

**Tempo Beverages Ltd.
and its Subsidiaries**

**Condensed Consolidated Interim
Financial Statements**

**For the period ended
March 31, 2023**

**Condensed Consolidated Interim Financial Statements
For the Period Ended March 31, 2023 (Unaudited)**

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Condensed Consolidated Interim Balance Sheet

(In Thousands of New Israeli Shekels)

Reported Amounts

	March 31 2023	March 31 2022	December 31 2022
	(Unaudited)	(Unaudited)	(Audited)
Current assets			
Cash and cash equivalents	37,085	48,761	19,342
Trade receivables	427,939	345,814	375,671
Other receivables	50,461	46,632	52,420
Derivatives instruments	769	56	394
Inventory	419,392	347,614	395,439
Current tax assets	8,835	2,297	3,260
Total current assets	944,481	791,174	846,526
Long-term loans and receivables	28,283	30,927	28,252
Fixed assets	779,279	777,284	779,240
Intangible assets	14,128	17,157	14,565
Investments in equity accounted investees companies	82,360	61,180	84,821
Investments at fair value	12,296	8,227	11,272
Inventory in process	4,594	5,570	5,680
Deferred taxes	8,510	7,757	10,686
Total long-term assets	929,450	908,102	934,516
Total assets	1,873,931	1,699,276	1,781,042

Jacques Beer
Chairman of the Board

Daniel Beer
CEO

Amir Bornstien
Deputy Chairman of
the Board

Eyal Tregerman
CFO

Date financial statements confirmed: May 31, 2023

Condensed Consolidated Interim Balance Sheet

(In Thousands of New Israeli Shekels)

Reported Amounts

	March 31 2023	March 31 2022	December 31 2022
	(Unaudited)	(Unaudited)	(Audited)
Current Liabilities			
Credit from banks	203,078	93,725	124,592
Trade payables	327,491	264,136	297,039
Other payables	197,293	212,467	125,639
Derivatives instruments	-	544	-
Current maturities of debentures	42,055	42,208	62,814
Current maturities of liabilities in respect of leasing	32,786	30,112	32,819
Current taxes liabilities	2,590	4,355	9,298
Total current liabilities	805,293	647,547	652,201
Liabilities to banking institution	25,001	41,217	28,126
Other Long-term liabilities	2,643	2,584	2,629
Long-term liabilities in respect of leasing	90,429	95,729	94,255
Debentures	129,904	171,611	152,106
Deferred taxes	46,927	34,215	45,315
Employee benefits	9,592	13,134	9,343
Total non-current liabilities	304,496	358,490	331,774
Total liabilities	1,109,789	1,006,037	983,975
Equity			
Non-controlling interest	551	581	567
Share capital	1	1	1
Share premium	147,334	147,334	147,334
Translation reserve	2,634	(6,304)	(987)
Retained earnings	613,622	551,627	650,152
Total equity attributable to equity holders of the parent company	763,591	692,658	796,500
Total equity	764,142	693,239	797,067
Total liabilities and equity	1,873,931	1,699,276	1,781,042

Condensed Consolidated Interim Statement of Operation

(In Thousands of New Israeli Shekels)

Reported Amounts

	For the three months ended March 31		For the year ended December 31
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
Revenues from sales, net	464,937	394,414	1,813,221
Cost of sales	318,964	263,824	1,200,267
Gross profit	145,973	130,590	612,954
Selling and marketing expenses	(88,590)	(84,656)	(360,992)
General and administrative expenses	(25,369)	(21,653)	(92,139)
Other income	227	615	6,807
Other expenses	-	-	(3,765)
Operating profit	32,241	24,896	162,865
Financing income	890	1,515	4,603
Financing expenses	(7,833)	(4,531)	(17,731)
Financing expenses, net	(6,943)	(3,016)	(13,128)
Share of profits of equity accounted investees companies	(991)	(38)	(844)
Profit before taxes on income	24,307	21,842	148,893
Tax on income	(5,970)	(5,495)	(35,696)
Profit for the period	18,337	16,347	113,197
Attributable to:			
Equity holders of the Company	18,353	16,446	113,310
Non-controlling interest	(16)	(99)	(113)
	18,337	16,347	113,197

