89,030	12,338	(1,080)	(13,201)	87,086
Vehicles	3,321	577	(11)	(755)	3,132
Net book value	**92,351**	**12,915**	**(1,092)**	**(13,956)**	**90,218**

Source: Management information

As at 30 June 2022G, the right of use assets related to 518 restaurants, 217 staff accommodation, 816 delivery vehicles and 88 leases for different assets including administrative offices, commissaries and others.

Net book value of right-of-use assets decreased from USD 92.4m as at 31 December 2021G to USD 90.2m as at 30 June 2022G primarily due to the depreciation charge of USD 14.0m, which exceeded the additions of USD 12.9m which mainly represented right of use assets related to the new restaurant openings and the renewals of the existing restaurants.

Intangible assets

Table (5-283): Intangible assets net book value as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	Additions	Disposals	Amortization	Adjustment	30 June 2022G
Franchise fee	4,670	490	(34)	(506)	4	4,625
Key money	95	-	-	(13)	(4)	78
Software	-	28	(1)	(141)	1,430	1,316
Net book value	**4,765**	**518**	**(35)**	**(660)**	**1,430**	**6,019**

Source: Management information

Net book value of intangible assets increased from USD 4.8m as at 31 December 2021G to USD 6.0m as at 30 June 2022G. The increase in intangible assets during the period was primarily driven by adjustments of USD 1.4m in relation to a reclassification of back-office systems from machinery and equipment within property and equipment to intangible assets – software and the additions of USD 0.5m in relation to software and franchise fees. This was partially offset by the amortization charge for the period USD 0.7m.

Investment property

Investment property remained stable between 31 December 2021G and 30 June 2022G.

Investment accounted for using the equity method

Table (5-284): Investment accounted for using the equity method as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
Current assets	37,510	100,828
Non-current assets	64,014	-
Current liabilities	(4)	(10)
Net assets	**101,520**	**100,818**

Source: Management information

Table (5-285): Movement in the carrying amount of investment accounted for using the equity method as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
January 1	**-**	**101,520**
Addition during the period	100,021	-
Dividends received from investment	-	(1,499)
Share in profit/(loss) for the period	1,498	798
December 31 / June 30	**101,520**	**100,818**

Source: Management information

During the year ended 31 December 2021G, the Company incorporated Americana Prime Investment

Limited with 100% equity ownership. As at 30 June 2022G, Americana Prime Investment Limited has 100 million shares translating to USD 100m (**375,080,000 Saudi Riyals**) with a carrying amount of USD 100m. The carrying amount of investment accounted for using the equity method decreased from USD 101.5m as at 31 December 2021G to USD 100.8m as at 30 June 2022G as a result of the dividends received from Americana Prime Investment Limited for USD 1.5m partially offset by profits recorded during the six months ended 30 June 2022G (primarily representing interest income on bank deposits).

Margin deposit for letters of guarantee

This represents cash collaterals on outstanding bank guarantees of USD 0.2m as at 31 December 2021G and nil as at 30 June 2022G. These were issued in the normal course of business.

Current assets

Table (5-286): Current assets as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
Inventories	19,027	32,221
Prepayments and other receivables	10,340	19,137
Due from Related Parties	184	303
Cash and cash equivalents	23,369	21,684
Total current assets	52,920	73,345

Source: Management information

Inventories

Table (5-287): Inventories breakdown as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
Raw materials	11,919	20,466
Inventories within restaurants	3,215	3,538
Consumable spare parts of machines and equipment	2,225	2,005
Packing materials	2,853	3,747
Goods in transit	1,007	4,559
Gross inventory	**21,219**	**34,315**
Less: loss allowance for inventory obsolescence	(2,193)	(2,094)
Total inventory	**19,027**	**32,221**

Source: Management information

Raw materials

Raw materials increased from USD 11.9m as at 31 December 2021G to USD 20.5m as at 30 June 2022G driven by the increase in the number of restaurants and increase in the commodity prices.

Inventories within restaurants

Inventories within restaurants increased from USD 3.2m as at 31 December 2021G to USD 3.5m as at 30 June 2022G as a result of the increase in the number of operating restaurants in the normal course of business.

Consumable spare parts of machines and equipment

Consumable spare parts decreased from USD 2.2m as at 31 December 2021G to USD 2.0m as at 30 June 2022G primarily due to the utilisation of spare parts in the opening of new restaurants during the six months ended 30 June 2022G.

Packing materials

Packing materials increased from USD 2.9m as at 31 December 2021G to USD 3.7m as at 30 June 2022G primarily due to the increase in home delivery sales (which require more packing material) coupled with the increase in number of operating restaurants.

Goods in transit

Goods in transit increased from USD 1.0m as at 31 December 2021G to USD 4.6m as at 30 June 2022G primarily due to the supply chain disruptions.

Loss allowance for inventory obsolescence

Loss allowance for inventory obsolescence remained fairly stable at USD 2.2m and USD 2.1m at 31 December 2021G and 30 June 2022G, respectively. The balance as at 30 June 2022G was in line with the Company's provisioning policy.

Prepayments and other receivables

Table (5-288): Prepayments and other receivables breakdown as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
Receivables from service providers	4,728	4,627
Prepaid expenses	1,190	7,194
Receivables against sale through credit cards	1,152	1,968
Prepaid rent	2,672	4,747
Refundable deposits	598	601
Total prepayments & other receivables	**10,340**	**19,137**

Source: Management information

Receivables from service providers

Receivables from service providers remained fairly stable between 31 December 2021G (**USD 4.7m**) and 30 June 2022G (**USD 4.6m**) within the normal course of business.

Prepaid expenses

Prepaid expenses increased from USD 1.2m as at 31 December 2021G to USD 7.2m as at 30 June 2022G primarily due to payments typically being made at the beginning of the year and amortised throughout the year (resulting in a lower balance at year end).

Receivables against sale through credit cards

Receivables against sale through credit cards increased from USD 1.2m as at 31 December 2021G to USD 2.0m as at 30 June 2022G primarily due to the increase in credit card sales.

Prepaid rent

Prepaid rent increased from USD 2.7m as at 31 December 2021G to USD 4.7m as at 30 June 2022G in line with the increase in operating restaurants from 474 as at 31 December 2021G to 483 as at 30 June 2022G in addition to rent prepayments made at the beginning of the year and amortized over the period.

Refundable deposits

Refundable deposits remained fairly stable at USD 0.6m as at 31 December 2021G and as at 30 June 2022G within the normal course of business.

Due from Related Parties

Table (5-289): Due from Related Parties balances as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	Nature of relationship	31 December 2021G	30 June 2022G
Due from Related Party			
Americana Kuwait Company Restaurants WLL	Affiliate	-	169
Americana Holding for KSA Restaurants LTD	parent company	-	51
The Caspian International Restaurants Company LLP	Affiliate	44	44
Touristic Project & International Restaurants Co. (Americana) LLC	Affiliate	38	37
The International Co. For World Restaurants Limited	Affiliate	-	1
Noon E-Commerce Solutions	Entities controlled by a major shareholder	82	-
International Fashion Company	Affiliate	15	-
International Cosmetics Company	Affiliate	4	-
Egyptian Company for International Touristic Projects SAE	Affiliate	1	-
Due from Related Parties		**184**	**303**

Source: Management information

Due from Related Parties' balances increased from USD 0.2m as at 31 December 2021G to USD 0.3m as at 30 June 2022G primarily due to the increase in the balance from Americana Kuwait Company Restaurants WLL and Americana Holding for KSA Restaurants LTD in relation to a local payment done on behalf of these entities, partially offset by the decrease in amounts due from Noon E-Commerce Solutions.

Cash and cash equivalents

Table (5-290): Cash and cash equivalents breakdown as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
Cash in hand	3	560
Cash at bank	6,833	6,457
Murabaha short-term bank deposits	16,533	14,667
Total cash and cash equivalents	**23,369**	**21,684**

Source: Management information

Cash and cash equivalents decreased from USD 23.4m as at 31 December 2021G to USD 21.7m as at 30 June 2022G. For more details refer to the cash flow statement section of the Company.

Potential liabilities and capital commitments

In addition to the deposits against bank guarantees, the Company also has committed capital expenditure (contracted but not yet incurred) as at 30 June 2022G of USD 3.9m (31 December 2021G of USD 3.0m). The committed capital related to restaurants expected to open post 30 June 2022G.

Non-current liabilities

Table (5-291): Non-current liabilities as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022
Employee benefits obligations	17,670	19,488
Lease liabilities (non-current)	68,303	68,281
Total non-current liabilities	**85,973**	**87,769**

Source: Management information

Employee benefits obligations

Table (5-292): Employee benefits obligations breakdown as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
Beginning balance	21,126	17,670
Amounts recognized in the statement of comprehensive income	2,973	(182)
Payments during the period	(4,610)	(1,324)
Classified under accrued and other liabilities	(1,819)	1,819
Additions	-	1,318
Interest	-	187
Ending balance	**17,670**	**19,488**

Source: Management information

The balance increased from USD 17.7m as at 31 December 2021G to USD 19.5m as at 30 June 2022G driven by additions of USD 1.3m of accruals of the six months ended 30 June 2022G and the reclassification of the current portion of USD 1.8m from accrued and other liabilities (previously recorded within accrued and other payables). This was partially offset by the benefits paid during the period of USD 1.3m.

Lease liabilities

Table (5-293): Lease liabilities breakdown as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
Lease liability current	33,382	23,622
Lease liability non-current	68,303	68,281
Total lease liabilities	**101,685**	**91,903**

Source: Management information

Lease liabilities decreased from USD 101.7m as at 31 December 2021G to USD 91.9m as at 30 June 2022G primarily as a result of payments made during the period exceeding the additions (where ongoing lease renewals are being discounted at a higher discount rate) and the accrued interest expense.

Current liabilities

Table (5-294): Current liabilities as at 31 December 2021G and June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	30 June 2022G	31 December 2021G
Lease liabilities	23,622	33,382
Accruals and other payables	55,376	39,730
Trade payables	31,588	35,641
Due to Related Parties	9,594	4,177
Dividend payable	-	865
Zakat payable	3,211	3,144
Total current liabilities	**123,392**	**116,939**

Source: Management information

Accruals and other payables

Table (5-295): Accruals and other payables breakdown as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
Accrued expenses	31,078	36,868
Current portion of employee benefit	1,819	-
Value added tax	2,184	2,671
Withholding tax	1,317	785
Retentions	1,118	1,580
Others	2,214	13,472
Total accruals and other payables	**39,730**	**55,376**

Source: Management information

Accruals and other payables increased from USD 39.7m as at 31 December 2021G to USD 55.4m as at 30 June 2022G primarily due to the increase in:

- Accrued expenses from USD 31.1m as at 31 December 2021G to USD 36.9m as at 30 June 2022G in relation to annual leave accruals, marketing and rent accruals;
- Value added tax from USD 2.2m as at 31 December 2021G to USD 2.7m as at 30 June 2022G in line with the increase in revenue;
- Other balances from USD 2.2m as at 31 December 2021G to USD 13.5m as at 30 June 2022G primarily due to the reclassification of creditors and retention payables as at 30 June 2022G from trade payables to accruals and other payables (USD 12.0m as 31 December 2021G) in addition to the accruals related to employee bonus, vacations, provisions for claims under certain legal cases and other payables.

Trade payables

Trade payables decreased from USD 35.6m as at 31 December 2021G to USD 31.6m as at 30 June 2022G primarily due to a reclassification of other creditors and retention payables from trade payables to others within accruals and other payables (USD 12.0m as at 31 December 2021G) as at 30 June 2022. The decrease from the reclassification was partially offset by the increase in trade payables in line with the higher revenues.

Due to Related Parties

Table (5-296): Due to Related Parties balances as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	Nature of relationship	31 December 2021G	30 June 2022G
Due to Related Parties			
National Company for Food Industries LLC	Affiliate	2,476	6,147
International Co. for Agricultural Development (Farm Frites) SAE	Affiliate	1,380	1,876
United Food Company LLC	Affiliate	-	517
Kuwait of Foods Company Americana LLC	Affiliate	17	509
Americana Restaurants Investment Group Company LLC	Holding Company	-	229
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd	Affiliate	66	122
Noon Pay	Entities controlled by a major shareholder	-	95
Bahrain & Kuwait Restaurant Co. WLL & Gulf & Arab World Restaurant WLL	Affiliate	11	92
Egyptian Company for International Touristic Projects SAE	Affiliate	-	6
Qatar Food Company WLL	Affiliate	1	1
International Tourism Restaurants Company LLC	Affiliate	-	1
Kuwait Food Company Americana LLC	Affiliate	226	-
Due to Related Parties		**4,177**	**9,594**

Source: Management information

Due to Related Party balances increased from USD 4.2m as at 31 December 2021G to USD 9.6m as at 30 June 2022G primarily due to an increase in the balance of National Company for Food Industries LLC, United Food Company LLC, Americana Restaurants Investment Group Company LLC, Kuwait of Foods Company Americana LLC and International Co. for Agricultural Development (Farm Frites) SAE in line with the increased purchases from these Related Parties.

Dividend payable

Dividend payables decreased from USD 0.9m as at 31 December 2022G to nil as at 30 June 2022G as a result of the settlement of the balance and no dividends being declared during the first six months of 2022G.

Zakat payable

Table (5-297): Zakat payable breakdown as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
Beginning balance	1,334	3,144
Provision for the period	3,795	1,920
Payment during the period	(1,984)	(1,853)
Ending balance	**3,144**	**3,211**

Source: Management information

Zakat payable slightly increased from USD 3.1m as at 31 December 2021G to USD 3.2m as at 30 June 2022G as a result of the provisions made during the period of USD 1.9m, partially offset by payments made during the period of USD 1.9m.

Total equity

Table (5-298): Total equity as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
Share capital	56,000	56,000
Statutory reserve	16,800	16,800
Retained earnings	12,620	32,046
Total equity	**85,420**	**104,846**

Source: Management information

Share capital

Share capital represents 210,000 shares with a value per share of USD 267 (SAR 1000). Share capital remained the same between 31 December 2021G and 30 June 2022G.

Statutory reserves

In accordance with the regulations in the KSA, Al Ahlia Restaurants Company LLC is required to transfer 10% of the profit for the year to a statutory reserve until such reserve equates to 30% of its share capital. This reserve is not available for distribution to the shareholders of the Company. As at 31 December 2021G and 30 June 2022G, the statutory reserve balance had reached 30% of the share capital of the Company.

Retained earnings

Table (5-299): Retained earnings as at 31 December 2021G and 30 June 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	31 December 2021G	30 June 2022G
Opening balance	(2,456)	12,620
Total comprehensive income for the period	25,743	24,244
Dividends	(10,667)	(5,000)
Actuarial Reserve movement	-	183
Total retained earnings	**12,620**	**32,046**

Source: Management information

Retained earnings increased from USD 12.6m as at 31 December 2021G to USD 32.0m as at 30 June 2022G as a result of the recorded profits during the six months ended 30 June 2022G of USD 24.2m, partially offset by the dividends distributed during the period of USD 5.0m.

5.7.3.3 Statement of cash flow of Al Ahlia Restaurants Company LLC (KSA)

Table (5-300): Statement of cash flows for the first half of 2021G and 2022G of Al Ahlia Restaurants Company LLC (KSA):

Currency: USD000	30 June 2021G	30 June 2022G
Profit before Zakat	14,806	26,163
Adjustments for:		
Depreciation of property and equipment	5,887	4,632
Depreciation of right-of-use assets	14,445	13,956
Amortization of intangible assets	539	660
Impairment of financial assets	527	543
Provision for obsolete, slow moving, and defective inventories	118	405
Provision for employees end of service benefits obligations	2,013	1,318
Loss on disposal of property and equipment	58	280
Loss on disposal of intangible assets	-	35
Finance cost	2,178	2,041
Finance income	-	(65)
Provisions charge	147	586
Share of profit from investment in subsidiary	-	702
Operating cash flows before changes in working capital	**40,719**	**51,255**
Employee end of service benefits obligations paid	(2,265)	(1,323)
Zakat paid	(1,984)	(2,638)
Changes in working capital:		
Inventories	(4,213)	(13,599)
Due from Related Parties	871	(119)
Trade and other receivables	(5,432)	(9,340)
Due to Related Parties	3,620	5,418
Provisions	691	(372)
Trade payables and other payables	12,441	12,215
Net cash generated from operating activities	**44,448**	**41,497**
Purchase of property and equipment	(2,911)	(15,278)
Proceeds from sale of property and equipment	49	750
Additions in bank deposit for guarantee	224	237
Purchase to intangible assets	(316)	(497)
Finance income	78	65
Net cash used in investing activities	**(2,876)**	**(14,723)**
Lease liability payments	(21,324)	(23,459)
Long term investment	(70,015)	-
Dividend distributed to parent company	-	(5,000)
Net cash used in financing activities	**(91,339)**	**(28,459)**
Net (decrease)/ increase in cash and cash equivalents	**(49,767)**	**(1,685)**
Cash and cash equivalents at beginning of period	103,675	23,369
Cash and cash equivalents at end of period	**53,908**	**21,684**

Source: Management information

Net cash generated from operating activities

Net cash generated from operating activities decreased from USD 44.4m in the six months ended 30 June 2021G to USD 41.5m in the six months ended 30 June 2022G primarily due to the decrease in changes in working capital where it changed from a cash inflow of USD 8.0m in the six months ended 30 June 2021G to a cash outflow of USD 5.8m in the six months ended 30 June 2022G. In addition, there was an increase in non-cash adjustments from an outflow of USD 25.9m in the six months ended 30 June 2021G to an outflow USD 25.1m in the six months ended 30 June 2022G. This was partially offset by the increase in profit for the period from USD 14.8m in the six months ended 30 June 2021G to USD 26.2m in the six months ended 30 June 2022G.

Net cash used in investing activities

Net cash used in investing activities increased from a cash outflow of USD 2.9m in the six months ended 30 June 2021G to a cash outflow of USD 14.7m in the six months ended 30 June 2022G primarily due to the increase in cash used in the purchase of property and equipment from USD 2.9m in the six months ended 30 June 2021G to USD 15.3m in the six months ended 30 June 2022G.

Net cash used in financing activities

Net cash used in financing activities decreased from a cash outflow of USD 91.3m in the six months ended 30 June 2021G to a cash outflow of USD 28.5m in the six months ended 30 June 2022G primarily driven by the decrease in long term investments by USD 70.0m that was incurred only in the six months ended 30 June 2021G, this was partially offset by the increase in the payments made against leases.

5.7.4 Americana Kuwait Company for Restaurants WLL (Kuwait) for the six months ended 30 June 2021G and 30 June 2022G

Table (5-301): Summary of the financial information of Americana Kuwait Company for Restaurants WLL (Kuwait) for the period ended 30 June 2021G and 30 June 2022G:

Currency: USD000	30 June 2021G	30 June 2022G
Statement of income		
Revenues	154,184	189,608
Cost of revenues	(53,718)	(66,684)
Gross profit	**100,466**	**122,925**
Selling and marketing expenses	(43,761)	(49,501)
General and administrative expenses	(9,081)	(9,477)
Other operating income – net	2,097	2,269
Gain/ (loss) on foreign exchange	202	(272)
Operating profit	**49,923**	**65,943**
Finance costs	(1,418)	(1,491)
Profit before Zakat & KFAS	**48,505**	**64,452**
Zakat & KFAS	(1,008)	-
Net profit for the period	**47,497**	**64,452**
Currency: USD000	**31 December 2021G**	**30 June 2022G**
Statement of financial position		
Total non-current assets	93,218	94,594
Total current assets	130,182	104,030
Total assets	**223,400**	**198,624**
Total non-current liabilities	118,834	126,191
Total current liabilities	89,071	100,995
Total liabilities	**207,904**	**227,186**
Net residual attributable to head office as at 31 December 2021G / Total equity as at 30 June 2022G	**15,495**	**(28,562)**
Total liabilities and equity	**223,400**	**198,624**

Source: Management information

Table (5-302): Key performance indicators for the six months ended 30 June 2021G and the six months ended 30 June 2022G:

Income statement key performance indicators		
Currency: USD000	**30 June 2021G**	**30 June 2022G**
Gross profit margin (1)	65.2%	64.8%
Net profit margin (2)	30.8%	34.0%

Source: Management information

Balance sheet key performance indicators		
Currency: USD000	**31 December 2021G**	**30 June 2022G**
Current ratio (3)	1.5	1.0
Total liabilities to total assets (4)	93.1%	114.4%
Net debt (net cash) (thousand USD) (5)	(7,131)	(36,425)
Days revenues outstanding (6)	4	2
Days inventory outstanding (7)	77	79
Days payable outstanding (8)	228	229
NWC as a percentage of revenues (9)	16.5%	(3.0%)
ROA (10)	47.4%	61.9%
ROE (11)	683.4%	Not applicable

Source: Management information

(1) Gross margin is defined as gross profit for the six months period divided by revenues for the six months period

(2) Net profit margin is defined as the net profit for the six months period divided by revenues for the six months period

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues (for the last twelve months period) multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from related parties)

(7) Days inventory outstanding is defined as inventory divided by cost of inventory (for the last twelve months period) multiplied by 365 (where inventory refers to sum of raw material, filing and packaging material and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by cost of inventory (for the last twelve months period) multiplied by 365 (where trade and other payables refers to the sum of trade payables, current portion of unearned income and trade related dues to related parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from related parties less trade and other payables, due to related parties, provisions for legal, tax and other claims, income tax, zakat and other deductions payable

(10) Return on assets is calculated based on profit for the last twelve months period divided by total assets

(11) Return on equity is calculated based on profit for the last twelve months period divided by total equity

5.7.4.1 Statement of income of Americana Kuwait Company for Restaurants WLL (Kuwait)

The following tables set out Kuwait Company for Restaurants WLL (Kuwait)'s and statement of income for the six months ended 30 June 2021G and 30 June 2022G.

Table (5-303): Statement of income for the six months ended 30 June 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	30 June 2021G	30 June 2022G
Statement of income		
Revenues	154,184	189,608
Cost of revenues	(53,718)	(66,684)
Gross profit	**100,466**	**122,925**
Selling and marketing expenses	(43,761)	(49,501)
General and administrative expenses	(9,081)	(9,477)
Other operating income – net	2,097	2,269
Gain / (loss) on foreign exchange	202	(272)
Operating profit	**49,923**	**65,943**
Finance costs	(1,418)	(1,491)
Profit before Zakat & KFAS	**48,505**	**64,452**
Zakat & KFAS	(1,008)	-
Net profit for the period	**47,497**	**64,452**

Source: Management information

Revenues by brand

Table (5-304): Revenues by brand breakdown for the six months ended 30 June 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
KFC	81,713	99,078	21.3%
Hardee's	45,407	55,136	21.4%
Krispy Kreme	4,000	4,297	7.4%
Others	23,064	31,097	34.8%
Total revenues	**154,184**	**189,608**	**23.0%**
As a percentage of revenue			
KFC	53.0%	52.3%	
Hardee's	29.5%	29.1%	
Krispy Kreme	2.6%	2.3%	
Others	15.0%	16.4%	

Source: Management information

Revenues by channel

Table (5-305): TabRevenues by channel breakdown for the six months ended 30 June 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Home delivery	93,698	98,566	5.2%
Take-out	22,854	35,536	55.5%
Dine-in	12,577	31,878	153.5%
Drive-through	15,508	17,437	12.4%
Others	9,547	6,191	(35.2%)
Total revenues	**154,184**	**189,608**	**23.0%**
As a percentage of revenues			
Home delivery	60.8%	52.0%	
Take-out	14.8%	18.7%	
Dine-in	8.2%	16.8%	
Drive-through	10.1%	9.2%	
Others	6.2%	3.3%	

Source: Management information

The Company operates KFC, Hardee's and Krispy Kreme in Kuwait out of the Power Brands. These three brands collectively contributed 83.7% to total revenues in the six months ended 30 June 2022G.

Revenues increased by 23.0% from USD 154.2m in the six months ended 30 June 2021G to USD 189.6m in the six months ended 30 June 2022G, primarily due to:

- The increase in the number of restaurants from 201 restaurants as at 30 June 2021G to 216 restaurants as at 30 June 2022G;
- The increase in the number of orders from existing and new restaurants from 10.3m orders in the six months ended 30 June 2021G to 12.6m orders in the six months ended 30 June 2022G;
- An increase in product prices primarily during second half of 2021G (**for all Power Brands and certain non-Power Brands**) in addition to 6.3% for KFC, 2.5% for Hardee's and 7.6% for Krispy Kreme in the first quarter of 2022G.

Home delivery revenues increased in nominal value during six months ended 30 June 2022G to reach USD 98.6m compared to USD 93.7m in the six months ended 30 June 2021G as the Company had undertaken certain initiatives to improve the speed of service / delivery.

Cost of revenues

Table (5-306): Cost of revenues breakdown for the six months ended 30 June 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Cost of inventory	30,827	39,629	28.6%
Staff costs	8,320	10,016	20.4%
Royalties	7,284	9,058	24.4%
Depreciation	5,920	5,241	(11.5%)
Rent	994	2,260	127.4%
Other indirect costs	375	479	27.9%
Total cost of revenues	**53,718**	**66,684**	**24.1%**
As a percentage of revenues			
Cost of inventory	20.0%	20.9%	
Staff costs	5.4%	5.3%	
Royalties	4.7%	4.8%	
Depreciation	3.8%	2.8%	
Rent	0.6%	1.2%	
Other indirect costs	0.2%	0.3%	
Total cost of revenues	**34.8%**	**35.2%**	

Source: Management information

Cost of inventory

Cost of inventory increased by 28.6% from USD 30.8m in the six months ended 30 June 2021G to USD 39.6m in the six months ended 30 June 2022G primarily due to increase in revenues during the same period and increase in prices of inputs such as cooking oil, packaging, potatoes, chicken and meat which resulted in an increase in the cost of inventory as a percentage of revenues from 20.0% in the six months ended 30 June 2021G to 20.9% in the six months ended 30 June 2022G.

Staff costs

Staff costs increased by 20.4% from USD 8.3m in the six months ended 30 June 2021G to USD 10.0m in the six months ended 30 June 2022G primarily due to the increase in the number of restaurant employees from 4,104 employees as at 30 June 2021G to 4,941 employees as at 30 June 2022G driven by the increase in the number of restaurants between 30 June 2021G (201 restaurants) and 30 June 2022G (216 restaurants). In addition to the above reason, staff costs relating to outsourced labor increased during the six months ended 30 June 2022G compared to the six months ended 30 June 2021G as no outsourced labor costs were incurred in the months of March and April of 2021G.

Royalties

Royalties increased by 24.4% from USD 7.3m in the six months ended 30 June 2021G to USD 9.1m in the six months ended 30 June 2022G driven by the increase in revenues and the increase in the royalty percentage of one of the Power Brands from 5.5% in the six months ended 30 June 2021G to 5.75% in the six months ended 2022G.

Depreciation

Depreciation decreased by 11.5% from USD 5.9m in the six months ended 30 June 2021G to USD 5.2m in the six months ended 30 June 2022G due to existing assets becoming fully depreciated.

Rent

Rent cost increased by 127.4% from USD 1.0m in the six months ended 30 June 2021G to USD 2.3m in the six months ended 30 June 2022G due to: (i) rent concessions provided by landlords during the six months ended 30 June 2021G which were not provided during the six months ended 30 June 2022G; (ii) the increase in the number of restaurants; and (iii) renewal of rent contracts at a higher rent per sqm.

Other indirect costs

Other indirect costs primarily related to security costs, travelling and transportation and other provisions.

Other indirect costs slightly increased from USD 0.4m in the six months ended 30 June 2021G to USD 0.5m in the six months ended 30 June 2022G in line with the overall increase in revenues.

Selling and marketing expenses

Table (5-307): Selling and marketing expenses breakdown for the six months ended 30 June 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Staff costs	14,401	17,500	21.5%
Depreciation and amortization	8,538	8,830	3.4%
Advertising expenses	6,411	7,724	20.5%
Home delivery	5,848	6,745	15.3%
Rent	1,360	1,871	37.6%
Maintenance and other operating supplies expenses	1,934	1,416	(26.8%)
Call centre expenses	1,222	1,415	15.8%
Utilities and communication	1,009	1,139	12.9%
Others	3,039	2,860	(5.9%)
Total selling and marketing expenses	**43,761**	**49,501**	**13.1%**
As a percentage of revenues			
Staff costs	9.3%	9.2%	
Depreciation and amortization	5.5%	4.7%	
Advertising expenses	4.2%	4.1%	
Home delivery	3.8%	3.6%	
Rent	0.9%	1.0%	
Maintenance and other operating supplies expenses	1.3%	0.7%	
Call centre expenses	0.8%	0.7%	
Utilities and communication	0.7%	0.6%	
Others	2.0%	1.5%	
Total selling and marketing expenses	**28.4%**	**26.1%**	

Source: Management information

Staff cost

Staff costs increased by 21.5% from USD 14.4m in the six months ended 30 June 2021G to USD 17.5m in the six months ended 30 June 2022G primarily due to the increase in the number of restaurant employees from 4,104 restaurant employees as at 30 June 2021G to 4,941 employees as at 30 June 2022G in line with the increase in the number of restaurants between 30 June 2021G (201 restaurants) and 30 June 2022G (216 restaurants). In addition to the above reason, staff costs relating to outsourced labor increased during the six months ended 30 June 2022G compared to the six months ended 30 June 2021G as no outsourced labor costs were incurred in the months of March and April of 2021G.

Depreciation and amortization

Depreciation and amortization expenses increased slightly by 3.4% from USD 8.5m in the six months ended 30 June 2021G to USD 8.8m in the six months ended 30 June 2022G primarily driven by the increase in the number of restaurants from 201 restaurants as at 30 June 2021G to 216 restaurants as at 30 June 2022G.

Advertising expenses

Advertising expenses increased by 20.5% from USD 6.4m in the six months ended 30 June 2021G to USD 7.7m in the six months ended 30 June 2022G in line with the increase in revenues during the same period.

Home delivery

Home delivery costs increased by 15.3% from USD 5.8m in the six months ended 30 June 2021G to USD 6.7m in the six months ended 30 June 2022G driven by the increase in home delivery revenues from USD 93.7m in the six months ended 30 June 2021G to USD 98.6m during six months ended 30 June 2022G in addition to the increase in fuel costs and the reclassification of credit card commissions related to home delivery related to home delivery revenues from Others in the six months ended 30 June 2021G to home delivery in the six months ended 30 June 2022G.

Rent

Rent costs increased by 37.6% from USD 1.4m in the six months ended 30 June 2021G to USD 1.9m in the six months ended 30 June 2022G driven by the increase in the number of restaurants from 201 restaurants as at 30 June 2021G to 216 restaurants as at 30 June 2022G and the increase in the revenues in the same periods.

Maintenance and other operating supplies expenses

Maintenance and other operating supplies expenses decreased by 26.8% from USD 1.9m in the six months ended 30 June 2021G to USD 1.4m in the six months ended 30 June 2022G driven by the renegotiation of the annual maintenance agreement which resulted in lower costs per visit which in turn resulted in lower maintenance costs.

Call centre expenses

Call centre expenses slightly increased from USD 1.2m in the six months ended 30 June 2021G to USD 1.4m in the six months ended 30 June 2022G within the normal course of business.

Utilities and communication

Utilities and communication slightly increased from USD 1.0m in the six months ended 30 June 2021G to USD 1.1m in the six months ended 30 June 2022G in line with the increase in the number of operating restaurants.

Others

Others include miscellaneous expenses, small ware charges, closure losses, license and insurance, spoilage and damaged goods, wastage and preopening expenses.

This line item decreased by 5.9% from USD 3.0m in the six months ended 30 June 2021G to USD 2.9m in the six months ended 30 June 2022G, primarily driven by the transfer of credit card commission related to home delivery revenue expenses from miscellaneous expenses to home delivery expenses.

General and administrative expenses

Table (5-308): General and administrative expenses breakdown for the six months ended 30 June 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Wages and salaries	4,166	4,106	(1.4%)
Depreciation	1,550	2,340	51.0%
Rent	2,029	1,182	(41.7%)
Provisions	150	598	298.7%
Others	1,184	1,247	5.3%
Total general and administrative expenses	**9,081**	**9,477**	**4.4%**
As a percentage of revenues			
Wages and salaries	2.7%	2.2%	
Depreciation	1.0%	1.2%	
Rent	1.3%	0.6%	
Provisions	0.1%	0.3%	
Others	0.8%	0.7%	
Total general and administrative expenses	**5.9%**	**5.0%**	

Source: Management information

Wages and salaries

Wages and salaries decreased by 1.4% from USD 4.2m in the six months ended 30 June 2021G to USD 4.1m in the six months ended 30 June 2022G primarily due to the decrease in administrative headcount from 228 employees as at 30 June 2021G to 224 employees as at 30 June 2022G.

Depreciation

Depreciation expense increased by 51.0% from USD 1.6m in the six months ended 30 June 2021G to USD 2.3m in the six months ended 30 June 2022G primarily due to moving employee accommodation from short term lease agreements to long term lease agreements that are capitalized under IFRS 16 during in the six months ended 30 June 2022G.

Rent

Rent expense decreased by 41.7% from USD 2.0m in the six months ended 30 June 2021G to USD 1.2m in the six months ended 30 June 2022G due to the shift in employee accommodation lease agreements to long term contracts as described above (i.e., rent is no longer recorded for these leases).

Provisions

Provisions expense increased by 298.7% from USD 0.2m in the six months ended 30 June 2021G to USD 0.6m in the six months ended 30 June 2022G due to provisions provided for legal cases in relation to real estate during the six months ended 30 June 2022G.

Others

Others primarily include trade licenses, professional and legal fees, utilities and communications, repairs and maintenance, travelling and accommodation, insurance, bank charges and service contracts and other miscellaneous fees.

Others remained fairly stable at USD 1.2m in the six months ended 30 June 2021G and in the six months ended 30 June 2022G.

Other operating income – net

Table (5-309): Other operating income, net breakdown for the six months ended 30 June 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Other income / expenses non-operating	(4)	1,169	not applicable
Other income / expense	1,516	1,031	(32.0%)
Gain or (loss) on disposal of PPE	23	(4)	(117.4%)
IFRS16 - gain / (loss)	562	72	(87.2%)
Other operating income – net	**2,097**	**2,269**	**8.2%**

Source: Management information

Other net operating income slightly increased from USD 2.1m in the six months ended 30 June 2021G to USD 2.3m in the six months ended 30 June 2022G as a result of an increase in non-operational income by USD 1.2m in relation to real estate income which was previously recorded in revenues.

This increase was offset by: (i) the decrease in other income from USD 1.5m in the six months ended 30 June 2021G to USD 1.0m in the six months ended 30 June 2022G due to decrease of rebates from other vendors; and (ii) the decrease in IFRS 16 – gain / (loss) mainly related to rent concessions.

Gain / (loss) on foreign exchange

Gain / (loss) on foreign exchange decreased from a gain of USD 0.2m in the six months ended 30 June 2021G to a loss of USD 0.3m in the six months ended 30 June 2022G. This was due to movements in the exchange rate of the Kuwaiti Dinar compared to USD.

Finance costs

Table (5-310): Finance cost breakdown for the six months ended 30 June 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Interest expenses – lease liabilities	1,418	1,287	(9.3%)
Interest expense on employee benefits obligations	-	204	100%
Total finance cost	**1,418**	**1,491**	**5.1%**

Source: Management information

Total finance costs increased from USD 1.4m in the six months ended 30 June 2021G to USD 1.5m in the six months ended 30 June 2022G primarily due to an increase in interest expense on employee benefits obligations (the Company started computing the interest expense on employee benefits obligations on a quarterly basis in 2022G, this was only done on an annual basis in prior periods). This was offset by the decrease in the finance costs on lease liabilities in line with the decrease in the lease liabilities from USD 71.1m as at 30 June 2021G to USD 68.2m as at 30 June 2022G.

Zakat & KFAS

Zakat & KFAS costs decreased from USD 1.0m in the six months ended 30 June 2021G to nil in the six months ended 30 June 2022G. The Company became a WLL entity during 2022G and as per the Kuwaiti law, Zakat is not applicable for Kuwait Company for Restaurants WLL.

Net profit for the period and net profit margin for the period

Net profit for the period increased by 35.7% from USD 47.5m in the six months ended 30 June 2021G to USD 64.5m in the six months ended 30 June 2022G driven by the increase in gross profit, while other costs did not increase in the same magnitude during the same period.

Net profit margin increased from 30.8% in the six months ended 30 June 2021G to 34.0% in the six months ended 30 June 2022G driven by: (i) the increase in revenues during the period, (ii) the decline in general and administrative expenses as a percentage of revenues from 5.9% in the six months ended 30 June 2021G to 5.0% in the six months ended 30 June 2022G, and (iii) the decline in selling and marketing expenses percentage of revenues from 28.4% in the six months ended 30 June 2021G to 26.1% for the six months ended 30 June 2022G as a portion of these expenses are fixed in nature and did not increase in the same magnitude as the increase in revenues. This was partially offset by the increase in cost of sales as a percentage of revenues from 34.8% in the six months ended 30 June 2021G to 35.2% in the six months ended 30 June 2022G primarily due to higher commodity prices.

5.7.4.2 Statement of financial position of Kuwait Company for Restaurants WLL (Kuwait):

Table (5-311): Statement of financial position as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	30 June 2022G
Property and equipment	20,272	23,457
Right of use assets	65,828	63,041
Intangible assets	7,118	8,096
Total non-current assets	**93,218**	**94,594**
Inventories	15,168	17,313
Due from Related Parties	90,089	30,701
Trade and other receivables	17,794	19,590
Cash and cash equivalents	7,131	36,425
Total current assets	**130,182**	**104,030**
Total assets	**223,400**	**198,624**
Lease liabilities	50,502	45,703
Trade and other payables	50,195	64,387
Employees' end of service benefits	18,136	16,101
Total non-current liabilities	**118,834**	**126,191**
Lease liability	20,631	22,448
Due to Related Parties	5,458	8,508
Trade and other payables	62,982	70,039
Total current liabilities	**89,071**	**100,995**
Total liabilities	**207,904**	**227,186**
Share capital	-	81,679
Reserves, retained earnings and current year profit	-	(109,555)
Foreign currency translation reserve	-	(687)
Net residual attributable to head office as at 31 December 2021G / Total equity as at 30 June 2022G	**15,495**	**(28,562)**
Total equity & liabilities	**223,400**	**198,624**

Source: Management information

Non-current assets

Table (5-312): Non-current assets as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	30 June 2022G
Property and equipment	20,272	23,457
Right of use assets	65,828	63,041
Intangible assets	7,118	8,096
Total non-current assets	**93,218**	**94,594**

Source: Management information

Property and equipment

Table (5-313): Property and equipment net book value as 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	Additions & transfers	Disposals	Depreciation	Forex	30 June 2022G
Buildings	255	122	-	(121)	(5)	251
Vehicles and motorbikes	1,083	104	-	(280)	(9)	898
Machinery and equipment	5,005	2,524	-	(900)	(44)	6,585
Furniture and decors	9,898	5,294	(5)	(1,472)	(92)	13,622
Office equipment	1,043	369	-	(228)	(12)	1,172
Software	475	(475)	-	-	-	-
Work in progress	2,512	(1,556)	-	-	(28)	929
Net book value	**20,272**	**6,382**	**(5)**	**(3,001)**	**(190)**	**23,457**

Source: Management information

Buildings

Buildings net book value remained stable at USD 0.3m as at 31 December 2021G and 30 June 2022G primarily as a result of the depreciation charge of USD 0.1m, that was offset by additions and transfers of USD 0.1m.

Vehicles and motorbikes

Vehicles and motorbikes balances decreased from USD 1.1m as at 31 December 2021G to USD 0.9m as at 30 June 2022G due to the depreciation charge of USD 0.3m partially offset by additions during the period of USD 0.1m.

Machinery and equipment

Machinery and equipment increased from USD 5.0m as at 31 December 2021G to USD 6.6m as at 30 June 2022G as a result of the additions and transfers of USD 2.5m in relation to 14 new restaurants opened during the period, offset by the depreciation charge of USD 0.9m.

Furniture and decors

Furniture and decors increased from USD 9.9m as at 31 December 2021G to USD 13.6m as at 30 June 2022G driven by the additions and transfers of USD 5.3m related to the opening of 14 new restaurants. This was partially offset by the depreciation charge of USD 1.5m and forex losses of USD 0.1m.

Office equipment

Office equipment increased from USD 1.0m as at 31 December 2021G to USD 1.2m as at 30 June 2022G mainly due to additions and transfers of USD 0.4m partially offset by the depreciation charge of USD 0.2m.

Software

Software decreased from USD 0.5m as at 31 December 2021G to USD nil as at 30 June 2022G due to the transfer of software from property and equipment to intangible assets.

Work in progress

Work in progress decreased from USD 2.5m as at 31 December 2021G to USD 0.9m as at 30 June 2022G primarily due to net transfers of USD 1.6m from work in progress to other property and equipment categories relating to future store openings.

Table (5-314): Useful lives of property and equipment used for depreciation as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

	Useful life (Years)
Buildings	6.7
Vehicles and motorbikes	5
Machinery and equipment	6.7
Furniture and decors	6.7
Office equipment	6.7

Source: Management information

Right-of-use assets

Table (5-315): Right-of-use assets net book value as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	Additions	Disposals	Forex	Depreciation	30 June 2022G
Buildings	63,247	10,282	-	(749)	(11,472)	61,308
Vehicles	2,581	-	(24)	(27)	(798)	1,732
Net book value	**65,828**	**10,282**	**(24)**	**(776)**	**(12,270)**	**63,041**

Source: Management information

As at 30 June 2022G, the right of use assets primarily related to leases for 168 restaurants and 523 delivery vehicles and 33 leases for different assets including administrative offices, commissaries and others.

Net book value of right-of-use assets decreased from USD 65.8m as at 31 December 2021G to USD 63.0m as at 30 June 2022G primarily due to the depreciation charge of USD 12.3m and exchange rate differences of USD 0.8m. This was offset by additions amounting to USD 10.3m in relation to the 14 new restaurants and the renewal of existing restaurant contracts.

Intangible assets

Table (5-316): Intangible assets net book value as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	Additions & Transfers	Forex	Amortisation	30 June 2022G
Franchise fees	1,770	210	(23)	(171)	1,786
Key money	5,348	1,314	(113)	(872)	5,676
Software	-	750	(18)	(98)	634
Net book value	**7,118**	**2,273**	**(154)**	**(1,142)**	**8,096**

Source: Management information

Net book value of intangible assets increased from USD 7.1m as at 31 December 2021G to USD 8.1m as at 30 June 2022G driven by the increase in: (i) key money as a result of additions of USD 1.3m in relation to new restaurant openings partially offset by the amortisation expense of USD 0.9m, (ii) software by USD 0.8m due to the transfer of the balance from property and equipment partially offset by the amortisation expense of USD 0.1m and (iii) franchise fees as a result of the additions of USD 0.2m, partially offset by the amortisation expense of USD 0.2m.

Current assets

Table (5-317): Current assets as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	30 June 2022G
Inventories	15,168	17,313
Due from Related Parties	90,089	30,701
Trade and other receivables	17,794	19,590
Cash and cash equivalents	7,131	36,425
Total current assets	**130,182**	**104,030**

Source: Management information

Inventories

Table (5-318): Inventories breakdown as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	30 June 2022G
Raw material	10,357	12,477
Goods in transit	2,196	2,056
Packing material	1,513	1,693
Other materials	1,892	1,841
Spare parts	585	605
Less: Provision for slow moving inventories and spare parts	(1,375)	(1,359)
Total inventories	**15,168**	**17,313**

Source: Management information

Raw material

Raw materials increased from USD 10.4m as at 31 December 2021G to USD 12.5m as at 30 June 2022G driven by the increase in revenues during the period and the increase in commodity prices.

Goods in transit

Goods in transit slightly decreased from USD 2.2m as at 31 December 2021G to USD 2.1m as at 30 June 2022G within the normal course of business.

Packing material

Packing material increased from USD 1.5m as at 31 December 2021G to USD 1.7m as at 30 June 2022G primarily due to the increase in number of operating restaurants.

Other materials

Other materials had minor movements between 31 December 2021G and 30 June 2022G within the normal course of business.

Spare parts

Spare parts had minor movements between 31 December 2021G and 30 June 2022G within the normal course of business.

Provision for slow moving inventories and spare parts

Provision for slow moving inventories and spare parts remained fairly stable at USD 1.4m between 31 December 2021G and 30 June 2022G.

Due from Related Parties

Table (5-319): Due from Related Parties' balances as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	Nature of relationship	31 December 2021G	30 June 2022G
Americana Restaurants Investment Group Company LLC	Holding Company	-	27,113
Lebanese International Touristic Projects Company LLC	Affiliate	3,023	3,091
The International Co. for World Restaurants Limited	Affiliate	222	184
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd	Affiliate	-	139
Ras BuabboudTrading Company WLL	Affiliate	-	85
Egyptian Company for International Touristic Projects SAE	Affiliate	-	65
The Caspian International Restaurants Company LLP	Affiliate	-	14
International Food Company Guda Giyim Sanayi ye Ticaret Limited irketi	Affiliate	-	7
Touristic Projects & International Restaurants Co. (Americana) LLC	Affiliate	-	2
Kuwait Food Company (Americana) K.S.C.C	Former Parent Company	729	-
Kuwait Food Company (Americana) K.S.C.C / Kuwait Area account	Former Parent Company	85,990	-
Others	Affiliate	126	-
Total due from Related Parties		**90,089**	**30,701**

Source: Management information

The balance decreased from USD 90.1m as at 31 December 2021G to USD 30.7m as at 30 June 2022G, mainly due to the reclassification of the amounts due from Kuwait Food Company (Americana) K.S.C.C / Kuwait Area account to other reserves within equity.

Trade and other receivables

Table (5-320): Trade and other receivables breakdown as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	30 June 2022G
Trade receivables	4,205	3,106
Less: allowance for doubtful debts	(585)	(722)
Net trade receivables	**3,620**	**2,384**
Other debit balances	5,562	5,143
Refundable deposits	5,313	5,285
Prepaid expenses	2,608	4,208
Other receivables	-	1,607
Advances to suppliers	499	580
Staff receivables	308	383
Provision for other receivables	(116)	-
Total trade and other receivables	**17,794**	**19,590**

Source: Management information

Trade receivables

Trade receivables decreased from USD 4.2m as at 31 December 2021G to USD 3.1m as at 30 June 2022G due to reclassification of the cash balances with cash collection companies from this line to the other receivables balance.

Allowance for doubtful debts

Allowance for doubtful debt increased from USD 0.6m as at 31 December 2021G to USD 0.7m as at 30 June 2022G due to the additional provision recorded in relation to overdue rent receivables.

Other debit balances

Other debit balances decreased from USD 5.6m as at 31 December 2021G to USD 5.1m as at 30 June 2022G driven by the decrease in the beverage provider marketing activities.

Refundable deposits

Refundable deposits remained stable at USD 5.3m as at 31 December 2021G and 30 June 2022G within the normal course of business.

Prepaid expenses

Prepaid expenses increased from USD 2.6m as at 31 December 2021G to USD 4.2m as at 30 June 2022G primarily due to the increase in prepaid franchise fees of USD 0.2m and other prepaid expenses such as insurance and rentals, which are paid at the start of the year and are amortised over the period.

Other receivables

The balance increased to USD 1.6m as at 30 June 2022G compared to nil as at 31 December 2021G and represents the cash balance with the cash collection companies (cash balances with cash collection companies was recorded under trade receivables as at 31 December 2021G).

Advances to suppliers

The balance slightly increased from USD 0.5m as at 31 December 2021G to USD 0.6m as at 30 June 2022G in line with the expansion of operations.

Staff receivables

The balance slightly increased from USD 0.3m as at 31 December 2021G to USD 0.4m as at 30 June 2022G in line with the increase in headcount during the period.

Provision for other receivables

Provision for other receivables increased from a negative USD 0.1m as at 31 December 2021G to nil as at 30 June 2022G due to the reclassification of provisions for ongoing legal cases in relation to employees' end of service benefits from this line to other receivables.

