

**Tempo Beverages Ltd.
and its Subsidiaries**

**Condensed Consolidated Interim
Financial Statements**

For the period ended June 30, 2022

**Condensed Consolidated Interim Financial Statements
For the Period Ended June 30, 2022 (Unaudited)**

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

	June 30 2022	June 30 2021	December 31 2021
	(Unaudited)	(Unaudited)	(Audited)
Current assets			
Cash and cash equivalents	43,110	39,990	56,527
Trade receivables	414,191	350,348	320,220
Other receivables	54,973	52,094	31,353
Derivatives	1,127	58	-
Inventory	362,489	315,802	329,091
Current tax	3,627	4,560	4,778
Total current assets	879,517	762,852	741,969
Investments and long-term receivables			
Long-term loans, receivables and derivatives	29,771	32,385	31,684
Fixed assets	774,190	794,483	783,703
Intangible assets	16,647	19,974	17,901
Investments in equity accounted investees	63,555	48,768	58,284
Investments measured at fair value	8,393	-	8,036
Inventory in process	5,105	6,939	6,747
Deferred tax	7,552	9,656	8,368
Total non-current assets	905,213	912,205	914,723
Total assets	1,784,730	1,675,057	1,656,692

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

	June 30 2022 <u>(Unaudited)</u>	June 30 2021 <u>(Unaudited)</u>	December 31 2021 <u>(Audited)</u>
Current liabilities			
Credit from banks and current maturities	193,508	93,702	35,901
Trade payables	296,581	279,737	288,230
Other payables	141,621	135,058	117,459
Derivative	-	182	1,552
Current maturities of debentures	42,354	42,444	42,442
Current maturities of leases	31,413	30,003	29,884
Current taxes liabilities	7,692	7,332	14,167
Total current liabilities	<u>713,169</u>	<u>588,458</u>	<u>529,635</u>
Long-term liabilities			
Loan from banks	35,018	53,679	44,342
Other long-term liabilities and derivatives	2,618	2,570	2,548
Long term liabilities of leases	93,471	106,070	100,110
Debentures	171,609	213,364	193,834
Deferred tax liabilities	35,553	31,488	33,682
Employee benefits	9,092	8,503	12,783
Total long-term liabilities	<u>347,361</u>	<u>415,674</u>	<u>387,299</u>
Total liabilities	<u>1,060,530</u>	<u>1,004,132</u>	<u>916,934</u>
Equity			
Minority interest	<u>567</u>	<u>674</u>	<u>680</u>
Share capital	1	1	1
Share premium	147,334	147,334	147,334
Translation reserve	(4,992)	(2,059)	(6,353)
Retained earnings	581,290	524,975	598,096
Total equity attributable to equity holders of the parent company	<u>723,633</u>	<u>670,251</u>	<u>739,078</u>
Total equity	<u>724,200</u>	<u>670,925</u>	<u>739,758</u>
Total liabilities and equity	<u>1,784,730</u>	<u>1,675,057</u>	<u>1,656,692</u>

Jacques Beer
Chairman of the Board
and CEO

Daniel Beer
CEO

Amir Bornstien
Deputy chairman of the
Board

Eyal Tregerman
CFO

Date financial statements confirmed: August 29, 2022

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
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues from sales, net	857,986	759,927	463,572	425,727	1,698,544
Cost of sales	568,438	484,462	304,614	265,973	1,099,907
Gross profit	289,548	275,465	158,958	159,754	598,637
Selling and marketing expenses	(181,298)	(165,755)	(96,642)	(92,359)	(348,776)
General and administrative expenses	(43,364)	(39,848)	(21,711)	(21,468)	(83,051)
Other income	1,575	1,927	960	1,096	6,457
Other expenses	(1,167)	-	(1,167)	-	-
Operating profit	65,294	71,789	40,398	47,023	173,267
Financing income	5,550	1,939	4,035	166	6,118
Financing expenses	(10,716)	(6,623)	(6,185)	(3,321)	(16,858)
Financing expenses, net	(5,166)	(4,684)	(2,150)	(3,155)	(10,740)
Share of profits of equity accounted investees	(221)	1,825	(183)	1,260	2,860
Profit before tax	59,907	68,930	38,065	45,128	165,387
Tax on income	(14,735)	(16,460)	(9,240)	(10,483)	(39,540)
Profit for the period	45,172	52,470	28,825	34,645	125,847
Attributable to:					
Equity holders of the Company	45,285	52,468	28,839	34,642	125,839
Minority interests	(113)	2	(14)	3	8
	45,172	52,470	28,825	34,645	125,847

Condensed Consolidated Interim Statement of comprehensive Income(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
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Profit for the period	45,172	52,470	28,825	34,645	125,847
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	1,361	(796)	1,312	(435)	(5,090)
Components of recognized income never carried to profit or loss					
Defined benefit plan actuarial profit (losses)	809	107	824	272	(143)
Other recognized income and expense for the period	2,170	(689)	2,136	(163)	(5,233)
Total comprehensive income and expense for the period	47,342	51,781	30,961	34,482	120,614
Attributable to:					
Equity holders of the Company	47,455	51,779	30,975	34,479	120,606
Minority interests	(113)	2	(14)	3	8
Total recognized income and expense for the period	47,342	51,781	30,961	34,482	120,614

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, 2022 (unaudited)							
Balance as at January 1, 2022	1	147,334	(6,353)	598,096	739,078	680	739,758
Distributed dividend	-	-	-	(62,900)	(62,900)	-	(62,900)
Foreign currency translation differences of foreign operations	-	-	1,361	-	1,361	-	1,361
Actuarial gains from defined benefit plan	-	-	-	809	809	-	809
Profit for the period	-	-	-	45,285	45,285	(113)	45,172
Balance as at June 30, 2022	1	147,334	(4,992)	581,290	723,633	567	724,200
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	(2,059)	524,975	670,251	674	670,925

