

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



Americana Restaurants

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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.



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.



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

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

Dubai, United Arab Emirates



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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)
<i>Net Parent Investment attributable to Parent Company</i>		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



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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		<u>1,081,396</u>	<u>803,942</u>	<u>987,398</u>
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		<u>243,050</u>	<u>115,104</u>	<u>189,059</u>
Finance income	24	2,208	822	589
Finance costs	24	(23,118)	(29,864)	(28,411)
Profit before income tax, zakat, and KFAS		<u>222,140</u>	<u>86,062</u>	<u>161,237</u>
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		<u><u>206,408</u></u>	<u><u>79,781</u></u>	<u><u>152,099</u></u>
Attributable to:				
Net Parent Investment attributable to Parent Company		203,917	80,826	151,070
Non-controlling interests		<u>2,491</u>	<u>(1,045)</u>	<u>1,029</u>
		<u><u>206,408</u></u>	<u><u>79,781</u></u>	<u><u>152,099</u></u>



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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			
<i>Items that will not be reclassified subsequently to special purpose carve-out statement of income:</i>			
Remeasurement of employees' end of service benefits (Note 13)	436	(6,050)	-
<i>Items that may be reclassified subsequently to special purpose carve-out statement of income:</i>			
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	<u>199,146</u>	<u>62,504</u>	<u>152,181</u>
Attributable to:			
Net Parent Investment attributable to Parent Company	196,607	63,541	151,222
Non-controlling interests	2,539	(1,037)	959
	<u>199,146</u>	<u>62,504</u>	<u>152,181</u>



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Special purpose carve-out statement of changes in equity for the year ended 31 December

		US Dollars '000				
		Net Parent Investment attributable to Parent Company				
Notes	Accumulated net contribution from the Parent Company	Foreign currency translation reserve	Total	Non-controlling interests	Total equity	
	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
	<i>Other comprehensive income</i>					
	Foreign currencies translation differences	-	152	152	(70)	82
	Total comprehensive income	151,070	152	151,222	959	152,181
17	Changes in non-controlling interest	-	-	-	(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
	<i>Other comprehensive income</i>					
	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
17	Changes in non-controlling interest	(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
	<i>Other comprehensive income</i>					
	Remeasurement of employees' end of service benefits	436	-	436	-	436
	Hyperinflation adjustment	-	6,614	6,614	-	6,614
	Foreign currencies translation differences	-	(14,360)	(14,360)	48	(14,312)
	Total comprehensive income	204,353	(7,746)	196,607	2,539	199,146
17	Changes in non-controlling interest	(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.



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Special purpose carve-out statement of cash flows for the year ended 31 December

	Note	US Dollars'000		
		2021	2020	2019
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



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NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER

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.



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NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.



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NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.

Americana Restaurants
NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER (continued)



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.



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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
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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.



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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
	<u>294,922</u>	<u>249,265</u>	<u>217,533</u>	<u>181,367</u>

*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
	<u>471,154</u>	<u>233,796</u>	<u>69,462</u>	<u>774,412</u>
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
	<u>465,345</u>	<u>245,432</u>	<u>85,333</u>	<u>796,110</u>
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
	<u>458,080</u>	<u>286,506</u>	<u>104,131</u>	<u>848,717</u>
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
	<u>398,550</u>	<u>319,186</u>	<u>131,205</u>	<u>848,941</u>



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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:

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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)



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

Impairment of non-financial assets (continued)

Key assumptions used in value in use calculations for the 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).

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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.



Americana Restaurants
NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER (continued)

5 PROPERTY AND EQUIPMENT

	US Dollars '000						Total
	Land	Leasehold improvements and furniture	Buildings and cold rooms and tools	Equipment and tools	Vehicles	Capital work in progress	
Cost							
As at 1 January 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.



Americana Restaurants
NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER (continued)

5 PROPERTY AND EQUIPMENT (continued)

	US Dollars '000						Total
	Land	Leasehold improvements and furniture	Buildings and cold rooms and tools	Equipment and tools	Vehicles	Capital work in progress	
Cost							
As at 1 January 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.



Americana Restaurants
NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER (continued)

5 PROPERTY AND EQUIPMENT (continued)

	US Dollars '000						Total
	Land	Leasehold improvements and furniture and cold rooms	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	
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.

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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 rate	sales 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 rate	sales 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 rate	sales USD 2,378 per m ²	An increase (decrease) of 1% would increase (decrease) the investment properties' fair value by USD 266 thousand.

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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.

Americana Restaurants
NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER (continued)



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.

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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
	<u>113,778</u>	<u>103,851</u>	<u>100,669</u>	<u>115,750</u>
Provision for obsolete, slow moving and defective inventories	(6,481)	(6,758)	(6,783)	(7,045)
	<u>107,297</u>	<u>97,093</u>	<u>93,886</u>	<u>108,705</u>

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	<u>6,481</u>	<u>6,758</u>	<u>6,783</u>

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)
	<u>24,944</u>	<u>18,244</u>	<u>15,262</u>	<u>12,513</u>
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
	<u>94,034</u>	<u>95,980</u>	<u>89,943</u>	<u>88,200</u>

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.

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



9 TRADE AND OTHER RECEIVABLES (continued)

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

	US Dollars'000			
	31-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
	<u>26,800</u>	<u>19,988</u>	<u>16,104</u>	<u>13,610</u>

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	<u>1,856</u>	<u>1,744</u>	<u>842</u>

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

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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
	<u>26,800</u>	<u>19,988</u>	<u>16,104</u>	<u>13,610</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.