Cash and cash equivalents

Table (5-321): Cash and cash equivalents breakdown as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	30 June 2022G
Cash on hand	49	169
Current accounts held with banks	7,082	36,236
Cash in safe	-	20
Total cash and cash equivalents	**7,131**	**36,425**

Source: Management information

Cash and cash equivalents represent the Company's bank accounts and cash on hands. Cash and cash equivalents increased from USD 7.1m as at 31 December 2021G to USD 36.4m as at 30 June 2022G. For more details, refer to the cash flow statement section of the Company's analysis.

Potential liabilities and capital commitments

The Company had capital commitments in relation to projects in progress of USD 0.3m as at 30 June 2022G (USD 0.8m as at 31 December 2021G). The Company also had outstanding letters of credit of USD 0.8m as at 30 June 2022G (USD 1.2m as at 31 December 2021G). Capital commitments are primarily related to new restaurant openings.

The Company had irrevocable letters of guarantee from a commercial bank for USD 2.8m as at 30 June 2022G (USD 2.7m as at 31 December 2021G).

Non-current liabilities

Table (5-322): Non-current liabilities as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	30 June 2022G
Lease liabilities	50,502	45,703
Trade and other payables	50,195	64,387
Employees' end of service benefits	18,136	16,101
Total non-current liabilities	**118,834**	**126,191**

Source: Management information

Lease liabilities movement

Table (5-323): Lease liabilities movement as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	30 June 2022G
Current	20,631	22,448
Non-current	50,502	45,703
Total lease liabilities	**71,134**	**68,151**

Source: Management information

Lease liabilities decreased from USD 71.1m as at 31 December 2021G to USD 68.2m as at 30 June 2022G primarily as a result of payments exceeding additions and accrued interest during the six months ended 30 June 2022G.

Non-current trade and other payables

Non-current trade and other payables increased from USD 50.2m as at 31 December 2021G to USD 64.4m as at 30 June 2022G primarily due to receiving an advance payment from a vendor for USD 9.8m during the six months ended 30 June 2022G.

Employees' end of service benefits movement

Table (5-324): Employees' end of service benefits movement as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	30 June 2022G
Beginning balance	**16,807**	**18,136**
Charge for the period	953	587
Interest cost on liability	284	202
Remeasurements loss	2,931	-
Other adjustments through other comprehensive income	-	(1,195)
Paid during the year / year	(2,931)	(1,373)
Forex	91	(256)
Ending balance	**18,136**	**16,101**

Source: Management information

End of service benefits decreased from USD 18.1m as at 31 December 2021G to USD 16.1m as at 30 June 2022G primarily driven by the: (i) payments during the period to employees of USD 1.4m within the normal course of business, (ii) other adjustments to other comprehensive income of USD 1.2m in accordance with the actuarial adjustment in line with IAS 19 and (iii) the forex impact of USD 0.3m due to the fluctuations of the Kuwaiti Dinar against the USD. The aforementioned increases were offset by additions related to the charge for the period of USD 0.6m.

Current liabilities

Table (5-325): Current liabilities as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	30 June 2022G
Lease liability	20,631	22,448
Due to Related Parties	5,458	8,508
Trade and other payables	62,982	70,039
Total current liabilities	**89,071**	**100,995**

Source: Management information

Due to Related Parties

Table (5-326): Due to Related Parties' balances as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	Nature of relationship	31 December 2021G	30 June 2022G
Americana Kuwait for Selling Meat & Refreshments WLL (Cake Division)	Affiliate	1,144	1,481
Al Ahlia Restaurants Company LLC	Affiliate	-	169
Americana Kuwait for Selling Meat & Refreshments WLL (Meat Division)	Affiliate	51	-
Gulf Food Company Americana LLC	Affiliate	1,072	1,488
International Co. for Agricultural Development ('Farm Frites') SAE	Affiliate	1,345	1,367
Kuwait Food Company Americana LLC	Affiliate	162	1,441
National Company for Food Industries LLC (Meat Division)	Affiliate	1,509	1,952
National Company for Food Industries LLC (Cake Division)	Affiliate	171	521
Noon Pay	Entities controlled by a major shareholder	-	87
Others	Affiliate	5	-
Total due to Related Parties		**5,458**	**8,508**

Source: Management information

Due to Related Parties' balances increased from USD 5.5m as at 31 December 2021G to USD 8.5m as at 30 June 2022G primarily due to the increase in the balance of Kuwait Food Company Americana LLC, Al Ahlia Restaurants Company LLC, Gulf Food Company Americana LLC as a result of the increase in raw material purchases from these Related Parties.

Trade and other payables

Table (5-327): Trade and other payables breakdown as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	30 June 2022G
Trade payables	36,189	40,455
Accrued expenses	7,811	11,003
Contractors' payable	1,187	1,202
Leave provision	2,663	3,262
Staff payables	4,280	4,787
Others	10,853	9,330
Total trade and other payables	**62,982**	**70,039**

Source: Management information

Trade payables

Trade payables increased from USD 36.2m as at 31 December 2021G to USD 40.5m as at 30 June 2022G as the level of purchases increased with the expansion of the business activity during 2022G and the increase in commodity prices.

Accrued expenses

Accrued expenses increased from USD 7.8m as at 31 December 2021G to USD 11.0m as at 30 June 2022G due to the accrual of rental costs of warehouses and marketing spend.

Contractors' payable

Contractors' payable remained stable at USD 1.2m as at 31 December 2021G and 30 June 2022G within the normal course of business.

Leave provision

Leave provision increased from USD 2.7m as at 31 December 2021G to USD 3.3m as at 30 June 2022G in line with the increase in the number of employees during the six months ended 30 June 2022G and the accruals for employee leave balances made for the six months ended 30 June 2022G.

Staff payables

Staff payables increased from USD 4.3m as at 31 December 2021G to USD 4.8m as at 30 June 2022G due to the increase in number of employees.

Others

Others decreased from USD 10.9m as at 31 December 2021G to USD 9.3m as at 30 June 2022G driven by the reduction in tax payable of Kuwait Company for Restaurants WLL since Zakat is not applicable for WLL entities as per Kuwait law.

Net residual attributable to head office as at 31 December 2021G / Total equity as at 30 June 2022G

Table (5-328): Total equity as at 31 December 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	31 December 2021G	30 June 2022G
Opening balance	**(20,787)**	**15,495**
Transfers to head office	(33,647)	(81,574)
Total comprehensive income of the year / period	102,686	64,452
Other reserves	-	(174,007)
Share capital	-	81,679
Forex	(117)	(900)
Balance at 31 December – before carve-out	**48,134**	**(94,855)**
Impact of carve-out entries	(32,639)	66,293
Balance at 31 December	**15,495**	**(28,562)**

Source: Management information

Net residual attributable to head office/equity decreased from USD 15.5m as at 31 December 2021G to a negative USD 28.6m as at 30 June 2022G due to the transfers made to head office of USD 81.6m and other reserves of USD 174.0m, which mainly included transfer of current account with the Former Parent Company of USD 77.0m and pending payables to beverage provider, payment processor, and cleaning material supplier amounting to USD 97.0m. This was partially offset by the total comprehensive income recorded for the period of USD 64.5m and the positive impact of the carve-out entries amounting to USD 66.3m.

5.7.4.3 Statement of cash flow of Kuwait Food Company (Americana) LLC (Kuwait)

Table (5-329): Statement of cash flow for the six months ended 30 June 2021G and 30 June 2022G of Kuwait Company for Restaurants WLL (Kuwait):

Currency: USD000	30 June 2021G	30 June 2022G
Profit for the period	47,497	64,452
Adjustments for:		
Depreciation of property and equipment	2,923	3,001
Amortisation of intangible assets	999	1,142
Depreciation of right-of-use assets	12,090	12,270
Impairment of financial assets	69	654
Impairment of cash generating unit	-	76
Provision for obsolete, slow moving, and defective inventories	34	101
Provision for employees end of service benefits obligations	1,134	587
Impairment of non-financial assets	-	(28)
Loss / (gains) on disposal of property and equipment	(13)	4
Finance cost	1,418	1,491
Provisions charge	0	1,290
Operating cash flows before payment for employees end of service benefits and changes in operating working capital	**66,151**	**85,041**
Employees' end of service benefits paid	(1,388)	(1,374)
Changes in working capital:		
Inventories	(3,909)	(2,247)
Due from Related Parties	10,491	59,388
Trade and other receivables	(1,016)	(2,450)
Due to Related Parties	(1,866)	3,050
Provisions	(74)	(1,248)
Trade, other payables and deductions	17,577	21,209
Net cash generated from operating activities	**85,966**	**161,370**
Purchase of property and equipment	(3,581)	(7,217)
Proceeds from sale of property and equipment	84	1
Purchase of intangible assets	(736)	(1,434)
Net cash used in investing activities	**(4,233)**	**(8,649)**
Lease liability	(14,066)	(13,724)
Dividend distributed to parent company	-	(81,574)
Actuarial revaluation of end of service benefits (other comprehensive income)	-	(1,195)
Impact of carve-out entries	(63,662)	66,293
Issuance of share capital	-	81,679
Creation of reserves	-	(174,007)
Net cash used in financing activities	**(77,729)**	**(122,528)**
Net increase in cash and cash equivalents	4,004	30,191
Foreign currency exchange differences	855	(897)
Bank balances and cash at beginning of the period	3,422	7,131
Bank balances and cash at end of the period	**8,281**	**36,425**

Source: Management information

Net cash generated from operating activities

Net cash generated from operating activities increased from USD 86.0m in the six months ended 30 June 2021G to USD 161.4m in the six months ended 30 June 2022G primarily due to the increase in profit for the period from USD 47.5m in the six months ended 30 June 2021G to USD 64.5m in the six months ended 30 June 2022G. In addition, there was an increase in non-cash adjustments from an inflow of USD 18.7m in the six months ended 30 June 2021G to an inflow of USD 20.6m in the six months ended 30 June 2022G and an increase in changes in working capital where it changed from a cash inflow of USD 21.2m in the six months ended 30 June 2021G to a cash inflow of USD 77.7m in the six months ended 30 June 2022G.

Net cash used in investing activities

Net cash used in investing activities increased from a cash outflow of USD 4.2m in the six months ended 30 June 2021G to a cash outflow of USD 8.6m in the six months ended 30 June 2022G primarily due to the increase in cash used in the purchase of property and equipment from USD 3.6m in the six months ended 30 June 2021G to USD 7.2m in the six months ended 30 June 2022G.

Net cash used in financing activities

Net cash used in financing activities increased from a cash outflow of USD 77.7m in the six months ended 30 June 2021G to a cash outflow of USD 122.5m in the six months ended 30 June 2022G, primarily driven by the increase in cash used for the creation of reserves of USD 174.0m that was incurred only in the six months ended 30 June 2022G and the increase in cash used in dividends distribution to the parent company of USD 81.6m. This was partially offset by cash generated from the issuance of share capital of USD 81.7m and cash generated from impact of carveout of USD 66.3m.

5.7.5 Egyptian Company for International Touristic Projects (Egypt) ("ECITP") for the six months ended 30 June 2021G and 30 June 2022G

Table (5-330): Summary of financial information of ECITP:

Currency: USD000	30 June 2021G	30 June 2022G
Statement of income		
Revenues	110,914	131,381
Cost of revenues	(65,577)	(78,246)
Gross profit	**45,338**	**53,134**
Selling and distribution expenses	(37,051)	(38,633)
General and administrative expenses	(6,720)	(9,063)
Other operating income	1,377	1,093
Other operating expenses	(203)	(24,196)
Gain/ (loss) on foreign exchange	(40)	(910)
Operating (loss) profit	**2,700**	**(18,574)**
Finance costs, net	(3,573)	(16,392)
Net loss before tax	**(874)**	**(34,966)**
Income tax	(432)	413
Minority Interest	(5)	0
Net loss for the period	**(1,311)**	**(34,554)**

Currency: USD000	31 December 2021G	30 June 2022G
Summary of the statement of financial position		
Total non-current assets	91,798	83,734
Total current assets	52,132	40,426
Total assets	**143,930**	**124,160**
Total non-current liabilities	28,233	22,390
Total current liabilities	101,126	116,808
Total liabilities	**129,359**	**139,198**
Total equity	**14,571**	**(15,038)**
Total liabilities and equity	**143,930**	**124,160**

Source: Management Information

Table (5-331): Key performance indicators for the six months ended 30 June 2021G and the six months ended 30 June 2022G:

Income statement key performance indicators		
Currency: USD000	**30 June 2021G**	**30 June 2022G**
Gross profit margin [1]	40.9%	40.4%
Net loss margin [2]	(1.2%)	(26.3%)

Source: Management information

Balance sheet key performance indicators		
Currency: USD000	**31 December 2021G**	**30 June 2022G**
Current ratio [3]	0.5	0.3
Total liabilities to total assets (4)	**89.9%**	**112.1%**
Net debt (net cash) (thousand USD) [5]	4,992	11,586
Days revenues outstanding [6]	8	7
Days inventory outstanding [7]	66	78
Days payable outstanding [8]	69	62
NWC as a percentage of revenues [9]	(11.8%)	(19.5%)
ROA [10]	4.2%	(21.9%)
ROE [11]	41.6%	Not applicable

Source: Management information

(1) Gross margin is defined as gross profit for the six months period divided by revenues for the six months period

(2) Net profit margin is defined as the net profit for the six months period divided by revenues for the six months period

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues (for the last twelve months period) multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from related parties)

(7) Days inventory outstanding is defined as inventory divided by cost of inventory (for the last twelve months period) multiplied by 365 (where inventory refers to sum of raw material, filing and packaging material and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by cost of inventory (for the last twelve months period) multiplied by 365 (where trade and other payables refers to the sum of trade payables, current portion of unearned income and trade related dues to related parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from related parties less trade and other payables, due to related parties, provisions for legal, tax and other claims, income tax, zakat and other deductions payable

(10) Return on assets is calculated based on profit for the last twelve months period divided by total assets

(11) Return on equity is calculated based on profit for the last twelve months period divided by total equity

5.7.5.1 Statement of income of ECITP

The following tables set out ECITP's statement of income for 30 June 2021G and 30 June 2022G.

Table (5-332): Statement of income for the six months ended 30 June 2021G and the six months ended 30 June 2022G of ECITP:

Currency: USD000	30 June 2021G	30 June 2022G
Statement of income		
Revenues	110,914	131,381
Cost of revenues	(65,577)	(78,246)
Gross profit	**45,338**	**53,134**
Selling and distribution expenses	(37,051)	(38,633)
General and administrative expenses	(6,720)	(9,063)
Other operating income	1,377	1,093
Other operating expenses	(203)	(24,196)
Gain/ (loss) on foreign exchange	(40)	(910)
Operating (loss) / profit	**2,700**	**(18,574)**
Finance costs, net	(3,573)	(16,392)
Net loss before tax	(874)	(34,966)
Income tax	(432)	413
Minority Interest	(5)	0
Net loss for the period	**(1,311)**	**(34,554)**

Source: Management Information

Revenues by brand

Table (5-333): Revenues by brand breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of ECITP:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
KFC	61,001	69,473	13.9%
Pizza Hut	20,910	23,527	12.5%
Hardee's	11,364	12,860	13.2%
Krispy Kreme	-	3,901	100.0%
Others	17,639	21,620	22.6%
Total revenues	**110,914**	**131,381**	**18.5%**
As a percentage of revenues			
KFC	55.0%	52.9%	
Pizza Hut	18.9%	17.9%	
Hardee's	10.2%	9.8%	
Krispy Kreme	0.0%	3.0%	
Others	15.9%	16.5%	

Source: Management Information

Revenues by channel

Table (5-334): Revenues by channel breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of ECITP:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Home delivery	48,804	49,595	1.6%
Take-out	29,454	41,262	40.1%
Dine-in	28,299	34,698	22.6%
Drive-through	994	2,081	109.4%
Others	3,364	3,745	11.3%
Total revenue	**110,914**	**131,381**	**18.5%**
As a percentage of revenues			
Home delivery	44.0%	37.7%	
Take-out	26.6%	31.4%	
Dine-in	25.5%	26.4%	
Drive-through	0.9%	1.6%	
Others	3.0%	2.9%	

Source: Management Information

The Company operates all four Power Brands (KFC, Pizza Hut, Hardee's and Krispy Kreme) in Egypt. These four brands collectively contributed 83.5% of total revenue in the six months ended 30 June 2022G.

Revenues increased by 18.5% from USD 110.9m in the six months ended 30 June 2021G to USD 131.4m in the six months ended 30 June 2022G, primarily due to:

- The increase in the number of restaurants from 407 restaurants as at 30 June 2021G to 432 restaurants as at 30 June 2022G;
- The increase in the number of orders from existing and new restaurants from 11.8m orders in the six months ended 30 June 2021G to 14.8m orders in the six months ended 30 June 2022G mainly due to : (i) the easing of COVID-19 restrictions; (ii) launch of Hardee's value meals during six months ended 30 June 2022G; and (iii) new initiatives to drive revenues including quality improvement, improved technology, and increase in the speed of service/delivery.
- The increase in product prices across all Power Brands as follows: KFC by 22.5%, Hardee's by 7.2%, Pizza Hut by 5.2% and Krispy Kreme by 21.5% during the six months ended 30 June 2022G (in addition to increase in prices of other brands such as TGI by 5.3%, Baskin Robbins by 4.6%, and Chicken Tikka by 9.4%).
- This was partially offset by the devaluation of the Egyptian pound from an average of 15.7 Egyptian pounds per USD in the six months ended 30 June 2021G to an average of 17.1 Egyptian pounds per USD in the six months ended 30 June 2022G, which resulted in lower USD revenues in nominal terms.

Expenses by type

Table (5-335): Total expenses by type breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of ECITP:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Cost of revenues	65,577	78,246	19.3%
Selling and distribution expenses	37,051	38,633	4.3%
General and administrative expenses	6,720	9,063	34.9%
Total of cost of revenues, selling and distribution and general and administrative expenses	**109,348**	**125,943**	**15.2%**
As a percentage of revenues			
Cost of revenues	59.1%	59.6%	
Selling and distribution expenses	33.4%	29.4%	
General and administrative expenses	6.1%	6.9%	
Total of cost of revenues, selling and distribution and general and administrative expenses	**98.6%**	**95.9%**	

Source: Management Information

Expenses by nature

Table (5-336): Total expenses by nature for the six months ended 30 June 2021G and the six months ended 30 June 2022G of ECITP:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Food material	42,756	51,313	20.0%
Staff costs	20,964	21,441	2.3%
Miscellaneous expenses	10,006	12,852	28.4%
Depreciation expense	10,542	11,657	10.6%
Marketing expenses	4,970	5,963	20.0%
Rent expense	5,154	5,702	10.6%
Utilities	5,467	5,301	(3.0%)
Packing material	3,776	4,771	26.4%
Maintenance expenses	2,365	3,388	43.3%
Other operating expenses	1,387	1,627	17.3%
Operating supplies	1,133	942	(16.9%)
Insurance and licensing expenses	592	576	(2.7%)
Professional fees	182	308	69.2%
Bank charges	19	58	201.1%
Travel expenses	35	44	25.7%
Total expenses	**109,348**	**125,943**	**15.2%**
As a percentage of revenues			
Food material	38.5%	39.1%	
Staff costs	18.9%	16.3%	
Miscellaneous expenses	9.0%	9.8%	
Depreciation expense	9.5%	8.9%	
Marketing expenses	4.5%	4.5%	
Rent expense	4.6%	4.3%	
Utilities	4.9%	4.0%	
Packing material	3.4%	3.6%	
Maintenance expenses	2.1%	2.6%	
Other operating expenses	1.3%	1.2%	
Operating supplies	1.0%	0.7%	
Insurance and licensing expenses	0.5%	0.4%	
Professional fees	0.2%	0.2%	
Bank charges	0.0%	0.0%	
Travel expenses	0.0%	0.0%	
Total expenses	**98.6%**	**95.9%**	

Source: Management Information

Food material

Food material increased by 20.0% from USD 42.8m in the six months ended 30 June 2021G to USD 51.3m in the six months ended 30 June 2022G, mainly due to the increase in revenues during the same period by 18.5% combined with an increase in the cost of commodities such as cost of cooking oil, chicken, and beef.

Staff costs

Staff costs slightly increased by 2.3% from USD 21.0m in the six months ended 30 June 2021G to USD 21.4m in the six months ended 30 June 2022G driven by the increase in the number of operating restaurants and the total headcount from 9,920 employees in the six months ended 30 June 2021G to 10,315 employees in the six months ended 30 June 2022G. This was partially offset by the decrease in average staff cost per employee mainly due to: (i) the increase in restaurant level staff (**who typically have a lower average salary**); and (ii) the devaluation of the Egyptian pound against the USD during the six months ended 30 June 2022G (**which resulted in a lower USD cost while the employee salary in the Egyptian pound in nominal terms remained the same**).

Miscellaneous expenses

Miscellaneous expenses increased by 28.4% from USD 10.0m in the six months ended 30 June 2021G to USD 12.9m in the six months ended 30 June 2022G mainly due to: (i) the increase in the royalty fees in line with the increase in the revenues by 18.5% during the same period and the increase in the royalty fees of one of the Power Brands from 5.5% in the six months ended 30 June 2021G to 5.75% in the six months ended 30 June 2022G; and (ii) the increase in transportation costs in line with the increase in the number of restaurants from 407 as at 30 June 2021G to 432 as at 30 June 2022G.

Depreciation expense

Depreciation expenses increased by 10.6% from USD 10.5m in the six months ended 30 June 2021G to USD 11.7m in the six months ended 30 June 2022G mainly due to: (i) the increase in the number of operating restaurants from 407 restaurants as at 30 June 2021G to 432 restaurants as at 30 June 2022G and (ii) the increase in depreciation expenses for right of use assets in relation to the new rental contacts.

Marketing expenses

Marketing expenses increased by 20.0% from USD 5.0m in the six months ended 30 June 2021G to USD 6.0m in the six months ended 30 June 2022G in line with the growth a revenues (remained stable at 4.5% of revenues in both periods).

Rent expense

Rent expense increased by 10.6% from USD 5.2m in the six months ended 30 June 2021G to USD 5.7m in the six months ended 30 June 2022G mainly driven by the increase in variable rent in line with the increase in revenues during the same period.

Utilities

Utilities expenses slightly decreased by 3.0% from USD 5.5m in the six months ended 30 June 2021G to USD 5.3m in the six months ended 30 June 2022G primarily due to the devaluation of the Egyptian pound (based on which utility bills are denominated) compared to the USD. This was partially offset by the increase in the number of operating restaurants and the increase in revenues by 18.5% during the same period.

Packing material

Packing material expenses increased by 26.4% from USD 3.8m in the six months ended 30 June 2021G to USD 4.8m in the six months ended 30 June 2022G primarily due to: (i) an increase in the price of packing materials in the six months ended 30 June 2022G compared to the same period of the previous year, and (ii) the expansion of home delivery revenues coupled with the increase in the number of operating restaurants.

Maintenance expenses

Maintenance expenses increased by 43.3% from USD 2.4m in the six months ended 30 June 2021G to USD 3.4m in the six months ended 30 June 2022G mainly driven by the increase in the number of operating restaurants and the increase in maintenance vendor rates.

Other operating expenses

Other operating expenses slightly increased from USD 1.4m in the six months ended 30 June 2021G to USD 1.6m in the six months ended 30 June 2022G due to an increase in motorcycle expenses (on account of higher fuel costs) combined with an increase in service fees for on demand drivers and cash collection services as a result of the increase in the number of operating restaurants.

Operating supplies

Operating supplies decreased from USD 1.1m in the six months ended 30 June 2021G to USD 0.9m in the six months ended 30 June 2022G due to the decrease in COVID-19 related supplies expenses (**such as hand sanitizers, masks, etc.**).

Insurance and licensing expenses

Insurance and licensing expenses remained relatively stable at USD 0.6m in the six months ended 30 June 2021G and 30 June 2022G.

Professional fees

Professional fees increased from USD 0.2m in the six months ended 30 June 2021G to USD 0.3m in the six months ended 30 June 2022G due to the increase in audit and consultancy fees.

Bank charges

Bank charges increased from USD 19k in the six months ended 30 June 2021G to USD 58k in the six months ended 30 June 2022G due to the increase in bank facilities utilisation during the six months ended 30 June 2022G compared to the same period of the previous period.

Travel expenses

Travel expenses slightly increased from USD 35k in the six months ended 30 June 2021G to USD 44k in the six months ended 30 June 2022G within normal course of business.

Other operating income

Table (5-337): Other operating income for the six months ended 30 June 2021G and the six months ended 30 June 2022G of ECITP:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Chilled water from investment properties	293	442	50.7%
Reversal of impairment for investment in subsidiary	-	364	100.0%
Rent concessions	195	241	23.6%
Gain from sale of fixed assets	503	133	(73.6%)
Miscellaneous income / (expenses)	385	(87)	(122.6%)
Total other operating income	**1,377**	**1,093**	**(20.6%)**

Source: Management information

Chilled water from investment properties

Revenues of chilled water from investment properties increased by 50.7% from USD 0.3m in the six months ended 30 June 2021G to USD 0.4m in the six months ended 30 June 2022G due to the increased consumption of chilled water.

Reversal of impairment for investing in subsidiary

This is mainly related to the disposal of an investment in a subsidiary amounting to USD 0.4m in the six months ended 30 June 2022G. The amount represents a reversal of an impairment previously booked against the cost of the investment.

Rent concessions

The Company recorded rent concessions of USD 195k in the six months ended 30 June 2021G and USD 241k in the six months ended 30 June 2022G in relation to restaurants rent concessions received as a result of COVID-19. Concessions were effective until 30 June 2022.

Gain from sale of fixed assets

The Company recorded a gain on sale of fixed assets of USD 0.5m in the six months ended 30 June 2021G and USD 0.1m in the six months ended 30 June 2022G due to higher number of restaurant closures in the six months ended 30 June 2021G (12 restaurants) compared to 30 June 2022G (9 restaurants).

Miscellaneous income / (expenses)

Miscellaneous income / (expenses) decreased from a miscellaneous income of USD 0.4m in the six months ended 30 June 2021G to a miscellaneous expense of USD 0.1m in the six months ended 30 June 2022G as a result of the reclassification of discounts offered to customers through coupons from miscellaneous expenses within the table (expense by nature presented above) in the six months ended 30 June 2021G to other operating income in the six months ended 30 June 2022G.

Other operating expenses

Table (5-338): Other operating expenses for the six months ended 30 June 2021G and the six months ended 30 June 2022G of ECITP:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Provisions - Others	43	23,411	53,975.8%
Inventory - impairment	204	287	40.7%
Trade receivables - impairment	194	130	(33.0%)
Impairment reversal of fixed assets	(174)	(293)	68.7%
Other expenses	(64)	661	Not applicable
Total other operating expenses	**203**	**24,196**	**11,823.9%**

Source: Management information

Provisions - others

Other provisions increased from USD 43k in the six months ended 30 June 2021G to USD 23.4m in the six months ended 30 June 2022G mainly due to an increase in the provisions relating to an outstanding governmental tax claim of USD 22.8m.

Inventory – impairment

Inventory impairment increased by 40.7% from USD 0.2m in the six months ended 30 June 2021G to USD 0.3m in the six months ended 30 June 2022G in line with the increase in the inventory balance between the two periods and the increase in the number of operating restaurants from 407 restaurants as at 30 June 2021G to 432 restaurants as at 30 June 2022G.

Trade receivables – impairment

The Company recorded trade receivables impairment for trade receivables in the six months ended 30 June 2021G of USD 0.2m and of USD 0.1m in the six months ended 30 June 2022G within the normal course of business.

Impairment reversal of fixed assets

Impairment reversal of fixed assets increased from USD 0.2m in the six months ended 30 June 2021G to USD 0.3m in the six months ended 30 June 2022G due to the reversal of impairments that were previously recorded as a result of an impairment assessment carried out during 2020G.

Other expenses

Other expenses increased from an income of USD 0.1m in the six months ended 30 June 2021G to an expense of USD 0.7m in the six months ended 30 June 2022G, mainly driven by restructuring costs related to employees.

Finance costs, net

Table (5-339): Finance cost, net breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of ECITP:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Interest expense on lease liabilities	2,643	2,344	(11.3%)
Interest expense	1,002	14,074	1,304.3%
Interest income	(72)	(26)	(64.0%)
Total finance cost, net	**3,573**	**16,392**	**358.7%**

Source: Management information

Net finance costs increased from USD 3.6m in the six months ended 30 June 2021G to USD 16.4m in the six months ended 30 June 2022G mainly due to the increase in interest expense from USD 1.0m in the six months ended 30 June 2021G to USD 14.1m in the six months ended 30 June 2022G in relation to government tax claims (USD 13.5m).

Income tax

Table (5-340): Income tax breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of ECITP:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Deferred tax expense / (income) for the period	395	(413)	Not applicable
Tax deducted on dividends distribution	37	-	(100.0%)
Total income tax	**432**	**(413)**	**Not applicable**

Source: Management information

Income tax expense increased from a tax expense of USD 0.4m in the six months ended 30 June 2021G to a tax income of USD 0.4m in the six months ended 30 June 2022G primarily due to the increase in the loss for the period and the increase in accumulated losses at the end of the period.

Net loss for the period and net margin for the period

Net loss for the period increased from a net loss of USD 1.3m in the six months ended 30 June 2021G to a net loss USD 34.6m in the six months ended 30 June 2022G driven by the increase in: (i) other operating expenses mainly due to the recording of a provision relating to a outstanding governmental tax claim of USD 22.8m; (ii) finance costs in relation to the governmental tax claim by USD 13.5m; (iii) general and administrative expenses from USD 6.7m in the six months ended 30 June 2021G to USD 9.1m in the six months ended 30 June 2022G primarily due to the increase in staff costs; (iv) selling and distribution expenses from USD 37.1m in the six months ended 30 June 2021G to USD 38.6m in the six months ended 30 June 2022G in line with the increase in revenues. The above was partially offset by the increase in gross profit from USD 45.3m in the six months ended 30 June 2021G to USD 53.1m in the six months ended 30 June 2022G.

Net loss margin increased from a loss margin of 1.2% in the six months ended 30 June 2021G to a loss margin of 26.3% in the six months ended 30 June 2022G primarily driven by: (i) the increase in finance costs as a percentage of revenue from 3.2% in the six months ended 30 June 2021G to 12.5% in the six months ended 30 June due to the increase in interest costs in relation to the governmental tax claim; (ii) the increase in other operating expenses from 0.2% as a percentage of revenues in the six months ended 30 June 2021G to 18.4% in the six months ended 30 June 2022G due to the increase in the provision relating to outstanding governmental tax claim; (iii) the increase in general and administrative expenses as a percentage of revenues from 6.1% in the six months ended 30 June 2021G to 6.9% in the six months ended 30 June 2022G; and (iv) the increase in cost of revenues as percentage of revenues from 59.1% in the six months ended 30 June 2021G to 59.6% in the six months ended 30 June 2022G due to the increase in commodity prices for cooking oil, chicken and beef, etc.

5.7.5.2 Statement of financial position of ECITP

Table (5-341): Statement of financial position as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Property and equipment	40,248	40,824
Projects under progress	1,798	1,872
Right of use assets	35,344	28,540
Intangible assets	6,249	5,267
Investment property	7,213	5,748
Deferred tax assets	946	1,483
Total non-current assets	**91,798**	**83,734**
Inventory	19,180	24,077
Trade and other receivables	14,910	13,933
Due from Related Parties	16,268	611
Cash and cash equivalent	1,773	1,805
Total current assets	**52,132**	**40,426**
Total assets	**143,930**	**124,160**
Lease liabilities	28,233	22,386
Deferred tax liability	-	4
Total non-current liabilities	**28,233**	**22,390**
Provisions	1,682	34,955
Bank overdraft	6,765	13,391
Trade payables	14,392	12,470
Other credit balances	31,530	38,188
Due to Related Parties	31,785	5,083
Income tax payable	232	263
Lease liabilities	14,741	12,458
Total current liabilities	**101,126**	**116,808**
Total liabilities	**129,359**	**139,198**
Share capital	25,511	21,312
Reserves	12,031	10,050
Treasury shares	(627)	(524)
Foreign currency translation reserve	(5)	2,985
Retained earning	(22,384)	(48,899)
Equity attributable to owners of the parent company	14,526	(15,076)
Non-controlling interests	45	38
Total equity	**14,571**	**(15,038)**
Total liabilities and equity	**143,930**	**124,160**

Source: Management Information

Non-current assets

Table (5-342): Statement of financial position as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Property and equipment	40,248	40,824
Projects under progress	1,798	1,872
Right of use assets	35,344	28,540
Intangible assets	6,249	5,267
Investment property	7,213	5,748
Deferred tax assets	946	1,483
Total non-current assets	**91,798**	**83,734**

Source: Management Information

Property and equipment

Table (5-343): Property and equipment net book value at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	Additions & transfers	Depreciation	Disposals	Impairment	Forex	30 June 2022G
Land	1,273	-	-	-	12	(211)	1,074
Buildings and fixed marine units	3,617	-	(287)	-	78	(577)	2,831
Decorations and improvements	13,003	4,448	(2,049)	(32)	(8)	(1,963)	13,399
Cold rooms	2,712	957	(471)	(1)	-	(406)	2,791
Cooling tools and equipment	9,296	2,431	(859)	(11)	3	(1,456)	9,403
Motor vehicles	1,022	183	(174)	(4)	1	(153)	875
Computers and computer tools	3,170	1,822	(565)	(4)	-	(473)	3,950
Furniture and air conditioners	6,155	2,113	(816)	(8)	-	(943)	6,501
Net book value	40,248	11,953	(5,221)	(60)	86	(6,182)	40,824

Source: Management Information

Land

The balance decreased from USD 1.3m as at 31 December 2021G to USD 1.1m as at 30 June 2022G primarily due to the depreciation of the Egyptian pound against the USD in the six months ended 30 June 2022G.

Buildings and fixed marine units

Buildings and fixed marine units decreased from USD 3.6m as at 31 December 2021G to USD 2.8m as at 30 June 2022G primarily due to: (i) the depreciation of the Egyptian pound against the USD in the six months ended 30 June 2022G, and (ii) the depreciation charge for the period of USD 0.3m.

Decorations and improvements

Decorations and improvements increased from USD 13.0m as at 31 December 2021G to USD 13.4m as at 30 June 2022G as a result of the additions of USD 4.4m in relation to the opening of 18 new restaurants during the six months ended 30 June 2022G. This was partially offset by the depreciation charge of USD 2.0m and forex losses of USD 2.0m as a result of the depreciation of the Egyptian pound against the USD.

Cold rooms

Cold rooms slightly increased from USD 2.7m as at 31 December 2021G to USD 2.8m as at 30 June 2022G as a result of additions in relation to new restaurant openings of USD 1.0m partially offset by depreciation charges of USD 0.5m and forex losses of USD 0.5m.

Cooling tools and equipment

Cooling tools and equipment slightly increased from USD 9.3m as at 31 December 2021G to USD 9.4m as at 30 June 2022G primarily due to the additions in relation to new restaurant openings of USD 2.4m offset by a depreciation charge of USD 0.9m and forex losses of USD 1.5m.

Motor vehicles

Motor vehicles balance decreased from USD 1.0m as at 31 December 2021G to USD 0.9m as at 30 June 2022G primarily driven by the depreciation charge of USD 0.2m and forex losses of USD 0.2m. This was partially offset by additions of USD 0.2m in relation to purchases of transportation vehicles.

Computers and computer tools

Computers and computer tools increased from USD 3.2m as at 31 December 2021G to USD 4.0m as at 30 June 2022G primarily due to additions of USD 1.8m in relation to new restaurant openings. This was partially offset by the depreciation charge of USD 0.6m and forex losses of USD 0.5m.

Furniture and air conditioners

Furniture and air conditioners increased from USD 6.2m as at 31 December 2021G to USD 6.5m as at 30 June 2022G, primarily due to the additions of USD 2.1m in relation to new restaurant openings, partially offset by the deprecation charge of USD 0.8m and the forex losses of USD 0.9m.

Table (5-344): Annual rates of depreciation as 30 at June 2022G of ECITP:

	Depreciation rates
Buildings and fixed marine units (floating restaurants)	5%
Decorations and improvements	10%-20%
Cold rooms	5%
Cooling tools and equipment	15%-20%
Motor vehicles	25%
Computer and computer tools	20%
Furniture and air conditioners	10%-15%

Source: Management Information

Projects under progress

Table (5-345): Projects under progress movement as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Opening balance	412	1,798
Additions	6,739	3,477
Transfers	(5,354)	(3,107)
Forex	1	(296)
Closing balance	1,798	1,872

Source: Management Information

Projects under progress increased from USD 1.8m as at 31 December 2021G to USD 1.9m as at 30 June 2022G primarily driven by the additions of USD 3.5m in relation to new and future restaurants openings which was partially offset by the transfers of USD 3.1m to other property and equipment line items primarily related to restaurants opened during the six months period ended 30 June 2022G and the forex losses of USD 0.3m due to the depreciation of the Egyptian pound against the USD.

Right-of-use assets

Table (5-346): Right-of-use assets net book value as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	Additions	Disposals	Depreciation	Impairment	Forex	30 June 2022G
Building & leasehold (including cold stores)	35,344	4,352	(126)	(5,683)	(20)	(5,327)	28,540
Net book value	**35,344**	**4,352**	**(126)**	**(5,683)**	**(20)**	**(5,327)**	**28,540**

Source: Management Information

Net book value of right-of-use assets decreased from USD 35.3m as at 31 December 2021G to USD 28.5m as at 30 June 2022G, primarily driven by the depreciation charge of USD 5.7m and the forex losses of USD 5.3m due to the depreciation of the Egyptian pound against the USD. This was partially offset by the additions of USD 4.4m in relation to 18 new restaurant openings and the renewal of existing restaurants' leases during the six months ended 30 June 2022G.

Intangible assets

Table (5-347): Intangible assets net book value as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	Additions	Amortisation	Disposals	Forex	30 June 2022G
Franchise fees	4,809	309	(316)	(6)	(764)	4,032
Software	1,090	201	(156)	-	(166)	970
Key money	349	-	(28)	-	(55)	266
Net book value	6,249	510	(500)	(6)	(985)	5,267

Source: Management Information

Net book value of intangible assets decreased from USD 6.2m as at 31 December 2021G to USD 5.3m as at 30 June 2022G due to forex losses of USD 1.0m resulting from the depreciation of the Egyptian pound against the USD and the amortization charge of USD 0.5m. This was partially offset by the additions of USD 0.5m in relation to software and franchise fees mainly relating to the new restaurants opened during the period (**18 restaurants)**.

Investment property

Table (5-348): Investment property net book value as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	Depreciation	Forex	30 June 2022G
Land	962	-	(158)	804
Buildings and fixtures	6,251	(305)	(1,003)	4,944
Net book value	7,213	(305)	(1,161)	5,748

Source: Management Information

Land

This mainly relates to the land plots of the two Americana Plazas located in New Cairo and Sheikh Zayed. The land balance decreased from USD 1.0m as at 31 December 2021G to USD 0.8m as at 30 June 2022G due to forex losses in relation to the depreciation of the Egyptian pound against the USD.

Buildings and fixtures

Buildings and fixtures net book value decreased from USD 6.3m as at 31 December 2021G to USD 4.9m as at 30 June 2022G due to the depreciation charge of USD 0.3m and forex losses in relation to the depreciation of the Egyptian pound against the USD.

Deferred tax assets

Deferred tax assets represent temporary timing differences in tax treatment relating to capital expenditure and retained losses. The balance increased from USD 0.9m as at 31 December 2021G to USD 1.5m as at 30 June 2022G primarily due to the tax on retained losses recorded during the six months ended 30 June 2022G.

Current assets

Table (5-349): Current assets as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Inventory	19,180	24,077
Trade and other receivables	14,910	13,933
Due from Related Parties	16,268	611
Cash and cash equivalent	1,773	1,805
Total current assets	**52,132**	**40,426**

Source: Management Information

Inventory

Table (5-350): Inventory breakdown as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Food supplies	12,130	14,137
Goods in transit	3,155	5,529
Other materials	2,508	2,652
Packing materials	1,512	2,064
Spare parts	501	382
Operating tools	189	61
Advertising material	85	19
Gross inventory	**20,078**	**24,845**
Less: provision for slow moving inventories and spare parts	(898)	(768)
Net inventory	**19,180**	**24,077**

Source: Management Information

Food supplies

Food supplies increased from USD 12.1m as at 31 December 2021G to USD 14.1m as at 30 June 2022G driven by the increase in the number of restaurants and the increase in input prices such as cost of cooking oil, chicken, and beef.

Goods in transit

Goods in transit increased from USD 3.2m as at 31 December 2021G to USD 5.5m as at 30 June 2022G, mainly due to the governmental restrictions, where companies were required to issue letters of credit to import products (which typically take a longer time in process), hence the increase in goods in transit balance as at 30 June 2021G in addition to the increase in volume of imports due to the expansion of Krispy Kreme during the six months ended 30 June 2022G.

Other materials

Other materials increased from USD 2.5m as at 31 December 2021G to USD 2.7m as at 30 June 2022G driven by the opening of 18 new restaurants between 31 December 2021G and 30 June 2022G.

Packing materials

Packing materials increased from USD 1.5m as at 31 December 2021G to USD 2.1m as at 30 June 2022G primarily due to the expansion of take-out and home delivery sales and the opening of 18 new restaurants during the six months ended 30 June 2022G.

Spare parts

Spare parts decreased slightly from USD 0.5m as at 31 December 2021G to USD 0.4m as at 30 June 2022G within the normal course of business.

Operating tools

Operating tools decreased from USD 0.2m as at 31 December 2021G to USD 0.1m as at 30 June 2022G within the normal course of business.

Advertising material

Advertising material decreased from USD 85k as at 31 December 2021G to USD 19k as at 30 June 2022G within the normal course of business.

Provision for slow-moving inventories

Provision for slow-moving inventories decreased from USD 0.9m as at 31 December 2021G to USD 0.8m as at 30 June 2022G. This is calculated based on the monthly ageing and slow-moving items reports.

Trade and other receivables

Table (5-351): Trade and other receivables breakdown as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Trade receivables	5,316	5,210
Refundable deposits	3,436	3,618
Prepaid expenses	2,277	1,121
Advances to suppliers	2,159	2,132
Value added tax and other taxes	1,521	1,493
Accrued income	20	17
Others	577	792
Trade receivables and other receivables	**15,306**	**14,382**
Trade provision	(128)	(220)
Other provision	(268)	(229)
Net trade receivables and other receivables	**14,910**	**13,933**

Source: Management Information

Trade receivables

Trade receivables remained relatively stable at USD 5.3m as at 31 December 2021G and USD 5.2m as at 30 June 2022G within the normal course of business.

Refundable deposits

Refundable deposits slightly increased from USD 3.4m as at 31 December 2021G to USD 3.6m as at 30 June 2022G due to the opening of 18 new restaurants in the six months ended 30 June 2022G.

Prepaid expenses

Prepaid expenses decreased from USD 2.3m as at 31 December 2021G to USD 1.1m as at 30 June 2022G primarily due to the amortisation of prepaid insurance during the six months ended 30 June 2022G, which was paid during 2021G.

Advances to suppliers

Advances to suppliers remained stable at USD 2.2m as at 31 December 2021G and USD 2.1m as at 30 June 2022G with no material changes.

Value added tax and other taxes

Value added tax and other taxes remained relatively stable between 31 December 2021G and 30 June 2022G within the normal course of business.

Accrued income

Accrued income decreased from USD 20k as at 31 December 2021G to USD 17k as at 30 June 2022G within the normal course of business.

Others

Others increased from USD 0.6m as at 31 December 2021G to USD 0.8m as at 30 June 2022G mainly due to receivables related to chilled water recorded during the six months ended 30 June 2022G.

Trade provision

Trade provision increased from USD 0.1m as at 31 December 2021G to USD 0.2m as at 30 June 2022G in relation to aggregators and trade customers within the normal course of business.

Other provision

Other provision slightly decreased from USD 0.3m as at 31 December 2021G to USD 0.2m as at 30 June 2022G in relation to receivables from tenants. Provisions are recorded based on the ageing of the tenants' receivables balance.

Due from Related Parties

Table (5-352): Due from Related Parties' balances as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	Nature of relationship	31 December 2021G	30 June 2022G
Qatar Food Company WLL	Under common control	-	244
Lebanese International Touristic Projects Company LLC	Under common control	180	150
Americana Holding for Restaurants LTD	Ultimate Parent	-	88
Americana Group for food and touristic projects SAE	Under common control	-	74
The Caspian International Restaurants Company LLP	Under common control	20	27
Americana Holding for Egyptian Restaurants LTD	parent company	-	15
Bahrain & Kuwait Restaurant Co. WLL	Under common control	2	8
Al Ahlia Restaurants Company LLC	Under common control	-	6
Touristic Projects & International Restaurants Co. (Americana) LLC	Under common control	-	1
Americana Holding for Egypt Food LTD	Under common control	15,754	-
Société Marocaine De Projects Touristiques SARL	Subsidiary	230	-
Egyptian Restaurants Company	Subsidiary	152	-
Kuwait Food Company	Under common control	72	-
Touristic Projects Company	Subsidiary	5	-
Americana Kuwait Company Restaurants WLL	Under common control	1	-
Touristic Projects & International Restaurants Co. (Americana) LLC	Under common control	1	-
Cairo Poultry Processing Company SAE	Under common control	0	-
Provision for bad debts - Related Parties		(150)	-
Total due from Related Parties		**16,268**	**611**

Source: Management Information

Due from Related Parties' balances decreased from USD 16.3m as at 31 December 2021G to USD 0.6m as at 30 June 2022G due to the settlement of amounts due from Americana Holding for Egypt Food LTD against the amounts due to Americana Group for Food & Touristic Projects SAE (within due to Related Parties balance).

Cash and cash equivalents

Table (5-353): Cash and cash equivalents breakdown as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Cash at banks	1,759	1,441
Cash on hand	14	364
Total cash and cash equivalents	**1,773**	**1,805**

Source: Management Information

Cash and cash equivalents remained relatively stable between 31 December 2021G and 30 June 2022G. For more details refer to the cash flow statement section.

Commitments and contingent liabilities

The Company had outstanding letters of credit issued on 30 June 2022G amounting to USD 0.5m (USD 0.7m as at 31 December 2021G).

The Company had capital commitments in relation to projects in progress of USD 0.7m as at 30 June 2022G (USD 4.5m as at 31 December 2021G).

Non-current liabilities

Table (5-354): Non-current liabilities as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Lease liabilities	28,233	22,386
Deferred tax liability	-	4
Total non-current liabilities	**28,233**	**22,390**

Source: Management Information

Lease liabilities

Table (5-355): Lease liabilities breakdown as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Non-current	28,233	22,386
Current	14,741	12,458
Total lease liabilities	**42,975**	**34,844**

Source: Management Information

The lease liabilities decreased from USD 43.0m as at 31 December 2021G to USD 34.8m as at 30 June 2022G primarily due to the devaluation of the Egyptian pound against the USD. The lease liabilities increased, in local currency, between 31 December 2021G and 30 June 2022G in line with the increase in the number of restaurants.

Deferred tax liability

Deferred tax liability mainly pertains to temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the tax base as per local tax laws. The balance increased from nil as at 31 December 2021G to USD 4k as at 30 June 2022G within the normal course of business.

Current liabilities

Table (5-356): Current liabilities as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Provisions	1,682	34,955
Bank overdraft	6,765	13,391
Trade payables	14,392	12,470
Other credit balances	31,530	38,188
Due to Related Parties	31,785	5,083
Income tax payable	232	263
Lease liabilities	14,741	12,458
Total current liabilities	**101,126**	**116,808**

Source: Management Information

Provisions

Table (5-357): Provisions breakdown as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Other provisions	1,669	34,943
End of service provisions	13	11
Total provisions	**1,682**	**34,955**

Source: Management Information

Other provisions movement

Table (5-358): Other provisions movement as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Opening balance	2,567	1,669
Formed during the period	1,292	33,613
Utilized during the period	(2,194)	(64)
Forex	4	(275)
Ending balance	**1,669**	**34,943**

Source: Management Information

Other provisions increased from USD 1.7m as at 31 December 2021G to USD 34.9m as at 30 June 2022G, primarily driven by the formed provisions during the period to USD 33.6m during the six months ended 30 June 2022G in relation to a government tax claim.

