

**Tempo Beverages Ltd.  
and its Subsidiaries**

**Condensed Consolidated Interim  
Financial Statements**

**For the period ended September 30,  
2021**

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

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

	September 30 2021 <u>(Unaudited)</u>	September 30 2020 <u>(Unaudited)</u>	December 31 2020 <u>(Audited)</u>
<b>Current assets</b>			
Cash and cash equivalents	48,303	22,128	36,924
Trade receivables	398,051	366,482	286,106
Other receivables	27,253	29,334	42,797
Derivatives	131	220	-
Inventory	355,824	302,764	300,604
Current tax	2,823	2,547	5,953
<b>Total current assets</b>	<b>832,385</b>	<b>723,475</b>	<b>672,384</b>
<b>Investments and long-term receivables</b>			
Long-term loans, receivables	30,840	33,815	31,166
Fixed assets	787,864	758,467	761,321
Intangible assets	18,792	23,648	21,974
Investments in equity accounted investees	50,897	38,433	37,732
Inventory in process	6,557	8,273	7,061
Deferred tax	8,994	10,903	9,448
<b>Total non-current assets</b>	<b>903,944</b>	<b>873,539</b>	<b>868,702</b>
<b>Total assets</b>	<b>1,736,329</b>	<b>1,597,014</b>	<b>1,541,086</b>

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

	September 30 2021 (Unaudited)	September 30 2020 (Unaudited)	December 31 2020 (Audited)
<b>Current liabilities</b>			
Credit from banks and current maturities	53,704	35,884	48,128
Trade payables	317,519	251,912	234,883
Other payables	149,003	117,565	97,630
Derivative	456	-	1,312
Current maturities of debentures	42,366	42,524	42,534
Current maturities of leases	31,069	25,985	23,040
Current taxes liabilities	12,545	5,858	7,753
<b>Total current liabilities</b>	<b>606,662</b>	479,728	455,280
<b>Long-term liabilities</b>			
Loan from banks	50,554	69,190	63,004
Other long-term liabilities	2,571	2,611	2,576
Long term liabilities of leases	105,004	94,046	92,502
Debentures	213,360	255,161	235,622
Deferred tax liabilities	31,503	27,442	28,686
Employee benefits	11,135	8,893	9,272
<b>Total long-term liabilities</b>	<b>414,127</b>	457,343	431,662
<b>Total liabilities</b>	<b>1,020,789</b>	937,071	886,942
<b>Equity</b>			
<b>Minority interest</b>	<b>675</b>	663	672
Share capital	1	1	1
Share premium	147,334	147,334	147,334
Translation reserve	(3,734)	(361)	(1,263)
Retained earnings	571,264	512,306	507,400
<b>Total equity attributable to equity holders of the parent company</b>	<b>714,865</b>	659,280	653,472
<b>Total equity</b>	<b>715,540</b>	659,943	654,144
<b>Total liabilities and equity</b>	<b>1,736,329</b>	1,597,014	1,541,086
<b>Jacques Beer</b> Chairman of the Board and CEO	<b>Amir Bornstein</b> Deputy chairman of the Board	<b>Eyal Tregerman</b> CFO	

Date financial statements confirmed: 29/11/2021

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

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues from sales, net	<b>1,260,045</b>	1,052,794	<b>500,118</b>	404,069	1,385,960
Cost of sales	<b>808,372</b>	664,620	<b>323,910</b>	253,200	883,576
<b>Gross profit</b>	<b>451,673</b>	388,174	<b>176,208</b>	150,869	502,384
Selling and marketing expenses	<b>(257,000)</b>	(238,782)	<b>(91,245)</b>	(84,373)	(303,897)
General and administrative expenses	<b>(62,427)</b>	(63,268)	<b>(22,579)</b>	(20,464)	(79,611)
Other income	<b>2,292</b>	352	<b>365</b>	182	786
Other expenses	-	(155)	-	(32)	(1,798)
<b>Operating profit</b>	<b>134,538</b>	86,321	<b>62,749</b>	46,182	117,864
Financing income	<b>3,535</b>	574	<b>1,596</b>	327	389
Financing expenses	<b>(10,492)</b>	(14,682)	<b>(3,869)</b>	(5,218)	(19,453)
<b>Financing expenses, net</b>	<b>(6,957)</b>	(14,108)	<b>(2,273)</b>	(4,891)	(19,064)
Share of profits (losses) of equity accounted investees	<b>2,400</b>	791	<b>575</b>	795	27
<b>Profit before tax</b>	<b>129,981</b>	73,004	<b>61,051</b>	42,086	98,827
Tax on income	<b>(30,954)</b>	(18,267)	<b>(14,494)</b>	(9,921)	(24,098)
<b>Profit for the period</b>	<b>99,027</b>	54,737	<b>46,557</b>	32,165	74,729
<b>Attributable to:</b>					
Equity holders of the Company	<b>99,024</b>	54,709	<b>46,556</b>	32,163	74,692
Minority interests	<b>3</b>	28	<b>1</b>	2	37
	<b>99,027</b>	54,737	<b>46,557</b>	32,165	74,729

