

B.S.D CROWN LTD.

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS AS OF AND FOR THE
SIX MONTHS ENDED 30 JUNE 2020

UNAUDITED

IN NIS

B.S.D CROWN LTD.

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Report on Review of Interim Financial Information

To the shareholders of B.S.D. Crown Ltd.

Introduction

We have reviewed the accompanying Interim Condensed Consolidated Statements of Financial Position B.S.D. Crown Ltd and its subsidiaries as of June 30, 2020 and the related Interim Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income, Interim Condensed Consolidated Statement of Changes in Equity and the Interim Condensed Consolidated Statement of Cash Flows for the six-month period then ended, and notes to Interim Condensed Consolidated Financial Statements. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standards (IAS) 34, *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects the financial position of the entity as at June 30, 2020, and of its financial performance and its cash flows for the six-month period then ended in accordance IAS 34.

David Wertheimer

Tel-Aviv, Israel

August 27, 2020

Ziv haft
Certified Public Accountants (Isr.)
BDO Member Firm

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B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June		31 December
	2020	2019	2019
	Unaudited		
	NIS in thousands		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	172,429	134,499	132,163
Financial assets at fair value through profit or loss	110,494	139,228	140,195
Trade receivables	147,596	128,645	136,387
Other receivables and prepaid expenses	10,876	13,520	17,549
Loans for others	3,650	15,831	17,650
Inventories	62,397	57,021	72,048
Total current assets	507,442	488,744	515,992
NON-CURRENT ASSETS:			
Long term deposits	490	1,257	471
Right-of-use assets	3,420	2,316	4,057
Financial assets at fair value through profit or loss, long-term	9,273	-	-
Deferred taxes	973	-	-
Property, plant and equipment, net	42,777	44,676	43,959
Intangible assets:			
Customer relationships	7,019	9,497	8,258
Brands	729	1,601	1,165
Total non-current assets	64,681	59,347	57,910
Total assets	572,123	548,091	573,902

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	30 June		31 December
	2020	2019	2019
	Unaudited		
	NIS in thousands		
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Trade payables	20,254	24,195	24,386
Current lease liability	1,631	1,340	1,868
Provision for legal proceedings *	8,255	15,931	15,913
Other accounts payable	12,311	11,122	14,060
Employee benefit liabilities, net	3,516	3,010	2,968
Total current liabilities	45,967	55,598	59,195
NON-CURRENT LIABILITIES:			
Lease liability	1,896	985	2,211
Employee benefit liabilities, net	1,596	924	1,486
Deferred taxes	-	2,691	2,810
Total non-current liabilities	3,492	4,600	6,507
EQUITY:			
Share capital	1,349	1,349	1,349
Share premium	1,690,591	1,690,591	1,690,591
Treasury shares	(126,747)	(126,747)	(126,747)
Reserve from transactions with non- controlling interests	(3,624)	(3,433)	(3,624)
Reserve from translation of financial statements of foreign operation	692	793	692
Reserve from benefit employee	(444)	(265)	(444)
Adjustments arising from initial translation of the Company financial statements	85,279	85,279	85,279
Accumulated deficit	(1,398,713)	(1,413,201)	(1,404,646)
Equity attributable to Company's equity holders	248,383	234,366	242,450
Non- controlling interests	274,281	253,527	265,750
Total equity and non- controlling interests	522,664	487,893	508,200
Total liabilities and equity	572,123	548,091	573,902
*Reclassification			

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

22 August 2020			
Date of approval of the financial statements	Joseph Williger	Amir Ariel	Golan Hermolin
	Executive Chairman	Chairman of the Audit Committee	CFO

B.S.D CROWN LTD.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

	Six months ended 30 June		Year ended 31 December
	2020	2019	2019
	NIS in thousands		
	Unaudited		
Revenues	244,424	208,798	414,223
Cost of sales	(162,729)	(148,829)	(290,038)
Gross profit	81,695	59,969	124,185
Selling expenses	34,497	29,022	58,961
General and administrative expenses	13,830	11,826	30,914
Other) income) loss	(58)	3,158	(3,119)
Total operating expenses, net	48,269	44,006	86,756
Operating income	33,426	15,963	37,428
Financial income	2,738	12,571	19,921
Financial expense	(16,387)	(1,507)	(3,242)
Income before taxes on income	19,777	27,027	54,107
Taxes on income	(5,313)	(6,488)	(12,759)
Net income for the period	14,464	20,539	41,348
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods, net of tax:			
Exchange differences on translating foreign operation	-	193	92
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods, net of tax:			
Remeasurement loss from defined benefit plans	-	-	(404)
Total other comprehensive income, net of tax	-	193	(312)
Total comprehensive income	14,464	20,732	41,036
Net income attributable to:			
Equity holders of the Company	5,933	7,055	15,610
Non- controlling interests	8,531	13,484	25,738
	14,464	20,539	41,348
Total comprehensive income attributable to:			
Equity holders of the Company	6,420	7,248	15,610
Non- controlling interests	8,044	13,484	25,513
	14,464	20,732	41,036
Basic and diluted income per share (in NIS):			
Net gain per share	0.11	0.05	0.12