End of service benefits

Table (5-359): End of service benefits movement as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Opening balance	13	13
Formed during the period	17	2
Utilized during the period	(14)	(1)
Reversed during the period	(3)	-
Forex	-	(2)
Ending balance	**13**	**11**

Source: Management Information

End of service benefits decreased from USD 13k as at 31 December 2021G to USD 11k as at 30 June 2022G driven by the impact of forex (from the devaluation of the Egyptian pound against the USD).

Trade payables

Trade payables decreased from USD 14.4m as at 31 December 2021G to USD 12.5m as at 30 June 2022G due to the settlement of balances with certain trade suppliers during the six months ended 30 June 2022G after extending the payment terms in 2021G.

Other credit balances

Table (5-360): Other credit balances breakdown as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Accrued expenses	12,774	14,657
Other credit balances	7,005	10,962
Tax payables	5,688	5,930
Accrued letters of credit	709	2,557
Unearned revenue	1,881	2,162
Employees' payable	1,068	1,131
Refundable deposits	943	709
Advances from customers	1,415	-
12% service fees	49	80
Total other credit balances	**31,530**	**38,188**

Source: Management Information

Accrued expenses

Accrued expenses increased from USD 12.8m as at 31 December 2021G to USD 14.7m as at 30 June 2022G due to the increase in accrued expenses with food supplies vendors for USD 1.8m and accrued advertising expenses of USD 1.2m in line with the increase in revenues during the six months ended 30 June 2022G.

Other credit balances

Other credit balances increased from USD 7.0m as at 31 December 2021G to USD 11.0m as at 30 June 2022G due to the increase in the balance to other creditors in relation to royalties and turnover rent in line with the increase in revenues and the credit balances to Social Insurance Authority.

Tax payables

Tax payables increased from USD 5.7m as at 31 December 2021G to USD 5.9m as at 30 June 2022G as the accruals recorded during the six months ended 30 June 2022G exceeded the payments made in the same period.

Accrued letters of credit

Accrued letters of credit increased from USD 0.7m as at 31 December 2021G to USD 2.6m as at 30 June 2022G in line with the increase in the goods in transit balance within inventory as at 30 June 2022G compared to 31 December 2021G.

Unearned revenue

Unearned revenue increased from USD 1.9m as at 31 December 2021G to USD 2.2m as at 30 June 2022G primarily due to the increase in cheques collected in advance from tenants in relation to investment properties that are leased.

Employees' payables

Employees' payables remained relatively stable as at 31 December 2021G and 30 June 2022G at USD 1.1m.

Refundable deposits

Refundable deposits decreased from USD 0.9m as at 31 December 2021G to USD 0.7m as at 30 June 2022G due to the decrease in deposits with contractors after the completion of fit-out works for new restaurants.

Advances from customers

Advances from customers decreased from USD 1.4m as at 31 December 2021G to nil as at 30 June 2022G as it was reclassified to accrued expenses.

12% service fees

12% service fees increased from USD 49k as at 31 December 2021G to 80k as at 30 June 2022G in line with the increase in dine in sales for casual dining restaurants.

Due to Related Parties

Table (5-361): Due to Related Parties' balances as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	Nature of relationship	31 December 2021G	30 June 2022G
Gulf Food Industries Company (California Garden) FZE	Under common control	1,467	2,273
Cairo Poultry Processing Company SAE	Under common control	1,213	1,571
International Co. for Agricultural Development (Farm Frites) SAE	Under common control	643	995
Kuwait Food Company Americana LLC	Under common control	72	91
National Company for Food Industries LLC (Cake Division)	Under common control	34	68
Americana Kuwait Company Restaurants WLL	Under common control	-	65
International Co. for Agricultural Production and processing SAE	Under common control	11	8
Noon Pay	Entities controlled by a major shareholder	-	12
Americana Group for Food & Touristic Projects SAE	Under common control	20,448	-
Kuwait Food Company (Americana) K.S.C.C	Former Parent Company	5,344	-
Senyorita for Food Industries SAE	Under common control	2,551	-
Al Ahlia Restaurants Company LLC	Under common control	1	-
Total due to Related Parties		**31,785**	**5,083**

Source: Management Information

Due to Related Parties' balances decreased from USD 31.8m as at 31 December 2021G to USD 5.1m as at 30 June 2022G due to: (i) the settlement of balances to Americana Group for Food and Touristic Projects SAE against the outstanding balance due from Americana Holding for Egypt Food LTD (**within due from Related Parties**), (ii) the settlement of the balance to the Former Parent Company against the disposal of an investment in a subsidiary and (iii) the settlement of the balance to Senyorita for Food Industries SAE within the normal course of business. The aforementioned decrease was partially offset by the increase in the balance to Gulf Food Industries Company (**California Garden**) FZE and Cairo Poultry Processing Company SAE due to purchases made from the Related Parties within the normal course of business.

Income tax payable

Table (5-362): Income tax payable breakdown as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Balance at the beginning of the period	145	232
Income taxes for the period	232	76
Income taxes paid during the period	(145)	-
Forex	0	(45)
Total income tax payable	**232**	**263**

Source: Management Information

Income tax payable increased from USD 232k as at 31 December 2021G to USD 263k as at 30 June 2022G due to the accruals recorded for the period of USD 76k partially offset by the decrease from the devaluation of the local currency against the USD of USD 45k.

Total equity

Table (5-363): Total equity as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Share capital	25,511	21,312
Reserves	12,031	10,050
Treasury shares	(627)	(524)
Foreign currency translation reserve	(5)	2,985
Retained earning	(22,384)	(48,899)
Equity attributable to owners of the parent company	14,526	(15,076)
Non-controlling interests	45	38
Total equity	**14,571**	**(15,038)**

Source: Management Information

Share capital

Share capital represents 400m shares with a value per share of USD 0.1 (Egyptian pound 1).

Share capital decreased from USD 25.5m as at 31 December 2021G to USD 21.3m as at 30 June 2022G primarily due to the devaluation of the Egyptian pound during the six months ended 30 June 2022G. In local currency terms, the value of share capital was constant at 400m Egyptian pounds as at 31 December 2021G and 30 June 2022G.

Reserves

Table (5-364): Reserves as at 31 December 2021G and 30 June 2022G of ECITP:

Currency: USD000	31 December 2021G	30 June 2022G
Statutory reserves	5,596	4,674
Voluntary reserves	6,434	5,475
Capital reserves	1	1
Total reserves	**12,031**	**10,050**

Source: Management Information

Reserves decreased from USD 12.0m as at 31 December 2021G to USD 10.1m as at 30 June 2022G. The balances remained stable in local currency and the observed fluctuations were due to movements in the exchange rate of the Egyptian pound against the USD.

Treasury shares

Treasury shares decreased from USD 0.6m as at 31 December 2021G to USD 0.5m as at 30 June 2022G primarily due to the fluctuations of the exchange rate between the Egyptian pound and USD.

Foreign currency translation reserve

Foreign currency translation reserve increased from a negative USD 5k as at 31 December 2021G to USD 3.0m as at 30 June 2022G primarily due to the devaluation of the Egyptian currency during the six months ended 30 June 2022G.

Retained earnings

Retained earnings decreased from a negative USD 22.4m as at 31 December 2021G to a negative USD 48.9m as at 30 June 2022G, primarily due to the losses recorded during the six months ended 30 June 2022G of USD 34.6m and the fluctuations in the exchange rate between the Egyptian pound and USD.

5.7.5.3 Statement of cash flow of ECITP

Table (5-365): Statement of cash flow for the six months ended 30 June 2021G and 30 June 2022G of ECITP:

Currency: USD000	30 June 2021G	30 June 2022G
Losses before tax for the period1	**(879)**	**(34,966)**
Adjustments for:		
Depreciation of property and equipment	4,545	5,221
Amortization of intangible assets	528	500
Depreciation of right of use assets	5,143	5,683
Depreciation of investment property	323	305
Impairment of financial assets	194	119
Provision for obsolete, slow moving, and defective inventories	204	289
Impairment of non-financial assets	309	(86)
Loss / (gain) on disposal of property and equipment	362	(47)
Loss on disposals of intangible assets	66	6
Finance cost	3,573	16,418
Finance income	-	(26)
Impairment of cash generating unit	-	20
Provisions charge	53	-
Operating cash flows before changes in working capital	**14,421**	**(6,565)**
Interest paid	(930)	-
Changes in working capital:		
Inventory	2,636	(5,185)
Due from Related Parties	(174)	15,657
Trade and other receivables	(3,692)	322
Due to Related Parties	24,325	(26,702)
Trade and other payables, provisions, and tax	(8,158)	38,454
Net cash generated from operating activities	**28,428**	**15,981**
Payments for the purchase of fixed assets	(4,771)	(12,400)

Currency: USD000	30 June 2021G	30 June 2022G
Payments for the purchase of real estate investments	(5,978)	-
Proceeds from sale of property and equipment	-	107
Payments for the purchase of intangible assets	(549)	(434)
Net cash used in investing activities	**(11,298)**	**(12,727)**
Principal elements of lease payments	(7,117)	(8,237)
Banks overdraft	(13,646)	7,740
Payments of finance costs	-	(12,750)
Movement in payments and impact of capital reorganization with the parent company	1,019	7,095
Other comprehensive income	-	1,568
Receipt of Interest Income	-	26
Net cash used in financing activities	**(19,743)**	**(4,558)**
Net decrease in cash and cash equivalents	**(2,614)**	**(1,304)**
Cash and cash equivalents at beginning of period	3,882	1,773
The effect of the change in the exchange rate on cash	(265)	1,336
Cash and cash equivalents at end of period	**1,003**	**1,805**

Source: Management Information

1 Losses before tax for the period in the six months ended 30 June 2021G includes minority interest of USD 5k.

Net cash generated from operating activities

Net cash generated from operating activities decreased from a cash inflow of USD 28.4m in the six months ended 30 June 2021G to a cash inflow of USD 16.0m in the six months ended 30 June 2022G as a result of:

- The increase in losses before tax from a loss of USD 0.9m in the six months ended 30 June 2021G to a loss of USD 35.0m in the six months ended 30 June 2022G; partially offset by
- The increase in non-cash adjustments from a cash inflow of USD 15.3m in the six months ended 30 June 2021G to a cash inflow of USD 28.4m in the six months ended 30 June 2022G primarily due to the increase in financing costs from USD 3.6m in the six months ended 30 June 2021G to USD 16.4m in the six months ended 30 June 2022G in relation to the governmental tax claim and the increase in the depreciation costs of property and equipment from USD 4.5m in the six months ended 30 June 2021G to USD 5.2m in the six months ended 30 June 2022G in line with the increase in the number of restaurants.
- The increase in cash generated from changes in working capital from a cash inflow of USD 14.9m in the six months ended 30 June 2021G to a cash inflow of USD 22.5m in the six months ended 30 June 2022G due to: (i) the cash inflow resulting from the decrease in the balance from Related Parties of USD 15.7m; (ii) the increase in cash generated from changes in trade and other payables, provisions, and tax from a cash outflow balance of USD 8.2m in the six months ended 30 June 2021G to a cash inflow of USD 38.5m in the six months ended 30 June 2022G; partially offset by (iii) the increase in cash used in inventory from a cash inflow of USD 2.6m in the six months ended 30 June 2021G to a cash outflow of USD 5.2m in the six months ended 30 June 2022G; and (iv) the decrease in the due to Related Parties balances resulting in a cash outflow of USD 26.7m in the six months ended 30 June 2022G compared to a cash inflow of USD 24.3m in the six months ended 30 June 2021G.

Net cash used in investing activities

Net cash used in investing activities increased from USD 11.3m in the six months ended 30 June 2021G to USD 12.7m in the six months ended 30 June 2022G primarily due to cash used in purchasing property and equipment for the expansion of operations in Egypt partially offset by the decrease in cash used to purchase real estate investments from USD 6.0m in the six months ended 30 June 2021G to nil in the six months ended 30 June 2022G as no such transactions were made during the six months ended 30 June 2022G.

Net cash used in financing activities

Net cash used in financing activities decreased from cash outflow of USD 19.7m in the six months ended 30 June 2021G to a cash outflow of USD 4.6m in the six months ended 30 June 2022G primarily due to: (i) the utilization of the overdrafts resulting in a cash inflow of USD 7.7m in the six months ended 30 June 2022G and (ii) the increase in cash generated from the capital reorganization with the parent company. The aforementioned cash inflows were partially offset by the cash used to settle the finance costs relating to the governmental tax claim of USD 12.8m.

5.7.6 Qatar Food Company W.L.L. for the six months ended 30 June 2021G and 30 June 2022G

Table (5-366): Summary of Qatar Food Company W.L.L. financials:

Currency: USD000	30 June 2021G	30 June 2022G
Statement of income		
Revenues	56,895	71,838
Cost of revenues	(28,067)	(36,622)
Gross profit	**28,829**	**35,215**
Marketing and selling expenses	(18,559)	(21,606)
General and administrative expenses	(4,119)	(4,098)
Other gains	183	80
Operation profit	**6,334**	**9,590**
Financing cost	(670)	(610)
Profit before income tax expense	5,664	8,980
Income tax expense	(566)	(898)
Net profit for the period	5,097	8,082
Currency: USD000	**31 December 2021G**	**30 June 2022G**
Statement of financial position		
Total equity	**10,688**	**8,494**
Total non-current assets	52,495	49,729
Total current assets	23,270	17,820
Total assets	**75,764**	**67,549**
Total non-current liabilities	29,972	26,051
Total current liabilities	35,104	33,004
Total liabilities	**65,076**	**59,055**
Total liabilities and equity	**75,764**	**67,549**

Source: Management Information

Table (5-367): Key performance indicators for the six months ended 30 June 2021G and the six months ended 30 June 2022G:

Income statement key performance indicators		
Currency: USD000	**30 June 2021G**	**30 June 2022G**
Gross profit margin (1)	50.7%	49.0%
Net profit margin (2)	9.0%	11.3%

Source: Management Information

Balance sheet key performance indicators		
Currency: USD000	31 December 2021G	30 June 2022G
Current ratio (3)	0.7	0.5
Total liabilities to total assets (4)	85.9%	87.4%
Net debt (net cash) (5)	(12,818)	(4,696)
Days revenues outstanding (6)	4	4
Days inventory outstanding (7)	62	75
Days payable outstanding (8)	100	77
NWC as a percentage of revenues (9)	(7.9%)	(3.9%)
ROA (10)	14.0%	20.1%
ROE (11)	98.9%	159.6%

Source: Management Information

(1) Gross margin is defined as gross profit for the six months period divided by revenues for the six months period

(2) Net profit margin is defined as the net profit for the six months period divided by revenues for the six months period

(3) Current ratio is calculated as follows: Total current assets / Total current liabilities

(4) Total liabilities to total assets ratio is calculated as follows: Total liabilities / Total assets

(5) Net debt (net cash) is calculated as bank facilities less cash and cash equivalents

(6) Days revenues outstanding is defined as trade and other receivables divided by revenues (for the last twelve months period) multiplied by 365 (where trade and other receivables refers to the sum of trade receivables, and trade related dues from related parties)

(7) Days inventory outstanding is defined as inventory divided by cost of inventory (for the last twelve months period) multiplied by 365 (where inventory refers to sum of raw material, filing and packaging material and goods in transit)

(8) Days payable outstanding is defined as trade and other payables divided by cost of inventory (for the last twelve months period) multiplied by 365 (where trade and other payables refers to the sum of trade payables, current portion of unearned income and trade related dues to related parties)

(9) NWC is defined as the sum of inventories, trade and other receivables, and dues from related parties less trade and other payables, due to related parties, provisions for legal, tax and other claims, income tax, zakat and other deductions payable

(10) Return on assets is calculated based on profit for the last twelve months period divided by total assets

(11) Return on equity is calculated based on profit for the last twelve months period divided by total equity

5.7.6.1 Statement of income of Qatar Food Company W.L.L.

The following tables set out Qatar Food Company W.L.L.'s statement of income for 30 June 2021G and 30 June 2022G.

Table (5-368): Statement of income for the six months ended 30 June 2021G and 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	30 June 2021G	30 June 2022G
Statement of income		
Revenues	56,895	71,838
Cost of revenues	(28,067)	(36,622)
Gross profit	**28,829**	**35,215**
Marketing and selling expenses	(18,559)	(21,606)
General and administrative expenses	(4,119)	(4,098)
Other gains	183	80
Operation profit	**6,334**	**9,590**
Financing cost	(670)	(610)
Profit before income tax expense	**5,664**	**8,980**
Income tax expense	(566)	(898)
Net profit for the period	**5,097**	**8,082**

Source: Management Information

Revenues by brand

Table (5-369): Revenues by brand breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
KFC	42,095	53,865	28.0%
Hardee's	10,560	12,216	15.7%
Krispy Kreme	2,093	3,097	48.0%
Others	2,147	2,659	23.8%
Total revenues	**56,895**	**71,838**	**26.3%**
As a percentage of revenues			
KFC	74.0%	75.0%	
Hardee's	18.6%	17.0%	
Krispy Kreme	3.7%	4.3%	
Others	3.8%	3.7%	

Source: Management Information

Revenues by channel

Table (5-370): Revenues by channel breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Home delivery	27,043	31,158	15.2%
Take-out	15,219	17,783	16.9%
Dine-in	6,264	13,435	114.5%
Drive-through	4,396	5,596	27.3%
Others	3,973	3,864	(2.7%)
Total revenues	**56,895**	**71,838**	**26.3%**
As a percentage of revenues			
Home delivery	47.5%	43.4%	
Take-out	26.7%	24.8%	
Dine-in	11.0%	18.7%	
Drive-through	7.7%	7.8%	
Others	7.0%	5.4%	

Source: Management Information

The Company operates three Power Brands KFC, Hardee's, and Krispy Kreme in Qatar. These three brands collectively contributed 96.3% to total revenues in the six months ended 30 June 2022G.

Revenues increased by 26.3% from USD 56.9m in the six months ended 30 June 2021G to USD 71.8m in the six months ended 30 June 2022G, primarily due to:

- The increase in the number of restaurants from 79 restaurants as at 30 June 2021G to 90 restaurants as at 30 June 2022G;
- The opening of 12 new restaurants (between 30 June 2021G and 30 June 2022G). This resulted in an increase in the number of orders from existing and new restaurants from 4.3m orders in the six months ended 30 June 2021G to 5.4m orders in the six months ended 30 June 2022G;
- The increase in home delivery revenues in nominal value during the six months ended 30 June 2022G to reach USD 31.2m compared to USD 27.0m in the six months ended 30 June 2021G as a result of successful new technology initiatives implemented (such as delivery rider tracking and wider coverage of stores), which supported a lower cancellation rate and strong performance metrics for home delivery revenues; and
- Increase in KFC prices by 2.0% during the first quarter of 2022G.

Cost of revenues

Table (5-371): Cost of revenues breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Food costs	18,442	24,482	32.8%
Royalties to host brands	2,923	3,850	31.7%
Staff costs	2,704	3,495	29.3%
Depreciation and amortization	3,028	3,268	7.9%
Rent	66	167	150.8%
Others	903	1,360	50.7%
Total cost of revenues	**28,067**	**36,622**	**30.5%**
As a percentage of revenues			
Food costs	32.4%	34.1%	
Royalties to host brands	5.1%	5.4%	
Staff costs	4.8%	4.9%	
Depreciation and amortization	5.3%	4.5%	
Rent	0.1%	0.2%	
Others	1.6%	1.9%	
Total cost of revenues	**49.3%**	**51.0%**	

Source: Management Information

Food costs

Food costs increased by 32.8% from USD 18.4m in the six months ended 30 June 2021G to USD 24.5m in the six months ended 30 June 2022G. This is primarily due to an increase in revenues and the increase in costs relating to commodities such as cooking oil, sauces, chicken, beef, and potatoes. The increase in commodity prices contributed to the increase in the food costs as a percentage of revenue from 32.4% in the six months ended 30 June 2021G to 34.1% in the six months ended 30 June 2022G.

Royalties to host brands

Royalties to host brands increased by 31.7% from USD 2.9m in the six months ended 30 June 2021G to USD 3.9m in the six months ended 30 June 2022G driven by the increase in revenues during the same period by 26.3% and the increase in the royalty percentage of one of the Power Brands from 5.5% in the six months ended 30 June 2021G to 5.75% in the six months ended 30 June 2022G.

Staff costs

Staff costs increased by 29.3% from USD 2.7m in the six months ended 30 June 2021G to USD 3.5m in the six months ended 30 June 2022G primarily due to an increase in outsourced labor and restaurant employees from 1,640 employees as at 30 June 2021G to 1,782 employees as at 30 June 2022G, which is in line with the increase in number of restaurants.

Depreciation and amortization

Depreciation and amortization increased by 7.9% from USD 3.0m in the six months ended 30 June 2021G to USD 3.3m in the six months ended 30 June 2022G in line with the increase in number of restaurants from 79 restaurants as at 30 June 2021G to 90 restaurants as at 30 June 2022G.

Rent

Rent costs increased by 150.8% from USD 0.1m in the six months ended 30 June 2021G to USD 0.2m in the six months ended 30 June 2022G primarily driven by the increase in the number of restaurants and the increase in revenues in the six months ended 30 June 2022G compared to the six months ended 30 June 2021G.

Others

Others include entertainment, travelling and transportation, insurance, commissaries, distribution cost, warehouse overheads (**excluding staff costs)** and miscellaneous expenses.

Others increased from USD 0.9m in the six months ended 30 June 2021G to USD 1.4m in the six months ended 30 June 2022G driven by the reclassification of costs relating to third party logistics distribution channels (USD 0.5m in the six months ended 30 June 2022G) from general and administrative expenses to others.

Marketing and selling expenses

Table (5-372): Marketing and selling expenses breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Staff costs	4,720	6,077	28.8%
Depreciation	4,327	4,538	4.9%
Advertising and promotion campaigns	2,597	3,454	33.0%
Home delivery expenses	3,268	3,419	4.6%
Utilities	976	983	0.7%
Maintenance and other operating expenses	1,328	815	(38.6%)
Others	1,343	2,319	72.7%
Total marketing and selling expenses	**18,559**	**21,606**	**16.4%**
As a percentage of revenues			
Staff costs	8.3%	8.5%	
Depreciation	7.6%	6.3%	
Advertising and promotion campaigns	4.6%	4.8%	
Home delivery expenses	5.7%	4.8%	
Utilities	1.7%	1.4%	
Maintenance and other operating expenses	2.3%	1.1%	
Others	2.4%	3.2%	
Total marketing and selling expenses	**32.6%**	**30.1%**	

Source: Management Information

Staff costs

Staff costs increased by 28.8% from USD 4.7m in the six months ended 30 June 2021G to USD 6.1m in the six months ended 30 June 2022G as a result of the increase in outsourced labor and restaurant employees from 1,640 employees as at 30 June 2021G to 1,782 employees as at 30 June 2022G, which is in line with the increase in number of restaurants.

Depreciation

Depreciation expenses increased slightly by 4.9% from USD 4.3m in the six months ended 30 June 2021G to USD 4.5m in the six months ended 30 June 2022G in line with the increase in the number of restaurants from 79 restaurants as at 30 June 2021G to 90 restaurants as at 30 June 2022G.

Advertising and promotion campaigns

Advertising and promotion campaigns costs increased by 33.0% from USD 2.6m in the six months ended 30 June 2021G to USD 3.5m in the six months ended 30 June 2022G due to the increase in revenues and a higher number of marketing campaigns conducted during the six months ended 30 June 2022G.

Home delivery expenses

Home delivery expenses increased slightly by 4.6% from USD 3.3m in the six months ended 30 June 2021G to USD 3.4m in the six months ended 30 June 2022G driven by the increase in home delivery revenues from USD 27.0m in the six months ended 30 June 2021G to USD 31.2m in the six months ended 30 June 2022G.

Home delivery expenses grew by a lower percentage (4.6% between the six months ended 30 June 2021G and 30 June 2022G) compared to the growth in the home delivery revenues (15.2% in the same period) driven by higher efficiency of drivers and reduced requirement for on demand drivers.

Utilities

Utilities remained relatively stable at USD 1.0m in the six months ended 30 June 2021G and the six months ended 30 June 2022G.

Maintenance and other operating expenses

Maintenance and other operating expenses decreased by 38.6% from USD 1.3m in the six months ended 30 June 2021G to USD 0.8m in the six months ended 30 June 2022G driven by the reclassification of USD 0.5m from this line item to Others in the six months ended 30 June 2022G.

Others

Others primarily related to spoilage and damaged goods expenses, license and insurance charges, rent, call center expenses, and others.

This line item increased by 72.7% from USD 1.3m in the six months ended 30 June 2021G to USD 2.3m in the six months ended 30 June 2022G primarily driven by the reclassification of maintenance expenses amounting to USD 0.5m from maintenance and other operating expenses and the increase in service costs of USD 0.3m due to a reclassification from Others within G&A.

General and administrative expenses

Table (5-373): General and administrative expenses breakdown for the six months ended 30 June 2021G and the six months ended 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Staff costs	1,485	1,721	15.9%
Depreciation	1,062	1,043	(1.8%)
Provision for legal cases	654	644	(1.6%)
Communications	145	134	(7.1%)
Repairs and maintenance	57	100	74.5%
Others	715	456	(36.3%)
Total general and administrative expenses	**4,119**	**4,098**	**(0.5%)**
As a percentage of revenues			
Staff costs	2.6%	2.4%	
Depreciation	1.9%	1.5%	
Provision for legal cases	1.2%	0.9%	
Communications	0.3%	0.2%	
Repairs and maintenance	0.1%	0.1%	
Others	1.3%	0.6%	
Total general and administrative expenses	**7.2%**	**5.7%**	

Source: Management Information

Staff costs

Staff costs increased by 15.9% from USD 1.5m in the six months ended 30 June 2021G to USD 1.7m in the six months ended 30 June 2022G primarily due to the increase in non-restaurant employees from 70 employees as at 30 June 2021G to 90 employees as at 30 June 2022G.

Depreciation

Depreciation expenses decreased slightly from USD 1.1m in the six months ended 30 June 2021G to USD 1.0m in the six months ended 30 June 2022G due to more assets becoming fully depreciated.

Provision for legal cases

Provision for legal cases remained relatively stable between USD 0.7m and USD 0.6m in the six months ended 30 June 2021G and in the six months ended 30 June 2022G.

Communication

Communication remained relatively stable at USD 0.1m in the six months ended 30 June 2021G and the six months ended 30 June 2022G.

Repairs and maintenance

Repairs and maintenance charges marginally increased from USD 57k in the six months ended 30 June 2021G to USD 100k in the six months ended 30 June 2022G primarily due to the increase in repair and maintenance activities for employees' accommodation compared to the same period of the previous years.

Others

Others include professional and legal fees, rent, cleaning and office supplies, entertainment, insurance, provision for slow moving items, miscellaneous, and travelling and transportation expenses.

Others decreased from USD 0.7m in the six months ended 30 June 2021G to USD 0.5m in the six months ended 30 June 2022G driven by the reclassification of costs relating to third party logistics ("**3PL**") distribution channels of USD 0.3m from Others in general and administrative expenses to Others in marketing and selling expenses.

Other gains and losses

Table (5-374): Other gains and losses for the six months ended 30 June 2021G and the six months ended 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Gain or (loss) on disposal of PPE	-	(15)	Not Applicable
Rent concessions	171	(1)	(100.6%)
Other income / expense	66	38	(42.4%)
Gain / (loss) on foreign exchange	(54)	58	(207.4%)
Total other gains and losses	**183**	**80**	**(56.3%)**

Source: Management Information

Other gains and losses decreased by 56.3% from USD 183k in the six months ended 30 June 2021G to USD 80k in the six months ended 30 June 2022G primarily due to the decrease in rent concessions partially offset by the gain on foreign exchange in the six months ended 30 June 2022G compared to a loss in the six months ended 30 June 2021G.

Financing costs

Table (5-375): Financing costs breakdown for the six months ended 30 June 2021G and 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	30 June 2021G	30 June 2022G	Variance (30 June 2021G-30 June 2022G)
Interest on lease liabilities	679	597	(12.1%)
Interest on employees end of service benefit	-	27	Not Applicable
Interest income	(8)	(14)	75.0%
Total financing cost	**670**	**610**	**(9.0%)**

Source: Management Information

Financing costs decreased from USD 0.7m in the six months ended 30 June 2021G to USD 0.6m in the six months ended 30 June 2022G, mainly due to a decrease in interest on lease liabilities in line with the decrease in lease liabilities as at 30 June 2022G (USD 37.8m) compared to 30 June 2021G (**USD 41.7m**).

Income tax expense

Income tax expense increased by 58.7% from USD 0.6m in the six months ended 30 June 2021G to USD 0.9m in the six months ended 30 June 2022G, which is in line with the increase in profit before income tax expense in the six months ended 30 June 2022G compared to the six months ended 30 June 2021G.

Net profit and net profit margin for the period

Net profit for the period increased by 58.6% from USD 5.1m in the six months ended 30 June 2021G to USD 8.1m in the six months ended 30 June 2022G driven by the increase in gross profit by 22.2% from USD 28.8m in the six months ended 30 June 2021G to USD 35.2m in the six months ended 30 June 2022G primarily driven by the increase in revenues. The aforementioned increase in gross profit was partially offset by the increase in the advertising and promotion campaigns and staff costs within the marketing and selling expenses for the reasons explained earlier while the remaining costs remained relatively stable.

Net profit margin increased from 9.0% in the six months ended 30 June 2021G to 11.3% in the six months ended 30 June 2022G driven by: (i) the decline in general and administrative expenses as a percentage of revenues from 7.2% in the six months ended 30 June 2021G to 5.7% in the six months ended 30 June 2022G, (ii) the decline in selling and marketing expenses as a percentage of revenues from 32.6% in the six months ended 30 June 2021G to 30.1% in the six months ended 30 June 2022G as a portion of these expenses are fixed in nature and did not increase in the same magnitude as the increase in revenue. This was partially offset by the increase in cost of sales as a percentage of revenue from 49.3% in the six months ended 30 June 2021G to 51.0% in the six months ended 30 June 2022G primarily due to the increase in cost of inventory as a percentage of revenues as explained earlier.

5.7.6.2 Statement of financial position of Qatar Food Company W.L.L.

Table (5-376): Statement of financial position as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Property and equipment	11,474	12,324
Right-of-use-assets	39,541	35,948
Intangible assets	1,479	1,457
Total non-current assets	**52,495**	**49,729**
Inventories	7,350	9,937
Trade and other receivables	3,056	3,001
Due from Related Parties	46	186
Cash and bank balances	12,818	4,696
Total current assets	**23,270**	**17,820**
Total assets	**75,764**	**67,549**
Employees' end-of-service benefits	3,079	2,713
Lease liabilities	26,893	23,338
Total non-current liabilities	**29,972**	**26,051**
Trade payables	6,571	6,457
Due to Related Parties	3,534	3,105
Current portion of lease liabilities	14,785	14,460
Accruals and other liabilities	6,428	7,043
Tax liability	1,809	956
Provisions	1,977	983
Total current liabilities	**35,104**	**33,004**
Total liabilities	**65,076**	**59,055**
Share capital	55	55
Legal reserve	27	27
Other reserve	31	329
Retained earnings	10,575	8,083
Total equity	**10,688**	**8,494**
Total liabilities and equity	**75,764**	**67,549**

Source: Management Information

Non-current assets

Table (5-377): Non-current assets breakdown as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Property and equipment	11,474	12,324
Right-of-use-assets	39,541	35,948
Intangible assets	1,479	1,457
Total non-current assets	**52,495**	**49,729**

Source: Management Information

Property and equipment

Table (5-378): Property and equipment net book value breakdown as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	Additions & transfers	Disposals/ retirements	Depreciation charge	30 June 2022G
Design and decorations	5,331	658	(15)	(650)	5,323
Refrigerating restaurants	405	30	-	(69)	366
Machinery and equipment	2,301	920	(2)	(325)	2,893
Refrigeration equipment	283	78	(4)	(63)	295
Air conditioners	1,030	191	(6)	(149)	1,066
Motor vehicles	88	-	-	(14)	74
Furniture and fixtures	434	24	(2)	(68)	388
Computer equipment	1,231	294	(3)	(217)	1,305
Capital work in progress	372	242	-	-	614
Net book value	**11,474**	**2,437**	**(32)**	**(1,555)**	**12,324**

Source: Management Information

Design and decorations

Design and decorations remained relatively stable at USD 5.3m as at 31 December 2021G and 30 June 2022G primarily due to the depreciation charge of USD 0.7m which was offset by additions and transfers of USD 0.7m in relation to the opening of 3 new restaurants.

Refrigerating restaurants

Refrigerating restaurants slightly decreased from USD 405k as at 31 December 2021G to USD 366k as at 30 June 2022G as a result of the depreciation charge of USD 69k partially offset by the additions and transfers of USD 30k.

Machinery and equipment

Machinery and equipment increased from USD 2.3m as at 31 December 2021G to USD 2.9m as at 30 June 2022G primarily as a result of additions and transfers of USD 0.9m partially offset by the depreciation charge of USD 0.3m.

Additions were primarily driven by the increase in the number of operating restaurants between 31 December 2021G and 30 June 2022G.

Refrigeration equipment

Refrigeration equipment slightly increased from USD 283k as at 31 December 2021G to USD 295k as at 30 June 2022G primarily due to additions of USD 78k offset by a depreciation charge of USD 63k.

Air conditioners

Air conditioners slightly increased from USD 1.0m as at 31 December 2021G to USD 1.1m as at 30 June 2022G primarily due to additions and transfers of USD 0.2m offset by a depreciation charge of USD 0.1m.

Motor vehicles

Motor vehicles slightly decreased from USD 88k as at 31 December 2021G to USD 74k as at 30 June 2022G primarily due to the depreciation charge of USD 14k.

Furniture and fixtures

Furniture and fixtures decreased from USD 434k as at 31 December 2021G to USD 387k as at 30 June 2022G primarily due to a depreciation charge of USD 68k, partially offset by additions and transfers of USD 24k.

Computer equipment

Computer equipment increased from USD 1.2m as at 31 December 2021G to USD 1.3m as at 30 June 2022G. This was primarily relating to additions and transfers of USD 0.3m, partially offset by depreciation and disposals USD 0.2m.

Capital work in progress

Capital work in progress increased from USD 0.4m as at 31 December 2021G to USD 0.6m as at 30 June 2022G due to net additions of USD 0.2m relating to future restaurant openings.

Table (5-379): Useful lives of assets used for depreciation expenses of Qatar Food Company W.L.L.:

	Useful life in years
Design and decoration	Lower of lease term or 5 years
Refrigerating rooms	13.3
Refrigerating restaurants	5.0
Machinery and equipment	6.7
Refrigerating equipment	4.0
Air conditioners	10.0
Motor vehicle	4.0
Furniture and fixtures	6.7
Computer equipment	5.0

Source: Management Information

Right-of-use assets

Table (5-380): Right-of-use assets net book value breakdown as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	Additions and transfers	Disposals	Depreciation	30 June 2022G
Building	38,519	4,145	(570)	(6,984)	35,110
Vehicles	1,022	-	-	(184)	839
Net book value	39,541	4,145	(570)	(7,168)	35,948

Source: Management Information

As at 30 June 2022G, the right of use assets related to leases for 105 restaurants, 13 staff accommodation, 269 vehicles, and 14 other facilities (call center, administrative offices, storage space etc.).

Net book value of right-of-use assets decreased from USD 39.5m as at 31 December 2021G to USD 35.9m as at 30 June 2022G as a result of the depreciation charge of USD 7.2m combined with disposals of USD 0.6m relating to buildings during the period. This decrease was offset by additions of USD 4.1m in relation to new store openings and the renewal of leases for existing stores.

Intangible assets

Table (5-381): Intangible assets net book value breakdown as at 31 December 2021G and as at 30 June 2022G for Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	Additions	Disposals	Depreciation	30 June 2022G
Franchise rights	1,479	52	(12)	(62)	1,457
Net book value	1,479	52	(12)	(62)	1,457

Source: Management Information

Net book value of intangible assets slightly decreased from USD 1.5m as at 31 December 2021G to USD 1.5m as at 30 June 2022G. This was mainly due to the depreciation charge for the period of USD 62k and disposals of USD 12k which was offset by additions of USD 52k in relation to new restaurant openings.

Current assets

Table (5-382): Current assets breakdown as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Inventories	7,350	9,937
Trade receivables and other receivables	3,056	3,001
Due from Related Parties	46	186
Cash and bank balances	12,818	4,696
Total current assets	**23,270**	**17,820**

Source: Management Information

Inventories

Table (5-383): Inventories breakdown as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Food stuff	4,857	7,123
Packing materials	1,040	1,234
Spare parts	1,125	1,047
Supplies and marketing materials	712	830
Goods in transit	308	327
Gross inventories	**8,042**	**10,561**
Less: Provision for slow moving items	(692)	(624)
Total inventories	**7,350**	**9,937**

Source: Management Information

Food stuff

Food stuff increased from USD 4.9m as at 31 December 2021G to USD 7.1m as at 30 June 2022G driven by the increase in the number of restaurants as at 30 June 2022G combined with the rise in prices of commodities such as cooking oil, sauces, chicken, beef, and potatoes.

Packing materials

Packing materials increased from USD 1.0m as at 31 December 2021G to USD 1.2m as at 30 June 2022G primarily due to the increase in home delivery sales coupled with the increase in the number of restaurants.

Spare parts

Spare parts slightly decreased from USD 1.1m as at 31 December 2021G to USD 1.0m as at 30 June 2022G driven by the decrease in purchases of spare parts during the period.

Supplies and marketing materials

Supplies and marketing materials increased from USD 0.7m as at 31 December 2021G to USD 0.8m as at 30 June 2022G driven by the expansion of operations within the normal course of business.

Goods in transit

Goods in transit remained relatively stable as at 31 December 2021G and 30 June 2022G at USD 0.3m.

Provision for slow-moving items

Provision for slow-moving items decreased from USD 0.7m as at 31 December 2021G to USD 0.6m as at 30 June 2022G in line with the Company's provisioning policy.

Trade and other receivables

Table (5-384): Trade and other receivables breakdown as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Gross trade receivables	1,456	1,434
Loss allowance	(0)	(0)
Net trade receivables	**1,455**	**1,434**
Prepaid expenses	522	556
Refundable deposits and other receivables	2,434	1,202
Staff receivables	115	110
Advances to suppliers	6	9
Other debit balances	88	1,192
Total	**4,620**	**4,503**
Less: provision for impairment of prepaid rent and refundable deposits	(1,564)	(1,502)
Total trade and other receivables	**3,056**	**3,001**

Source: Management Information

Gross trade receivables

Gross trade receivables slightly decreased from USD 1.5m as at 31 December 2021G to USD 1.4m as at 30 June 2022G mainly driven by the slight decrease in aggregator and credit card receivables within the normal course of business.

Loss allowance

Loss allowance remained stable as at 31 December 2021G and 30 June 2022G at less than USD 1k.

Prepaid expenses

Prepaid expenses slightly increased from USD 0.5m as at 31 December 2021G to USD 0.6m as at 30 June 2022G primarily due to payments typically being made at the beginning of the year and amortized throughout the year (resulting in a lower balance at year end) and relate mainly to restaurants rent.

Refundable deposits and other receivables

The balance decreased from USD 2.4m as at 31 December 2021G to USD 1.2m as at 30 June 2022G mainly due to the reclassification of a disputed receivable balance from a landlord from this account to other debit balances.

Staff receivables

Staff receivables, including staff furniture allowances and staff advances, remained stable as at 31 December 2021G and 30 June 2022G at USD 0.1m.

Advances to suppliers

The balance remained relatively stable as at 31 December 2021G and 30 June 2022G.

Other debit balances

The balance increased from USD 88k as at 31 December 2021G to USD 1.2m as at 30 June 2022G due to reclassification of a disputed receivable balance from refundable deposits and other receivables to other debit balances.

Provision for impairment of prepaid rent and refundable deposits

Provision for impairment of prepaid rent and refundable deposits remained relatively stable as at 31 December 2021G and 30 June 2022G.

Due from Related Parties

Table (5-385): Due from Related Parties' balances breakdown as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	Nature of relationship	31 December 2021G	30 June 2022G
Americana Restaurants Investment Group Company LLC	Holding company	-	167
Gulf Food Industries Company (California Garden) - Dubai UAE FZE	Entities under common control	21	11
The Caspian International Restaurants Company LLP	Entities under common control	7	7
Al Ahlia Restaurants Company LLC	Entities under common control	-	1
Americana Kuwait Company Restaurants WLL	Entities under common control	-	1
Kuwait Food Company (Americana) K.S.C.C	Former Parent Company	17	-
Kuwait Food Company Americana LLC	Entities under common control	1	-
Total due from Related Parties		**46**	**186**

Source: Management Information

Due from Related Parties' balances increased from USD 46k as at 31 December 2021G to USD 186k as at 30 June 2022G mainly driven by the increase in the balance from Americana Restaurants Investment Group Company LLC, in relation to expenses paid on the behalf of the head office. This was partially offset by the decrease in the balance of Gulf Food Industries Company (**California Garden**) - Dubai UAE FZE and the Former Parent Company within the normal course of business.

Cash and cash equivalents

Table (5-386): Cash and cash equivalents breakdown as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Cash on hand	79	90
Cash at bank	6,151	4,606
Deposits	6,588	-
Total cash and cash equivalents	**12,818**	**4,696**

Source: Management Information

Cash and cash equivalents represent the Company's bank accounts, interest-earning deposits and cash on hands.

Cash and cash equivalents decreased from USD 12.8m as at 31 December 2021G to USD 4.7m as at 30 June 2022G. For more details, refer to the cash flow statement section.

Commitment and contingent liabilities

Table (5-387): Commitment and contingent liabilities as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Contractual obligation	574	-
Letters of guarantee	55	162
Total commitment and contingent liabilities	**629**	**162**

Source: Management Information

The Company had contractual obligations in relation to future restaurant openings. This balance was nil as at 30 June 2022G (USD 0.6m as at 31 December 2021G).

In addition to the contractual obligations, the Company had irrevocable letters of guarantee from HSBC in relation to new restaurant openings for USD 162k as at 30 June 2022G (**USD 55k as at 31 December 2021G**).

Non-current liabilities

Table (5-388): Non-current liabilities as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Employees' end-of-service benefits	3,079	2,713
Lease liabilities	26,893	23,338
Total non-current liabilities	**29,972**	**26,051**

Source: Management Information

Employees' end-of-service benefits

Table (5-389): Employees' end-of-service benefits breakdown as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Beginning balance	3,235	3,079
Provided during the period	513	246
Remeasurement gains arising from changes in actuarial assumptions	(31)	-
Interest expenses	46	27
Adjustments of other comprehensive income	-	(298)
Paid benefits during the period	(684)	(341)
Ending balance	3,079	2,713

Source: Management Information

End-of-service benefits decreased from USD 3.1m as at 31 December 2021G to USD 2.7m as at 30 June 2022G. The decrease was primarily driven by: (i) adjustments to other comprehensive income of USD 0.3m as at 30 June 2022G in line with IAS 19; and (ii) the benefits paid during the year of USD 0.3m. This was partially offset by the charges for the year of USD 0.2m during the six months ended 30 June 2022G.

Lease liabilities

Table (5-390): Lease liabilities breakdown as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Lease liability current	14,785	14,460
Lease liability non-current	26,893	23,338
Total lease liabilities	**41,678**	**37,798**

Source: Management Information

Lease liabilities decreased from USD 41.7m as at 31 December 2021G to USD 37.8m as at 30 June 2022G primarily due to payments made during the six months ended 30 June 2022G exceeding the additions related to restaurants openings.

Current liabilities

Table (5-391): Current liabilities breakdown as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Trade payables	6,571	6,457
Due to Related Parties	3,534	3,105
Current portion of lease liabilities	14,785	14,460
Accruals and other liabilities	6,428	7,043
Tax liability	1,809	956
Provisions	1,977	983
Total current liabilities	**35,104**	**33,004**

Source: Management Information

Trade payables

Trade payables slightly decreased from USD 6.6m as at 31 December 2021G to USD 6.5m as at 30 June 2022G within the normal course of business.

Due to Related Parties

Table (5-392): Due to Related Parties' balances breakdown as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	Nature of relationship	31 December 2021G	30 June 2022G
Rass Buabboud Trading Company W.L.L.	Entities under common control	3,424	2,502
The Egyptian Co. For International Touristic Projects	Entities under common control	-	244
Kuwait Food Company Americana LLC	Entities under common control	104	359
Bahrain & Kuwait Restaurant Co. WLL	Entities under common control	4	-
Americana Kuwait Company Restaurants WLL	Entities under common control	3	-
Total due to Related Parties		**3,534**	**3,105**

Source: Management Information

As at 30 June 2022G, due to Related Parties' balances primarily related to purchases of raw materials from entities under common control.

Due to Related Parties' balances decreased from USD 3.5m as at 31 December 2021G to USD 3.1m as at 30 June 2022G primarily from the decrease in the balance from Rass Buabboud Trading Company W.L.L. as a result of the partial settlement of the balance. This was partially offset by the increase in the balance to The Egyptian Co. For International Touristic Projects and Kuwait Food Company Americana LLC in relation expenses paid on the behalf of the Company.

Accruals and other liabilities

Table (5-393): Accruals and other liabilities as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Accrued expenses	4,658	3,322
Retention payables	580	441
Other creditors	1,189	3,280
Total accruals and other liabilities	**6,428**	**7,043**

Source: Management Information

Accruals and other liabilities increased from USD 6.4m as at 31 December 2021G to USD 7.0m as at 30 June 2022G primarily due to:

- The increase in other creditors from USD 1.2m as at 31 December 2021G to USD 3.3m as at 30 June 2022G mainly relating to the reclassification of USD 1.2m from accrued expenses to other creditors in addition to the reclassification of provisions of USD 0.9m against corporate income tax for the prior year from the provisions line item to other creditors.
- This was partially offset by the decrease in retention payables from USD 0.6m as at 31 December 2021G to USD 0.4m as at 30 June 2022G, mainly due to payments made to contractors during the period.

Tax liability

Table (5-394): Tax liability as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Beginning balance	1,451	1,809
Current period charge	1,716	1,226
Prior period adjustments	(48)	(256)
Paid during the period	(1,310)	(1,824)
Ending balance	**1,809**	**956**

Source: Management Information

Tax liability decreased from USD 1.8m as at 31 December 2021G to USD 1.0m as at 30 June 2022G mainly due to the payments made during the period (in relation to the twelve-months ended 31 December 2021G) which exceeded the current year charges (which represents the tax costs for the six months ended 30 June 2022G).

Provisions

Table (5-395): Provisions as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Beginning balance	401	1,977
Provided during the period	1,576	983
Paid during the period	-	(1,977)
Ending balance	**1,977**	**983**

Source: Management Information

Provisions balance decreased from USD 2.0m as at 31 December 2021G to USD 1.0m as at 30 June 2022G primarily due to the payments made during the period of USD 2.0m partially offset by the reclassification from accruals and other liabilities mentioned earlier under the line item "provided during the year".

Total equity

Table (5-396): Total equity as at 31 December 2021G and as at 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	31 December 2021G	30 June 2022G
Share capital	55	55
Legal reserve	27	27
Other reserve	31	329
Retained earnings	10,575	8,083
Total equity	**10,688**	**8,494**

Source: Management Information

Share capital and legal reserve

Share capital and legal reserve balances remained stable as at 31 December 2021G and 30 June 2022G.

