

**Tempo Beverages Ltd.
and its Subsidiaries**

**Condensed Consolidated Interim
Financial Statements**

For the period ended September 30, 2020

**Condensed Consolidated Interim Financial Statements
For the Period Ended September 30, 2020 (Unaudited)**

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Condensed Consolidated Interim Statement of Financial Position

	September 30 2020 <u>(Unaudited)</u>	September 30 2019 <u>(Unaudited)</u>	December 31 2019 <u>(Audited)</u>
	<u>NIS in thousands</u>		
Assets			
Cash and cash equivalents	22,128	34,413	36,690
Trade receivables	366,482	442,690	350,600
Other receivables	29,334	55,984	42,015
Derivative instruments	220	63	116
Inventory	302,764	292,252	296,859
Current tax assets	2,547	15,688	14,483
Total current assets	723,475	841,090	740,763
Loans, other receivables and derivatives	33,815	36,029	33,212
Fixed assets	758,467	769,057	775,683
Intangible assets	23,648	30,004	28,769
Investments in equity accounted investees	38,433	39,221	39,583
Inventory in process	8,273	8,800	7,633
Deferred tax assets	10,903	7,329	6,587
Total non-current assets	873,539	890,440	891,467
Total assets	1,597,014	1,731,530	1,632,230

Condensed Consolidated Interim Statement of Financial Position (cont'd)

	September 30 2020 <u>(Unaudited)</u>	September 30 2019 <u>(Unaudited)</u>	December 31 2019 <u>(Audited)</u>
	<u>NIS in thousands</u>		
Liabilities			
Bank overdraft	35,884	349,265	341,042
Trade payables	251,912	267,958	222,948
Other payables	117,565	143,397	104,486
Derivative instruments	-	1,441	58
Current maturity of debentures	42,524	32,516	31,745
Current maturity of lease	25,985	27,790	28,721
Current taxes liabilities	5,858	47	308
Total current liabilities	479,728	822,414	729,308
Liabilities to banks	69,190	89,771	82,866
Other long-term liabilities and derivatives	2,611	2,780	2,745
Long-term lease liabilities	94,046	102,330	99,685
Debentures	255,161	99,310	79,656
Deferred tax liabilities	27,442	23,449	25,416
Employee benefits	8,893	9,181	9,763
Total non-current liabilities	457,343	326,821	300,131
Total liabilities	937,071	1,149,235	1,029,439
Equity			
Non-controlling interests	663	635	635
Share capital	1	1	1
Share premium	147,334	147,334	147,334
Translation reserve	(361)	(3,121)	(2,286)
Retained earnings	512,306	437,446	457,107
Total equity attributable to owners of the company	659,280	581,660	602,156
Total equity	659,943	582,295	602,791
Total liabilities and equity	1,597,014	1,731,530	1,632,230

Jacques Beer
Chairman of the Board
and CEO

Amir Bornstien
Deputy Chairman
of the Board

Eyal Tregerman
CFO

Date financial statements confirmed: November 23, 2020

Condensed Consolidated Interim Income Statement

	For the nine months ended		For the three months ended		For the
	September 30		September 30		year ended
	2020	2019	2020	2019	December 31
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2019
	NIS in thousands				(Audited)
Revenues from sales, net	1,052,794	1,150,062	404,069	438,767	1,514,821
Cost of sales	664,620	715,832	253,200	269,627	945,062
Gross profit	388,174	434,230	150,869	169,140	569,759
Selling and marketing expenses	(238,782)	(267,182)	(84,373)	(96,489)	(349,095)
General and administrative expenses	(63,268)	(63,593)	(20,464)	(22,893)	(84,222)
Other income	352	847	182	314	68
Other expenses	(155)	(38)	(32)	-	(590)
Operating profit	86,321	104,264	46,182	50,072	135,920
Financing income	574	3,696	327	1,541	1,927
Financing expenses	(14,682)	(18,835)	(5,218)	(6,214)	(21,813)
Financing expenses, net	(14,108)	(15,139)	(4,891)	(4,673)	(19,886)
Share of profits of equity-Accounted investees	791	3,151	795	1,422	3,022
Profit before taxes on income	73,004	92,276	42,086	46,821	119,056
Taxes on income	(18,267)	(21,982)	(9,921)	(11,087)	(29,279)
Profit for the period	54,737	70,294	32,165	35,734	89,777
Attributable to:					
Owners of the Company	54,709	70,276	32,163	35,724	89,759
Non-controlling interests	28	18	2	10	18
	54,737	70,294	32,165	35,734	89,777

Condensed Consolidated Interim Statement of Comprehensive Income

	For the nine months ended		For the three months ended		For the
	September 30		September 30		year ended
	2020	2019	2020	2019	December 31
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2019
	NIS in thousands				(Audited)
Profit for the period	54,737	70,294	32,165	35,734	89,777
Other comprehensive income items that after initial recognition in comprehensive income will be transferred to profit or loss					
Foreign currency translation differences of foreign operations	1,925	(5,298)	1,746	(3,021)	(4,463)
Components of recognized income never carried to profit or loss					
Defined benefit plan actuarial gains (losses)	490	(606)	20	(532)	(428)
Other comprehensive income (losses)	2,415	(5,904)	1,766	(3,553)	(4,891)
Total comprehensive income for the period	57,152	64,390	33,931	32,181	84,886
Attributable to:					
Owners of the Company	57,124	64,372	33,929	32,171	84,868
Non-controlling interests	28	18	2	10	18
Total comprehensive income for the period	57,152	64,390	33,931	32,181	84,886

