

Americana Restaurants International PLC



**Condensed consolidated interim financial statements and
independent auditor's review report for the six-month period
ended 30 June 2023**



Americana Restaurants International PLC

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Americana Restaurants International PLC

DIRECTOR'S 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, 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 employs more than 40,000 employees. Americana Restaurants is listed on the Abu Dhabi Securities Exchange ("ADX") and Saudi Stock Exchange ("Tadawul").

Diverse portfolio with presence across categories:

The Group operates 2,227 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. During the six-month period ended 30 June 2023, the Company successfully launched Peet's Coffee in Dubai, UAE marking its entry in the coffee segment in the GCC.

On 28 March 2023, Americana Restaurants held its first Annual General Meeting where shareholders approved USD 0.0123 dividend per share for the second half of 2022. Total dividends distributed for the second half of 2022 amounted to USD 103.5 million.

Members of the Board of Directors:

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

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

Financial results:

For the six-months period ended 30 June 2023, Americana Restaurants continued to maintain its revenue growth momentum. The Group achieved USD 1,241.5 million in revenues during the six-month period ended 30 June 2023 (30 June 2022: USD 1,151.9 million), resulting in total net profit of USD 146.9 million (30 June 2022: USD 123.2 million). Total assets increased to USD 1,410.6 million at 30 June 2023 (31 December 2022: USD 1,340.5 million).

Statement of disclosure to auditors:

To the best of our knowledge, the condensed consolidated interim financial statements are prepared, in all material respects, in accordance with IAS 34.

On behalf of the board,

A blue ink signature of Mohamed Ali Rashed Alabbar, written in a cursive style.

Mohamed Ali Rashed Alabbar
Chairman
Americana Restaurants International PLC



Review report on condensed consolidated interim financial statements to the Board of Directors of Americana Restaurants International PLC

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of Americana Restaurants International PLC and its subsidiaries (the 'Group') as at 30 June 2023 and the related condensed consolidated interim statements of income, comprehensive income for the three-month and six-month periods then ended, and condensed consolidated interim statement of changes in equity and cash flows for the six-month period then ended, and other explanatory notes. Management is responsible for the preparation and presentation of these condensed consolidated interim financial statements in accordance with International Accounting Standard 34 'Interim Financial Reporting' (IAS 34). Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Emphases of matter

We draw attention to Note 2 to the condensed consolidated interim financial statements, which describes the fact that, Americana Restaurants International PLC and its subsidiaries have not operated as a separate group of entities for the period up to 27 June 2022, being the date of transfer of the Americana Restaurants' business ("Restaurant Business") from Kuwait Food Company (Americana) K.S.C.C. into the Group. Therefore, the condensed consolidated interim statement of income, comprehensive income, changes in equity and cashflows comprises the carve-out financial information of the Restaurant Business for the comparative six-month period ended 30 June 2022. We also draw attention to Note 2.2 to the condensed consolidated interim financial statements, which describes the basis of preparation and carve-out adjustments applied to the comparative financial information.

Our conclusion is not modified in respect of these matters.



Review report on condensed consolidated interim financial statements to the Board of Directors of Americana Restaurants International PLC (continued)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting."

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

A handwritten signature in black ink, consisting of a large, stylized 'M' and 'K'.

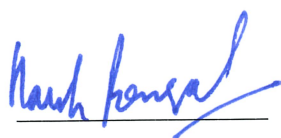
2 August 2023

Americana Restaurants International PLC

Condensed consolidated interim statement of financial position as at

		US Dollars'000	
	Note	30 June 2023	31 December 2022
ASSETS			
Non-current assets			
Property and equipment	5	280,875	269,844
Right of use assets	10	470,866	417,564
Investment properties		4,879	5,870
Intangible assets	6	58,240	49,591
Derivative financial instrument		8,093	8,499
Deferred tax assets		2,755	4,114
Total non-current assets		825,708	755,482
Current assets			
Inventories		138,358	173,826
Trade and other receivables	7	131,165	103,610
Due from related parties	14	105	237
Derivative financial instrument		3,238	2,832
Short term deposits with banks	8	185,800	-
Cash and cash equivalents	8	126,218	304,560
Total current assets		584,884	585,065
Total assets		1,410,592	1,340,547
LIABILITIES AND EQUITY			
Non-current liabilities			
Lease liability	10	317,870	274,603
Provision for employees' end of service benefits		65,997	66,386
Trade and other payables		42,853	52,282
Deferred gain on derivative financial instrument		4,695	5,634
Deferred tax liabilities		1,242	7
Total non-current liabilities		432,657	398,912
Current liabilities			
Bank facilities	9	11,880	18,592
Deferred gain on derivative financial instrument		1,878	1,878
Lease liability	10	161,924	160,156
Income tax, zakat and other deductions payable		13,642	13,055
Trade and other payables		409,839	401,173
Due to related parties	14	22,420	21,841
Provisions for legal, tax and other claims	11	20,170	29,189
Total current liabilities		641,753	645,884
Total liabilities		1,074,410	1,044,796
Equity			
Share capital	12	168,473	168,473
Retained earnings		181,429	139,205
Foreign currency translation reserve		(23,982)	(23,113)
Equity attributable to shareholders of the Parent Company		325,920	284,565
Non-controlling interests	13	10,262	11,186
Total equity		336,182	295,751
Total liabilities and equity		1,410,592	1,340,547

To the best of our knowledge, the condensed consolidated interim financial statements are prepared, in all material respects, in accordance with IAS 34.



Harsh Bansal
Chief Financial Officer



Amarpal Sandhu
Chief Executive Officer



Abdulmalik Al Hogail
Vice Chairman



Mohamed Ali
Rashed Alabbar
Chairman

Americana Restaurants International PLC

Condensed consolidated interim statement of income for the six-month period ended 30 June