Other reserve

Other reserve increased from USD 31k as at 31 December 2021G to USD 0.3m as at 30 June 2022G as a result of the remeasurement of employees' end of service benefits as per IAS 19.

Retained earnings

Retained earnings decreased from USD 10.6m as at 31 December 2021G to USD 8.1m as at 30 June 2022G as a result of the dividends paid during the same period related to the previous year (2021G).

5.7.6.3 Statement of cash flow of Qatar Food Company W.L.L.:

Table (5-397): Statement of cash flow for the six months ended 30 June 2021G and 30 June 2022G of Qatar Food Company W.L.L.:

Currency: USD000	30 June 2021G	30 June 2022G
Profit before income tax for the period	5,664	8,980
Cash flows from operating activities		
Adjustments for:		
Depreciation of property and equipment	1,299	1,555
Depreciation of right of use assets	7,015	7,168
Amortization of intangible assets	104	62
Provision for employees' end of service benefits, net of transfers	166	246
Provision for obsolete, slow moving, and defective inventories	143	98
Loss on disposal of property and equipment and intangible assets	5	40
Financing cost	670	624
Creation of Provisions	142	916
Gain on rent concessions	-	1
Finance income	-	(14)
Operating profit before changes in working capital	**15,207**	**19,677**
Payments of employees' end of service benefits	(76)	(341)
Income tax paid	(566)	(898)
Changes in working capital:		
Inventories	(392)	(2,685)
Trade receivables and other receivables	(733)	54
Due from Related Parties	1	(140)
Trade and other payables, provisions and other taxes	(413)	(2,278)
Due to Related Parties	1,693	(356)
Net cash generated from operating activities	**14,721**	**13,033**
Cash flows from investing activities		
Purchase of property and equipment	(1,845)	(2,427)
Changes in assets held for sale	1,251	-
Proceeds from sale of property and equipment	-	3
Purchase of intangible assets	(161)	(118)
Net cash used in investing activities	**(755)**	**(2,542)**
Cash flows from financing activities		
Finance income received	8	14
Bank overdraft	9	-
Principal elements of lease payments	(7,704)	(8,053)
Distributions to the parent company	(10,210)	(10,575)
Net cash used in financing activities	**(17,896)**	**(18,613)**
Net increase in cash and bank balances	**(3,930)**	**(8,122)**
Cash and cash equivalents at beginning of the period	10,209	12,818
Cash and bank balances at end of the period	**6,279**	**4,696**

Source: Management Information

Net cash generated from operating activities

Net cash generated from operating activities decreased from USD 14.7m in the six months ended 30 June 2021G to USD 13.0m in the six months ended 30 June 2022G primarily due to:

(i) The changes in working capital where it changed from a cash inflow of USD 0.2m in the six months ended 30 June 2021G to a cash outflow of USD 5.4m in the six months ended 30 June 2022G due to the increase in inventory and the decrease in trade payables and amounts due to Related Party balances due to the reasonings mentioned earlier;

(ii) This was partially offset by the increase in profit for the period from USD 5.7m in the six months ended 30 June 2021G to USD 9.0m in the six months ended 30 June 2022G and the increase in non-cash adjustments from USD 9.5m in the six months ended 30 June 2021G to USD 10.7m in the six months ended 30 June 2022G primarily due to the increase in provision and depreciation charges.

Net cash used in investing activities

Net cash used in investing activities increased from a cash outflow of USD 0.8m in the six months ended 30 June 2021G to a cash outflow of USD 2.5m in the six months ended 30 June 2022G primarily due to the increase in cash used in the purchase of property and equipment from USD 1.8m in the six months ended 30 June 2021G to USD 2.4m in the six months ended 30 June 2022.

Net cash used in financing activities

Net cash used in financing activities increased from a cash outflow of USD 17.9m in the six months ended 30 June 2021G to a cash outflow of USD 18.6m in the six months ended 30 June 2022G primarily driven by the increase in distributions to the parent company combined with the increase in the payments made against leases.

6. SUMMARY OF THE Company's ARTICLES OF ASSOCIATION AND CAPITAL ALTERATION POLICIES AND PROCEDURES IN THE UAE[75]

6.1 SUMMARY OF THE COMPANY ARTICLES OF ASSOCIATION

Share register

Upon listing on the ADX, the Shares will be dematerialized, and the share register will be maintained by the ADX as an operator.

The shares may be sold, transferred, or otherwise disposed of in accordance with the provisions of the Articles of Association and the applicable regulations for selling, purchasing, settling and recording.

Deceased shareholders

In the event of a death of a shareholder, the persons entitled to that shareholders' shares shall be entitled to choose to become a holder of the shares or to transfer to them to another person. After being registered as a shareholder in accordance with the Articles of Association, such person shall have the same rights as a shareholder as the deceased shareholder had in relation to such shares, subject to the Articles of Association and pending any transfer of shares to another person. The estate of the deceased shareholder shall not be exempted from any outstanding obligation relating to any share held by them at the time of death.

Any person who becomes entitled to rights to shares as a result of the death or bankruptcy of any shareholder, or pursuant to an attachment order issued by any competent court of law, should:

- produce evidence of such right to the Board; and
- select either to be registered as a shareholder or to nominate another person to be registered as a shareholder of the relevant share(s).

Share Capital

In the following description of the rights attaching to the shares, a holder of shares and a shareholder is, in both cases, the person registered in the Company's register of shareholders as the holder of the relevant shares.

Without prejudice to any rights attached to any existing shares, and subject to the other provisions of the Articles of Association, the company may issue shares with such rights or restrictions as determined by either the company by ordinary resolution or, if the company passes a resolution to so authorise them, the Board. Subject to the other provisions of the Articles of Association, the company may also issue shares which are to be redeemed, or are liable to be redeemed, at the option of the company or the holder and the Board may determine the terms, conditions and manner of redemption of any such shares. If the Company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.

Changes in share capital

Save as set forth below under matters that require shareholders or Board approvals under the ADGM Companies Regulations, the provisions of the Articles of Association governing the conditions under which the Company may alter its share capital are no more stringent than the conditions imposed by the ADGM Companies Regulations.

Pre-emption rights on new issues of shares

The Board of the company may exercise its power to allot shares if authorised by the Company's Articles of Association or by resolution of the shareholders.

Dividends

The company may, by ordinary resolution, declare dividends to be paid to its shareholders and the directors may decide to pay interim dividends. However, no dividend shall be declared unless it has been recommended by the Board and does not exceed the amount recommended.

75 Note: this section is subject to any amendments occurs to the Company's Articles of Association prior submitting the request to the CMA.

Transfer of Shares

The shares offered pursuant to this Offering Memorandum shall be held in dematerialized form in a shareholder registry maintained by ADX and transfers shall be governed by and shall comply with the regulations applicable to companies listed on ADX. The shares may be sold, transferred, pledged or otherwise disposed of in accordance with the Articles of Association. Transfers made other than in accordance with the Articles of Association shall be void.

General Meetings

Annual general meeting

The directors of a company may call an annual general meeting of the company. A notice for calling an annual general meeting shall be circulated to eligible members at least 21 days from the date of the meeting.

Convening general meetings

The directors may, whenever they think fit, call a general meeting. The directors are required to call a general meeting once the company has received requests from its members to do so in accordance with the ADGM Companies Regulations. The directors shall determine whether a general meeting is to be held as a physical general meeting or an electronic general meeting.

Notice of general meetings etc.

Notice of general meetings shall include all information required to be included by the ADGM Companies Regulations and shall be given to all members other than those members who are not entitled to receive such notices from the company under the provisions of the Articles of Association.

Quorum

Subject to the provisions of the Articles of Association, two (2) qualifying persons present at a meeting are a quorum, unless–

- a- each is a qualifying person only because he is authorised under provisions found in the ADGM Companies Regulations (representation of corporations at meetings, i.e., is a member of a company, it may by resolution of its directors or other governing body authorise a person or persons to act as its representative or representatives at any meeting of the company), or each is a qualifying person only because he is appointed as proxy of a member in relation to the meeting, and they are proxies of the same member.
- b- If there is only one director, that director may appoint sufficient directors to make up a quorum or call a general meeting to do so.

Directors

The Board of Directors

According to the Articles of Association, the Board shall be responsible for the management of the Company's business, for which purpose they may exercise all the powers of the company. The Board will be elected by the shareholders by ordinary resolution or by a decision of the directors as set out in the Articles of Association.

Number of directors

The Board shall consist of 7 Directors. The number of directors comprising the Board may be increased or decreased pursuant to ordinary resolution or by a decision of the directors as set out in the Articles of Association.

Board meetings

The directors participate in a directors' meeting, or part of a directors' meeting, when—

- a- the meeting has been called and takes place in accordance with the Articles of Association, and
- b- they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.

In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other. If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

The directors' meeting may take place, if it is called in accordance with the Articles of Association and at least two directors participate in it, with a view to appointing sufficient directors to make up a quorum or calling a general meeting to do so, and if a directors' meeting is called but only one director attends at the appointed date and time to participate in it, that director may appoint sufficient directors to make up a quorum or call a general meeting to do so. Subject to the Articles of Association, a decision is taken at a directors' meeting by a majority of the votes of the participating directors

The directors may appoint a director to chair their meetings.

Directors' interests

For the purposes of section 165 of the ADGM Companies Regulations, the directors shall have the power to authorize any matter which would or might otherwise constitute or give rise to a breach of the duty of a director to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company. Any such authorization will be effective only if:

- any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other interested director; and
- the matter was agreed by a unanimous vote of the directors, other than the interested directors.

The directors may extend any such authorization to any actual or potential conflict of interest which may arise out of the matter so authorized and may (whether at the time of the giving of the authorization or subsequently) make any such authorization subject to any limits or conditions they expressly impose, but such authorization is otherwise given to the fullest extent permitted. The directors may also terminate any such authorization at any time.

Liability of the Board of Directors

The members of the Board owe general duties to the Company in accordance with the ADGM Companies Regulations (including exercising reasonable care, skill and diligence and acting to promote the success of the Company). The company may bring a claim against any member of the Board in breach of his/her directors' duties, with available remedies varying depending on the severity of the breach but may include damages, injunctive relief and other remedies.

Subject to the prior permission of the ADGM court, an eligible shareholder may independently initiate proceedings against any member of the Board if the company fails to do so in respect of a cause of action arising from an actual or proposed act or omission involving negligence, default, breach of duty or breach of trust by that member of the Board. So far as may be permitted by the ADGM Companies Regulations, every director, officer, senior manager or alternate director (or former director, officer, senior manager or alternate director) of the company or of an associated company (as contemplated by section 278 of the ADGM Companies Regulations) may be indemnified out of the Company's assets against any liability incurred by them in connection with any negligence, default, breach of duty or breach of trust by them any other liability incurred by them in the execution of their duties, the exercise of their powers or otherwise in connection with their duties, powers or offices.

Liquidation rights

In the event of liquidation of the company, each shareholder shall be entitled to a part of the Company's assets in accordance with the applicable law and regulation in the ADGM.

Form of notices and communications

Unless the Articles of Association expressly require otherwise, any notice, document or information to be sent or supplied by the company to shareholders (including forms of appointment of a proxy and copies of the Company's annual accounts, or any resolutions executed) may be sent or supplied in hard copy form, in electronic form (for example, by email or facsimile) or by means of the Company's or another website.

Nomination and Appointment of the Board of Directors

A director may be appointed by ordinary resolution or a decision of the directors.

Termination of the Directors' membership

The following cases shall lead to the termination of the membership of the director:

- Virtue of the Company's regulations or is prohibited from becoming a director by law.
- The director becomes bankrupt.
- the composition of the director's creditors generally results in the satisfaction of the director's debts.
- if the director is unable to perform his duties for more than three months due to physical or mental disability.
- a court order preventing the director from exercising his powers.
- resignation.

Board of Directors Remunerations

Directors are entitled to remuneration as the directors determine for their services to the Company as directors and for any other service which they undertake for the Company.

Subject to the Company's Articles of Association the remuneration of the directors may take any form and include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits.

Quorum for directors' meetings

The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.

Restrictions on Members' Rights:

No voting of shares on which money owed to the Company. No voting rights attached to a share may be exercised at any general meeting, at any adjournment of it, or on any poll called at or in relation to it, unless all amounts payable to the company in respect of that share have been paid.

Scope of applying of UAE Governance Rules

The UAE Governance Rules as provided in the Chairman of the SCA's Board of Directors' Decision No. (3/R.M) of 2020 Concerning Approval of Joint Stock Companies Governance Guide (as amended from time to time) shall apply to the entire Company. The provisions of the UAE Governance Rules shall apply to the Company in the event of any conflict between the provisions of the UAE Governance Rules and the Company's Articles of Association.

6.2 CAPITAL ALTERATION POLICIES AND PROCEDURES

The ADGM Companies Regulations regulates the procedures by virtue of which public companies limited by shares incorporated in the ADGM alter their share capital subject to the provisions stipulated in the Company's Articles of Association, while complying the UAE Governance Regulations, as ADX has the discretionary authority to apply the UAE Governance Rules to the listed free zone companies, as it deems fit. The share capital of listed companies limited by shares may be altered through an increase in its share capital, whereas the entity allots (issues) new shares, or alternatively reduced by virtue of a court order.

1- Increasing Share Capital Through Allotment of New Shares

The Company may issue new shares to increase its share capital following the approval of the competent authorities in the UAE, provided that such increase is approved by its shareholders. To increase the Company's share capital, a special resolution must be passed by the General Assembly in accordance with applicable rules and regulations. The Company must disclose to the ADX and the SCA the results of the General Assembly Meeting immediately upon its conclusion, as well as on the Company's website. The disclosure shall also be made concurrently in the Saudi Stock Exchange (Tadawul), in accordance with the Company's obligations under the Listing Rules in the KSA.

The Board of Directors shall have one year to implement this resolution as of the date of the issuance of the increase resolution (for the Board of Directors to decide on the dates and mechanism for the implementation of the resolution through a single or multiple issues, or through an offering program). The relevant resolution shall be considered null and void after the lapse of one year.

The increase shall be incorporated in the Company's capital after the completion of the issuance procedures, the distribution of issued shares to their owners, and the completion of all procedures in accordance with the regulations and rules applicable to the Company in the UAE. The Company's capital increase is considered material information that the Company, represented by its Board of directors, must disclose to the ADX/SCA, whether issued through the resolutions of the General Assembly or the Board of Directors in this regard. The disclosure shall also be made concurrently in the Saudi Stock Exchange (Tadawul), in accordance with the Company's obligations under the Listing Rules in the KSA.

2- Reduction of Share Capital

The Company may exercise its rights to reduce its share capital by virtue of a special resolution issued by the Company shareholders, if confirmed by the competent court in the UAE. Such special resolution issued by the shareholders shall not stipulate the reduction enforcement after the resolution expiration. Nevertheless, if any member of the Company no longer holds shares other than redeemable shares, as a result of the reduction, the Company may not reduce its share capital.

When the Company's shareholders approve (by virtue of a special resolution) for a reduction in its share capital, the Company may then apply to the court in the UAE for an order to confirm such an action. Creditors are entitled to object to the reduction if it involves diminution of liability in respect of unpaid share capital, payment to a shareholder, or any paid-up share capital. Unless the Court directs otherwise, if it deems proper in light of any special circumstances, the court in the UAE will choose to apply the entitlement of the creditors to object to the reduction of share capital.

The court in the UAE may, if no viable objections or claims are brought forward, make an order confirming the reduction of the capital on the terms and conditions it deems fit, provided that necessary consents have been satisfied with respect to the creditors or discharge of debt has been determined or secured. In such event, the court in the UAE may order the Company to publish the reasons for reduction of capital, or otherwise as directed by the court in the UAE, give proper information to the public.

Upon the issuance of a court order in the UAE, the reduction of the Company's share capital shall be confirmed with the Registrar, with a Court approved statement of capital. The Registrar shall register and certify the order and statement, the capital reduction will be then effectuated.

The Company's capital reduction is one of the fundamental information that the Company, represented by its Board of Directors, must disclose, whether issued through the resolutions of the General Assembly or the Board of Directors in this regard.

7. EXPERT STATEMENTS

All of the Advisors and Auditor, whose names are listed on page (viii) to (xi) of this Prospectus, have given and, as at the date of this Prospectus, not withdrawn their written consent to the publication of the names, addresses, logos and statements attributed to each of them in this Prospectus. The Market Consultant (as an expert) does not, nor do any of its subsidiaries, shareholders, directors, or relatives, own any shares or any interest of any kind in the Company or in its Subsidiaries.

8. DECLARATIONS

As at the date of this Prospectus, the Directors declare that:

1- There has not been any interruption in the business of the Company or any of the Subsidiaries which may have or has had a significant effect on the financial position in the last 12 months.
2- No commissions, discounts, brokerages or other non-cash compensation have been granted within the three years immediately preceding the application for registration and offer of securities that are the subject of this Prospectus and the Main Prospectus in connection with the Company or offer of any securities by the Company or any of the Subsidiaries.
3- Other than what has been mentioned in Section (3) ("**Risk Factors**") of this Prospectus and the sub-section ("**Investment Risks**") of the Second Section ("**Key details of the Company**") of the Main Prospectus, there has not been any material adverse change in the financial or trading position of the Company or any of its Subsidiaries in the three financial years preceding the application for registration and offer of securities that are subject to this Prospectus and during the period from the end of the period covered in the Auditor's report up to and including the date of approval of the Prospectus.
4- Other than what has been disclosed in sub-section ("**Details of current Board Members**") of Second (2) ("**Key Details of the Company**") of the Main Prospectus, none of the Directors or their Relatives have any shareholding or interest of any kind in the Company or any of its Subsidiaries.
5- The Company - individually or jointly with its Subsidiaries – has a working capital sufficient for a period of at least 12 months immediately following the date of publication of this Prospectus.
6- None of the Directors (or proposed Directors), Senior Executives or the Secretary has ever been declared bankrupt or subject to bankruptcy proceedings.
7- No insolvency or bankruptcy has been declared during previous five (5) years for a company in which any of the members of the Board of Directors (or proposed members), any of the Senior Executives, or the Secretary of the Board of Directors was appointed to an administrative or supervisory position.
8- Other than what has been disclosed in sub-section ("**Details of current Board Members**") of Second (2) ("**Key Details of the Company**") of the Main Prospectus, none of the Directors (or proposed Directors), Senior Executives, the Secretary or any of their Relatives have any direct or indirect interest in any shares, debt instruments of the Company or its Subsidiaries or in any existing written or oral contract or arrangement or contracts under consideration or to be concluded by the Company or its Subsidiaries up to the date of this Prospectus.
9- Except as stated in this Prospectus, there is no intention to materially change the nature of the business of the Company or its Subsidiaries.
10- The Directors will not participate in voting on decisions related to business and contracts in which they have a direct or indirect interest.
11- There are no employee share programs entitling employees to participate in the Company's share capital, and there are no other similar arrangements in place.
12- The Company does not have any securities (contractual or otherwise) or any assets that are subject to fluctuation which would adversely and materially affect its financial position.
13- Except as disclosed in Section (3) ("**Risk Factors**") of this Prospectus and the sub-section "**Investment Risks**" of the Second Section ("**Key details of the Company**") of the Main Prospectus, the Company is not aware of any information regarding any governmental, economic, financial, monetary or political policies or any other factors that have or may have a material impact (directly or indirectly) on its business and the business of its Subsidiaries.
14- Except as disclosed in Section (3) ("**Risk Factors**") of this Prospectus and the sub-section "**Investment Risks**" of the Second Section ("**Key details of the Company**") of the Main Prospectus, the Company is not aware of any seasonal factors or economic cycles related to the business that may have an effect on the Company's businesses or its financial position.
15- The statistical information included in Section 3 ("**Market and Industry Overview**") in this Prospectus which was obtained from external sources represents the latest information available from the relevant source.
16- Except as disclosed in Section (3) ("**Risk Factors**") of this Prospectus and the sub-section "**Investment Risks**" of the Second Section ("**Key details of the Company**") of the Main Prospectus, the insurance policies of the Company and its Subsidiaries sufficiently cover the Company's performance of its business. The Company and its Subsidiaries periodically renew their insurance policies and contracts in order to ensure continued insurance coverage.

17- The Board of Directors has included all the information required to be included in this Prospectus and the Main Prospectus pursuant to the OSCOs (subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus), and there are no other facts that could affect the securities registration and offering application in the KSA which have not been included in this Prospectus or the Main Prospectus.

18- All contracts and agreements that the Company believes to be significant or material or which may affect investors' decisions to invest in the Offer Shares have been disclosed. There are no other material agreements that have not been disclosed.

19- All terms and conditions that may affect investors' decisions to invest in the Offer Shares have been disclosed.

20- They have developed procedures, controls and systems to enable the Company to meet the requirements of relevant laws, regulations and instructions, including the Rules on the Offer of Securities and Continuing Obligations and Listing Rules (subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus).

21- As at the date of this Prospectus, Selling Shareholder and Minority Shareholders as stated in Section ("**KSA Offering Summary**") of this Prospectus are the legal and beneficial owner of the Company's Shares.

22- Other than as disclosed in Section (3) ("**Risk Factors**") of this Prospectus and the sub-section "**Investment Risks**" of the Second Section ("**Key details of the Company**") of the Main Prospectus, and to the best of their knowledge and belief, there are no other material risks that may affect a prospective investor's decision to invest in the Offer Shares.

23- The Company has obtained all the essential licenses and approvals to carry out its activities.

24- Except as disclosed in sub-section "**Statement of the status of litigation actions and disputes with the Company over the past three years**" of the Second Section ("**Key details of the Company**") of the Main Prospectus, the Company and its Subsidiaries are not party to any outstanding disputes, claims, lawsuits or investigation proceedings that may have a material impact on the Company's operations or financial position.

25- The Company and its Subsidiaries have not issued any debt instruments or received any term loans or have any outstanding loans or debts.

26- There are no mortgages, rights and encumbrances on the properties of the Company or its Subsidiaries.

27- None of the Shares of the Company or the shares of its Subsidiaries are subject to any options.

28- All necessary approvals for the Offering and the Listing of the Company's shares in the Saudi Stock Exchange (Tadawul) and the ADX have been obtained.

In addition to the declarations set out above, the Directors declare that:

- The issuance does not constitute a breach of the relevant laws and regulations in Saudi Arabia (subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus).
- The Offering does not constitute a breach of any contract/agreement entered into by the Issuer.
- The dual listing of shares in both Tadawul and ADX does not constitute a breach of any contract/agreement entered into by the Issuer.
- All material legal issues concerning the Issuer have been disclosed in the Prospectus and the Main Prospectus.
- The Directors are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the Issuer or its Subsidiaries or their financial position.
- Without prejudice to the Issuer being a foreign company that is subject to certain laws and regulations in its jurisdiction of incorporation, the Issuer shall (i) endeavor to apply the provisions of the KSA Corporate Governance Regulations in accordance with the disclosures made in Section (11) ("**The Regulatory Framework For The Company's Post-Listing Obligations In The KSA and Its Post-Listing Undertakings**") of this Prospectus, subject to the obligations applicable thereto under the SCA UAE Governance Rules; and (ii) comply with the requirements set out in the OSCOs (subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus).
- The Company will provide any further information or documentation requested by the CMA, and the Company acknowledges that the CMA has the right to take appropriate procedures in the event that the Company does not provide the required information, including suspension and/or cancellation of Listing the Company's shares on the Saudi Stock Exchange (Tadawul).

9. UNDERWRITING

The Company, the Selling Shareholder and the Underwriters have entered into an Underwriting Agreement ("Underwriting Agreement"), under which the Underwriters have agreed to fully underwrite the Offering of two billion, five hundred and twenty-seven million, eighty-nine thousand, nine hundred and thirty (2,527,089,930) ordinary shares, subject to certain terms and conditions of the Underwriting Agreement. The names and addresses of the Underwriters are set out below:

9.1 Underwriters

SNB Capital

SNB Capital
King Saud Road, Saudi National Bank Regional Building
P.O. Box: 22216, Riyadh 11495
Kingdom of Saudi Arabia
Tel: +966 (92) 0000232
Fax: +966 (11) 4060052
Website: www.alahlicapital.com
Email: snbc.cm@alahlicapital.com

FAB Capital

FAB Capital
Kian Group Building
7756 King Fahd Road
Malaga-Malaga neighborhood
Riyadh 4181 – 13524
Kingdom of Saudi Arabia
Tel: +966 (11) 283447
Website: https://www.fabcapital.com/
Email: ECM@bankfab.com

Goldman Sachs Saudi Arabia

Goldman Sachs Saudi Arabia
Kingdom Tower, 25th Floor
P.O. Box: 52969, Riyadh 11573
Kingdom of Saudi Arabia
Tel: +966 (11) 2794800
Fax: +966 (11) 2794807
Website: www.goldmansachs.com/worldwide/Saudi-arabia
Email: gssainfo@gs.com

Morgan Stanley Saudi Arabia

Morgan Stanley

Morgan Stanley Saudi Arabia
Al Rashid Tower, 10th Floor
King Saud Road
P.O. Box: 66633, Riyadh 11586
Kingdom of Saudi Arabia
Tel: +966 (11) 2187000
Fax: +966 (11) 2187003
Website: www.morganstanleysaudiarabia.com
Email: lneqsy@morganstanley.com

EFG Hermes KSA

EFG HERMES
المجموعة المالية هيرميس

EFG Hermes KSA
Sky Towers, Northern Tower, 3rd floor, King Fahd Road, Olaya, Riyadh, KSA
Riyadh 300189 – 11372
Kingdom of Saudi Arabia
Tel: +966 112938048
Fax: +966 112938032
Website: https://www.efghermesksa.com/en/pages/Home
Email: efg_hermes_IPO@efg-hermes.com

HSBC Saudi Arabia

HSBC

HSBC Saudi Arabia
HSBC Building
7267 Olaya Street, Al-Morouj District
Riyadh 2255-12283
Kingdom Saudi Arabia
Phone: +966 (11) 920005920
Fax: +966 (11) 299 2385
Website: www.hsbcsaudi.com
Email: AmericanaIPO@hsbcsa.com

9.2 Summary of the Underwriting Agreement

The Underwriting Agreement contains customary terms, representations and warranties and other conditions precedent. Such conditions include (but are not limited to) regulatory approval of this Prospectus and the Main Prospectus, delivery of customary officers' certificate, absence of an actual prospective material adverse change affecting the Company, non-occurrence of customary force majeure events, and receipt by the Underwriters' customary legal opinions, disclosure letters and auditor letters.

Pursuant to the terms and conditions of the Underwriting Agreement:

a- The Selling Shareholder undertakes to the Underwriters that, on the first Business Day following the completion of the allocation of the Offer Shares following the end of the Offering Period, it shall:

1- Sell and allocate the Offer Shares to Individual Subscribers or Participating Entities Tranche in the KSA whose applications have been accepted by Receiving Agents or the Bookrunners (as applicable).

2- Sell and allocate the Offer Shares that have not been purchased by the Individual Subscribers or Participating Entities Tranche in the KSA in the Offering to the Underwriters.

b- The Underwriters undertake to the Selling Shareholder that they will purchase the Offer Shares that have not been purchased by Individual Subscribers or Participating Entities Tranche. The Company and the Selling Shareholder have undertaken to the Underwriters that they are in compliance with everything contained in this Prospectus and the Main Prospectus and all terms of the Underwriting Agreement.

9.3 Underwritten Shares

Underwriter	Number of Offer Shares to be Under-written	Percentage of Offer Shares to be Underwritten
SNB Capital	[•]	[•]
FAB Capital	[•]	[•]
Goldman Sachs Saudi Arabia	[•]	[•]
Morgan Stanley Saudi Arabia	[•]	[•]
EFG Hermes KSA	[•]	[•]
HSBC	[•]	[•]

9.4 Underwriting Costs

The Selling Shareholder will pay to the Underwriters an underwriting fee based on the total value of the Offering. Moreover, the Selling Shareholder has agreed on behalf of the Company to pay the costs and expenses related to the Offering as set out in Section 10 ("**Expenses**") of this Prospectus.

10. EXPENSES

The Selling Shareholder will be responsible for all Offering Expenses, which are estimated to be around AED [•] (equal to SAR [•]) excluding VAT. These expenses include the fees of the Financial Advisors, Underwriters, Lead Manager, Bookrunners, Joint Global Coordinators, Legal Advisor (and other legal counsel), and Auditor, in addition to the fees of the Receiving Agents and marketing, printing, distribution and other Offering related expenses. The Offering Expenses will be paid out of the Offering proceeds. The Company will not bear any expenses related to the Offering.

11. THE REGULATORY FRAMEWORK FOR THE Company's POST-LISTING OBLIGATIONS IN THE KSA AND ITS POST-LISTING UNDERTAKINGS

Companies listed on the Tadawul and ADX are subject to a wide set of laws and regulations regulating their continuous obligations as listed companies, including (without limitation), rules with respect to their governance, protection of their shareholders, disclosures to the market and the like. Considering that the Shares of the Company will be listed on both the Tadawul and the ADX following the completion of the Offering, the Company will be concurrently subject to such rules and regulations applicable to listed companies in both jurisdictions; therefore, given that (i) subjecting the Company to such different sets of rules and regulations in the KSA and the UAE after Listing could result in ambiguities and inconsistencies in the interpretation of such rules and regulations (including difficulties in implementing such rules and regulations), whether currently issued or to be issued in the future; and (ii) the rules and regulations issued by the Authority in the KSA (which would be applicable to all companies listed on the Tadawul) include a set out regulatory requirements that the Company may not be able to implement and comply with (as a company that is registered in the ADGM and is subject to primary obligations in the UAE), then this will require having a regulatory framework in place dealing with the aforementioned issues and clarifying the obligations of the Company post-listing.

Subject to the waivers from the regulatory requirements that are obtained from the relevant regulatory authorities in the KSA, as clarified in Section (12) ("**Waivers**") of this Prospectus, the Company declares its abidance to the provisions of the Saudi Arabian CGRs and the disclosure requirements contained in the OSCOs (as the disclosures made in in this Section (11) ("**The Regulatory Framework For The Company's Post-Listing Obligations In The KSA and Its Post-Listing Undertakings**"), the Company also declares that if it does not abide with any of the CMA rules and implementing regulations and rules and regulations of the Exchange, fines and penalties may be applied under KSA laws and regulations - as appropriate - and imposed by the CMA or the Exchange, including the cancellation of the Listing of the Company's Shares in the Saudi Stock Exchange. (Tadawul). As such, the Company seeks to clarify and detail the regulatory framework applicable thereto following Listing (as a "foreign company" with shares listed in the KSA and on the Tadawul).

11.1 Continuous Obligations Applicable to the Company as a Foreign Issuer in the KSA

Pursuant to the OSCOs and the Listing Rules in the KSA (subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus), the Company will be treated as a "foreign Issuer" following Listing, given that its shares will be cross-listed on both the Tadawul and the ADX – this would mean that the benefits and processes applicable to "foreign issuers", as set out under the OSCOs and the Listing Rules in the KSA, will be applicable to the Company, as follows:

A- Alterations in the Share Capital of the Company and Disclosing Processes Affecting the Share Price:

- Pursuant to Article 21(b) of Section (4) (Capital Alterations) of the Listing Rules and Article 70(c) of Section (6) (Capital Alterations) of the OSCOs, the Company will be subject to the applicable requirements pursuant to the regulations, instructions and any other relevant regulatory requirements which are in force in the UAE regarding capital alteration conditions as well as requirements regarding issuing new shares and registering, listing and/or cancelling the same. Furthermore, the Company will not be subject to the obligations set out in the Listing Rules and the OSCOs in this regard. Nevertheless, the Company will notify Tadawul immediately if it obtains any approvals from the ADX and/or the SCA in relation to any alterations in its capital. For further information in relation to the procedures for the alteration of the share capital of the Company in the UAE, please refer to Section (6) ("**Capital Alteration Policies and Procedures in the UAE**") of this Prospectus.
- Pursuant to Article 27(b) of Section (5) (Continuous Obligations) of the Listing Rules, in the event the Company undertakes any procedures which may affect the price of the Shares after listing, then the Company must disclose to the Public the details of such procedures and their effect on the share price, as applicable to listed companies in the KSA, but the Company shall also disclose to the Public the mechanisms of exercising any rights relating to such procedures, in its capacity as a "**foreign issuer**" with cross-listed shares.

B- Market Disclosure Obligations:

- Pursuant to Article 30(b) of Section (5) (Continuous Obligations) of the Listing Rules, the Company shall disclose to the Public in the KSA all information which it discloses in the UAE in a concurrent manner or before making such disclosures in the UAE. In this regard, and based on Section (7) (Continuous Obligations) of the OSCOs, the Company is also committed to disclosing all material developments in accordance with Article 79 of the OSCOs as well as the specific developments and events which a foreign issuer is required to disclose pursuant to Article 80 of the OSCOs, in a clear, accurate and not misleading manner.
- Pursuant to Article 81(a) of the OSCOs, the Company will disclose its annual and quarterly financial statements (Q1, Q2 and Q3 of its Financial Year) to the Authority and to the Public as soon as they are approved and before being disclosed to shareholders or third parties, whereby such disclosure shall be made through the electronic platforms of the ADX and the Tadawul.
- The Company will not be preparing its financial statements in accordance with the accounting standards issued by SOCPA but will, as a "foreign issuer" and pursuant to Article 81(g) of the OSCOs, prepare such financial statements in accordance with the international standards issued by the IASB, and the interim financial statements shall be disclosed to the Public within a period not exceeding thirty (30) days from the end of the financial period included in such statements. As it relates to the annual financial statements, such statements shall be disclosed to the Public within a period not exceeding three (3) months from the end of the financial period included in such statements (which shall be disclosed within a period that is no less than 21 days from the date of the annual general assembly of shareholders).

  Since the Company is a company incorporated in the ADGM and is subject to essential obligations in the UAE, it has obtained several regulatory waivers in the KSA (as further detailed in Section (12) ("**Waivers**") of this Prospectus, resulting in the Company being subject to a regulatory framework that differs from the regular framework which governs listed companies in the KSA due to the fact that the Company will be a foreign issuer, in accordance with the following:

a- Appointment of Auditors in KSA is not mandatory:

- The Company has obtained a waiver from the CMA regarding its compliance with the provisions of Article 81(e) of the OSCOs, which states that the certified accountant or the accounting firm reviewing the financial statements of the Issuer must be registered at the CMA in accordance with the Rules for Registering Auditors of Entities Subject to the CMA's Supervision (in accordance with the definition contained in Section (1) ("**Definitions and Abbreviations**") of this Prospectus), and that the Issuer must ensure that the Auditor or the accounting firm, or any partner thereof, that are reviewing the financial statements of the Issuer must comply with the rules and regulations of SOCPA with regard to the ownership of any Shares or securities of the Issuer or any of its Affiliates (to ensure independence of the Auditor or the accounting firm, or any partner or employee thereof), given that the Company is a company incorporated in the ADGM and is mainly subject to the relevant accounting obligations in the UAE and will definitely appoint auditors in the UAE, and that its financial statements will be prepared and audited in line with the regulations and instructions in force in the UAE (and in accordance with international accounting standards issued by the IASB) provided that the Company's auditor is under the supervision of an independent regulatory body that has a membership in the International Forum for Independent Audit Regulators (IFIAR), or that the auditor is licensed to practice the auditing profession from a competent regulatory authority in one of the Gulf Cooperation Council (GCC) countries that has conditions and standards similar to those applicable by the CMA.

b- Suspension and/or cancellation of the Listing of the Company's Shares for the purpose of financial restructuring or liquidation procedures:

- The Company has obtained a waiver from Tadawul (after obtaining the CMA's approval) from the regulatory requirements provided under Article 36(a)(13) to Article 36(a)(16), Article 36(b)(4) and Article 36(b)(5) of the Listing Rules with regard to the suspension and/or cancellation of the listing of the Company's Shares in the event of registration of a request to commence a financial restructuring procedure of the Issuer whose accumulated losses amounted to 50% or more of its share capital as per the court pursuant to the Saudi Bankruptcy Law, or due to the registration of an application to commence a liquidation or an administrative liquidation process for the Issuer at the court pursuant to the Saudi Bankruptcy Law, or in the event that the court has issued its final order to end the financial restructuring procedure and commence a liquidation or an administrative liquidation procedure for the Issuer pursuant to the Saudi Bankruptcy Law, whereas such liquidation and bankruptcy procedures shall be subject to the applicable rules and regulations in the UAE, given that the Company is incorporated in ADGM, noting that in the event of cancelation of the listing of the Company's shares in ADGM, the CMA shall have the right to cancel the listing of the Company's Shares on Tadawul as the CMA deems appropriate subject to the provisions of Article 36(a)(6) of the Listing Rules. In addition, Tadawul shall have the right to suspend trading in the Company's Shares if trading in the Company's Shares is suspended in ADGM until such suspension is lifted in accordance with Article 36(c)(5) of the Listing Rules.

For further details on the provisions related to regulating the suspension of trading in the Company's Shares or the cancellation of its listing in the KSA, please refer to Subsection (13-8), Subsection (13-9) and Subsection (13-10) of Section (13) ("**Shares Information and Offering Terms and Conditions**") of this Prospectus.

11.2 The Application of the Provisions Relating to Mergers, Acquisitions, Reverse Takeovers and Demergers to the Company as a Foreign Issuer in the Kingdom

Companies listed on the Saudi Stock Exchange (Tadawul) are subject to the provisions relating to mergers, acquisitions, reverse takeovers and demergers governed by the CMA in the Kingdom, and whereas the Company deems it difficult to implement the provisions relating to acquisitions and mergers contained in the Merger and Acquisition Regulations, and the provisions relating to reverse takeovers and demergers (in accordance with the provisions of Part Nine of the OSCOs) on the Company after Listing, as any merger, acquisition, reverse takeover or demerger will be implemented in accordance with the laws and regulations applicable in the UAE, given that the Company is an ADGM company and subject to the rules and regulations applicable in the UAE and ADGM. Accordingly, the Company will not implement any acquisition, merger, reverse takeover or demerger after Listing without obtaining the prior approval of the CMA, and such transactions will be carried out in accordance with what is agreed upon between the Company and the CMA with respect to the requirements that the Company must comply with in this regard, as applicable.

11.3 Dealing with the Saudi Arabian CGRs and the Mechanism of Applying its Provisions to the Company

The Saudi Arabian CGRs are based on the KSA Companies Law issued by a Royal Decree No. M/3 dated 28/01/1437H (corresponding to 10/11/2015G), as amended (the "**KSA Companies Law**") and, in many sections thereof, refer to the KSA Companies Law. Noting that the KSA Companies Law is applicable to companies incorporated in the KSA (meaning that it is not applicable to the Company being a company incorporated in the ADGM rather than the KSA). As such, given that the Company's Shares will be listed on the Saudi Stock Exchange (Tadawul), the Company will abide by the provisions of the Saudi Arabian CGRs in general, taking into consideration that the Company is not subject to the KSA Companies Law and its implementing regulations, but is subject to the ADGM Companies Regulations, which means that the reference in the Saudi Arabian CGRs to the KSA Companies Law and its implementing regulations will be interpreted and applied accordingly.

11.4 Post-Listing Undertakings

After Listing, the Company undertakes to:

a- Pursuant to the provisions of Articles 25(1) of the Saudi Arabian CGRs, the Company shall abide by approving the necessary administrative and financial policies from the Board as soon as possible after the Listing.

b- Pursuant to the provisions of Article 30(b) of the Listing Rules, the Company will disclose to the public in KSA all information disclosed in the ADX simultaneously or prior to its disclosure in the ADX.

c- Subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus, the Company acknowledges the authority of the Saudi Stock Exchange (Tadawul) to suspend the trading of the Company's Shares pursuant to the cases stipulated in Article 36(C) of chapter seven (Cancellation of Listing and Suspension of Trading) of the Listing Rules. For more information on listing suspensions and cancellations, please refer to Subsection (13-8) of Section 13 ("**Shares Information and Offering Terms and Conditions**") of this Prospectus.

12. WAIVERS

The Company has obtained a number of waivers from the relevant regulatory requirements in the KSA, in accordance with the Company's justifications submitted to the CMA and the Saudi Exchange Company (Tadawul). These exemptions include:

1- Waivers from the OSCOs:

a- Exemption from Article 39 (b)(4), with respect to the submission by the Issuer's Financial Advisor of the financial advisor letter to the CMA in accordance with the form set out in Annex (20) of the OSCOs, as the letter submitted by the Financial Advisors included some drafting differences in order to be consistent with the special nature of the Offering, which has been submitted to the CMA in the form that the CMA deems appropriate.

b- Exemption from Article 40(b), with respect to the submission by the Issuer's Legal Advisor of the Legal Advisor letter to the CMA in accordance with the form set out in Annex (21) of the OSCOs, as the letter submitted by the Legal Advisor included some drafting differences in order to be consistent with the special nature of the Offering, which has been submitted to the CMA in the form that the CMA deems appropriate.

c- Exemption from Article 41(4), in connection with the preparation of the Company's audited financial statements, as it submitted its financial statements in the form of carve-out financial statements (based on IFRS and not on SOCPA accounting standards) and in USD, and it covers the Company's division's business for the three Financial Years ended in 2019, 2020 and 2021 (and the three-month interim period ended March 31, 2022 or six months period ended June 30, 2022 for at least the previous three Financial Years in accordance with the SOCPA's accounting standards).

d- Exemption from Article 46(a)(7), in respect of the Issuer's submission of a declaration as set forth in Annex (10) of the OSCOs, as the Company's submission included some drafting differences in order to be consistent with the special nature of the Offering, which has been submitted to the CMA in the form that the CMA deems appropriate.

e- Exemption from Article 46(a)(13), in respect of the submission of the Issuer's Articles of Association and bylaws along with all the amendments made thereto to the CMA, as the companies incorporated in the ADGM have no bylaws, but the Articles of Association have been submitted to the CMA.

f- Exemption from Article 47(b), with respect to the application of the content of Annex (12) of the OSCOs, which includes the minimum information to be included in the prospectus, as the content and format of this Prospectus and the Main Prospectus are somewhat different from the contents of Annex (12) of the OSCOs, noting that all information required pursuant to Annex (12) of the OSCOs has been included in the Main Prospectus and this Prospectus.

g- Exemption from Article 51(a), in connection with the publication of the prospectus and ensuring that it is made available to the Public at least 14 days prior to the commencement of the Offering, that is in order to ensure simultaneous offering periods for Institutional Subscribers and Individuals Subscribers as described in this Prospectus and in the Main Prospectus.

h- Exemption from Article 81(e), of the OSCOs in respect of the fact that the external auditor or accounting firm reviewing the Issuer's financial statements is required to be registered with the CMA in accordance with the Rules for Registering Auditors of Entities Subject to the CMA's Supervision (as defined in Section 7 ("Definitions and Abbreviations") of this Prospectus) provided that the Company's auditor is under the supervision of an independent regulatory body that has a membership in the International Forum for Independent Audit Regulators (IFIAR), or that the auditor is licensed to practice the auditing profession from a competent regulatory authority in one of the Gulf Cooperation Council (GCC) countries that has conditions and standards similar to those applicable by the CMA.

i- Exemption from sub-section 4(17) and sub-section 4(19) of Annex (12), with respect to the disclosure of the minimum and maximum number of shares to which each tranche of the targeted investors may subscribe. Whereby, the value of the minimum and maximum number of shares to be subscribed for by each tranche of the targeted investors shall be disclosed pursuant to sub-section 4(18) and sub-section 4(20) of Annex (12) of the OSCOs.

2- Waivers from the Instructions for Book-building Process and Allocation Method in Initial Public Offerings:

a- Waiver from the requirements listed in Article 3(a) of the Instructions on Book-building Process and the Allocation Method in Initial Public Offerings to allow the release of the order of the Book Building Period and the Offering Period for Participating Entities Tranche along with the Offering Period for Individual Subscribers.

b- Waiver from the requirements listed in Sub-paragraph (2) of Article 7 of the Instructions on Book-building Process and the Allocation Method in Initial Public Offerings to allow the Company to follow the UAE allocation mechanism, which is based on the discretion of the Selling Shareholder and the Company, in consultation with the Financial Advisors.

3- Exemptions from the Rules and Regulations of the Saudi Stock Exchange:

a- Waiver from the application of Article 36(a)(13) to Article 36(a)(16), Article 36(b)(4) and Article 36(b)(5) of the Listing Rules with regard to the suspension and/or cancellation of the listing of Company's Shares in the event of registration of a request to commence a financial restructuring procedure for the Company where its accumulated losses has amounted to fifty percent (50%) or more of its share capital as per the court under the Saudi Bankruptcy Law, or when registering a request to commence a liquidation or an administrative liquidation procedure for the Issuer by the court under the Saudi bankruptcy Law, or in the event that the court has issued its final order to end the financial restructuring procedure and commence a liquidation or an administrative liquidation procedure in which case the rules and regulations in the UAE shall apply in relation to the liquidation and bankruptcy given that the Company is an AGDM company and is subject to the UAE's Bankruptcy Law.

b- Waiver from the application of Article 11-5(a) of the Trading and Membership Procedures approved by the CMA's board of directors' resolution No. (1-82-2018), dated 17/11/1439H (corresponding to 30/7/2018G) as amended with regard to the volatility limits of the offering shares for the first three days of trading.

4- Waivers from other KSA Rules, Regulations and Guidelines:

The CMA has agreed to exempt the Company from the application of the following rules, regulations and guidelines (given that the Company – being a company incorporated in ADGM – will be subject to certain rules and regulations governing the matters covered in the rules, regulations and guidelines mentioned below.

a- Regulatory Rules and Procedures Issued pursuant to the Companies Law relating to listed joint stock companies.

b- Instructions for Companies Announcements, provided that the Company complies with the disclosure requirements contained in the OSCOs and the Listing Rules.

c- Procedures and Instructions Related to Listed Companies with Accumulated Losses Reaching 20% or more of their Share Capital, provided that the Company complies with the requirements of disclosing the percentage of losses contained in these procedures (where applicable).

13. SHARE INFORMATION AND OFFERING TERMS AND CONDITIONS

The Company has submitted an application to the CMA for the registration and offer of the Shares in the KSA in accordance with the OSCOs and the Book Building Instructions, an application to list the Shares on the Saudi Stock Exchange in accordance with the Listing Rules (subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus).

The Company has also submitted an application to the SCA for the registration and offer of the Shares in the UAE, noting that the listing application will be submitted to the ADX for listing of the Shares in the UAE after the closure of the subscription period to the Individual Subscriber Tranche in the KSA, the Individual Subscriber Tranche in the UAE and the Qualified Participating Entities Tranche Tranche, and completion of the subscription process and acceptance of the Offer Shares in the UAE (in accordance with the applicable laws and regulations in the UAE). For further information in respect of the application submitted by the Company for the purposes of the Offering in the UAE and the regulatory requirements relating thereto, please refer to Paragraph "**Concurrent Offering**" in the cover page of the Main Prospectus.

All Subscribers must read the subscription terms and conditions carefully before completing the relevant Subscription Application Form. Signing the Subscription Application Form and delivering it to the Receiving Agent or the Bookrunners (as applicable) is deemed as acceptance of the subscription terms and conditions.

13.1 Subscription for Offer Shares

The Offering will consist of two billion five hundred twenty-seven million eighty-nine thousand nine hundred and thirty (2,527,089,930) ordinary shares with a fully paid nominal value of AED 0.073 (equivalent to SAR 0.075) per share. The Offer Shares represent 30% of the Company's share capital and are offered at a final price of AED [•] (equivalent to SAR [•]) per share with a total value of [•] million AED [•] (equivalent to SAR [•]). The Offering is restricted to the following groups of Subscribers:

1- **Institutional Tranche:** the Institutional Tranche shares will be offered in accordance with the Main Prospectus (for the Institutional Tranche in the UAE) and in accordance with this Prospectus (for the Participating Entities Tranche in the KSA, as defined below). Two billion, one hundred and forty-eight million, twenty-six thousand, four hundred and forty-one shares (2,148,026,441) of the Offer Shares (representing (85%) of the total Offer Shares) will be offered and allocated to the Institutional Tranche. The final Institutional Tranche size in the UAE and in the KSA will be determined through the Book-building Process as determined by the Selling Shareholder and the Company, in their full discretion and in consultation with the Financial Advisors and the Joint Global Coordinators (each as defined in Section 1 ("**Definitions and Abbreviations**") of this Prospectus), and in the event that the Institutional Tranche does not subscribe for all the Offer Shares allocated to them, the Offering shall be withdrawn.