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to equity holders of the Company										
	Share capital	Share premium	Treasury shares	Reserve from transactions with non-controlling interests	Reserve from translation of financial statements of foreign operation	Reserve from benefit employee	Aadjustments arising from initial translation of the Company financial statements	Accumulated deficit	Total	Non-controlling interests	Total equity
NIS in thousands											
Unaudited											
Balance as of 1 January 2020	1,349	1,690,591	(126,747)	(3,624)	692	(444)	85,279	(1,404,646)	242,450	265,750	508,200
Net income	-	-	-	-	-	-	-	5,933	5,933	8,531	14,464
Other comprehensive loss:											
Exchange differences on translating foreign operation	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	-	-	5,933	5,933	8,531	14,464
Transaction with non-controlling interest-purchase shares of subsidiary	-	-	-	-	-	-	-	-	-	-	-
Balance as of 30 June 2020	1,349	1,690,591	(126,747)	(3,624)	692	(444)	85,279	(1,398,713)	248,383	274,281	522,664

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	Share capital	Share premium	Treasury shares	Reserve from transactions with non-controlling interests	Reserve from translation of financial statements of foreign operation	Reserve from benefit employee	Aadjustments arising from initial translation of the Company financial statements	Accumulated deficit	Total	Non-controlling interests	Total equity
	NIS in thousands										
	Unaudited										
Balance as of 1 January 2019	1,349	1,690,591	(126,747)	(3,664)	600	(265)	85,279	(1,420,256)	226,887	240,902	467,789
Net income	-	-	-	-	-	-	-	7,055	7,055	13,484	20,539
Other comprehensive loss:											
Exchange differences on translating foreign operation	-	-	-	-	193	-	-	-	193	-	193
Total comprehensive loss	-	-	-	-	193	-	-	7,055	7,248	13,484	20,732
Transaction with non-controlling interest-purchase shares of subsidiary	-	-	-	231	-	-	-	-	231	(859)	(628)
Balance as of 30 June 2019	<u>1,349</u>	<u>1,690,591</u>	<u>(126,747)</u>	<u>(3,433)</u>	<u>793</u>	<u>(265)</u>	<u>85,279</u>	<u>(1,413,201)</u>	<u>234,366</u>	<u>253,527</u>	<u>487,893</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

	Attributable to equity holders of the Company										
	Share capital	Share premium	Treasury shares	Reserve from transactions with non-controlling interest	Equity-settled employee benefits reserve	Reserve from translation of financial statements of foreign operation	Initial translation financial statements reserve	Accumulated deficit	Total	Non-controlling interests	Total equity
	NIS in thousands										
	Audited										
Balance as of 1 January 2019	1,349	1,690,591	(126,747)	(3,664)	(265)	600	85,279	(1,420,256)	226,887	240,902	467,789
Net income	-	-	-	-	-	-	-	15,610	15,610	25,738	41,348
Other comprehensive (loss) income:											
Exchange differences on translating foreign operation	-	-	-	-	-	92	-	-	92	-	92
Remeasurement loss from defined benefit plans	-	-	-	-	(179)	-	-	-	(179)	(225)	(404)
Total comprehensive (loss) income	-	-	-	-	(444)	692	-	15,610	15,523	25,513	41,036
Transaction with non-controlling interest-purchase shares of subsidiary	-	-	-	40	-	-	-	-	40	(665)	(625)
Balance as of 31 December 2019	1,349	1,690,591	(126,747)	(3,624)	(444)	692	85,279	(1,404,646)	242,450	265,750	508,200

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December
	2020	2019	2019
	Unaudited		
	NIS in thousands		
Cash flows from operating activities:			
Income (loss) for the period	14,464	20,539	41,348
Adjustments to reconcile loss from continuing operations to net cash provided by (used in) operating activities:			
Gain on disposal of discontinued operation	-	(3,248)	(3,242)
Depreciation and amortisation	3,536	5,226	9,313
Gain on disposal of fixed assets	(58)	-	-
Increase employee benefit liabilities, net	548	86	245
Change in financial assets at fair value through profit or loss	15,931	(9,717)	(13,773)
Exchange rate difference on short term deposits	(38)	25	40
Finance expenses for lease liabilities	11	52	-
Depreciation expenses of right-of-use asset	1,064	-	336
Increase (decrease) in deferred tax	(3,783)	940	1,059
Current tax expenses	7,309	5,458	10,907
	24,521	(1,178)	4,904
Changes in asset and liability items:			
Decrease (Increase) in inventories	9,651	(7,732)	(22,759)
Increase in trade receivables	(11,209)	(30,627)	(38,370)
Decrease (Increase) in receivables and prepaid expenses	6,673	(9,213)	(13,241)
Decrease (Increase) in trade payables, other payables and accrued expenses	(11,149)	21,843	24,819
	(6,033)	(25,729)	(67,201)
Cash received (paid) during the period:			
Interest received (paid)	18	(4)	7
Income taxes paid, net	(9,590)	(839)	(6,293)
	(9,572)	(843)	(6,286)
Net cash (used in) provided by operating activities	23,380	(7,211)	25,717

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended 30 June		Year ended 31 December
	2020	2019	2018
	Unaudited		
	NIS in thousands		
<u>Cash flows from investing activities:</u>			
Loans for other	-	(21,650)	(17,650)
Proceeds from loans to other	14,000	5,819	-
Proceeds from sale of property and equipment	58	-	-
Purchase of property and equipment	(678)	(587)	(1,793)
Investment in short-term and long-term deposits	(9,273)	-	-
Proceeds from sale of (investment in) financial assets at fair value through profit or loss	13,773	19,891	22,980
Net cash used in investing activities from continuing operations	17,880	3,473	3,537
<u>Cash flows from financing activities:</u>			
Repurchase shares from non-controlling interest of subsidiary	-	(628)	-
Payments of lease liabilities	(994)	(679)	(1,465)
Changes in Initial translation financial statements reserve	-	-	(625)
Net cash used in (provided by) financing activities from continuing operations	(994)	(1,307)	(2,090)
Net (decrease) increase in cash and cash equivalents	40,266	(5,045)	(7,381)
Cash and cash equivalents at the beginning of the period	132,163	139,544	139,544
Cash and cash equivalents at the end of the period	172,429	134,499	132,163

The accompanying notes are an integral part of the interim condensed consolidated financial statements.

