

**Tempo Beverages Ltd.
and its Subsidiaries**

**Condensed Consolidated Interim
Financial Statements**

**For the period ended
March 31, 2022**

**Condensed Consolidated Interim Financial Statements
For the Period Ended March 31, 2022 (Unaudited)**

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Condensed Consolidated Interim Balance Sheet

(In Thousands of New Israeli Shekels)

Reported Amounts

	March 31 2022	March 31 2021	December 31 2021
	(Unaudited)	(Unaudited)	(Audited)
Current assets			
Cash and cash equivalents	48,761	21,412	56,527
Trade receivables	345,814	313,208	320,220
Other receivables	46,632	47,701	31,353
Derivatives instruments	56	179	-
Inventory	347,614	298,689	329,091
Current tax assets	2,297	6,212	4,778
Total current assets	791,174	687,401	741,969
Long-term loans and receivables	30,927	28,419	31,684
Fixed assets	777,284	770,541	783,703
Intangible assets	17,157	20,761	17,901
Investments in equity accounted investees companies	61,180	39,028	58,284
Investments at fair value	8,227	-	-
Inventory in process	5,570	6,939	6,747
Deferred taxes	7,757	8,703	8,368
Total long-term assets	908,102	874,391	914,723
Total assets	1,699,267	1,561,792	1,656,692

Jacques Beer
Chairman of the Board

Daniel Beer
CEO

Amir Borenstein
Deputy Chairman of
the Board

Eyal Tregerman
CFO

Date financial statements confirmed: May 30, 2022

Condensed Consolidated Interim Balance Sheet

(In Thousands of New Israeli Shekels)

Reported Amounts

	March 31 2022	March 31 2021	December 31 2021
	(Unaudited)	(Unaudited)	(Audited)
Current Liabilities			
Credit from banks	93,725	65,938	35,901
Trade payables	264,136	215,676	288,230
Other payables	212,467	117,519	117,459
Derivatives instruments	544	-	1,552
Current maturities of debentures	42,208	42,367	42,442
Current maturities of liabilities in respect of leasing	30,112	26,232	29,884
Current taxes liabilities	4,355	8,100	14,167
Total current liabilities	647,547	475,832	529,635
Liabilities to banking institution	41,217	58,629	44,342
Other Long-term liabilities	2,584	2,573	2,548
Long-term liabilities in respect of leasing	95,729	99,802	100,110
Debentures	171,611	213,381	193,834
Deferred taxes	34,215	29,917	33,682
Employee benefits	13,134	10,215	12,783
Total non-current liabilities	358,490	414,517	387,299
Total liabilities	1,006,037	890,349	916,934
Equity			
Non-controlling interest	581	671	680
Share capital	1	1	1
Share premium	147,334	147,334	147,334
Translation reserve	(6,304)	(1,624)	(6,353)
Retained earnings	551,627	525,061	598,096
Total equity attributable to equity holders of the parent company	692,658	670,772	739,078
Total equity	693,239	671,443	739,758
Total liabilities and equity	1,699,267	1,561,792	1,656,692

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
	2022	2021	December 31
	(Unaudited)	(Unaudited)	(Audited)
Revenues from sales, net	394,414	334,200	1,698,544
Cost of sales	263,824	218,489	1,099,907
Gross profit	130,590	115,711	598,637
Selling and marketing expenses	(84,656)	(73,396)	(348,776)
General and administrative expenses	(21,653)	(18,380)	(83,051)
Other income	615	831	6,457
Operating profit	24,896	24,766	173,267
Financing income	1,515	1,773	6,118
Financing expenses	(4,531)	(3,302)	(16,858)
Financing expenses, net	(3,016)	(1,529)	(10,740)
Share of profits of equity accounted investees companies	(38)	565	2,860
Profit before taxes on income	21,842	23,802	165,387
Tax on income	(5,495)	(5,977)	(39,540)
Profit for the period	16,347	17,825	125,847
Attributable to:			
Equity holders of the Company	16,446	17,826	125,839
Non-controlling interest	(99)	(1)	8
	16,347	17,825	125,847

Condensed Consolidated Interim Statement of Recognized Income and Expense

(In Thousands of New Israeli Shekels)

Reported Amounts

	For the three months ended		For the
	March 31		year ended
	2022	2021	December 31
	(Unaudited)	(Unaudited)	(Audited)
Profit for the period	<u>16,347</u>	<u>17,825</u>	<u>125,847</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	49	(361)	(5,090)
Components of the other comprehensive income not carried to profit and loss:			
Defined benefit plan actuarial losses, net of tax	<u>(15)</u>	<u>(165)</u>	<u>(143)</u>
Other comprehensive income (loss), net of tax	<u>34</u>	<u>(526)</u>	<u>(5,233)</u>
Total comprehensive income for the period	<u>16,381</u>	<u>17,299</u>	<u>120,614</u>
Comprehensive income (loss) attributable to:			
Equity holders of the Company	16,480	17,300	120,606
Non-controlling interests	<u>(99)</u>	<u>(1)</u>	<u>8</u>
Total comprehensive income for the period	<u>16,381</u>	<u>17,299</u>	<u>120,614</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, 2022 (Unaudited)							
Balance at January 1, 2022	1	147,334	(6,353)	598,096	739,078	680	739,758
Dividend declared	-	-	-	(62,900)	(62,900)	-	(62,900)
Foreign currency translation differences in respect of foreign operations	-	-	49	-	49	-	49
Actuarial losses from defined benefit plan, net of tax	-	-	-	(15)	(15)	-	(15)
Profit (losses) for the period	-	-	-	16,446	16,446	(99)	16,347
Balance at March 31, 2022	1	147,334	(6,304)	551,627	692,658	581	693,239
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 year ended December 31, 2021 (audited)							
Balance at January 1, 2021	1	147,334	(1,263)	507,400	653,472	672	654,144
Dividend paid	-	-	-	(35,000)	(35,000)	-	(35,000)
Foreign currency translation differences in respect of foreign operations	-	-	(5,090)	-	(5,090)	-	(5,090)
Actuarial losses from defined benefit plan, net of tax	-	-	-	(143)	(143)	-	(143)
Profit for the year	-	-	-	125,839	125,839	8	125,847
Balance at December 31, 2021	1	147,334	(6,353)	598,096	739,078	680	739,758