2- **KSA Retail Tranche:** The KSA Retail Tranche comprises Saudi Arabian nationals, including any Saudi female divorcee or widow with minor children from a marriage to a non-Saudi individual, who is entitled to subscribe to the Offer Shares for her own benefit or in the names of her minor children, on the condition that she proves that she is a divorcee or widow and the mother of her minor children, any non-Saudi natural person who is resident in the KSA or GCC nationals, in each case, who has a bank account, and is entitled to open an investment account, with one of the Receiving Agents (collectively referred to as the "**Individual Investors in the KSA**" and each an "**Individual Investor in the KSA**" and together with the Participating Entities Tranche as the "**Subscribers in the KSA**"). A subscription for Shares made by a person in the name of his divorcee in the KSA shall be deemed invalid and if a transaction of this nature is proved to have occurred, the law shall be enforced against the applicant. If a duplicate subscription is made, the second subscription will be considered void and only the first subscription will be accepted. Individual Subscriber shares in the KSA will be offered in accordance with this Prospectus and the Main Prospectus, and up to two hundred and fifty-two million, seven hundred and eight thousand, ninety-three (252,708,993) shares of Offer Shares (representing up to (10%) of the total Offer Shares) of the KSA Retail Tranche. Noting that the final size of the KSA Retail Tranche will be determined after the completion of the Book-building Process. If the KSA Retail Tranche do not subscribe to the full number of Offer Shares allocated to them, these unsubscribed Shares will be available for subscription by the "**Institutional Tranche**" .

The Selling Shareholder and the Company (in consultation with the Financial Advisors and the Joint Global Coordinators) reserve the right to amend the Individual Subscribers Tranche in the UAE and the Institutional Tranche only at any time prior to the end of the Subscription Period at their sole discretion, subject to the approval of the Relevant Authorities in the UAE, noting that in the event that the shares allocation percentages are amended for the Institutional Tranche and the UAE Retail Tranche, the Selling Shareholder and the Company will not increase the UAE Retail Tranche size to more than 10% of the total Offer Shares or reduce the Institutional Tranche size less than 80% of the Offer Shares, which means that the KSA Retail Tranche together with the UAE Retail Tranche size will not exceed 20% of the total Offer Shares. An announcement will be made in the event of any amendments on the UAE Retail Tranche size and the Institutional Tranche size.

The Book-building Process and subscription period for the Institutional Tranche (including the Participating Entities Tranche) will commence on Monday 20/04/1444H (corresponding to 14/11/2022G), and will remain open for a period of nine (9) days up to and including the closing day on Tuesday 28/04/1444H (corresponding to 22/11/2022G) at 11 a.m. (which is concurrent with the Book-building Process and subscription Period for the Institutional Tranche in the UAE), while the offering period for the KSA Retail Tranche will commence on Monday 20/04/1444H (corresponding to 14/11/2022G), and will remain open for a period of eight (8) days up to and including the closing day on Monday 27/04/1444H (corresponding to 21/11/2022G) at 12 p.m. (which is concurrent with the Individual Subscribers Offering Period in the UAE and the Book-building Process Period for the Institutional Tranche).

For information on the method of subscription to the Offer Shares in the UAE, please refer to the ("**Subscription Terms and Conditions**") sub-section of the Main Prospectus.

13.2 Book-Building for Participating Entities Tranche and Determining the Final Offer Price

The offer price at which all the Subscribers will purchase each Offer Share will be the Final Offer Price. The offer price in the KSA shall be in Saudi Riyals, which price will be determined through the Offer Price Range that will be announced on the same day of the Offering Period (but before the commencement of the Offering Period on that date). The Offer Shares of the Institutional Tranche must represent all of the Offer Shares used to calculate the Final Offer Price of each Offer Share:

a- The Offer Price Range will be determined by the Company in consultation with the Financial Advisors and Joint Global Coordinators, who shall invite a number of prospective Institutional Tranche to participate in the Book-building Process by presenting a non-binding bid for a specified number of shares they wish to purchase, including the prices they wish to pay, within the Offer Price Range.

b- Each Institutional Tranche must submit requests to participate in the Book-building Process by submitting Subscription Application Forms, including the indication of the financial market in which the Institutional Tranche wish to apply for subscription, and the Institutional Tranche (whether in the UAE or KSA), who are eligible to obtain shares offered in the Saudi Stock Exchange (Tadawul) and the ADX, will have the opportunity to obtain shares from any of the two exchanges, and they must indicate the market in which they prefer to acquire shares when subscribing to the Offer Shares. Institutional Tranche Subscribers may change or cancel their Application Forms at any time during the Book-building Process, provided that such change is made by submitting an amended or additional Application Form, where applicable, during the Book-building period and before the closing of the Book-building Process. The number of Offer Shares to be subscribed by each Participating Entity in the KSA shall neither be less than SAR 5,000,000 nor more than SAR [•] shares. Public investment funds must not exceed the maximum amount specified for each participating fund determined in accordance with the Book Building Instructions in the KSA. The number of requested Offer Shares shall be subject to allocation. The Bookrunners will notify the Participating Entity of the Offer Price and the number of Offer Shares initially allocated thereto. It is possible that Shares will not be allocated to some Institutional Tranche Subscribers as deemed appropriate by the Company and the Bookrunners. Subscriptions by the Participating Entities Tranche shall commence during the Offering Period, which also includes Individual Subscribers in the KSA, according to the terms and conditions stipulated in the Subscription Application Forms.

c- Following completion of the Book-building Process for Participating Entities Tranche, the Bookrunners will announce the percentage of coverage by the Institutional Tranche.

d- Participating Entities Tranche located outside the KSA may submit Book-Building Application for investors outside the KSA to participate in the Book-building Process, telephonically and electronically, to the Bookrunners, without the need to fill and sign the Participating Entity Subscription Form.

e- The Participating Entities Tranche will fund their allocations of Offer Shares only after such allocations have been communicated to them by the Bookrunners.

f- The Final Offer Price for each Share will be determined following completion of the Book-building Period and after consultations between the Financial Advisors, the Joint Global Coordinators, the Selling Shareholder and the Company.

For further information on the Book-building Process for Participating Entities Tranche and the determination of the Final Offer Price, please refer to the ("**Subscription Terms and Conditions**") sub-section of the Main Prospectus.

13.3 Subscription by Individual Subscribers in the KSA

Each Individual Investor in the KSA must submit a Subscription Application Form (for Individual Subscribers in the KSA) and subscribe for a minimum number of (1,000) Shares and a maximum value of SAR [•]. No change or withdrawal of the Subscription Application Forms shall be permitted once the Subscription Application Form has been submitted.

Subscription Application Forms will be available during the Offering Period on the websites of the Receiving Agents which provide such services in the KSA. Subscription Application Forms shall be completed in accordance with the instructions mentioned below. Individual Subscribers in the KSA can subscribe through the Internet, telephone banking or ATMs of any of the Receiving Agents' branches that offer any or all such services to its customers in the KSA, provided that the following requirements are satisfied:

a- The Individual Investor in the KSA must have a bank account at a Receiving Agent which offers such services in the KSA; and

b- No changes have been made to the personal information or data of the Individual Investor in the KSA since their subscription in a recent offering.

A signed Subscription Application Form represents a legally binding agreement between the Company and the relevant Individual Investor in the KSA submitting the application to the Receiving Agents.

Individual Subscribers in the KSA may obtain a copy of this Prospectus and the Main Prospectus along with the Subscription Application Form from the websites of the following Receiving Agents (this Prospectus and the Main Prospectus are also available on the websites of the CMA, the Financial Advisors and the Company):

Receiving Agents in the Kingdom

Saudi National Bank (SNB)
King Fahad Road – Al-Aqiq King Abdullah Financial District
P.O. Box 3208, Unit No. 778
Kingdom of Saudi Arabia
Tel: +966 (92) 0001000
Fax: +966 (11) 4060052
Website: www.alahli.com
E-mail: contactus@alahli.com

Al Rajhi Bank
King Fahd Road - Al-Murouj District - Al Rajhi Bank Tower
Riyadh 11411
Kingdom of Saudi Arabia
Tel: +966 11 828 2515
Fax: +966 11 279 8190
Website: www.alrajhibank.com.sa
Email: contactcenter1@alrajhibank.com.sa

Riyad Bank
Eastern Ring Road
P.O. Box 22622
Riyadh 11614
Kingdom of Saudi Arabia
Tel: +966 11 401 3030
Fax: +966 11 403 0016
Website: www.riyadbank.com
E-mail: customercare@riyadbank.com

Alinma Bank
King Fahd Road, Al Anoud Tower
P.O. Box 66674 Riyadh 11586
Kingdom of Saudi Arabia
Tel: +966 (11) 218 5555
Fax: +966 (11) 218 5000
Website: www.alinma.com
E-Mail: info@alinma.com

Arab National Bank
King Faisal Street
P.O Box 56921 Riyadh 11564
Kingdom of Saudi Arabia
Tel: +966 (11) 4029000
Fax: +966 (11) 4027747
Website: www.anb.com.sa
Email: info@anb.com.sa

For further information on the subscription method for Individual Subscribers in the UAE, please refer to the ("**Subscription Terms and Conditions**") sub-section of the Main Prospectus.

13.4 Offering Period and Conditions for Individual Subscribers

The Receiving Agents in the KSA will commence receiving Subscription Application Forms (for Individual Subscribers in the KSA) from Monday 20/04/1444H (corresponding to 14/11/2022G) until Monday 27/04/1444H (corresponding to 21/11/2022G) at 12 a.m. Once the Individual Subscribers in the KSA complete all the required information in Subscription Application Form and attach all the required documentation and submit the same to the Receiving Agents in the KSA, the Receiving Agent in the KSA will approve the Subscription Application Form submitted by the Applicant. In the event the information provided in the Subscription Application Form is incomplete or inaccurate, or not approved by the Receiving Agent in the KSA, the Subscription Application Form will be considered void. Each Subscriber is required to specify the number of Offer Shares applied for in the Subscription Application Form, and the total subscription amount shall be the number of Offer Shares applied for multiplied by the Offer Price of AED [•] (equivalent to SAR [•])(SAR [•]) per share.

Subscriptions for less than of (1,000) Shares will not be accepted. Increments are to be made in multiples of (10) Shares or (100) Shares. The maximum value to be applied for by each Individual Subscriber is SAR [•].

Subscription Application Forms (for Individual Subscribers in the KSA) should be submitted during the Offering Period and accompanied, where applicable, with the following documents. The Receiving Agents in the KSA shall verify all copies against the originals and will return the originals to the Subscriber:

- Original and copy of the national civil identification card (Individual Subscribers).
- Original and copy of the family identification card (when subscribing on behalf of family members).
- Original and copy of a power of attorney (when subscribing on behalf of others).
- Original and copy of a certificate of guardianship (when subscribing on behalf of orphans).
- Original and copy of the divorce certificate (when subscribing on behalf of the children of a divorced Saudi woman).
- Original and copy of the death certificate (when subscribing on behalf of the children of a widowed Saudi woman).
- Original and copy of the birth certificate (when subscribing on behalf of the children of a divorced or widowed Saudi woman).

Powers of attorney are only allowed for family members (parents and children only). In the event an application is made on behalf of a Subscriber in the KSA (parents and children only), the name of the person signing on behalf of the Subscriber should be stated in the Subscription Application Form (for Individual Subscribers). The power of attorney must be issued by a notary public for those who are in the KSA and must be legalized through a Saudi embassy or consulate in the relevant country for a Saudi Individual Subscriber residing outside Saudi Arabia.

It is sufficient to fill out one Subscription Application Form for the prime Individual Subscriber applying for himself/ herself and family members appearing on his/ her family identification card if the family members are applying for the same number of Offer Shares as the prime Individual Subscriber. In this case:

1- All Offer Shares allocated to the prime Individual Subscriber and dependent Subscribers will be registered in the prime Individual Subscriber's name;
2- The prime Individual Subscriber will receive any refund of amounts not allocated and paid by themselves or dependent Subscribers; and
3- The prime Individual Subscriber will receive all dividends distributed for the Offer Shares allocated to themselves and dependent Subscribers (in the event the Shares are not sold or transferred).

Separate Subscription Application Forms must be used if:

1- The Offer Shares to be allocated are to be registered in a name other than the name of the prime Individual Subscriber;
2- Dependent Subscribers intend to apply for a different number of Offer Shares than the prime Individual Subscriber; and
3- The wife intends to subscribe in her name adding allocated Offer Shares to her account (she must complete a separate Subscription Application Form from the one completed by the relevant prime Individual Subscriber). In the latter case, applications made by husbands on behalf of their spouses will be cancelled and the wives' independent application will be processed by the Receiving Bank.

A Saudi female divorcee or widow who has minor children from a marriage to a non-Saudi husband may subscribe on behalf of those children provided she submits proof of motherhood.

During the Offering Period, only a valid Iqama will be an acceptable form of identification for non–Saudi dependents. Passports or birth certificates will not be accepted. Non-Saudi dependents can only be included as dependents with their mother and cannot subscribe as prime Individual Subscribers. The maximum age for non-Saudi dependents to be included with their mother is 18 years. Any documents issued by a foreign government must be legalized through a Saudi embassy or consulate in the relevant country.

Each Subscriber agrees to subscribe for and purchase the number of Offer Shares specified in their Subscription Application Form for an amount equal to the number of Offer Shares applied for multiplied by the Offer Price of AED [•] (equivalent SAR [•]) per Offer Share. Each Subscriber shall be deemed to have acquired the number of shares allocated to them upon:

1- Delivery by the Subscriber of the Subscription Application Form (for Individual Subscribers) to any Receiving Agent; and
2- Payment in full by the Subscriber to the Receiving Agent of the total value of the Offer Shares subscribed for.

The total value of the Offer Shares subscribed for must be paid in full with the Receiving Agents by depositing the related value into the Subscriber's account held with the Receiving Agent where the Subscription Application Form is submitted.

If a submitted Subscription Application Form is not in compliance with the terms and conditions of the Subscription, the Company shall have the right to reject such application, in full or in part. The applicant shall accept any number of shares allocated thereto unless the allocated shares exceed the number of Offer Shares applied for by the applicant.

13.5 Allocation of Shares and Refund of Excess Subscription Monies

The Lead Manager and the Receiving Agents in the KSA shall open and operate an escrow account called the ("**IPO Account**"). Each of the Receiving Agents shall deposit all amounts received by the Individual Subscribers in the KSA into the IPO Account mentioned above.

The announcement of the final allocation shall be made on Wednesday 29/04/1444H (corresponding to 23/11/2022G) and the refund of excess subscription monies, if any, will be made no later than nine (9) working days as of the date specified for the final allotment of the Offer Shares for all Tranche of Subscribers in the KSA and the UAE (i.e. on (Monday 11/05/1444H (corresponding to 05/12/2022G)).

13.6 Allocation of Offer Shares to Participating Entities Tranche

Up to two billion, one hundred and forty-eight million, twenty-six thousand, four hundred and forty-one shares (2,148,026,441) of the Offer Shares (representing (85%) of the total Offer Shares) will be offered and allocated to the Institutional Tranche, the final size of the Institutional Tranche in the UAE and in the KSA will be determined through the Book-building Process as determined by the Selling Shareholder and the Company, in their full discretion and in consultation with the Financial Advisors and the Joint Global Coordinators (each as defined in Section 1 ("**Definitions and Abbreviations**") of this Prospectus), noting that in the event that the Institutional Tranche does not subscribe for all the Offer Shares allocated to them, the Offering shall be withdrawn

The Selling Shareholder and the Company (in consultation with the Financial Advisors and the Joint Global Coordinators) reserve the right to amend the Individual Subscribers Tranche in the UAE and the Institutional Tranche only at any time prior to the end of the Subscription Period at their sole discretion, subject to the approval of the Relevant Authorities in the UAE, noting that in the event that the shares allocation percentages are amended for the Institutional Tranche and the UAE Retail Tranche, the Selling Shareholder and the Company will not increase the UAE Retail Tranche size to more than 10% of the total Offer Shares or reduce the Institutional Tranche size less than 80% of the Offer Shares, which means that the KSA Retail Tranche together with the UAE Retail Tranche size will not exceed 20% of the total Offer Shares. An announcement will be made in the event of any amendments on the UAE Retail Tranche size and the Institutional Tranche size.

13.7 Allocation of Offer Shares to the KSA Retail Tranche

The Offering for the KSA Retail Tranche will be made in accordance with this Prospectus and the Main Prospectus, and up to two hundred and fifty-two million, seven hundred and eight thousand, ninety-three (252,708,993) shares (representing up to (10%) of the total Offer Shares) will be offered to the KSA Retail Tranche. The final KSA Retail Tranche final size will be determined after the completion of the Book-building Process. If all of the Offer Shares in the KSA Retail Tranche are not fully subscribed for, the unsubscribed Offer Shares will be allocated to the "Institutional Tranche". The Selling Shareholder and the Company (in consultation with the Financial Advisors and the Joint Global Coordinators) reserve the right to amend the Individual Subscribers Tranche in the UAE and the Institutional Tranche only at any time prior to the end of the Subscription Period at their sole discretion, subject to the approval of the Relevant Authorities in the UAE, noting that in the event that the shares allocation percentages are amended for the Institutional Tranche and the UAE Retail Tranche, the Selling Shareholder and the Company will not increase the UAE Retail Tranche size to more than 10% of the total Offer Shares or reduce the Institutional Tranche size less than 80% of the Offer Shares, which means that the KSA Retail Tranche together with the UAE Retail Tranche size will not exceed 20% of the total Offer Shares. An announcement will be made in the event of any amendments on the UAE Retail Tranche size and the Institutional Tranche size.

The announcement of the final number of the Offer Shares to be allocated to each Individual Subscriber is expected to be made on Wednesday 29/03/1444H (corresponding to 23/10/2022G), and the announcement of excess subscription monies in the KSA, if any, will be made no later than nine (9) Business Days as of the date specified for the final allotment of the Offer Shares for all Tranche of Subscribers in the KSA and the UAE (i.e. Monday 11/05/1444H (corresponding to 05/12/2022G)).

Excess subscription monies, if any, will be refunded to Individual Subscribers in the KSA in whole without any deductions or fees and will be deposited in the Individual Subscribers' accounts with the relevant Receiving Agent. The announcement of the final allocation will be made on Wednesday 29/04/1444H (corresponding to 23/11/2022G) and the refund of excess subscription monies will be made no later than nine (9) Business Days from the date determined for final allocation of the Offer Shares to all tranches of Subscribers in the KSA and the UAE (i.e. Monday 11/05/1444H (corresponding to 05/12/2022G)). Individual Subscribers should communicate with the Receiving Agents where they submitted their Subscription Application Form, as applicable, for any further information.

13.8 Listing suspension or cancellation

Subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus, the following are the circumstances where the Listing may be suspended or cancelled:

a- The CMA may suspend trading of listed securities or cancel their listing in the KSA at any time it deems fit, in any of the following circumstances:
  - (i) The CMA considers it necessary for the protection of investors or the maintenance of an orderly market.
  - (ii) The Issuer fails, in a manner which the CMA considers material, to comply with the CML, its Implementing Regulations or the Exchange rules.
  - (iii) The Issuer fails to pay any fees due to the CMA or the Saudi Stock Exchange or penalties due to the CMA on time.
  - (iv) The CMA deems that the Issuer, its business, the level of its operations or its assets are no longer suitable to warrant the continued listing of its securities on the Saudi Stock Exchange.
  - (v) If the foreign issuer's securities have been cancelled on another financial market in case of cross listing of securities.
  - (vi) If the Issuer did not provide the CMA with any additional information or documents requested by the CMA from the Issuer or its auditor.

b- The suspension of trading in the KSA mentioned in paragraph (a) above may be lifted based on the following:
  - (i) Adequately addressing the conditions that led to the suspension and the lack of the need to continue the suspension to protect investors.
  - (ii) The lifting of suspension being unlikely to affect the normal activity of the Saudi Stock Exchange.
  - (iii) The Issuer complying with any other conditions that the CMA may require.

c- The Saudi Exchange Company shall suspend the trading of securities of the Issuer in any of the following cases:
   (i) When the Issuer does not comply with the deadlines for the disclosure of its periodic financial information in accordance with the OSCOs, until the disclosure thereof.
   (ii) When the auditor's report on the financial statements of the Issuer contains an opposing opinion or an abstention from expressing an opinion, until the opposing opinion or abstention is removed.
   (iii) If the liquidity requirements of Chapter 2 of the Listing Rules are not met after listing by the time limit set by the Saudi Stock Exchange for the Issuer to rectify its conditions, unless the CMA agrees otherwise.
   (iv) If trading of foreign issuer's securities in another financial market is suspended in case of cross listing of securities, until the suspension is lifted in the other financial market.

d- The Saudi Stock Exchange shall lift the suspension referred to in Paragraph (c) ((i) and (ii)) above after the lapse of one trading session following the end of the suspension circumstances. In the event that the over-the-counter trade of the Issuer's Shares is allowed, the Saudi Stock Exchange shall lift the suspension within a period of no more than five trading sessions after the end of the suspension circumstances.

e- The Saudi Stock Exchange may at any time propose to the CMA to suspend the trading of any listed security or cancel its listing where in its opinion any of the circumstances of Paragraph (a) above is likely to occur.

f- The Issuer whose securities are subject to a trading suspension must continue to comply with the CML, its Implementing Regulations and the Saudi Stock Exchange Rules.

g- In the event that the listing suspension continues for six (6) months with no appropriate procedure made by the Issuer to correct such suspension, the CMA may cancel the Issuer's listing.

13.9 Voluntary Cancellation of Listing

a- An issuer whose securities have been listed on the Saudi Stock Exchange may not cancel the listing of its securities without the prior approval of the CMA. To obtain CMA approval, the Issuer must submit the cancellation application to the CMA, along with a simultaneous notice to the Saudi Stock Exchange. The application shall include the following information:
   (i) A copy of the disclosure described below;
   (ii) A copy of the relevant documentation and a copy of each related communication to Shareholders if the cancellation is to take place as a result of a takeover or other corporate action taken by the Issuer; and
   (iii) Names and contact information of the Financial Advisors and Legal Advisor appointed according to the OSCOs.

b- The CMA may, at its discretion, approve or reject the cancellation request.

c- The foreign issuer whose shares are listed in the main market must provide the CMA with the confirmation that it has obtained all the approvals required in the foreign market in which its shares are listed to cancel its listing.

d- Where cancellation is made at the Issuer's request, the Issuer must disclose such to the public as soon as possible. The disclosure must include the reason for the cancellation, the nature of the event resulting in the cancellation, and how it affects the Issuer's activities.

13.10 Temporary Trading Suspension

a- An issuer may request from the Saudi Stock Exchange a temporary trading suspension of its securities upon the occurrence of an event during trading hours which requires immediate disclosure under the Saudi Stock Exchange Rules or its Implementing Regulations, where the Issuer cannot maintain the confidentiality of this information until the end of the trading period. The Saudi Stock Exchange will suspend trading of the securities of that issuer as soon as it receives the request.

b- When trading is temporarily suspended at the Issuer's request, the Issuer must disclose to the public as soon as possible the reason for the suspension, its anticipated period and the nature of the event resulting in the suspension and how it affects the Issuer's activities.

c- The CMA may impose a temporary trading suspension without a request from the Issuer when the CMA has information or there are circumstances that affect the Issuer's activities which the CMA deems likely to interrupt the operation of the Saudi Stock Exchange or jeopardize the protection of investors. An issuer whose securities are subject to a temporary trading suspension must continue to comply with the Law, its Implementing Regulations and the Saudi Stock Exchange Rules.

d- The Saudi Stock Exchange may propose that the CMA exercise its authority under Paragraph (c) above if it finds that there is information or circumstances that may affect the Issuer's activities and that are likely to interrupt the operation of the Saudi Stock Exchange or the protection of investors.

e- The temporary trading suspension will be lifted following the elapse of the period referred to in Paragraph (b) above, unless the CMA or the Saudi Exchange Company decide otherwise.

13.11 Miscellaneous

The Subscription Application Form in the KSA and all related terms, conditions and covenants hereof shall be binding upon and inure to the benefit of the parties to the subscription and their respective successors, permitted assigns, executors, administrators and heirs; provided that, except as specifically contemplated herein for the purpose of the Offering in the KSA, neither the Subscription Application Form nor any of the rights, interests or obligations arising pursuant thereto shall be assigned and delegated by any of the parties to the subscription without the prior written consent of the other party.

These instructions, conditions and receipt of any Subscription Application Forms or related contracts are governed, construed and enforced in accordance with the laws of the Kingdom of Saudi Arabia (subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus).

The Selling Shareholder is subject to a Statutory Lock-up Period and Contractual Lock-up Period of six (6) months starting from the date of trading in the Company's shares in the Saudi Stock Exchange (Tadawul) - pursuant with the provisions of Article (87)(a) of the OSCOs- in which the Selling Shareholder must not dispose any of his shares during a period of six (6) months from the date on which the Issuers shares' trading first commences on Saudi Stock Exchange (Tadawul). In addition to the Statutory Lock-up Period, the Selling Shareholder is also obligated for a Contractual Lock-up Period for six (6) months as of the Listing Date and shall not to: (i) directly or indirectly, issue, offer, pledge, sell, contract to sell or grant any option, right, warrant, or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of, directly or indirectly, any Shares or other shares of the Company, or securities convertible or exchangeable into or exercisable for any Shares or warrants or other rights to purchase Shares or any security or financial product whose value is determined directly or indirectly by reference to the price of the Shares, or file any registration statement under the US Securities Act or any similar document with any other securities regulator, stock exchange, or listing authority with respect to any of the foregoing; (ii) enter into any swap, or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Shares, in each case, whether any such transaction is to be settled by delivery of Shares or other securities, in cash or otherwise; or (iii) publicly announce such an intention to effect any such transaction, in each case, without the prior written consent of the Joint Lead Managers, such consent not to be unreasonably withheld or delayed. Following the Selling Shareholder's Contractual Lock-up Period, the Selling Shareholder will be free to dispose of its Shares. Additionally, a number of the minority shareholders are subject to a lock-up period of one hundred and eighty (180) days from the Listing Date, pursuant to which they are restricted from disposal of their shares – this is based on lock up deeds executed thereby. The other minority shareholders are not subject to any lock-ups and are free to trade their shares as from the Listing Date.

In these cases, it is incumbent on the Company to submit to the CMA a supplementary prospectus, according to the requirements of the OSCOs and the Listing Rules (subject to the inapplicable regulatory requirements or those for which a waiver has been obtained from the CMA, and/or the Saudi Exchange Company (Tadawul) (after obtaining the CMA's approval in this regard), as stated in Section (12) ("**Waivers**") of this Prospectus). The supplementary prospectus must be published, and an announcement made about applicable subscription dates.

This Prospectus was issued in Arabic.

13.12 Resolutions and Approvals on the Offering of the Offer Shares

The following are the resolutions and approvals pursuant to which the Company's Offer Shares are being offered:

- The Board of Directors' Resolution dated 01/09/2022G.
- The special general assembly resolution issued on 25/08/2022G.
- The SCA's approval of the Offering issued on dated 13/09/2022G.
- The SCA's approval of the registration of the Company's shares.
- The CMA's approval of the concurrent public offering of the Offer Shares in the KSA dated 06/04/1444H (corresponding to 31/10/2022G).
- Non-objection letter issued by the ADGM.
- Non-objection letter issued by the ADX.
- The conditional approval issued by the Saudi Stock Exchange to list the shares on 29/03/1444H (corresponding to 25/10/2022G).

The Selling Shareholder shall be subject to the Selling Shareholder Lock-up Periods defined in the Section ("**Offering Summary**"). During such period, the Substantial Shareholder is obligated (during such periods) not dispose of any of its shares. Following the end of such Selling Shareholder lock-up periods, the Selling Shareholder may dispose of its shares.

It is expressly prohibited to distribute this Prospectus to any person outside the Kingdom of Saudi Arabia, other than to foreign investors who are based in the United States of America that are "qualified institutional buyers" as defined in Rule 144A under the U.S. Securities Act and to foreign investors who are based outside the United States of America that are foreign institutional investors and GCC corporates and funds, together with other foreign investors in accordance with Regulation S by concluding swap agreements. All recipients of this Prospectus must inform themselves of all legal and regulatory restrictions relevant to this Offering and the sale of the Share and observe all such restrictions. The Company and its Financial Advisors ask all recipients of this Prospectus and the Main Prospectus to inform themselves of all legal and regulatory restrictions relevant to this Offering and the sale of the shares in the KSA and to observe all such restrictions. Each eligible Individual Investor and Participating Party should read the entire Prospectus and seek and rely on their own counsel, Financial Advisors and other professional Advisors for advice concerning the various legal, tax, regulatory and economic considerations relating to their investment in the Offer Shares and will be responsible for the fees of their own counsel, accountants and other Advisors as to all matters concerning an investment in the Offer Shares. No assurance can be made that profits will be achieved.

13.13 Subscription Declarations and Undertakings

By completing the Subscription Application Form, each Subscriber:

- agrees to subscribe for the Company's shares in the number of such shares as specified in the Subscription Application Form;
- declares that they have carefully read and reviewed the Prospectus and the Main Prospectus and understood all its contents;
- accepts the Articles of Association of the Company and all Offering instructions and terms mentioned in the Prospectus and the Main Prospectus;
- declares that neither themselves nor any of their family members included in the Subscription Application Form have previously subscribed for shares and the Company has the right to reject all duplicate applications;
- accepts the number of shares allocated thereto (to the maximum of the amount subscribed for) according to the Subscription Application Form and all other subscription instructions and terms mentioned in the Subscription Application Form and the Prospectus and the Main Prospectus;
- undertakes not to cancel or amend the Subscription Application Form after submitting it to the Lead Manager or the Receiving Agent; and
- undertakes to maintain their right to sue the Company for damages caused by incorrect or incomplete information contained in the Prospectus and the Main Prospectus, or by omitting material information that should have been part of the Prospectus and the Main Prospectus and could affect their decision to purchase the shares.

13.14 Trading of Shares in the KSA

It is expected that trading of the Company’s shares in the KSA will commence after the final allocation of the shares and the announcement of the commencement date of trading by the Saudi Stock Exchange. Dates and times included in this Prospectus and the Main Prospectus are only indicative and may be changed or extended subject to the approval of the CMA.

Furthermore, the Offer Shares can only be traded in the KSA after allocated Offer Shares have been credited to KSA Subscribers' accounts with Edaa, the Company has been registered and its shares listed on the Saudi Stock Exchange. Pre-trading in shares is strictly prohibited and Subscribers entering into any pre-trading activities will be acting at their own risk. The Company shall have no legal responsibility in connection with pre-trading activities. It should be noted that there are no regulatory restrictions relating to trading the shares in each of Tadawul and ADX or their fungibility between the two exchanges, as stated in Section (13-15) (“**Mechanism for Transferring Shares between ADX and Tadawul**”) of this Prospectus.

Further, pursuant to Article 85 of the OSCOs:

- Any person must notify Tadawul if such person becomes the owner of, or is interested in, 5% or more of any class of voting shares of the Issuer at the end of the third trading day following the execution of the transaction or the occurrence of the event which results such ownership or interest. The person notifying the CMA shall also include a list of persons, in which those persons, have an interest in the shares which they own or control.
- The person referred to above must notify Tadawul in the event of any change to the list of persons referred to above including any event which requires the inclusion of a person to that list or the exclusion of any person who has been previously included in that list. Such notification must be made at the end of the third trading day following the occurrence of the relevant event (noting that the notification referred to herein is restricted to the change occurring on the shares with voting rights and listed on Tadawul only, in accordance with Article 85(c) of the OSCOs, considering that the Issuer will be treated as a foreign issuer following Listing, given that its shares will be dual-listed on Tadawul and ADX).
- The person referred to above shall notify Tadawul through the automated system dedicated for such purpose and based on the standard forms provided for the same.

13.15 Mechanism for Transferring Shares between ADX and Tadawul

The shares will be transferred between ADX and Tadawul through Edaa – the below is a summary of the key processes and considerations relating to the transfer of shares between the two exchanges:

1- Investors seeking to transfer their shares between the two exchanges must set up an investment account with ADX and/or Edaa and such investors will be able to transfer their shares between the two exchanges (transfers are restricted to eligible investors only).

2- The shares traded on ADX and Tadawul will have the same ISIN number but different ticker codes.

3- Any instructions and special orders to transfer shares between the two exchanges must be relating to settled and transferrable shares and not to shares subject to any mortgages/collateral. For ADX, initiation of a transfer request should be done directly with ADX or through a broker/custodian. For Tadawul, initiation of a transfer request should be done through a broker/custodian only (and not through Tadawul directly).

4- Orders to transfer shares must be submitted before 12:00 PM UAE time (i.e. before 11:00 AM KSA time), and transfer orders will be executed on the same day but only in the event such orders are submitted on the same working days for ADX and Tadawul. No orders will be executed on Fridays, Sundays or official holidays of either exchanges. In the event an order is submitted after 12:00 PM UAE time (i.e. before 11:00 AM KSA time), such orders will be executed in the next joint working day. In the event the orders to transfer shares from ADX to Tadawul are received on a Friday, or in the event the orders to transfer shares from Tadawul to ADX are received on a Sunday, such orders will be executed in the next Monday (given that this would be a joint working day).

5- Transferring the shares from one investment account to another in each of the exchanges is subject to the relevant fees applicable in ADX and Edaa, in addition to any VAT applicable in the relevant market.

6- The following diagram clarifies the mechanism for transferring the shares from ADX to Tadawul:

The following diagram clarifies the mechanism for transferring the shares from ADX to Tadawul:

Figure (13-1): Transferring the Shares from ADX to Tadawul:

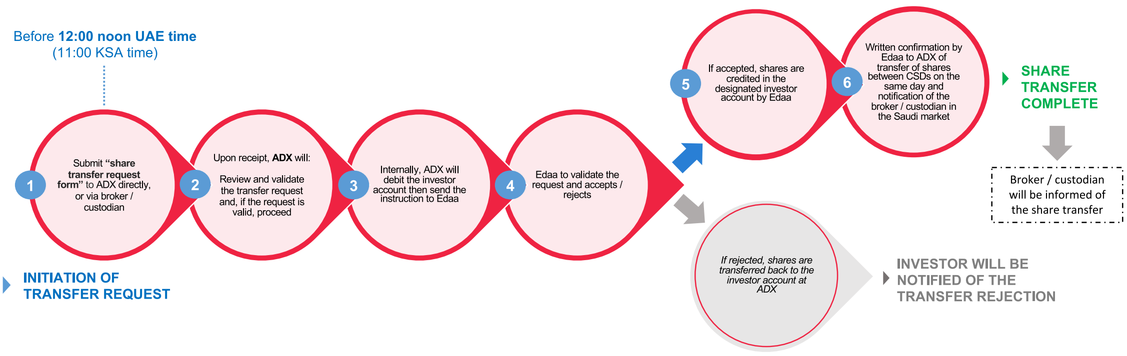
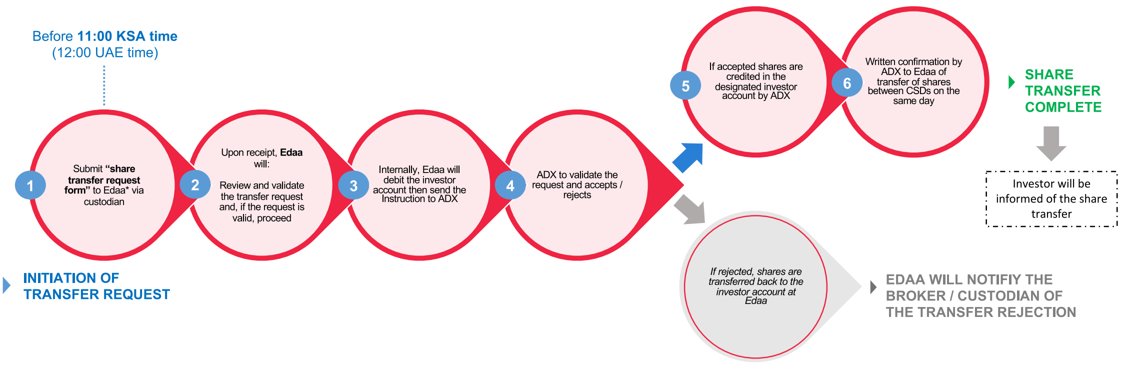


Figure (13-2): Transferring the Shares from Tadawul to ADX:



14. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents will be available for inspection at the Company's Head office in KSA, located in Prince Saad bin Abdulaziz Road, Al Namudhajiyah district, Riyadh, Saudi Arabia, between (9:00am) and (5:00pm) from Wednesday dated 08/04/1444H (corresponding to 02/11/2022G) until Monday dated 27/04/1444H (corresponding to 21/11/2022G) for a period of no less than 20 days prior to the end of the Offering Period:

- the Main Prospectus
- A copy of the SCA's approval of the Offering.
- A copy of the CMA's approval of the Offering.
- The Company's Board resolution approving the registration of the Company's shares and the public offering and listing of the shares in the KSA and UAE.
- The special general assembly resolution approving the registration of the Company's shares and the public offering and listing of the shares in the KSA and UAE.
- The Company's Articles of Association, together with any amendments thereto and other constitutional documents.
- The Company's commercial trade license.
- Document explaining methodologies used in determining the price range for the bookbuild/valuation report.
- The contracts and agreements disclosed in sub-section "**Material events and contracts concluded by the Company (including related party agreements)**" of the Third Section ("**Financial disclosures**") of the Main Prospectus.
- The special purpose carve-out audited financial statements of the Company for the years ended 31 December 2019G, 2020G, and 2021G, the reviewed condensed interim carve-out financial statements of the Company for the six-months period ended 30 June 2022G and the reviewed condensed interim carve-out financial statements of the Company for the nine-months period ended 30 September 2022G.
- The Underwriting Agreement.
- Other reports, letters, documents, value and data assessments prepared by any expert, including any part thereof mentioned in this Prospectus and the Main Prospectus.
- Written consent from the Financial Advisors, Bookrunners, Underwriters, Lead Manager, International Coordinators, Legal Advisor, Financial Due Diligence Advisor, Auditor and Market Industry Consultant for the Offering to include their names, logos and statements (where applicable) in the Prospectus.
- Document containing certain forward-looking statements in relation to the expected financial performance of the Company in the future.

Americana Restaurants

Special purpose carve-out financial statements of Kuwait Food Company (Americana) K.S.C.C. - Americana Restaurants (subsequently known as Americana Restaurants LTD)

for the years ended 31 December 2021, 2020 and 2019

Contents

Independent auditor's report to the Directors of Adeptio AD Investments Ltd

Report on the audit of the special purpose carve-out financial statements

Our opinion

In our opinion, the special purpose carve-out financial statements present fairly, in all material respects, the financial position of Kuwait Food Company (Americana) K.S.C.C. - Americana Restaurants ("Americana Restaurants") as at 31 December 2021, 2020 and 2019 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

What we have audited

Americana Restaurants' special purpose carve-out financial statements comprise:

- the special purpose carve-out statements of financial position as at 31 December 2021, 2020 and 2019;
- the special purpose carve-out statements of comprehensive income for the years then ended;
- the special purpose carve-out statements of changes in equity for the years then ended;
- the special purpose carve-out statements of cash flows for the years then ended; and
- the notes to the special purpose carve-out financial statements, which include significant accounting policies and other explanatory information.

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 special purpose carve-out 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 Americana Restaurants 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 financial statements in the Dubai International Financial Centre. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

PricewaterhouseCoopers Limited License no. CL0215
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PricewaterhouseCoopers Limited is registered with the Dubai Financial Services Authority

Independent auditor's report to the Directors of Adeptio AD Investments Ltd (continued)

Emphasis of matter – Basis of accounting

We draw attention to the fact that, as described in Note 1 to the special purpose carve-out financial statements, Americana Restaurants has not operated as a separate entity during the years presented. These special purpose carve-out financial statements are, therefore, not necessarily indicative of the future results of the Americana Restaurants business as a separate stand-alone entity.

The special purpose carve-out financial statements are prepared by the management of Americana Restaurants in connection with the listing of Americana Restaurants on the Abu Dhabi Securities Exchange in the United Arab Emirates and the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. As a result, the special purpose carve-out financial statements may not be suitable for another purpose.

Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the special purpose carve-out financial statements

Management is responsible for the preparation and fair presentation of the special purpose carve-out financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of special purpose carve-out financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose carve-out financial statements, management is responsible for assessing the Americana Restaurants' 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 Americana Restaurants or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Americana Restaurants financial reporting process.

Auditor's responsibilities for the audit of the special purpose carve-out financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose carve-out 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 special purpose carve-out financial statements.

pwc

Independent auditor's report to the Directors of Adeptio AD Investments Ltd (continued)

Auditor's responsibilities for the audit of the special purpose carve-out financial statements (continued)

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 special purpose carve-out 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 Americana Restaurants' 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 Americana Restaurants' 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 special purpose carve-out 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 Americana Restaurants to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the special purpose carve-out financial statements, including the disclosures, and whether the special purpose carve-out financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

PricewaterhouseCoopers Limited
27 July 2022

PricewaterhouseCoopers

Dubai, United Arab Emirates

AMERICANA

Americana Restaurants

Special purpose carve-out statement of financial position as at

		US Dollars'000			
	Note	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
ASSETS					
Non-current assets					
Property and equipment	5	221,919	207,887	244,334	261,273
Right of use assets	12	361,975	371,547	459,665	484,734
Loan to a related party	18	51,200	-	-	-
Investment properties	6	9,341	7,521	8,007	7,588
Intangible assets	7	42,623	37,692	32,987	30,233
Derivative financial instrument	9	7,512	-	-	-
Deferred tax asset		2,150	1,599	150	1
Total non-current assets		696,720	626,246	745,143	783,929
Current assets					
Inventories	8	107,297	97,093	93,886	108,705
Trade and other receivables	9	94,034	95,980	89,943	88,200
Due from related parties	18	1,189	696	1,713	27,746
Loan to a related party	18	12,800	-	-	-
Derivative financial instrument	9	1,878	-	-	-
Cash and cash equivalents	10	173,996	196,347	169,878	106,646
Total current assets		391,194	390,116	355,420	331,297
Total assets		1,087,914	1,016,362	1,100,563	1,115,226
LIABILITIES AND EQUITY					
Non-current liabilities					
Lease liability	12	248,136	263,630	318,945	339,536
Provision for employees' end of service benefits	13	76,260	80,413	81,231	84,186
Trade and other payables	14	50,195	46,265	49,470	-
Deferred gain on derivative financial instrument	9	7,512	-	-	-
Deferred tax liabilities		-	-	827	879
Total non-current liabilities		382,103	390,308	450,473	424,601
Current liabilities					
Bank facilities	11	7,073	24,563	13,631	11,158
Deferred gain on derivative financial instrument	9	1,878	-	-	-
Lease liability	12	136,463	139,809	148,780	121,370
Income tax, zakat and other deductions payable	16	12,614	8,636	10,552	8,481
Trade and other payables	14	352,326	321,702	314,469	280,792
Due to related parties	18	23,683	22,419	14,382	21,987
Provisions for legal, tax and other claims	15	32,062	22,310	12,889	22,154
Total current liabilities		566,099	539,439	514,703	465,942
Total liabilities		948,202	929,747	965,176	890,543
Equity					
Accumulated net contribution from the Parent Company		148,984	89,789	119,951	208,070
Foreign currency translation reserve		(20,429)	(12,683)	(1,448)	(1,600)
Net Parent Investment attributable to Parent Company		128,555	77,106	118,503	206,470
Non-controlling interests	17	11,157	9,509	16,884	18,213
Total equity		139,712	86,615	135,387	224,683
Total liabilities and equity		1,087,914	1,016,362	1,100,563	1,115,226

Harsh Bansal
Chief Financial Officer

Amarpal Sandhu
Chief Executive Officer

Abdulmalik Al Hogail
Board Member

Mohamed Ali Rashed Alabbar
Board Member

The accompanying notes form an integral part of these special purpose carve-out financial statements.

Americana Restaurants

Special purpose carve-out statement of income for the year ended 31 December

	Note	US Dollars'000		
		2021	2020	2019
Revenues	19	2,051,747	1,577,795	1,890,219
Cost of revenues	20	(970,351)	(773,853)	(902,821)
Gross profit		1,081,396	803,942	987,398
Selling and marketing expenses	21	(679,603)	(578,882)	(646,018)
General and administrative expenses	22	(176,989)	(157,849)	(165,113)
Other income		15,478	32,017	12,990
Monetary gain from hyperinflation	4	3,043	38,818	-
Reversal of impairment/(impairment losses) of non-financial assets	4	1,179	(21,298)	(248)
Net impairment allowance on financial assets	9	(1,454)	(1,644)	50
Operating profit		243,050	115,104	189,059
Finance income	24	2,208	822	589
Finance costs	24	(23,118)	(29,864)	(28,411)
Profit before income tax, zakat, and KFAS		222,140	86,062	161,237
Income tax, zakat, and contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")	27	(15,732)	(6,281)	(9,138)
Net profit for the year		206,408	79,781	152,099
Attributable to:				
Net Parent Investment attributable to Parent Company		203,917	80,826	151,070
Non-controlling interests		2,491	(1,045)	1,029
		206,408	79,781	152,099

The accompanying notes form an integral part of these special purpose carve-out financial statements.

Americana Restaurant

Special purpose carve-out statement of comprehensive income for the year ended 31 December

	US Dollars'000		
	2021	2020	2019
Net profit for the year	206,408	79,781	152,099
Other comprehensive income items			
Items that will not be reclassified subsequently to special purpose carve-out statement of income:			
Remeasurement of employees' end of service benefits (Note 13)	436	(6,050)	-
Items that may be reclassified subsequently to special purpose carve-out statement of income:			
Exchange differences on translating foreign operations including the effect of hyperinflation	(7,698)	(11,227)	82
Total other comprehensive income items	(7,262)	(17,277)	82
Total comprehensive income for the year	199,146	62,504	152,181
Attributable to:			
Net Parent Investment attributable to Parent Company	196,607	63,541	151,222
Non-controlling interests	2,539	(1,037)	959
	199,146	62,504	152,181

The accompanying notes form an integral part of these special purpose carve-out financial statements.

Americana Restaurants

Special purpose carve-out statement of changes in equity for the year ended 31 December

	Notes	Net Parent Investment attributable to Parent Company: Accumulated net contribution from the Parent Company	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
		US Dollars'000				
Balance at 1 January 2019		208,070	(1,600)	206,470	18,213	224,683
Net profit for the year		151,070	-	151,070	1,029	152,099
Other comprehensive income						
Foreign currencies translation differences		-	152	152	(70)	82
Total comprehensive income		151,070	152	151,222	959	152,181
Changes in non-controlling interest	17	-	-	-	(2,288)	(2,288)
Distributions to the Parent Company		(105,941)	-	(105,941)	-	(105,941)
Net payments and impact of capital reorganisation with the Parent Company		(133,248)	-	(133,248)	-	(133,248)
Balance at 31 December 2019		119,951	(1,448)	118,503	16,884	135,387
Net profit for the year		80,826	-	80,826	(1,045)	79,781
Other comprehensive income						
Remeasurement of employees' end of service benefits		(6,050)	-	(6,050)	-	(6,050)
Hyperinflation adjustment		-	(10,495)	(10,495)	-	(10,495)
Foreign currencies translation differences		-	(740)	(740)	8	(732)
Total comprehensive income		74,776	(11,235)	63,541	(1,037)	62,504
Changes in non-controlling interest	17	(9,513)	-	(9,513)	(6,338)	(15,851)
Distributions to the Parent Company		(59,949)	-	(59,949)	-	(59,949)
Net payments and impact of capital reorganisation with the Parent Company		(35,476)	-	(35,476)	-	(35,476)
Balance at 31 December 2020		89,789	(12,683)	77,106	9,509	86,615
Net profit for the year		203,917	-	203,917	2,491	206,408
Other comprehensive income						
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	17	(119)	-	(119)	(891)	(1,010)
Distributions to the Parent Company		(129,817)	-	(129,817)	-	(129,817)
Net payments and impact of capital reorganisation with the Parent Company		(15,222)	-	(15,222)	-	(15,222)
Balance at 31 December 2021		148,984	(20,429)	128,555	11,157	139,712

The accompanying notes form an integral part of these special purpose carve-out financial statements.