B.S.D CROWN LTD.

NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 1 - GENERAL

- A.** B.S.D Crown Ltd. ("BSD" or "the Company") is a corporation registered in Israel. The address of its registered office is 7 Menachem Begin Road, Ramat Gan 5268102, Israel.
The Company's shares are listed on the Official List of the London Stock Exchange on the Standard List ("LSE") under the symbol BSD.
The Company is engaged in managing its investments that comprise mainly an investment in a subsidiary which imports markets and distributes food products (see sub-section (B) below).
Since 5 May 2017 the Companies are controlled by Mr. Joseph Williger and Mr. Zwi Williger.
- B.** In May 2014 the Company completed an acquisition of shares (approximately 62%) of Willi-Food Investments Ltd. ("WFI") for an aggregate cash consideration of NIS 287 million (the "Acquisition"). WFI controls G.Willi-Food International Ltd ("WFINT") and together with its subsidiaries are engaged in the import, marketing and distribution of food products, mainly in Israel. The financial statements of WFI and its subsidiaries (the "WFI Group") have been consolidated in these consolidated financial statements.
- C.** On 12 December 2018 the Company Board of Directors resolved to enter into a new business activity of import and distribution of commodities to the food industries. For further information see Note 4(A).
- D.** During 2019, WFINT's Board of Directors decided to enter into the field of non-bank credit ("extending credit"). These activities will be funded out of WFINT's own resources and will be carried out in parallel to WFINT's existing activities of import, marketing and distribution of food products.
- E.** The interim condensed consolidated financial statements for the six-month periods ended 30 June 2020 should be read with the audited consolidated financial statements for the year ended 31 December 2019 and which were published on 31 March 2020.

NOTE 2 - BASIS OF PREPARATION AND CHANGES TO THE GROUP'S ACCOUNTING POLICIES

A. Basis of preparation of the interim consolidated financial statements:

The interim condensed consolidated financial statements for six-month periods ended 30 June 2020 have been prepared in accordance with International Accounting Standards (IAS) 34, Interim Financial Reporting, as adopted by the European Union. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2019.

B.S.D CROWN LTD.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 3 - FINANCIAL INSTRUMENTS

Financial instruments that are not measured at fair value:

Except as detailed in the following table, the Group believes that the carrying amount of financial assets and liabilities that are presented at amortised cost in the financial statements approximates their fair value.

Valuation techniques and data used in Level 2 and Level 3 fair value measurements

Securities

When a quoted price for a security is not available, the fair value is measured using quotes of securities with as similar conditions as possible. For certain securities, the Group uses the model for the purpose of measuring fair value and for the purpose of validating price quotations received from third parties. The following is a breakdown of the valuation techniques used by the Company for major securities groups:

Financial derivative instruments:

	30 June 2020	30 June 2020		30 June 2020
	Unaudited	Unaudited		Unaudited
	Level 1	Level 2	Level 3	Total
	NIS in thousands			

Financial assets at fair value through profit or loss:

Current financial assets	110,494		-	110,494
Non- Current financial assets	-	-	9,273	9,273
Total	110,494	-	-	119,767

	30 June 2019	30 June 2019		30 June 2019
	Unaudited	Unaudited		Unaudited
	Level 1	Level 2	Level 3	Total
	NIS in thousands			

Financial assets at fair value through profit or loss:

	137,960	-	-	137,960
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	31 December 2019	31 December 2019		31 December 2019
	Audited	Audited		Audited
	Level 1	Level 2	Level 3	Total
	NIS in thousands			

Financial assets at fair value through profit or loss:

	140,195	-	-	140,195
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In January 2020, participation units in a partnership holding 40% of Dan - Public Transportation Company Ltd. were purchased for NIS 9.3 million, and as a result, the company recognized a non-current financial asset in the amount of NIS 9.3 million. The fair value is recorded on the cost.

B.S.D CROWN LTD.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 4 - OPERATING SEGMENTS

A. General:

The Group adopted IFRS 8- Operation Segment. In accordance with the provisions of IFRS 8, operating segments are identified on the basis of the internal reporting of the Group's components, which are regularly reviewed by the Group's chief operating decision maker ("CODM"), for allocating resources and evaluating the performance of the operating segments.

Upon the completion of the Company's acquisition of WFI in May 2014, the Group's main operating segment are import, marketing and distribution of food products to retail chains, supermarkets, wholesalers, and institutions mainly in Israel.

During 2019, WFINT's Board of Directors decided to enter into the field of non-bank credit ("Credit Activity"). During the six-month ended 30 June 2020, WFINT extended several loans through W.F.D. (Import, Marketing and Trading) Ltd., a fully-owned and controlled subsidiary of WFINT, which is expected to take charge of the Credit Activity.

