

**Americana Restaurants International PLC**



**Consolidated financial statements for the year ended 31 December 2023**

# **Americana Restaurants International PLC**

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## Americana Restaurants International PLC

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### DIRECTORS' REPORT

#### Company overview:

Americana Restaurants International PLC and its subsidiaries (together "Americana Restaurants"/"Group") are a leading and diversified, pan-regional restaurant platform operator, with presence in 12 countries, across the MENA region and Kazakhstan. Americana Restaurants operates iconic global brands such as KFC, Pizza Hut, Hardee's, Krispy Kreme and TGI Fridays, Costa Coffee, Baskin Robbins and Peet's Coffee along with proprietary brands such as Wimpy and Chicken Tikka. Incorporated in Abu Dhabi Global Market ("ADGM"), Americana Restaurants listed on the Abu Dhabi Securities Exchange ("ADX") and Saudi Stock Exchange ("Tadawul") on 12 December 2022.

#### Diverse portfolio with presence across categories:

The Group operates 2,435 restaurants under a portfolio of 12 brands across key consumer verticals and occasions, including key Quick Service Restaurant (QSR) categories (chicken, burger and pizza), fast casual, casual dining, indulgence and coffee concepts. As part of its growth strategy, in 2023, the Group successfully launched Peet's Coffee in Dubai, UAE and Riyadh, KSA marking its entry in the coffee segment in the GCC.

#### Outlook and strategy

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

#### Members of the Board of Directors:

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

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

#### Current year's results:

In 2023, Americana Restaurants continued to maintain a revenue growth momentum. The Group achieved USD 2,413.1 million in revenues during the year ended 31 December 2023 (2022: USD 2,378.5 million), resulting in total net profit attributable to the shareholders of the Parent Company/Net Investment attributable to Former Parent Company of USD 259.5 million (2022: USD 259.2 million). Total assets increased to USD 1,556.9 million as at 31 December 2023 (2022: USD 1,340.5 million).

#### Statement of disclosure to auditors:

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

To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the consolidated financial position, results of operations and consolidated cash flows of the Group as of, and for, the year ended 31 December 2023.

On behalf of the board,



Mohamed Ali Rashed Alabbar  
Chairman  
Americana Restaurants International PLC



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

## Report on the audit of the consolidated financial statements

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### Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Americana Restaurants International PLC (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

### What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of income for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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### Basis for opinion

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

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

### Independence

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

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### Emphasis of matter

We draw attention to Note 2.1 to the consolidated financial statements, which describes the fact that Americana Restaurants International PLC and its subsidiaries (the "Group") did not operate as a separate group for the period up to 27 June 2022, being the date of transfer of the Americana Restaurants' business ("Restaurant Business") from Kuwait Food Company (Americana) K.S.C.C. into the Group. Therefore, the comparative period ended 31 December 2022 includes the carve-out financial information of the historical operations of the Restaurant Business of Kuwait Food Company (Americana) K.S.C.C. for the period from 1 January 2022 to 27 June 2022 and the results of operations of the Group under the new legal structure from 28 June 2022 to 31 December 2022. Further, Note 2.1 to the consolidated financial statements also describes the basis of preparation and carve-out adjustments applied. Our opinion is not modified in respect of these matters.



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

## Our audit approach

### Overview

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

### Key audit matters

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

Key audit matter	How our audit addressed the key audit matter
<b>Impairment assessment review for non-financial assets</b>  The Group has non-financial assets as the most significant balances in the consolidated statement of financial position as at 31 December 2023. The value of the property and equipment, right of use assets, and intangible assets are USD 327,220 thousand, USD 498,503 thousand and USD 67,424 thousand respectively.	We obtained the impairment assessment carried out by management that was prepared on the basis of the senior management approved business plan and carried out the following substantive audit procedures: <ul style="list-style-type: none"><li>• Evaluated whether the methodology used by management to calculate the recoverable amount for each cash generating unit complies with IAS 36, 'Impairment of assets';</li></ul>



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

### Our audit approach (continued)

#### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Impairment assessment review for non-financial assets</b> (continued)</p> <p>Management has evaluated the recoverability of the carrying amounts of these non-financial assets on a brand (franchise) level for each country in which the Group operates ("brand-country"). Management has determined brand-country to be the most appropriate cash generating unit being the smallest unit generating cashflows that are largely independent of the cash inflows generated by other assets/groups of assets.</p> <p>Based on the impairment assessment performed by management, an impairment loss of USD 628 thousand has been recognised in respect of these non-financial assets as at 31 December 2023.</p> <p>We considered this to be a key audit matter as the evaluation of the recoverable amount requires significant estimation and critical management judgement in determining the key assumptions that support the expected future discounted cash flows of each cash generating unit and the utilisation of these assets. The key assumptions include sales growth rate, earnings before interest, taxes, depreciation, and amortisation ("EBITDA") margins, and the discount rate.</p> <p>Should management not meet the targets as envisaged in the forecasted cashflows, there would be the possibility of further impairment. A sensitivity analysis has been performed with the resultant impact on the consolidated financial statements and disclosed in note 4 to the consolidated financial statements.</p>	<ul style="list-style-type: none"><li>• Assessed the appropriateness of the identification of the cash generating unit to be brand-country at which level the impairment assessment has been performed;</li><li>• Tested the mathematical accuracy of the calculations included within management's impairment assessment;</li><li>• Traced the data inputs used in management's assessment to the relevant sources to ensure accuracy of inputs;</li><li>• Obtained and analysed the underlying assumptions used within the impairment assessment to determine whether the assumptions are reasonable;</li><li>• Analysed the sales growth rates and EBITDA margins used in management's assessment for reasonableness;</li><li>• Engaged our internal valuation experts to assess the discount rate used by management in discounting future cash flows to determine whether the discount rate is reasonable and supportable;</li><li>• Reviewed the sensitivity analysis around the key assumptions used by management to assess the potential impact on the recoverable amount of the non-financial assets; and</li><li>• Assessed the adequacy of the disclosures in note 4 to the consolidated financial statements.</li></ul>

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

### Our audit approach (continued)

#### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Measurement of lease liabilities and right of use assets</b></p> <p>The Group has recognised right of use assets of USD 498,503 thousand and lease liabilities of USD 507,182 thousand (USD 165,959 thousand as current liabilities and USD 341,223 thousand as non-current liabilities).</p> <p>Management have applied several judgements and estimates in applying IFRS 16 to its large volume of lease agreements. The significant judgements include lease terms impacted by extension or termination options and determining the appropriate incremental borrowing rates ("IBR") to use in discounting the lease liabilities.</p> <p>We considered this to be a key audit matter given its significance to the consolidated financial statements and due to the estimates involved in measuring the lease liabilities and related right of use assets.</p> <p>Refer to note 12 to the consolidated financial statements.</p>	<p>We reviewed management's accounting policies and schedules for IFRS 16, 'Leases' and carried out the following substantive audit procedures:</p> <ul style="list-style-type: none"> <li>• Tested the completeness of the contracts accounted for as leases under IFRS 16.</li> <li>• Assessed the IBR used in discounting the lease liabilities as determined by management, for appropriateness.</li> <li>• On a samples basis, we have: <ul style="list-style-type: none"> <li>○ Inspected lease contracts to assess whether the relevant lease data inputs into management's IFRS 16 calculations are accurate.</li> <li>○ Performed a recalculation of the lease liability and right of use assets and the related interest expense and depreciation expense.</li> <li>○ Traced lease payments as per management's IFRS 16 calculations to appropriate supporting documentation.</li> <li>○ Assessed whether management's judgement on extensions or termination options are appropriate and justifiable.</li> </ul> </li> <li>• We assessed the adequacy of disclosures in Note 12 to the consolidated financial statements with reference to the requirements of IFRS 16 Leases.</li> </ul>

#### How we tailored our group audit scope

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



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

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### Other information

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

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

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

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

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

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

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

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

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

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





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

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

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

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

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

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

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



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

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### Report on other legal and regulatory requirements

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

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

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

A handwritten signature in black ink, appearing to be 'MSK', written over a circular stamp or seal.

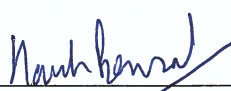


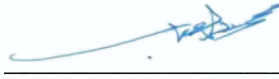
14 February 2024

# Americana Restaurants International PLC

## Consolidated statement of financial position as at 31 December

	Note	US Dollars'000	
		2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	5	327,220	269,844
Right of use assets	12	498,503	417,564
Investment properties	6	4,821	5,870
Intangible assets	7	67,424	49,591
Trade and other receivables	9	7,372	-
Derivative financial instrument	9	-	8,499
Deferred tax asset		3,011	4,114
<b>Total non-current assets</b>		<b>908,351</b>	<b>755,482</b>
<b>Current assets</b>			
Inventories	8	155,593	173,826
Trade and other receivables	9	109,332	103,610
Due from related parties	21	42	237
Derivative financial instrument	9	-	2,832
Short term deposits with banks	10	295,933	-
Cash and cash equivalents	10	87,608	304,560
<b>Total current assets</b>		<b>648,508</b>	<b>585,065</b>
<b>Total assets</b>		<b>1,556,859</b>	<b>1,340,547</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Non-current liabilities</b>			
Lease liability	12	341,223	274,603
Provision for employees' end of service benefits	13	68,561	66,386
Trade and other payables	14	36,362	52,282
Deferred gain on derivative financial instrument	9	-	5,634
Deferred tax liabilities		1,630	7
<b>Total non-current liabilities</b>		<b>447,776</b>	<b>398,912</b>
<b>Current liabilities</b>			
Bank facilities	11	4,375	18,592
Deferred gain on derivative financial instrument	9	-	1,878
Lease liability	12	165,959	160,156
Income tax, zakat and other deductions payable	17	13,894	13,055
Trade and other payables	14	434,206	401,173
Due to related parties	21	18,248	21,841
Provisions for legal, tax and other claims	15	21,021	29,189
<b>Total current liabilities</b>		<b>657,703</b>	<b>645,884</b>
<b>Total liabilities</b>		<b>1,105,479</b>	<b>1,044,796</b>
<b>Equity</b>			
Share capital	19	168,473	168,473
Retained earnings		292,715	139,205
Foreign currency translation reserve		(21,822)	(23,113)
Equity attributable to shareholders of the Parent Company		439,366	284,565
Non-controlling interests	18	12,014	11,186
<b>Total equity</b>		<b>451,380</b>	<b>295,751</b>
<b>Total liabilities and equity</b>		<b>1,556,859</b>	<b>1,340,547</b>

To the best of our knowledge, the consolidated financial statements fairly present, in all material respects, the consolidated financial position, results of operations and consolidated cash flows of the Group as of, and for, the year ended 31 December 2023.