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, 2022	1	147,334	(6,304)	551,627	692,658	581	693,239
Foreign currency translation differences of foreign operations	-	-	1,312	-	1,312	-	1,312
Actuarial gains from defined benefit plan	-	-	-	824	824	-	824
Profit for the period	-	-	-	28,839	28,839	(14)	28,825
Balance as at June 30, 2022	1	147,334	(4,992)	581,290	723,633	567	724,200
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 year ended December 31, 2021 (audited)							
Balance 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	-	-	(5,090)	-	(5,090)	-	(5,090)
Actuarial losses from defined benefit plan	-	-	-	(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

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
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Cash flows from operating activities					
Profit for the period	45,172	52,470	28,825	34,645	125,847
Adjustments:					
Depreciation and amortization	64,808	60,072	32,747	32,272	135,123
Share of profits of equity accounted investees	221	(1,825)	183	(1,260)	(2,860)
Profit from revaluation of investments, net	-	-	-	-	(2,578)
Interest expenses	6,585	6,606	3,613	3,475	13,695
Capital loss (gain) from sale of fixed assets, net	3,010	792	2,993	209	2,740
Taxes on income	14,735	16,460	9,240	10,483	39,540
	134,531	134,575	77,601	79,824	311,507
Change in inventory	(31,264)	(15,390)	(13,934)	(17,285)	(30,092)
Change in trade receivables and other receivable	(111,736)	(69,048)	(74,694)	(40,219)	(25,644)
Change in trade payables and other payables	27,144	82,100	28,026	82,365	76,633
Changes liabilities for employee	667	(630)	336	(1,359)	3,325
	(115,189)	(2,968)	(60,266)	23,502	24,222
Income tax paid	(17,613)	(12,926)	(5,936)	(9,062)	(25,832)
Net cash generated by current operations	1,729	118,681	11,399	94,264	309,897
Cash flows from investing activities					
Investment in companies and held partnerships	(11,413)	(11,094)	(10,790)	(10,376)	(20,289)
Investments in companies measured at fair value	(357)	-	(166)	-	(3,758)
Payment of deferred consideration for the acquisition of a subsidiary	-	(523)	-	(351)	(612)
Dividend received	360	2,050	360	2,050	2,950
Proceeds from sale of fixed assets	138	592	53	205	797
Acquisition of fixed assets	(35,295)	(54,267)	(21,180)	(34,578)	(96,046)
Investment in intangible assets	(1,846)	(1,163)	(948)	(783)	(2,409)
Investment in long-term receivables	(14,368)	(13,603)	(6,390)	(10,396)	(28,924)
Repayment of investment in long-term receivables	7,323	5,801	3,223	2,781	11,409
Net cash used in investing activities	(55,458)	(72,207)	(35,838)	(51,448)	(136,882)
Cash flows from financing activities					
Short-term credit, net	157,606	46,799	99,782	28,988	(11,021)
Distributed dividend	(62,900)	(35,000)	(62,900)	(35,000)	(35,000)
Repayment of debentures	(22,220)	(22,220)	-	-	(41,743)
Repayment of leases liabilities principal	(16,339)	(15,601)	(8,554)	(8,582)	(31,331)
Repayment of long-term loans from banks	(9,324)	(10,549)	(6,199)	(6,174)	(19,861)
Repayment of other long-term liabilities	(70)	(70)	(35)	(35)	(140)
Interest paid	(6,538)	(6,670)	(3,400)	(3,382)	(13,720)
Net cash generated by (used in) financing activities	40,215	(43,311)	18,694	(24,185)	(152,816)
Net change in cash and cash equivalents	(13,514)	3,163	(5,745)	18,631	20,199
Cash and cash equivalents as at the beginning of the period	56,527	36,924	48,761	21,412	36,924
Effect of exchange rate fluctuations on cash and cash equivalents	97	(97)	94	(53)	(596)
Cash and cash equivalents as at the end of the period	43,110	39,990	43,110	39,990	56,527

Condensed Consolidated Interim Segment Reporting

(In Thousands of New Israeli Shekels)

	Alcohol drinks		Barkan		Non-alcohol drinks		Other		Consolidated	
	For the six months ended June 30									
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Unaudited)									
Segment revenue	330,926	298,868	104,891	87,196	416,779	373,863	5,390	-	857,986	759,927
Segment profit	53,953	49,513	24,468	18,805	30,714	41,392	(885)	-	108,250	109,710
Unallocated expenses									(42,956)	(37,921)
Operating profit									65,294	71,789
Net financing expenses									(5,166)	(4,684)
Share of profits (loses) of equity accounted investees									(221)	1,825
Taxes on income									(14,735)	(16,460)
Profit for the period									45,172	52,470

Condensed Consolidated Interim Segment Reporting

(In Thousands of New Israeli Shekels)

	Alcohol drinks		Barkan		Non-alcohol drinks		Other		Consolidated	
	For the three months ended June 30									
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Unaudited)									
Segment revenue	179,807	168,665	42,994	34,115	237,429	222,947	3,342	-	463,572	425,727
Segment profit	33,676	29,001	10,375	7,231	18,884	31,163	(619)	-	62,316	67,395
Unallocated expenses									(21,918)	(20,372)
Operating profit									40,398	47,023
Net financing expenses									(2,150)	(3,155)
Share of profits (loses) of equity accounted investees									(183)	1,260
Taxes on income									(9,240)	(10,483)
Profit for the period									28,825	34,645

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>