

**Tempo Beverages Ltd.
and its Subsidiaries**

**Condensed Consolidated Interim
Financial Statements**

For the period ended June 30, 2021

**Condensed Consolidated Interim Financial Statements
For the Period Ended June 30, 2021 (Unaudited)**

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Condensed Consolidated Interim Statement of Financial Position(In Thousands of New Israeli Shekels)
Reported Amounts

	June 30 2021	June 30 2020	December 31 2020
	(Unaudited)	(Unaudited)	(Audited)
Current assets			
Cash and cash equivalents	39,990	19,679	36,924
Trade receivables	350,348	346,931	286,106
Other receivables	52,094	55,978	42,797
Derivatives	58	699	-
Inventory	315,202	267,116	300,604
Current tax	4,560	2,844	5,953
Total current assets	762,852	693,247	672,384
Investments and long-term receivables			
Long-term loans, receivables	32,385	37,331	31,166
Fixed assets	794,483	770,697	761,321
Intangible assets	19,974	25,306	21,974
Investments in equity accounted investees	48,768	36,967	37,732
Inventory in process	6,939	6,195	7,061
Deferred tax	9,656	8,083	9,448
Total non-current assets	91,205	884,579	868,702
Total assets	1,675,057	1,577,826	1,541,086

Condensed Consolidated Interim Statement of Financial Position (cont'd)(In Thousands of New Israeli Shekels)
Reported Amounts

	June 30 2021 <u>(Unaudited)</u>	June 30 2020 <u>(Unaudited)</u>	December 31 2020 <u>(Audited)</u>
Current liabilities			
Credit from banks and current maturities	93,702	82,821	48,128
Trade payables	279,737	220,085	234,883
Other payables	135,058	113,718	97,630
Derivative	182	61	1,312
Current maturities of debentures	42,444	43,097	42,534
Current taxes liabilities	7,332	2,912	7,753
Current maturities of leases	30,003	27,957	23,040
Total current liabilities	588,458	490,651	455,280
Long-term liabilities			
Loan from banks	53,679	72,315	63,004
Other long-term liabilities	2,570	2,643	2,576
Long term liabilities of leases	106,070	96,465	92,502
Debentures	213,364	255,178	235,622
Deferred tax liabilities	31,488	27,345	28,686
Employee benefits	8,503	7,217	9,272
Total long-term liabilities	415,674	461,163	431,662
Total liabilities	1,004,132	951,814	886,942
Equity			
Minority interest	674	661	672
Share capital	1	1	1
Share premium	147,334	147,334	147,334
Translation reserve	(2,059)	(2,107)	(1,263)
Retained earnings	524,975	480,123	507,400
Total equity attributable to equity holders of the parent company	670,251	625,351	653,472
Total equity	670,925	626,012	654,144
Total liabilities and equity	1,675,057	1,577,826	1,541,086

Jacques Beer
 Chairman of the Board
 and CEO

Amir Bornstein
 Deputy chairman of the Board

Eyal Tregerman
 CFO

Date financial statements confirmed: 30 August, 2021

Condensed Consolidated Interim Income Statement(In Thousands of New Israeli Shekels)
Reported Amounts

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues from sales, net	759,927	648,725	425,727	315,599	1,385,960
Cost of sales	484,462	411,420	265,973	199,359	883,576
Gross profit	275,465	237,305	159,754	116,240	502,384
Selling and marketing expenses	(165,755)	(154,409)	(92,359)	(71,182)	(303,897)
General and administrative expenses	(39,848)	(42,804)	(21,468)	(16,233)	(79,611)
Other income	1,927	170	1,096	59	786
Other expenses	-	(123)	-	(40)	(1,798)
Operating profit	71,789	40,139	47,023	28,844	117,864
Financing income	1,939	572	166	22	389
Financing expenses	(6,623)	(9,789)	(3,321)	(5,347)	(19,453)
Financing expenses, net	(4,684)	(9,217)	(3,155)	(5,325)	(19,064)
Share of profits (losses) of equity accounted investees	1,825	(4)	1,260	(40)	27
Profit before tax	68,930	30,918	45,128	23,479	98,827
Tax on income	(16,460)	(8,346)	(10,483)	(6,284)	(24,098)
Profit for the period	52,470	22,572	34,645	17,195	74,729
Attributable to:					
Equity holders of the Company	52,468	22,546	34,642	17,182	74,692
Minority interests	2	26	3	13	37
	52,470	22,572	34,645	17,195	74,729

