

**Tempo Beverages Ltd.  
and its Subsidiaries**

**Condensed Consolidated Interim  
Financial Statements**

**For the period ended  
March 31, 2019**

**Condensed Consolidated Interim Financial Statements  
For the Period Ended March 31, 2019 (Unaudited)**

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**Contents**

	<b><u>Page</u></b>
Consolidated Balance Sheets	2
Consolidated Statements of Operations	4
Consolidated Statements of Recognized Income and Expense	5
Consolidated Statements of Changes in Shareholders' Equity	6
Consolidated Statements of Cash Flows	7
Consolidated Segment reporting	8

**Condensed Consolidated Interim Balance Sheet**

(In Thousands of New Israeli Shekels)

**Reported Amounts**

	<b>March 31 2019</b>	<b>March 31 2018</b>	<b>December 31 2018</b>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
<b>Current assets</b>			
Cash and cash equivalents	<b>18,269</b>	11,971	15,674
Trade receivables	<b>328,236</b>	348,556	322,507
Other receivables	<b>53,383</b>	45,996	42,713
Derivatives	<b>80</b>	1,486	1,344
Inventory	<b>283,639</b>	278,101	311,783
Current taxes	<b>14,962</b>	2,826	11,095
<b>Total current assets</b>	<b><u>698,569</u></b>	<u>688,936</u>	<u>705,116</u>
<b>Investments and long-term receivables</b>			
Long-term loans, receivables and derivatives	<b>36,943</b>	43,471	34,585
Fixed assets	<b>784,621</b>	599,901	647,692
Intangible assets	<b>30,691</b>	36,284	32,377
Investments in equity accounted investees	<b>34,112</b>	5,458	34,849
Inventory in process	<b>3,680</b>	6,051	4,624
Deferred taxes	<b>7,433</b>	11,384	9,868
<b>Total long-term assets</b>	<b><u>897,480</u></b>	<u>702,549</u>	<u>763,995</u>
<b>Total assets</b>	<b><u>1,596,049</u></b>	<u>1,391,485</u>	<u>1,469,111</u>

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**Jacques Beer**  
Chairman of the Board  
and CEO

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**Amir Borenstein**  
Deputy Chairman of the Board

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**Eyal Tregerman**  
CFO

Date financial statements confirmed: May 30, 2019

**Condensed Consolidated Interim Balance Sheet**

(In Thousands of New Israeli Shekels)

**Reported Amounts**

	<b>March 31 2019</b>	<b>March 31 2018</b>	<b>December 31 2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current Liabilities</b>			
Credit from banks and current maturities	<b>351,726</b>	237,179	359,263
Trade payables	<b>206,922</b>	218,342	217,244
Other payables	<b>158,598</b>	167,831	103,542
Derivatives	<b>1,112</b>	41	-
Current maturities of debentures	<b>23,783</b>	23,928	23,634
Current maturities of lease liability	<b>26,633</b>	-	-
Current taxes liabilities	<b>1,573</b>	15,399	1,526
<b>Total current liabilities</b>	<b>770,347</b>	662,720	705,209
<b>Long-term liabilities</b>			
Loans from banks	<b>99,771</b>	127,632	104,202
Other long-term liabilities and derivatives	<b>2,846</b>	2,729	2,860
Long-term lease liability	<b>111,202</b>	-	-
Debentures	<b>55,476</b>	78,410	67,435
Deferred tax liabilities	<b>25,248</b>	30,664	27,715
Employee benefits	<b>5,461</b>	5,756	8,785
<b>Total long-term liabilities</b>	<b>300,004</b>	245,191	210,997
<b>Total liabilities</b>	<b>1,070,351</b>	907,911	916,206
<b>Minority interest</b>	<b>620</b>	659	617
<b>Shareholders' equity</b>			
Share capital	<b>1</b>	1	1
Share premium	<b>147,334</b>	147,334	147,334
Translation reserve	<b>(48)</b>	2,331	2,177
Retained earnings	<b>377,791</b>	333,249	402,776
<b>Total equity attributable to equity holders of the parent company</b>	<b>525,078</b>	482,915	552,288
<b>Total shareholders' equity</b>	<b>525,698</b>	483,574	552,905
<b>Total liabilities and shareholders' equity</b>	<b>1,596,049</b>	1,391,485	1,469,111

**Condensed Consolidated Interim Statement of Operation**

(In Thousands of New Israeli Shekels)

