

**Tempo Beverages Ltd.
and its Subsidiaries**

**Condensed Consolidated Interim
Financial Statements**

**For the period ended September 30,
2023**

**Condensed Consolidated Interim Financial Statements
For the Period Ended September 30, 2023 (Unaudited)**

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

	September 30 2023 <u>(Unaudited)</u>	September 30 2022 <u>(Unaudited)</u>	December 31 2022 <u>(Audited)</u>
Current assets			
Cash and cash equivalents	21,935	29,655	19,342
Trade receivables	513,967	453,475	375,671
Other receivables	45,038	26,132	52,420
Derivatives	1,494	661	394
Inventory	550,419	393,673	395,439
Current tax	8,404	3,754	3,260
Total current assets	1,141,257	907,350	846,526
Investments and long-term receivables			
Long-term loans, receivables and derivatives	24,767	27,910	28,252
Fixed assets	821,458	782,381	779,240
Intangible assets	117,094	15,558	14,565
Investments in equity accounted investees	78,801	81,733	84,821
Investments measured at fair value	12,296	8,994	11,272
Inventory in process	3,699	4,582	5,680
Deferred tax	10,304	10,917	10,686
Total non-current assets	1,068,419	932,075	934,516
Total assets	2,209,676	1,839,425	1,781,042

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

	September 30 2023	September 30 2022	December 31 2022
	(Unaudited)	(Unaudited)	(Audited)
Current liabilities			
Credit from banks and current maturities	505,498	153,400	124,592
Trade payables	324,427	319,388	297,039
Other payables	144,219	158,011	125,639
Current maturities of debentures	43,108	42,208	62,814
Current maturities of leases	36,821	33,182	32,819
Current taxes liabilities	1,596	10,461	9,298
Total current liabilities	1,055,669	716,650	652,201
Long-term liabilities			
Loan from banks	18,930	31,893	28,126
Other long-term liabilities and derivatives	12,063	2,626	2,629
Long term liabilities of leases	105,069	97,701	94,255
Debentures	129,939	171,619	152,106
Deferred tax liabilities	63,391	43,060	45,315
Employee benefits	6,870	9,136	9,343
Total long-term liabilities	336,262	356,035	331,774
Total liabilities	1,391,931	1,072,685	983,975
Equity			
Minority interest	2,701	560	567
Share capital	1	1	1
Share premium	147,334	147,334	147,334
Translation reserve	5,430	(6,109)	(987)
Retained earnings	662,279	624,954	650,152
Total equity attributable to equity holders of the parent company	815,044	766,180	796,500
Total equity	817,745	766,740	797,067
Total liabilities and equity	2,209,676	1,839,425	1,781,042
Jacques Beer	Daniel Beer	Amir Bornstien	Eyal Tregerman
Chairman of the Board	CEO	Deputy chairman of the Board	CFO

Date financial statements confirmed: November 27, 2023

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

	For the nine months ended		For the three months ended		For the
	September 30		September 30		year ended
	2023	2022	2023	2022	December 31
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Revenues from sales, net	1,521,344	1,381,891	590,229	523,905	1,813,221
Cost of sales	1,045,956	906,928	399,013	338,490	1,200,267
Gross profit	475,388	474,963	191,216	185,415	612,954
Selling and marketing expenses	(299,613)	(282,045)	(112,510)	(100,747)	(360,992)
General and administrative expenses	(77,831)	(68,764)	(29,114)	(25,400)	(92,139)
Other income	30,765	1,660	738	85	6,807
Other expenses	(17,500)	(1,312)	-	(145)	(3,765)
Operating profit	111,209	124,502	50,330	59,208	162,865
Financing income	2,489	5,383	1,490	1,350	4,603
Financing expenses	(29,873)	(13,186)	(13,272)	(3,987)	(17,731)
Financing expenses, net	(27,384)	(7,803)	(11,782)	(2,637)	(13,128)
Share of profits (losses) of equity accounted investees	(4,492)	193	(1,214)	414	(844)
Profit before tax	79,333	116,892	37,334	56,985	148,893
Tax on income	(12,976)	(28,385)	(9,294)	(13,650)	(35,696)
Profit for the period	66,357	88,507	28,040	43,335	113,197
Attributable to:					
Equity holders of the Company	66,477	88,627	28,130	43,342	113,310
Minority interests	(120)	(120)	(90)	(7)	(113)
	66,357	88,507	28,040	43,335	113,197

