

B.S.D CROWN LTD.

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

B.S.D CROWN LTD.

CONSOLIDATED FINANCIAL STATEMENTS

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IN NIS

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INDEPENDENT AUDITOR'S REPORT To the shareholders of B.S.D. Crown Ltd.

Opinion

We have audited the accompanying consolidated financial statements of B.S.D. Crown Ltd. (the "Company") and its subsidiaries (the: "Group"), which comprise the statement of financial position as of December 31, 2020, the related statements of comprehensive income, changes in equity and cash flow for the year ended December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020, its financial performance and its cash flows for the year ended December 31, 2020 in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standard Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Israel, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Key Audit Matter	How the matter was addressed in our audit
<p>Reserves for rights to return goods:</p> <p>the Group's revenue is derived from pre-set prices with its customers, therefore the amount of revenue to be earned from each transaction is determined by reference to those prices agreed with the customers. An exception to this principal is that in most cases, the Group enables specific customers to return products which they have not sold, despite that there is no agreement between the Group and its customers regarding such returns and the Group does not have such policy. Historical experience enables the Group to estimate reliably the value of good that will be returned and restrict the amount of revenue that is recognized such that it is highly probable that there will not be a reversal of previously recognized revenue when goods are return. The provision for such chargebacks involves estimation and judgment by management. Therefore, the risk in relation to the chargebacks provision being misstated is also considered to be a key audit matter.</p>	<p>Our procedures in respect of this area included:</p> <ul style="list-style-type: none"> - Testing management's process for determining the estimate for return of goods reserves. -Evaluating the appropriateness of management's methodology to calculate the return of goods reserves. -Testing the completeness and accuracy of data inputs to return of goods reserves calculation. -Evaluating the reasonableness of management's prior period estimates for return of goods reserves to actual goods returns during the current period by performing a retrospective comparison subsequent to year-end.

Other information

Management and directors are responsible for the other information. The other information comprises the information contained in the annual report and financial statements for the year ended December 31, 2020, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the



consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the management and directors for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRSs, and for such internal control as management and the directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the management and the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management and the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a

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material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes

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public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

David Wertheimer
Partner
Tel-Aviv, Israel
April 27, 2021

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

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B.S.D CROWN LTD.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

		31 December	
	Note	2020	2019
		NIS in thousands	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	4	207,132	132,163
Financial assets at fair value through profit or loss	6	150,593	140,195
Trade receivables	7	136,625	136,387
Other receivables and prepaid expenses	8	15,139	17,549
Loans to Others	9	18,707	17,650
Inventories	10	59,514	72,048
Total current assets		<u>587,710</u>	<u>515,992</u>
NON-CURRENT ASSETS:			
Long term deposits		455	471
Right-of-use asset	5	2,945	4,057
Property, plant and equipment, net	11	42,930	43,959
Financial assets at fair value through profit or loss	17	13,700	-
Intangible assets:	3		
Customer relationships		5,780	8,258
Brands		293	1,165
Total non-current assets		<u>66,103</u>	<u>57,910</u>
Total assets		<u>653,813</u>	<u>573,902</u>

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

B.S.D CROWN LTD.**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	<u>Note</u>	<u>31 December</u>	
		<u>2020</u>	<u>2019</u>
		<u>NIS in thousands</u>	
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Current maturities of lease liabilities	5	1,486	1,868
Trade payables	13	23,533	24,386
Other accounts payable	14	12,754	14,060
Provision for legal proceedings	16,14	8,255	15,913
Employee benefit liabilities	15	3,490	2,968
Total current liabilities		<u>49,518</u>	<u>59,195</u>
NON-CURRENT LIABILITIES:			
Lease liability	5	1,592	2,211
Employee benefit liabilities	15	1,905	1,486
Deferred taxes	23	3,594	2,810
Total non-current liabilities		<u>7,091</u>	<u>6,507</u>
EQUITY:			
Share capital	18	1,349	1,349
Share premium		1,690,591	1,690,591
Treasury shares		(126,747)	(126,747)
Reserve from transactions with non- controlling interests	24	6,082	(3,624)
Reserve from translation of financial statements of foreign operation		692	692
Reserve from benefit employee		(619)	(444)
Adjust arising from initial translation Company financial statements		85,279	85,279
Accumulated deficit		<u>(1,384,720)</u>	<u>(1,404,646)</u>
Equity attributable to Company's equity holders		271,907	242,450
Non- controlling interests		<u>325,297</u>	<u>265,750</u>
Total equity and non-controlling interests		<u>597,204</u>	<u>508,200</u>
Total liabilities and equity		<u>653,813</u>	<u>573,902</u>