On 12 December 2018 the Company Board of Directors decided to enter into the field of import and distribution of commodities to the food industries.

As of 1 July 2020, the Group active in two operations segments. Each operations segment is managed separately and has its own strategic. Each operations segment requires a different operational and marketing policy. The reported activities as operations segments are the following:

- Import, marketing and distribution of food products to retail chains ("**Import Food**")
- Credit activity-providing loans to others ("**Credit Activity**")

B. Reporting segments:

The following tables present revenue and profit information for the Group's operating segments for the six months ended 30 June 2020:

	<u>Import Food</u>	<u>Credit Activity</u>	<u>Total</u>
Revenues	243,986	438	244,424
Operating gain (loss)	<u>32,989</u>	<u>437</u>	<u>33,426</u>
Financial income	2,738		2,738
Financial expenses	(16,387)		<u>((16,387))</u>
Income before taxes on income			<u><u>19,777</u></u>

For the six months ended 30 June 2019:

	<u>Import Food</u>	<u>Credit Activity</u>	<u>Total</u>
Revenues	208,438	360	208,798
Operating gain (loss)	<u>19,231</u>	<u>230</u>	<u>19,461</u>
Other loss (*)			(3,498)
Financial income			12,571
Financial expenses			<u>(1,507)</u>
Income before taxes on income			<u><u>27,027</u></u>

(*) Other includes mainly unallocated corporate general and administrative expenses.

B.S.D CROWN LTD.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 4 - OPERATING SEGMENTS (Cont.)

B. Reporting segments: (Cont.)

The following tables present assets and liabilities information for the Group's operating segments for the six months ended 30 June 2020:

	Import Food	Credit Activity	Total
	NIS in thousands		
Assets	563,569	8,554	572,123
Liabilities	(49,404)	(55)	(49,459)

C. Revenues from major customers that contributed 10% or more to the Group's revenues (as percentage of the total revenue.):

	Six months ended 30 June				Year ended 31 December	
	2020		2019		2019	
	Unaudited					
	NIS in thousands	%	NIS in thousands	%	NIS in thousands	%
Customer A	32,473	13.2	29,398	14	55,653	13.5

D. Revenues from main products (as percentage of the total revenue):

	Six months ended 30 June				Year ended 31 December	
	2020		2019		2019	
	Unaudited				Audited	
	NIS in thousands	%	NIS in thousands	%	NIS in thousands	%
Canned vegetables	35,732	14.6	32,798	15.7	63,674	15.0
Dairy and dairy substitute products	98,309	40.2	75,474	36.1	154,303	37.0
Canned fish	29,337	12.0	24,956	12	49,179	12.0
Grain- rice and pasta	30,732	12.6	23,301	11.2	48,813	12.0
Non-bank credit	437	0.2	360	0.2	930	-
Sesame	11,169	4.6	10,864	5.2	18,586	5.0
Other	38,708	15.8	41,045	19.6	78,738	19.0
Total	244,424	100	208,798	100	414,223	100

B.S.D CROWN LTD.
NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 5 - CONTINGENT LIABILITIES AND COMMITMENTS - BSD Crown Ltd.

- A.** The Company and some of its past directors and officers were named as defendants in a claim that was filed in the context with the bankruptcy of Mr. Eli Reifman, one of the founders and a former director of the Company.

As part of his fiduciary and regulatory obligations, Mr Reifman was required to timely report to the Company of changes in his shareholding. All Mr Reifman's reports were duly reported and reflected in the Company's annual and immediate reports, respectively. Mr Reifman's creditors assert reliance on information provided by the Company with respect to his shareholdings as was reported by him to the Company. In October 2014, the Company and several of its past directors were joined as direct defendants by one of the creditors who filed the attorney's claim.

The outstanding amount pursuant to claims filed against the Company in respect of Mr. Reifman, is approximately NIS 30 million. On 19 July 2019 the Company received a decision of the Israeli Central District Court, in which the Court accepted partially the claims against the Company and certain of its former directors in respect of a claim that was filed in connection with the bankruptcy of Mr. Eli Reifman, one of the founders and a former director of the Company, by its creditors. According to the Court decision, the Company and its officer, together and separately, are obliged to pay the total amount of NIS 12,370,290 linked to the CPI + interest from the date on which the claim was filed plus NIS 1,840,000 to cover legal expenses of the parties.

Based on the arrangement between the Company and its Directors & Officers insurer, Company's share is 50%, NIS 6,185,145 linked to the CPI + interest from the date on which the claim was filed plus NIS 920,000 to cover legal expenses of the parties.

On 15 August 2019 the Court accepted the Company's request to delay the execution of the foregoing court decision until filing an appeal with the Israeli theSupreme Court.

On November 10, 2019, the Company and its officers filed a notice of appeal with the Supreme Court, as well as a motion to delay execution of the judgment pending a decision on the appeal. At the same time, all parties filed a notice of appeal on their behalf, including in relation to the charge imposed on the Company and its officers. At this stage, management is unable to assess the outcome of the appeal procedure.