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
	2023	2022	December 31
	(Unaudited)	(Unaudited)	(Audited)
Profit for the period	<u>18,337</u>	<u>16,347</u>	<u>113,197</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	3,621	49	5,366
Components of the other comprehensive income not carried to profit and loss:			
Defined benefit plan actuarial losses, net of tax	<u>117</u>	<u>(15)</u>	<u>1,646</u>
Other comprehensive income (loss), net of tax	<u>3,738</u>	<u>34</u>	<u>7,012</u>
Total comprehensive income for the period	<u>22,075</u>	<u>16,381</u>	<u>120,209</u>
Comprehensive income (loss) attributable to:			
Equity holders of the Company	22,091	16,480	120,322
Non-controlling interests	<u>(16)</u>	<u>(99)</u>	<u>(113)</u>
Total comprehensive income for the period	<u>22,075</u>	<u>16,381</u>	<u>120,209</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, 2023 (Unaudited)							
Balance at January 1, 2023	1	147,334	(987)	650,152	796,500	567	797,067
Dividend declared	-	-	-	(55,000)	(55,000)	-	(55,000)
Foreign currency translation differences in respect of foreign operations	-	-	3,621	-	3,621	-	3,621
Actuarial gains from defined benefit plan, net of tax	-	-	-	117	117	-	117
Profit (losses) for the period	-	-	-	18,353	18,353	(16)	18,337
Balance at March 31, 2023	1	147,334	2,634	613,622	763,591	551	764,142
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 year ended December 31, 2022 (audited)							
Balance at January 1, 2022	1	147,334	(6,353)	598,096	739,078	680	739,758
Dividend paid	-	-	-	(62,900)	(62,900)	-	(62,900)
Foreign currency translation differences in respect of foreign operations	-	-	5,366	-	5,366	-	5,366
Actuarial gains from defined benefit plan, net of tax	-	-	-	1,646	1,646	-	1,646
Profit (losses) for the year	-	-	-	113,310	113,310	(113)	113,197
Balance at December 31, 2022	1	147,334	(987)	650,152	796,500	567	797,067

Interim Statements of Cash Flows

(In Thousands of New Israeli Shekels)