		US Dollars '000			
		Three-month period ended 30 June		Six-month period ended 30 June	
		2023	2022	2023	2022
	Note				
Revenues	15	652,062	574,353	1,241,486	1,151,929
Cost of revenues		(307,397)	(277,770)	(596,286)	(546,122)
Gross profit		344,665	296,583	645,200	605,807
Selling and marketing expenses		(197,126)	(181,210)	(383,781)	(360,342)
General and administrative expenses		(50,854)	(41,014)	(97,828)	(90,402)
Other income		5,201	6,397	6,023	9,429
Monetary (loss)/gain from hyperinflation	4	(1,242)	1,598	(2,445)	547
Impairment losses on non-financial assets	4	(10)	(399)	(50)	(1,035)
Net impairment of allowance on financial assets	7	(336)	(1,245)	(727)	(1,182)
Fair value gains on financial assets at fair value through profit or loss		-	1,275	-	1,275
Tax claim charge	23	-	(25,482)	-	(25,482)
Operating profit		100,298	56,503	166,392	138,615
Finance income		2,601	477	5,543	1,146
Finance costs		(7,867)	(5,525)	(15,241)	(10,431)
Profit before income tax, zakat, and KFAS		95,032	51,455	156,694	129,330
Income tax, zakat, and contribution to Kuwait Foundation for the Advancement of Sciences ("KFAS")		(6,914)	(1,144)	(9,785)	(6,119)
Net profit for the period		88,118	50,311	146,909	123,211
Attributable to:					
The shareholders of the Parent Company/ Net Investment attributable to Former Parent Company					
		86,638	49,293	144,767	121,266
Non-controlling interests		1,480	1,018	2,142	1,945
		88,118	50,311	146,909	123,211
		US Dollars			
		Three-month period ended 30 June		Six-month period ended 30 June	
		2023	2022	2023	2022
Earnings per share					
Basic and diluted earnings per share	21	0.0103	0.0059	0.0172	0.0144

Americana Restaurants International PLC
Condensed consolidated interim statement of comprehensive income
for the six-month period ended 30 June

	US Dollars '000			
	Three-months period ended 30 June		Six-months period ended 30 June	
	2023	2022	2023	2022
Net profit for the period	88,118	50,311	146,909	123,211
Other comprehensive income items				
<i>Items that will not be reclassified subsequently to condensed consolidated interim statement of income:</i>				
Remeasurement of employees' end of service benefits	590	5,726	927	5,726
<i>Items that may be reclassified subsequently to condensed consolidated interim statement of income:</i>				
Exchange differences on translating foreign operations including the effect of hyperinflation	3,225	(5,931)	(859)	(1,061)
Total other comprehensive (loss)/income items	3,815	(205)	68	4,665
Total comprehensive income for the period	91,933	50,106	146,977	127,876
Attributable to:				
The shareholders of the Parent Company/ Net Investment attributable to Former Parent Company	90,442	49,085	144,825	125,901
Non-controlling interests	1,491	1,021	2,152	1,975
	91,933	50,106	146,977	127,876

Americana Restaurants International PLC

Condensed consolidated interim statement of changes in equity for the six-month period ended 30 June

	US Dollars '000					
	Net Investment attributable to Former Parent Company					
	Share capital	Merger reserve	Accumulated net contribution from the Former Parent Company	Foreign currency translation reserve	Total	Non-controlling interests
Balance at 1 January 2022	-	-	148,984	(20,429)	128,555	11,157
Net profit for the period	-	-	121,266	-	121,266	1,945
<i>Other comprehensive income</i>						
Remeasurement of employees' end of service benefits	-	-	5,726	-	5,726	-
Hyperinflation adjustment	-	-	-	986	986	-
Foreign currencies translation differences	-	-	-	(2,077)	(2,077)	30
Total comprehensive income	-	-	126,992	(1,091)	125,901	1,975
Changes in non-controlling interests	-	-	(129)	-	(129)	(3,731)
Distributions to the Former Parent Company	-	-	(83,089)	-	(83,089)	-
Net payments and impact of capital reorganisation with the Former Parent Company	-	-	(25,903)	-	(25,903)	-
Issuance of shares	10	-	-	-	10	-
Capitalisation of shares	168,463	(1,608)	(166,855)	-	-	-
Balance at 30 June 2022	168,473	(1,608)	-	(21,520)	145,345	9,401

Americana Restaurants International PLC

Condensed consolidated interim statement of changes in equity for the six-month period ended 30 June

US Dollars'000						
Equity attributable to shareholders of the Parent Company				Non-controlling interests	Total equity	Notes
Share capital	Retained earnings	Foreign currency translation reserve	Total			
Balance at 1 January 2023	168,473	139,205	(23,113)	284,565	11,186	295,751
Net profit for the period	-	144,767	144,767	2,142	146,909	
<i>Other comprehensive income:</i>						
Remeasurement of employees' end of service benefits	-	927	-	927	-	927
Hyperinflation adjustment	-	-	6,393	6,393	-	6,393
Foreign currencies translation differences	-	-	(7,262)	(7,262)	10	(7,252)
Total comprehensive income	-	145,694	(869)	144,825	2,152	146,977
<i>Transactions with owners in their capacity as owners:</i>						
Changes in non-controlling interest	13	-	-	(3,076)	(3,076)	
Dividends paid	22	(103,470)	-	(103,470)	-	(103,470)
Balance at 30 June 2023	168,473	181,429	(23,982)	325,920	10,262	336,182

Americana Restaurants International PLC
Condensed consolidated interim statement of cashflows
for the six-month period ended 30 June

		US Dollars'000	
	Note	2023	2022
Cash flows from operating activities			
Profit before income tax and zakat for the period		156,694	129,330
Adjustments for:			
Depreciation and amortisation		121,851	102,528
Provision for employees' end of service benefits, net of transfers		4,621	5,164
Impairment allowance on financial assets	7	727	1,182
Provision for obsolete, slow moving, and defective inventories		1,167	878
Impairment losses of non-financial assets	4	50	1,035
Loss on disposal of property and equipment and intangible assets		1,435	1,048
Gain on rent concessions	10	-	(667)
Finance income		(5,543)	(1,146)
Finance cost		15,241	10,431
Recognition of deferred gain on derivative financial instrument in other income		(939)	(939)
Fair value gains on financial assets at fair value through profit or loss		-	(1,275)
Tax claim charge	23	-	25,482
Hyperinflation impact	4	1,684	505
Operating cash flows before changes in working capital		296,988	273,556
Payments of employees' end of service benefits		(5,440)	(5,505)
Income tax paid		(5,003)	(6,062)
Changes in working capital:			
Trade and other receivables		(26,800)	(13,860)
Due from related parties		132	(1,641)
Inventories		34,412	(38,055)
Due to related parties		579	4,832
Trade and other payables, other liabilities and taxes		(30,076)	28,066
Net cash generated from operating activities		264,792	241,331
Cash flows from investing activities			
Increase in fixed deposits with original maturity of more than three months	8	(185,800)	-
Purchase of property and equipment		(37,029)	(44,573)
Proceeds from sale of property and equipment		326	1,038
Purchase of intangible assets	6	(9,009)	(1,912)
Payments for key money	10	(3,479)	(1,216)
Interest received on short term deposits and cash at banks		5,543	1,146
Loans to a related party	14	-	(36,000)
Repayments of loans to a related party	14	-	100,000
Net cash (used in)/generated from investing activities		(229,448)	18,483
Cash flows from financing activities			
Dividends paid		(103,310)	-
Payments of finance costs		(1,274)	(574)
Other changes in non-controlling interest	13	(3,076)	(3,215)
Acquisition of additional shares in subsidiary from non-controlling interests	13	-	(705)
Lease payments – principal element		(89,302)	(74,481)
Lease payments – interest on lease liabilities		(12,432)	(9,264)
Distributions to the Former Parent Company		-	(83,089)
Movement in net payments and impact of capital reorganisation with the Former Parent Company		-	(25,903)
Proceeds from issuance of share capital		-	10
Net cash used in financing activities		(209,394)	(197,221)
Net change in cash and cash equivalents		(174,050)	62,593
Foreign currency translation differences		2,420	6,853
Cash and cash equivalents at the beginning of the period		285,968	166,923
Cash and cash equivalents at the end of the period	8	114,338	236,369