On December 5, 2019, the Supreme Court ruled that the Company would transfer the amounts ruled against it in the judgment to a trust account opened by the plaintiffs' attorneys, and that these funds would be transferred to the plaintiffs only at the conclusion of the appeal process and subject to its consequences. On January 15, 2020, a supplementary decision was issued by the Supreme Court whereby transferring the funds to the trust account would stop the interest and linkage charges during the appeal period.

Subsequently, at the beginning of February 2020, the Company transferred a total of NIS 7,362 thousand to one of the plaintiffs, whose power attorney opened a trust account, with the Company's share of this amount being NIS 3,681 thousand. The remaining to be paid to other plaintiff be paid to the is NIS 8,255 thousand, with the Company's share of this amount being NIS 4,127 thousand, and this amount will be transferred to a trust account following the opening a trust account for it by its attorney.

At this stage, management is unable to assess the outcome of the appeal procedure.

- B.** On June 17, 2018, the Company filed a Statement of Claim pursuant to Derivative Claim (Central District Court) Iram v. B.G.I Investments (1961) Ltd. On August 2, 2018, the Court handed down a decision according to which the claim would be heard in a separate proceeding. Accordingly, the abovementioned file was opened on August 6, 2018.

In the Statement of Claim, the Company sues the amount of approximately NIS163 million from its former controlling shareholder (Israel 18 B.V., hereinafter: "Israel 18"), the former members of its Board of Directors, its former CEO and CFOs, foreign banks, its former auditors and insurance companies which insured the officers' professional liability.

The claim deals with two matters: the first deals with the Defendants' negligence in transferring approximately USD 46 million to banks with speculative rating in Austria and Azerbaijan; The

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NOTE 5 - CONTINGENT LIABILITIES AND COMMITMENTS - BSD Crown Ltd. (Cont.)

B. (Cont.)

second deals with a negligent decision to step into the shoes of the former controlling shareholder of the Company in a transaction for the purchase of car dealerships and negligence in transferring the Company's funds in respect of this transaction.

In addition to the monetary relief, the Court was requested in the Statement of Claim to grant declaratory relief regarding the breach of the duty of care by the directors and the CFOs; the controlling shareholders' violation of the duty of care and the duty of trust towards the Company; and that the Company does not owe the foreign banks any funds.

On November 22, 2018, the Statements of Defense of 17 of the 20 Defendants in this proceeding were submitted. On December 18, 2018, the Company submitted a response to these Statements of Defense. On 27 March 2019, the Statement of Defense of a foreign defendant, Meinel Bank AG, was submitted. On 15 May 2019 the Company submitted a response to this Statement of Defense. On September 10, 2019, the Statement of Defense of another foreign defendant, defendant, was submitted (On October 10, 2019, defendant filed to the Supreme court a motion to appeal on the decision approved the service of the claim to this registered address. Which is still pending.

On January 21, 2020, the Court granted the Company's motion to amend the statement of claim, and ordered the Company to submit the amended of claim by February 2, 2020. On May 24, 2020, the Company filed an Amended Answer with the Court, thereby bringing the stage of submission of written pleadings to an end. In view of the preliminary stage of the proceeding, Company's legal advisers are unable to estimate the chances of the claim.

- C.** On March 3, 2020, insolvency proceedings were opened against Defendant 15, AAB BANK AG ("Meinel Bank"). The court in Vienna nominated Insolvency administrator, to whom BSD's claim was made through its lawyers in Vienna. A first meeting of the creditors, reporting hearing and general initial hearing for proving debts took place on May 28, 2020. The next hearing – where also BSD's claim will be examined – will take place on 15 October 2020. During this hearing the insolvency Administrator and AAB will declare whether they acknowledge or contest BSD's claim.

D. CONTINGENT LIABILITIES AND COMMITMENTS - WFI and its subsidiaries

- 1)** On February 24, 2016, a motion to certify a class action claim (the "Motion") was received at the WFI's offices. The motion was submitted to the Economic Division of the District Court in Tel Aviv by the Yaad Pe'er Management Services Ltd. (the "Petitioner") company, which claims it holds shares in WFI. The lawsuit is against all of WFINT's directors as well as officers in WFINT ("Defendants"). The WFI and WFINT were joined as respondents to the motion. The certification motion deals with the Petitioner's claim of damages incurred by WFI, which are assessed by the Petitioner at the filing of the motion, at approximately USD 3 million because of claimed breaches of the duties of faith, care, and skill, by the directors and officers toward WFI in connection with an investment in the sum of USD 3 million in a company registered in the Czech Republic, and that holds a hotel in the Czech Republic that is inactive. The Petitioner claims that the investment has no connection to WFI's activities, and it apparently serves in assisting the former controlling shareholder in the Company in other matters or to cover other obligations that he has. On 16 August 2018, WFINT filed a notice whereby it intends to lodge a lawsuit against the office holders in connection with the events which are the subject matter of the derivative action and therefore it is no longer needed to discuss the motion to approve a derivative action. On 4 October 2018, the said motion was stricken out and the case was closed.

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NOTE 5 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

D. CONTINGENT LIABILITIES AND COMMITMENTS - WFI and its subsidiaries (Cont.)

1) (Cont.)

Further to above, on November 4, 2018 WFINT filed a NIS 4 million lawsuit against the Company's former controlling shareholder, Mr. Gregory Gurtovoy and against five (former) WFINT directors and senior office holder, Israel Joseph Schneerson, Pavel Buber, Iram Ephraim Graiver, Ilan Menachem Admon and Zalman Vigler (hereafter jointly: the "**Defendants**"). According to WFINT, the Defendants conspired to cause the use of WFINT's funds as collaterals to loans extended to foreign private companies related to the Company's controlling shareholders on dates which are relevant to the lawsuit without obtaining the required approvals from the WFINT's organs and without issuing the required report to Company's shareholders.