Americana Restaurants
Special purpose carve-out statement of cash flows for the year ended 31 December

	Note	2021	2020	2019
		US Dollars'000		
Cash flows from operating activities				
Profit before income tax and zakat for the year		221,059	85,492	160,445
Adjustments for:				
Depreciation and amortisation	23	208,629	214,747	220,054
Provision for employees' end of service benefits, net of transfers	13, 25	10,074	8,001	13,522
Impairment allowance on financial assets	9	1,454	1,644	(50)
Provision for obsolete, slow moving, and defective inventories	8	1,387	3,159	1,855
(Reversal of impairment)/impairment losses of non-financial assets	5,7,12	(1,179)	21,298	248
Loss on disposal of property and equipment and intangible assets		1,224	3,240	7,174
Gain on rent concessions		(6,978)	(28,113)	-
Finance income	24	(2,208)	(822)	(589)
Finance cost	24	23,118	29,864	28,411
Hyperinflation impact		1,348	(33,136)	-
Operating cash flows before changes in working capital		**457,928**	**305,374**	**431,070**
Payments of employees' end of service benefits	13	(13,535)	(17,333)	(14,317)
Income tax paid	16	(6,971)	(5,501)	(5,183)
Changes in working capital:				
Trade and other receivables		(62)	(9,129)	(1,851)
Due from related parties		(493)	1,017	26,033
Inventories		(11,274)	(6,214)	12,883
Due to related parties		1,264	8,037	(7,605)
Trade and other payables, provisions and other taxes		41,992	7,865	70,206
Net cash generated from operating activities		**468,849**	**284,116**	**511,236**
Cash flows from investing activities				
Purchase of property and equipment	5	(91,510)	(39,933)	(67,843)
Proceeds from sale of property and equipment		1,438	779	3,274
Purchase of intangible assets	7	(8,303)	(5,073)	(6,529)
Payments for key money	12	(1,401)	(1,744)	(779)
Interest received on short term deposits		2,208	822	589
Loans to a related party	18	(64,000)	-	-
Net cash used in investing activities		**(161,568)**	**(45,149)**	**(71,288)**
Cash flows from financing activities				
Payments of finance costs		(1,455)	(1,178)	(1,623)
Changes in non-controlling interests		(826)	(1,139)	(2,288)
Acquisition of additional shares in subsidiary from non-controlling interests		(184)	(14,712)	-
Principal elements of lease payments		(160,363)	(110,748)	(133,535)
Distributions to the Parent Company		(129,817)	(59,949)	(105,941)
Movement in payments and impact of capital reorganisation with the Parent Company		(15,222)	(35,476)	(133,248)
Net cash used in financing activities		**(307,867)**	**(223,202)**	**(376,635)**
Net change in cash and cash equivalents		(586)	15,765	63,313
Foreign currency translation differences		(4,275)	(228)	(2,554)
Cash and cash equivalents at the beginning of the year		171,784	156,247	95,488
Cash and cash equivalents at the end of the year	10	**166,923**	**171,784**	**156,247**

1 GENERAL INFORMATION

Kuwait Food Company (Americana) K.S.C.C. was incorporated in the state of Kuwait on 29 December 1963 as a Kuwait Public Shareholding Company (the "Parent Company" or "KFC"). The Parent Company is involved in two main lines of businesses namely the Restaurant Business and the Food Business. The Restaurants Business comprises of 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 the Parent Company as detailed in Note 28.

On 2 June 2022, the Board of Directors of KFC approved the transfer of the Restaurant Business of KFC to a newly established entity named Americana Restaurants LTD "Americana Restaurants". Americana Restaurants is an Abu Dhabi Global Market registered entity that was incorporated on 27 May 2022. 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 is a fully owned subsidiary of KFC. KFC is 93.42% owned by Adeptio AD investments Ltd (the "Intermediate Parent Company"), which is wholly owned by Adeptio AD Holdings Ltd (the "Ultimate Parent Company"). The 'Ultimate Shareholders' of the Parent Company are 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. 2.7% of the issued shares of KFC are being held as treasury shares by KFC and remaining 3.9% shares represents the minority shareholding.

The special purpose carve-out financial statements were approved for issue by the Board of Directors of KFC on 13-July-2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The special purpose carve-out financial statements for the years ended 31 December 2021, 2020 and 2019 have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The special purpose financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). Americana Restaurants has applied IFRS 1, First-Time Adoption of International Financial Reporting Standards ("IFRS 1") in its adoption of IFRS. The transition date ("Transition Date") is 1 January 2019, which is the opening balance sheet date for the year ended 31 December 2019. All entities included in these special purpose carve-out financial statements have issued financial statements in accordance with IFRS for all periods presented in these special purpose carve-out financial statements. Therefore, all assets and liabilities included in these special purpose carve-out financial statements have been measured at the same carrying amounts as in the financial statements of each entity included in these carve-out financial statements. IFRS does not provide guidance for the preparation of carve-out historical financial statements, or for the specific accounting treatment set out below.

These special purpose carve-out financial statements represent consolidation of all assets, liabilities, revenues and expenses of Americana Restaurants as historically reported in the stand-alone financial statements of the subsidiaries of Americana Restaurants as listed in Note 28 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 Americana Restaurants historically recorded in KFC;
- 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 during the course of the three years 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Americana Restaurants has never prepared financial statements on the basis of preparation presented herein. These special purpose carve-out financial statements represent the historical operations of Americana Restaurants and have been derived from the Parent Company's historical accounting records and are presented on a carve-out basis. Americana Restaurants has historically operated as part of the Parent Company and not as a separate group of companies. The principal entities included in these special purpose carve-out financial statements have historically prepared their own audited financial statements.

These special purpose carve-out financial statements are the first set of financial statements of Americana Restaurants as the business did not constitute a separate legal entity in any of the periods presented. These special purpose carve-out financial statements have been prepared for the purpose of inclusion in the prospectus in connection with the proposed listing of Americana Restaurants LTD on the Abu Dhabi Securities Exchange in the United Arab Emirates and on the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia.

The accounting policies have been consistently applied to all the years presented, unless otherwise stated. The following summarises the accounting and other principles applied in preparing these special purpose carve-out financial statements.

Americana Restaurants comprised of various subsidiaries of the Parent Company and the transfer of subsidiaries to Americana Restaurants represents a capital restructuring. Americana Restaurants is a new reporting entity and has not operated as a separate legal entity throughout the periods presented in these special purpose carve-out financial statements. Americana Restaurants has no share capital and reserves in its own right. Therefore, it is not meaningful to present share capital or an analysis of reserves or components of other comprehensive income, other than foreign currency translation reserve which is separately identifiable. Since the restructuring has been completed and Americana Restaurants has been established as a legal entity after the end of the reporting period, equity presented in these special purpose carve-out financial statements represents the parent's net investment in the new reporting entity.

The special purpose carve-out statement of financial position of Americana Restaurants includes the Parent Company's assets and liabilities that are specifically identifiable or otherwise attributable to Americana Restaurants.

Cash balances of the Parent Company that are specifically identifiable and attributable to Americana Restaurants have been included in these special purpose carve-out financial statements.

All revenues and costs associated with Americana Restaurants are included in these special purpose carve-out financial statements.

Certain expenses including staff costs, selling and marketing expenses and general and administrative expenses, associated with Americana Restaurants have been allocated in these special purpose carve-out financial statements. These represent certain corporate and shared service function historically provided by the Parent Company, including, but not limited to, executive oversight, accounting, treasury, human resources, procurement, information technology, marketing, and other shared services. These expenses have been 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 have been included in the special purpose carve-out financial statements of Americana Restaurants. All intercompany balances and transactions within Americana Restaurants entities have been eliminated.

Intercompany balances between the carve-out entities and KFC which are neither expected to be settled nor collected from KFC have been included as part of the parent's net investment in the carve-out reporting entity. As such, the net effect of these balances are either waived in equity or recorded as an equity contribution and reflected as 'Movement in payments and impact of capital reorganisation with the Parent Company' in the special purpose carve-out statement of changes in equity for each of the three years ended 31 December 2021, 2020 and 2019. These intercompany balances are also presented in the special purpose carve-out statement of cash flows as a financing activity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

These special purpose carve-out financial statements 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. In addition, these special purpose carve-out financial statements do not reflect the financial impact that would arise at the point of separation of the Restaurants Business from the Parent Company.

The special purpose carve-out financial statements have been prepared on a going concern basis under the historical cost convention, except for the defined benefit obligation which is recognised at the present value of future obligations using the projected unit credit method and the revaluation of derivatives. The management believes that Americana Restaurants entities have adequate resources to continue as going concerns in the foreseeable future.

COVID-19

In response to the spread of the novel coronavirus ("COVID-19") during the year ended 31 December 2020 in the Gulf Cooperation Council (GCC) and other territories where Americana Restaurants operates and its resulting disruptions to the social and economic activities in those markets, management had proactively assessed its impacts on its operations and had taken a series of mitigating measures, including the creation of on-going crisis management teams and processes, to ensure the health and safety of its employees, customers, consumers and wider community as well as to ensure the continuity of supply of its products throughout its markets.

There was a substantial negative financial impact on the operations for the year ended 31 December 2020. Many restaurants were temporarily closed and many of the restaurants that remained open had limited operations, such as drive-thru, takeout and delivery (where applicable). The material adverse effects of the COVID-19 pandemic on Americana Restaurants for an extended period has negatively affected the operating results, including reductions in revenue and cash flow and have impacted the recoverability of intangible assets, property and equipment, and right of use assets as of 31 December 2020 (refer to Note 4).

The financial impact on Americana Restaurants for the year ended 31 December 2021 has been insignificant and operations have been normalised in most countries with restaurants remaining open for dine-in guests. However, the capacity was restricted for a limited period. While the management does not know the future impact of COVID-19 on Americana Restaurants in certain territories, management does not expect to see a significant impact due to COVID-19 on the results for the year ending 31 December 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, amendments and interpretations

(a) Standards issued and adopted

Americana Restaurants applied certain standards, interpretations and amendments for the first time, which are effective for annual periods beginning on or after 1 January 2021. Americana Restaurants has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Standards effective 1 January 2021

Americana Restaurants has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

On 27 August 2020, Interest Rate Benchmark Reform — Interest Rate Benchmark Reform – Phase 2 – amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (referred to as Phase 2 of IBOR transactions project) was released by the IASB. The areas impacted by the amendments include application of a practical expedient for 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 are applied retrospectively with no restatement required for prior periods.

Management is currently 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 is a loan to a related party with a carrying value of USD 64,000 thousand which is linked and is yet to transition 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. The management is of the view that the loan agreement might have to be amended sometime before 30th June 2023 to agree on the alternative benchmark once the Loan Market Association ("LMA") has issued concrete guidelines on the recommended alternative benchmark.

- Extension of IFRS 16 COVID-19 Related Rent Concessions Amendment

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 USD 6,978 thousand as 'other income' in the special purpose carve-out statement of income for the year ended 31 December 2021 (2020: USD 28,113 thousand) to reflect changes in lease payments that arise from rent concessions to which they have applied the practical expedient.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 New standards, amendments and interpretations (continued)

(b) Standards issued but not yet effective

The standards, interpretations and amendments that are issued, but not yet effective, up to the date of issuance of the special purpose carve-out financial statements are disclosed below. Management intends to adopt these standards, if applicable, when they become effective.

- IFRS 17, 'Insurance contracts' (effective from 1 January 2022);
- Amendments to IFRS 3 (effective from 1 January 2022); and
- Amendments to IAS 1 and IAS 8 (effective from 1 January 2022).

2.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the special purpose carve-out financial statements of each of Americana Restaurants' entities are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The special purpose carve-out financial statements are presented in United States Dollars ("USD") which is the "presentation currency" of Americana Restaurants and the currency in which management measures Americana Restaurants' 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 special purpose carve-out statement of income.

Foreign exchange gains and losses that relate to borrowings are presented in the special purpose carve-out statement of income, within finance costs. All other foreign exchange gains and losses are presented in the special purpose carve-out 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Foreign currency translation (continued)

(c) Group entities

The results and financial position of all the entities in Americana Restaurants, none of which has the currency of a hyper-inflationary economy (except for one legal entity in Lebanon for the year ended 31 December 2020 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 special purpose carve-out statement of financial position presented are translated at the closing rate at the date of that carve-out statement of financial position;

(ii) Income and expenses for each special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out statement of financial position. Exchange differences arising are recognised in equity in the special purpose carve-out statement of financial position.

2.4 Hyperinflation

The 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 Americana Restaurants 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 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 special purpose carve-out 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.

Gains or losses on the net monetary position are recognised in the special purpose carve-out 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 special purpose carve-out 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 Americana Restaurants' 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 Americana Restaurants and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the special purpose carve-out 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).

Americana Restaurants 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 special purpose carve-out statement of income.

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 Americana Restaurants' policy.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 companies in the special purpose carve-out financial statements, is classified as investment property. Land held under operating leases is classified and accounted for by Americana Restaurants as investment property when the rest of the definition of investment property is met. The investment properties of Americana Restaurants 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, Americana Restaurants 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 special purpose carve-out 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

2.8 Financial assets

(i) Classification

Americana Restaurants 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 special purpose carve-out statement of income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

(ii) Recognition and derecognition

At initial recognition, the Americana Restaurants 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 special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out statement of income and presented net within other gains/(losses) in the period in which it arises.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Financial assets (continued)

(iv) Impairment

Americana Restaurants 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

Americana Restaurants 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. Americana Restaurants has established a provision matrix that is based on Americana Restaurants' 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 Americana Restaurants.

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 special purpose carve-out financial statements.

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 Americana Restaurants in accordance with the shipping terms agreed with the suppliers.

2.11 Cash and cash equivalents

For the purpose of presentation in the special purpose carve-out 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 special purpose carve-out statement of financial position, bank overdrafts are disclosed separately within current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Leases

Americana Restaurant's leasing activities and how these are accounted for

Americana Restaurants 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 Americana Restaurants. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the special purpose carve-out 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 Americana Restaurants.

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 Americana Restaurants 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 special purpose carve-out 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 special purpose carve-out 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 Americana Restaurants. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by Americana Restaurants or both parties mutually agreeing on renewed terms and conditions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Provision for employees' end of service benefits

The liability for employees end of service benefits recognised in the special purpose carve-out 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 Americana Restaurants' 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 Americana Restaurants 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 special purpose carve-out 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 special purpose carve-out statement of changes in equity and in the carve-out 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 special purpose carve-out statement of income as past service costs.

2.14 Financial liabilities

Americana Restaurants 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. Americana Restaurants 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.

2.16 Provisions

Provisions are recognised when Americana Restaurants 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 special purpose carve-out 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 special purpose carve-out statement of income for the year. Americana Restaurants does not apply hedge accounting.

2.18 Revenue from contracts with customers

Americana Restaurants 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 Americana Restaurants 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, Americana Restaurants will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which Americana Restaurants expects to be entitled in exchange for satisfying each performance obligation.

Step 5 - Recognise revenue as and when Americana Restaurants 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. Americana Restaurants 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 special purpose carve-out financial statements to the extent that it is probable that the economic benefits will flow to Americana Restaurants 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 Americana Restaurants' 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.

(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 special purpose carve-out statement of income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 special purpose carve-out 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 special purpose carve-out 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 special purpose carve-out 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’ 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 special purpose carve-out 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 special purpose statement of financial position in the countries where Americana Restaurants’ 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 special purpose carve-out 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 Americana Restaurants 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 special purpose carve-out 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Rounding of amounts

All amounts disclosed in the special purpose carve-out financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

2.22 Royalties

Americana Restaurants 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 internal reporting provided to the chief operating decision maker. The chief operating decision makers assess the financial performance and position of Americana Restaurants and makes strategic decisions. The chief operating decision makers consist of the chief executive officer and the chief financial officer.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

Americana Restaurants' 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 Americana Restaurants.

Risk management is predominately controlled by a central treasury department of Americana Restaurants under policies approved by the board of directors. The central treasury department identifies, evaluates and hedges financial risks in close co-operation with Americana Restaurants' operating units. The board 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 Americana Restaurants' 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. Americana Restaurants' exposure to market risk arises from:

(i) Foreign exchange risk

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

Americana Restaurants 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 bank balances, trade and other receivables, trade and other payables, borrowings and bank facilities.

Americana Restaurants 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"), Americana Restaurants 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 carve-out for the years ended 31 December 2021, 2020 and 2019.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) *Market risk* (continued)

(i) *Foreign exchange risk* (continued)

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

At 31 December 2021, if the EGP had weakened/strengthened by 5% (2020: 5%) against the USD with all other variables held constant, the special purpose carve-out comprehensive income for the year would have been lower/higher by USD 720 thousand (2020: USD 460 thousand, 2019: USD 653 thousand), mainly as a result of foreign exchange gains/losses on translation of EGP-denominated trade payables.

At 31 December 2021, if the EGP had weakened/strengthened by 5% (2020: 5%) against the USD with all other variables held constant, the special purpose carve-out comprehensive income for the year would have been higher/lower by USD 266 thousand (2020: USD 174 thousand, 2019: USD 127 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 2021, 2020 and 2019.

(ii) *Price risk*

Americana Restaurants 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.

Americana Restaurants' 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.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk

Credit risk is the risk that Americana Restaurants 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-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Cash and bank balances excluding cash on hand	169,687	194,569	167,838	104,706
Loan to a related party	64,000	-	-	-
Trade and other receivables*	60,046	54,000	47,982	48,915
Due from related parties	1,189	696	1,713	27,746
	294,922	249,265	217,533	181,367

*Trade and other receivables noted above exclude advances to suppliers and prepaid expenses. There is no official credit rating for trade and other receivables.

(i) Cash and cash equivalents

Americana Restaurants 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 Americana Restaurants at the reporting date which primarily ranges from Aa3 to B3.

(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 2021, 2020, and 2019, and 1 January 2019 the expected credit loss allowance on loan to a related party and due from related parties was immaterial.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) 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, Americana Restaurants aims to maintain flexibility in funding by keeping committed credit lines available.

The table below analyses the carve-out's financial liabilities into relevant maturity groupings based on the remaining year at the special purpose carve-out 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-Dec-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

	US Dollars'000			
	As on 31-Dec-2020			
	Within 1 year	1 year to 5 years	More than 5 years	Total
Bank facilities	24,563	-	-	24,563
Lease liabilities	144,787	245,432	85,333	475,552
Trade and other payables (excluding value added tax payable and unearned income)	295,995	-	-	295,995
	465,345	245,432	85,333	796,110

	US Dollars'000			
	As on 31-Dec-2019			
	Within 1 year	1 year to 5 years	More than 5 years	Total
Bank facilities	13,631	-	-	13,631
Lease liabilities	154,531	286,506	104,131	545,168
Trade and other payables (excluding value added tax payable and unearned income)	289,918	-	-	289,918
	458,080	286,506	104,131	848,717

	US Dollars'000			
	As on 1-Jan-2019			
	Within 1 year	1 year to 5 years	More than 5 years	Total
Bank facilities	11,158	-	-	11,158
Lease liabilities	132,230	319,186	131,205	582,621
Trade and other payables (excluding value added tax payable and unearned income)	255,162	-	-	255,162
	398,550	319,186	131,205	848,941

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital risk management

Americana Restaurants' objectives when managing capital are to safeguard Americana Restaurants' 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, Americana Restaurants may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3.3 Fair value estimation

The table 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 Americana Restaurants 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 2021, 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 2021 is estimated to be USD 9,390 thousand (refer to Note 9). There are no other assets and liabilities measured at fair value as at 31 December 2020 and 2019 and 1 January 2019.

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 Americana Restaurants for similar financial instruments. Other receivables and payables approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these special purpose carve-out 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 Americana Restaurants 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, Americana Restaurants 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.

Hyperinflation

Americana Restaurants 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 Americana Restaurants, 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%

The impact of adjusting Americana Restaurants' results for the effects of hyperinflation is set out in the next page:

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical judgements

Hyperinflation (continued)

Income statement	**Year ended 31 December 2021 USD'000**	**Year ended 31 December 2020 USD'000**
Increase in revenue	4,889	9,305
Monetary gain from hyper inflation	3,043	38,818
Reversal of impairment/(impairment losses) of non-financial assets	1,025	(15,848)
Increase in cost of revenues	(4,718)	(4,831)
Increase in selling and marketing expenses	(1,581)	(9,384)
Increase in general and administrative expenses	(1,100)	(1,111)
Others	(1,881)	339
(Decrease)/increase in profit after tax	**(323)**	**17,288**

Critical accounting estimates and assumptions

Americana Restaurants 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:

Impairment of non-financial assets

Americana Restaurants has determined that the smallest cash generating units ("CGU") is its Brand-Country level primarily on the basis that Americana Restaurants 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 626,517 thousand as at 31 December 2021 (2020: USD 617,126 thousand; 2019: USD 736,986 thousand). The (reversal of impairment)/impairment losses recognised in the special purpose carve-out income statement on these non-financial assets are as follows:

	Year ended 31 December 2021 USD'000	**Year ended 31 December 2020 USD'000**	**Year ended 31 December 2019 USD'000**
Property and equipment (Note 5)	(1,356)	12,961	248
Right-of-use assets (Note 12)	292	7,650	-
Intangible assets (Note 7)	(115)	687	-
Total	(1,179)	21,298	248

The following table presents Americana Restaurants' key assumptions and the effect of the sensitivity analysis on the special purpose carve-out statement of comprehensive income on those assumptions:

		Headroom/(Impairment of non-financial assets) US Dollars'000					
	Change in assumption	Year ended 31 December 2021		Year ended 31 December 2020		Year ended 31 December 2019	
Growth rate	+/-0.5%	94	(93)	-	-	72	(105)
Discount rate	+/-0.5%	(17)	18	-	-	(22)	22
Gross margin	+/-1.0%	135	(704)	160	(656)	113	(208)

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 years ended 31 December 2021, 2020, and 2019 are as follows:

	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 gross margin	2% - 3%	2% - 3%	1% - 7%	2% - 100%
	CGUs impairment testing: Key assumptions 2020			
	GCC	Lower Gulf	North Africa	Others
Growth rate	5% - 44%	3% - 34%	10% - 72%	6% - 47%
Discount rate	6%	6% - 10%	8% - 11%	7% - 22%
Increase/decrease in gross margin	2% - 4%	2% - 3%	1% - 8%	1% - 6%
	CGUs impairment testing: Key assumptions 2019			
	GCC	Lower Gulf	North Africa	Others
Growth rate	2% - 10%	2% - 8%	8% - 12%	6% - 12%
Discount rate	6%	6% - 14%	9%-13%	8% - 19%
Increase/decrease in gross margin	2%	2%	2%	2%

Based on the re-assessment of the significant judgements, estimates and assumptions in relation to impairment of the non-financial assets arising as a result of COVID-19, management has concluded that there have been significant changes in the key judgements and estimates as at 31 December 2021 in respect of COVID-19, when compared to those used at 31 December 2020. The COVID-19 restrictions eased and there was gradual recovery during the second half of 2020 which has continued into the year ended 31 December 2021. Whilst management does not know the future impact COVID-19 will have on Americana Restaurants in certain territories, management does not expect to see a significant impact from COVID-19 on the results for the year ending 31 December 2022. The forecasts will be updated depending on latest developments and any changes required will be reflected in future reporting periods.

Taxes

Americana Restaurants 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. Americana Restaurants 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 27).

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

Impairment of financial assets

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

Americana Restaurants has reviewed the assumptions on risk of default and expected loss rates against the backdrop of COVID-19 pandemic. Management believes that the changes in the assumptions on risk of default and the expected credit losses rates calculation arising on financial assets will not significantly change the impairment of trade and other receivables as at 31 December 2021, 2020, and 2019 and as at 1 January 2019. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods

Corporate allocations

In the preparation of these special purpose carve-out financial statements 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 Americana Restaurants and included in the special purpose carve-out financial statements based on the most relevant allocation method that are considered to be reasonable for the purpose of these special purpose carve-out 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, USD 0.1 million, and USD 0.5 million change in expense allocated to Americana Restaurants for the years ended 31 December 2021, 2020 and 2019, respectively.

The costs as mentioned in Note 2.1 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.

For the years ended 31 December 2019 and 2020:

International Touristic Projects Lebanese Co. ("Americana Lebanon") is a wholly owned subsidiary of Americana Restaurants. During the latter part of 2019, Lebanon experienced significant shortages in hard currency. As a result, 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, foreign exchange denominated monetary assets and liabilities should be measured using the closing spot rate. In addition, the results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as set out in note 2.4. Determination of the spot rate is complex as availability of USD at the official rate is not always possible due to the exchange controls implemented. As a result of the above situation, an unofficial rate has emerged in the foreign exchange market that is applied by foreign exchange brokers in their currency trades ("parallel rate"). Management has applied their judgement to determine if the parallel rate should be considered a spot rate. Management do not believe the parallel rate is considered a spot rate as this is not considered an official rate for reasons set out below:

- The rates are not quoted daily and may differ significantly from exchange house to exchange house. The rate is considered a hypothetical rate as this rate may also not be available at any given time even between exchange houses; and
- Certain exchange houses are not regulated or licensed to trade and may not be considered a legal exchange mechanism.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

Foreign currency translation - International Touristic Projects Lebanese Co. (continued)

Accordingly, the official exchange rate of USD equals LL 1,507.5 has been used to translate and record the US Dollar denominated transactions and balances. In addition, the official rate was used to translate the Company's operations to the USD presentation currency. If other exchange rates were used, the impact would not be significantly different.

For the year 31 December 2021:

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 2021.

Derivative financial instruments

The fair value of derivative financial instruments that are not traded in an active market are determined using valuation techniques. Americana Restaurants 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

Americana Restaurants 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. The majority of extension and termination options held are exercisable only by Americana Restaurants or both parties mutually agreeing on renewed terms and conditions. Based on management's assessment they have concluded not to exercise any extension or termination options as it is not reasonably certain.

5 PROPERTY AND EQUIPMENT

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
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.

Property and equipment with a carrying amount of USD 19,746 thousand as on 31 December 2021 (2020: USD 16,140 thousand, 2019: USD 19,361 thousand, 1 January 2019: USD 22,683 thousand) are pledged as security for a borrowing held by the Parent Company.

5 PROPERTY AND EQUIPMENT (continued)

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
Cost							
As at 1 January 2020	19,806	461,615	94,671	262,911	16,213	19,627	874,843
Additions	-	10,950	312	6,773	2,231	19,667	39,933
Disposals	-	(29,397)	(4,313)	(13,430)	(2,459)	(1)	(49,600)
Hyperinflation adjustment	12,995	17,696	18,810	14,666	946	-	65,113
Transfers	-	2,174	1,202	14,422	1,509	(25,413)	(6,106)
Foreign currency translation difference	76	(1,490)	171	(806)	16	(136)	(2,169)
As at 31 December 2020	32,877	461,548	110,853	284,536	18,456	13,744	922,014
Accumulated depreciation and impairment							
As at 1 January 2020	-	353,412	68,271	197,630	11,196	-	630,509
Charge for the year	-	45,963	4,420	20,422	1,192	-	71,997
Disposals	-	(26,886)	(4,016)	(12,675)	(2,435)	-	(46,012)
Hyperinflation adjustment	-	16,569	15,225	13,315	941	-	46,050
Transfers	-	(16,598)	476	12,144	3,962	-	(16)
Impairment charge	7,024	2,250	2,262	1,415	10	-	12,961
Foreign currency translation difference	-	(1,082)	128	(424)	16	-	(1,362)
As at 31 December 2020	7,024	373,628	86,766	231,827	14,882	-	714,127
Net book amount							
As at 31 December 2020	25,853	87,920	24,087	52,709	3,574	13,744	207,887

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

5 PROPERTY AND EQUIPMENT (continued)

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
Cost							
As at 1 January 2019	19,637	443,615	93,545	254,548	35,764	10,639	857,748
Additions	43	19,978	1,636	7,782	2,185	36,219	67,843
Disposals	-	(28,181)	(2,733)	(4,501)	(21,700)	(17)	(57,132)
Transfers	(17)	22,034	595	3,218	(242)	(27,306)	(1,718)
Foreign currency translation difference	143	4,169	1,628	1,864	206	92	8,102
As at 31 December 2019	19,806	461,615	94,671	262,911	16,213	19,627	874,843
Accumulated depreciation and impairment							
As at 1 January 2019	-	322,312	64,679	181,531	27,853	-	596,375
Charge for the year	-	49,790	4,723	21,702	1,177	-	77,392
Disposals	-	(23,962)	(1,653)	(3,907)	(17,730)	-	(47,252)
Transfers	-	2,648	(141)	(2,801)	(272)	-	(566)
Impairment charge	-	211	-	37	-	-	248
Foreign currency translation difference	-	2,413	663	1,068	168	-	4,312
As at 31 December 2019	-	353,412	68,271	197,630	11,196	-	630,509
Net book amount							
As at 31 December 2019	19,806	108,203	26,400	65,281	5,017	19,627	244,334

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

6 INVESTMENT PROPERTIES

	US Dollars'000		
	2021	2020	2019
Balance as at 1 January	7,521	8,007	7,588
Transfers from property and equipment	2,454	-	150
Foreign currency translation difference	12	156	869
Depreciation	(646)	(642)	(600)
Balance as at 31 December	9,341	7,521	8,007

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 2021, 2020 and 2019. Based on such valuation, the fair value of Americana Restaurants' investment at that date was determined at USD 31,958 thousand (2020: USD 24,217 thousand; 2019: USD 26,583 thousand).

The lease income recognised during the year ended 31 December 2021 is USD 2,764 thousand (2020: USD 2,618 thousand; 2019: 2,489 thousand). Refer to Note 19. Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the special purpose carve-out financial statements are receivable as follows:

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Within one year	2,868	2,143	2,276	1,561
Between 1 and 2 years	2,581	1,876	2,028	1,607
Between 2 and 3 years	2,151	1,563	1,690	1,339
Between 3 and 4 years	1,291	938	1,014	804
Between 4 and 5 years	2,581	1,875	2,028	1,607
Later than 5 years	4,302	3,361	4,236	3,639
	15,774	11,756	13,272	10,557

Revaluation of investment property

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
2021	Comparable 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.
2020	Comparable sales rate	USD 2,438 per m^2	An increase (decrease) of 1% would increase (decrease) the investment properties' fair value by USD 242 thousand.
2019	Comparable sales rate	USD 2,378 per m^2	An increase (decrease) of 1% would increase (decrease) the investment properties' fair value by USD 266 thousand.

7 INTANGIBLE ASSETS

	US Dollars'000		
	Franchise and agencies	Others	Total
Cost			
At 31 December 2020	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 31 December 2020	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.

7 INTANGIBLE ASSETS (continued)

	US Dollars'000		
	Franchise and agencies	Others	Total
Cost			
At 1 January 2019	59,309	9,557	68,866
Additions	6,529	-	6,529
Transfers	1,051	-	1,051
Disposals	(1,660)	-	(1,660)
Foreign currency translation difference	488	-	488
At 31 December 2019	65,717	9,557	75,274
Additions	5,073	-	5,073
Transfers	4,669	-	4,669
Hyperinflation adjustment	2,363	-	2,363
Disposals	(2,320)	(102)	(2,422)
Foreign currency translation difference	(184)	-	(184)
At 31 December 2020	75,318	9,455	84,773
Accumulated amortisation and impairment			
At 1 January 2019	37,534	1,099	38,633
Amortisation	4,104	-	4,104
Transfers	485	-	485
Disposals	(1,139)	-	(1,139)
Foreign currency translation difference	204	-	204
At 31 December 2019	41,188	1,099	42,287
Amortisation	4,979	-	4,979
Transfers	(581)	-	(581)
Disposals	(1,889)	(102)	(1,991)
Hyperinflation adjustment	1,767	-	1,767
Impairment charge	687	-	687
Foreign currency translation difference	(67)	-	(67)
At 31 December 2020	46,084	997	47,081
Net book amount			
At 31 December 2020	29,234	8,458	37,692
At 31 December 2019	24,529	8,458	32,987

'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.

8 INVENTORIES

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-19
Raw materials	69,528	64,396	65,761	78,627
Filling and packing materials	11,546	9,020	8,653	9,111
Other materials	12,879	13,988	13,163	13,898
Goods in transit	13,425	9,695	5,849	7,746
Spare parts	6,400	6,752	7,243	6,368
	113,778	103,851	100,669	115,750
Provision for obsolete, slow moving and defective inventories	(6,481)	(6,758)	(6,783)	(7,045)
	107,297	97,093	93,886	108,705

The cost of inventories recognised as an expense during the year was USD 623,720 thousand (2020: USD 473,108 thousand; 2019: USD 563,686 thousand) (Note 20).

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

	US Dollars'000		
	2021	2020	2019
Balance at 1 January	6,758	6,783	7,045
Net provision for slow moving items	1,387	3,159	1,855
Write-offs against provision for slow moving items	(1,271)	(1,612)	(1,989)
Reclassification	-	(1,503)	(209)
Foreign currency translation difference	(393)	(69)	81
Balance at 31 December	6,481	6,758	6,783

9 TRADE AND OTHER RECEIVABLES

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Trade receivable	26,800	19,988	16,104	13,610
Less: loss allowance	(1,856)	(1,744)	(842)	(1,097)
	24,944	18,244	15,262	12,513
Prepaid expenses	28,489	34,835	39,586	35,009
Advances to suppliers	5,499	7,145	2,375	4,276
Refundable deposits	18,627	20,139	20,220	22,900
Accrued income	5,304	4,573	4,498	4,386
Insurance receivables	752	1,101	764	1,082
Staff receivables	2,313	1,697	918	805
Others	8,106	8,246	6,320	7,229
	94,034	95,980	89,943	88,200

Americana Restaurants has a broad base of customers with no concentration of credit risk within trade receivables at 31 December 2021, 2020, 2019, and 1 January 2019.

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-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-19
Up to 3 months	25,044	18,221	15,274	9,896
3 to 6 months	561	121	74	2,846
Over 6 months	1,195	1,646	756	868
	26,800	19,988	16,104	13,610

The loss allowance on trade receivables is primarily concentrated in the balances over 6 months which had a expected credit loss allowance of 100% amounting to USD 1,195 thousand (2020: 75% amounting to USD 1,227 thousand; 2019: 92% amounting to USD 697 thousand; and 1 Jan 2019: 98% amounting to USD 851 thousand).

Balances between 3 to 6 months had a expected credit loss allowance of 27% amounting to USD 153 thousand (2020: 57% amounting to USD 69 thousand; 2019: 57% amounting to USD 42 thousand; and 1 Jan 2019: 5% amounting to USD 141 thousand). Balances up to 3 months had a expected credit loss allowance of 2% amounting to USD 508 thousand (2020: 2% amounting to USD 448 thousand; 2019: 1% amounting to USD 103 thousand; and 1 Jan 2019: 1% amounting to USD 105 thousand)

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

	US Dollars'000		
	2021	2020	2019
Balance at 1 January	1,744	842	1,097
Charge/(reversal) during the year	1,454	1,644	(50)
Write-offs against the loss allowance on trade receivables	(1,319)	(382)	(172)
Reclassification	(26)	(359)	(38)
Foreign currency translation differences	3	(1)	5
Balance at 31 December	1,856	1,744	842

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

9 TRADE AND OTHER RECEIVABLES (continued)

The carrying amounts of Americana Restaurants' trade receivables are denominated in the following currencies:

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
UAE Dirham	8,563	5,431	5,605	3,462
Saudi Riyal	4,455	4,026	3,396	5,757
Egyptian Pound	5,316	3,472	2,546	1,928
Kuwaiti Dinar	4,151	3,916	2,115	1,570
US Dollar	54	-	9	158
Other	4,261	3,143	2,433	735
	26,800	19,988	16,104	13,610

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:

Americana Restaurants 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"). Americana Restaurants 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 Americana Restaurants. As per the agreement, the loan notes are to be settled against the future cash flows (i.e., dividends) received from the investment of Americana Restaurants. Americana Restaurants 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, Americana Restaurants 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.

10 CASH AND CASH EQUIVALENTS

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Cash on hand	4,309	1,778	2,040	1,940
Cash at banks	89,420	122,931	123,747	86,469
Short-term deposits with original maturity of 3 months or less	80,267	71,638	44,091	18,237
Cash and cash equivalents	173,996	196,347	169,878	106,646

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 special purpose carve-out statement of cash flows:

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Cash and cash equivalents	173,996	196,347	169,878	106,646
Less: Bank overdraft (Note 11)	(7,073)	(24,563)	(13,631)	(11,158)
Balances per special purpose carve-out statement of cash flows	166,923	171,784	156,247	95,488

11 BANK FACILITIES

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Short term				
Bank overdraft	7,073	24,563	13,631	11,158

	US Dollars'000			
Maturity of bank facilities are as follows:	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Within one year	7,073	24,563	13,631	11,158

12 LEASES

(i) Amounts recognized in the special purpose carve-out statement of financial position

	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 is a non-cash investing activity.

12 LEASES (continued)

(i) Amounts recognised in the special purpose carve-out 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 2019	456,945	13,107	8,648	6,034	484,734
Additions	96,320	13,838	1,769	779	112,706
Disposal	(3,727)	-	(761)	(1,744)	(6,232)
Transfers	-	-	-	440	440
Foreign currency translation difference	4,411	4	49	238	4,702
As at 31 December 2019	553,949	26,949	9,705	5,747	596,350
As at 1 January 2020	553,949	26,949	9,705	5,747	596,350
Additions	104,342	5,202	350	1,744	111,638
Hyperinflation adjustment	8,534	-	-	1,987	10,521
Disposal	(67,952)	(10,883)	(858)	(72)	(79,765)
Transfers	-	-	-	1,420	1,420
Foreign currency translation difference	(2,283)	(48)	(948)	45	(3,234)
As at 31 December 2020	596,590	21,220	8,249	10,871	636,930
Accumulated depreciation and impairment					
As at 1 January 2019	-	-	-	-	-
Charge for the year	128,533	5,657	1,682	2,086	137,958
Disposals	(309)	-	-	(1,697)	(2,006)
Foreign currency translation difference	549	4	1	179	733
As at 31 December 2019	128,773	5,661	1,683	568	136,685
As at 1 January 2020	128,773	5,661	1,683	568	136,685
Charge for the year	126,825	6,908	1,337	2,059	137,129
Hyperinflation adjustment	4,280	-	-	1,987	6,267
Impairment charges	7,650	-	-	-	7,650
Disposal	(21,259)	(371)	(405)	(72)	(22,107)
Transfers	-	-	-	581	581
Foreign currency translation difference	(520)	4	(298)	(8)	(822)
As at 31 December 2020	245,749	12,202	2,317	5,115	265,383
Net book amount					
Balance as at 31 December 2020	**350,841**	**9,018**	**5,932**	**5,756**	**371,547**
Balance as at 31 December 2019	425,176	21,288	8,022	5,179	459,665

The additions of right-of-use assets is a non-cash investing activity.

	31 December 2021 USD'000	31 December 2020 USD'000	31 December 2019 USD'000	1 January 2019 USD'000
Lease liabilities				
Non-current	248,136	263,630	318,945	339,536
Current	136,463	139,809	148,780	121,370
	384,599	403,439	467,725	460,906

12 LEASES (continued)

(ii) Amounts recognised in the special purpose carve-out statement of income

	2021 USD'000	2020 USD'000	2019 USD'000
Finance costs on lease liabilities (Note 24)	20,713	25,010	26,788

	2021 USD'000	2020 USD'000	2019 USD'000
Other rent expenses			
Expense relating to short-term and low-value leases	45,481	39,959	55,439
Expense relating to variable lease payments not included in lease liabilities	11,437	7,083	9,742
	56,918	47,042	65,181

Americana Restaurants recognised a gain on COVID-19 related rent concessions of USD 6,978 thousand for the year ended 31 December 2021 (2020: USD 28,113 thousand; 2019: NIL) under other income in the special purpose carve-out statement of income.

13 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

		2021 USD'000	2020 USD'000	2019 USD'000
At 1 January		80,413	81,231	84,186
Current service cost	25	10,074	8,001	13,522
Interest expense	24	950	3,676	-
Total amount recognised in the special purpose carve-out statement of income		11,024	11,677	13,522
Remeasurement of employees' end of service benefits				
- changes in financial assumptions		(2,846)	6,660	-
- changes in experience / demographic assumptions		2,410	(610)	-
Payments		(13,535)	(17,333)	(14,317)
Transfer to staff accruals		(2)	(1,100)	(2,232)
Foreign currency translation differences		(1,204)	(112)	72
At 31 December		76,260	80,413	81,231

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 2021 and 2020, 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 Americana Restaurants 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-Dec-2021	31-Dec-2020
Within one year	15,297	14,540
Between 2 and 5 years	46,722	45,419
Later than 5 years	69,226	63,569

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

Actuarial assumptions and sensitivity

	2021	2020	2019
Average discount rate used	1.95%	1.58%	2.53%
Average salary growth rate	1.69%	1.69%	1.69%
Salary growth effective date during the year	April	April	April
Withdrawal rates per annum	20%	10%-20%	15%-20%
Employee retirement age	60	60	60
Average duration	4-5 years	4-5 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 2021		31 December 2020		31 December 2019	
Discount rate	+/-1.0%	(4,717)	1,312	(2,905)	3,189	(2,974)	3,256
Salary growth rate	+/-1.0%	1,448	(4,899)	3,305	(3,071)	3,408	(3,172)

14 TRADE AND OTHER PAYABLES

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Trade payables	126,543	107,230	118,158	90,401
Non-trade payables	40,250	33,206	27,977	34,908
Accrued expenses	95,944	92,172	108,489	88,322
Unearned income	71,303	64,470	66,677	18,994
Accrued staff benefits	46,903	16,489	20,384	20,922
Value added tax payable	6,006	7,502	7,344	6,636
Deposits	2,979	4,137	4,555	4,304
Other payables	12,593	42,761	10,355	16,305
	402,521	367,967	363,939	280,792

Analysed as follows:

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Current portion	352,326	321,702	314,469	280,792
Non-current portion*	50,195	46,265	49,470	-
	402,521	367,967	363,939	280,792

* 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-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Legal cases	9,430	7,737	3,966	2,432
Provision for termination and closure	5,060	3,849	2,450	13,755
Tax	13,781	7,906	4,135	3,796
Other provisions	3,791	2,818	2,338	2,171
	32,062	22,310	12,889	22,154

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

	2021 (USD'000)				
	Legal cases	**Provision for termination and closure**	**Tax**	**Other provisions**	**Total**
Balance at the beginning of the year	7,737	3,849	7,906	2,818	22,310
Charged/(credited) to profit or loss					
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 at the end of the year	**9,430**	**5,060**	**13,781**	**3,791**	**32,062**

	2020 (USD'000)				
	Legal cases	**Provision for termination and closure**	**Tax**	**Other provisions**	**Total**
Balance at the beginning of the year	3,966	2,450	4,135	2,338	12,889
Charged/(credited) to profit or loss					
Additional provisions recognised	4,417	9,247	2,872	1,982	18,518
Unused amounts reversed	(166)	(4,363)	-	-	(4,529)
Amounts used during the year	(2,221)	(3,476)	(2,874)	(2,111)	(10,682)
Foreign currency translation difference	(1)	(9)	150	37	177
Others	1,742	-	3,623	572	5,937
Balance at the end of the year	7,737	3,849	7,906	2,818	22,310

	2019 (USD'000)				
	Legal cases	**Provision for termination and closure**	**Tax**	**Other provisions**	**Total**
Balance at the beginning of the year	2,432	13,755	3,796	2,171	22,154
Charged/(credited) to profit or loss					
Additional provisions recognised	1,245	1,567	929	717	4,458
Unused amounts reversed	-	(146)	-	-	(146)
Amounts used during the year	(231)	(12,795)	(1,122)	(776)	(14,924)
Foreign currency translation difference	5	41	28	226	300
Others	515	28	504	-	1,047
Balance at the end of the year	3,966	2,450	4,135	2,338	12,889

Legal cases
The provision consists of the total amount provided to meet specific legal claims against Americana Restaurants 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 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.

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

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 29). The other provisions also comprise of restructuring expenses and expected claims from external parties in relation to Americana Restaurants' 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 INCOME TAX, ZAKAT AND OTHER DEDUCTIONS PAYABLE

	31-Dec-2021 USD'000	31-Dec-2020 USD'000	31-Dec-2019 USD'000	1-Jan-2019 USD'000
Other taxes payable within one year comprise:				
Income Tax	6,018	4,124	5,063	3,591
Zakat	3,310	1,429	3,060	2,170
Income tax and zakat payable	**9,328**	**5,553**	**8,123**	**5,761**
Property and other taxes	829	792	41	430
Other taxes payable	2,457	2,291	2,388	2,290
Income tax, zakat and other deductions payable	**12,614**	**8,636**	**10,552**	**8,481**

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

	2021 USD'000	2020 USD'000	2019 USD'000
At 1 January	5,553	8,123	5,761
Income tax and zakat of subsidiaries	14,651	5,711	8,346
Payments	(6,971)	(5,501)	(5,183)
Others	(3,905)	(2,780)	(801)
At 31 December	9,328	5,553	8,123

17 NON-CONTROLLING INTERESTS

	US Dollars'000		
	31-Dec-2021	31-Dec-2020	31-Dec-2019
Balance as at 1 January	9,509	16,884	18,213
Share from net profit of the year	2,491	(1,045)	1,029
Other comprehensive income item:			
Foreign currency translation differences	48	8	(70)
Other changes in non-controlling interests:			
Effects of acquisition of additional shares in a subsidiary	(65)	(5,199)*	-
Cash dividends paid by subsidiaries	(826)	(1,139)	(2,288)
Total other changes in non-controlling interests	(891)	(6,338)	(2,288)
Balance as at 31 December	**11,157**	**9,509**	**16,884**

* During the year ended 31 December 2020, Americana Restaurants acquired an additional 9.14% stake in its subsidiary Egyptian Company for International Touristic Projects ("ECITP") through a mandatory takeover in Egyptian Exchange market for USD 14.7 million (EGP 231,078,090, equivalent to EGP 6.32 per share), increasing the shareholding to 99.24% with 0.55% as treasury shares and remaining shares as non-controlling interest. As this transaction does not change Americana Restaurants' control status of ECITP, the difference between the total consideration paid and the identified net assets attributable to the non-controlling interest acquired amounting to USD 9.5 million has been charged to accumulated net contribution from parent in equity on the basis that this is considered a shareholder's transaction in accordance with Americana Restaurants' accounting policy. Hence, this does not result in the recognition of any additional non-current asset.

