

**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

	Page
Independent auditor's review report on the condensed interim carve-out financial statements	1-2
Condensed interim carve-out statement of financial position	3
Condensed interim carve-out statement of income	4
Condensed interim carve-out statement of comprehensive income	5
Condensed interim carve-out statement of changes in equity	6-7
Condensed interim carve-out statement of cash flows	8
Notes to the condensed interim carve-out financial statements	9-32



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.



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

A handwritten signature in black ink that reads "PricewaterhouseCoopers".

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)	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

Harsh Bansal
Chief Financial Officer

Amarpal Sandhu
Chief Executive Officer

Abdulmalik Al Hogail
Board Member

Mohamed Ali Rashed Alabbar
Board Member

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



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				
<i>Items that will not be reclassified subsequently to condensed interim carve-out statement of income</i>				
Remeasurement of employees' end of service benefits	1,483	2,068	7,209	2,068
<i>Items that may be reclassified subsequently to condensed interim carve-out statement of income</i>				
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
	<u>72,772</u>	<u>69,515</u>	<u>200,648</u>	<u>151,300</u>



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
<i>Other comprehensive income</i>					
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



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
	-	-	148,984	-	(20,429)	128,555	11,157	139,712
	-	-	121,266	74,550	-	195,816	3,547	199,363
	<i>Other comprehensive income</i>							
	-	-	5,726	1,483	-	7,209	-	7,209
	-	-	-	-	(1,336)	(1,336)	-	(1,336)
	-	-	-	-	(4,618)	(4,618)	30	(4,588)
	-	-	126,992	76,033	(5,954)	197,071	3,577	200,648
13	-	-	(129)	-	-	(129)	(3,733)	(3,862)
	-	-	(83,089)	-	-	(83,089)	-	(83,089)
	-	-	(25,903)	-	-	(25,903)	-	(25,903)
	10	-	-	-	-	10	-	10
12	168,463	(1,608)	(166,855)	-	-	-	-	-
	168,473	(1,608)	-	76,033	(26,383)	216,515	11,001	227,516

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.



Americana Restaurants International plc (formerly Americana Restaurants LTD)
Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022

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:

Americana Restaurants International plc (formerly Americana Restaurants LTD)
Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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.

Americana Restaurants International plc (formerly Americana Restaurants LTD)
Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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.

Americana Restaurants International plc (formerly Americana Restaurants LTD)
Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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.

Americana Restaurants International plc (formerly Americana Restaurants LTD)
Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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%

Americana Restaurants International plc (formerly Americana Restaurants LTD)
Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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:

	Period ended 30 September 2022	Period ended 30 September 2021
Income statement	USD'000	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.

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements

For the period ended 30 September 2022 (continued)

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:

	Change in assumption	Headroom/(Impairment of non-financial assets) US Dollars'000		
		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.

Americana Restaurants International plc (formerly Americana Restaurants LTD)
Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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.



Americana Restaurants International plc (formerly Americana Restaurants LTD)
Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

5 PROPERTY AND EQUIPMENT

	US Dollars'000						Total
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	
Cost							
As at 1 January 2022	19,095	450,374	89,388	270,081	15,795	20,965	865,698
Additions	-	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.



Americana Restaurants International plc (formerly Americana Restaurants LTD)
Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

5 PROPERTY AND EQUIPMENT (continued)

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

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

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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.



Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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)
	<u>24,362</u>	<u>24,944</u>
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
	<u>117,515</u>	<u>94,034</u>

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
	<u>26,220</u>	<u>26,800</u>

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
	<u>1,858</u>	<u>1,856</u>

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



Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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
	<u>26,220</u>	<u>26,800</u>

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	<u>14,024</u>	<u>80,267</u>	<u>61,092</u>
Cash and cash equivalents	<u>273,070</u>	<u>173,996</u>	<u>178,320</u>



Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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	<u>245,673</u>	<u>166,923</u>	<u>163,793</u>

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

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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
	<u>44,812</u>	<u>43,088</u>

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
	<u>31,438</u>	<u>32,062</u>

	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
<i>Charged/(credited) to profit or loss</i>					
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	<u>5,300</u>	<u>3,839</u>	<u>18,661</u>	<u>3,638</u>	<u>31,438</u>

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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

	2021 (USD'000)				Total
	Legal cases	Provision for termination and closure	Tax	Other provisions	
Balance at 1 January 2021	7,737	3,849	7,906	2,818	22,310
<i>Charged/(credited) to profit or loss</i>					
Additional provisions recognised	3,671	3,774	10,799	2,235	20,479
Unused amounts reversed	(1,072)	(3,935)	(38)	(202)	(5,247)
Amounts 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.



Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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
<i>Other comprehensive income item:</i>		
Foreign currency translation differences	30	48
<i>Other changes in non-controlling interests:</i>		
Effects of acquisition of additional shares in a subsidiary	(516)	(65)
Cash dividends paid by subsidiaries	(3,217)	(826)
Total other changes in non-controlling interests	(3,733)	(891)
	<u>11,001</u>	<u>11,157</u>

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

Name	Place of incorporation	USD'000	
		30-September-2022	31-December-2021
<i>Fellow subsidiaries:</i>			
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
<i>Entity controlled by a major shareholder:</i>			
Nshmi Development LLC	UAE	-	90
		<u>282</u>	<u>1,189</u>

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

14 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Due to related parties

Name	Place of incorporation	USD'000	
		30-September-2022	31-December-2021
<i>Fellow subsidiaries:</i>			
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
<i>Division of the Intermediate Parent Company:</i>			
Kuwait Food Company (Americana) K.S.C.C.	Kuwait	4,153	2,282
<i>Entities controlled by a major shareholder:</i>			
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
		<u>31,730</u>	<u>23,683</u>

US Dollars'000

30-September-2022 31-December-2021

Loan to a related party

Americana Foods Investments Group Company LLC	-	64,000
-----------------------------------------------	---	--------

On 21 March 2021, Americana Prime Investments Limited (an entity of 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	30-September-2021
Food and beverage	1,768,212	1,505,803
Investment properties rental income	2,827	2,117
	<u>1,771,039</u>	<u>1,507,920</u>

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements

For the period ended 30 September 2022 (continued)

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):

<u>Company's Name</u>	<u>Activity</u>	<u>Place of incorporation</u>	<u>Effective Ownership (%) 30-September-2022</u>
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	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.

Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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



Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements

For the period ended 30 September 2022 (continued)

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	
	2022	2021	2022	2021	2022	2021
Revenues	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	
	2022	2021
Net profits	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



Americana Restaurants International plc (formerly Americana Restaurants LTD)

Notes to the condensed interim carve-out financial statements
For the period ended 30 September 2022 (continued)

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