

**Tempo Beverages Ltd.
and its Subsidiaries**

**Condensed Consolidated Interim
Financial Statements**

For the period ended September 30, 2022

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

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

	September 30 2022 (Unaudited)	September 30 2021 (Unaudited)	December 31 2021 (Audited)
Current assets			
Cash and cash equivalents	29,655	48,303	56,527
Trade receivables	453,475	398,051	320,220
Other receivables	26,132	27,253	31,353
Derivatives	661	131	-
Inventory	393,673	355,824	329,091
Current tax	3,754	2,823	4,778
Total current assets	907,350	832,385	741,969
Investments and long-term receivables			
Long-term loans, receivables	27,910	30,840	31,684
Fixed assets	782,381	787,864	783,703
Intangible assets	15,558	18,792	17,901
Investments in equity accounted investees	81,733	50,897	58,284
Investments measured at fair value	8,994	-	8,036
Inventory in process	4,582	6,557	6,747
Deferred tax	10,917	8,994	8,368
Total non-current assets	932,075	903,944	914,723
Total assets	1,839,425	1,736,329	1,656,692

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

	September 30 2022	September 30 2021	December 31 2021
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Audited)</u>
Current liabilities			
Credit from banks and current maturities	153,400	53,704	35,901
Trade payables	319,388	317,519	288,230
Other payables	158,011	149,003	117,459
Derivative	-	456	1,552
Current maturities of debentures	42,208	42,366	42,442
Current maturities of leases	33,182	31,069	29,884
Current taxes liabilities	10,461	12,545	14,167
Total current liabilities	716,650	606,662	529,635
Long-term liabilities			
Loan from banks	31,893	50,554	44,342
Other long-term liabilities	2,626	2,571	2,548
Long term liabilities of leases	97,701	105,004	100,110
Debentures	171,619	213,360	193,834
Deferred tax liabilities	43,060	31,503	33,682
Employee benefits	9,136	11,135	12,783
Total long-term liabilities	356,035	414,127	387,299
Total liabilities	1,072,685	1,020,789	916,934
Equity			
Minority interest	560	675	680
Share capital	1	1	1
Share premium	147,334	147,334	147,334
Translation reserve	(6,109)	(3,734)	(6,353)
Retained earnings	624,954	571,264	598,096
Total equity attributable to equity holders of the parent company	766,180	714,865	739,078
Total equity	766,740	715,540	739,758
Total liabilities and equity	1,839,425	1,736,329	1,656,692

Jacques Beer
Chairman of the Board

Daniel Beer
CEO

Amir Bornstien
**Deputy chairman of
the Board**

Eyal Tregerman
CFO

Date financial statements confirmed: November 22, 2022

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
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues from sales, net	1,381,891	1,260,045	523,905	500,118	1,698,544
Cost of sales	906,928	808,372	338,490	323,910	1,099,907
Gross profit	474,963	451,673	185,415	176,208	598,637
Selling and marketing expenses	(282,045)	(257,000)	(100,747)	(91,245)	(348,776)
General and administrative expenses	(68,764)	(62,427)	(25,400)	(22,579)	(83,051)
Other income	1,660	2,292	85	365	6,457
Other expenses	(1,312)	-	(145)	-	-
Operating profit	124,502	134,538	59,208	62,749	173,267
Financing income	5,383	3,535	1,350	1,596	6,118
Financing expenses	(13,186)	(10,492)	(3,987)	(3,869)	(16,858)
Financing expenses, net	(7,803)	(6,957)	(2,637)	(2,273)	(10,740)
Share of profits of equity accounted investees	193	2,400	414	575	2,860
Profit before tax	116,892	129,981	56,985	61,051	165,387
Tax on income	(28,385)	(30,954)	(13,650)	(14,494)	(39,540)
Profit for the period	88,507	99,027	43,335	46,557	125,847
Attributable to:					
Equity holders of the Company	88,627	99,024	43,342	46,556	125,839
Minority interests	(120)	3	(7)	1	8
	88,507	99,027	43,335	46,557	125,847