**Reported Amounts**

	For the three months ended March 31		For the year ended December 31
	2019	2018	2018
	(Unaudited)	(Unaudited)	(Audited)
Revenues from sales, net	<b>328,570</b>	334,588	1,403,176
Cost of sales	<b>211,888</b>	203,790	857,913
<b>Gross profit</b>	<b>116,682</b>	130,798	545,263
Selling and marketing expenses	<b>(80,727)</b>	(82,644)	(343,978)
General and administrative expenses	<b>(18,472)</b>	(20,841)	(85,306)
Other income	<b>326</b>	-	1,263
Other expenses	<b>-</b>	(1,173)	(615)
<b>Operating profit</b>	<b>17,809</b>	26,140	116,627
Financing income	<b>1,741</b>	2,427	4,164
Financing expenses	<b>(7,114)</b>	(4,069)	(14,272)
<b>Financing expenses, net</b>	<b>(5,373)</b>	(1,642)	(10,108)
Share of profits of equity accounted investees	<b>828</b>	820	3,662
<b>Profit before tax</b>	<b>13,264</b>	25,318	110,181
Tax on income	<b>(3,154)</b>	(7,211)	(22,462)
<b>Profit for the period</b>	<b>10,110</b>	18,107	87,719
<b>Attributable to:</b>			
Equity holders of the Company	<b>10,107</b>	18,089	87,743
Minority interest	<b>3</b>	18	(24)
	<b>10,110</b>	18,107	87,719

**Condensed Consolidated Interim Statement of Recognized Income and Expense**

(In Thousands of New Israeli Shekels)

**Reported Amounts**

	<b>For the three months ended</b>		<b>For the</b>
	<b>March 31</b>		<b>year ended</b>
	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Profit for the period	<b>10,110</b>	18,107	87,719
<b>Other comprehensive income items that after initial recognition in comprehensive income will be transferred to profit or loss</b>			
Foreign currency translation differences of foreign operations	<b>(2,225)</b>	1,417	1,263
<b>Components of recognized income never carried to profit and loss</b>			
Defined benefit plan actuarial profits (losses)	<b>(92)</b>	5	(122)
<b>Other recognized income and expense for the period</b>	<b>(2,317)</b>	1,422	1,141
<b>Total recognized income and expense for the period</b>	<b>7,793</b>	19,529	88,860
<b>Attributable to:</b>			
Equity holders of the Company	<b>7,790</b>	19,511	88,884
Minority interest	<b>3</b>	18	(24)
<b>Total recognized income and expense for the period</b>	<b>7,793</b>	19,529	88,860

**Condensed Interim Statement of Changes in Shareholders' Equity**

(In Thousands of New Israeli Shekels)

**Reported Amounts**

	Attributable to equity holders of the Company					Minority interest	Total equity
	Share capital	Share premium	Translation reserve	Retained earnings	Total		
<b>For the three months ended March 31, 2019 (Unaudited)</b>							
<b>Balance at January 1, 2019</b>	<b>1</b>	<b>147,334</b>	<b>2,177</b>	<b>402,776</b>	<b>552,288</b>	<b>617</b>	<b>552,905</b>
Dividend to owners	-	-	-	(35,000)	(35,000)	-	(35,000)
Defined benefit plan actuarial losses	-	-	-	(92)	(92)	-	(92)
Foreign currency translation differences of foreign operations	-	-	(2,225)	-	(2,225)	-	(2,225)
Profit for the period	-	-	-	10,107	10,107	3	10,110
<b>Balance at March 31, 2019</b>	<b>1</b>	<b>147,334</b>	<b>(48)</b>	<b>377,791</b>	<b>525,078</b>	<b>620</b>	<b>525,698</b>
<b>For the three months ended March 31, 2018 (Unaudited)</b>							
<b>Balance at January 1, 2018</b>	<b>1</b>	<b>147,334</b>	<b>914</b>	<b>351,155</b>	<b>499,404</b>	<b>641</b>	<b>500,045</b>
Dividend to owners	-	-	-	(36,000)	(36,000)	-	(36,000)
Defined benefit plan actuarial profits	-	-	-	5	5	-	5
Foreign currency translation differences of foreign operations	-	-	1,417	-	1,417	-	1,417
Profit for the period	-	-	-	18,089	18,089	18	18,107
<b>Balance at March 31, 2018</b>	<b>1</b>	<b>147,334</b>	<b>2,331</b>	<b>333,249</b>	<b>482,915</b>	<b>659</b>	<b>483,574</b>
<b>For the year ended December 31, 2017 (audited)</b>							
<b>Balance at January 1, 2018</b>	<b>1</b>	<b>147,334</b>	<b>914</b>	<b>351,155</b>	<b>499,404</b>	<b>641</b>	<b>500,045</b>
Dividend to owners	-	-	-	(36,000)	(36,000)	-	(36,000)
Foreign currency translation differences of foreign operations	-	-	1,263	-	1,263	-	1,263
Defined benefit plan actuarial losses	-	-	-	(122)	(122)	-	(122)
Profit for the year	-	-	-	87,743	87,743	(24)	87,719
<b>Balance at December 31, 2018</b>	<b>1</b>	<b>147,334</b>	<b>2,177</b>	<b>402,776</b>	<b>552,288</b>	<b>617</b>	<b>552,905</b>