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.

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Maturity of bank facilities are as follows:				
Within one year	7,073	24,563	13,631	11,158

Americana Restaurants
NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER (continued)



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.

Americana Restaurants
NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER (continued)



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

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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
	<u>56,918</u>	<u>47,042</u>	<u>65,181</u>

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	<u>76,260</u>	<u>80,413</u>	<u>81,231</u>

In accordance with the provisions of IAS 19, management has carried out an exercise to assess the present value of its defined benefit obligation as at 31 December 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

Americana Restaurants
NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER (continued)



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
	<u>402,521</u>	<u>367,967</u>	<u>363,939</u>	<u>280,792</u>

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	-
	<u>402,521</u>	<u>367,967</u>	<u>363,939</u>	<u>280,792</u>

* 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
	<u>32,062</u>	<u>22,310</u>	<u>12,889</u>	<u>22,154</u>

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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
<i>Charged/(credited) to profit or loss</i>					
Additional provisions recognised	3,671	3,774	10,799	2,235	20,479
Unused amounts reversed	(1,072)	(3,935)	(38)	(202)	(5,247)
Amounts used during the year	(210)	(1,242)	(1,895)	(2,938)	(6,285)
Foreign currency translation difference	(396)	(207)	(1,008)	-	(1,611)
Others	(300)	2,821	(1,983)	1,878	2,416
Balance 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
<i>Charged/(credited) to profit or loss</i>					
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
<i>Charged/(credited) to profit or loss</i>					
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
<i>Other taxes payable within one year comprise:</i>				
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

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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
<i>Other comprehensive income item:</i>			
Foreign currency translation differences	48	8	(70)
<i>Other changes in non-controlling interests:</i>			
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

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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
<i>Fellow subsidiaries:</i>					
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
<i>Division of the Parent Company:</i>					
Kuwait Foods Divisions (Meat, Cake, Agencies)	Kuwait	-	-	2	14,190
<i>Entity controlled by a major shareholder:</i>					
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
<i>Fellow subsidiaries:</i>					
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
<i>Division of the Parent Company:</i>					
Kuwait Foods Divisions (Meat, Cake, Agencies)	Kuwait	2,282	3,008	-	114
<i>Entities controlled by a major shareholder:</i>					
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.

Americana Restaurants
NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER (continued)



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
	<u>2,051,747</u>	<u>1,577,795</u>	<u>1,890,219</u>

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
	<u>970,351</u>	<u>773,853</u>	<u>902,821</u>

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
	<u>679,603</u>	<u>578,882</u>	<u>646,018</u>

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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
	<u>176,989</u>	<u>157,849</u>	<u>165,113</u>

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
	<u>208,629</u>	<u>214,747</u>	<u>220,054</u>

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	<u>23,118</u>	<u>29,864</u>	<u>28,411</u>
Finance costs – net	<u>20,910</u>	<u>29,042</u>	<u>27,822</u>

*Actuarial valuation was performed from 2020, therefore nil amount in 2019.

Americana Restaurants
NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS
FOR THE YEAR-ENDED 31 DECEMBER (continued)



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
	<u>424,466</u>	<u>354,241</u>	<u>430,896</u>

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
	<u>424,466</u>	<u>354,241</u>	<u>430,896</u>

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
	<u>56,918</u>	<u>47,042</u>	<u>65,181</u>

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	<u>14,651</u>	<u>5,711</u>	<u>8,346</u>
KFAS	1,081	570	792
Income tax, zakat, and KFAS	<u>15,732</u>	<u>6,281</u>	<u>9,138</u>

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).

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



28 ENTITIES

The entities included in the special purpose carve-out financial statements are as reflected below:

<u>Company's Name</u>	<u>Activity</u>	<u>Place of incorporation</u>
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

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



30 FINANCIAL INSTRUMENTS BY CATEGORY

	US Dollars'000			
	31-Dec-2021	31-Dec-2020	31-Dec-2019	1-Jan-2019
Financial assets				
<i>Financial assets at amortised cost</i>				
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
	<u>299,231</u>	<u>251,043</u>	<u>219,573</u>	<u>183,307</u>
<i>Financial assets at fair value</i>				
Derivative financial instrument	9,390	-	-	-
	<u>308,621</u>	<u>251,043</u>	<u>219,573</u>	<u>183,307</u>
Financial liabilities				
<i>Other financial liabilities at amortised cost</i>				
Trade and other payables (excluding value added tax payable and unearned income) (Note 14)	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
	<u>716,884</u>	<u>723,997</u>	<u>771,274</u>	<u>727,226</u>

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	<u>(217,676)</u>	<u>(231,655)</u>	<u>(311,478)</u>	<u>(365,418)</u>
	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	<u>(391,672)</u>	<u>(428,002)</u>	<u>(481,356)</u>	<u>(472,064)</u>
Net debt	<u>(217,676)</u>	<u>(231,655)</u>	<u>(311,478)</u>	<u>(365,418)</u>



Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)

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)

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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	
	2021	2020	2021	2020	2021	2020
Revenues	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	
	2021	2020
Net profits	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	
	2019		2019		2019	
Revenues	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	

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



32 SEGMENT REPORTING (continued)

	Reportable segments	
	31 December	
	2019	
	USD'000	
Net profits		
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

Americana Restaurants

NOTES TO THE SPECIAL PURPOSE CARVE-OUT FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER (continued)



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