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
	2022	2021	2022	2021	2021
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Profit for the period	88,507	99,027	43,335	46,557	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	244	(2,471)	(1,117)	(1,675)	(5,090)
Components of recognized income never carried to profit or loss					
Actuarial gains (losses) from defined benefit plan	<u>1,131</u>	<u>(160)</u>	<u>322</u>	<u>(267)</u>	<u>(143)</u>
Other recognized income and expense for the period	<u>1,375</u>	<u>(2,631)</u>	<u>(795)</u>	<u>(1,942)</u>	<u>(5,233)</u>
Total comprehensive income and expense for the period	<u>89,882</u>	<u>96,396</u>	<u>42,540</u>	<u>44,615</u>	<u>120,614</u>
Attributable to:					
Equity holders of the Company	90,002	96,393	42,547	44,614	120,606
Minority interests	<u>(120)</u>	<u>3</u>	<u>(7)</u>	<u>1</u>	<u>8</u>
Total recognized income and expense for the period	<u>89,882</u>	<u>96,396</u>	<u>42,540</u>	<u>44,615</u>	<u>120,614</u>

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 nine months ended September 30, 2022 (unaudited)							
Balance as at January 1, 2022	1	147,334	(6,353)	589,096	739,078	680	739,758
Distributed dividend	-	-	-	(62,900)	(62,900)	-	(62,900)
Foreign currency translation differences of foreign operations	-	-	244	-	244	-	244
Actuarial gains from defined benefit plan	-	-	-	1,131	1,131	-	1,131
Profit for the period	-	-	-	88,627	88,627	(120)	88,507
Balance as at September 30, 2022	1	147,334	(6,109)	624,954	766,180	560	766,740
For the nine months ended September 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	-	-	(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
Balance as at September 30, 2021	1	147,334	(3,734)	571,264	714,865	675	715,540

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 September 30, 2022 (unaudited)							
Balance as at July 1, 2022	1	147,334	(4,992)	581,290	723,633	567	724,200
Foreign currency translation differences of foreign operations	-	-	(1,117)	-	(1,117)	-	(1,117)
Actuarial gains from defined benefit plan	-	-	-	322	322	-	322
Profit for the period	-	-	-	43,342	43,342	(7)	43,335
Balance as at September 30, 2022	1	147,334	(6,109)	624,954	766,180	560	766,740
For the three months ended September 30, 2021 (unaudited)							
Balance as at July 1, 2021	1	147,334	(2,059)	524,975	670,251	674	670,925
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
Balance as at September 30, 2021	1	147,334	(3,734)	571,264	714,865	675	715,540
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 nine months ended September 30		For the three months ended September 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	88,507	99,027	43,335	46,557	125,847
Adjustments:					
Depreciation and amortization	98,842	93,538	34,034	33,466	135,123
Share of profits of equity accounted investees	(193)	(2,400)	(414)	(575)	(2,860)
Profit from revaluation of investments, net	-	-	-	-	(2,578)
Interest expenses	10,271	10,080	3,686	3,474	13,695
Capital loss from sale of fixed assets, net	3,191	2,367	181	1,575	2,740
Taxes on income	28,385	30,954	13,650	14,494	39,540
	<u>229,003</u>	<u>233,566</u>	<u>94,472</u>	<u>98,991</u>	<u>311,507</u>
Change in inventory	(62,561)	(55,657)	(31,297)	(40,267)	(30,092)
Change in trade receivables and other receivable	(118,346)	(91,233)	(6,610)	(22,185)	(25,644)
Change in trade payables and other payables	66,999	134,954	39,855	52,854	76,633
Changes liabilities for employee severance benefits	1,129	1,655	462	2,285	3,325
	<u>(112,779)</u>	<u>(10,281)</u>	<u>2,410</u>	<u>(7,313)</u>	<u>24,222</u>
Income tax paid	(24,575)	(19,713)	(6,962)	(6,787)	(25,832)
Net cash generated by current operations	<u>91,649</u>	<u>203,572</u>	<u>89,920</u>	<u>84,891</u>	<u>309,897</u>
Cash flows from investing activities					
Investment in companies and held partnerships	(29,177)	(12,333)	(17,764)	(1,239)	(20,289)
Investments in companies measured at fair value	(958)	-	(601)	-	(3,758)
Payment of deferred consideration for the acquisition of a subsidiary acquisition of equity-accounted investee	-	-	-	-	(612)
Dividend received	360	2,650	-	600	2,950
Proceeds from sale of fixed assets	249	707	111	115	797
Acquisition of fixed assets	(59,348)	(71,382)	(24,053)	(17,115)	(96,046)
Investment in intangible assets	(2,311)	(1,622)	(465)	(459)	(2,409)
Investment in long-term receivables	(23,554)	(20,737)	(9,186)	(7,134)	(28,924)
Repayment of investment in long-term receivables	11,288	9,228	3,965	3,427	11,409
Net cash used in investing activities	<u>(103,451)</u>	<u>(94,012)</u>	<u>(47,993)</u>	<u>(21,805)</u>	<u>(136,882)</u>
Cash flows from financing activities					
Short-term credit, net	117,499	6,804	(40,107)	(39,995)	(11,021)
Distributed dividend	(62,900)	(35,000)	-	-	(35,000)
Repayment of debentures	(22,220)	(22,220)	-	-	(41,743)
Repayment of leases liabilities principal	(24,550)	(23,504)	(8,211)	(7,903)	(31,331)
Repayment of long-term loans from banks	(12,449)	(13,674)	(3,125)	(3,125)	(19,861)
Repayment of other long-term liabilities	(105)	(105)	(35)	(35)	(140)
Interest paid	(10,317)	(10,190)	(3,779)	(3,520)	(13,720)
Net cash used in from financing activities	<u>(15,042)</u>	<u>(97,889)</u>	<u>(55,257)</u>	<u>(54,578)</u>	<u>(152,816)</u>
Net change in cash and cash equivalents	<u>(26,844)</u>	<u>11,671</u>	<u>(13,330)</u>	<u>8,508</u>	<u>20,199</u>
Cash and cash equivalents as at the beginning of the period	56,527	36,924	43,110	39,990	36,924
Effect of exchange rate fluctuations on cash and cash equivalents	(28)	(292)	(125)	(195)	(596)
Cash and cash equivalents as at the end of the period	<u>29,655</u>	<u>48,303</u>	<u>29,655</u>	<u>48,303</u>	<u>56,527</u>