18 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, Americana Restaurants 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-Dec-2021	31-Dec-2020	31-Dec-2019
Transactions with fellow subsidiaries			
Purchases of raw materials	107,168	87,565	120,502
Interest income from loan to a related party	1,502	-	-
Investment property rental income	383	330	304
Delivery and payment support	587	251	85
Key management personnel			
Short term employee benefits	4,656	1,689	2,487
Termination benefits	113	73	85

18 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Due from related parties

Name	Place of incorporation	USD'000 31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Fellow subsidiaries:					
Americana Food Investment Group Company	UAE	457	-	-	-
Gulf Food Industries (California Garden)	UAE	68	-	76	11,053
Gulf Food Co. Americana LLC	UAE	-	-	866	884
Americana Group for Food and Touristic Projects	Egypt	-	-	21	171
Others		574	469	568	1,448
Division of the Parent Company:					
Kuwait Foods Divisions (Meat, Cake, Agencies)	Kuwait	-	-	2	14,190
Entity controlled by a major shareholder:					
Noon E Commerce Solutions	UAE	-	143	-	-
Nshmi Development LLC	UAE	90	84	180	-
		1,189	**696**	**1,713**	**27,746**

Due to related parties

Name	Place of incorporation	USD'000 31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Fellow subsidiaries:					
National Food Industries Co.	KSA	7,110	9,474	9,965	9,691
The International Co. for Agricultural development ('Farm Frites')	Egypt	6,261	4,403	1,592	1,136
Senyorita Co. for Food Industries	Egypt	2,551	-	-	-
Gulf Food Co. Americana LLC	UAE	2,295	1,591	-	-
Gulf Food Industries (California Garden)	UAE	1,467	1,208	-	-
Cairo poultry Company	Egypt	1,213	1,885	1,920	2,213
Americana Group for Food and Touristic Projects	Egypt	-	2	-	1,571
Others		162	803	798	233
Division of the Parent Company:					
Kuwait Foods Divisions (Meat, Cake, Agencies)	Kuwait	2,282	3,008	-	114
Entities controlled by a major shareholder:					
Noon E Commerce Solutions	UAE	-	-	97	7,029
Noon AD Holdings	UAE	274	31	10	-
Noon Payments Digital Limited	KSA	68	14	-	-
		23,683	**22,419**	**14,382**	**21,987**

	US Dollars'000 31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Loan to a related party				
Americana Foods Investments Group Company LLC	64,000	-	-	-

On 21 March 2021, Americana Prime Investments Limited (an entity of Americana Restaurants) 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. Subsequently, the related party loan of USD 64,000 thousand has been early settled by Americana Foods Investments Group Company LLC on 20 April 2022.

19 REVENUES

	US Dollars'000		
	2021	2020	2019
Food and beverage	2,048,983	1,575,177	1,887,730
Investment properties rental income	2,764	2,618	2,489
	2,051,747	1,577,795	1,890,219

20 COST OF REVENUES

	US Dollars'000		
	2021	2020	2019
Cost of inventory (Note 8)	623,720	473,108	563,686
Staff costs (Note 25)	121,101	104,265	124,765
Royalties	105,773	79,812	93,519
Depreciation and amortisation	75,623	77,144	78,109
Rent (Note 26)	21,612	17,377	23,737
Others	22,522	22,147	19,005
	970,351	773,853	902,821

21 SELLING AND MARKETING EXPENSES

	US Dollars'000		
	2021	2020	2019
Staff costs (Note 25)	207,772	178,161	213,604
Depreciation and amortisation	117,308	122,053	129,209
Advertisement and business development	89,828	64,543	80,372
Home delivery and transportation	76,493	53,769	37,929
Utilities and communication	62,040	51,880	61,664
Maintenance and other operating expenses	48,521	40,327	42,017
Rent (Note 26)	23,317	22,533	23,920
Licenses and insurance charges	7,790	7,309	8,593
Call centre expenses	9,219	9,636	7,708
Others	37,315	28,671	41,002
	679,603	578,882	646,018

22 GENERAL AND ADMINISTRATIVE EXPENSES

	US Dollars'000		
	2021	2020	2019
Staff costs (Note 25)	95,593	71,815	92,527
Depreciation and amortisation	15,698	15,550	12,736
Provision for tax and legal claims	14,557	23,897	1,611
Rent (Note 26)	8,965	5,287	7,821
Repairs and maintenance	5,867	5,265	3,510
Utilities	5,375	5,919	6,073
Professional and legal	4,146	3,089	8,516
Travel and accommodation	2,118	1,402	2,327
Office administrative	2,116	612	1,803
Loss/(gains) on foreign exchange	2,905	1,515	(1,239)
Others	19,649	23,498	29,428
	176,989	157,849	165,113

23 DEPRECIATION AND AMORTISATION

	US Dollars'000		
	2021	2020	2019
Property and equipment (Note 5)	58,607	71,997	77,392
Intangible assets (Note 7)	6,133	4,979	4,104
Right of use assets (Note 12)	143,243	137,129	137,958
Investment property (Note 6)	646	642	600
	208,629	214,747	220,054

24 FINANCE COSTS - NET

	US Dollars'000		
	2021	2020	2019
Finance income	2,208	822	589
Finance costs on bank facilities	1,455	1,178	1,623
Finance costs on lease liabilities (Note 12)	20,713	25,010	26,788
Interest on employees' end of service benefit* (Note 13)	950	3,676	-
Finance costs	23,118	29,864	28,411
Finance costs – net	20,910	29,042	27,822

*Actuarial valuation was performed from 2020, therefore nil amount in 2019.

25 STAFF COSTS

	US Dollars'000		
	2021	2020	2019
Salaries and other benefits	414,392	346,240	417,374
End of service benefits (Note 13)	10,074	8,001	13,522
	424,466	354,241	430,896

Allocation of staff costs:

	US Dollars'000		
	2021	2020	2019
Cost of revenues (Note 20)	121,101	104,265	124,765
Selling and marketing expenses (Note 21)	207,772	178,161	213,604
General and administrative expenses (Note 22)	95,593	71,815	92,527
	424,466	354,241	430,896

26 RENT

	US Dollars'000		
	2021	2020	2019
Cost of revenues (Note 20)	21,612	17,377	23,737
Selling and marketing expenses (Note 21)	23,317	22,533	23,920
General and administrative expenses (Note 22)	8,965	5,287	7,821
Vehicle rent included under home delivery cost (Note 21)	3,024	1,845	9,703
	56,918	47,042	65,181

Rent includes USD 56,918 thousand (2020: USD 47,042 thousand; 2019: USD 65,181 thousand) pertaining to expenses on short term and low value leases and variable lease payments not included in lease liability (Note 13).

27 INCOME TAX, ZAKAT, AND CONTRIBUTION TO KFAS

	US Dollars'000		
	2021	2020	2019
Current tax			
Current tax of subsidiaries on taxable profits for the year	10,666	5,313	6,052
Zakat of subsidiaries	3,985	398	2,294
Total income tax and zakat	14,651	5,711	8,346
KFAS	1,081	570	792
Income tax, zakat, and KFAS	15,732	6,281	9,138

The effective tax rate on 31 December 2021 is 7% (2020: 7%; 2019: 6%).

Provision for income tax is made in accordance with relevant tax laws and regulations of countries where Americana Restaurants 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 29).

27 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 31%. A reconciliation between the expected and the actual taxation charge is provided below.

	2021 USD'000	2020 USD'000	2019 USD'000
Profit before income tax, zakat, and KFAS	**222,140**	**86,062**	**161,237**
Theoretical tax charge at each subsidiaries' statutory rate	8,754	5,778	5,914
Tax effect of items which are not deductible or assessable for taxation purposes:			
- Income which is exempt from taxation	(55,502)	(29,295)	(36,611)
- Non-deductible expenses	26,224	(6,206)	4,688
- Income subject to withholding tax	28,475	33,080	-
- Carried forward losses	(2,721)	(2,359)	-
Taxable profit	**218,616**	**81,282**	**129,314**
Current tax of subsidiaries on taxable profits for the year	**10,666**	**5,313**	**6,052**
Zakat of subsidiaries	**3,985**	**398**	**2,294**
KFAS	**1,081**	**570**	**792**

28 ENTITIES

The entities included in the special purpose carve-out financial statements are as reflected below:

Company's Name	Activity	Place of incorporation
Americana Restaurants Investments Group Company LLC	Holding Company	United Arab Emirates
Americana Kuwait Company Restaurants WLL	Restaurants	Kuwait
Americana Holding for UAE Restaurants LTD	Holding Company	United Arab Emirates
Americana Holding for Egyptian Restaurants LTD	Holding Company	United Arab Emirates
Americana Company for Restaurants Holding LTD	Holding Company	United Arab Emirates
Americana Holding for KSA Restaurants LTD	Holding Company	United Arab Emirates
Americana Holding for Restaurants LTD	Holding Company	United Arab Emirates
Kuwait Food Company Americana LLC	Restaurants	United Arab Emirates
Egyptian Company for International Touristic Projects SAE	Restaurants	Egypt
Egyptian International Company for Food Industries SAE	Restaurants	Egypt
Al Ahlia Restaurants Company LLC	Restaurants	Saudi Arabia
United Food Company LLC	Others	Saudi Arabia
Americana Prime Investments Limited	Others	United Arab Emirates
International Tourism Restaurants Company LLC	Restaurants	Oman
The Caspian International Restaurants Company LLP	Restaurants	Kazakhstan
Gulf & Arab World Restaurant WLL	Restaurants	Bahrain
Bahrain & Kuwait Restaurant Co. WLL	Restaurants	Bahrain
Lebanese International Touristic Projects Company LLC	Restaurants	Lebanon
Qatar Food Company WLL	Restaurants	Qatar
Ras Buabboud Trading Company WLL	Restaurants	Qatar
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd.	Restaurants	Iraq - Kurdistan
Société Marocaine De Projects Touristiques SARL	Restaurants	Morocco
Touristic Projects & International Restaurants Co. (Americana) LLC	Restaurants	Jordan
Jordanian Restaurants Company for Fast Food LLC	Restaurants	Jordan
The International Co. for World Restaurants Limited	Restaurants	United Arab Emirates

29 CONTINGENT LIABILITIES, OPERATING AND CAPITAL COMMITMENTS

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Contingent liabilities				
Letters of guarantee	12,839	12,206	12,791	9,385

Taxes

Americana Restaurants operates in several different countries, Note 28 indicates Americana Restaurants' 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 the State of Kuwait, Kingdom of Saudi Arabia and Arab Republic of Egypt as follows:

State of Kuwait:

Americana Restaurants' operations in the State of Kuwait are subject to various types of taxes and deductions as follows:

- Zakat at 1% of profit attributable to owners of the Parent Company, less permitted deductions.
- KFAS contribution at 1% of profit attributable to owners of the Parent Company, less permitted deductions.

Arab Republic of Egypt:

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

Kingdom of Saudi Arabia:

Americana Restaurants' operations are subject to Zakat in the Kingdom of Saudi Arabia.

Americana Restaurants 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, Americana Restaurants takes in consideration the contingent liabilities for the years that have not been inspected yet.

The tax claims and contingent tax liabilities, at Americana Restaurants' level, are amounted to USD 94,628 thousand as at 31 December 2021 (2020: USD 20,095 thousand; 2019: USD 58,859 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, Americana Restaurants' management believes that the provisions made for this purpose are adequate and sufficient.

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Operating lease commitments – Lessee				
Less than one year	45,481	39,959	55,439	104,280
	45,481	39,959	55,439	104,280

	US Dollars'000			
	31-Dec-2021	31- Dec-2020	31-Dec-2019	1-Jan-2019
Capital commitments				
Letters of credit	12,719	6,853	3,879	1,468
Projects in progress	13,896	1,690	5,778	1,060

30 FINANCIAL INSTRUMENTS BY CATEGORY

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Financial assets				
Financial assets at amortised cost				
Cash and cash equivalents (Note 10)	173,996	196,347	169,878	106,646
Loan to a related party (Note 18)	64,000	-	-	-
Trade and other receivables (excluding prepayments, advances to suppliers) (Note 9)	60,046	54,000	47,982	48,915
Due from related parties (Note 18)	1,189	696	1,713	27,746
	299,231	251,043	219,573	183,307
Financial assets at fair value				
Derivative financial instrument	9,390	-	-	-
	308,621	251,043	219,573	183,307
Financial liabilities				
Other financial liabilities at amortised cost				
Trade and other payables (excluding value added tax payable and unearned income) (Note 14)	325,212	295,995	289,918	255,162
Bank facilities (Note 11)	7,073	24,563	13,631	11,158
Lease liabilities (Note 12)	384,599	403,439	467,725	460,906
	716,884	723,997	771,274	727,226

31 NET DEBT RECONCILIATION

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Cash and cash equivalents (Note 10)	173,996	196,347	169,878	106,646
Bank facilities (Note 11)	(7,073)	(24,563)	(13,631)	(11,158)
Lease liabilities (Note 12)	(384,599)	(403,439)	(467,725)	(460,906)
Net debt	(217,676)	(231,655)	(311,478)	(365,418)

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Cash and cash equivalents	173,996	196,347	169,878	106,646
Net debt – variable interest rates	(391,672)	(428,002)	(481,356)	(472,064)
Net debt	(217,676)	(231,655)	(311,478)	(365,418)

31 NET DEBT RECONCILIATION (continued)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
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)**

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
Net debt as at 1 January 2020	(467,725)	156,247	(311,478)
Foreign currencies translation differences	2,671	(228)	2,443
Others	32,648	-	32,648
Principal elements of lease payments	110,748	-	110,748
Gain on rent concessions	28,113	-	28,113
Acquisition of leases	(109,894)	-	(109,894)
Cash flows, net	-	15,765	15,765
Net debt as at 31 December 2020	(403,439)	171,784	(231,655)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
Net debt as at 1 January 2019	(460,906)	95,488	(365,418)
Foreign currencies translation differences	(5,818)	(2,554)	(8,372)
Others	(22,609)	-	(22,609)
Principal elements of lease payments	133,535	-	133,535
Acquisition of leases	(111,927)	-	(111,927)
Cash flows, net	-	63,313	63,313
Net debt as at 31 December 2019	(467,725)	156,247	(311,478)

32 SEGMENT REPORTING

Americana Restaurants is organized into operating segments based on geographical location. The results are reported to the top executive management in Americana Restaurants. 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 special purpose carve-out 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**	
Revenues	2021	2020	2021	2020	**2021**	**2020**
	USD'000		USD'000		**USD'000**	
Major GCC	1,365,447	1,042,940	(1,433)	(979)	1,364,014	1,041,961
Lower Gulf	251,574	204,380	(32,906)	(26,240)	218,668	178,140
North Africa	273,601	201,360	-	-	273,601	201,360
Others	195,464	156,334	-	-	195,464	156,334
Total	2,086,086	1,605,014	(34,339)	(27,219)	2,051,747	1,577,795

	Reportable segments	
	31 December	
Net profits	2021	2020
	USD'000	
Major GCC	179,560	97,485
Lower Gulf	16,225	13,605
North Africa	8,061	(40,098)
Others	21,199	16,585
Total	**225,045**	**87,577**
Unallocated:		
Income tax, zakat and other deductions	(15,732)	(6,281)
Losses of foreign exchange	(2,905)	(1,515)
Net profit for the year	**206,408**	**79,781**

	Reportable segments	**Intercompany transactions**	**Total**
	31 December	31 December	31 December
Revenues	2019	2019	2019
	USD'000	USD'000	USD'000
Major GCC	1,255,117	(1,389)	1,253,728
Lower Gulf	231,499	(27,499)	204,000
North Africa	244,581	-	244,581
Others	187,910	-	187,910
Total	1,919,107	(28,888)	1,890,219

32 SEGMENT REPORTING (continued)

	Reportable segments
Net profits	31 December 2019
	USD'000
Major GCC	133,198
Lower Gulf	19,570
North Africa	(5,672)
Others	12,902
Total	159,998
Unallocated:	
Income tax, zakat and other deductions	(9,138)
Gain of foreign exchange	1,239
Net profit for the year	**152,099**

	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

	31 December 2020 USD'000				
	Major GCC	Lower Gulf	North Africa	Others	**Total**
Assets	630,532	132,176	130,004	123,650	1,016,362
Liabilities	619,985	98,453	136,771	74,538	929,747

	31 December 2019 USD'000				
	Major GCC	Lower Gulf	North Africa	Others	**Total**
Assets	706,032	136,979	125,163	132,389	1,100,563
Liabilities	680,921	98,536	98,336	87,383	965,176

	1 January 2019 USD'000				
	Major GCC	Lower Gulf	North Africa	Others	**Total**
Assets	729,596	128,800	128,943	127,887	1,115,226
Liabilities	627,623	88,624	89,594	84,702	890,543

32 SEGMENT REPORTING (continued)

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

	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

	2020 USD'000			
	UAE	KSA	Kuwait	Egypt
Revenues	476,333	340,373	225,255	187,741
Non-current assets	152,667	141,758	92,128	75,706

	2019 USD'000			
	UAE	KSA	Kuwait	Egypt
Revenues	540,144	405,494	308,090	225,786
Non-current assets	177,128	195,834	109,214	78,989

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Americana Restaurants LTD

Condensed interim carve-out financial statements and independent auditor's review report
for the six month period ended 30 June 2022

Contents

Review report on condensed interim carve-out financial statements to the Board of Directors of Adeptio AD Investments Ltd

Introduction

We have reviewed the accompanying condensed interim carve-out statement of financial position of Americana Restaurants LTD and its subsidiaries (the 'Group') as at 30 June 2022 and the related condensed interim carve-out statements of income, comprehensive income, changes in equity and cash flows for the six-month period ended 30 June 2022 and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim carve-out financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34). Our responsibility is to express a conclusion on these condensed interim carve-out financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial statements performed by the independent auditor of the entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphases of matter

We draw attention to Note 2 to the condensed interim carve-out financial statements, which describes the basis of accounting. In addition, we draw attention to the fact that, Americana Restaurants LTD 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. These condensed interim carve-out financial statements are, therefore, not necessarily indicative of the future results of Americana Restaurants LTD and its subsidiaries as a Group.

The condensed interim carve-out financial statements are prepared by the management of Americana Restaurants LTD in connection with the listing of Americana Restaurants LTD on the Abu Dhabi Securities Exchange in the United Arab Emirates and the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. As a result, the condensed interim carve-out financial statements may not be suitable for another purpose.

Our conclusion is not modified in respect of these matters.

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Review report on condensed interim carve-out financial statements to the Board of Directors of Adeptio AD Investments Ltd (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim carve-out financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting.”

PricewaterhouseCoopers Limited
12 August 2022

PricewaterhouseCoopers

Dubai, United Arab Emirates

Americana Restaurants LTD

Condensed interim carve-out statement of financial position as at

	Note	US Dollars'000 30-June-2022 (Consolidated)	31-December-2021 (Carve-out)
ASSETS			
Non-current assets			
Property and equipment	5	235,988	221,919
Right of use assets	10	338,984	361,975
Loan to a related party	14	-	51,200
Investment properties		7,465	9,341
Intangible assets	6	40,728	42,623
Derivative financial instrument		8,295	7,512
Deferred tax asset		2,624	2,150
Total non-current assets		**634,084**	**696,720**
Current assets			
Inventories		144,683	107,297
Trade and other receivables	7	106,212	94,034
Due from related parties	14	2,830	1,189
Loan to a related party	14	-	12,800
Derivative financial instrument		2,370	1,878
Cash and cash equivalents	8	250,039	173,996
Total current assets		**506,134**	**391,194**
Total assets		**1,140,218**	**1,087,914**
LIABILITIES AND EQUITY			
Non-current liabilities			
Lease liability	10	229,872	248,136
Provision for employees' end of service benefits		70,499	76,260
Trade and other payables		64,387	50,195
Deferred gain on derivative financial instrument		6,573	7,512
Deferred tax liabilities		4	-
Total non-current liabilities		**371,335**	**382,103**
Current liabilities			
Bank facilities	9	13,670	7,073
Deferred gain on derivative financial instrument		1,878	1,878
Lease liability	10	123,267	136,463
Income tax, zakat and other deductions payable		9,862	12,614
Trade and other payables		385,030	352,326
Due to related parties	14	28,515	23,683
Provisions for legal, tax and other claims	11	51,915	32,062
Total current liabilities		**614,137**	**566,099**
Total liabilities		**985,472**	**948,202**
Equity			
Share capital	12	168,473	-
Merger reserve	12	(1,608)	-
Accumulated net contribution from the Intermediate Parent Company		-	148,984
Foreign currency translation reserve		(21,520)	(20,429)
Equity attributable to owners of the Parent Company		145,345	128,555
Non-controlling interests	13	9,401	11,157
Total equity		**154,746**	**139,712**
Total liabilities and equity		**1,140,218**	**1,087,914**

Harsh Bansal Chief Financial Officer	Amarpal Sandhu Chief Executive Officer	Abdulmalik Al Hogail Board Member	Mohamed Ali Rashed Alabbar Board Member

The accompanying notes form an integral part of these condensed interim carve-out financial statements. 3

Americana Restaurants LTD

Condensed interim carve-out statement of income for the period ended 30 June

		US Dollars'000	
		2022	2021
	Note		
Revenues	15	1,151,929	968,149
Cost of revenues		(546,122)	(458,886)
Gross profit		**605,807**	**509,263**
Selling and marketing expenses		(360,342)	(327,702)
General and administrative expenses		(90,402)	(80,896)
Other income		9,429	9,849
Monetary gain from hyperinflation		547	3,093
Impairment losses on non-financial assets		(1,035)	(2,403)
Net impairment allowance on financial assets	7	(1,182)	(810)
Fair value gains on financial assets at fair value through profit or loss		1,275	-
Tax claim charge	16	(25,482)	-
Operating profit		**138,615**	**110,394**
Finance income		1,146	802
Finance costs		(10,431)	(11,505)
Profit before income tax, zakat, and KFAS		**129,330**	**99,691**
Income tax, zakat, and contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(6,119)	(6,058)
Net profit for the period		**123,211**	**93,633**
Attributable to:			
The shareholder of the Parent Company/ Net Investment attributable to Intermediate Parent Company		121,266	93,324
Non-controlling interests		1,945	309
		123,211	**93,633**
Earnings per share			
Basic and diluted earnings per share	22	**0.001**	**0.001**

The accompanying notes form an integral part of these condensed interim carve-out financial statements. 4

Americana Restaurant LTD

Condensed interim carve-out statement of comprehensive income for the period ended 30 June

	US Dollars'000	
	2022	2021
Net profit for the period	123,211	93,633
Other comprehensive income items		
Items that will not be reclassified subsequently to Condensed interim carve-out statement of income		
Remeasurement of employees' end of service benefits	5,726	-
Items that may be reclassified subsequently to Condensed interim carve-out statement of income		
Exchange differences on translating foreign operations including the effect of hyperinflation	(1,061)	(11,848)
Total other comprehensive income items	4,665	(11,848)
Total comprehensive income for the period	127,876	81,785
Attributable to:		
The shareholder of the Parent Company/ Net Investment attributable to Intermediate Parent Company	125,901	81,428
Non-controlling interests	1,975	357
	127,876	81,785

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants LTD
Condensed interim carve-out statement of changes in equity for the period ended 30 June

	US Dollars'000				
	Net Investment attributable to Intermediate Parent Company				
	Accumulated net contribution from the Intermediate Parent Company	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 period	93,324	-	93,324	309	93,633
Other comprehensive income					
Hyperinflation adjustment	-	(138)	(138)	-	(138)
Foreign currencies translation differences	-	(11,758)	(11,758)	48	(11,710)
Total comprehensive income	**93,324**	**(11,896)**	**81,428**	**357**	**81,785**
Changes in non-controlling interest	(119)	-	(119)	(890)	(1,009)
Distributions to the Intermediate Parent Company	(72,410)	-	(72,410)	-	(72,410)
Net payments and impact of capital reorganisation with the Intermediate Parent Company	(15,258)	-	(15,258)	-	(15,258)
Balance at 30 June 2021	**95,326**	**(24,579)**	**70,747**	**8,976**	**79,723**

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants LTD

Condensed interim carve-out statement of changes in equity for the period ended 30 June

		US Dollars'000						
		Equity attributable to owners of the Parent Company						
	Notes	Share capital	Merger reserve	Accumulated net contribution from the Intermediate Parent Company	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2022		-	-	**148,984**	**(20,429)**	**128,555**	**11,157**	**139,712**
Net profit for the period		-	-	121,266	-	121,266	1,945	123,211
Other comprehensive income								
Remeasurement of employees' end of service benefits		-	-	5,726	-	5,726	-	5,726
Hyperinflation adjustment		-	-	-	986	986	-	986
Foreign currencies translation differences		-	-	-	(2,077)	(2,077)	30	(2,047)
Total comprehensive income		-	-	**126,992**	**(1,091)**	**125,901**	**1,975**	**127,876**
Changes in non-controlling interest	13	-	-	(129)	-	(129)	(3,731)	(3,860)
Distributions to the Intermediate Parent Company		-	-	(83,089)	-	(83,089)	-	(83,089)
Net payments and impact of capital reorganisation with the Intermediate Parent Company		-	-	(25,903)	-	(25,903)	-	(25,903)
Issuance of shares		10	-	-	-	10	-	10
Capitalisation of shares	12	168,463	(1,608)	(166,855)	-	-	-	-
Balance at 30 June 2022		**168,473**	**(1,608)**	-	**(21,520)**	**145,345**	**9,401**	**154,746**

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants LTD
Condensed interim carve-out statement of cash flows for the period ended 30 June

	Note	US Dollars'000 2022	2021
Cash flows from operating activities			
Profit before income tax and zakat for the period		129,330	99,206
Adjustments for:			
Depreciation and amortisation		102,528	101,920
Provision for employees' end of service benefits, net of transfers		5,164	6,539
Impairment allowance on financial assets	7	1,182	810
Provision for obsolete, slow moving, and defective inventories		878	720
Impairment losses of non-financial assets	5,6,10	1,035	2,403
Loss on disposal of property and equipment and intangible assets		1,048	382
Gain on rent concessions		(667)	(4,662)
Finance income		(1,146)	(802)
Finance cost		10,431	11,505
Recognition of deferred gain on derivative financial instrument in other income		(939)	-
Fair value gains on financial assets at fair value through profit or loss		(1,275)	-
Tax claim charge	16	25,482	-
Hyperinflation impact		505	(2,680)
Operating cash flows before changes in working capital		**273,556**	**215,341**
Payments of employees' end of service benefits		(5,505)	(5,604)
Income tax paid		(6,062)	(4,835)
Changes in working capital:			
Trade and other receivables		(13,860)	(3,023)
Due from related parties		(1,641)	(223)
Inventories		(38,055)	(5,173)
Due to related parties		4,832	2,713
Trade and other payables, other liabilities and taxes		28,066	9,290
Net cash generated from operating activities		**241,331**	**208,486**
Cash flows from investing activities			
Purchase of property and equipment		(44,573)	(18,840)
Proceeds from sale of property and equipment		1,038	916
Purchase of intangible assets	6	(1,912)	(2,561)
Payments for key money		(1,216)	(516)
Interest received on short term deposits		1,146	802
Loans to a related party	14	(36,000)	(64,000)
Repayments of loans to a related party	14	100,000	-
Net cash generated from/(used in) investing activities		**18,483**	**(84,199)**
Cash flows from financing activities			
Payments of finance costs		(574)	(1,119)
Dividends paid to non-controlling interests	13	(3,215)	(825)
Acquisition of additional shares in subsidiary from non-controlling interests		(705)	(184)
Lease payments – principal element		(74,481)	(67,871)
Lease payments – interest on lease liabilities		(9,264)	(10,386)
Distributions to the Intermediate Parent Company		(83,089)	(72,410)
Movement in payments and impact of capital reorganisation with the Intermediate Parent Company		(25,903)	(15,258)
Proceeds from issuance of share capital		10	-
Net cash used in financing activities		**(197,221)**	**(168,053)**
Net change in cash and cash equivalents		62,593	(43,766)
Foreign currency translation differences		6,853	(94)
Cash and cash equivalents at the beginning of the period		166,923	171,784
Cash and cash equivalents at the end of the period	8	**236,369**	**127,924**

The accompanying notes form an integral part of these condensed interim carve-out financial statements. 8

1 GENERAL INFORMATION

Americana Restaurants LTD ("Americana Restaurants" or the "Parent") 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 is a wholly owned subsidiary of Kuwait Food Company (Americana) K.S.C.C. ("KFC" or the "Intermediate Parent Company"). KFC is 93.42% owned by Adeptio AD investments Ltd which is wholly owned by Adeptio AD Holdings Ltd (the "Ultimate Parent Company"). The 'Ultimate Shareholders' of KFC are 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. 2.7% of the issued shares of KFC are being held as treasury shares by KFC and remaining 3.9% shares represents the minority shareholding.

KFC is involved in two main lines of businesses namely the Restaurant Business and the Food Business. The Restaurants Business comprises of 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 KFC. On 2 June 2022, the Board of Directors of KFC approved the transfer date of the Restaurant Business and entities as detailed in Note 17 to Americana Restaurants (together referred to as "the Group") to be 27 June 2022.

The Condensed interim carve-out financial statements were approved for issue by the board of directors on 5 August 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The Condensed interim carve-out financial statements for the six month period ended 30 June 2022 have been prepared in accordance with IAS 34, 'Interim financial reporting'. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Condensed interim carve-out financial position. The Condensed interim carve-out financial statements do not include all the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC"). The Condensed interim carve-out financial statements should be read in conjunction with the annual special purpose carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

2.2 Basis of preparation

The Condensed interim carve-out financial statements have been prepared on a historical cost convention except for the defined benefit obligation which is recognised at the present value of future obligations using the projected unit credit method and the revaluation of derivative financial instrument. The accompanying Condensed interim carve-out financial statements has been prepared for inclusion in the company's Initial Public Offering document to be filed in connection with the listing of Americana Restaurants on the Abu Dhabi Securities Exchange in the United Arab Emirates and the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia.

The preparation of Condensed interim carve-out 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 Condensed interim carve-out financial statements are disclosed in Note 4. These have been applied consistently for all periods presented.

The transfer of the Restaurant Business and its entities to Americana Restaurants represents a capital reorganisation, whereby the Condensed interim carve-out financial statements of the Group are presented as a continuation of Americana Restaurants. The financial information as at 30 June 2022 constitutes a condensed consolidated interim financial statements of Americana Restaurants under IFRS 10 post restructuring. The financial information for the periods presented in these Condensed interim carve-out financial statements represent the financial results and financial position of Americana Restaurants before the incorporation date of the Parent Company as if the Parent Company had historically operated as a group of entities. Therefore, the transfer represents the predecessor method of accounting and retrospective presentation is used whereby:

- Assets and liabilities of the transferred entities are stated at their predecessor carrying values and fair value measurement is not required.
- The entities' results and financial position are incorporated as if they had always been combined with the Parent Company. Therefore, the comparative information for the six month period ended 30 June 2021 and as at 31 December 2021 in these Condensed interim carve-out financial statements represent the financial results and financial position of the Restaurant business. The comparatives for the period ended 30 June 2021 and as at 31 December 2021 have been prepared on a carve-out basis according to the basis of preparation and accounting policies set out in the annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Seasonality of operations

Currently, the Group has no seasonality of operations.

2.4 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 Condensed interim carve-out 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 IFRS 3 (effective 1 January 2022);
- amendment to IAS 37 (effective 1 January 2022);
- amendment to IAS 16 (effective 1 January 2022); and
- annual improvements to 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 Condensed interim carve-out financial statements of the Group and intends to adopt these, if applicable, when they become effective.

2.5 Accounting policies

The same accounting policies and methods of computation have been followed in these Condensed interim carve-out financial statements as compared with the Group's recent annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

2.6 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 Condensed interim carve-out 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 Condensed interim carve-out 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 Condensed interim carve-out statement of income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Basis of consolidation (continued)

(a) Subsidiaries (continued)

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

The Condensed interim carve-out financial statements comprises the Condensed interim carve-out financial statements of the Parent and its subsidiaries that were transferred to it by KFC.

The subsidiaries of the Parent were transferred to it under a capital reorganisation during the six-month period ended 30 June 2022. The transfer is treated as a capital reorganisation under common control and the predecessor method of accounting and retrospective presentation is used.

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

(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 Condensed interim carve-out 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 condensed interim carve-out statement of income.

2.7 Merger reserve

The merger reserve is related to the capital reorganisation wherein the Restaurant Business was transferred from the Intermediate Parent to Americana Restaurants LTD during the six month period ended 30 June 2022. The difference between the accumulated net contribution from the Intermediate Parent Company and the consideration provided to the Intermediate Parent Company for the transfers (being the value of share capital issued) is recorded as a merger reserve in equity as it represents the difference between the carrying value of the net assets transferred and the fair value of the consideration provided.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 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 shares issued to existing investors, on formation of the combined legal structure. 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 period ended 30 June 2021 by using the number of shares issued on formation of the combined legal structure.

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 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.

The Condensed interim carve-out financial statements does not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019. There have been no changes in the risk management department or in any risk management policies since the year end.

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.

There are no other significant changes on the liquidity risk from the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these Condensed interim carve-out 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. In preparing these Condensed interim carve-out financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

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. The Group is the largest shareholder with a 40% equity interest and 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical judgements (continued)

Hyperinflation

Americana Restaurants 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 (%)
30 June 2022	2019	1271	1085%
31 December 2021	2019	921	759%
30 June 2021	2019	415	287%

The impact of adjusting Americana Restaurants' results for the effects of hyperinflation is set out below:

Income statement	Period ended 30 June 2022 USD'000	Period ended 30 June 2021 USD'000
Increase in revenues	974	2,063
Monetary gain from hyperinflation	547	3,093
Impairment losses on non-financial assets	(982)	(954)
Increase in cost of revenues	(471)	(1,186)
Increase in selling and marketing expenses	(639)	(687)
Decrease/(increase) in general and administrative expenses	17	(476)
Others	(933)	(127)
(Decrease)/increase in profit after tax	**(1,487)**	**1,726**

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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

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:

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 615,700 thousand as at 30 June 2022 (31 December 2021: 626,517 thousand, 30 June 2021: USD 574,038 thousand). The (reversal of impairment)/impairment losses recognised in the carve-out income statement on these non-financial assets are as follows:

	Six month period ended 30 June 2022 USD'000	**Year ended 31 December 2021 USD'000**
Property and equipment (Note 5)	554	(1,356)
Right-of-use assets (Note 10)	470	292
Intangible assets (Note 6)	11	(115)
Total	1,035	(1,179)

The following table presents Americana Restaurants' key assumptions and the effect of the sensitivity analysis on the carve-out statement of comprehensive income on those assumptions:

		Headroom/(Impairment of non-financial assets) US Dollars'000			
	Change in assumption	Period ended 30 June 2022		Period ended 30 June 2021	
Growth rate	+/-0.5%	31	(54)	157	(154)
Discount rate	+/-0.5%	(8)	8	(30)	30
Gross margin	+/-1.0%	31	(92)	240	(249)

Key assumptions used in value in use calculations for the period ended 30 June 2022 and 2021 are as follows. Refer to Note 21 for the list of countries included in each segment

CGUs impairment testing: Key assumptions 30 June 2022

	Major GCC	Lower Gulf	North Africa	Others
Growth rate	5% - 12%	3% - 15%	6% - 13%	(48%) - 19%
Discount rate	9%	9% - 11%	10% - 13%	10% - 27%
Increase/decrease in gross margin	2% - 5%	2% - 4%	2% - 11%	2% - 220%

CGUs impairment testing: Key assumptions 30 June 2021

	Major GCC	Lower Gulf	North Africa	Others
Growth rate	5% - 45%	3% - 26%	10% - 45%	6% - 121%
Discount rate	8%	8% - 10%	9% - 12%	9% - 24%
Increase/decrease in gross margin	1% - 3%	1% - 4%	1% - 7%	1% - 9%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

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 18).

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.

Americana Restaurants has reviewed the assumptions on risk of default and expected loss rates against the backdrop of COVID-19 pandemic. Management believes that the changes in the assumptions on risk of default and the expected credit losses rates calculation arising on financial assets will not significantly change the impairment of trade and other receivables as at 30 June 2022. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods

Corporate allocations

In the preparation of the Condensed interim carve-out statement of income for the period ended 30 June 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 based on the most relevant allocation method that are considered to be reasonable and based on the policies applied to the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019. Actual results may differ from these estimates. A 10% increase or decrease change in allocation percentages would result in approximately USD 240 thousand change in expense allocated to Americana Restaurants for the period ended 30 June 2021.

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 30 June 2022.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

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. The majority of extension and termination options held are exercisable only by the Group or both parties mutually agreeing on renewed terms and conditions. Based on management's assessment they have concluded not to exercise any extension or termination options as it is not reasonably certain.

5 PROPERTY AND EQUIPMENT

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
Cost							
As at 1 January 2022	19,095	450,374	89,388	270,081	15,795	20,965	865,698
Additions	-	15,140	573	16,097	814	23,837	56,461
Disposals	-	(19,080)	(2,228)	(8,292)	(1,064)	-	(30,664)
Hyperinflation adjustment	141	63	192	122	9	-	527
Transfers	-	13,144	326	3,105	-	(17,868)	(1,293)
Foreign currency translation difference	(2,511)	(9,788)	(3,563)	(4,650)	(427)	(370)	(21,309)
As at 30 June 2022	16,725	449,853	84,688	276,463	15,127	26,564	869,420
Accumulated depreciation and impairment							
As at 1 January 2022	-	350,636	69,144	211,801	12,198	-	643,779
Charge for the period	-	16,948	1,691	9,553	755	-	28,947
Disposals	-	(18,759)	(1,396)	(7,989)	(1,060)	-	(29,204)
Hyperinflation adjustment	-	85	234	177	8	-	504
Transfers	-	(99)	(67)	141	-	-	(25)
Impairment	-	518	(20)	56	-	-	554
Foreign currency translation difference	-	(5,678)	(2,224)	(2,958)	(263)	-	(11,123)
As at 30 June 2022	-	343,651	67,362	210,781	11,638	-	633,432
Net book amount							
As at 30 June 2022	16,725	106,202	17,326	65,682	3,489	26,564	235,988

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

Property and equipment with a carrying amount of USD 23,429 thousand as on 30 June 2022 (31 December 2021: USD 19,746 thousand) are pledged as security for a borrowing held by the Intermediate Parent Company.

5 PROPERTY AND EQUIPMENT (continued)

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
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.

6 INTANGIBLE ASSETS

	US Dollars'000		
	Franchise and agencies	Others	Total
Cost			
At 31 December 2020	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
Additions	1,912	-	1,912
Transfers	1,406	-	1,406
Hyperinflation adjustment	3	-	3
Disposals	(2,058)	-	(2,058)
Foreign currency translation difference	(1,967)	-	(1,967)
At 30 June 2022	80,816	9,455	90,271
Accumulated amortisation and impairment			
At 31 December 2020	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
Amortisation	3,281	-	3,281
Transfers	63	-	63
Disposals	(1,432)	-	(1,432)
Hyperinflation adjustment	30	-	30
Impairment	11	-	11
Foreign currency translation difference	(762)	-	(762)
At 30 June 2022	48,546	997	49,543
Net book amount			
At 30 June 2022	32,270	8,458	40,728
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.

7 TRADE AND OTHER RECEIVABLES

	US Dollars'000	
	30-June-2022	31-December-2021
Trade receivable	27,995	26,800
Less: loss allowance	(2,417)	(1,856)
	25,578	24,944
Prepaid expenses	36,498	28,489
Advances to suppliers	7,746	5,499
Refundable deposits	18,521	18,627
Accrued income	5,298	5,304
Insurance receivables	758	752
Staff receivables	2,258	2,313
Others	9,555	8,106
	106,212	94,034

The Group has a broad base of customers with no concentration of credit risk within trade receivables at 30 June 2022 and 31 December 2021.

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

	US Dollars'000	
	30-June-2022	31-December-2021
Up to 3 months	25,931	25,044
3 to 6 months	580	561
Over 6 months	1,484	1,195
	27,995	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 93% amounting to USD 1,383 thousand (31 December 2021: 100% amounting to USD 1,195 thousand).

Balances between 3 to 6 months had an expected credit loss allowance of 45% amounting to USD 263 thousand (31 December 2021: 27% amounting to USD 153 thousand). Balances up to 3 months had an expected credit loss allowance of 3% amounting to USD 771 thousand (31 December 2021: 2% amounting to USD 508 thousand).

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

	US Dollars'000	
	30-June-2022	31-December-2021
Balance at 1 January	1,856	1,744
Charge during the period/year	1,182	1,454
Write-offs against the loss allowance on trade receivables	(14)	(1,319)
Reclassification	(509)	(26)
Foreign currency translation differences	(98)	3
	2,417	1,856

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

7 TRADE AND OTHER RECEIVABLES (continued)

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

	US Dollars'000	
	30-June-2022	31-December-2021
UAE Dirham	8,334	8,563
Saudi Riyal	7,563	4,455
Egyptian Pound	3,277	5,316
Kuwaiti Dinar	3,063	4,151
US Dollar	43	54
Other	5,715	4,261
	27,995	26,800

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:

Americana Restaurants 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"). Americana Restaurants 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 Americana Restaurants. As per the agreement, the loan notes are to be settled against the future cash flows (i.e., dividends) received from the investment of Americana Restaurants. Americana Restaurants 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, Americana Restaurants 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 as at 30 June 2022 and 31 December 2021.

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 as at 31 December 2021 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 10,665 thousand as at 30 June 2022. The valuation methodology utilised is consistent with the prior year valuation, being the binomial lattice model with key assumptions as at 30 June 2022 being an expected life of 4.5 years, an asset volatility of 19%, and a risk free interest rate of 3%. The difference on revaluation is recorded in the Condensed interim carve-out statement of income.

8 CASH AND CASH EQUIVALENTS

	US Dollars'000		
	30-June-2022	31-December-2021	30-June-2021
Cash on hand	4,996	4,309	2,836
Cash at banks	99,090	89,420	114,461
Short-term deposits with original maturity of 3 months or less	145,953	80,267	19,930
Cash and cash equivalents	250,039	173,996	137,227

8 CASH AND CASH EQUIVALENTS (continued)

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 Condensed interim carve-out statement of cash flows:

	US Dollars'000		
	30-June-2022	31-December-2021	30-June-2021
Cash and cash equivalents	250,039	173,996	137,227
Less: Bank overdraft (Note 9)	(13,670)	(7,073)	(9,303)
Balances per Condensed interim carve-out statement of cash flows	236,369	166,923	127,924

9 BANK FACILITIES

	US Dollars'000		
	30-June-2022	31-December-2021	30-June-2021
Short term			
Bank overdraft	13,670	7,073	9,303

	US Dollars'000		
Maturity of bank facilities are as follows:	30-June-2022	31-December-2021	30-June-2021
Within one year	13,670	7,073	9,303

10 LEASES

(i) Amounts recognized in the Condensed interim carve-out statement of financial position

	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
Additions	56,617	2,397	-	1,216	60,230
Hyperinflation adjustment	(638)	-	-	23	(615)
Disposal	(17,203)	(135)	(129)	(82)	(17,549)
Transfers	-	-	-	49	49
Foreign currency translation difference	(14,476)	(92)	30	(957)	(15,495)
As at 30 June 2022	731,076	29,867	8,367	10,214	779,524
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
Charge for the period	65,004	3,365	590	1,036	69,995
Hyperinflation adjustment	(216)	-	-	23	(193)
Impairment charges	470	-	-	-	470
Disposal	(13,211)	(100)	(9)	(82)	(13,402)
Foreign currency translation difference	(6,444)	(65)	17	(767)	(7,259)
As at 30 June 2022	410,241	23,300	4,021	2,978	440,540
Net book amount					
As at 30 June 2022	**320,835**	**6,567**	**4,346**	**7,236**	**338,984**
As at 31 December 2021	**342,138**	**7,597**	**5,043**	**7,197**	**361,975**

The additions of right-of-use assets is a non-cash investing activity.

	30-June-2022 USD'000	31-December-2021 USD'000
Lease liabilities		
Non-current	229,872	248,136
Current	123,267	136,463
	353,139	384,599

10 LEASES (continued)

(ii) Amounts recognised in the Condensed interim carve-out statement of income

	30-June-2022 USD'000	30-June-2021 USD'000
Finance costs on lease liabilities	9,264	10,386

	30-June-2022 USD'000	30-June-2021 USD'000
Other rent expenses		
Expense relating to short-term and low-value leases	25,528	25,679
Expense relating to variable lease payments not included in lease liabilities	7,017	4,751
	32,545	30,430

Americana Restaurants recognised a gain on COVID-19 related rent concessions of USD 667 thousand for the period ended 30 June 2022 (30 June 2021: USD 4,662 thousand) under other income in the Condensed interim carve-out statement of income.

11 PROVISIONS FOR LEGAL, TAX AND OTHER CLAIMS

	US Dollars'000	
	30-June-2022	31-December-2021
Legal cases	5,270	9,430
Provision for termination and closure	4,889	5,060
Tax	37,795	13,781
Other provisions	3,961	3,791
	51,915	32,062

	2022 (USD'000)				
	Legal cases	**Provision for termination and closure**	**Tax**	**Other provisions**	**Total**
Balance at 1 January 2022	9,430	5,060	13,781	3,791	32,062
Charged/(credited) to profit or loss					
Additional provisions recognised	394	495	24,450	1,768	27,107
Unused amounts reversed	(1,183)	(4)	-	-	(1,187)
Amounts used during the period	(2,129)	(660)	(154)	(727)	(3,670)
Foreign currency translation difference	(105)	(2)	(282)	(200)	(589)
Others	(1,137)	-	-	(671)	(1,808)
Balance at 30 June 2022	5,270	4,889	37,795	3,961	51,915

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

	2021 (USD'000)				
	Legal cases	Provision for termination and closure	Tax	Other provisions	Total
Balance at 1 January 2021	7,737	3,849	7,906	2,818	22,310
Charged/(credited) to profit or loss					
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 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 Americana Restaurants 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 30 June 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 18). The other provisions also comprise of restructuring expenses and expected claims from external parties in relation to Americana Restaurants' activities. The management reviews these provisions on a periodic basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

12 SHARE CAPITAL AND MERGER RESERVE

(i) Share capital

As at 30 June 2022, the Parent Company's authorized, issued and paid up capital is USD 168,472,662 comprising of 168,472,662 shares with nominal value of USD 1 each. 10,000 shares are issued in cash and 168,462,662 shares are issued through a share-for-share exchange for the transfer of the Restaurant Business from the Intermediate Parent Company. The Intermediate Parent Company owns 100% of the Parent Company's issued share capital.

(ii) Merger reserve

	US Dollars'000	
	30-June-2022	31-December-2021
Beginning balance	-	-
Transfer from accumulated net contribution from the Intermediate Parent Company	(1,608)	-
	(1,608)	-

The merger reserve is related to the capital reorganisation wherein the Restaurant Business was transferred from the Intermediate Parent Company to Americana Restaurants LTD during the six month period ended 30 June 2022.

13 NON-CONTROLLING INTERESTS

	US Dollars'000	
	30-June-2022	31-December-2021
Beginning balance	11,157	9,509
Share from net profit of the period	1,945	2,491
Other comprehensive income item:		
Foreign currency translation differences	30	48
Other changes in non-controlling interests:		
Effects of acquisition of additional shares in a subsidiary	(516)	(65)
Cash dividends paid by subsidiaries	(3,215)	(826)
Total other changes in non-controlling interests	(3,731)	(891)
	9,401	**11,157**

14 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, Americana Restaurants 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	
	30-June-2022	30-June-2021
Transactions with fellow subsidiaries		
Purchases of raw materials	61,396	51,390
Interest income from loan to a related party	670	494
Investment property rental income	178	187
Delivery and payment support	570	163
Key management personnel		
Short term employee benefits	2,886	2,243
Termination benefits	60	51

Due from related parties

		USD'000	
Name	Place of incorporation	30-June-2022	31-December-2021
Fellow subsidiaries:			
Americana Holding for KSA Food	UAE	2,113	1
Gulf Food Industries (California Garden)	UAE	11	68
Americana Food Investment Group Company	UAE	-	457
The International Co. for Agricultural development ('Farm Frites')	Egypt	379	-
Americana Group for Food and Touristic Projects	Egypt	74	-
Others		226	573
Entity controlled by a major shareholder:			
Nshmi Development LLC	UAE	27	90
		2,830	**1,189**

14 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Due to related parties

Name	Place of incorporation	USD'000 30-June-2022	USD'000 31-December-2021
Fellow subsidiaries:			
National Food Industries Co.	KSA	11,575	7,110
The International company for Agricultural production and processing	Egypt	5,825	11
Cairo poultry Company	Egypt	1,627	1,213
The International Co. for Agricultural development ('Farm Frites')	Egypt	995	6,261
Senyorita Co. for Food Industries	Egypt	8	2,551
Gulf Food Co. Americana LLC	UAE	3,217	2,295
Gulf Food Industries (California Garden)	UAE	2,282	1,467
Others		-	151
Division of the Intermediate Parent Company:			
Kuwait Foods Divisions (Meat, Cake, Agencies)	Kuwait	2,427	2,282
Entities controlled by a major shareholder:			
Noon AD Holdings	UAE	322	274
Barakat Vegetables and Fruits Co. LLC	UAE	142	-
Noon Payments Digital Limited	KSA	95	68
		28,515	**23,683**

	US Dollars'000 30-June-2022	US Dollars'000 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 Americana Restaurants) 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 as on 31 December 2021.