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

	For the nine months ended		For the three months ended		For the
	September 30		September 30		year ended
	2023	2022	2023	2022	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Profit for the period	66,357	88,507	28,040	43,335	113,197
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	6,417	244	869	(1,117)	5,366
Components of recognized income never carried to profit or loss					
Defined benefit plan actuarial profit	650	1,131	642	322	1,646
Other recognized income and expense for the period	7,067	1,375	1,511	(795)	7,012
Total comprehensive income and expense for the period	73,424	89,882	29,551	42,540	120,209
Attributable to:					
Equity holders of the Company	73,544	90,002	29,641	42,547	120,322
Minority interests	(120)	(120)	(90)	(7)	(113)
Total recognized income and expense for the period	73,424	89,882	29,551	42,540	120,209

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			
For the nine months ended September 30, 2023 (unaudited)							
Balance as at January 1, 2023	1	147,334	(987)	650,152	796,500	567	797,067
Distributed dividend	-	-	-	(55,000)	(55,000)	-	(55,000)
Foreign currency translation differences of foreign operations	-	-	6,417	-	6,417	-	6,417
Actuarial gains from defined benefit plan	-	-	-	650	650	-	650
Non-controlling interests due to acquisition	-	-	-	-	-	2,254	2,254
Profit for the period	-	-	-	66,477	66,477	(120)	66,357
Balance as at September 30, 2023	1	147,334	5,430	662,279	815,044	2,701	817,745
For the nine months ended September 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	-	-	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

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, 2023 (unaudited)							
Balance as at July 1, 2023	1	147,334	4,561	633,507	785,403	2,791	788,194
Foreign currency translation differences of foreign operations	-	-	869	-	869	-	869
Actuarial gains from defined benefit plan	-	-	-	642	642	-	642
Profit for the period	-	-	-	28,130	28,130	(90)	28,040
Balance as at September 30, 2023	1	147,334	5,430	662,279	815,044	2,701	817,745
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 year ended December 31, 2022 (audited)							
Balance 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	-	-	5,366	-	5,366	-	5,366
Actuarial gains from defined benefit plan	-	-	-	1,646	1,646	-	1,646
Profit 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

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
	2023	2022	2023	2022	2022
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Cash flows from operating activities					
Profit for the period	66,357	88,507	28,040	43,335	113,197
Adjustments:					
Depreciation and amortization	100,687	98,842	35,129	34,034	144,820
Share of profits of equity accounted investees	4,492	(193)	1,214	(414)	844
Profit from revaluation of investments, net	(29,300)	-	-	-	(2,000)
Interest expenses	20,381	10,271	9,538	3,686	15,161
Capital loss (gain) from sale of fixed assets, net	294	3,191	146	181	4,204
Taxes on income	12,976	28,385	9,294	13,650	35,696
	175,887	229,003	83,361	94,472	311,922
Change in inventory	(108,417)	(62,561)	(33,921)	(31,297)	(64,296)
Change in trade receivables and other receivable	(69,969)	(118,346)	(38,246)	(6,610)	(72,536)
Change in trade payables and other payables	26,785	66,999	(18,598)	39,855	12,521
Changes liabilities for employee	1,839	1,129	1,030	462	1,506
	(149,762)	(112,779)	(89,735)	2,410	(122,805)
Income tax paid	(25,799)	(24,575)	(955)	(6,962)	(30,643)
Net cash generated by (used in) current operations	326	91,649	(7,329)	89,920	158,474
Cash flows from investing activities					
Acquisition of subsidiary, net of cash acquired	(47,381)	-	-	-	-
Investment in companies and held partnerships	(33,780)	(29,177)	(35,501)	(17,764)	(31,726)
Investments in companies measured at fair value	(1,024)	(958)	-	(601)	(1,236)
Dividend received	15,000	360	-	-	360
Proceeds from sale of fixed assets	137	249	61	111	310
Acquisition of fixed assets	(83,925)	(59,348)	(31,130)	(24,053)	(85,500)
Investment in intangible assets	(4,020)	(2,311)	(756)	(465)	(2,823)
Investment in long-term receivables	(19,749)	(23,554)	(5,806)	(9,186)	(29,880)
Repayment of investment in long-term receivables	8,955	11,288	2,547	3,965	14,352
Net cash used in investing activities	(165,787)	(103,451)	(70,585)	(47,993)	(136,143)
Cash flows from financing activities					
Short-term credit, net	325,677	117,499	102,348	(40,107)	91,134
Distributed dividend	(55,000)	(62,900)	-	-	(62,900)
Repayment of debentures	(41,743)	(22,220)	-	-	(22,220)
Repayment of leases liabilities principal	(28,189)	(24,550)	(9,590)	(8,211)	(32,846)
Repayment of long-term loans from banks	(12,565)	(12,449)	(3,190)	(3,125)	(18,662)
Repayment of other long-term liabilities	(105)	(105)	(35)	(35)	(140)
Interest paid	(20,236)	(10,317)	(8,516)	(3,779)	(14,076)
Net cash generated by (used in) financing activities	167,839	(15,042)	81,017	(55,257)	(59,710)
Net change in cash and cash equivalents	2,378	(26,844)	3,103	(13,330)	(37,379)
Cash and cash equivalents as at the beginning of the period	19,342	56,527	18,807	43,110	56,527
Effect of exchange rate fluctuations on cash and cash equivalents	215	(28)	25	(125)	194
Cash and cash equivalents as at the end of the period	21,935	29,655	21,935	29,655	19,342