The lawsuit is based on the claim that an agreement signed by WFINT, whereunder it has allegedly invested in the bonds of a Czech company, is not a genuine agreement, rather, it is claimed, the purpose of the agreement was to assist the controlling shareholders (Gregory Gurtovoy and others) to secure private loans extended by the Austrian bank Meinh, while using WFINT's funds for their concealed and inappropriate purposes.

WFINT demands that the Defendants compensate it for the funds that were not refunded to WFINT (in NIS values) plus a compensation at the rate of the alternative yield and a compensation equal to the amounts paid by WFINT to enable the refund of the funds.

On 24 January 2019 the Defendants filed statements of defense, various motions (to dismiss in and/or delay the proceedings) and a counterclaim against WFINT and against the WFI as part of this proceeding.

In their counterclaim the Defendants claims that they are entitled for funding of their legal defense and/or for indemnification and exemption from WFINT in respect of the lawsuit and request the

Court to order the WFINT to fund their legal defense against the WFINT's lawsuit. On 13 May 2019 a preliminary hearing was held and a hearing was settled for 28 November 2019.

On December 25, 2019, the court gave effect to a judgment through a settlement agreement signed between G. Wilifood and Mr. Ilan Menachem Admon, one of the defendants, according to which the mutual claims filed on behalf of the parties in this case were dismissed without an order for costs. The proceedings in the case of the other defendants continue as normal. An additional pre-trial hearing is scheduled for October 1, 2020. In light of the aforesaid, the Company's management estimates that the information in financial statements and in the notes to the financial statements in respect of the procedure is sufficient.

- 2)** On 23 July 2017 a labor claim was filed by Mr. Iram Graiver, former CEO of WFINT and president of WFINT, against WFINT to the Regional Labor Court in Tel-Aviv in the amount of approximately NIS 2.4 million with respect to the termination of his employment on 5 July 2017. On 27 July 2017 WFINT filed a counterclaim against the employee in the amount of approximately NIS 1.7 million. On 26 November 2017 Mr. Graiver filed a statement of defense. Preliminary hearing was held on 7 March 2018. The parties are currently at the stage of documents disclosure. The first evidentiary hearing took place on January 15, 2020, the second evidentiary hearing took place on June 7, 2020. A third evidentiary hearing was scheduled for July 23, 2020 but has not taken place and a new date has not yet been set. In light of the aforesaid, the Company's management estimates that the information in financial statements and in the notes to the financial statements in respect of the procedure is sufficient.

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NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 5 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

D. CONTINGENT LIABILITIES AND COMMITMENTS - WFI and its subsidiaries (Cont.)

- 3) On 29 October 2009, WFINT and its subsidiary Gold-Frost Ltd. (hereafter: the "Companies") filed to the Rishon-LeZion Magistrates Court a lawsuit demanding the refund of import permit fees at the total amount of approximately NIS 1.3 million. The fees were paid to the Ministry of Health in respect of early registration for food import permits with the national food service between the years 2002-2009; the Companies claim that those fees were collected unlawfully.

In a ruling issued on 13 May 2015, the Rishon-LeZion Magistrates Court accepted the position of the Companies to the effect that the fees in respect of early registration for food import permits were collected unlawfully and that the Companies and other food importers have an independent cause to demand the repayment of the fees that were paid, by virtue of the Unjust Enrichment Law, 1979 (hereafter: the "Law"). In addition, a partial exemption from refund was determined in accordance with Section 2 of the Law in respect of an amount equivalent to 30% of the amounts of fees claimed and proven, due to the Ministry of Health's mechanism for regulating imported food, which granted the Companies protection from criminal and civil lawsuits in respect of damage caused to consumers from damaged imported food. As a result of the ruling, the WFINT received in 2015 a total of approximately NIS 1.1 million.

After the Ministry of Health appealed against the ruling, on 19 April 2017 a partial ruling was issued that upholds the rulings of the Magistrates Court unchanged in connection with the refund of fees and the rate of fees to be refunded; however, the question relating to the threshold for proving the damage remained outstanding.

The Ministry of Health appealed the ruling and in April 2017 a partial ruling was given that upheld the court's rulings regarding the charge of restitution and its rate, while the question of the threshold for proving the damage remained pending. In November 2015, the companies filed another lawsuit against the Ministry of Health for the refund of early registration fees for food imports in the amount of NIS 2 million, which were paid by the companies in 2009-2009. On December 30, 2019, a compromise agreement was signed with the Ministry of Health. 42% of the amount of the lawsuit filed in 2015 and will return to the Ministry of Health 10% of the amount of the lawsuit filed in 2009, so that in January 2020, the company received a refund of NIS 0.6 million from the Ministry of Health in addition to NIS 1.1 million from 2015.