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 by Americana Foods Investments Group Company LLC.

15 REVENUES

	USD'000 30-June-2022	USD'000 30-June-2021
Food and beverage	1,149,987	966,775
Investment properties rental income	1,942	1,374
	1,151,929	968,149

16 TAX CLAIM CHARGE

Tax claim charge 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.

During 2022, the Group has entered into settlement discussions for historical periods with tax authorities and expect to benefit from the new amnesty legislation to partially waive penalties. Management believes the provisions provided are adequate to cover the expected settlement amount and penalties.

17 SUBSIDIARIES

The Group's subsidiaries overall ownership structure as at 30 June 2022 is as reflected below. The subsidiaries were transferred to the Group during the six month period ended 30 June 2022 (Note 1):

Company's Name	Activity	Place of incorporation	Effective Ownership (%) 30-June-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%

18 CONTINGENT LIABILITIES, OPERATING AND CAPITAL COMMITMENTS

	US Dollars'000	
	30-June-2022	31-December-2021
Contingent liabilities		
Letters of guarantee	12,683	12,839

Taxes

The Group operates in several different countries, Note 17 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 the Kingdom of Saudi Arabia and Arab Republic of Egypt as follows:

Arab Republic of Egypt:

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

Kingdom of Saudi Arabia:

Americana Restaurants' operations are subject to Zakat in the Kingdom of Saudi Arabia.

Americana Restaurants 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, Americana Restaurants takes in consideration the contingent liabilities for the years that have not been inspected yet.

The tax claims and contingent tax liabilities, at Americana Restaurants' level, are amounted to USD 92,640 thousand as at 30 June 2022 (31 December 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, Americana Restaurants' management believes that the provisions made for this purpose are adequate and sufficient.

	US Dollars'000	
	30-June-2022	31-December-2021
Operating lease commitments – Lessee		
Less than one year	25,528	45,481

	US Dollars'000	
	30-June-2022	31-December-2021
Capital commitments		
Letters of credit	10,964	12,719
Projects in progress	7,721	13,896

19 FINANCIAL INSTRUMENTS BY CATEGORY

	US Dollars'000	
	30-June-2022	31-December-2021
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents (Note 8)	250,039	173,996
Loan to a related party (Note 14)	-	64,000
Trade and other receivables (excluding prepayments, advances to suppliers) (Note 7)	61,968	60,046
Due from related parties (Note 14)	2,830	1,189
	314,837	299,231
Financial assets at fair value		
Derivative financial instrument	10,665	9,390
	325,502	308,621
Financial liabilities		
Other financial liabilities at amortised cost		
Trade and other payables (excluding value added tax payable and unearned income)	354,757	325,212
Bank facilities (Note 9)	13,670	7,073
Lease liabilities (Note 10)	353,139	384,599
	721,566	716,884

20 NET DEBT RECONCILIATION

	US Dollars'000	
	30-June-2022	31-December-2021
Cash and cash equivalents (Note 8)	250,039	173,996
Bank facilities (Note 9)	(13,670)	(7,073)
Lease liabilities (Note 10)	(353,139)	(384,599)
Net debt	(116,770)	(217,676)

	US Dollars'000	
	30-June-2022	31-December-2021
Cash and cash equivalents	250,039	173,996
Net debt – variable interest rates	(366,809)	(391,672)
Net debt	(116,770)	(217,676)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
Net debt as at 1 January 2022	(384,599)	166,923	(217,676)
Foreign currencies translation differences	11,179	6,853	18,032
Others	(5,117)	-	(5,117)
Lease payments of principal and interest	83,745	-	83,745
Gain on rent concessions	667	-	667
Additions of leases	(59,014)	-	(59,014)
Cash flows, net	-	62,593	62,593
Net debt as at 30 June 2022	(353,139)	236,369	(116,770)

20 NET DEBT RECONCILIATION (continued)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
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)
Lease payments of principal and interest	160,363	-	160,363
Gain on rent concessions	6,978	-	6,978
Additions of leases	(132,887)	-	(132,887)
Cash flows, net	-	(586)	(586)
Net debt as at 31 December 2021	(384,599)	166,923	**(217,676)**

21 SEGMENT REPORTING

Americana Restaurants is organized into operating segments based on geographical location. The results are reported to the top executive management in Americana Restaurants. 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 carve-out 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 periods ended:

	Reportable segments		**Intercompany transactions**		**Total**	
	30 June		30 June		**30 June**	
Revenues	2022	2021	2022	2021	**2022**	**2021**
	USD'000		USD'000		**USD'000**	
Major GCC	783,433	646,731	-	(716)	783,433	646,015
Lower Gulf	146,492	115,225	(21,092)	(14,845)	125,400	100,380
North Africa	146,552	121,253	-	-	146,552	121,253
Others	96,544	100,501	-	-	96,544	100,501
Total	**1,173,021**	**983,710**	**(21,092)**	**(15,561)**	**1,151,929**	**968,149**

	Reportable segments	
	30 June	
Net profits	2022	2021
	USD'000	
Major GCC	139,673	86,294
Lower Gulf	12,472	6,782
North Africa	(33,127)	(524)
Others	11,577	9,641
Total	**130,595**	**102,193**
Unallocated:		
Income tax, zakat and other deductions	(6,119)	(6,058)
Losses of foreign exchange	(1,265)	(2,502)
Net profit for the period	**123,211**	**93,633**

21 SEGMENT REPORTING (continued)

	30 June 2022 USD'000				
	Major GCC	Lower Gulf	North Africa	Others	**Total**
Assets	766,747	126,934	142,544	103,993	**1,140,218**
Liabilities	674,537	98,470	155,453	57,012	**985,472**

	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:

	USD'000			
	UAE	KSA	Kuwait	Egypt
Non-current assets as at 30 June 2022	156,746	138,810	93,839	81,282
Non-current assets as at 31 December 2021	161,601	134,967	93,078	90,852

	USD'000			
	UAE	KSA	Kuwait	Egypt
Revenue for the six-month period ended 30 June 2022	338,962	254,863	189,608	131,381
Revenue for the six-month period ended 30 June 2021	279,263	212,568	154,900	110,914

22 EARNINGS PER SHARE

	30 June 2022	30 June 2021
Earnings		
"Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to ordinary equity holders of the Parent rounded to the nearest) – *USD thousand*	121,266	93,324
Number of ordinary shares		
Number of ordinary shares – *numbers*	168,472,662	168,472,662
Basic and diluted earnings per share attributable to owners of the Parent rounded to the nearest – *USD thousand*	**0.001**	**0.001**

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Condensed interim carve-out financial statements and independent auditor's review report
for the nine month period ended 30 September 2022

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Contents

Review report on condensed interim carve-out financial statements to the board of directors of Adeptio AD Investments Ltd

Introduction

We have reviewed the accompanying condensed interim carve-out statement of financial position of Americana Restaurants International plc (formerly Americana Restaurants LTD) and its subsidiaries (the 'Group') as at 30 September 2022 and the related condensed interim carve-out statements of income and comprehensive income for the three-month and nine-month periods then ended and the condensed interim carve-out statements changes in equity and cash flows for the nine-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this condensed interim carve-out financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34). Our responsibility is to express a conclusion on these condensed interim carve-out financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial statements performed by the independent auditor of the entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphases of matter

We draw attention to Note 2 to the condensed interim carve-out financial statements, which describes the basis of preparation and accounting. In addition, we draw attention to 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, the date of transfer of the Restaurant business into the Group. These condensed interim carve-out financial statements are, therefore, not necessarily indicative of the future results of Americana Restaurants International plc and its subsidiaries as a Group.

The condensed interim carve-out financial statements are prepared by the management of Americana Restaurants International plc in connection with the listing of Americana Restaurants International plc on the Abu Dhabi Securities Exchange in the United Arab Emirates and the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia. As a result, the condensed interim carve-out financial statements may not be suitable for another purpose.

Our conclusion is not modified in respect of these matters.

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Review report on condensed interim carve-out financial statements to the board of directors of Adeptio AD Investments Ltd (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim carve-out financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting.”

PricewaterhouseCoopers Limited
27 October 2022

PricewaterhouseCoopers

Dubai, United Arab Emirates

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Condensed interim carve-out statement of financial position as at

	Note	30-September-2022 (Consolidated) US Dollars'000	31-December-2021 (Carve-out) US Dollars'000
ASSETS			
Non-current assets			
Property and equipment	5	248,183	221,919
Right of use assets	10	394,667	361,975
Loan to a related party	14	-	51,200
Investment properties		7,114	9,341
Intangible assets	6	42,719	42,623
Derivative financial instrument		8,771	7,512
Deferred tax asset		2,861	2,150
Total non-current assets		**704,315**	**696,720**
Current assets			
Inventories		170,798	107,297
Trade and other receivables	7	117,515	94,034
Due from related parties	14	282	1,189
Loan to a related party	14	-	12,800
Derivative financial instrument		2,699	1,878
Cash and cash equivalents	8	273,070	173,996
Total current assets		**564,364**	**391,194**
Total assets		**1,268,679**	**1,087,914**
LIABILITIES AND EQUITY			
Non-current liabilities			
Lease liability	10	258,987	248,136
Provision for employees' end of service benefits		67,584	76,260
Trade and other payables		57,148	50,195
Deferred gain on derivative financial instrument		6,103	7,512
Deferred tax liabilities		3	-
Total non-current liabilities		**389,825**	**382,103**
Current liabilities			
Bank facilities	9	27,397	7,073
Deferred gain on derivative financial instrument		1,878	1,878
Lease liability	10	152,048	136,463
Income tax, zakat and other deductions payable		11,534	12,614
Trade and other payables		395,313	352,326
Due to related parties	14	31,730	23,683
Provisions for legal, tax and other claims	11	31,438	32,062
Total current liabilities		**651,338**	**566,099**
Total liabilities		**1,041,163**	**948,202**
Equity			
Share capital	12	168,473	-
Merger reserve	12	(1,608)	-
Accumulated net contribution from the Intermediate Parent Company		-	148,984
Retained earnings		76,033	-
Foreign currency translation reserve		(26,383)	(20,429)
Equity attributable to owners of the Parent Company		216,515	128,555
Non-controlling interests	13	11,001	11,157
Total equity		**227,516**	**139,712**
Total liabilities and equity		**1,268,679**	**1,087,914**

Harsh Bansal	Amarpal Sandhu	Abdulmalik Al Hogail	Mohamed Ali Rashed Alabbar
Chief Financial Officer	Chief Executive Officer	Board Member	Board Member

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Condensed interim carve-out statement of income for the period ended 30 September

		US Dollars'000			
		Three months period ended 30 September		Nine months period ended 30 September	
		2022	2021	2022	2021
	Note				
Revenues	15	619,110	539,771	1,771,039	1,507,920
Cost of revenues		(305,005)	(252,941)	(851,127)	(711,827)
Gross profit		**314,105**	**286,830**	**919,912**	**796,093**
Selling and marketing expenses		(190,795)	(178,464)	(551,137)	(506,166)
General and administrative expenses		(48,680)	(44,253)	(139,082)	(125,149)
Other income		456	2,673	9,885	12,522
Monetary gain from hyperinflation		6,554	3,390	7,101	6,483
Reversal of impairment /(losses) on non-financial assets		158	1,941	(877)	(462)
Net impairment allowance on financial assets	7	527	(95)	(655)	(905)
Fair value gains on derivative financial instrument		805	-	2,080	-
Reversal of tax claim / (charges)	16	582	-	(24,900)	-
Operating profit		**83,712**	**72,022**	**222,327**	**182,416**
Finance income		594	654	1,740	1,456
Finance costs		(6,670)	(5,102)	(17,101)	(16,607)
Profit before income tax, zakat, and KFAS		**77,636**	**67,574**	**206,966**	**167,265**
Income tax, zakat, and contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(1,484)	(4,898)	(7,603)	(10,956)
Net profit for the period		**76,152**	**62,676**	**199,363**	**156,309**
Attributable to:					
The shareholder of the Parent Company/ Net Investment attributable to Intermediate Parent Company		74,550	61,224	195,816	154,548
Non-controlling interests		1,602	1,452	3,547	1,761
		76,152	**62,676**	**199,363**	**156,309**
Earnings per share					
Basic and diluted earnings per share	22	**0.0004**	**0.0004**	**0.0012**	**0.0009**

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Condensed interim carve-out statement of comprehensive income for the period ended 30 September

	US Dollars'000			
	Three months period ended 30 September		Nine months period ended 30 September	
	2022	2021	2022	2021
Net profit for the period	**76,152**	**62,676**	**199,363**	**156,309**
Other comprehensive income items				
Items that will not be reclassified subsequently to condensed interim carve-out statement of income				
Remeasurement of employees' end of service benefits	1,483	2,068	7,209	2,068
Items that may be reclassified subsequently to condensed interim carve-out statement of income				
Exchange differences on translating foreign operations including the effect of hyperinflation	(4,863)	4,771	(5,924)	(7,077)
Total other comprehensive income items	(3,380)	6,839	1,285	(5,009)
Total comprehensive income for the period	**72,772**	**69,515**	**200,648**	**151,300**
Attributable to:				
The shareholder of the Parent Company/ Net Investment attributable to Intermediate Parent Company	71,170	68,061	197,071	149,489
Non-controlling interests	1,602	1,454	3,577	1,811
	72,772	69,515	200,648	151,300

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants International plc (formerly Americana Restaurants LTD)
Condensed interim carve-out statement of changes in equity for the period ended 30 September

	US Dollars'000				
	Net Investment attributable to Intermediate Parent Company				
	Accumulated net contribution from the Intermediate Parent Company	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 period	154,548	-	154,548	1,761	156,309
Other comprehensive income					
Remeasurement of employees' end of service benefits	2,068	-	2,068	-	2,068
Hyperinflation adjustment	-	(256)	(256)	-	(256)
Foreign currencies translation differences	-	(6,871)	(6,871)	50	(6,821)
Total comprehensive income	**156,616**	**(7,127)**	**149,489**	**1,811**	**151,300**
Changes in non-controlling interest	(119)	-	(119)	(891)	(1,010)
Distributions to the Intermediate Parent Company	(95,434)	-	(95,434)	-	(95,434)
Net payments and impact of capital reorganisation with the Intermediate Parent Company	(27,690)	-	(27,690)	-	(27,690)
Balance at 30 September 2021	**123,162**	**(19,810)**	**103,352**	**10,429**	**113,781**

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Condensed interim carve-out statement of changes in equity for the period ended 30 September

		US Dollars'000							
		Equity attributable to owners of the Parent Company							
	Note	Share capital	Merger reserve	Accumulated net contribution from the Intermediate Parent Company	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2022		-	-	**148,984**	-	**(20,429)**	**128,555**	**11,157**	**139,712**
Net profit for the period		-	-	121,266	74,550	-	195,816	3,547	199,363
Other comprehensive income									
Remeasurement of employees' end of service benefits		-	-	5,726	1,483	-	7,209	-	7,209
Hyperinflation adjustment		-	-	-	-	(1,336)	(1,336)	-	(1,336)
Foreign currencies translation differences		-	-	-	-	(4,618)	(4,618)	30	(4,588)
Total comprehensive income		-	-	**126,992**	**76,033**	**(5,954)**	**197,071**	**3,577**	**200,648**
Changes in non-controlling interest	13	-	-	(129)	-	-	(129)	(3,733)	(3,862)
Distributions to the Intermediate Parent Company		-	-	(83,089)	-	-	(83,089)	-	(83,089)
Net payments and impact of capital reorganisation with the Intermediate Parent Company		-	-	(25,903)	-	-	(25,903)	-	(25,903)
Issuance of shares		10	-	-	-	-	10	-	10
Capitalisation of shares	12	168,463	(1,608)	(166,855)	-	-	-	-	-
Balance at 30 September 2022		**168,473**	**(1,608)**	-	**76,033**	**(26,383)**	**216,515**	**11,001**	**227,516**

The accompanying notes form an integral part of these condensed interim carve-out financial statements.

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Condensed interim carve-out statement of cash flows for the period ended 30 September

	Note	US Dollars'000 2022	2021
Cash flows from operating activities			
Profit before income tax and zakat for the period		206,966	166,474
Adjustments for:			
Depreciation and amortisation		161,259	154,032
Provision for employees' end of service benefits, net of transfers		5,910	12,200
Net impairment allowance on financial assets	7	655	905
Provision for obsolete, slow moving, and defective inventories		897	1,380
Impairment losses of non-financial assets	5,6,10	877	462
Loss on disposal of property and equipment and intangible assets		3,296	1,144
Gain on rent concessions		(667)	(6,097)
Finance income		(1,740)	(1,456)
Finance cost		17,101	16,607
Recognition of deferred gain on derivative financial instrument in other income		(1,409)	-
Fair value gains on financial assets at fair value through profit or loss		(2,080)	-
Tax claim charge	16	24,900	-
Hyperinflation impact		(5,824)	(4,799)
Operating cash flows before changes in working capital		**410,141**	**340,852**
Payments of employees' end of service benefits		(7,767)	(7,862)
Income tax paid		(12,387)	(11,232)
Changes in working capital:			
Trade and other receivables		(25,027)	(5,002)
Due from related parties		907	(506)
Inventories		(64,466)	(16,025)
Due to related parties		8,047	4,960
Trade and other payables, other liabilities and taxes		16,212	31,471
Net cash generated from operating activities		**325,660**	**336,656**
Cash flows from investing activities			
Purchase of property and equipment		(77,896)	(39,346)
Proceeds from sale of property and equipment		5,629	1,023
Purchase of intangible assets	6	(3,626)	(5,164)
Payments for key money		(2,339)	(1,196)
Interest received on short term deposits		1,740	1,456
Loans to a related party	14	(36,000)	(64,000)
Repayments of loans to a related party	14	100,000	-
Net cash used in investing activities		**(12,492)**	**(107,227)**
Cash flows from financing activities			
Payments of finance costs		(1,027)	(1,511)
Dividends paid to non-controlling interests	13	(3,217)	(826)
Acquisition of additional shares in subsidiary from non-controlling interests		(705)	(184)
Lease payments – principal element		(114,144)	(101,752)
Lease payments – interest on lease liabilities		(15,174)	(15,096)
Distributions to the Intermediate Parent Company		(83,089)	(95,434)
Movement in payments and impact of capital reorganisation with the Intermediate Parent Company		(25,903)	(27,690)
Proceeds from issuance of share capital		10	-
Net cash used in financing activities		**(243,249)**	**(242,493)**
Net change in cash and cash equivalents		69,919	(13,064)
Foreign currency translation differences		8,831	5,073
Cash and cash equivalents at the beginning of the period		166,923	171,784
Cash and cash equivalents at the end of the period	8	**245,673**	**163,793**

The accompanying notes form an integral part of these condensed interim carve-out financial statements. 8

1 GENERAL INFORMATION

Americana Restaurants International plc (formerly Americana Restaurants Ltd) ("Americana Restaurants" or the "Parent") 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 of 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 "Intermediate Parent Company" or the "Former Parent Company") which is 93.42% owned by Adeptio AD Investments Ltd (the "Parent Company"). On 2 June 2022, the Board of Directors of KFC approved the transfer of the Americana Restaurants business and entities as detailed in Note 17 to Americana Restaurants (together referred to as "the Group") to be effective from 27 June 2022. On 29 August 2022, KFC transferred its shareholding of Americana Restaurants to the Parent Company post approval of the Board of Directors of the KFC and the KFC shareholders' approval in the General Assembly.

Americana Restaurants is 96.03% owned by the Parent Company and remaining 3.97% shares represents the minority shareholding. The 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 condensed interim carve-out financial statements were approved for issue by the board of directors on 26 October 2022.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The condensed interim carve-out financial statements for the nine month period ended 30 September 2022 have been prepared in accordance with IAS 34, 'Interim financial reporting'. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the condensed interim carve-out financial position. The condensed interim carve-out financial statements do not include all the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC"). The condensed interim carve-out financial statements should be read in conjunction with the annual special purpose carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

2.2 Basis of preparation

The condensed interim carve-out financial statements have been prepared on a historical cost convention except for the defined benefit obligation which is recognised at the present value of future obligations using the projected unit credit method and the revaluation of derivative financial instrument. The accompanying condensed interim carve-out financial statements has been prepared for inclusion in the Americana Restaurants' Initial Public Offering document to be filed in connection with the listing of Americana Restaurants on the Abu Dhabi Securities Exchange in the United Arab Emirates and the Saudi Stock Exchange (Tadawul) in the Kingdom of Saudi Arabia.

The preparation of the condensed interim carve-out 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 condensed interim carve-out financial statements are disclosed in Note 4. These have been applied consistently for all periods presented.

The transfer of the Restaurant Business and its entities to Americana Restaurants represents a capital reorganisation, whereby the condensed interim carve-out financial statements of the Group are presented as a continuation of Restaurant Business. The financial statements as at 30 September 2022 constitutes a condensed consolidated interim financial statements of Americana Restaurants under IFRS 10 following the reorganisation. The financial statements for the periods presented in these condensed interim carve-out financial statements include the financial results of Americana Restaurants before the incorporation date of the Parent as if the Parent had historically operated as a group of entities. Therefore, the transfer of the Restaurant Business and its entities follows the predecessor method of accounting and retrospective presentation is used whereby:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of preparation (continued)

- Assets and liabilities of the transferred entities are stated at their predecessor carrying values.
- The entities' results and financial position are incorporated as if they had always been combined with the Parent. Therefore, the comparative information for the nine month period ended 30 September 2021 and as at 31 December 2021 in these condensed interim carve-out financial statements represent the financial results and financial position of the Restaurant Business. The comparatives for the period ended 30 September 2021 and as at 31 December 2021 have been prepared on a carve-out basis according to the basis of preparation and accounting policies set out in the annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

2.3 Seasonality of operations

The Group's business is subject to moderate seasonal fluctuations, of which is affected by the holy month of Ramadan and Eid. Average restaurant sales are typically lower in Ramadan and higher during the Eid period. As a result of moderate seasonal fluctuations, results for any quarter are not necessarily indicative of the results that may be achieved for any other quarter or for the full fiscal year.

2.4 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 condensed interim carve-out 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 IFRS 3 (effective 1 January 2022);
- amendment to IAS 37 (effective 1 January 2022);
- amendment to IAS 16 (effective 1 January 2022); and
- annual improvements to 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 condensed interim carve-out financial statements of the Group and intends to adopt these, if applicable, when they become effective.

2.5 Accounting policies

The same accounting policies and methods of computation have been followed in these condensed interim carve-out financial statements as compared with the Group's recent annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

2.6 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Basis of consolidation (continued)

(a) Subsidiaries (continued)

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 condensed interim carve-out 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 condensed interim carve-out 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 condensed interim carve-out statement of income.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the condensed interim carve-out statement of income, Condensed interim carve-out statement of comprehensive income, condensed interim carve-out statement of changes in equity and the condensed interim carve-out statement of financial position respectively.

The Condensed interim carve-out financial statements comprises the Condensed interim carve-out financial statements of the Parent and its subsidiaries that were transferred to it by KFC.

The subsidiaries of the Parent were transferred to it under a capital reorganisation during the nine-month period ended 30 September 2022. The transfer is treated as a capital reorganisation under common control and the predecessor method of accounting and retrospective presentation is used.

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

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Basis of consolidation (continued)

(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 Condensed interim carve-out 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 condensed interim carve-out statement of income.

2.7 Merger reserve

The merger reserve is related to the capital reorganisation wherein the Restaurant Business was transferred from the Intermediate Parent to Americana Restaurants International plc during the nine month period ended 30 September 2022. The difference between the accumulated net contribution from the Intermediate Parent Company and the consideration provided to the Intermediate Parent Company for the transfers (being the value of share capital issued) is recorded as a merger reserve in equity as it represents the difference between the carrying value of the net assets transferred and the fair value of the consideration provided.

2.8 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 shares issued to existing investors, on formation of the combined legal structure. 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 period ended 30 September 2021 by using the number of shares issued on formation of the combined legal structure.

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 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.

The Condensed interim carve-out financial statements does not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group’s annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019. There have been no changes in the risk management department or in any risk management policies since the year end.

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.

There are no other significant changes on the liquidity risk from the Group’s annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these Condensed interim carve-out 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. In preparing these Condensed interim carve-out financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019.

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. The Group is the largest shareholder with a 40% equity interest and 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.

Hyperinflation

Americana Restaurants 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 (%)
30 September 2022	2019	1,842	1,618%
31 December 2021	2019	921	759%
30 September 2021	2019	595	455%

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical judgements (continued)

Hyperinflation

The impact of adjusting Americana Restaurants' results for the effects of hyperinflation is set out below:

Income statement	Period ended 30 September 2022 USD'000	Period ended 30 September 2021 USD'000
Increase in revenues	4,513	3,713
Monetary gain from hyperinflation	7,101	6,483
Impairment losses on non-financial assets	(982)	(1,350)
Increase in cost of revenues	(2,176)	(2,106)
Increase in selling and marketing expenses	(2,340)	(1,484)
Increase in general and administrative expenses	(109)	(1,583)
Others	(1,165)	(224)
Increase in profit after tax	**4,842**	**3,449**

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:

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 685,569 thousand as at 30 September 2022 (31 December 2021: USD 626,517 thousand, 30 September 2021: USD 578,207 thousand). The (reversal of impairment)/impairment losses recognised in the carve-out income statement on these non-financial assets are as follows:

	Nine month period ended 30 September 2022 USD'000	Year ended 31 December 2021 USD'000
Property and equipment (Note 5)	575	(1,356)
Right-of-use assets (Note 10)	291	292
Intangible assets (Note 6)	11	(115)
Total	877	(1,179)

The impairment of non-financial assets is as a result of the CGU impairment study performed by management and specific impairment taken on certain assets in Lebanon due to the hyperinflationary environment.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

The following table presents Americana Restaurants' key assumptions and the effect of the sensitivity analysis on the carve-out statement of comprehensive income on those assumptions:

		Headroom/(Impairment of non-financial assets) US Dollars'000			
	Change in assumption	**Period ended 30 September 2022**		**Period ended 30 September 2021**	
Growth rate	+/-0.5%	-	-	157	(154)
Discount rate	+/-0.5%	-	-	(31)	32
Gross margin	+/-1.0%	-	-	282	(239)

Key assumptions used in value in use calculations for the period ended 30 September 2022 and 2021 are as follows. Refer to Note 21 for the list of countries included in each segment

	CGUs impairment testing: Key assumptions 30 September 2022			
	Major GCC	Lower Gulf	North Africa	Others
Growth rate	5% - 15%	3% - 15%	3% - 22%	(51%) - 22%
Discount rate	11%	11% - 15%	13% - 17%	12% - 29%
Increase/decrease in gross margin	2% - 3%	2% - 3%	1% - 7%	2% - 200%

	CGUs impairment testing: Key assumptions 30 September 2021			
	Major GCC	Lower Gulf	North Africa	Others
Growth rate	5% - 47%	3% - 20%	10% - 52%	6% - 185%
Discount rate	8%	8% - 10%	9% - 12%	9% - 24%
Increase/decrease in gross margin	1% - 3%	1% - 4%	1% - 7%	1% - 9%

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 18).

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.

Americana Restaurants has reviewed the assumptions on risk of default and expected loss rates against the backdrop of COVID-19 pandemic. Management believes that the changes in the assumptions on risk of default and the expected credit losses rates calculation arising on financial assets will not significantly change the impairment of trade and other receivables as at 30 September 2022. Management will continue to monitor the situation and any changes required will be reflected in future reporting periods.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

Corporate allocations

In the preparation of the condensed interim carve-out statement of income for the period ended 30 September 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 based on the most relevant allocation method that are considered to be reasonable and based on the policies applied to the Group's annual carve-out financial statements for the years ended 31 December 2021, 2020 and 2019. Actual results may differ from these estimates. A 10% increase or decrease change in allocation percentages would result in approximately USD 366 thousand change in expense allocated to Americana Restaurants for the period ended 30 September 2021.

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 30 September 2022.

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. The majority of extension and termination options held are exercisable only by the Group or both parties mutually agreeing on renewed terms and conditions. Based on management's assessment they have concluded not to exercise any extension or termination options as it is not reasonably certain.

5 PROPERTY AND EQUIPMENT

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
Cost							
As at 1 January 2022	19,095	450,374	89,388	270,081	15,795	20,965	865,698
Additions	-	21,108	775	28,088	996	39,839	90,806
Disposals	(1,571)	(25,942)	(4,995)	(13,479)	(1,352)	(801)	(48,140)
Hyperinflation adjustment	3,133	4,557	4,553	3,673	234	-	16,150
Transfers	-	18,557	544	4,824	-	(29,329)	(5,404)
Foreign currency translation difference	(2,700)	(12,019)	(4,169)	(5,547)	(513)	(492)	(25,440)
As at 30 September 2022	17,957	456,635	86,096	287,640	15,160	30,182	893,670
Accumulated depreciation and impairment							
As at 1 January 2022	-	350,636	69,144	211,801	12,198	-	643,779
Charge for the period	-	25,305	2,509	14,739	1,108	-	43,661
Disposals	-	(24,969)	(2,952)	(12,858)	(1,350)	-	(42,129)
Hyperinflation adjustment	-	4,429	4,041	3,557	234	-	12,261
Transfers	-	254	-	-	-	-	254
Impairment	423	129	19	4	-	-	575
Foreign currency translation difference	(167)	(6,826)	(2,210)	(3,397)	(314)	-	(12,914)
As at 30 September 2022	256	348,958	70,551	213,846	11,876	-	645,487
Net book amount							
As at 30 September 2022	17,701	107,677	15,545	73,794	3,284	30,182	248,183

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

Property and equipment with a carrying amount of USD nil as on 30 September 2022 (31 December 2021: USD 19,746 thousand) are pledged as security for a borrowing held by the Intermediate Parent Company.

5 PROPERTY AND EQUIPMENT (continued)

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
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.

6 INTANGIBLE ASSETS

	US Dollars'000		
	Franchise and agencies	Others	Total
Cost			
At 31 December 2020	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
Additions	3,626	-	3,626
Transfers	5,908	-	5,908
Hyperinflation adjustment	571	-	571
Disposals	(4,847)	-	(4,847)
Foreign currency translation difference	(2,401)	-	(2,401)
At 30 September 2022	84,377	9,455	93,832
Accumulated amortisation and impairment			
At 31 December 2020	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
Amortisation	5,120	-	5,120
Transfers	(3)	-	(3)
Disposals	(1,934)	-	(1,934)
Hyperinflation adjustment	505	-	505
Impairment	11	-	11
Foreign currency translation difference	(938)	-	(938)
At 30 September 2022	50,116	997	51,113
Net book amount			
At 30 September 2022	34,261	8,458	42,719
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.

7 TRADE AND OTHER RECEIVABLES

	US Dollars'000	
	30-September-2022	31-December-2021
Trade receivables	26,220	26,800
Less: loss allowance	(1,858)	(1,856)
	24,362	24,944
Prepaid expenses	44,121	28,489
Advances to suppliers	7,194	5,499
Refundable deposits	19,941	18,627
Accrued income	7,839	5,304
Insurance receivables	689	752
Staff receivables	2,420	2,313
Others	10,949	8,106
	117,515	94,034

The Group has a broad base of customers with no concentration of credit risk within trade receivables at 30 September 2022 and 31 December 2021.

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

	US Dollars'000	
	30-September-2022	31-December-2021
Up to 3 months	24,890	25,044
3 to 6 months	250	561
Over 6 months	1,080	1,195
	26,220	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 1,080 thousand (31 December 2021: 100% amounting to USD 1,195 thousand).

Balances between 3 to 6 months had an expected credit loss allowance of 70% amounting to USD 176 thousand (31 December 2021: 27% amounting to USD 153 thousand). Balances up to 3 months had an expected credit loss allowance of 2% amounting to USD 602 thousand (31 December 2021: 2% amounting to USD 508 thousand).

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

	US Dollars'000	
	30-September-2022	31-December-2021
Balance at 1 January	1,856	1,744
Charge during the period/year	655	1,454
Write-offs against the loss allowance on trade receivables	(27)	(1,319)
Reclassification	(504)	(26)
Foreign currency translation differences	(122)	3
	1,858	1,856

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

7 TRADE AND OTHER RECEIVABLES (continued)

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

	US Dollars'000	
	30-September-2022	31-December-2021
UAE Dirham	7,148	8,563
Saudi Riyal	4,352	4,455
Egyptian Pound	3,242	5,316
Kuwaiti Dinar	3,574	4,151
US Dollar	180	54
Other	7,724	4,261
	26,220	26,800

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:

Americana Restaurants 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"). Americana Restaurants 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 Americana Restaurants. As per the agreement, the loan notes are to be settled against the future cash flows (i.e., dividends) received from the investment of Americana Restaurants. Americana Restaurants 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, Americana Restaurants 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 as at 30 September 2022 and 31 December 2021.

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 as at 31 December 2021 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 11,470 thousand as at 30 September 2022. The valuation methodology utilised is consistent with the prior year valuation, being the binomial lattice model with key assumptions as at 30 September 2022 being an expected life of 4.25 years, an asset volatility of 20%, and a risk free interest rate of 4.16%. The difference on revaluation is recorded in the Condensed interim carve-out statement of income.

8 CASH AND CASH EQUIVALENTS

	US Dollars'000		
	30-September-2022	31-December-2021	30-September-2021
Cash on hand	5,167	4,309	2,822
Cash at banks	253,879	89,420	114,406
Short-term deposits with original maturity of 3 months or less	14,024	80,267	61,092
Cash and cash equivalents	273,070	173,996	178,320

8 CASH AND CASH EQUIVALENTS (continued)

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 Condensed interim carve-out statement of cash flows:

	US Dollars'000		
	30-September-2022	31-December-2021	30-September-2021
Cash and cash equivalents	273,070	173,996	178,320
Less: Bank overdraft (Note 9)	(27,397)	(7,073)	(14,527)
Balances per condensed interim carve-out statement of cash flows	245,673	166,923	163,793

9 BANK FACILITIES

	US Dollars'000		
	30-September-2022	31-December-2021	30-September-2021
Short term			
Bank overdraft	27,397	7,073	14,527

	US Dollars'000		
Maturity of bank facilities are as follows:	30-September-2022	31-December-2021	30-September-2021
Within one year	27,397	7,073	14,527

10 LEASES

(i) Amounts recognized in the condensed interim carve-out statement of financial position

	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
Additions	154,085	3,427	1	2,339	159,852
Hyperinflation adjustment	1,185	-	-	475	1,660
Disposal	(17,752)	(212)	(121)	(81)	(18,166)
Transfers	-	-	-	49	49
Foreign currency translation difference	(19,078)	(159)	25	(1,521)	(20,733)
As at 30 September 2022	825,216	30,753	8,371	11,226	875,566
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
Charge for the period	104,605	4,951	891	1,593	112,040
Hyperinflation adjustment	586	-	-	475	1,061
Impairment charges	291	-	-	-	291
Disposal	(14,022)	(154)	(2)	(81)	(14,259)
Foreign currency translation difference	(7,852)	(112)	15	(1,214)	(9,163)
As at 30 September 2022	448,246	24,785	4,327	3,541	480,899
Net book amount					
As at 30 September 2022	376,970	5,968	4,044	7,685	394,667
As at 31 December 2021	342,138	7,597	5,043	7,197	361,975

The additions of right-of-use assets is a non-cash investing activity.

	30-September-2022 USD'000	31-December-2021 USD'000
Lease liabilities		
Non-current	258,987	248,136
Current	152,048	136,463
	411,035	384,599

10 LEASES (continued)

(ii) Amounts recognised in the Condensed interim carve-out statement of income

	30-September-2022	30-September-2021
	USD'000	USD'000
Finance costs on lease liabilities	15,174	15,096

	30-September-2022	30-September-2021
	USD'000	USD'000
Other rent expenses		
Expense relating to short-term and low-value leases	33,352	35,255
Expense relating to variable lease payments not included in lease liabilities	11,460	7,833
	44,812	43,088

Americana Restaurants recognised a gain on COVID-19 related rent concessions of USD 667 thousand for the period ended 30 September 2022 (30 September 2021: USD 6,097 thousand) under other income in the Condensed interim carve-out statement of income.

11 PROVISIONS FOR LEGAL, TAX AND OTHER CLAIMS

	US Dollars'000	
	30-September-2022	31-December-2021
Legal cases	5,300	9,430
Provision for termination and closure	3,839	5,060
Tax	18,661	13,781
Other provisions	3,638	3,791
	31,438	32,062

	2022 (US Dollars'000)				
	Legal cases	**Provision for termination and closure**	**Tax**	**Other provisions**	**Total**
Balance at 1 January 2022	9,430	5,060	13,781	3,791	32,062
Charged/(credited) to profit or loss					
Additional provisions recognised	448	665	25,161	2,785	29,059
Unused amounts reversed	(1,172)	(386)	-	(171)	(1,729)
Amounts paid during the period	(2,124)	(1,497)	(21,042)	(749)	(25,412)
Foreign currency translation difference	(147)	(3)	(341)	(245)	(736)
Others	(1,135)	-	1,102	(1,773)	(1,806)
Balance at 30 September 2022	5,300	3,839	18,661	3,638	31,438

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

	2021 (USD'000)				
	Legal cases	Provision for termination and closure	Tax	Other provisions	Total
Balance at 1 January 2021	7,737	3,849	7,906	2,818	22,310
Charged/(credited) to profit or loss					
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 paid 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 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 Americana Restaurants 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 30 September 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 18). The other provisions also comprise of restructuring expenses and expected claims from external parties in relation to Americana Restaurants' activities. The management reviews these provisions on a periodic basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

12 SHARE CAPITAL AND MERGER RESERVE

(i) Share capital

As at 30 September 2022, the Parent Company's authorized, issued and paid up capital is USD 168,472,662 comprising of 168,472,662 shares with nominal value of USD 1 each. 10,000 shares are issued in cash and 168,462,662 shares are issued through a share-for-share exchange for the transfer of the Restaurant Business from the Intermediate Parent Company. On 29 August 2022 the Intermediate Parent Company transferred its shareholding to Adeptio AD Investments Ltd.

(ii) Merger reserve

	US Dollars'000	
	30-September-2022	31-December-2021
Beginning balance	-	-
Transfer from accumulated net contribution from the Intermediate Parent Company	(1,608)	-
	(1,608)	-

The merger reserve is related to the capital reorganisation wherein the Restaurant Business was transferred from the Intermediate Parent Company to Americana Restaurants International plc during the nine month period ended 30 September 2022.

13 NON-CONTROLLING INTERESTS

	US Dollars'000	
	30-September-2022	31-December-2021
Beginning balance	11,157	9,509
Share from net profit of the period	3,547	2,491
Other comprehensive income item:		
Foreign currency translation differences	30	48
Other changes in non-controlling interests:		
Effects of acquisition of additional shares in a subsidiary	(516)	(65)
Cash dividends paid by subsidiaries	(3,217)	(826)
Total other changes in non-controlling interests	(3,733)	(891)
	11,001	11,157

14 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, Americana Restaurants has entered into arms-length transactions with related parties during the period. The following are the transactions and balances resulting from these transactions:

	US Dollars'000	
	30-September-2022	30-September-2021
Transactions with fellow subsidiaries		
Purchases of raw materials	94,799	81,321
Interest income from loan to a related party	670	943
Investment property rental income	256	286
Delivery and payment support	832	367
Key management personnel		
Short term employee benefits	4,400	3,437
Termination benefits	92	79

Due from related parties

		USD'000	
Name	Place of incorporation	30-September-2022	31-December-2021
Fellow subsidiaries:			
Americana Holding for KSA Food	UAE	-	1
Gulf Food Industries (California Garden)	UAE	-	68
Americana Food Investment Group Company	UAE	-	457
Americana Group for Food and Touristic Projects	Egypt	53	-
Others		229	573
Entity controlled by a major shareholder:			
Nshmi Development LLC	UAE	-	90
		282	1,189

14 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Due to related parties

Name	Place of incorporation	USD'000 30-September-2022	USD'000 31-December-2021
Fellow subsidiaries:			
National Food Industries Co.	KSA	10,750	7,110
The International company for Agricultural production and processing	Egypt	835	11
Cairo poultry Company	Egypt	2,395	1,213
The International Co. for Agricultural development ('Farm Frites')	Egypt	7,877	6,261
Senyorita Co. for Food Industries	Egypt	-	2,551
Gulf Food Co. Americana LLC	UAE	2,388	2,295
Gulf Food Industries (California Garden)	UAE	2,717	1,467
Others		-	151
Division of the Intermediate Parent Company:			
Kuwait Food Company (Americana) K.S.C.C.	Kuwait	4,153	2,282
Entities controlled by a major shareholder:			
Noon AD Holdings	UAE	231	274
Nshmi Development LLC	UAE	66	-
Barakat Vegetables and Fruits Co. LLC	UAE	196	-
Noon Payments Digital Limited	KSA	122	68
		31,730	23,683

	US Dollars'000 30-September-2022	US Dollars'000 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 Americana Restaurants) 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 as on 31 December 2021.

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 by Americana Foods Investments Group Company LLC.

15 REVENUES

	USD'000 30-September-2022	USD'000 30-September-2021
Food and beverage	1,768,212	1,505,803
Investment properties rental income	2,827	2,117
	1,771,039	1,507,920

16 TAX CLAIM CHARGE

The tax claim charge 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 period.

17 SUBSIDIARIES

The Group's subsidiaries overall ownership structure as at 30 September 2022 is as reflected below. The subsidiaries were transferred to the Group during the nine month period ended 30 September 2022 (Note 1):

Company's Name	Activity	Place of incorporation	Effective Ownership (%) 30-September-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%

*Management has concluded that Americana Restaurants controls the entity, as it is the largest shareholder with a 40% equity interest and has the exclusive right to manage Bahrain and Kuwait Restaurants Company.

18 CONTINGENT LIABILITIES, OPERATING AND CAPITAL COMMITMENTS

	US Dollars'000	
	30-September-2022	31-December-2021
Contingent liabilities		
Letters of guarantee	13,002	12,839

Taxes

The Group operates in several different countries, Note 17 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 the Kingdom of Saudi Arabia and Arab Republic of Egypt as follows:

Arab Republic of Egypt:

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

Kingdom of Saudi Arabia:

Americana Restaurants' operations are subject to Zakat in the Kingdom of Saudi Arabia.

Americana Restaurants 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, Americana Restaurants takes in consideration the contingent liabilities for the years that have not been inspected yet.

The tax claims and contingent tax liabilities, at Americana Restaurants' level, are amounted to USD 473 thousand as at 30 September 2022 (31 December 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, Americana Restaurants' management believes that the provisions made for this purpose are adequate and sufficient.

	US Dollars'000	
	30-September-2022	31-December-2021
Operating lease commitments – Lessee		
Less than one year	33,352	45,481

	US Dollars'000	
	30-September-2022	31-December-2021
Capital commitments		
Letters of credit	7,170	12,719
Projects in progress	16,181	13,896

19 FINANCIAL INSTRUMENTS BY CATEGORY

	US Dollars'000	
	30-September-2022	31-December-2021
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents (Note 8)	273,070	173,996
Loan to a related party (Note 14)	-	64,000
Trade and other receivables (excluding prepayments, advances to suppliers) (Note 7)	66,200	60,046
Due from related parties (Note 14)	282	1,189
	339,552	299,231
Financial assets at fair value		
Derivative financial instrument	11,470	9,390
	351,022	308,621
Financial liabilities		
Other financial liabilities at amortised cost		
Trade and other payables (excluding value added tax payable and unearned income)	364,186	325,212
Bank facilities (Note 9)	27,397	7,073
Lease liabilities (Note 10)	411,035	384,599
	802,618	716,884

20 NET DEBT RECONCILIATION

	US Dollars'000	
	30-September-2022	31-December-2021
Cash and cash equivalents (Note 8)	273,070	173,996
Bank facilities (Note 9)	(27,397)	(7,073)
Lease liabilities (Note 10)	(411,035)	(384,599)
Net debt	(165,362)	(217,676)

	US Dollars'000	
	30-September-2022	31-December-2021
Cash and cash equivalents	273,070	173,996
Net debt – variable interest rates	(438,432)	(391,672)
Net debt	(165,362)	(217,676)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
Net debt as at 1 January 2022	(384,599)	166,923	(217,676)
Foreign currencies translation differences	12,359	8,831	21,190
Others	(11,267)	-	(11,267)
Lease payments of principal and interest	129,318	-	129,318
Gain on rent concessions	667	-	667
Additions of leases	(157,513)	-	(157,513)
Cash flows, net	-	69,919	69,919
Net debt as at 30 September 2022	(411,035)	245,673	(165,362)

20 NET DEBT RECONCILIATION (continued)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
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)
Lease payments of principal and interest	160,363	-	160,363
Gain on rent concessions	6,978	-	6,978
Additions of leases	(132,887)	-	(132,887)
Cash flows, net	-	(586)	(586)
Net debt as at 31 December 2021	(384,599)	166,923	(217,676)

21 SEGMENT REPORTING

Americana Restaurants is organized into operating segments based on geographical location. The results are reported to the top executive management in Americana Restaurants. 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 carve-out 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 periods ended:

	Reportable segments		**Intercompany transactions**		**Total**	
	30 September		30 September		30 September	
Revenues	2022	2021	2022	2021	2022	2021
	USD'000		USD'000		USD'000	
Major GCC	1,186,874	1,000,303	-	-	1,186,874	1,000,303
Lower Gulf	227,943	180,656	(36,710)	(23,533)	191,233	157,123
North Africa	234,117	202,335	-	-	234,117	202,335
Others	158,815	148,159	-	-	158,815	148,159
Total	1,807,749	1,531,453	(36,710)	(23,533)	1,771,039	1,507,920

	Reportable segments	
	30 September	
Net profits	2022	2021
	USD'000	
Major GCC	191,806	132,923
Lower Gulf	17,478	11,742
North Africa	(26,642)	6,578
Others	26,362	19,215
Total	209,004	170,458
Unallocated:		
Income tax, zakat and other deductions	(7,603)	(10,956)
Losses of foreign exchange	(2,038)	(3,193)
Net profit for the period	199,363	156,309

21 SEGMENT REPORTING (continued)

	30 September 2022 USD'000				
	Major GCC	Lower Gulf	North Africa	Others	Total
Assets	876,473	138,169	141,773	112,264	1,268,679
Liabilities	720,780	107,301	150,043	63,039	1,041,163

	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:

	USD'000			
	UAE	KSA	Kuwait	Egypt
Revenue for the nine-month period ended 30 September 2022	512,743	392,125	282,007	206,862
Revenue for the nine-month period ended 30 September 2021	430,928	323,859	245,515	183,971

	USD'000			
	UAE	KSA	Kuwait	Egypt
Non-current assets as at 30 September 2022	175,887	165,922	102,251	79,189
Non-current assets as at 31 December 2021	161,601	134,967	93,078	90,852

22 EARNINGS PER SHARE

	US Dollars'000			
	Three months period ended 30 September		Nine months period ended 30 September	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
Earnings				
"Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to ordinary equity holders of the Parent rounded to the nearest) – *USD thousand*	74,550	61,224	195,816	154,548
Number of ordinary shares				
Number of ordinary shares – *numbers*	168,472,662	168,472,662	168,472,662	168,472,662
Basic and diluted earnings per share attributable to owners of the Parent rounded to the nearest – *USD thousand*	**0.0004**	**0.0004**	**0.0012**	**0.0009**

AMERICANA

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