			
Harsh Bansal Chief Financial Officer	Amarपाल Sandhu Chief Executive Officer	Abdulmalik Al Hogail Vice Chairman	Mohamed Ali Rashed Alabbar Chairman

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

	Note	US Dollars'000	
		2023	2022
Revenues	22	2,413,134	2,378,547
Cost of revenues	23	(1,151,575)	(1,148,476)
<b>Gross profit</b>		<b>1,261,559</b>	<b>1,230,071</b>
Selling and marketing expenses	24	(777,339)	(738,928)
General and administrative expenses	25	(191,770)	(193,053)
Other income		16,720	16,869
Monetary loss from hyperinflation	4	(4,379)	(1,521)
(Impairment losses)/ reversal of impairment on non-financial assets	4	(628)	46
Impairment losses on financial assets	9	(1,758)	(248)
Fair value losses and tax claims	16	(11,331)	(20,593)
<b>Operating profit</b>		<b>291,074</b>	<b>292,643</b>
Finance income	27	15,312	3,639
Finance costs	27	(31,014)	(24,584)
<b>Profit before income tax and zakat</b>		<b>275,372</b>	<b>271,698</b>
Income tax and zakat	30	(13,041)	(8,743)
<b>Net profit for the year</b>		<b>262,331</b>	<b>262,955</b>
<b>Attributable to:</b>			
The shareholders of the Parent Company /Net Parent Investment attributable to Former Parent Company		259,466	259,226
Non-controlling interests		2,865	3,729
		<b>262,331</b>	<b>262,955</b>
US Dollars			
		2023	2022
<b>Earnings per share</b>			
Basic and diluted earnings per share	20	0.03080	0.03077

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

	US Dollars'000	
	2023	2022
<b>Net profit for the year</b>	<b>262,331</b>	262,955
<b>Other comprehensive income/(loss) items</b>		
<i>Items that will not be reclassified subsequently to consolidated statement of income:</i>		
Remeasurement of employees' end of service benefits (Note 13)	<b>(1,334)</b>	8,579
<i>Items that may be reclassified subsequently to consolidated statement of income:</i>		
Exchange differences on translating foreign operations including the effect of hyperinflation	<b>1,233</b>	(2,652)
Total other comprehensive income items	<b>(101)</b>	5,927
<b>Total comprehensive income for the year</b>	<b>262,230</b>	268,882
<b>Attributable to:</b>		
The shareholders of the Parent Company/Net Investment attributable to Former Parent Company	<b>259,423</b>	265,121
Non-controlling interests	<b>2,807</b>	3,761
	<b>262,230</b>	268,882

## Americana Restaurants International PLC

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

		US Dollars'000						
		Equity attributable to the shareholders of the Parent Company						
Note	Share capital	Accumulated net contribution from the Former Parent Company	Retained earnings	Foreign currency translation reserve	Total	Non-controlling interests	Total equity	
	-	148,984	-	(20,429)	128,555	11,157	139,712	
	-	121,266	137,960	-	259,226	3,729	262,955	
	-	5,726	2,853	-	8,579	-	8,579	
	-	-	-	5,152	5,152	-	5,152	
	-	-	-	(7,836)	(7,836)	32	(7,804)	
	-	126,992	140,813	(2,684)	265,121	3,761	268,882	
18	-	(129)	-	-	(129)	(3,732)	(3,861)	
	-	(83,089)	-	-	(83,089)	-	(83,089)	
	-	(25,903)	-	-	(25,903)	-	(25,903)	
	10	-	-	-	10	-	10	
	168,463	(166,855)	(1,608)	-	-	-	-	
	<b>168,473</b>	-	<b>139,205</b>	<b>(23,113)</b>	<b>284,565</b>	<b>11,186</b>	<b>295,751</b>	
	-	-	<b>259,466</b>	-	<b>259,466</b>	<b>2,865</b>	<b>262,331</b>	
	-	-	(1,334)	-	(1,334)	-	(1,334)	
	-	-	-	9,517	9,517	-	9,517	
	-	-	-	(8,226)	(8,226)	(58)	(8,284)	
	-	-	258,132	1,291	259,423	2,807	262,230	
18	-	-	(1,152)	-	(1,152)	(1,979)	(3,131)	
36	-	-	(103,470)	-	(103,470)	-	(103,470)	
	<b>168,473</b>	-	<b>292,715</b>	<b>(21,822)</b>	<b>439,366</b>	<b>12,014</b>	<b>451,380</b>	

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

	Note	US Dollars'000	
		2023	2022
<b>Cash flows from operating activities</b>			
Profit before income tax and zakat for the year		275,372	271,698
<b>Adjustments for:</b>			
Depreciation and amortisation	26	252,497	219,709
Provision for employees' end of service benefits, net of transfers	13, 28	9,668	8,538
Impairment allowance on financial assets	9	1,758	248
Provision for obsolete, slow moving, and defective inventories	8	1,679	1,860
Impairment/ (reversal of impairment) of non-financial assets	5,7,12	628	(46)
Loss on disposal of property and equipment and intangible assets		1,575	4,444
Gain on rent concessions		-	(667)
Finance income	27	(15,312)	(3,639)
Finance cost	27	31,014	24,584
Recognition of deferred gain on derivative financial instrument in other income	9	(7,512)	(1,878)
Fair value losses/ (gains) on financial assets at fair value through profit or loss	9	11,331	(1,941)
Tax claim charges	16	-	22,534
Hyperinflation impact		4,857	356
<b>Operating cash flows before changes in working capital</b>		<b>567,555</b>	<b>545,800</b>
Payments of employees' end of service benefits	13	(11,627)	(10,686)
Income tax paid	17	(11,892)	(10,711)
<b>Changes in working capital:</b>			
Trade and other receivables		(9,510)	(11,581)
Due from related parties		195	952
Inventories		16,671	(67,789)
Due to related parties		(3,593)	(1,842)
Trade and other payables, other liabilities and taxes		(8,010)	9,785
<b>Net cash generated from operating activities</b>		<b>539,787</b>	<b>453,928</b>
<b>Cash flows from investing activities</b>			
Increase in fixed deposits with original maturity of more than 3 months	10	(295,933)	-
Purchase of property and equipment		(127,658)	(120,143)
Proceeds from sale of property and equipment		1,497	4,537
Purchase of intangible assets	7	(18,232)	(8,192)
Payments for key money	12	(3,929)	(3,788)
Interest received on short term deposits		8,289	3,639
Loans to a related party		-	(36,000)
Repayments of loans by a related party		-	100,000
<b>Net cash used in investing activities</b>		<b>(435,966)</b>	<b>(59,947)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	36	(103,312)	-
Payments of finance costs		(1,402)	(1,894)
Changes in non-controlling interests		(3,075)	(3,216)
Acquisition of additional shares in subsidiary from non-controlling interests		(54)	(705)
Lease payments – principal element		(173,513)	(150,774)
Lease payments – interest on lease liabilities		(26,625)	(21,517)
Distributions to the Former Parent Company		-	(83,089)
Movement in payments and impact of capital reorganisation with the Former Parent Company		-	(25,903)
Proceeds from issuance of share capital		-	10
<b>Net cash used in financing activities</b>		<b>(307,981)</b>	<b>(287,088)</b>
<b>Net change in cash and cash equivalents</b>		<b>(204,160)</b>	<b>106,893</b>
Foreign currency translation differences		1,425	12,152
Cash and cash equivalents at the beginning of the year		285,968	166,923
<b>Cash and cash equivalents at the end of the year</b>	10	<b>83,233</b>	<b>285,968</b>

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

# Americana Restaurants International PLC

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023

### 1 GENERAL INFORMATION

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

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

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

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

The consolidated financial statements were approved for issue by the Board of Directors on 14 February 2024.

### 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards (“IFRSs”) IFRS accounting standards and interpretations issued by the IFRS Interpretations Committee (“IFRS IC”) applicable to companies reporting under IFRS. The consolidated financial statements have been prepared on a historical cost convention, unless otherwise stated in the accounting policies. These consolidated financial statements comprise the consolidated financial information of the Group for the year ended 31 December 2023 and as at 31 December 2023.

The comparative consolidated statement of income, comprehensive income, changes in equity and cashflows for the year from 1 January 2022 to 31 December 2022 comprises of the carved-out financial information of the Restaurant Business for the period from 1 January 2022 to 27 June 2022 since the Group has operated as part of KFC until 27 June 2022, and not as a separate group of companies. The results of the operations of the Group under the new legal structure has been included for the period from 28 June 2022 to 31 December 2022.

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

The carve-out financial statements for the year ended 31 December 2022 represents consolidation of all the assets, liabilities, revenues and expenses of Americana Restaurants as listed in Note 31 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”);



## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 2.1 Basis of preparation (continued)

- Transfer of directly attributable income, costs and liabilities specifically in relation to Restaurants Business historically recorded in KFC; and
- 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;

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

Intercompany balances between the carve-out entities and KFC which were neither expected to be settled nor collected from KFC were included as part of the Former Parent’s net investment in the carve-out financial information. As such, the net effect of these balances were either waived in equity or recorded as an equity contribution and reflected as ‘Movement in payments and impact of capital reorganisation with the Former Parent Company’ in the comparatives of the consolidated statement of changes in equity for the year ended 31 December 2022. These intercompany balances have also been presented in the consolidated statement of cash flows as a financing activity for the year ended 31 December 2022.