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

27 April, 2021

Date of approval of the financial statements	Joseph Williger Chairman of the board	Amir Ariel Chairman of the Audit Committee	Yitschak Barabi Chief Financial Officer
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B.S.D CROWN LTD.**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME**

	Note	31 December	
		2020	2019
		<u>NIS in thousands (except earnings per share)</u>	
Revenues	19A	472,448	414,223
Cost of sales	19B	(325,862)	(290,038)
Gross profit		<u>146,586</u>	<u>124,185</u>
Selling expenses	19C	69,340	58,962
General and administrative expenses	19D	25,043	30,914
Other income	19E	(108)	(3,119)
Total operating expenses		<u>94,275</u>	<u>86,757</u>
Operating income		52,311	37,428
Financial income	19F	10,702	19,921
Financial expense	19F	(1,241)	(3,242)
Income before taxes on income		<u>61,772</u>	<u>54,107</u>
Taxes on income	20B	(14,660)	(12,759)
Income		<u>47,112</u>	<u>41,348</u>
<u>Other comprehensive income may be reclassified to profit or loss in subsequent periods, net of tax:</u>			
Exchange differences on translating of foreign operation		-	92
<u>Other comprehensive income will not to be reclassified to profit or loss in subsequent periods, net of tax:</u>			
Remeasurement gain/(loss) from defined benefit plans		<u>(296)</u>	<u>(404)</u>
Total other comprehensive income, net of tax		<u>(296)</u>	<u>(312)</u>
Total comprehensive income for the year		<u>46,816</u>	<u>41,036</u>
Net income attributable to:			
Equity holders of the Company		19,926	15,610
Non- controlling interests		<u>27,186</u>	<u>25,738</u>
Net income		<u>47,112</u>	<u>41,348</u>
Total comprehensive income attributable to:			
Equity holders of the Company		19,751	15,523
Non- controlling interests		<u>27,065</u>	<u>25,513</u>
Total comprehensive income for the year		<u>46,816</u>	<u>41,036</u>
Basic and diluted income per share (in NIS):	21	<u>0.15</u>	<u>0.12</u>

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

B.S.D CROWN LTD.

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										
Balance as of 1 January 2020	<u>1,349</u>	<u>1,690,591</u>	<u>(126,747)</u>	<u>(3,624)</u>	<u>(444)</u>	<u>692</u>	<u>85,279</u>	<u>(1,404,646)</u>	<u>242,450</u>	<u>265,750</u>	<u>508,200</u>
Net income	-	-	-	-	-	-	-	19,926	19,926	27,186	47,112
Other comprehensive (loss) income:											
Remeasurement loss from defined benefit plans	-	-	-	-	(175)	-	-	-	(175)	(121)	(296)
Total comprehensive (loss) income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(175)</u>	<u>-</u>	<u>-</u>	<u>19,926</u>	<u>19,751</u>	<u>27,065</u>	<u>46,816</u>
Transaction with non-controlling interest-purchase shares of subsidiary	-	-	-	9,706	-	-	-	-	9,706	32,482	42,188
Balance as of 31 December 2020	<u>1,349</u>	<u>1,690,591</u>	<u>(126,747)</u>	<u>6,082</u>	<u>(619)</u>	<u>692</u>	<u>85,279</u>	<u>(1,384,720)</u>	<u>271,907</u>	<u>325,297</u>	<u>597,204</u>

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

B.S.D CROWN LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to equity holders of the Company

	<u>Share capital</u>	<u>Share premium</u>	<u>Treasury shares</u>	<u>Reserve from transactions with non-controlling interest</u>	<u>Equity-settled employee benefits reserve</u>	<u>Reserve from translation of financial statements of foreign operation</u>	<u>Initial translation financial statements reserve</u>	<u>Accumulated deficit</u>	<u>Total</u>	<u>Non-controlling interests</u>	<u>Total equity</u>
	NIS in thousands										
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 (loss) 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	-	-	-	-	(179)	92	-	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 consolidated financial statements.