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>Other</u>		<u>Consolidated</u>	
	For the nine months ended September 30									
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Unaudited)									
Segment revenue	<u>526,816</u>	<u>501,915</u>	<u>158,112</u>	<u>137,002</u>	<u>688,778</u>	<u>621,128</u>	<u>8,185</u>	<u>-</u>	<u>1,381,891</u>	<u>1,260,045</u>
Segment profit	<u>95,294</u>	<u>89,465</u>	<u>35,734</u>	<u>28,851</u>	<u>63,244</u>	<u>76,357</u>	<u>(1,354)</u>	<u>-</u>	<u>192,918</u>	<u>194,673</u>
Unallocated expenses									<u>(68,416)</u>	<u>(60,135)</u>
Operating profit									<u>124,502</u>	<u>134,538</u>
Net financing expenses									<u>(7,803)</u>	<u>(6,957)</u>
Share of profits of equity accounted investees									<u>193</u>	<u>2,400</u>
Taxes on income									<u>(28,385)</u>	<u>(30,954)</u>
Profit for the period									<u>88,507</u>	<u>99,027</u>

Condensed Consolidated Interim Segment Reporting**(In Thousands of New Israeli Shekels)**

	<u>Alcohol drinks</u>		<u>Barkan</u>		<u>Non-alcohol drinks</u>		<u>Other</u>		<u>Consolidated</u>	
	For the three months ended September 30									
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Unaudited)									
Segment revenue	<u>195,890</u>	<u>203,047</u>	<u>53,221</u>	<u>49,806</u>	<u>271,999</u>	<u>247,265</u>	<u>2,795</u>	<u>-</u>	<u>523,905</u>	<u>500,018</u>
Segment profit	<u>41,341</u>	<u>39,952</u>	<u>11,266</u>	<u>10,046</u>	<u>32,530</u>	<u>34,965</u>	<u>(469)</u>	<u>-</u>	<u>84,668</u>	<u>84,963</u>
Unallocated expenses									<u>(25,460)</u>	<u>(22,214)</u>
Operating profit									<u>59,208</u>	<u>62,749</u>
Net financing expenses									<u>(2,637)</u>	<u>(2,273)</u>
Share of profits of equity accounted investees									<u>414</u>	<u>575</u>
Taxes on income									<u>(13,650)</u>	<u>(14,494)</u>
Profit for the period									<u>43,335</u>	<u>46,557</u>

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>