- 4) On December 1, 2013, the companies filed a lawsuit in the court against the Ministry of Health for the refund of release fees from the blocking in the amount of NIS 2.1 million. The fees were paid to the Ministry of Health for the release of food shipments from the port which according to the companies was actually carried out by the customs authorities and collected without a legal basis. On May 13, 2015, a ruling was given according to which the blocked funds ought to be released, as those fees were illegally collected by the Ministry of Health. The ruling ordered the Ministry of Health to return to companies 70% of the fees paid by them. On July 8, 2015, appeals were filed on behalf of both parties, after a number of hearings the court offered the parties to resort to a compromise through mediation. The parties agreed to bring to the mediation procedure all the issues in the appeal and all the cases pending in the courts. On December 31, 2019, a settlement agreement was signed in which it was determined that the companies will receive a total amount of NIS 1.3 million. On January 9, 2020, the court gave effect to the settlement agreement. During April 2020, the company received a refund of NIS 1.3 million from the Ministry of Health.

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NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 5 - CONTINGENT LIABILITIES AND COMMITMENTS (Cont.)

D. CONTINGENT LIABILITIES AND COMMITMENTS - WFI and its subsidiaries (Cont.)

- 5) In March 2019, an amended property tax assessment ("the assessment") was received from the Yavne Municipality (the "Municipality") in respect of the property in Yavne where occupied by G. Wilifood. As part of the assessment, 3,660 square meters of occupied land was added to the bill. The amendment of the assessment was done by the municipality retroactively also for the years 2016–2018, so that the total billing supplement currently stands, according to the municipality, at a total of NIS 734,186 at the end of 2019. Following the assessment correction, the approach G. Wilifood obtained, appealed, and filed an administrative petition detailing its claims against the billing surcharge for 2019 onwards and against the municipality's decision to retroactively suspend the assessment of the assessment for 2016–2018 in violation of a valid settlement agreement. As part of negotiations conducted in parallel with the legal proceedings, a compromise was reached with the municipality, according to which it will be paid by c. Wilifood a total of NIS 380,000 for the full settlement of the municipality's requirements in relation to the additional land area until December 31, 2020.
- 6) On July 17, 2019, a lawsuit and application for approval as a class action was filed in the Jerusalem District Court against G. Wilifood and against 11 other respondents. According to the applicant, G. Wilifood allegedly did not comply with the provisions of the food labeling standard of one of its products and thus misled the consumer public. The applicant claimed in a comprehensive manner that the respondents all together caused him pecuniary damage in the amount of NIS 5 and the other members of the group pecuniary damage in the amount of over NIS 3 million. G. Wilifood filed a motion for outright dismissal of the permit application. On March 5, 2020, a pre-trial hearing was held, during which the court recommended to the parties that an application be submitted with consent to the removal of the application for approval. On May 12, 2020, a ruling was given according to which the application for approval will be deleted and the personal claim will be rejected subject to the payment of a fee to the applicant's attorney and as compensation to the plaintiff in amounts that are not material to the company.
- 7) On September 19, 2019, the Company announced that Adv. Ziv Ironi, who serves as an external director of the Company ("Urban Adv." Or "the Applicant"),an opened motion, (the "Opening Motion") to the Economic Department of the Tel Aviv District Court ("the Court"). Against the company, the directors serving in the company, a candidate (as he was at the time) for the position of external director in the company, the Securities Authority, Menora Mivtachim Holdings Ltd. and Entropy Economic Research Services Ltd. As part of the opening motion, Adv. Ziv Ironi requested that the court declare that: A) The position on the agenda of the general meeting of the shareholders of the company scheduled for September 25, 2019 or at any postponed date at which a meeting will be held on the agenda of the subject of the opening motion ("general meeting"), voting on the extension of the applicant's term Serving, for an additional three-year term as an external director on the Company's Board of Directors, together with a vote on the appointment of a new external director to the Company, before a separate vote was held to extend the applicant's term, is illegal; B) Performing two voting procedures at the general meeting, both for the appointment of a new external director and for the appointment of an external director serving for another term, while creating a "competition" between them, contrary to the provisions of the Companies Law, 1999 ("Companies Law") in general and the purpose of amendment No. 16 of the Companies Act, in particular; C) As a result of the aforesaid, the court was asked to declare that to the extent that a decision is made at the general meeting on the appointment of a new external director, the applicant has passed, then such a decision is void. On January 22, 2020, a hearing was held in the Tel Aviv District Court on the company's request to dismiss the lawsuit definitely, in light of the appointment of the applicant for another term as an external director of the company, during which the applicant announced that he was withdrawing from the lawsuit.

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NOTE 5 - CONTINGENT LIABILITIES AND COMMITMENTS - (Cont.)

C. CONTINGENT LIABILITIES AND COMMITMENTS - WFI and its subsidiaries (Cont.)

- 8) On May 7, 2020, a claim and application for approval as a class action was filed in the Central District Court (the "Court") against G. Wilifood and against two other respondents. According to the applicant, G. Wilifood marketed a number of products as products approved by the Chief Rabbinate of Israel before the actual rabbinat approval was obtained. Thus, the applicant alleges a violation of various laws. The applicant claims that he cannot at this stage estimate the amount of the class action in relation to all the members of the group. On G. Wilifood to submit a response to the application for approval by August 5, 2020. In light of the above, the Company's management estimates that the information in financial statements and notes to the financial statements in respect of this proceeding is sufficient.
- 9) On June 24, 2020, a lawsuit and application for approval as a class action was filed in the Central District Court against G. Wilifood, Euro Dairies Europe Ltd. and another respondent. According to the applicant, G. Wilifood has marketed a number of products with the words "without salt" and "without added salt" on them and this caption is misleading and contrary to the provisions of the law and the relevant standards. On c. Wilifood to submit a response to the application for approval by November 10, 2020. In light of the above, the Company's management estimates that the information in financial statements and in the notes to the financial statements in respect of this procedure is sufficient.
- 10) On May 26, 2020, a lawsuit was filed by Tnuva Cooperative Center for the Marketing of Agricultural Products Ltd. against the WF and G. Wilifood. According to the applicant, a number of products marketed by G. Wilifood constitute an alleged infringing imitation of Tnuva product packaging. That Tnuva's rights were violated, permanent restraining orders to prevent the continued use of the product packaging by G. Wilifood, orders to collect the products from the points of sale and an order to provide accounts regarding G. Wilifood's income from the sale of those products.