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

	Year ended 31 December	
	2020	2019
	NIS in thousands	
<u>Cash flows from operating activities:</u>		
Income for the period	47,112	41,348
Adjustments to reconcile income from continuing operations to net cash provided by (used in) operating activities:		
Depreciation and amortization	9,194	9,313
Gain on disposal of fixed assets	(108)	
Increase in employee benefit liabilities, net	124	245
Change in financial assets at fair value through profit or loss	(5,602)	(13,773)
Increase in deferred tax	784	1,059
Exchange rate difference or short-term deposits	16	40
Gain related to discontinuance of consolidation	-	(3,242)
Depreciation expenses of right-of-use asset	147	336
Current tax expenses	13,877	10,907
	18,432	4,904
Change in asset and liability item:		
Decrease in long term deposit	-	757
(Increase) decrease in inventories	12,534	(22,759)
Increase in trade receivables	(238)	(38,370)
(Increase) Decrease in receivables and prepaid expenses	6,511	(13,234)
Increase (Decrease) in trade payables, other payables and accrued expenses	(5,590)	24,819
	13,217	(48,787)
Cash received (paid) during the year:		
Income taxes paid, net	(21,681)	(6,293)
	(21,681)	(6,293)
Net cash provided by operating activities	57,080	(8,828)

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

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

	Year ended 31 December	
	2020	2019
	NIS in thousands	
Cash flows from investing activities:		
Proceeds from sale of property and equipment	108	-
Purchase of property and equipment	(2,903)	(1,793)
Proceeds from sale of (investment in) financial assets at fair value through profit or loss	(18,498)	22,980
Loans granted to others	(20,000)	(43,650)
Proceeds from loans granted to others	18,943	26,000
Net cash provided by (used in) investing activities	(22,350)	3,537
Cash flows from financing activities:		
Payments of lease liabilities	(1,949)	(1,465)
Transaction with non-controlling interest- issue of shares by subsidiary	42,188	(625)
Net cash (used in) provided by financing activities from continuing operations	40,239	(2,090)
Net increase (decrease) in cash and cash equivalents	74,969	(7,381)
Cash and cash equivalents at the beginning of the year	132,163	139,544
Cash and cash equivalents at the end of the year	207,132	132,163

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

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED 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 . Since 5 May 2017 the Company is controlled by Mr. Joseph Williger.
- B. These financial statements have been prepared in accordance with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board (IASB) and Interpretations (collectively IFRSs).
- C. 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.
- D. On 14 November 2018, 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. In February 2019, WFINT extended a first loan of NIS 18 million 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 extending activities.
- E. 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.
- F. Since 30 of March, 2020 the company is no longer in compliance with Section 14.2.2 of the Listing Rules (the "Listing Rules") pursuant to which at least 25% of the Company's issued share capital is required to be held in "public (EEA) hands" The Financial Conduct Authority ("FCA") has been notified accordingly. Under the Listing Rules, the FCA may suspend the trading and/or cancel the listing of securities where it appears to it that the Company is no longer comply its continuing obligations with Section 14.2.2. On 3 of August, 2020 the FCA approved the company's request for temporary modification of 14.2.2 for a period of 6 months until 3 of February, 2021 to allow the company to undertake steps to increase the level of shares held in public hands in one or more EEA states to 25% or more. On 11 of March 2021, the FCA approved the company's request for further temporary modification of 14.2.2 for a period of 90 days.in order to allow the company to undertake the necessary steps to complete the merger proposal, currently being discussed with the company's controlling shareholders. For more information of the merger proposal see Item G.