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

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

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

#### 2.2 New standards, amendments and interpretations

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2023, have been adopted in these consolidated financial statements. The application of these revised IFRS, except where stated, have not had any material impact on the amounts reported for the current and prior periods:

- IFRS 17, ‘Insurance contracts’ (deferred until accounting periods starting on 1 January 2023);
- amendments to IFRS 17 and an amendment to IFRS 4;
- amendments to IAS 12 (effective 1 January 2023);
- amendments to IAS 1 (effective 1 January 2023); and
- amendments to IAS 8 (effective 1 January 2023).

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 2.2 New standards, amendments and interpretations (continued)

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

- amendments to IFRS 16 (effective 1 January 2024);
- amendments to IAS 1 (effective 1 January 2024).
- amendments to IAS 7 (effective 1 January 2024).

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

#### 2.3 Foreign currency translation

##### (a) *Functional and presentation currency*

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

##### (b) *Transactions and balances*

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

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

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

##### (c) *Group entities*

The results and financial position of all the entities in the Group, none of which has the currency of a hyper-inflationary economy (except for one legal entity in Lebanon for the year ended 31 December 2023 and 31 December 2022, refer to Note 4) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

## **Americana Restaurants International PLC**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

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### **2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

#### **2.3 Foreign currency translation (continued)**

##### *(c) Group entities (continued)*

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

#### **2.4 Hyperinflation**

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

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

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

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

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

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

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (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 the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the consolidated statement of income during the financial period in which they are incurred.

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

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

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

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

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

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

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

#### 2.6 Investment properties

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

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

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

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

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 2.7 Intangible assets

These comprise of franchise agreements with third parties for licensing and operation of restaurant chains and softwares. 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
Software	5 years

#### 2.8 Financial assets

##### (i) Classification

The Group classifies its financial assets under the following categories:

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

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

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

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

##### (ii) Recognition and derecognition

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

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

##### (iii) Subsequent measurement

###### Debt instruments

Subsequent measurement of financial assets is as follows:

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

## **Americana Restaurants International PLC**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

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### **2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

#### **2.8 Financial assets (continued)**

##### *(iv) Impairment*

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

##### *Trade and other receivables*

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

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

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

#### **2.9 Impairment of non-financial assets**

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

#### **2.10 Inventories**

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

#### **2.11 Cash and cash equivalents**

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

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### 2.12 Leases

*The Group's leasing activities and how these are accounted for*

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

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

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

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

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

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

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

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

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

Refundable security deposits are not included in the initial measurement of a right-of-use asset. However, the difference between the nominal amount of the refundable security deposits and its fair value at the commencement of the lease represent, an additional lease payment which is prepaid and accordingly added to the initial carrying amount of the right-of-use asset and released to the consolidated statement of income over the lease term as part of the depreciation of that asset.

*Variable lease payments*

*Estimation uncertainty arising from variable lease payments*

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

*Extension and termination options*

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

**Americana Restaurants International PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)**2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****2.12 Leases (continued)***Rent Concessions*

On 31 March 2021, the IASB published a further amendment to extend the date of the practical expedient from 30 June 2021 to 30 June 2022 in light of the ongoing COVID-19 pandemic. Since Americana Restaurants had already applied the practical expedient in the May 2020 amendment, it is required to continue to apply the practical expedient consistently, to all lease contracts with similar characteristics and in similar circumstances, using the March 2021 amendment. Americana Restaurants has early adopted this amendment on 1 January 2021 and as a result, Americana Restaurants has recognised a gain on the rent concessions amounting to as ‘other income’ in the consolidated statement of income for the year ended 31 December 2023 nil (2022: USD 667 thousand) to reflect changes in lease payments that arise from rent concessions to which they have applied the practical expedient.

**2.13 Provision for employees’ end of service benefits**

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

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

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

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

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

**2.14 Financial liabilities**

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

**2.15 Trade payables**

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



**Americana Restaurants International PLC****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023**  
(continued)**2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)****2.16 Provisions**

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

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

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

**2.17 Derivative financial instruments**

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

**2.18 Revenue from contracts with customers**

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

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

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

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

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

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

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

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

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

(a) *Food and beverage*

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

## **Americana Restaurants International PLC**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

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### **2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

#### **2.18 Revenue from contracts with customers (continued)**

##### *(b) Investment property rental income*

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

#### **2.19 Finance income and costs**

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

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

#### **2.20 Current and deferred income tax and zakat**

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

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

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

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

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

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

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

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

## **Americana Restaurants International PLC**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

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### **2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

#### **2.21 Rounding of amounts**

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

#### **2.22 Royalties**

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

#### **2.23 Segment reporting**

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

#### **2.24 Basis of consolidation**

##### *(a) Subsidiaries*

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

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

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

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

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

## **Americana Restaurants International PLC**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

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### **2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)**

#### **2.24 Basis of consolidation (continued)**

##### *(a) Subsidiaries (continued)*

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

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

##### *(b) Transactions eliminated on consolidation*

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

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

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

##### *(d) Disposal of subsidiaries*

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

#### **2.25 Earnings per share**

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the number of ordinary shares outstanding. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the number of shares on formation for the effects of all dilutive potential ordinary shares. The denominator has been adjusted retrospectively in calculating historical EPS for the year ended 31 December 2022 by using the number of ordinary shares outstanding as on 31 December 2023.

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 3 FINANCIAL RISK MANAGEMENT

#### 3.1 Financial risk factors

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

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

##### (a) Market risk

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

##### (i) Foreign exchange risk

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

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

The Group is exposed to foreign exchange risk arising from currency exposures, primarily with respect to the Kuwaiti Dinar ("KWD"), Saudi Riyal ("SAR"), UAE Dirham ("AED"), and Egyptian Pound ("EGP"). Foreign exchange risk between KWD, SAR, and AED is limited. Furthermore, with respect to the Lebanese Lira ("LL"), The Group is exposed to the hyperinflationary environment on its operations in Lebanon (please refer to Note 4 for the critical accounting estimates used by management). However, the exposure of the exchange rate fluctuation is deemed insignificant to the financial statements for the year ended 31 December 2023.

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

At 31 December 2023, if the EGP had weakened/strengthened by 5% (2022: 5%) against the USD with all other variables held constant, the consolidated comprehensive income for the year would have been lower/higher by USD 404 thousand (2022: USD 596 thousand), mainly as a result of foreign exchange gains/losses on translation of EGP-denominated trade payables.

At 31 December 2023, if the EGP had weakened/strengthened by 5% (2022: 5%) against the USD with all other variables held constant, the consolidated comprehensive income for the year would have been higher/lower by USD 50 thousand (2022: USD 160 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 2023 and 2022.

##### (ii) Price risk

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

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

(a) *Market risk (continued)*

(iii) *Cash flow and fair value interest rate risk*

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

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

#### *Classification of derivatives*

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

(b) *Credit risk*

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

The financial instruments exposed to credit risk are as follows:

	US Dollars'000	
	<b>31 December 2023</b>	31 December 2022
Cash and cash equivalents excluding cash on hand	<b>84,795</b>	300,198
Trade and other receivables*	<b>74,323</b>	67,391
Due from related parties	<b>42</b>	237
	<b>159,160</b>	367,826

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

(i) *Cash and cash equivalents*

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

(ii) *Trade and other receivables*

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

(iii) *Due from related parties*

Credit risk on 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 2023, and 31 December 2022 the expected credit loss allowance on due from related parties was immaterial.

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 3 FINANCIAL RISK MANAGEMENT (continued)

#### 3.1 Financial risk factors (continued)

##### (c) Liquidity risk

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

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

	US Dollars'000			
	As on 31 December 2023			
	Within 1 year	1 year to 5 years	More than 5 years	Total
Bank facilities	4,375	-	-	4,375
Lease liabilities	170,067	315,402	111,883	597,352
Trade and other payables (excluding value added tax payable and unearned income)	408,539	-	-	408,539
	<b>582,981</b>	<b>315,402</b>	<b>111,883</b>	<b>1,010,266</b>

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

#### 3.2 Capital risk management

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

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

## **Americana Restaurants International PLC**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

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### **3 FINANCIAL RISK MANAGEMENT (continued)**

#### **3.3 Fair value estimation**

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

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

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

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

As at 31 December 2023, 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 2023 is estimated to be nil (2022: USD 11,331 thousand). Accordingly, management recorded a revaluation loss of USD 11,331 thousand in the consolidated statement of income under 'Fair value losses and tax claims' (refer to Note 9). There are no other assets and liabilities measured at fair value as at 31 December 2023 and 2022.