Condensed Consolidated Interim Statement of comprehensive Income(In Thousands of New Israeli Shekels)
Reported Amounts

	For the six months ended		For the three months ended		For the
	June 30		June 30		year ended
	2021	2020	2021	2020	December 31
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2020
					(Audited)
Profit for the period	52,470	22,572	34,645	17,195	74,729
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	(796)	179	(435)	(215)	1,023
Components of recognized income never carried to profit or loss					
Actuarial gains from defined benefit plan	107	470	272	5	601
Other recognized income and expense for the period	(689)	649	(163)	(210)	1,624
Total comprehensive income and expense for the period	51,781	23,221	34,482	16,985	76,353
Attributable to:					
Equity holders of the Company	51,779	23,195	34,479	16,972	76,316
Minority interests	2	26	3	13	37
Total recognized income and expense for the period	51,781	23,221	34,482	16,985	76,353

Condensed Consolidated Interim Statement of Changes in Equity(In Thousands of New Israeli Shekels)
Reported Amounts

	Attributable to Owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Retained earnings	Total		
For the six months ended June 30, 2021 (unaudited)							
Balance as at January 1, 2021	1	147,334	(1,263)	507,400	653,472	672	654,144
Distributed dividend	-	-	-	(35,000)	(35,000)	-	(35,000)
Foreign currency translation differences of foreign operations	-	-	(796)	-	(796)	-	(796)
Actuarial gains from defined benefit plan	-	-	-	107	107	-	107
Profit for the period	-	-	-	52,468	52,468	2	52,470
Balance as at June 30, 2021	1	147,334	(7,059)	524,975	670,251	674	670,925
For the six months ended June 30, 2020 (unaudited)							
Balance as at January 1, 2020	1	147,334	(2,286)	457,107	602,156	635	602,791
Distributed dividend	-	-	-	-	-	-	-
Foreign currency translation differences of foreign operations	-	-	179	-	179	-	179
Actuarial gains from defined benefit plan	-	-	-	470	470	-	470
Profit for the period	-	-	-	22,546	22,546	26	22,572
Balance as at June 30, 2020	1	147,334	(2,107)	480,123	625,351	661	626,012

Condensed Consolidated Interim Statement of Changes in Equity (cont'd)(In Thousands of New Israeli Shekels)
Reported Amounts

	Attributable to Owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Retained earnings	Total		
For the three months ended June 30, 2021 (unaudited)							
Balance as at April 1, 2021	1	147,334	(1,624)	525,061	670,772	671	671,443
Distributed dividend	-	-	-	(35,000)	(35,000)	-	(35,000)
Foreign currency translation differences of foreign operations	-	-	(435)	-	(435)	-	(435)
Actuarial gains from defined benefit plan	-	-	-	272	272	-	272
Profit for the period	-	-	-	34,642	34,642	3	34,645
Balance as at June 30, 2021	1	147,334	(2,059)	524,975	670,251	674	670,925
For the three months ended June 30, 2020 (unaudited)							
Balance as at April 1, 2020	1	147,334	(1,892)	462,936	608,379	648	609,027
Foreign currency translation differences of foreign operations	-	-	(215)	-	(215)	-	(215)
Actuarial gains from defined benefit plan	-	-	-	5	5	-	5
Profit for the period	-	-	-	17,182	17,182	13	17,195
Balance as at June 30, 2020	1	147,334	(2,107)	480,123	625,351	661	626,012
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 to owners	-	-	-	(25,000)	(25,000)	-	(25,000)
Foreign currency translation differences of foreign operations	-	-	1,023	-	1,023	-	1,023
Actuarial gains from defined benefit plan	-	-	-	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

Condensed Consolidated Interim Statement of Cash Flows(In Thousands of New Israeli Shekels)
Reported Amounts