On June 9, 2020, a response was filed by Wilifood to the motion, in which all allegations of infringement were denied. On July 26, 2020, a settlement agreement was signed between the parties, which concludes the proceedings in the case, according to which Tnuva waived its financial claims against Wilifood. In light of the above, the Company's management estimates that the information in financial statements and in the notes to the financial statements in respect of this procedure is satisfactory.

NOTE 6 - EVENTS DURING THE REPORTING PERIOD AND SUBSEQUENT EVENTS

- A. Corona virus: The spread of the corona virus, a global event with significant macroeconomic implications, continues to plague many countries around the world and Israel among them (the "corona crisis" and the "crisis"). This crisis, and the restrictions on movement and activity imposed in Israel and other countries around the world in an attempt to prevent the spread of the virus, present the economy with many challenges, manifested in an unprecedented decline in business activity, both in terms of intensity and speed. Despite the slowdown in the spread of the virus in Israel at the beginning of the second quarter of 2020, in the second half of the quarter there was an increase in the rate of spread and the current time is still characterized by significant uncertainty about the virus' spread and intensity. It should be emphasized that this is a variable event whose scope and duration are not under the control of the Company and therefore the Company does not know at this stage to assess the full extent of the economic effects on its areas of activity. The company is defined as an essential enterprise according to the Labor Service Law in Emergencies 1976. The Company's business activity in the field of imports during the first quarter of 2020 and thereafter took place as usual, except for the changes required to adjust the distribution, trade and sales system in order to meet the growing demand for the Company's

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NOTES TO INTERIM CONSOLIDATED CONDENSED FINANCIAL STATEMENTS

NOTE 6 - EVENTS DURING THE REPORTING PERIOD AND SUBSEQUENT EVENTS (Cont.)

A. Corona virus (Cont.)

products as a result of the crisis. In the first half of 2020, the company showed an increase in its sales of approximately NIS 35.3 million, an increase of approximately 17.8% compared to the corresponding period last year. The increase in sales is mainly due to an increase in demand for the company's products in the marketing chains and vice versa, from a decrease in sales to the institutional market (hotels, catering, cafes, restaurants and banquet halls), whose activity was reduced following the crisis. However, during the first half of 2020, the Company received many requests from its customers, mainly in the institutional market, to defer payments and / or spread debts, as a result of their inability to meet payments due to the reduction and / or cessation of their business activities. The Company has reached agreements with its customers and most of their debts are insured with credit insurance and / or through deposits and / or bank guarantees and / or promissory notes and / or personal guarantees, so that the effect of deferred payments and / or spread of debts on the Company's financial results is not material. The company purchases its goods from one hundred and twenty suppliers around the world, including the Far

East, Europe, the United States, South America and Israel. It is clarified that at this date the Company is not dependent on any of its suppliers. In addition to its activities in the food sector, the Company holds (mainly through G. Wilifood and companies under its control) a diverse securities portfolio traded on the Tel Aviv Stock Exchange Ltd.), Which amounted to NIS 110.5 million as of June 30, 2020 (in addition to the amount of NIS 170.9 million in cash and cash equivalents). The uncertainty arising from the crisis has led to high volatility in the financial markets and sharp declines in the capital markets in Israel and around the world (especially during the first quarter of 2020), which have a negative material effect on the value of the investment portfolio. During the first half of 2020, the losses in the investment portfolio amounted to NIS 13.9 million. The total cumulative loss from the beginning of the year to the date of the report amounted to NIS 8.2 million.

- B. As of January 1, 2020, WFINT ceased to be a "small corporation" as defined in the Securities (Periodic and Immediate Reports) Regulations, 1970 ("Regulations"). In accordance with Regulation 5E (c) of the Regulations, the WFINT will continue to report pursuant to Regulation 5D of the Regulations. Implementation of the relief for "small corporation" (excluding the continued publication of its quarterly financial statements), up to and including the company's quarterly report as of September 30, 2020.
- C. On March 2, 2020, Mr. Michael Lubuszitz ceased to serve as the WF's CEO.
- D. On March 10, 2020, Mrs. Einat Peled Shapira began serving as the WF's CEO.
- E. On June 15, 2020, G. Wilifood for trading on the Tel Aviv Stock Exchange as a dual publicly traded company, in addition to listing on the Nasdaq Stock Exchange in New York.
- F. On July 23, 2020, G. Wilifood shares of Shufersal Ltd. ("Shufersal") in the amount of approximately NIS 30 million. Shufersal shares were purchased in accordance with the decision of the Investment Committee of G. Wilifood, as part of the distribution of Shufersal shares by its former controlling shareholder.