The accompanying notes form an integral part of these condensed consolidated interim financial statements. 9

Americana Restaurants International PLC

Notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2023

1 GENERAL INFORMATION

Americana Restaurants International PLC (“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 16 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 condensed consolidated interim financial statements were approved for issue by the Board of Directors on 2 August 2023.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The condensed consolidated interim financial statements for the six-month period ended 30 June 2023 has been prepared in accordance with IAS 34, ‘Interim financial reporting’. Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the condensed consolidated interim statement of financial position. The condensed consolidated interim financial statements do not include all the information required for full annual consolidated financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRS Interpretations Committee (“IFRS IC”).

2.2 Basis of preparation

The condensed consolidated interim financial statements have been prepared on a historical cost convention unless otherwise stated in the accounting policies. These condensed consolidated interim financial statements comprise the consolidated financial information of the Group for the six-month period ended 30 June 2023 and as at 30 June 2023 and 31 December 2022.

The condensed consolidated interim statement of income, comprehensive income, changes in equity and cashflows comprises information for the comparative period from 1 January 2022 to 30 June 2022 represents the carve-out financial information of the Restaurant Business since the Group has operated as part of KFC until 27 June 2022, and not as a separate group of companies.

Americana Restaurants International PLC

Notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2023 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Basis of preparation (continued)

The following summarises the accounting and other principles applied in preparing the carve-out financial information for the six-month period ended 30 June 2022.

The carve-out financial statements for the six-month period ended 30 June 2022 represents consolidation of all the assets, liabilities, revenues and expenses of the subsidiaries of Americana Restaurants as listed in Note 16 by applying the principles underlying the consolidation procedures of IFRS 10 “Consolidated Financial Statements”, subject to the following carve-out adjustments:

- Transfer of the separately identifiable assets and liabilities of the Kuwait restaurants business which was part of KFC under a Business Transfer Agreement (“BTA”);
- Transfer of directly attributable income, costs and liabilities specifically in relation to Restaurants Business historically recorded in KFC;
- 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 for the comparative six-month period ended 30 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 expenses relate to certain corporate and shared service functions historically provided by the Former Parent Company, including, but not limited to, executive oversight, accounting, treasury, human resources, procurement, information technology, marketing, and other shared services. These expenses 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.

The carve-out financial information for the comparative six-month period ended 30 June 2022 may not necessarily be indicative of the results of operations or cash flows of Americana Restaurants, had it operated as a separate legal group during the prior period. Americana Restaurants and its subsidiaries have not operated as a separate group of entities for the period up to 27 June 2022, being the date of transfer of the 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 was retrospectively accounted for under the predecessor method of accounting. Americana Restaurants had no share capital and reserves in its own right prior to 27 May 2022, being the date of incorporation of Americana Restaurants. 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 condensed consolidated interim financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of complexity, or areas where assumptions and estimates are significant to the condensed consolidated interim financial statements are disclosed in Note 4. These have been applied consistently for all periods presented.

Americana Restaurants International PLC

Notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2023 (continued)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Seasonality of operations

The Group's business is subject to moderate seasonal fluctuations, of which is affected by the holy month of Ramadan and Eid. Average restaurant sales are typically lower in Ramadan and higher during the Eid period. As a result of moderate seasonal fluctuations, results for any quarter are not necessarily indicative of the results that may be achieved for any quarter or for the full fiscal year.

2.4 New standards, amendments, and interpretations

There are no new standards issued, however, there are a number of amendments to standards which are effective from 1 January 2023 and have been explained in the Group's annual consolidated financial statements for the year ended 31 December 2022. These amendments do not have a material effect on the Group's condensed consolidated interim financial statements for the six-month period ended 30 June 2023.

2.5 Accounting policies

The same accounting policies and methods of computation have been followed in these condensed consolidated interim financial statements as compared with the Group's recent annual consolidated financial statements for the year ended 31 December 2022.

2.6 Dividends distributions

Dividends to the Group's shareholders are recognised in the condensed consolidated interim financial statements in the period in which the dividends are approved by the Group's shareholders.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

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

The condensed consolidated interim financial statements do not include all financial risk management information and disclosures required in the annual consolidated financial statements; they should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022. There have been no changes in the risk management department or in any risk management policies since the year ended 31 December 2022.

Liquidity risk

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

There are no other significant changes on the liquidity risk from that disclosed in the Group's annual consolidated financial statements for the year ended 31 December 2022.

Americana Restaurants International PLC

Notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2023 (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual consolidated financial statements for the year ended 31 December 2022.

Critical judgements

Control of a subsidiary

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

Hyperinflation

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

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

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

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

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

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

Date	Base year	General price index	Inflation rate (%)
30 June 2023	2019	4,243	3,857%
31 December 2022	2019	1,917	1,687%
30 June 2022	2019	1,271	1,085%

Americana Restaurants International PLC

Notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2023 (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical judgements (continued)

Hyperinflation (continued)

The impact of adjusting Americana Restaurants' results for the effects of hyperinflation is set out below:

	Six-month period ended 30 June 2023 USD'000	Six-month period ended 30 June 2022 USD'000
Income statement		
Increase in revenues	1,212	974
Monetary (loss)/gain from hyperinflation	(2,445)	547
Impairment losses on non-financial assets	-	(982)
Increase in cost of revenues	(575)	(471)
Increase in selling and marketing expenses	(641)	(639)
Decrease in general and administrative expenses	(69)	17
Others	834	(933)
Decrease in profit after tax	(1,684)	(1,487)

Critical accounting estimates and assumptions

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

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

Impairment of non-financial assets

The Group has determined that the smallest cash generating units ("CGU") is its Brand-Country level primarily on the basis that the Group is required to maintain a minimum number of stores in each country in order to maintain the exclusivity right in line with the franchise agreements. Management also leverages its shared services infrastructure in each country and it has developed financial and operating performance indicators on a Brand-Country level.