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

### **4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

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

#### **Critical judgements**

##### *Control of a subsidiary*

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



## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### *Hyperinflation*

The Group exercises significant judgement in determining the onset of hyperinflation in countries in which it operates and whether the functional currency of its subsidiary is the currency of a hyperinflationary economy. Various characteristics of the economic environment of each country are taken into account. These characteristics include, but are not limited to, whether:

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

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

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

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

Date	Base year	General price index	Inflation rate (%)
31 December 2022	2019	1,917	1,687%
<b>31 December 2023</b>	<b>2019</b>	<b>5,978</b>	<b>5,475%</b>

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

	<b>31 December 2023</b>	31 December 2022
	<b>USD'000</b>	USD'000
<b>Income statement</b>		
Increase in revenue	<b>5,488</b>	4,223
Monetary loss from hyper inflation	<b>(4,379)</b>	(1,521)
Increase in cost of revenues	<b>(2,229)</b>	(1,938)
Increase in selling and marketing expenses	<b>(2,568)</b>	(2,044)
Increase in general and administrative expenses	<b>(318)</b>	(117)
Others	<b>1,021</b>	1,041
<b>Decrease in profit after tax</b>	<b>(2,985)</b>	(356)

#### **Critical accounting estimates and assumptions**

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

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

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### Critical accounting estimates and assumptions (continued)

##### *Impairment of non-financial assets*

The Group has determined that the smallest cash generating units (“CGU”) is its Brand-Country level primarily on the basis that the Group is required to maintain a minimum number of stores in each country in order to maintain the exclusivity right in line with the franchise agreements. Management also leverages its shared services infrastructure in each country, and it has developed financial and operating performance indicators on a brand-country level. Management performs a quarterly study to identify indications of impairment according to IAS 36, Impairment of Assets (“IAS 36”), in which discounted future cash flows are calculated to ascertain whether the value of assets has become impaired. However, a risk exists whereby the assumptions used by management to calculate future cash flows may not be fair based on current conditions and those prevailing in the foreseeable future. The non-financial assets which relate to restaurant outlets, that were assessed for impairment are property and equipment, right-of-use assets and intangible assets amounting to USD 893,147 thousand as at 31 December 2023 (2022: USD 736,999 thousand). The impairment/(reversal of impairment) recognised in the consolidated income statement on these non-financial assets are as follows:

	<b>31 December 2023</b>	31 December 2022
	<b>USD’000</b>	USD’000
Property and equipment (Note 5)	<b>850</b>	(59)
Right-of-use assets (Note 12)	<b>(187)</b>	24
Intangible assets (Note 7)	<b>(35)</b>	(11)
Total	<b>628</b>	(46)

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

		<u>Headroom/(Impairment of non-financial assets)</u>			
		<u>US Dollars’000</u>			
	Change in assumption	<b>Year ended 31 December 2023</b>	Year ended 31 December 2022		
Growth rate	+/-0.5%	<b>156</b>	<b>(180)</b>	-	-
Discount rate	+/-0.5%	<b>(203)</b>	<b>128</b>	-	-
EBITDA margin	+/-1.0%	<b>123</b>	<b>(262)</b>	-	-

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### Critical accounting estimates and assumptions (continued)

##### *Impairment of non-financial assets (continued)*

Key assumptions used in value in use calculations for the year ended 31 December 2023 and 2022 are as follows:

	CGUs impairment testing: Key assumptions 2023			
	GCC	Lower Gulf	North Africa	Others
Growth rate	5%	6%-7%	6% - 19%	6% - 27%
Discount rate	11%	11% - 14%	13% - 18%	12% - 32%
Increase/decrease in EBITDA margin	2% - 3%	2% - 3%	2% - 22%	2% - 212%

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

##### *Taxes*

The Group is subject to corporate income tax and Zakat. Significant judgment is required in determining the provision for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises a liability for anticipated taxes based on estimates of whether additional taxes will be due to be paid. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the year in which such determination is made (Note 30).

##### *Impairment of financial assets*

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

##### *Corporate allocations*

In the preparation of the comparative consolidated financial statements for the year ended 31 December 2022 in accordance with IFRS, management has made judgements, estimates and assumptions relating to the allocation of certain expenses and income historically maintained by Kuwait Food Company (Americana) K.S.C.C. Such items have been allocated to the Group and included in the consolidated financial statements based on the most relevant allocation method that are considered to be reasonable for the purpose of these consolidated financial statements. Actual results may differ from these estimates. A 10% increase or decrease change in allocation percentages would result in approximately USD 2.0 million change in expense allocated to the Group for the year ended 31 December 2022.

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023

(continued)

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

#### Critical accounting estimates and assumptions (continued)

##### *Corporate allocations (continued)*

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

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

##### *Foreign currency translation - International Touristic Projects Lebanese Co.*

International Touristic Projects Lebanese Co. ("Americana Lebanon") is a wholly owned subsidiary of the Group. During the previous year, the banks in Lebanon implemented unofficial foreign exchange controls in the banking sector to manage the shortages. The US Dollar ("USD") has been in wide use and circulation over the last 2 decades or more and against which the Lebanese Pound has been pegged throughout that period at Lebanese Lira ("LL") 15,000 per USD ("official exchange rate").

In terms of IFRS, where a country has multiple exchange rates, judgement is required to determine which exchange rate qualifies as a spot rate that can be used for the translation of foreign operations. Factors to determine this include whether the currency is available at an official exchange rate. After the launching of an official electronic platform ("Sayrafa") by the Central Bank of Lebanon where the exchange rate is published on a regular basis for the participating banks and for settlement of foreign payables, management has considered Sayrafa as an alternative official exchange rate, being a more relevant spot rate. As a result, management has used the alternate official exchange rate being the Sayrafa rate to translate Americana Lebanon's operations to the USD presentation currency as at 31 December 2023 and 31 December 2022.

##### *Derivative financial instruments*

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

##### *Extension or termination options*

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

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023 (continued)

### 5 PROPERTY AND EQUIPMENT

	US Dollars'000						Total
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	
<b>Cost</b>							
As at 1 January 2023	17,089	440,016	84,731	296,991	14,890	27,145	880,862
Additions	-	27,931	1,245	43,801	1,007	71,714	145,698
Disposals	-	(23,759)	(3,378)	(12,461)	(896)	(170)	(40,664)
Hyperinflation adjustment	5,376	7,433	7,655	5,351	314	-	26,129
Transfers	-	43,092	1,184	23,218	2,019	(81,694)	(12,181)
Foreign currency translation difference	(3,859)	(5,743)	(1,707)	(3,393)	(338)	177	(14,863)
<b>As at 31 December 2023</b>	<b>18,606</b>	<b>488,970</b>	<b>89,730</b>	<b>353,507</b>	<b>16,996</b>	<b>17,172</b>	<b>984,981</b>
<b>Accumulated depreciation and impairment</b>							
As at 1 January 2023	-	318,570	69,793	211,065	11,590	-	611,018
Charge for the year	-	39,211	3,448	24,960	1,594	-	69,213
Disposals	-	(22,368)	(3,282)	(12,140)	(868)	-	(38,658)
Hyperinflation adjustment	-	7,318	6,960	5,230	314	-	19,822
Transfers	-	(2,070)	(104)	1,893	18	-	(263)
Impairment loss /(reversal of impairment)	-	887	(28)	(9)	-	-	850
Foreign currency translation difference	-	(2,424)	(378)	(1,213)	(206)	-	(4,221)
<b>As at 31 December 2023</b>	<b>-</b>	<b>339,124</b>	<b>76,409</b>	<b>229,786</b>	<b>12,442</b>	<b>-</b>	<b>657,761</b>
<b>Net book amount</b>							
<b>As at 31 December 2023</b>	<b>18,606</b>	<b>149,846</b>	<b>13,321</b>	<b>123,721</b>	<b>4,554</b>	<b>17,172</b>	<b>327,220</b>

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

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023 (continued)

### 5 PROPERTY AND EQUIPMENT (continued)

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

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

**Americana Restaurants International PLC**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023

(continued)

**6 INVESTMENT PROPERTIES**

	US Dollars'000	
	2023	2022
Balance as at 1 January	5,870	9,341
Transfers from property and equipment	102	-
Foreign currency translation difference	(830)	(2,926)
Depreciation	(321)	(545)
Balance as at 31 December	<u>4,821</u>	<u>5,870</u>

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

Formal external valuations of the investment properties were undertaken by independent qualified appraisers, on an open market basis at 31 December 2023 and 2022. Based on the valuations, the fair value of the Group's investment properties at that date was determined at USD 28,616 thousand (2022: USD 19,972 thousand).

The lease income recognised during the year ended 31 December 2023 is USD 2,536 thousand (2022: USD 3,611 thousand). Refer to Note 22. Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the consolidated financial statements are receivable as follows:

	US Dollars'000	
	31 December 2023	31 December 2022
Within one year	2,265	2,960
Between 1 and 2 years	2,151	2,234
Between 2 and 3 years	1,793	1,862
Between 3 and 4 years	1,076	1,117
Between 4 and 5 years	2,151	2,234
Later than 5 years	3,726	5,440
	<u>13,162</u>	<u>15,847</u>

*Revaluation of investment property (for disclosure purposes)*

The fair valuation for the leased properties for disclosure purpose was done using the 'Income approach' which involves determination of the value of the investment properties 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 properties, 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
2023	Rental rate	USD 2,784 per m <sup>2</sup>	An increase/(decrease) of 1% would increase/(decrease) the investment properties' fair value by USD 379 thousand.
2022	Rental rate	USD 1,491 per m <sup>2</sup>	An increase/(decrease) of 1% would increase/(decrease) the investment properties' fair value by USD 200 thousand.

**Americana Restaurants International PLC**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023

(continued)