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

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Profit for the period</b>	<b>99,027</b>	54,737	<b>46,557</b>	32,165	74,729
<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	(2,471)	1,925	(1,675)	1,746	1,023
<b>Components of recognized income never carried to profit or loss</b>					
Actuarial gains (losses) from defined benefit plan	(160)	490	(267)	20	601
<b>Other recognized income and expense for the period</b>	<b>(2,631)</b>	2,415	<b>(1,942)</b>	1,766	1,624
<b>Total comprehensive income and expense for the period</b>	<b>96,396</b>	57,152	<b>44,615</b>	33,931	76,353
<b>Attributable to:</b>					
Equity holders of the Company	96,393	57,124	44,614	33,929	76,316
Minority interests	3	28	1	2	37
<b>Total recognized income and expense for the period</b>	<b>96,396</b>	57,152	<b>44,615</b>	33,931	76,353

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

	Attributable to Owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Retained earnings			
<b>For the nine months ended September 30, 2021 (unaudited)</b>							
<b>Balance as at January 1, 2021</b>	<b>1</b>	<b>147,334</b>	<b>(1,263)</b>	<b>507,400</b>	<b>653,472</b>	<b>672</b>	<b>654,144</b>
Distributed dividend	-	-	-	(35,000)	(35,000)	-	(35,000)
Foreign currency translation differences of foreign operations	-	-	(2,471)	-	(2,471)	-	(2,471)
Actuarial losses from defined benefit plan	-	-	-	(160)	(160)	-	(160)
Profit for the period	-	-	-	99,024	99,024	3	99,027
<b>Balance as at September 30, 2021</b>	<b>1</b>	<b>147,334</b>	<b>(3,734)</b>	<b>571,264</b>	<b>714,865</b>	<b>675</b>	<b>715,540</b>
<b>For the nine months ended September 30, 2020 (unaudited)</b>							
<b>Balance as at January 1, 2020</b>	<b>1</b>	<b>147,334</b>	<b>(2,286)</b>	<b>457,107</b>	<b>602,156</b>	<b>635</b>	<b>602,791</b>
Foreign currency translation differences of foreign operations	-	-	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
<b>Balance as at September 30, 2020</b>	<b>1</b>	<b>147,334</b>	<b>(361)</b>	<b>512,306</b>	<b>659,280</b>	<b>663</b>	<b>659,943</b>

**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		
<b>For the three months ended September 30, 2021 (unaudited)</b>							
<b>Balance as at July 1, 2021</b>	<b>1</b>	<b>147,334</b>	<b>(2,059)</b>	<b>524,975</b>	<b>670,251</b>	<b>674</b>	<b>670,925</b>
Foreign currency translation differences of foreign operations	-	-	(1,675)	-	(1,675)	-	(1,675)
Actuarial losses from defined benefit plan	-	-	-	(267)	(267)	-	(267)
Profit for the period	-	-	-	46,556	46,556	1	46,557
<b>Balance as at September 30, 2021</b>	<b>1</b>	<b>147,334</b>	<b>(3,734)</b>	<b>571,264</b>	<b>714,865</b>	<b>675</b>	<b>715,540</b>
<b>For the three months ended September 30, 2020 (unaudited)</b>							
<b>Balance as at July 1, 2020</b>	<b>1</b>	<b>147,334</b>	<b>(2,107)</b>	<b>480,123</b>	<b>625,351</b>	<b>661</b>	<b>626,012</b>
Foreign currency translation differences of foreign operations	-	-	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
<b>Balance as at September 30, 2020</b>	<b>1</b>	<b>147,334</b>	<b>(361)</b>	<b>512,306</b>	<b>659,280</b>	<b>663</b>	<b>659,943</b>
<b>For the year ended December 31, 2020 (audited)</b>							
<b>Balance at January 1, 2020</b>	<b>1</b>	<b>147,334</b>	<b>(2,286)</b>	<b>457,107</b>	<b>602,156</b>	<b>635</b>	<b>602,791</b>
Distributed dividend	-	-	-	(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
<b>Balance at December 31, 2020</b>	<b>1</b>	<b>147,334</b>	<b>(1,263)</b>	<b>507,400</b>	<b>653,472</b>	<b>672</b>	<b>654,144</b>