Management performs a quarterly study to identify indications of impairment according to IAS 36, Impairment of Assets ("IAS 36"), in which discounted future cash flows are calculated to ascertain whether the value of assets has become impaired. However, a risk exists whereby the assumptions used by management to calculate future cash flows may not be fair based on current conditions and those prevailing in the foreseeable future. The non-financial assets which relate to restaurant outlets, that were assessed for impairment are property and equipment, right-of-use assets and intangible assets amounting to USD 809,981 thousand as at 30 June 2023 (31 December 2022: USD 736,999 thousand, 30 June 2022: USD 615,700 thousand). The impairment losses/(reversal of impairment) recognised in the condensed consolidated interim statement of income on these non-financial assets are as follows:

	Six-month period ended 30 June 2023 USD'000	31 December 2022 USD'000
Property and equipment (Note 5)	98	(59)
Right-of-use assets (Note 10)	(25)	24
Intangible assets (Note 6)	(23)	(11)
Total	50	(46)

The following table presents Americana Restaurants' key assumptions and the effect of the sensitivity analysis on the condensed consolidated interim statement of comprehensive income on those assumptions:

Headroom/(Impairment of non-financial assets) US Dollars'000					
	Change in assumption	Period ended 30 June 2023		Period ended 30 June 2022	
Growth rate	+/-0.5%	(13)	13	31	(54)
Discount rate	+/-0.5%	11	(12)	(8)	8
EBITDA margin	+/-1.0%	(29)	95	31	(92)

Americana Restaurants International PLC
Notes to the condensed consolidated interim financial statements
for the six-month period ended 30 June 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 period ended 30 June 2023 and 2022 are as follows:

CGUs impairment testing: Key assumptions 30 June 2023

	Major GCC	Lower Gulf	North Africa	Others
Growth rate	5%	5% - 7%	6% - 19%	6% - 27%
Discount rate	11%	11% - 16%	14% - 18%	13% - 32%
Increase/decrease in EBITDA margin	2% - 3%	2% - 3%	2% - 22%	2% - 240%

CGUs impairment testing: Key assumptions 30 June 2022

	Major GCC	Lower Gulf	North Africa	Others
Growth rate	5% - 12%	3% - 15%	6% - 13%	(48%) - 19%
Discount rate	9%	9% - 11%	10% - 13%	10% - 27%
Increase/decrease in EBITDA margin	2% - 5%	2% - 4%	2% - 11%	2% - 220%

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.

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.

Foreign currency translation - International Touristic Projects Lebanese Co.

International Touristic Projects Lebanese Co. ("Americana Lebanon") is a wholly owned subsidiary of the Group. During 2021, the banks in Lebanon implemented unofficial foreign exchange controls in the banking sector to manage the shortages. The US Dollar ("USD") has been in wide use and circulation over the last 2 decades or more and against which the Lebanese Pound has been pegged throughout that period at Lebanese Lira ("LL") 1,507.5 per USD. On 1 February 2023, the official rate was increased from LL 1,507.5 per USD to LL 15,000 per USD ("official exchange rate").

Americana Restaurants International PLC

Notes to the condensed consolidated interim financial statements for the six-month period ended 30 June 2023 (continued)

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Critical accounting estimates and assumptions (continued)

Foreign currency translation - International Touristic Projects Lebanese Co. (continued)

In terms of IFRS, where a country has multiple exchange rates, judgement is required to determine which exchange rate qualifies as a spot rate that can be used for the translation of foreign operations. Factors to determine this include whether the currency is available at an official exchange rate. After the launching of an official electronic platform ('Sayrafa') by the Central Bank of Lebanon where the exchange rate is published on a regular basis for the participating banks and for settlement of foreign payables, management has considered Sayrafa as an alternative official exchange rate, being a more relevant spot rate. As a result, management has used the alternate official exchange rate being the Sayrafa rate to translate Americana Lebanon's operations to the USD presentation currency as at 30 June 2023.

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.

Corporate allocations

Management has made certain judgements, estimates and assumptions in the comparative financial information relating to the allocation of certain expenses and income historically maintained by the Former Parent Company. Such items have been allocated to the Group and included in the comparative financial information based on the most relevant allocation method that are considered to be reasonable.

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 (operations of the Former Parent Company), 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

Americana Restaurants International PLC
Notes to the condensed consolidated interim financial statements
for the six-month period ended 30 June 2023 (continued)

5 PROPERTY AND EQUIPMENT

	US Dollars'000						
	Land	Leasehold improvements and furniture	Buildings and cold rooms	Equipment and tools	Vehicles	Capital work in progress	Total
Cost							
As at 1 January 2023	17,089	440,016	84,731	296,991	14,890	27,145	880,862
Additions	-	12,752	564	19,705	150	23,385	56,556
Disposals	-	(8,236)	(535)	(7,765)	(435)	(164)	(17,135)
Hyperinflation adjustment	3,544	4,921	5,058	3,584	213	-	17,320
Transfers	-	16,388	541	7,790	-	(30,224)	(5,505)
Foreign currency translation difference	(3,786)	(5,454)	(1,600)	(3,199)	(328)	203	(14,164)
As at 30 June 2023	16,847	460,387	88,759	317,106	14,490	20,345	917,934
Accumulated depreciation and impairment							
As at 1 January 2023	-	318,570	69,793	211,065	11,590	-	611,018
Charge for the period	-	18,454	1,691	11,936	747	-	32,828
Disposals	-	(7,966)	(532)	(7,154)	(419)	-	(16,071)
Hyperinflation adjustment	-	4,817	4,540	3,478	213	-	13,048
Transfers	-	(45)	(19)	(30)	-	-	(94)
Impairment/(reversal of impairment)	-	126	(28)	-	-	-	98
Foreign currency translation difference	-	(2,297)	(310)	(969)	(192)	-	(3,768)
As at 30 June 2023	-	331,659	75,135	218,326	11,939	-	637,059
Net book amount							
As at 30 June 2023	16,847	128,728	13,624	98,780	2,551	20,345	280,875

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

Americana Restaurants International PLC
Notes to the condensed consolidated interim financial statements
for the six-month period ended 30 June 2023 (continued)

5 PROPERTY AND EQUIPMENT (continued)

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

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

Americana Restaurants International PLC
Notes to the condensed consolidated interim financial statements
for the six-month period ended 30 June 2023 (continued)