**7 INTANGIBLE ASSETS**

	US Dollars'000					
	Franchise and agencies	Software	Goodwill	Work in progress	Others	Total
<b>Cost</b>						
<b>At 1 January 2023</b>	<b>59,515</b>	<b>27,554</b>	<b>8,458</b>	<b>-</b>	<b>997</b>	<b>96,524</b>
Additions	11,052	1,359	-	5,821	-	18,232
Transfers	-	14,156	-	(2,483)	-	11,673
Hyperinflation adjustment	1,018	-	-	-	-	1,018
Disposals	(2,335)	(316)	-	-	(810)	(3,461)
Foreign currency translation difference	(1,158)	(346)	-	4	-	(1,500)
<b>At 31 December 2023</b>	<b>68,092</b>	<b>42,407</b>	<b>8,458</b>	<b>3,342</b>	<b>187</b>	<b>122,486</b>
<b>Accumulated amortisation and impairment</b>						
<b>At 1 January 2023</b>	<b>35,844</b>	<b>10,092</b>	<b>-</b>	<b>-</b>	<b>997</b>	<b>46,933</b>
Amortisation	4,186	6,076	-	-	-	10,262
Disposals	(1,369)	(216)	-	-	(810)	(2,395)
Hyperinflation adjustment	904	-	-	-	-	904
Reversal of impairment	-	(35)	-	-	-	(35)
Foreign currency translation difference	(480)	(127)	-	-	-	(607)
<b>At 31 December 2023</b>	<b>39,085</b>	<b>15,790</b>	<b>-</b>	<b>-</b>	<b>187</b>	<b>55,062</b>
<b>Net book amount</b>						
<b>At 31 December 2023</b>	<b>29,007</b>	<b>26,617</b>	<b>8,458</b>	<b>3,342</b>	<b>-</b>	<b>67,424</b>
	US Dollars'000					
	Franchise and agencies	Software	Goodwill	Work in progress	Others	Total
<b>Cost</b>						
<b>At 1 January 2022</b>	<b>64,742</b>	<b>16,778</b>	<b>8,458</b>	<b>-</b>	<b>997</b>	<b>90,975</b>
Additions	7,691	501	-	-	-	8,192
Transfers	168	10,936	-	-	-	11,104
Hyperinflation adjustment	557	-	-	-	-	557
Disposals	(10,621)	-	-	-	-	(10,621)
Foreign currency translation difference	(3,022)	(661)	-	-	-	(3,683)
<b>At 31 December 2022</b>	<b>59,515</b>	<b>27,554</b>	<b>8,458</b>	<b>-</b>	<b>997</b>	<b>96,524</b>
<b>Accumulated amortisation and impairment</b>						
<b>At 1 January 2022</b>	<b>40,168</b>	<b>7,187</b>	<b>-</b>	<b>-</b>	<b>997</b>	<b>48,352</b>
Amortisation	3,881	3,224	-	-	-	7,105
Transfers	(45)	-	-	-	-	(45)
Disposals	(7,528)	-	-	-	-	(7,528)
Hyperinflation adjustment	454	-	-	-	-	454
Reversal of impairment	-	(11)	-	-	-	(11)
Foreign currency translation difference	(1,086)	(308)	-	-	-	(1,394)
<b>At 31 December 2022</b>	<b>35,844</b>	<b>10,092</b>	<b>-</b>	<b>-</b>	<b>997</b>	<b>46,933</b>
<b>Net book amount</b>						
<b>At 31 December 2022</b>	<b>23,671</b>	<b>17,462</b>	<b>8,458</b>	<b>-</b>	<b>-</b>	<b>49,591</b>

'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.

Work in progress mainly comprises of software and applications under development.



## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 7 INTANGIBLE ASSETS (continued)

For the purpose of testing goodwill impairment, the recoverable amounts for cash generating units have been determined on the basis of value-in-use calculations using cash flow forecasts approved by management covering a five-year period. Cash flows beyond the three-year period have been extrapolated using long term terminal growth rates. The key assumptions used in the value-in-use calculations include risk adjusted pre-tax discount rates amounting to 15.82% (2022: 16.02%), EBITDA margins consistent with historical trends and growth rates based on management's expectations for market development. The long-term terminal growth rates amounting to 1% (2022: 1%) do not exceed the long-term average growth rate for the markets in which the cash generating units operate. Any reasonably possible change to the assumptions will not result in an impairment charge.

### 8 INVENTORIES

	US Dollars'000	
	31 December 2023	31 December 2022
Raw materials	115,310	132,131
Filling and packing materials	12,032	15,006
Other materials	12,461	13,973
Goods in transit	12,789	11,805
Spare parts	8,042	7,037
	160,634	179,952
Provision for obsolete, slow moving and defective inventories	(5,041)	(6,126)
	155,593	173,826

The cost of inventories recognised as an expense during the year was USD 750,234 thousand (2022: USD 760,322 thousand) (Note 23).

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

	US Dollars'000	
	2023	2022
Balance at 1 January	6,126	6,481
Net provision for slow moving items	1,679	1,860
Write-offs against provision for slow moving items	(2,655)	(1,643)
Reclassification	8	(105)
Foreign currency translation difference	(117)	(467)
Balance at 31 December	5,041	6,126

### 9 TRADE AND OTHER RECEIVABLES

	US Dollars'000	
	31 December 2023	31 December 2022
Trade receivable	32,039	29,325
Less: loss allowance	(1,242)	(1,315)
	30,797	28,010
Prepaid expenses	39,570	31,210
Advances to suppliers	2,811	5,009
Refundable deposits	15,840	19,524
Accrued income	12,391	5,703
Insurance receivables	498	692
Staff receivables	2,275	2,357
Others	12,522	11,105
	116,704	103,610

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 9 TRADE AND OTHER RECEIVABLES (continued)

Analysed as follows:

	US Dollars'000	
	31 December 2023	31 December 2022
Current portion	109,332	103,610
Non-current portion*	7,372	-
	<b>116,704</b>	<b>103,610</b>

The Group has a broad base of customers with no concentration of credit risk within trade receivables at 31 December 2023 and 31 December 2022.

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

	US Dollars'000	
	31 December 2023	31 December 2022
Up to 3 months	30,872	28,154
3 to 6 months	124	243
Over 6 months	1,043	928
	<b>32,039</b>	<b>29,325</b>

The loss allowance on trade receivables is primarily concentrated in the balances over 6 months which had an expected credit loss allowance of 100% amounting to USD 1,043 thousand (2022: 100% amounting to USD 928 thousand).

Balances between 3 to 6 months had an expected credit loss allowance of 43% amounting to USD 54 thousand (2022: 56% amounting to USD 136 thousand). Balances up to 3 months had an expected credit loss allowance of 0.5% amounting to USD 145 thousand (2022: 1% amounting to USD 251 thousand).

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

	US Dollars'000	
	2023	2022
Balance at 1 January	1,315	1,856
Charge during the year	758	248
Write-offs against the loss allowance on trade receivables	(704)	(582)
Foreign currency translation differences	(127)	(207)
Balance at 31 December	<b>1,242</b>	<b>1,315</b>

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

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

	US Dollars'000	
	31 December 2023	31 December 2022
UAE Dirham	12,059	9,153
Saudi Riyal	6,768	4,633
Egyptian Pound	1,010	3,207
Kuwaiti Dinar	2,979	3,512
US Dollar	158	100
Other	9,065	8,720
	<b>32,039</b>	<b>29,325</b>

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023

(continued)

### 9 TRADE AND OTHER RECEIVABLES (continued)

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

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

The Group entered into an agreement on 9 December 2021 with a third party to operate cloud kitchens in the region through an investment in REEF Technology Middle East Limited (the "Entity"). The Group acquired 25% shares in the Entity in exchange for loan notes of USD 28,500 thousand which are non-interest bearing and have a non-recourse against the Group. As per the agreement, the loan notes are to be settled against the future cash flows (i.e., dividends) received from the investment of the Group. The Group neither bear any significant risk or rewards until the loan notes have been fully settled nor additional liability in case the Entity fails to generate sufficient cash flows to cover the loan notes. Moreover, the Group contributed a working capital loan of USD 1,000 thousand towards the Entity which is non-interest bearing and has no fixed repayment terms. The working capital loan was recorded as a part of other receivables and was fully impaired as at 31 December 2023 and an impairment loss was recorded in the consolidated statement of income under 'Impairment losses on financial assets' as management does not expect to recover the financial asset.

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

The Group has revalued the derivative financial instrument and estimated the fair value to be nil as at 31 December 2023 (2022: USD 11,331 thousand). The valuation methodology utilised is the binomial lattice model with key assumptions as at 31 December 2023 being an expected life of 3 years (2022: 4 years), a risk free interest rate of 4% (2022: 4.11%) and equity volatility of 25% (2022: asset volatility of 21%). As a result of the significant decline in the valuation of the derivative financial instrument and management's intention of exiting the arrangement, the full value of the derivative financial instrument has been recorded as a revaluation loss of USD 11,331 thousands in the consolidated statement of income under 'Fair value losses and tax claims' and the remaining deferred gain balance of USD 7,512 thousands has been released in the consolidated statement of income under 'Other income'.

### 10 CASH AND CASH EQUIVALENTS

	US Dollars'000	
	31 December 2023	31 December 2022
Cash on hand	2,813	4,362
Cash at banks	47,025	77,414
Short-term deposits with original maturity of 3 months or less	37,770	222,784
Cash and cash equivalents	<b>87,608</b>	<b>304,560</b>

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

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

	US Dollars'000	
	31 December 2023	31 December 2022
Cash and cash equivalents	87,608	304,560
Less: Bank overdraft (Note 11)	(4,375)	(18,592)
Balances per consolidated statement of cash flows	<b>83,233</b>	<b>285,968</b>

	US Dollars'000	
	31 December 2023	31 December 2022
Short term deposits with original maturity of 3 to 12 months	<b>295,933</b>	-

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 11 BANK FACILITIES

	US Dollars'000	
	31 December 2023	31 December 2022
<b>Short term</b>		
Bank overdraft	4,375	18,592
	US Dollars'000	
	31 December 2023	31 December 2022
<b>Maturity of bank facilities are as follows:</b>		
Within one year	4,375	18,592

### 12 LEASES

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

	US Dollars'000				
	Building and Leasehold	Vehicles	Land	Key money	Total
<b>Right of use assets</b>					
<b>Cost</b>					
As at 1 January 2023	871,683	32,213	8,279	13,719	925,894
Additions	259,987	4,993	594	3,929	269,503
Hyperinflation adjustment	3,634	-	-	797	4,431
Disposal	(20,373)	(940)	(201)	(25)	(21,539)
Transfers	-	-	-	142	142
Foreign currency translation difference	(9,586)	(43)	505	(288)	(9,412)
<b>As at 31 December 2023</b>	<b>1,105,345</b>	<b>36,223</b>	<b>9,177</b>	<b>18,274</b>	<b>1,169,019</b>
<b>Accumulated depreciation and impairment</b>					
As at 1 January 2023	472,867	26,370	4,579	4,514	508,330
Charge for the year	161,997	6,447	1,219	3038	172,701
Hyperinflation adjustment	3,109	-	-	797	3,906
Reversal of impairment	(187)	-	-	-	(187)
Disposal	(9,742)	(740)	(2)	(25)	(10,509)
Foreign currency translation difference	(3,777)	(36)	328	(240)	(3,725)
<b>As at 31 December 2023</b>	<b>624,267</b>	<b>32,041</b>	<b>6,124</b>	<b>8,084</b>	<b>670,516</b>
<b>Net book amount</b>					
<b>Balance as at 31 December 2023</b>	<b>481,078</b>	<b>4,182</b>	<b>3,053</b>	<b>10,190</b>	<b>498,503</b>

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

**Americana Restaurants International PLC**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023**

(continued)

**12 LEASES (continued)**

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

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

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

	<b>31 December 2023</b>	31 December 2022
	<b>USD'000</b>	USD'000
<b>Lease liabilities</b>		
Non-current	<b>341,223</b>	274,603
Current	<b>165,959</b>	160,156
	<b>507,182</b>	434,759

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023

(continued)

### 12 LEASES (continued)

(ii) Amounts recognised in the consolidated statement of income

	2023 USD'000	2022 USD'000
<b>Finance costs on lease liabilities</b> (Note 27)	<b>26,625</b>	21,517
	<b>2023 USD'000</b>	<b>2022 USD'000</b>
<b>Other rent expenses</b>		
Expense relating to short-term and low-value leases	33,294	34,781
Expense relating to variable lease payments not included in lease liabilities	17,397	14,586
	<b>50,691</b>	<b>49,367</b>

The Group recognised a gain on COVID-19 related rent concessions of nil for the year ended 31 December 2023 (2022: USD 667 thousand) under other income in the consolidated statement of income.