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - General: (cont.)

G. In October 2020, the controlling shareholders of the Company (the "Controlling Shareholders") presented a proposal to the Board of Directors whereby they would purchase all shares of the Company not held by them (or their affiliates), approximately 15% of the shares of the Company (the holders of such shares, "Minority Shareholders"), at price of 0.27 British Pound Sterling per share. Following such proposal, the Board of Directors authorized the audit committee of the Company, consisting of the Company's external and independent directors only, to serve as a special and independent committee that would not be dependent on the Company or the Controlling Shareholders (the "Independent Committee"). The Independent Committee was assigned to examine, formulate, and negotiate the terms of the transaction from the point of view of the Company's minority shareholders and to determine whether such a transaction would be in the best interest and for the benefit of the Company.

On March 17, 2021, the members of the Independent Committee approve the Company to enter into an Agreement and Plan of Merger (the "Merger Agreement", and the transaction contemplated thereunder, the "Merger") with the Controlling Shareholders and a special purpose vehicle wholly owned by the Controlling Shareholders ("Merger Sub"), whereby the Merger Sub would merge with and into the Company with the Company surviving the Merger, resulting in the payment to the Minority Shareholders of 0.30 British Pound Sterling per share, all subject to the terms and conditions set forth in the Merger Agreement. In a circular published on March 22, 2021, the Independent Committee explained why it believes that the Merger is in the best interests of the shareholders of the Company and recommends that the shareholders of the Company approve the consummation of the Merger. The Merger and certain related matters will be submitted to shareholder approval at an extraordinary general meeting of the Company that will be held on April 27, 2021. Under the Israeli company's law, the Merger will be subject to the approval of the holders of at least 75% of the shares present, in person or by proxy, and voted at the meeting, as well as the approval of a special majority of the shareholders of the Company other than the Controlling Shareholders.

On April 27, 2021 at the extraordinary general meeting of the Company all resolution as set out in the notice of the extraordinary general meeting of the shareholders of the company dated 22 March, 2021 (including the merger agreement) were approved in accordance with the Israeli law.

Further to the passing of the Resolutions, and in accordance with the circular dated 22 March 2021, it is proposed that the cancellation (the "Cancellation") of the listing of the Company's ordinary shares of NIS 0.01 each on the Official List will take effect from 31 May 2021.

Note 2 - Critical accounting estimates and assumptions

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Note 2 - critical accounting estimates and assumptions (cont.)

Estimates and assumptions:

- Revenue recognition - provision of rights to return goods
- Defined benefit scheme - actuarial assumptions
- Legal proceedings - estimates of claims and legal processes
- Inventory – provision of slow-moving inventory
- Fair value measurement

several assets and liabilities included in the company financial and non-financial assets and liabilities utilizes market observables inputs and data as far as possible. Inputs used in determining fair value measurement are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

Level 1: Quoted priced in active markets for identical items (unadjusted)

Level 2: Observable direct or indirect inputs other than level 1 inputs.

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the-inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur

The Company measures several items at fair value:

- Current Financial assets at fair value through profit or loss
- Non-current Financial assets at fair value through profit or loss

For more detailed information in relation to the fair value measurement of the Items above, please refer to the applicable notes.

B.S.D CROWN LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Note 3 - intangible assets**

	Remaining useful life as of 31 December,						
	2020	2019	Customer relationship	Supplier relationship	Brands	Non- competition agreements	Total
	NIS /in thousands						
Cost:							
Balance at 1 January 2020 and 2019	22,743	13,533	6,225	4,754	47,255		
Accumulated amortization and impairment:							
Balance at 1 January 2020	14,485	13,533	5,060	4,754	37,832		
Amortization expense	2,478	-	872	-	3,350		
Balance at 31 December 2020	16,963	13,533	5,932	4,754	41,182		
Balance at 1 January 2019	12,007	12,651	4,188	4,754	33,600		
Amortization expense	2,478	882	872	-	4,232		
Balance at 31 December 2019	14,485	13,533	5,060	4,754	37,832		
Amortization cost:							
At December 31, 2019	8,258	-	1,165	-	9,423		
At December 31, 2020	5,780	-	293	-	6,073		

Note 4 - Cash and cash equivalents

	31 December	
	2020	2019
	NIS in thousands	
Cash	56,032	63,798
Cash equivalents – deposits	151,100	68,365
Cash and cash equivalents	207,132	132,163

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 - Right -of-use assets & liability (cont.)