	For the six months ended June 30		For the three months ended June 30		For the year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Cash flows from operating activities					
Profit for the period	52,470	22,572	34,645	17,195	74,729
Adjustments:					
Depreciation and amortization	56,933	57,364	30,715	27,479	123,984
Depreciation of intangible assets	3,139	4,179	1,557	1,966	8,163
Share of profits of equity accounted investees	(1,825)	4	(1,260)	40	(27)
Interest expenses	6,606	7,744	3,475	3,769	14,926
Capital loss (gain) from sale of fixed assets, net	792	255	209	(7)	2,099
Taxes on income	16,460	8,346	10,483	6,284	24,098
	134,575	100,434	79,824	56,726	247,972
Change in inventory	(15,390)	31,204	(17,285)	15,571	(2,844)
Change in trade receivables and other receivable	(69,048)	(10,130)	(40,219)	(26,596)	58,374
Change in trade payables and other payables	82,100	3,738	82,365	9,171	3,922
Changes liabilities for employee severance benefits	(630)	1,585	(1,359)	1,382	3,235
	(2,968)	26,397	23,502	(472)	62,687
Income tax paid	(12,926)	6,190	(9,062)	(942)	(7,893)
Net cash generated by current operations	118,681	133,021	94,264	55,312	302,766
Cash flows from investing activities					
Payment of deferred consideration for the acquisition of a subsidiary	(523)	(914)	(351)	(208)	(914)
Acquisition of equity-accounted investee	(11,094)	(549)	(10,376)	(549)	(1,283)
Dividend received	2,050	3,161	2,050	-	3,161
Proceeds from sale of fixed assets	592	120	205	76	313
Acquisition of fixed assets	(54,267)	(40,179)	(34,578)	(19,919)	(85,542)
Investment in intangible assets	(1,163)	(714)	(783)	(278)	(1,334)
Investment in long-term receivables	(13,603)	(15,789)	(10,396)	(3,047)	(21,072)
Repayment of investment in long-term receivables	5,801	10,338	2,781	4,136	20,255
Net cash used in investing activities	(72,207)	(44,526)	(51,448)	(19,789)	(86,416)
Cash flows from financing activities					
Short-term credit, net	46,799	(257,523)	28,988	(72,376)	(291,529)
Distributed dividend	(35,000)	-	(35,000)	-	(25,000)
Issuance of debentures	-	198,120	-	49,470	198,120
Repayment of debentures	(22,220)	(12,000)	-	-	(31,524)
Repayment of leases liabilities principal	(15,601)	(15,703)	(8,582)	(8,067)	(30,255)
Repayment of long-term loans from banks	(10,549)	(11,251)	(6,174)	(6,876)	(21,280)
Repayment of other long-term liabilities	(70)	(70)	(35)	(35)	(140)
Interest paid	(6,670)	(7,084)	(3,382)	(4,149)	(14,584)
Net cash used in from financing activities	(43,311)	(105,511)	(24,185)	(42,033)	(216,192)
Net change in cash and cash equivalents	3,163	(17,016)	18,631	(6,510)	158
Cash and cash equivalents as at the beginning of the period	36,924	36,690	21,412	26,210	26,690
Effect of exchange rate fluctuations on cash and cash equivalents	(97)	5	(53)	(21)	76
Cash and cash equivalents as at the end of the period	39,990	19,679	3,990	19,679	36,924

Condensed Consolidated Interim Segment Reporting

(In Thousands of New Israeli Shekels)

	Alcohol drinks		Barkan		Non-alcohol drinks		Consolidated	
	For the six months ended June 30							
	2021	2020	2021	2020	2021	2020	2021	2020
	(Unaudited)							
Segment revenue	298,868	236,601	87,196	91,201	373,863	320,923	759,927	648,725
Segment profit	49,513	29,722	18,805	21,055	41,392	32,119	109,710	82,896
Unallocated expenses							(37,921)	(42,757)
Operating profit							71,789	40,139
Net financing expenses							(4,684)	(9,217)
Share of profits of equity accounted investees							1,825	(4)
Taxes on income							(16,460)	(8,346)
Profit for the period							52,470	22,572

Condensed Consolidated Interim Segment Reporting

(In Thousands of New Israeli Shekels)

	Alcohol drinks		Barkan		Non-alcohol drinks		Consolidated	
	For the three months ended June 30							
	2021	2020	2021	2020	2021	2020	2021	2020
	(Unaudited)							
Segment revenue	168,665	122,772	34,115	31,726	222,947	161,101	425,727	315,599
Segment profit	29,001	18,827	7,231	6,934	31,163	19,297	67,395	45,058
Unallocated expenses							(20,372)	(16,214)
Operating profit							47,023	28,844
Net financing expenses							(3,155)	(5,325)
Share of profits of equity accounted investees							1,260	(40)
Taxes on income							(10,483)	(6,284)
Profit for the period							34,645	17,195

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>530,827</u>	<u>169,396</u>	<u>685,737</u>	<u>1,385,960</u>
Segment profit	<u>86,456</u>	<u>31,522</u>	<u>80,509</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>