### 13 PROVISION FOR EMPLOYEES' END OF SERVICE BENEFITS

	Note	2023 USD'000	2022 USD'000
At 1 January		<b>66,386</b>	76,260
Current service cost	28	<b>9,668</b>	8,538
Interest expense	27	<b>2,987</b>	1,173
<b>Total amount recognised in the consolidated statement of income</b>		<b>12,655</b>	9,711
<i>Remeasurement of employees' end of service benefits</i>			
- changes in financial assumptions		<b>1,334</b>	(7,811)
- changes in experience / demographic assumptions		-	(768)
<b>Total amount recognised in the consolidated statement of other comprehensive income</b>		<b>1,334</b>	(8,579)
Payments		<b>(11,627)</b>	(10,686)
Foreign currency translation differences		<b>(187)</b>	(320)
At 31 December		<b>68,561</b>	66,386

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 2023 and 31 December 2022, using the projected unit credit method, in respect of employees' end of service benefits payable under labour laws prevailing in the countries in which the subsidiaries operate. Under this method, an assessment is made of the employee's expected service life with the Group and the expected basic salary at the date of leaving the service. A provision is made, using actuarial techniques, for the full amount of end of service benefits due to the employees in accordance with the local labour law of the country where they are employed, for their year ended of service up to the reporting date. Management's assumptions and sensitivity analysis are provided below.

Below is the maturity analysis of the expected benefit payments:

	US Dollars'000	
	31 December 2023	31 December 2022
Within one year	<b>18,061</b>	17,124
Between 2 and 5 years	<b>50,173</b>	47,995
Later than 5 years	<b>61,827</b>	58,355

**Americana Restaurants International PLC**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023**  
(continued)

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

Actuarial assumptions and sensitivity:

		2023	2022
Average discount rate used		5.83%	5.25%
Average salary growth rate		2.25%	1.69%
Salary growth effective date during the year		April - July	April - July
Withdrawal rates per annum		20-25%	20-25%
Employee retirement age		60	60
Average duration		3-4 years	3-4 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 2023	31 December 2022
Discount rate	+/-1.0%	(2,581)	2,778
Salary growth rate	+/-1.0%	3,017	(2,850)
		(2,152)	2,023
		2,222	(2,376)

**14 TRADE AND OTHER PAYABLES**

	US Dollars'000	
	31 December 2023	31 December 2022
Trade payables	189,206	159,640
Accrued expenses	114,176	104,237
Unearned income	56,495	75,897
Accrued staff benefits	46,875	49,305
Non-trade payables	42,004	40,839
Value added tax payable	5,534	7,911
Deposits	2,234	2,636
Other payables	14,044	12,990
	<b>470,568</b>	<b>453,455</b>

Analysed as follows:

	US Dollars'000	
	31 December 2023	31 December 2022
Current portion	434,206	401,173
Non-current portion*	36,362	52,282
	<b>470,568</b>	<b>453,455</b>

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

**15 PROVISIONS FOR LEGAL, TAX AND OTHER CLAIMS**

	US Dollars'000	
	31 December 2023	31 December 2022
Legal cases	5,068	5,004
Provision for termination and closure	2,632	3,204
Tax	7,541	16,819
Other provisions	5,780	4,162
	<b>21,021</b>	<b>29,189</b>

**Americana Restaurants International PLC**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023**

(continued)

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

	2023 (USD'000)				Total
	Legal cases	Provision for termination and closure	Tax	Other provisions	
Balance as at 1 January 2023	5,004	3,204	16,819	4,162	29,189
<i>Charged/(credited) to profit or loss</i>					
Additional provisions recognised	2,948	218	1,930	9,223	14,319
Unused amounts reversed	(1,304)	(881)	(840)	(4,726)	(7,751)
Amounts used during the year	(1,483)	(358)	(7,973)	(2,127)	(11,941)
Foreign currency translation difference	(65)	449	(2,461)	(124)	(2,201)
Others	(32)	-	66	(628)	(594)
<b>Balance as at 31 December 2023</b>	<b>5,068</b>	<b>2,632</b>	<b>7,541</b>	<b>5,780</b>	<b>21,021</b>

	2022 (USD'000)				Total
	Legal cases	Provision for termination and closure	Tax	Other provisions	
Balance as at 1 January 2022	9,430	5,060	13,781	3,791	32,062
<i>Charged/(credited) to profit or loss</i>					
Additional provisions recognised	1,073	957	19,468	4,216	25,714
Unused amounts reversed	(1,611)	(965)	-	(1,535)	(4,111)
Amounts used during the year	(2,556)	(1,839)	(17,027)	(1,533)	(22,955)
Foreign currency translation difference	(195)	(9)	(272)	(440)	(916)
Others	(1,137)	-	869	(337)	(605)
<b>Balance as at 31 December 2022</b>	<b>5,004</b>	<b>3,204</b>	<b>16,819</b>	<b>4,162</b>	<b>29,189</b>

Legal cases

The provision consists of the total amount provided to meet specific legal claims against the Group from external parties. Management believes that after obtaining appropriate legal advice, the outcome of such legal claims will not substantially exceed the value of the provision as at 31 December 2023 and 31 December 2022.

Provision for termination and closure

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

Tax and other provisions

Other provisions include of ongoing assessments by the relevant authorities for open years dispute in relation to taxes and Zakat. 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 32). The other provisions also comprise of restructuring expenses and expected claims from external parties in relation to the Group's activities. The management reviews these provisions on a yearly basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

**16 FAIR VALUE LOSSES AND TAX CLAIMS**

	US Dollars'000	
	2023	2022
Fair value losses/ (gains) on derivative financial instrument (Note 9)	11,331	(1,941)
Tax claim charges*	-	22,534
	<b>11,331</b>	<b>20,593</b>



## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023  
(continued)

### 16 FAIR VALUE LOSSES AND TAX CLAIMS (continued)

\*The tax claim charges is a non-recurring provision to settle an indirect tax claim relating to the historical period 2000-2017. Prior to 2016, restaurants not having a 'touristic' status benefited from an exemption to sales tax. This exemption law was repealed in 2016 pursuant to a change in tax law. The revised tax laws have been applied going forward. In August 2022, the Group has entered into settlement agreements with the tax authorities to settle the tax claims for the period from 2005 to 2017 which has been adequately provided for during the year ended 31 December 2022.

### 17 INCOME TAX, ZAKAT AND OTHER DEDUCTIONS PAYABLE

#### Other taxes payable

	31 December 2023 USD'000	31 December 2022 USD'000
<i>Other taxes payable within one year comprise:</i>		
Income Tax	5,122	5,193
Zakat	2,476	2,307
<b>Income tax and zakat payable</b>	<b>7,598</b>	<b>7,500</b>
Property and other taxes	9	13
Other taxes payable	6,287	5,542
<b>Income tax, zakat and other deductions payable</b>	<b>13,894</b>	<b>13,055</b>

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

	2023 USD'000	2022 USD'000
At 1 January	7,500	9,328
Income tax and zakat of subsidiaries	13,041	8,743
Payments	(11,892)	(10,711)
Others	(1,051)	140
At 31 December	<b>7,598</b>	<b>7,500</b>

### 18 NON-CONTROLLING INTERESTS

	US Dollars'000	
	31 December 2023	31 December 2022
Balance as at 1 January	11,186	11,157
Share from net profit of the year	2,865	3,729
<i>Other comprehensive income item:</i>		
Foreign currency translation differences	(58)	32
<i>Other changes in non-controlling interests:</i>		
Effects of acquisition of additional shares in a subsidiary	(54)	(516)
Capital increase	1,150	-
Cash dividends paid by subsidiaries	(3,075)	(3,216)
Total other changes in non-controlling interests	(1,979)	(3,732)
<b>Balance as at 31 December</b>	<b>12,014</b>	<b>11,186</b>

### 19 SHARE CAPITAL

As at 31 December 2023 and 31 December 2022, Americana Restaurants International PLC's authorised, issued and paid up capital is USD 168,472,662 comprising of 8,423,633,100 shares with nominal value of USD 0.02 per share.

