

**Tempo Beverages Ltd.
and its Subsidiaries**

**Condensed Consolidated Interim
Financial Statements**

**For the period ended
March 31, 2021**

**Condensed Consolidated Interim Financial Statements
For the Period Ended March 31, 2021 (Unaudited)**

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Condensed Consolidated Interim Balance Sheet

(In Thousands of New Israeli Shekels)

Reported Amounts

	March 31 2021	March 31 2020	December 31 2020
	(Unaudited)	(Unaudited)	(Audited)
Current assets			
Cash and cash equivalents	21,412	26,210	36,924
Trade receivables	313,208	331,260	286,106
Other receivables	47,701	42,844	42,797
Derivatives instruments	179	952	-
Inventory	298,689	282,452	300,604
Current tax assets	6,212	4,425	5,953
Total current assets	687,401	688,143	672,384
Long-term loans and receivables	28,419	39,765	31,166
Fixed assets	770,541	771,222	761,321
Intangible assets	20,761	27,003	21,974
Investments in equity accounted investees companies	39,028	36,458	37,732
Inventory in process	6,939	6,517	7,061
Deferred taxes	8,703	8,281	9,448
Total long-term assets	874,391	889,246	868,702
Total assets	1,561,792	1,577,389	1,541,086

Jacques Beer
Chairman of the Board
and CEO

Amir Borenstein
Deputy Chairman of the Board

Eyal Tregerman
CFO

Date financial statements confirmed: May 31, 2021

Condensed Consolidated Interim Balance Sheet

(In Thousands of New Israeli Shekels)

Reported Amounts

	March 31 2021 <u>(Unaudited)</u>	March 31 2020 <u>(Unaudited)</u>	December 31 2020 <u>(Audited)</u>
Current Liabilities			
Credit from banks	65,938	155,906	48,128
Trade payables	215,676	212,941	234,883
Other payables	117,519	108,259	97,630
Derivatives instruments	-	280	1,312
Current maturities of debentures	42,367	37,396	42,534
Current maturities of liabilities in respect of leasing	26,232	29,008	23,040
Current taxes liabilities	8,100	713	7,753
Total current liabilities	475,832	544,503	455,280
Liabilities to banking institution	58,629	78,491	63,004
Other Long-term liabilities	2,573	2,846	2,576
Long-term liabilities in respect of leasing	99,802	95,624	92,502
Debentures	213,381	211,556	235,622
Deferred taxes	29,917	25,980	28,686
Employee benefits	10,215	9,362	9,272
Total non-current liabilities	414,517	423,859	431,662
Total liabilities	890,349	468,362	886,942
Equity			
Non-controlling interest	671	648	672
Share capital	1	1	1
Share premium	147,334	147,334	147,334
Translation reserve	(1,624)	(1,892)	(1,263)
Retained earnings	525,061	462,936	507,400
Total equity attributable to equity holders of the parent company	670,772	608,379	653,472
Total equity	671,443	609,027	654,144
Total liabilities and equity	1,561,792	1,577,389	1,541,086

Condensed Consolidated Interim Statement of Operation

(In Thousands of New Israeli Shekels)

Reported Amounts

	For the three months ended		For the
	March 31		year ended
	2021	2020	December 31
	(Unaudited)	(Unaudited)	(Audited)
Revenues from sales, net	334,200	333,126	1,385,960
Cost of sales	218,489	212,061	883,576
Gross profit	115,711	121,065	502,384
Selling and marketing expenses	(73,396)	(83,227)	(303,897)
General and administrative expenses	(18,380)	(26,571)	(79,611)
Other income	831	111	786
Other expenses	-	(83)	(1,798)
Operating profit	24,766	11,295	117,864
Financing income	1,773	1,535	389
Financing expenses	(3,302)	(5,427)	(19,453)
Financing expenses, net	(1,529)	(3,892)	(19,064)
Share of profits of equity accounted investees companies	565	36	27
Profit before taxes on income	23,802	7,439	98,827
Tax on income	(5,977)	(2,062)	(24,098)
Profit for the period	17,825	5,377	74,729
Attributable to:			
Equity holders of the Company	17,826	5,364	74,692
Non-controlling interest	(1)	13	37
	17,825	5,377	74,729

Condensed Consolidated Interim Statement of Recognized Income and Expense

(In Thousands of New Israeli Shekels)

Reported Amounts

	For the three months ended March 31		For the year ended December 31
	2021	2020	2020
	(Unaudited)	(Unaudited)	(Audited)
Profit for the period	<u>17,825</u>	<u>5,377</u>	<u>74,729</u>
Components of the other comprehensive income after initial recognition were or will be carried to profit and loss:			
Foreign currency translation differences of foreign operations	(361)	394	1,023
Components of the other comprehensive income not carried to profit and loss:			
Defined benefit plan actuarial gain (losses), net of tax	<u>(165)</u>	<u>465</u>	<u>601</u>
Other comprehensive income (losses), net of tax	<u>(526)</u>	<u>859</u>	<u>1,624</u>
Total comprehensive income for the period	<u>17,299</u>	<u>6,236</u>	<u>76,353</u>
Comprehensive income (losses) attributable to:			
Equity holders of the Company	17,300	6,223	76,316
Non-controlling interests	<u>(1)</u>	<u>13</u>	<u>37</u>
Total comprehensive income for the period	<u>17,299</u>	<u>6,236</u>	<u>76,353</u>