**Interim Statements of Cash Flows**

(In Thousands of New Israeli Shekels)

**Reported Amounts**

	For the three months ended		For the
	March 31		year ended
	2019	2018	December 31
	(Unaudited)	(Unaudited)	(Audited)
<b>Cash flows from operating activities</b>			
Profit for the period	<b>10,110</b>	18,107	87,719
Adjustments:			
Depreciation and amortization	<b>27,996</b>	21,640	94,136
Depreciation of intangible assets	<b>1,895</b>	2,415	8,949
Share of profits of equity accounted investees	<b>(828)</b>	(820)	(3,662)
Interest expenses	<b>4,091</b>	2,423	13,963
Capital loss (gain) from sale of fixed assets, net	<b>37</b>	1,387	(1,263)
Taxes on income	<b>3,154</b>	7,211	22,462
	<b>46,455</b>	52,363	222,304
Change in inventory	<b>27,993</b>	9,643	(22,747)
Change in trade receivables and other receivable	<b>(17,133)</b>	(64,908)	(34,211)
Change in trade payables and other payables	<b>5,619</b>	13,584	(16,664)
Changes in liabilities for employee severance benefits	<b>397</b>	1,218	4,071
	<b>16,876</b>	(40,463)	(69,551)
Income tax paid	<b>(6,978)</b>	(7,575)	(46,352)
<b>Net cash generated by current operations</b>	<b>56,353</b>	4,325	106,401
<b>Cash flows from investing activities</b>			
Acquisition of equity accounted investee	<b>(935)</b>	-	(19,500)
Dividends received	<b>2,500</b>	-	1,700
Proceeds from sale of fixed assets and investment property	<b>417</b>	294	1,565
Acquisition of fixed assets	<b>(15,192)</b>	(18,208)	(123,553)
Investment in intangible assets	<b>(209)</b>	(1,019)	(3,679)
Investment in long-term receivables	<b>(11,210)</b>	(12,766)	(40,622)
Repayment of investment in long-term receivables	<b>5,830</b>	5,753	19,731
<b>Net cash used in investing activities</b>	<b>(18,799)</b>	(25,946)	(164,358)
<b>Cash flows from financing activities</b>			
Short-term credit, net	<b>(7,593)</b>	(62,739)	61,204
Distributed dividend	-	-	(36,000)
Repayment of debentures	<b>(12,000)</b>	(12,000)	(23,190)
Receipt of long term loans	-	100,000	100,000
Repayment of long-term loans	<b>(11,348)</b>	(2,220)	(27,509)
Repayment of other long-term liabilities	<b>(35)</b>	(35)	(140)
Interest paid	<b>(3,873)</b>	(2,282)	(13,576)
<b>Net cash generated by (used in) financing activities</b>	<b>(34,849)</b>	20,724	60,789
<b>Change in cash and cash equivalents</b>	<b>2,705</b>	(897)	2,832
<b>Cash and cash equivalents balance at beginning of period</b>	<b>15,674</b>	12,732	12,732
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<b>(110)</b>	136	110
<b>Cash and cash equivalents balance at ended of period</b>	<b>18,269</b>	11,971	15,674



**Condensed Consolidated Interim Segment Reporting**

(In Thousands of New Israeli Shekels)

	Alcohol drinks		Barkan		Non-alcohol drinks		Consolidated	
	For the three months ended March 31							
	2019	2018	2019	2018	2019	2018	2019	2018
	(Unaudited)							
Segment revenue	<b>122,378</b>	118,726	<b>57,840</b>	66,666	<b>148,352</b>	149,196	<b>328,570</b>	334,588
Segment profit	<b>17,229</b>	19,463	<b>9,733</b>	16,788	<b>8,993</b>	11,903	<b>35,955</b>	48,154
Unallocated expenses							<b>(18,146)</b>	(22,014)
Operating profit							<b>17,809</b>	26,140
Net financing expenses							<b>(5,373)</b>	(1,642)
Share of profits of equity accounted investees							<b>828</b>	820
Taxes on income							<b>(3,154)</b>	(7,211)
Profit for the period							<b>10,110</b>	18,107

**Condensed Consolidated Interim Segment Reporting**

(In Thousands of New Israeli Shekels)

	<u>Alcohol drinks</u>	<u>Barkan</u>	<u>Non-alcohol drinks</u>	<u>Consolidated</u>
	<b>For the year ended December 31, 2018</b>			
	<b>(Audited)</b>			
Segment revenue	<u>553,718</u>	<u>187,516</u>	<u>661,942</u>	<u>1,403,176</u>
Segment profit	<u>111,632</u>	<u>31,215</u>	<u>58,438</u>	201,285
Unallocated expenses				<u>(84,658)</u>
Operating profit				116,627
Net financing expenses				(10,108)
Share of profits of equity-accounted investees				3,662
Taxes on income				<u>(22,462)</u>
Profit for the period				<u><u>87,719</u></u>