Reported Amounts

	For the three months ended March 31		For the year ended December 31
	2023	2022	2022
	(Unaudited)	(Unaudited)	(Audited)
Cash flows from operating activities			
Profit for the period	18,337	16,347	113,197
Adjustments:			
Depreciation	32,209	32,061	144,820
Share of Company in profits of equity-accounted investee Companies	991	38	844
Profit or revaluation of investment, net	-	-	(2,000)
Financing expenses, net	4,259	2,972	15,161
Capital loss from sale of fixed assets, net	56	17	4,204
Taxes on income	5,970	5,495	35,696
	<u>61,822</u>	<u>56,930</u>	<u>311,922</u>
Change in inventory	(21,534)	(17,330)	(64,296)
Change in trade receivables and other receivable	(45,700)	(37,042)	(72,536)
Change in trade payables and other payables	46,248	(882)	12,521
Changes in employee benefits	403	331	1,506
	<u>(20,583)</u>	<u>(54,923)</u>	<u>(122,805)</u>
Income tax paid	(14,502)	(11,677)	(30,643)
Net cash provided by (used in) operating activities	<u>26,737</u>	<u>(9,670)</u>	<u>158,474</u>
Cash flows from investing activities			
Investment in companies and held partnerships	(625)	(623)	(31,726)
Dividend received	-	-	360
Repayment of loans owed to held companies	3,103	-	-
Investment in companies measured at fair value	(1,024)	(191)	(1,236)
Proceeds from sale of fixed assets	54	85	310
Acquisition of fixed assets	(24,227)	(14,115)	(85,500)
Acquisition of intangible assets	(485)	(898)	(2,823)
Acquisition in long-term receivables	(8,625)	(7,978)	(29,880)
Receipts of investment in long-term receivables	3,338	4,100	14,352
	<u>(28,491)</u>	<u>(19,620)</u>	<u>(136,143)</u>
Cash flows from financing activities			
Short-term credit, net	78,484	57,824	91,134
Distributed dividend	-	-	(62,900)
Repayment of debentures	(41,743)	(22,220)	(22,220)
Repayment of long-term bank loans	(3,125)	(3,125)	(18,662)
Repayment of principle of liabilities in respect of leasing	(8,784)	(7,785)	(32,846)
Repayment of other long-term liabilities	(35)	(35)	(140)
Interest paid	(5,428)	(3,138)	(14,076)
	<u>19,369</u>	<u>21,521</u>	<u>(59,710)</u>
Net cash provided by (used in) financing activities	<u>19,369</u>	<u>21,521</u>	<u>(59,710)</u>
Net change in cash and cash equivalents	<u>17,615</u>	<u>(7,769)</u>	<u>(37,379)</u>
Cash and cash equivalents as at the beginning of period	<u>19,342</u>	<u>56,527</u>	<u>56,527</u>
Impact of exchange rate fluctuations on balance of cash and cash equivalents	<u>128</u>	<u>3</u>	<u>194</u>
Cash and cash equivalents as at ended of period	<u>37,085</u>	<u>48,761</u>	<u>19,342</u>

Condensed Consolidated Interim Segment Reporting

(In Thousands of New Israeli Shekels)

Note 5 - Segment reporting

	<u>Soft alcoholic beverages</u>		<u>Alcohol drinks</u>		<u>Barkan</u>		<u>Non-alcohol drinks</u>		<u>Other</u>		<u>Consolidated</u>	
	For the three months ended March 31											
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	(Unaudited)											
Segment revenue	<u>81,569</u>	<u>65,667</u>	<u>102,356</u>	<u>85,452</u>	<u>64,841</u>	<u>61,897</u>	<u>212,382</u>	<u>179,350</u>	<u>3,789</u>	<u>2,048</u>	<u>464,937</u>	<u>394,414</u>
Segment profit	<u>10,067</u>	<u>8,969</u>	<u>13,829</u>	<u>11,308</u>	<u>16,011</u>	<u>14,093</u>	<u>17,468</u>	<u>11,830</u>	<u>8</u>	<u>(266)</u>	<u>57,383</u>	<u>45,934</u>
Unallocated expenses											<u>(25,142)</u>	<u>(21,038)</u>
Operating profit											<u>32,241</u>	<u>24,896</u>
Net financing expenses											<u>(6,943)</u>	<u>(3,016)</u>
Share of profits of equity accounted investees											<u>(991)</u>	<u>(38)</u>
Taxes on income											<u>(5,970)</u>	<u>(5,495)</u>
Profit for the period											<u>18,337</u>	<u>16,347</u>

Condensed Consolidated Interim Segment Reporting

(In Thousands of New Israeli Shekels)

Note 5 - Segment reporting

	Soft alcoholic beverages drinks	Alcohol drinks	Barkan	Non-alcohol drinks	Other	Consolidated
	For the year ended December 31, 2022					
	(Audited)					
Segment revenue	357,560	347,665	194,625	901,928	11,443	1,813,221
Segment profit	72,825	56,281	39,768	87,754	(2,666)	253,962
Unallocated expenses						(91,097)
Operating profit						162,865
Net financing expenses						(13,128)
Share of profits of equity-accounted investees						(844)
Taxes on income						(35,696)
Profit for the period						113,197