6 INTANGIBLE ASSETS

	US Dollars'000		
	Franchise and agencies	Others	Total
Cost			
At 1 January 2022	81,520	9,455	90,975
Additions	8,192	-	8,192
Transfers	11,104	-	11,104
Hyperinflation adjustment	557	-	557
Disposals	(10,621)	-	(10,621)
Foreign currency translation difference	(3,683)	-	(3,683)
At 31 December 2022	87,069	9,455	96,524
Additions	3,677	5,332	9,009
Transfers	838	4,536	5,374
Hyperinflation adjustment	673	-	673
Disposals	(1,623)	-	(1,623)
Foreign currency translation difference	(1,214)	-	(1,214)
At 30 June 2023	89,420	19,323	108,743
Accumulated amortisation and impairment			
At 1 January 2022	47,355	997	48,352
Amortisation	7,105	-	7,105
Transfers	(45)	-	(45)
Disposals	(7,528)	-	(7,528)
Hyperinflation adjustment	454	-	454
Reversal of impairment	(11)	-	(11)
Foreign currency translation difference	(1,394)	-	(1,394)
At 31 December 2022	45,936	997	46,933
Amortisation	4,274	-	4,274
Transfers	15	-	15
Disposals	(926)	-	(926)
Hyperinflation adjustment	571	-	571
Reversal of impairment	(23)	-	(23)
Foreign currency translation difference	(341)	-	(341)
At 30 June 2023	49,506	997	50,503
Net book amount			
At 30 June 2023	39,914	18,326	58,240
At 31 December 2022	41,133	8,458	49,591

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

Americana Restaurants International PLC
Notes to the condensed consolidated interim financial statements
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7 TRADE AND OTHER RECEIVABLES

	US Dollars'000	
	30 June 2023	31 December 2022
Trade receivable	43,029	29,325
Less: loss allowance	(1,886)	(1,315)
	41,143	28,010
Prepaid expenses	42,668	31,210
Advances to suppliers	2,493	5,009
Refundable deposits	20,615	19,524
Accrued income	7,907	5,703
Insurance receivables	641	692
Staff receivables	2,189	2,357
Others	13,509	11,105
	131,165	103,610

The Group has a broad base of customers with no concentration of credit risk within trade receivables at 30 June 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	
	30 June 2023	31 December 2022
Up to 3 months	41,789	28,154
3 to 6 months	270	243
Over 6 months	970	928
	43,029	29,325

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 969 thousand (2022: 100% amounting to USD 928 thousand).

Balances between 3 to 6 months had an expected credit loss allowance of 69% amounting to USD 186 thousand (2022: 56% amounting to USD 136 thousand). Balances up to 3 months had a expected credit loss allowance of 2% amounting to USD 731 thousand (2022: 1% amounting to USD 251 thousand).

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

	US Dollars'000	
	30 June 2023	31 December 2022
Balance at 1 January	1,315	1,856
Charge during the period/year	727	248
Write-offs against the loss allowance on trade receivables	(33)	(582)
Foreign currency translation differences	(123)	(207)
	1,886	1,315

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

Americana Restaurants International PLC
Notes to the condensed consolidated interim financial statements
for the six-month period ended 30 June 2023 (continued)

7 TRADE AND OTHER RECEIVABLES (continued)

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

	US Dollars'000	
	30 June 2023	31 December 2022
UAE Dirham	16,541	9,153
Saudi Riyal	6,863	4,633
Egyptian Pound	2,992	3,207
Kuwaiti Dinar	4,974	3,512
US Dollar	97	100
Other	11,562	8,720
	43,029	29,325

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 bears any significant risk or rewards until the loan notes have been fully settled nor additional liability in case the Entity fails to generate sufficient cash flows to cover the loan notes. Moreover, the Group contributed a working capital loan of USD 1,000 thousand towards the Entity which is non-interest bearing and has no fixed repayment terms. The working capital loan is recorded as a part of other receivables.

Under the same Agreement, the put option and call option is provided to both parties that is exercisable after 9 December 2024. Management has estimated the fair valuation of the stake along with the underlying derivative instrument to be USD 9,390 thousand and accordingly recorded the derivative financial instrument with the corresponding deferred gain as at 31 December 2021. Management conducts a revaluation of the derivative financial instrument on an annual basis or earlier if there is a material change in the market conditions and performance of the Entity.

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

As on 30 June 2023, the Group estimates the fair value and performance of the Entity has not materially changed from the carrying amount as on 31 December 2022; accordingly, no revaluation was conducted.

8 CASH AND CASH EQUIVALENTS AND SHORT TERM DEPOSITS WITH BANKS

Cash and cash equivalents:

	US Dollars'000		
	30 June 2023	31 December 2022	30 June 2022
Cash on hand	10,982	4,362	4,996
Cash at banks	90,044	77,414	99,090
Short-term deposits with original maturity of 3 months or less	25,192	222,784	145,953
Cash and cash equivalents	126,218	304,560	250,039

Americana Restaurants International PLC
Notes to the condensed consolidated interim financial statements
for the six-month period ended 30 June 2023 (continued)

8 CASH AND CASH EQUIVALENTS AND SHORT TERM DEPOSITS WITH BANKS (continued)

	US Dollars'000	
	30 June 2023	31 December 2022
		30 June 2022
Short term deposits with original maturity of 3 to 12 months	185,800	-

Short term deposits carry interest of 4.0% to 14.0% (30 June 2022: 1.5% to 10.5%) per annum. Finance income earned from short term deposits during the six-month period ended 30 June 2023 amounts to USD 5,524 thousand (30 June 2022: 1,146 thousand). Interest income earned from cash at banks during the six-month period ended 30 June 2023 amounts to USD 19 thousand (30 June 2022: Nil).