Condensed Consolidated Interim Statement of Changes in Equity

	Attributable to Owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Retained earnings	Total		
NIS in thousands							
For the nine months ended							
September 30, 2020							
(unaudited)							
Balance as at							
January 1, 2020	1	147,334	(2,286)	457,107	602,156	635	602,791
Foreign currency translation differences of foreign operation	-	-	1,925	-	1,925	-	1,925
Actuarial gains from defined benefit plan	-	-	-	490	490	-	490
Profit for the period	-	-	-	54,709	54,709	28	54,737
Balance as at							
September 30, 2020	1	147,334	(361)	512,306	659,280	663	659,943
For the nine months ended							
September 30, 2019							
(unaudited)							
Balance as at							
January 1, 2019	1	147,334	2,177	402,776	552,288	617	552,905
Dividend to owners	-	-	-	(35,000)	(35,000)	-	(35,000)
Foreign currency translation differences of foreign operation	-	-	(5,298)	-	(5,298)	-	(5,298)
Actuarial losses from defined benefit plan	-	-	-	(606)	(606)	-	(606)
Profit for the period	-	-	-	70,276	70,276	18	70,294
Balance as at							
September 30, 2019	1	147,334	(3,121)	437,446	581,660	635	582,295

Condensed Consolidated Interim Statement of Changes in Equity

	Attributable to Owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Retained earnings	Total		
NIS in thousands							
For the three months ended September 30, 2020 (unaudited)							
Balance as at July 1, 2020	1	147,334	(2,107)	480,123	625,351	661	626,012
Foreign currency translation differences of foreign operation	-	-	1,746	-	1,746	-	1,746
Actuarial gains from defined benefit plan	-	-	-	20	20	-	20
Profit for the period	-	-	-	32,163	32,163	2	32,165
Balance as at September 30, 2020	1	147,334	(361)	512,306	659,280	663	659,943
For the three months ended September 30, 2019 (unaudited)							
Balance as at July 1, 2019	1	147,334	(100)	402,254	549,489	625	550,114
Foreign currency translation differences of foreign operation	-	-	(3,021)	-	(3,021)	-	(3,021)
Actuarial losses from defined benefit plan	-	-	-	(532)	(532)	-	(532)
Profit for the period	-	-	-	35,724	35,724	10	35,734
Balance as at September 30, 2019	1	147,334	(3,121)	437,446	581,660	635	582,295
For the year ended December 31, 2019 (audited)							
Balance at January 1, 2019	1	147,334	2,177	402,776	552,288	617	552,905
Dividend to owners	-	-	-	(35,000)	(35,000)	-	(35,000)
Foreign currency translation differences of foreign operations	-	-	(4,463)	-	(4,463)	-	(4,463)
Actuarial losses from defined benefit plan	-	-	-	(428)	(428)	-	(428)
Profit for the year	-	-	-	89,759	89,759	18	89,777
Balance at December 31, 2019	1	147,334	(2,286)	457,107	602,156	635	602,791