Interim Statements of Cash Flows

(In Thousands of New Israeli Shekels)

Reported Amounts

	For the three months ended		For the
	March 31		year ended
	2022	2021	December 31
	(Unaudited)	(Unaudited)	(Audited)
Cash flows from operating activities			
Profit for the period	16,347	17,825	125,847
Adjustments:			
Depreciation and amortization	32,061	27,800	135,123
Share of Company in profits of equity-accounted investee Companies	38	(565)	(2,860)
Profit on revaluation of investment, net	-	-	(2,578)
Financing expenses, net	2,972	3,131	13,695
Capital loss from sale of fixed assets, net	17	583	2,740
Taxes on income	5,495	5,977	39,540
	<u>56,930</u>	<u>54,751</u>	<u>311,507</u>
Change in inventory	(17,330)	1,895	(30,092)
Change in trade receivables and other receivable	(37,042)	(28,829)	(25,644)
Change in trade payables and other payables	(882)	(265)	76,633
Changes in employee benefits	331	729	3,325
	<u>(54,923)</u>	<u>(26,470)</u>	<u>24,222</u>
Income tax paid	(11,677)	(3,864)	(25,832)
Net cash provided by (used in) operating activities	<u>(9,670)</u>	<u>24,417</u>	<u>309,897</u>
Cash flows from investing activities			
Paid of deferred consideration in respect of acquisition of subsidiary	-	(172)	(612)
Dividend received	-	-	2,950
Acquisition of equity accounted investee	(623)	(718)	(20,289)
Investment in companies measured at paid value	(191)	-	(3,758)
Proceeds from sale of fixed assets	85	387	797
Acquisition of fixed assets	(14,115)	(19,689)	(96,046)
Acquisition of intangible assets	(898)	(380)	(2,409)
Acquisition in long-term receivables	(7,978)	(3,207)	(28,924)
Receipts of investment in long-term receivables	4,100	3,020	11,409
Net cash used in investing activities	<u>(19,620)</u>	<u>(20,759)</u>	<u>(136,882)</u>
Cash flows from financing activities			
Short-term credit, net	57,824	17,811	(11,021)
Distributed dividend	-	-	(35,000)
Repayment of debentures	(22,220)	(22,220)	(41,743)
Repayment of long-term bank loans	(3,125)	(4,375)	(19,861)
Repayment of principle of liabilities in respect of leasing	(7,785)	(7,019)	(31,331)
Repayment of other long-term liabilities	(35)	(35)	(140)
Interest paid	(3,138)	(3,288)	(13,720)
Net cash provided by (used in) financing activities	<u>21,521</u>	<u>(19,126)</u>	<u>(152,816)</u>
Net change in cash and cash equivalents	<u>(7,769)</u>	<u>(15,468)</u>	<u>20,199</u>
Cash and cash equivalents as at the beginning of period	<u>56,527</u>	<u>36,924</u>	<u>36,924</u>
Impact of exchange rate fluctuations on balance of cash and cash equivalents	<u>3</u>	<u>(44)</u>	<u>(596)</u>
Cash and cash equivalents as at ended of period	<u>48,761</u>	<u>21,412</u>	<u>56,527</u>

Tempo Beverages Ltd. and its Subsidiaries

Condensed Consolidated Interim Segment Reporting

(In Thousands of New Israeli Shekels)

	Alcohol drinks		Barkan		Non-alcohol drinks		Other		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	For the three months ended March 31									
	(Unaudited)									
Segment revenue	151,119	125,203	61,897	53,081	179,350	155,916	2,048	-	394,414	334,200
Segment profit	20,277	19,812	14,093	11,574	11,830	10,929	(266)	-	45,934	42,315
Unallocated expenses									(21,038)	(17,549)
Operating profit									24,896	24,766
Net financing expenses									(3,016)	(1,529)
Share of profits of equity accounted investees									(38)	565
Taxes on income									(5,495)	(5,977)
Profit for the period									16,347	17,825

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>
	For the year ended December 31, 2021			
	(Audited)			
Segment revenue	<u>675,032</u>	<u>171,990</u>	<u>851,522</u>	<u>1,698,544</u>
Segment profit	<u>112,176</u>	<u>34,925</u>	<u>102,760</u>	249,861
Unallocated expenses				<u>(76,594)</u>
Operating profit				173,267
Net financing expenses				(10,740)
Share of profits of equity-accounted investees				2,860
Taxes on income				<u>(39,540)</u>
Profit for the period				<u>125,847</u>