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

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

	US Dollars'000	
	30 June 2023	31 December 2022
		30 June 2022
Cash and cash equivalents	126,218	304,560
Less: Bank overdraft (Note 9)	(11,880)	(18,592)
Balances per condensed consolidated interim statement of cash flows	114,338	285,968

9 BANK FACILITIES

	US Dollars'000	
	30 June 2023	31 December 2022
		30 June 2022
Short term		
Bank overdraft	11,880	18,592

	US Dollars'000	
	30 June 2023	31 December 2022
		30 June 2022
Maturity of bank facilities are as follows:		
Within one year	11,880	18,592

Americana Restaurants International PLC

Notes to the condensed consolidated interim financial statements
 for the six-month period ended 30 June 2023 (continued)

10 LEASES

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

	US Dollars'000				
	Building and Leasehold	Vehicles	Land	Key money	Total
Right of use assets					
Cost					
As at 1 January 2022	706,776	27,697	8,466	9,965	752,904
Additions	223,801	4,886	1	3,788	232,476
Hyperinflation adjustment	1,747	-	-	445	2,192
Disposal	(32,316)	(294)	(142)	(82)	(32,834)
Transfers	-	-	-	721	721
Foreign currency translation difference	(28,325)	(76)	(46)	(1,118)	(29,565)
As at 31 December 2022	871,683	32,213	8,279	13,719	925,894
Additions	144,703	2,489	138	3,479	150,809
Hyperinflation adjustment	2,225	-	-	526	2,751
Disposal	(13,183)	(188)	(45)	-	(13,416)
Transfers	-	-	-	10	10
Foreign currency translation difference	(8,754)	(31)	499	(196)	(8,482)
As at 30 June 2023	996,674	34,483	8,871	17,538	1,057,566
Accumulated depreciation and impairment					
As at 1 January 2022	364,638	20,100	3,423	2,768	390,929
Charge for the year	142,837	6,572	1,186	2,171	152,766
Hyperinflation adjustment	1,121	-	-	445	1,566
Impairment charges	24	-	-	-	24
Disposal	(24,137)	(257)	(1)	(82)	(24,477)
Transfers	-	-	-	45	45
Foreign currency translation difference	(11,616)	(45)	(29)	(833)	(12,523)
As at 31 December 2022	472,867	26,370	4,579	4,514	508,330
Charge for the period	79,244	3,273	610	1,456	84,583
Hyperinflation adjustment	2,049	-	-	526	2,575
Reversal of impairment	(25)	-	-	-	(25)
Disposal	(5,409)	(182)	(2)	-	(5,593)
Transfers	-	-	-	(15)	(15)
Foreign currency translation difference	(3,364)	(26)	304	(69)	(3,155)
As at 30 June 2023	545,362	29,435	5,491	6,412	586,700
Net book amount					
As at 30 June 2023	451,312	5,048	3,380	11,126	470,866
As at 31 December 2022	398,816	5,843	3,700	9,205	417,564

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

	30 June 2023 USD'000	31 December 2022 USD'000
Lease liabilities		
Non-current	317,870	274,603
Current	161,924	160,156
	479,794	434,759

Americana Restaurants International PLC
Notes to the condensed consolidated interim financial statements
for the six-month period ended 30 June 2023 (continued)

10 LEASES (continued)

(ii) Amounts recognized in the condensed consolidated interim statement of financial position

	30 June 2023 USD'000	30 June 2022 USD'000
Finance costs on lease liabilities	12,432	9,264
	30 June 2023 USD'000	30 June 2022 USD'000
Other rent expenses		
Expense relating to short-term and low-value leases	25,827	25,528
Expense relating to variable lease payments not included in lease liabilities	18,587	7,017
	44,414	32,545

Americana Restaurants recognised a gain on COVID-19 related rent concessions of USD 667 thousand for the period ended 30 June 2022 (30 June 2023: USD NIL) under other income in the condensed consolidated interim statement of income.

11 PROVISIONS FOR LEGAL, TAX AND OTHER CLAIMS

	US Dollars'000	
	30 June 2023	31 December 2022
Legal cases	6,215	5,004
Provision for termination and closure	3,048	3,204
Tax	7,094	16,819
Other provisions	3,813	4,162
	20,170	29,189

	2023 (USD'000)				
	Legal cases	Provision for termination and closure	Tax	Other provisions	Total
Balance at 1 January 2023	5,004	3,204	16,819	4,162	29,189
Charged/(credited) to profit or loss					
Additional provisions recognised	1,404	(44)	483	2,513	4,356
Unused amounts reversed	(80)	(458)	(20)	(1,289)	(1,847)
Amounts used during the period	(51)	(96)	(7,853)	(1,419)	(9,419)
Foreign currency translation difference	(62)	450	(2,401)	(154)	(2,167)
Others	-	(8)	66	-	58
Balance at 30 June 2023	6,215	3,048	7,094	3,813	20,170

Americana Restaurants International PLC
Notes to the condensed consolidated interim financial statements
for the six-month period ended 30 June 2023 (continued)

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

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

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 30 June 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, zakat and NLST. Management believes that provision for probable future tax assessments is adequate based upon previous years' tax examinations and past interpretations of the tax laws and that the position taken in tax returns will be sustained upon examination by the relevant tax authorities (Note 17). 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 periodic basis, and the allocated amount is adjusted according to the latest developments, discussions and agreements with such parties.

12 SHARE CAPITAL

As at 30 June 2023 and 31 December 2022, Americana Restaurants International PLC's authorized, 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.

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Notes to the condensed consolidated interim financial statements
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13 NON-CONTROLLING INTERESTS

	US Dollars'000	
	30 June 2023	31 December 2022
Beginning balance	11,186	11,157
Share of net profit for the period/year	2,142	3,729
<i>Other comprehensive income item:</i>		
Foreign currency translation differences	10	32
<i>Other changes in non-controlling interests:</i>		
Effects of acquisition of additional shares in a subsidiary	-	(516)
Cash dividends paid by subsidiaries	(3,076)	(3,216)
Total other changes in non-controlling interests	(3,076)	(3,732)
	10,262	11,186

14 RELATED PARTIES TRANSACTIONS AND BALANCES

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

	US Dollars'000			
	Three-month period ended 30 June		Six-month period ended 30 June	
	2023	2022	2023	2022
Transactions with fellow subsidiaries				
Purchases of raw materials	26,223	31,032	49,229	61,396
Interest income from loan to a related party	-	181	-	670
Interest income from short term deposits held with a related party*	-	-	116	-
Transitional Services Agreement ("TSA") expense**	1,611	1,469	3,109	2,938
Investment property rental income	51	83	103	178
Delivery and payment support	289	197	716	570
Key management personnel				
Short term employee benefits	1,741	1,443	3,232	2,886
Termination benefits	37	30	67	60
Board of Directors' remuneration	275	-	555	-

Loan to a related party

On 21 March 2021, Americana Prime Investments Limited (an entity of the Group) entered into an agreement with Americana Foods Investments Group Company LLC, a fellow subsidiary, to provide a loan of USD 64,000 thousand for a period of 5 years ending on 21 March 2026 and repayable in five equal annual instalments of USD 12,800 thousand. On 11 March 2022, Americana Prime Investments Limited entered into an additional agreement with Americana Foods Investments Group Company LLC to provide a loan of USD 36,000 thousand for a period of 4 years ending on 11 March 2026. The loans carry an interest at an agreed rate of LIBOR plus margin payable quarterly commencing immediately after the drawdown date. On 20 April 2022, both related party loans have been early settled in full (USD 100,000 thousand) by Americana Foods Investments Group Company LLC.