Condensed Consolidated Interim Statement of Cash Flows

	For the nine months ended		For the three months ended		For the
	September 30		September 30		year ended
	2020	2019	2020	2019	December 31
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	NIS in thousands				
Cash flows from operating activities					
Profit for the period	54,737	70,294	32,165	35,734	89,777
Adjustments:					
Depreciation and amortization	86,735	89,296	29,371	31,253	126,675
Depreciation of intangible assets	6,189	5,749	2,010	1,914	7,635
Share of profits of equity-accounted investees	(791)	(3,151)	(795)	(1,422)	(3,022)
Interest expenses	11,467	12,736	3,723	3,785	17,720
Losses on sale of fixed assets	226	115	1	232	1,322
Income tax expense	18,267	21,982	9,921	11,087	29,279
	<u>176,830</u>	<u>197,021</u>	<u>76,396</u>	<u>82,583</u>	<u>269,386</u>
Change in inventory	(5,808)	22,392	(37,012)	(30,514)	14,276
Change in trade and other receivable	(500)	(132,612)	9,630	(48,302)	(22,268)
Change in trade and other payables	42,876	83,641	39,138	61,538	3,552
Changes in employee benefits	2,721	3,449	1,136	1,925	4,263
	<u>39,289</u>	<u>(23,130)</u>	<u>12,892</u>	<u>(15,353)</u>	<u>(177)</u>
Income tax paid	(3,218)	(29,599)	(9,408)	(11,311)	(32,775)
Net cash from operating activities	<u>212,901</u>	<u>144,292</u>	<u>79,880</u>	<u>55,919</u>	<u>236,434</u>
Cash flows from investing activities					
Acquisition of subsidiary, net of the acquired cash	-	(7,325)	-	(441)	(7,585)
Payment of deferred consideration for the acquisition of a subsidiary	(914)	-	-	-	-
Acquisition of equity-accounted investees	(1,220)	(2,050)	(671)	(1,115)	(4,250)
Dividend from investee companies	3,161	3,455	-	325	3,770
Proceeds from sale of fixed assets	213	1,243	93	296	1,389
Acquisition of fixed assets	(57,918)	(52,276)	(17,739)	(20,477)	(86,117)
Investment in intangible assets	(991)	(1,319)	(277)	(525)	(1,931)
Investment in long-term receivables	(19,471)	(29,776)	(3,682)	(8,077)	(39,814)
Repayment of investment in long-term receivables	16,412	16,176	6,074	5,099	21,049
Net cash used in investing activities	<u>(60,728)</u>	<u>(71,872)</u>	<u>(16,202)</u>	<u>(24,915)</u>	<u>(113,489)</u>
Cash flows from financing activities					
Short-term credit, net	(304,531)	(7,466)	(47,008)	(59,214)	(14,319)
Distributed dividend	-	(35,000)	-	-	(35,000)
Repayment of debentures	(12,000)	(12,000)	-	-	(31,524)
Issuance of debentures	198,120	52,325	-	52,325	52,325
Repayment of current maturities of lease	(22,894)	(19,424)	(7,191)	(6,807)	(27,141)
Repayment of long-term loans from banks	(14,376)	(19,497)	(3,125)	(3,125)	(27,772)
Repayment of other long-term liabilities	(105)	(105)	(35)	(35)	(140)
Interest paid	(11,120)	(12,264)	(4,036)	(3,254)	(18,146)
Net cash used in financing activities	<u>(166,906)</u>	<u>(53,431)</u>	<u>(61,395)</u>	<u>(20,110)</u>	<u>(101,717)</u>
Net change in cash and cash equivalents	<u>(14,733)</u>	<u>18,989</u>	<u>2,283</u>	<u>10,894</u>	<u>21,228</u>
Cash and cash equivalents as at the beginning of the period	36,690	15,674	19,679	23,651	15,674
Effect of exchange rate fluctuations on cash and cash equivalents	171	(250)	166	(132)	(212)
Cash and cash equivalents as at the end of the period	<u>22,128</u>	<u>34,413</u>	<u>22,128</u>	<u>34,413</u>	<u>36,690</u>

Condensed Consolidated Interim Segment Reporting

	Alcohol drinks		Barkan		Non-alcohol drinks		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019
	For the nine months ended September 30							
	(Unaudited)							
	NIS in thousands							
Segment revenue	<u>404,762</u>	<u>452,179</u>	<u>137,142</u>	<u>158,377</u>	<u>510,890</u>	<u>539,506</u>	<u>1,052,794</u>	<u>1,150,062</u>
Segment profit	<u>60,401</u>	<u>78,365</u>	<u>29,419</u>	<u>30,545</u>	<u>59,572</u>	<u>58,138</u>	<u>149,392</u>	<u>167,048</u>
Unallocated expenses							<u>(63,071)</u>	<u>(62,784)</u>
Operating profit							<u>86,321</u>	<u>104,264</u>
Net financing expenses							<u>(14,108)</u>	<u>(15,139)</u>
Share of profits of equity accounted investees							<u>791</u>	<u>3,151</u>
Taxes on income							<u>(18,267)</u>	<u>(21,982)</u>
Profit for the period							<u>54,737</u>	<u>70,294</u>

Condensed Consolidated Interim Segment Reporting

	Alcohol drinks		Barkan		Non-alcohol drinks		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019
	For the three months ended September 30 (Unaudited)							
	NIS in thousands							
Segment revenue	161,161	172,078	45,941	54,890	196,967	211,799	404,069	438,767
Segment profit	29,679	30,965	8,364	11,077	28,453	30,609	66,496	72,651
Unallocated expenses							(20,314)	(22,579)
Operating profit							46,182	50,072
Net financing expenses							(4,891)	(4,673)
Share of profits of equity accounted investees							795	1,422
Taxes on income							(9,921)	(11,087)
Profit for the period							32,165	35,734

Condensed Consolidated Interim Segment Reporting

	<u>Alcohol drinks</u>	<u>Barkan</u>	<u>Non-alcohol drinks</u>	<u>Consolidated</u>
	For the year ended December 31, 2019			
	(Audited)			
	NIS in thousands			
Segment revenue	<u>612,940</u>	<u>190,596</u>	<u>711,285</u>	<u>1,514,821</u>
Segment profit	<u>106,976</u>	<u>37,442</u>	<u>76,246</u>	220,664
Unallocated expenses				<u>(84,744)</u>
Operating profit				135,920
Net financing expenses				(19,886)
Share of profits of equity-accounted investees				3,022
Taxes on income				<u>(29,279)</u>
Profit for the year				<u><u>89,777</u></u>