**Americana Restaurants International PLC**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023**  
 (continued)

**20 EARNINGS PER SHARE**

	<b>For the year ended 31 December 2023</b>	For the year ended 31 December 2022
<b>Earnings</b>		
Earnings for the purpose of basic and diluted earnings per share (profit for the year attributable to ordinary equity holders of the parent Company) USD'000	<u>259,466</u>	<u>259,226</u>
Number of ordinary shares outstanding	<u>8,423,633,100</u>	<u>8,423,633,100</u>
<b>Basic and diluted earnings per share attributable to Shareholders of the Parent Company (USD)</b>	<u>0.03080</u>	<u>0.03077</u>

**21 RELATED PARTIES TRANSACTIONS AND BALANCES**

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

	US Dollars'000	
	<b>31 December 2023</b>	31 December 2022
<b>Transactions with fellow subsidiaries</b>		
Purchases of raw materials	<u>89,101</u>	<u>117,784</u>
Interest income from loan to a related party	<u>-</u>	<u>670</u>
Interest income from short-term deposits held with a related party*	<u>166</u>	<u>3</u>
Transitional Services Agreement (“TSA”) expense**	<u>6,028</u>	<u>5,919</u>
Investment property rental income	<u>203</u>	<u>320</u>
Delivery and payment support	<u>1,753</u>	<u>1,134</u>
<b>Key management personnel</b>		
Short term employee benefits	<u>5,247</u>	<u>6,578</u>
Termination benefits	<u>138</u>	<u>125</u>
Board of Directors’ remuneration	<u>1,120</u>	<u>233</u>

**Due from related parties**

		USD'000	
Name	Place of incorporation	<b>31 December 2023</b>	31 December 2022
<i>Fellow subsidiaries under the Intermediate Parent Company:</i>			
Others		<u>42</u>	<u>237</u>
		<u>42</u>	<u>237</u>

**\* Cash and cash equivalents**

The Group has a short-term deposit of nil as on 31 December 2023 (2022: USD 10,600 thousand) with original maturity of 3 months or less with a financial institution (Zand Bank PJSC), controlled by a major shareholder.

**\*\* Transitional Services Agreement (“TSA”) expense**

This relates to a recharge of corporate expenses in relation to strategic guidance and advisory from an entity under common control of the Intermediate Parent Company.

**Americana Restaurants International PLC**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023**  
(continued)

**21 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)**
**Due to related parties**

Name	Place of incorporation	USD'000	
		31 December 2023	31 December 2022
<i>Fellow subsidiaries under the Intermediate Parent Company:</i>			
National Company for Food Industries LLC	KSA	<b>6,563</b>	6,380
International Co. for Agricultural Development (Farm Frites) SAE	Egypt	<b>4,306</b>	7,140
Gulf Food Co. Americana LLC	UAE	<b>2,382</b>	999
Gulf Food Industries Company (California Garden) FZE	UAE	<b>1,757</b>	2,708
Cairo Poultry Company SAE	Egypt	<b>1,075</b>	1,575
Others		<b>4</b>	9
<i>Division of the Former Parent Company:</i>			
Kuwait Foods Divisions (Meat, Cake, Agencies)	Kuwait	<b>1,083</b>	2,420
<i>Entities controlled by a major shareholder:</i>			
Noon AD Holdings	UAE	<b>511</b>	251
Noon Payments Digital Limited	KSA	<b>25</b>	14
Barakat Vegetables and Fruits Co. LLC	UAE	<b>147</b>	159
Nshmi Development LLC	UAE	<b>395</b>	186
		<b>18,248</b>	21,841

**22 REVENUES**

	US Dollars'000	
	2023	2022
Food and beverage	<b>2,408,157</b>	2,374,936
Investment properties rental income	<b>2,536</b>	3,611
Other revenue	<b>2,441</b>	-
	<b>2,413,134</b>	2,378,547

**23 COST OF REVENUES**

	US Dollars'000	
	2023	2022
Cost of inventory (Note 8)	<b>750,234</b>	760,322
Staff costs (Note 28)	<b>130,286</b>	130,104
Royalties	<b>132,241</b>	127,077
Depreciation and amortisation	<b>89,707</b>	78,886
Rent (Note 29)	<b>14,410</b>	17,482
Others	<b>34,697</b>	34,605
	<b>1,151,575</b>	1,148,476

**Americana Restaurants International PLC**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023**  
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**24 SELLING AND MARKETING EXPENSES**

	US Dollars'000	
	2023	2022
Staff costs (Note 28)	220,182	225,382
Depreciation and amortisation	140,433	121,860
Advertisement and business development	113,630	108,475
Home delivery and transportation	106,202	86,948
Utilities and communication	61,315	62,356
Maintenance and other operating expenses	55,158	55,528
Rent (Note 29)	18,042	21,535
Others	62,377	56,844
	<b>777,339</b>	<b>738,928</b>

**25 GENERAL AND ADMINISTRATIVE EXPENSES**

	US Dollars'000	
	2023	2022
Staff costs (Note 28)	105,144	108,375
Depreciation and amortisation	22,357	18,963
Provision for tax and legal claims	3,872	11,255
Rent (Note 29)	9,449	9,094
Repairs and maintenance	14,479	6,280
Utilities	5,437	5,277
Professional and legal	5,692	3,111
Travel and accommodation	2,668	1,972
Office administrative	1,594	2,039
Others	21,078	26,687
	<b>191,770</b>	<b>193,053</b>

**26 DEPRECIATION AND AMORTISATION**

	US Dollars'000	
	2023	2022
Property and equipment (Note 5)	69,213	59,293
Intangible assets (Note 7)	10,262	7,105
Right of use assets (Note 12)	172,701	152,766
Investment property (Note 6)	321	545
	<b>252,497</b>	<b>219,709</b>

**27 FINANCE COST - NET**

	US Dollars'000	
	2023	2022
Finance income	15,312	3,639
Finance costs on bank facilities	1,402	1,894
Finance costs on lease liabilities (Note 12)	26,625	21,517
Interest on employees' end of service benefit (Note 13)	2,987	1,173
Finance costs	31,014	24,584
Finance cost – net	<b>15,702</b>	<b>20,945</b>

**Americana Restaurants International PLC**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023**  
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**28 STAFF COSTS**

	US Dollars'000	
	2023	2022
Salaries and other benefits	445,944	455,323
End of service benefits (Note 13)	9,668	8,538
	<b>455,612</b>	<b>463,861</b>

Allocation of staff costs:

	US Dollars'000	
	2023	2022
Cost of revenues (Note 23)	130,286	130,104
Selling and marketing expenses (Note 24)	220,182	225,382
General and administrative expenses (Note 25)	105,144	108,375
	<b>455,612</b>	<b>463,861</b>

During the year ended 31 December 2023, the Group's average staff count converted to full-time equivalents was 41,575 (2022: 40,039). This included 37,427 store-level employees (2022: 35,719) and 4,148 above-store employees (2022: 4,320)

**29 RENT**

	US Dollars'000	
	2023	2022
Cost of revenues (Note 23)	14,410	17,482
Selling and marketing expenses (Note 24)	18,042	21,535
General and administrative expenses (Note 25)	9,449	9,094
Vehicle rent included under home delivery cost (Note 24)	8,790	1,256
	<b>50,691</b>	<b>49,367</b>

**30 INCOME TAX AND ZAKAT**

	US Dollars'000	
	2023	2022
<b>Current tax</b>		
Current tax of subsidiaries on taxable profits for the year	11,141	7,011
Zakat of subsidiaries	1,900	1,732
<b>Income tax and zakat</b>	<b>13,041</b>	<b>8,743</b>

The effective tax rate on 31 December 2023 is 4% (2022: 3%).

Provision for income tax is made in accordance with relevant tax laws and regulations of countries where the Group has business operations. Tax laws and regulations are subject to interpretations by the tax authorities. Tax returns are filed periodically but the profits or losses declared for tax purposes remain provisional until such time as the tax authorities examine the returns and the records of the taxpayer and a final assessment is issued. Management believes that provision for probable future tax assessments is adequate based upon previous years' tax examinations and past interpretations of the tax laws and that the position taken in tax returns is expected to be adequate upon examination by the relevant tax authorities (Note 32).

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023

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*Reconciliation between the tax expense and profit or loss multiplied by applicable tax rate*

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

	<u>2023</u>	<u>2022</u>
	USD'000	USD'000
<b>Profit before income tax and zakat</b>	<u>275,372</u>	<u>271,698</u>
Theoretical tax charge at each subsidiaries' statutory rate	<u>10,612</u>	<u>9,036</u>
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Income which is exempt from taxation	<u>(4)</u>	<u>(188,392)</u>
- Non-deductible expenses	<u>20,755</u>	<u>21,876</u>
- Income subject to withholding tax	<u>-</u>	<u>37,735</u>
- Carried forward losses	<u>(18,935)</u>	<u>(724)</u>
<b>Taxable profit</b>	<u>277,188</u>	<u>142,193</u>
<b>Current tax of subsidiaries on taxable profits for the year</b>	<u>11,141</u>	<u>7,011</u>
<b>Zakat of subsidiaries</b>	<u>1,900</u>	<u>1,732</u>

## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023

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### 31 SUBSIDIARIES

The Group's subsidiaries overall ownership structure as at 31 December 2023 and 2022 is as reflected below. The subsidiaries were transferred to the Group during the year ended 31 December 2022 (Note 1):