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		
For the three months ended March 31, 2021 (Unaudited)							
Balance at January 1, 2021	1	147,334	(1,263)	507,400	653,472	672	654,144
Foreign currency translation differences in respect of foreign operations	-	-	(361)	-	(361)	-	(361)
Actuarial losses from defined benefit plan, net of tax	-	-	-	(165)	(165)	-	(165)
Profit (losses) for the period	-	-	-	17,826	17,826	(1)	17,825
Balance at March 31, 2021	1	147,334	(1,624)	525,061	670,772	671	671,443
For the three months ended March 31, 2020 (Unaudited)							
Balance at January 1, 2020	1	147,334	(2,286)	457,107	602,156	635	602,791
Foreign currency translation differences in respect of foreign operations	-	-	394	-	394	-	394
Actuarial gains from defined benefit plan, net of tax	-	-	-	465	465	-	465
Profit for the period	-	-	-	5,364	5,364	13	5,377
Balance at March 31, 2020	1	147,334	(1,892)	462,936	608,379	648	609,027
For the year ended December 31, 2020 (audited)							
Balance at January 1, 2020	1	147,334	(2,286)	457,107	602,156	635	602,791
Dividend paid	-	-	-	(25,000)	(25,000)	-	(25,000)
Foreign currency translation differences in respect of foreign operations	-	-	1,023	-	1,023	-	1,023
Actuarial gains from defined benefit plan, net of tax	-	-	-	601	601	-	601
Profit for the year	-	-	-	74,692	74,692	37	74,729
Balance at December 31, 2020	1	147,334	(1,263)	507,400	653,472	672	654,144

Interim Statements of Cash Flows

(In Thousands of New Israeli Shekels)

Reported Amounts

	For the three months ended March 31		For the year ended December 31
	2021	2020	2020
	(Unaudited)	(Unaudited)	(Audited)
Cash flows from operating activities			
Profit for the period	17,825	5,377	74,729
Adjustments:			
Depreciation	26,218	29,885	123,984
Amortization of intangible assets	1,582	2,213	8,163
Share of Company in profits of equity-accounted investee companies	(565)	(36)	(27)
Financing expenses, net	3,131	3,975	14,926
Capital losses from sale of fixed assets, net	583	232	2,099
Taxes on income	5,977	2,062	24,098
	54,751	43,708	247,972
Change in inventory	1,895	15,633	(2,844)
Change in trade receivables and other receivable	(28,829)	16,466	58,374
Change in trade payables and other payables	(265)	(5,433)	3,922
Changes in employee benefits	729	203	3,235
	(26,470)	26,869	62,687
Income tax paid	(3,864)	7,132	(7,893)
Net cash provided by operating activities	24,417	77,709	302,766
Cash flows from investing activities			
Paid of deferred consideration in respect of acquisition of subsidiary	(172)	(706)	(914)
Acquisition of equity accounted investee	(718)	-	(1,283)
Dividends from investee companies	-	3,161	3,161
Proceeds from sale of fixed assets	387	44	313
Acquisition of fixed assets	(19,689)	(20,260)	(85,542)
Acquisition of intangible assets	(380)	(436)	1,344
Acquisition in long-term receivables	(3,207)	(12,742)	(21,072)
Receipts of investment in long-term receivables	3,020	6,202	20,255
Net cash used in investing activities	(20,759)	(24,737)	(86,416)
Cash flows from financing activities			
Short-term credit, net	17,811	(185,147)	(291,529)
Distributed dividend	-	-	(25,000)
Repayment of debentures	(22,220)	(12,000)	(31,524)
Issuance of debentures	-	148,650	198,120
Repayment of long-term bank loans	(4,375)	(4,375)	(21,280)
Repayment of principle of liabilities in respect of leasing	(7,019)	(7,636)	(30,255)
Repayment of other long-term liabilities	(35)	(35)	(140)
Interest paid	(3,288)	(2,935)	(14,584)
Net cash used in financing activities	(19,126)	(63,478)	(216,192)
Net change in cash and cash equivalents	(15,468)	(10,506)	158
Cash and cash equivalents as at the beginning of period	36,924	36,690	36,690
Impact of exchange rate fluctuations on balance of cash and cash equivalents	(44)	26	76
Cash and cash equivalents as at ended of period	21,412	26,210	36,924

Tempo Beverages Ltd. and its Subsidiaries

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						2021	2020
	2021	2020	2021	2020	2021	2020		
	(Unaudited)							
Segment revenue	125,203	117,829	53,081	59,475	155,916	155,822	334,200	333,126
Segment profit	19,812	11,395	11,574	14,121	10,929	12,322	42,315	37,838
Unallocated expenses							(17,549)	(26,543)
Operating profit							24,766	11,295
Net financing expenses							(1,529)	(3,892)
Share of profits of equity accounted investees							565	36
Taxes on income							(5,977)	(2,062)
Profit for the period							17,825	5,377

Tempo Beverages Ltd. and its Subsidiaries

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>
	<u>For the year ended December 31, 2020</u>			
	<u>(Audited)</u>			
Segment revenue	<u>541,827</u>	<u>169,396</u>	<u>674,737</u>	<u>1,385,960</u>
Segment profit	<u>87,756</u>	<u>31,522</u>	<u>79,209</u>	198,487
Unallocated expenses				<u>(80,623)</u>
Operating profit				117,864
Net financing expenses				(19,064)
Share of profits of equity-accounted investees				27
Taxes on income				<u>(24,098)</u>
Profit for the period				<u>74,729</u>