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Notes to the condensed consolidated interim financial statements
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14 RELATED PARTIES TRANSACTIONS AND BALANCES (continued)

Due from related parties

Name	Place of incorporation	US Dollars'000	
		30 June 2023	31 December 2022
<i>Fellow subsidiaries under the intermediate Parent Company:</i>			
Others		105	237

Due to related parties

		US Dollars'000	
Name	Place of incorporation	30 June 2023	31 December 2022
<i>Fellow subsidiaries:</i>			
National Food Industries Co.	KSA	6,592	6,380
Cairo poultry Company	Egypt	1,818	1,575
The International Co. for Agricultural development ('Farm Frites')	Egypt	7,468	7,140
Gulf Food Co. Americana LLC	UAE	2,528	999
Gulf Food Industries (California Garden)	UAE	1,527	2,708
Others		7	9
<i>Division of the Former Parent Company:</i>			
Kuwait Foods Divisions (Meat, Cake, Agencies)	Kuwait	1,649	2,420
<i>Entities controlled by a major shareholder:</i>			
Noon AD Holdings	UAE	491	251
Nshmi Development LLC	UAE	157	186
Barakat Vegetables and Fruits Co. LLC	UAE	172	159
Noon Payments Digital Limited	KSA	11	14
		22,420	21,841

***Cash and cash equivalents**

The Group had a short-term deposit of USD 10,600 as of 31 December 2022 with original maturity of 3 months or less with a financial institution (Zand Bank PJSC), controlled by a major shareholder (30 June 2023: Nil).

**** 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.

15 REVENUES

	US Dollars'000			
	Three-month period ended		Six-month period ended 30	
	30 June		June	
	2023	2022	2023	2022
Food and beverage	651,459	573,319	1,240,288	1,149,987
Investment properties rental income	603	1,034	1,198	1,942
	652,062	574,353	1,241,486	1,151,929

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16 SUBSIDIARIES

The Group's subsidiaries overall ownership structure as at 30 June 2023 is as reflected below. The subsidiaries were transferred to the Group during the year ended 31 December 2022 (Note 1):

Company's Name	Activity	Place of incorporation	Effective Ownership (%) As at 30 June 2023
Americana Restaurants Investments Group Company LLC	Holding Company	United Arab Emirates	100%
Americana Kuwait Company for Restaurants WLL	Restaurants	Kuwait	100%
Americana Holding for UAE Restaurants LTD	Holding Company	United Arab Emirates	100%
Americana Holding for Egyptian Restaurants LTD	Holding Company	United Arab Emirates	100%
Americana Company for Restaurants Holding LTD	Holding Company	United Arab Emirates	100%
Americana Holding for KSA Restaurants LTD	Holding Company	United Arab Emirates	100%
Americana Holding for Restaurants LTD	Holding Company	United Arab Emirates	100%
Kuwait Food Co. Americana LLC	Restaurants	United Arab Emirates	100%
Egyptian Company for International Touristic Projects SAE	Restaurants	Egypt	99.90%
Egyptian International Company for Food Industries SAE	Restaurants	Egypt	100%
Al Ahlia Restaurants Company LLC	Restaurants	Saudi Arabia	100%
United Food Company (One Person Company) LLC	Others	Saudi Arabia	100%
Americana Prime Investments Limited	Others	United Arab Emirates	100%
International Tourism Restaurants Company LLC	Restaurants	Oman	100%
The Caspian International Restaurants Company LLP	Restaurants	Kazakhstan	100%
Gulf & Arab World Restaurant Co. WLL	Restaurants	Bahrain	94.00%
Bahrain & Kuwait Restaurant Co. WLL	Restaurants	Bahrain	40.00%
Lebanese International Touristic Projects Company LLC	Restaurants	Lebanon	100%
Qatar Food Company WLL	Restaurants	Qatar	100%
Ras Buabboud Trading Company WLL	Restaurants	Qatar	99.00%
Almusharaka for Touristic Restaurants Services, General Trading, Import & Export Company Ltd.	Restaurants	Iraq – Kurdistan	90.00%
Société Marocaine De Projects Touristiques SARL	Restaurants	Morocco	100%
Touristic Projects & International Restaurants Co. (Americana) LLC	Restaurants	Jordan	67.44%
Jordanian Restaurants Company for Fast Food LLC	Restaurants	Jordan	67.44%
The International Co. for World Restaurants Limited	Restaurants	United Arab Emirates	51.00%
Americana Restaurants (India) Private Limited	Others	India	100%

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17 CONTINGENT LIABILITIES, OPERATING AND CAPITAL COMMITMENTS

	US Dollars'000	
	30 June 2023	31 December 2022
Contingent liabilities		
Letters of guarantee	13,890	12,849

Taxes

The Group operates in several different countries, Note 16 indicates the Group's structure and the countries in which it operates), and thus its operations are subject to various types of taxes. The significant impacts of the various types of taxes are concentrated in the Kingdom of Saudi Arabia and Arab Republic of Egypt as follows:

Arab Republic of Egypt:

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

Kingdom of Saudi Arabia:

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 7,393 thousand as at 30 June 2023 (31 December 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, the UAE Ministry of Finance released the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the Law) to enact a Federal corporate tax (CT) regime in the UAE. The CT regime will become effective for accounting periods beginning on or after 1 June 2023. The Cabinet of Ministers Decision No. 116 of 2022 specifies the threshold of income over which the 9% tax rate would apply and accordingly, the Law is now considered to be substantively enacted. A rate of 9% will apply to taxable income exceeding AED 375,000, a rate of 0% will apply to taxable income not exceeding AED 375,000 (and a rate of 0% on qualifying income of free zone entities). The Group performed an assessment and have not identified any material (deferred) tax implications that requires any adjustments during the six-month period ended 30 June 2023. The Group will continue to monitor the CT law as further cabinet decisions will be released.