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

	For the nine months ended September 30		For the three months ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>Cash flows from operating activities</b>					
Profit for the period	99,027	54,737	46,557	32,165	74,729
Adjustments:					
Depreciation and amortization	93,538	92,924	33,466	31,381	132,147
Share of profits of equity accounted investees	(2,400)	(791)	(575)	(795)	(27)
Interest expenses	10,080	11,467	3,474	3,723	14,926
Capital loss (gain) from sale of fixed assets, net	2,367	226	1,575	1	2,099
Taxes on income	30,954	18,267	14,494	9,921	24,098
	<b>233,566</b>	<b>176,830</b>	<b>98,991</b>	<b>76,396</b>	<b>247,972</b>
Change in inventory	(55,657)	(5,808)	(40,267)	(37,012)	(2,844)
Change in trade receivables and other receivable	(91,233)	(500)	(22,185)	9,630	58,374
Change in trade payables and other payables	134,954	42,876	52,854	39,138	3,922
Changes liabilities for employee severance benefits	1,655	2,721	2,285	1,136	3,235
	<b>(10,281)</b>	<b>39,289</b>	<b>(7,313)</b>	<b>12,892</b>	<b>62,687</b>
Income tax paid	(19,713)	(3,218)	(6,787)	(9,408)	(7,893)
<b>Net cash generated by current operations</b>	<b>203,572</b>	<b>212,901</b>	<b>84,891</b>	<b>79,880</b>	<b>302,766</b>
<b>Cash flows from investing activities</b>					
Payment of deferred consideration for the acquisition of a subsidiary	(523)	(914)	-	-	(914)
Acquisition of equity-accounted investee	(12,333)	(1,220)	(1,239)	(671)	(1,283)
Dividend received	2,650	3,161	600	-	3,161
Proceeds from sale of fixed assets	707	213	115	93	313
Acquisition of fixed assets	(71,382)	(57,918)	(17,115)	(17,739)	(85,542)
Investment in intangible assets	(1,622)	(991)	(459)	(277)	(1,334)
Investment in long-term receivables	(20,737)	(19,471)	(7,134)	(3,682)	(21,072)
Repayment of investment in long-term receivables	9,228	16,412	3,427	6,074	20,255
<b>Net cash used in investing activities</b>	<b>(94,012)</b>	<b>(60,728)</b>	<b>(21,805)</b>	<b>(16,202)</b>	<b>(86,416)</b>
<b>Cash flows from financing activities</b>					
Short-term credit, net	6,804	(304,531)	(39,995)	(47,008)	(291,529)
Distributed dividend	(35,000)	-	-	-	(25,000)
Repayment of debentures	(22,220)	(12,000)	-	-	(31,524)
Issuance of debentures	-	198,120	-	-	198,120
Repayment of leases liabilities principal	(23,504)	(22,894)	(7,903)	(7,191)	(30,255)
Repayment of long-term loans from banks	(13,674)	(14,376)	(3,125)	(3,125)	(21,280)
Repayment of other long-term liabilities	(105)	(105)	(35)	(35)	(140)
Interest paid	(10,190)	(11,120)	(3,520)	(4,036)	(14,584)
<b>Net cash used in from financing activities</b>	<b>(97,889)</b>	<b>(166,906)</b>	<b>(54,578)</b>	<b>(61,395)</b>	<b>(216,192)</b>
<b>Net change in cash and cash equivalents</b>	<b>11,671</b>	<b>(14,733)</b>	<b>8,508</b>	<b>2,283</b>	<b>158</b>
Cash and cash equivalents as at the beginning of the period	36,924	36,690	39,990	19,679	36,690
Effect of exchange rate fluctuations on cash and cash equivalents	(292)	171	(195)	166	76
<b>Cash and cash equivalents as at the end of the period</b>	<b>48,303</b>	<b>22,128</b>	<b>48,303</b>	<b>22,128</b>	<b>36,924</b>

**Condensed Consolidated Interim Segment Reporting**

(In Thousands of New Israeli Shekels)

	Alcohol drinks		Barkan		Non-alcohol drinks		Consolidated	
	For the nine months ended September 30							
	2021	2020	2021	2020	2021	2020	2021	2020
	(Unaudited)							
Segment revenue	<b>501,915</b>	395,762	<b>137,002</b>	137,142	<b>621,128</b>	519,890	<b>1,260,045</b>	1,052,794
Segment profit	<b>89,465</b>	59,301	<b>28,851</b>	29,419	<b>76,357</b>	60,672	<b>194,673</b>	149,392
Unallocated expenses							<b>(60,135)</b>	(63,071)
Operating profit							<b>134,538</b>	86,321
Net financing expenses							<b>(6,957)</b>	(14,108)
Share of profits of equity accounted investees							<b>2,400</b>	791
Taxes on income							<b>(30,954)</b>	(18,267)
Profit for the period							<b>99,027</b>	54,737

**Condensed Consolidated Interim Segment Reporting**

(In Thousands of New Israeli Shekels)

	Alcohol drinks		Barkan		Non-alcohol drinks		Consolidated	
	For the three months ended September 30							
	2021	2020	2021	2020	2021	2020	2021	2020
	(Unaudited)							
Segment revenue	<b>203,047</b>	159,161	<b>49,806</b>	45,941	<b>247,265</b>	198,967	<b>500,118</b>	404,069
Segment profit	<b>39,952</b>	29,579	<b>10,046</b>	8,364	<b>34,965</b>	28,553	<b>84,963</b>	66,496
Unallocated expenses							<b>(22,214)</b>	(20,314)
Operating profit							<b>62,749</b>	46,182
Net financing expenses							<b>(2,273)</b>	(4,891)
Share of profits of equity accounted investees							<b>575</b>	795
Taxes on income							<b>(14,494)</b>	(9,921)
Profit for the period							<b>46,557</b>	32,165

**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>