<b>Company's Name</b>	<b>Activity</b>	<b>Place of incorporation</b>	<b>Effective Ownership (%) As at 31 December 2023</b>	<b>Effective Ownership (%) As at 31 December 2022</b>
Americana Restaurants Investments Group Company LLC	Holding Company	United Arab Emirates	100%	100%
Americana Kuwait Company Restaurants WLL	Restaurants	Kuwait	100%	100%
Americana Holding for UAE Restaurants LTD	Holding Company	United Arab Emirates	100%	100%
Americana Holding for Egyptian Restaurants LTD	Holding Company	United Arab Emirates	100%	100%
Americana Company for Restaurants Holding LTD	Holding Company	United Arab Emirates	100%	100%
Americana Holding for KSA Restaurants LTD	Holding Company	United Arab Emirates	100%	100%
Americana Holding for Restaurants LTD	Holding Company	United Arab Emirates	100%	100%
Kuwait Food Company Americana LLC	Restaurants	Emirates	100%	100%
Egyptian Company for International Touristic Projects SAE	Restaurants	Egypt	99.90%	99.90%
Egyptian International Company for Food Industries SAE	Restaurants	Egypt	100%	100%
Al Ahlia Restaurants Company LLC	Restaurants	Saudi Arabia	100%	100%
United Food Company LLC	Others	Saudi Arabia	100%	100%
Americana Prime Investments Limited	Others	United Arab Emirates	100%	100%
International Tourism Restaurants Company LLC	Restaurants	Oman	100%	100%
The Caspian International Restaurants Company LLP	Restaurants	Kazakhstan	100%	100%
Gulf & Arab World Restaurant WLL	Restaurants	Bahrain	94.00%	94.00%
Bahrain & Kuwait Restaurant Co. WLL	Restaurants	Bahrain	40.00%	40.00%
Lebanese International Touristic Projects Company LLC	Restaurants	Lebanon	100%	100%
Qatar Food Company WLL	Restaurants	Qatar	100%	100%
Ras Bu abboud Trading Company WLL	Restaurants	Qatar	99.00%	99.00%
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd.	Restaurants	Iraq - Kurdistan	90.00%	90.00%
Société Marocaine De Projects Touristiques SARL	Restaurants	Morocco	100%	100%
Touristic Projects & International Restaurants Co. (Americana) LLC	Restaurants	Jordan	67.44%	67.44%
Jordanian Restaurants Company for Fast Food LLC	Restaurants	Jordan	67.44%	67.44%
The International Co. for World Restaurants Limited	Restaurants	United Arab Emirates	75.00%	51.00%
Americana Restaurants India Private Limited	Others	India	100%	100%
A F K American Food Kurdistan	Restaurants	Iraq - Kurdistan	100%	-

**Americana Restaurants International PLC**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023

(continued)

**32 CONTINGENT LIABILITIES, OPERATING AND CAPITAL COMMITMENTS**

	US Dollars'000	
	<b>31 December 2023</b>	31 December 2022
<b>Contingent liabilities</b>		
Letters of guarantee	<b>14,868</b>	12,849

**Taxes**

The Group operates in several different countries, Note 31 indicates the Group's structure and the countries in which it operates), and thus its operations are subject to various types of taxes. The significant impacts of the various types of taxes are concentrated in Kingdom of Saudi Arabia and Arab Republic of Egypt as follows:

*Arab Republic of Egypt:*

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

*Kingdom of Saudi Arabia:*

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

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

The tax claims and contingent tax liabilities, at the Group's level, are amounted to USD 6,706 thousand as at 31 December 2023 (2022: USD 373 thousand). Considering tax claims which fully settled previously in past years were significantly less than initial tax claims submitted by the Tax Administration, and based on the opinion of the external consultants, the Group's management believes that the provisions made for this purpose are adequate and sufficient.

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

On 9 December 2022 UAE Federal Decree-Law no 47 of 2022 was published setting in place a general corporate income tax for the first time. The profit threshold of AED 375,000 at which the 9% tax will apply was set in place by Cabinet Decision No 116 of 2022 which was published on 16 January 2023 and at this point the tax law was considered enacted and substantively enacted for accounting purposes. While current taxes are not payable on profits generated before the Company's financial year commencing on 1 January 2024, the existence of an enacted tax law results in the need to immediately record deferred taxes on assets and liabilities where the carrying amount differs from the tax base. In relation to its operations in the UAE, the Group is currently in the process of assessing the possible impact on its consolidated financial statements, both from current and deferred tax perspective, once the Law becomes substantively enacted.

	US Dollars'000	
	<b>31 December 2023</b>	31 December 2022
<b>Operating lease commitments – Lessee</b>		
Less than one year	<b>33,294</b>	34,781
	<b>33,294</b>	34,781
<b>Capital commitments</b>		
Letters of credit	<b>3,591</b>	6,102
Projects in progress	<b>4,633</b>	9,209



## Americana Restaurants International PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023

(continued)

### 33 FINANCIAL INSTRUMENTS BY CATEGORY

	US Dollars'000	
	31 December 2023	31 December 2022
<b>Financial assets</b>		
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents (Note 10)	87,608	304,560
Trade and other receivables (excluding prepayments, advances to suppliers) (Note 9)	74,323	67,391
Due from related parties (Note 21)	42	237
	<b>161,973</b>	<b>372,188</b>
<i>Financial assets at fair value</i>		
Derivative financial instrument	-	11,331
	<b>161,973</b>	<b>383,519</b>
<b>Financial liabilities</b>		
<i>Other financial liabilities at amortised cost</i>		
Trade and other payables (excluding value added tax payable and unearned income) (Note 14)	408,539	369,647
Due to related parties (Note 21)	18,248	21,841
Bank facilities (Note 11)	4,375	18,592
Lease liabilities (Note 12)	507,182	434,759
	<b>938,344</b>	<b>844,839</b>

### 34 NET DEBT RECONCILIATION

	US Dollars'000	
	31 December 2023	31 December 2022
Cash and cash equivalents (Note 10)	87,608	304,560
Short-term deposits with original maturity of 3 to 12 months (Note 10)	295,933	-
Bank facilities (Note 11)	(4,375)	(18,592)
Lease liabilities (Note 12)	(507,182)	(434,759)
Net debt	<b>(128,016)</b>	<b>(148,791)</b>
	US Dollars'000	
	31 December 2023	31 December 2022
Cash and cash equivalents	87,608	304,560
Short-term deposits with original maturity of 3 to 12 months (Note 10)	295,933	-
Net debt – variable interest rates	(511,557)	(453,351)
Net debt	<b>(128,016)</b>	<b>(148,791)</b>

**Americana Restaurants International PLC**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023

(continued)

**34 NET DEBT RECONCILIATION (continued)**

	US Dollars'000					
	Liabilities from financing activities	Other assets			Total	
		Leases	Short term deposits with original maturity of 3 to 12 months			Cash/bank overdraft
Net debt as at 1 January 2023	(434,759)	-	285,968	(148,791)		
Deposits	-	455,422	-	455,422		
Withdrawals	-	(159,489)	-	(159,489)		
Foreign currencies translation differences	5,697	-	1,425	7,122		
Others	(15,595)	-	-	(15,595)		
Lease payments of principal and interest	200,138	-	-	200,138		
Acquisition of leases	(262,663)	-	-	(262,663)		
Cash flows, net	-	-	(204,160)	(204,160)		
Net debt as at 31 December 2023	(507,182)	295,933	83,233	(128,016)		

	US Dollars'000					
	Liabilities from financing activities	Other assets			Total	
		Leases	Short term deposits with original maturity of 3 to 12 months			Cash/bank overdraft
Net debt as at 1 January 2022	(384,599)	-	166,923	(217,676)		
Foreign currencies translation differences	18,730	-	12,152	30,882		
Others	(13,160)	-	-	(13,160)		
Lease payments of principal and interest	172,291	-	-	172,291		
Gain on rent concessions	667	-	-	667		
Acquisition of leases	(228,688)	-	-	(228,688)		
Cash flows, net	-	-	106,893	106,893		
Net debt as at 31 December 2022	(434,759)	-	285,968	(148,791)		

**35 SEGMENT REPORTING**

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

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

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

**Americana Restaurants International PLC**
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023**

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**35 SEGMENT REPORTING (continued)**

Revenues	Reportable segments		Intercompany transactions		Total	
	31 December		31 December		31 December	
	2023	2022	2023	2022	2023	2022
	USD'000		USD'000		USD'000	
Major GCC	1,684,671	1,604,514	-	-	1,684,671	1,604,514
Lower Gulf	278,081	314,426	(36,706)	(52,761)	241,375	261,665
North Africa	237,824	294,661	-	-	237,824	294,661
Others	249,264	217,707	-	-	249,264	217,707
Total	<u>2,449,840</u>	<u>2,431,308</u>	<u>(36,706)</u>	<u>(52,761)</u>	<u>2,413,134</u>	<u>2,378,547</u>

Net profits	Reportable segments	
	31 December	
	2023	2022
	USD'000	
Major GCC	214,504	251,268
Lower Gulf	13,148	22,360
North Africa	12,341	(26,217)
Others	36,346	28,014
Total	<u>276,339</u>	<u>275,425</u>

Income tax, zakat and other deductions	(13,041)	(8,743)
Losses of foreign exchange	(967)	(3,727)
Net profit for the year	<u>262,331</u>	<u>262,955</u>

**31 December 2023 USD'000**

	Major GCC	Lower Gulf	North Africa	Others	Total
Assets	<u>1,170,398</u>	<u>125,070</u>	<u>117,831</u>	<u>143,560</u>	<u>1,556,859</u>
Liabilities	<u>833,474</u>	<u>99,053</u>	<u>98,671</u>	<u>74,281</u>	<u>1,105,479</u>

**31 December 2022 USD'000**

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

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

**2023 USD'000**

	UAE	KSA	Kuwait	Egypt
Revenues	<u>750,972</u>	<u>594,518</u>	<u>339,181</u>	<u>195,018</u>
Non-current assets	<u>237,563</u>	<u>316,856</u>	<u>109,463</u>	<u>54,778</u>

**2022 USD'000**

	UAE	KSA	Kuwait	Egypt
Revenues	<u>703,648</u>	<u>527,585</u>	<u>373,281</u>	<u>258,424</u>
Non-current assets	<u>197,298</u>	<u>191,575</u>	<u>107,247</u>	<u>65,183</u>

## **Americana Restaurants International PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR-ENDED 31 DECEMBER 2023**

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### **36 Dividends**

The shareholders approved and declared cash dividends of USD 0.0123 per share on 28 March 2023. The dividends declared of USD 103,470 thousand were settled in cash during April 2023. As on 31 December 2023, USD 158 thousand of dividends remain as unclaimed and are included within 'Trade and other payables.'

### **37 Subsequent events**

On 14 February 2024, the Board of Directors proposed total cash dividends of USD 0.0213 per share amounting to USD 179,424 thousand based on the results for the year ended 31 December 2023. This comprises of :

- (a) a cash dividend of USD 0.0154 per share amounting to USD 129,724 thousand; and
- (b) a one-off cash dividend of USD 0.0059 per share amounting to USD 49,700 thousand.