Condensed Consolidated Interim Segment Reporting

(In Thousands of New Israeli Shekels)

Segment reporting

	<u>Soft alcoholic beverages</u>		<u>Alcoholic beverages</u>		<u>Barkan</u>		<u>Non-alcoholic beverages</u>		<u>Other</u>		<u>Consolidated</u>	
	For the nine months ended September 30											
	<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	306,000	274,895	284,817	251,921	149,719	158,112	751,100	688,778	29,708	8,185	1,521,344	1,381,891
Segment profit	39,083	56,164	39,784	39,130	33,282	35,734	65,221	63,244	(1,595)	(1,354)	175,775	192,918
Unallocated expenses											(64,566)	(68,416)
Operating profit											111,209	124,502
Net financing expenses											(27,384)	(7,803)
Share of profits (losses) of equity accounted investees											(4,492)	193
Taxes on income											(12,976)	(28,385)
Profit for the period											66,357	88,507

Condensed Consolidated Interim Segment Reporting

(In Thousands of New Israeli Shekels)

Segment reporting (Cont.)

	<u>Soft alcoholic beverages</u>		<u>Alcoholic beverages</u>		<u>Barkan</u>		<u>Non-alcoholic beverages</u>		<u>Other</u>		<u>Consolidated</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>	<u>2023</u>	<u>2022</u>
	For the three months ended September 30											
	(Unaudited)											
Segment revenue	<u>125,091</u>	108,471	<u>96,331</u>	87,419	<u>50,019</u>	53,221	<u>295,989</u>	271,999	<u>22,799</u>	2,795	<u>590,229</u>	523,905
Segment profit	<u>21,224</u>	28,500	<u>14,020</u>	12,841	<u>10,009</u>	11,266	<u>34,745</u>	32,530	<u>(1,292)</u>	(469)	<u>78,706</u>	84,668
Unallocated expenses											<u>(28,376)</u>	(25,460)
Operating profit											<u>50,330</u>	59,208
Net financing expenses											<u>(11,782)</u>	(2,637)
Share of profits (losses) of equity accounted investees											<u>(1,214)</u>	414
Taxes on income											<u>(9,294)</u>	(13,650)
Profit for the period											<u>28,040</u>	43,335

Condensed Consolidated Interim Segment Reporting

(In Thousands of New Israeli Shekels)

Segment reporting (cont.)

	Soft alcoholic beverages	Alcoholic beverages	Barkan	Non- alcoholic beverages	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 losses of equity-accounted investees						(844)
Taxes on income						(35,696)
Profit for the period						113,197