	US Dollars'000	
	30 June 2023	31 December 2022
Operating lease commitments – Lessee		
Less than one year	51,654	34,781
	51,654	34,781
	US Dollars'000	
	30 June 2023	31 December 2022
Capital commitments		
Letters of credit	2,251	6,102
Projects in progress	9,652	9,209

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18 FINANCIAL INSTRUMENTS BY CATEGORY

	US Dollars'000	
	30 June 2023	31 December 2022
Financial assets		
<i>Financial assets at amortised cost</i>		
Cash and cash equivalents (Note 8)	126,218	304,560
Short term deposits with banks (Note 8)	185,800	-
Trade and other receivables (excluding prepayments, advances to suppliers) (Note 7)	86,004	67,391
Due from related parties (Note 14)	105	237
	398,127	372,188
<i>Financial assets at fair value</i>		
Derivative financial instrument	11,331	11,331
	409,458	383,519
Financial liabilities		
<i>Other financial liabilities at amortised cost</i>		
Trade and other payables (excluding value added tax payable and unearned income)	376,534	369,647
Due to related parties (Note 14)	22,420	21,841
Bank facilities (Note 9)	11,880	18,592
Lease liabilities (Note 10)	479,794	434,759
	890,628	844,839

19 NET DEBT RECONCILIATION

	US Dollars'000	
	30 June 2023	31 December 2022
Cash and cash equivalents (Note 8)	126,218	304,560
Bank facilities (Note 9)	(11,880)	(18,592)
Lease liabilities (Note 10)	(479,794)	(434,759)
Net debt	(365,456)	(148,791)
	US Dollars'000	
	30 June 2023	31 December 2022
Cash and cash equivalents	126,218	304,560
Net debt – variable interest rates	(491,674)	(453,351)
Net debt	(365,456)	(148,791)

	US Dollars'000		
	Liabilities from financing activities	Other assets	
	Leases	Cash/bank overdraft	Total
Net debt as at 1 January 2023	(434,759)	285,968	(148,791)
Foreign currencies translation differences	5,170	2,420	7,590
Others	(4,609)	-	(4,609)
Lease payments of principal and interest	101,734	-	101,734
Additions of leases	(147,330)	-	(147,330)
Cash flows, net	-	(174,050)	(174,050)
Net debt as at 30 June 2023	(479,794)	114,338	(365,456)

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Notes to the condensed consolidated interim financial statements
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19 NET DEBT RECONCILIATION (continued)

	US Dollars'000		
	Liabilities from financing activities		Other assets
	Leases	Cash/bank overdraft	
Net debt as at 1 January 2022	(384,599)	166,923	(217,676)
Foreign currencies translation differences	18,730	12,152	30,882
Others	(13,160)	-	(13,160)
Lease payments of principal and interest	172,291	-	172,291
Gain on rent concessions	667	-	667
Additions 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)

20 SEGMENT REPORTING

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

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

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

	Reportable segments		Intercompany transactions		Total	
	Six-month period ended 30 June					
Revenues	2023	2022	2023	2022	2023	2022
	USD'000		USD'000		USD'000	
Major GCC	864,139	783,433	-	-	864,139	783,433
Lower Gulf	150,795	146,492	(16,803)	(21,092)	133,992	125,400
North Africa	118,667	146,552	-	-	118,667	146,552
Others	124,688	96,544	-	-	124,688	96,544
Total	1,258,289	1,173,021	(16,803)	(21,092)	1,241,486	1,151,929

	Reportable segments	
	Six-month period ended 30 June	
	2023	2022
	USD'000	
Major GCC	119,838	139,673
Lower Gulf	12,096	12,472
North Africa	6,738	(33,127)
Others	17,669	11,577
Total	156,341	130,595

Unallocated:

Income tax, zakat and other deductions	(9,785)	(6,119)
Losses of foreign exchange	353	(1,265)
Net profit for the period	146,909	123,211

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20 SEGMENT REPORTING (continued)

	Reportable segments		Intercompany transactions		Total	
	Three-month period ended 30 June					
	2023	2022	2023	2022	2023	2022
	USD'000		USD'000		USD'000	
Revenues						
Major GCC	450,622	387,749	-	-	450,622	387,749
Lower Gulf	80,448	72,907	(9,802)	(11,207)	70,646	61,700
North Africa	64,745	73,140	-	-	64,745	73,140
Others	66,049	51,764	-	-	66,049	51,764
Total	661,864	585,560	(9,802)	(11,207)	652,062	574,353

	Reportable segments	
	Three-month period ended 30 June	
	2023	2022
	USD'000	
Net profits		
Major GCC	69,726	73,433
Lower Gulf	7,884	4,847
North Africa	5,801	(34,204)
Others	10,555	7,994
Total	93,966	52,070

Unallocated:		
Income tax, zakat and other deductions	(6,914)	(1,144)
Losses of foreign exchange	1,066	(615)
Net profit for the period	88,118	50,311

30 June 2023 USD'000					
	Major GCC	Lower Gulf	North Africa	Others	Total
Assets	1,027,818	134,765	116,904	131,105	1,410,592
Liabilities	796,756	106,184	105,776	65,694	1,074,410

31 December 2022 USD'000					
	Major GCC	Lower Gulf	North Africa	Others	Total
Assets	941,382	141,685	132,738	124,742	1,340,547
Liabilities	741,931	109,932	124,415	68,518	1,044,796

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

	USD'000			
	UAE	KSA	Kuwait	Egypt
Non-current assets as at 30 June 2023	233,892	247,373	115,022	53,500
Non-current assets as at 31 December 2022	197,298	191,575	107,247	65,183

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20 SEGMENT REPORTING (continued)

	USD'000			
	UAE	KSA	Kuwait	Egypt
Revenue for the six-month period ended 30 June 2023	376,680	300,774	186,685	98,370
Revenue for the six-month period ended 30 June 2022	338,962	254,863	189,608	131,381

	USD'000			
	UAE	KSA	Kuwait	Egypt
Revenue for the three-month period ended 30 June 2023	195,631	157,358	97,633	54,198
Revenue for the three-month period ended 30 June 2022	166,301	127,197	94,251	65,521

21 EARNINGS PER SHARE

	Three-month period ended 30 June		Six-month period ended 30 June	
	2023	2022	2023	2022
Earnings				
Earnings for the purpose of basic and diluted earnings per share (profit for the period attributable to ordinary equity holders of the Parent Company) USD'000	86,638	49,293	144,767	121,266
Number of ordinary shares outstanding	8,423,633,100	8,423,633,100	8,423,633,100	8,423,633,100
Basic and diluted earnings per share attributable to Shareholders of the Parent Company (USD)	0.0103	0.0059	0.0172	0.0144

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 six-month period ended 30 June 2022 by using the number of ordinary shares outstanding as on 30 June 2023.

22 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 30 June 2023, USD 160 thousand of dividends remain as unclaimed and are included within 'Trade and other payables.'

23 TAX CLAIM CHARGE

The tax claim charge was 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 had entered into settlement agreements with the tax authorities to settle the tax claims for the period from 2005 to 2017 which were adequately provided for during the prior period.