(4) Leases liabilities

	December 31	
	2020	2019
	NIS in thousands	
Opening balance	4,079	-
Initial application of IFRS 16	-	2,814
Additions	946	2,711
Payments	(1,947)	(1,446)
Closing balance	<u>3,078</u>	<u>4,079</u>

Note 6 - Financial assets at fair value through profit or loss

	31 December	
	2020	2019
	NIS in thousands	
Shares	53,358	13,235
Government loan and other bonds	90,978	121,091
Certificate of participation in mutual funds	6,257	5,869
	<u>150,593</u>	<u>140,195</u>

For further information regarding the valuation of financial instruments see Note 18

Note 7 - Trade receivables

	31 December	
	2020	2019
	NIS in thousands	
Open accounts	121,065	124,482
Credit card companies	161	64
Check's receivable	22,427	18,435
	143,653	142,981
Less – provision for returns	5,131	3,394
Less - allowance for doubtful accounts (1)	1,897	3,200
	<u>136,625</u>	<u>136,387</u>

(1) Movement in the allowance for doubtful debts

	31 December	
	2020	2019
	NIS in thousands	
Balance at the beginning of the year	3,200	2,370
Bad debts	(1,937)	-
Changes in allowance for doubtful debts	634	830

B.S.D CROWN LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Balance at the end of the year	1,897	3,200
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Note 7 - Trade receivables (Cont.)

- (2) Before accepting any new customer, the Group assesses the customer's credit quality and defines credit limits. Limits attributed to the Group's customers are reviewed annually or more frequently based on new information received and compliance with payment of past debts. In order to minimize customer credit risk, the Group insures and takes various guarantees (personal, promissory notes and bank guarantees). However, it should be noted that in relation to the majority of the large food marketing chains, the Group does not have any collateral whatsoever.
- (3) The trade receivables balance as of 31 December, 2020, NIS 14,142 thousand (2019-NIS 10,271 thousand) are due from major customers. The Group does not have other customers, who represent more than 10% of the total revenues as of 31 December, 2020.
- (4) The average credit period on sales of goods is 92 days (2019- 92 days).

Trade receivables- days past due

As of:	Nis in thousands					Total
	Not past due	30>	31-60	61-90	>90	
December 31, 2020	113,247	6,374	79	130	1,235	121,065
December 31, 2019	91,789	20,427	6,371	1,182	4,713	124,482

Note 8 - Other receivables and prepaid expenses

	31 December	
	2020	2019
	NIS in thousands	
Insurance indemnity	4,127	7,806
Prepaid expenses	526	1,063
Government authorities	4,417	3,116
Advances to suppliers	2,798	1,284
Accrued receivable and interest receivable	38	1,634
Other	3,233	2,646
	15,139	17,549

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 9 - Loans to others

	31 December	
	2020	2019
	NIS in thousands	
Opening balance	17,650	-
Loans granted to others (*)	20,000	43,650
Payment of loans granted to others	(18,943)	(26,000)
Closing balance	<u>18,707</u>	<u>17,650</u>

The interest rate given varies from 5%-8%. Interest income from loans granted to others amounted (*) in 2020 to NIS 719 thousand. (2019: NIS 930 thousand)

Note 10 - Inventories

	31 December	
	2020	2019
	NIS in thousands	
Finished products (*)	53,347	62,524
Merchandise - products in transit and prepayments	<u>6,167</u>	<u>9,524</u>
	<u>59,514</u>	<u>72,048</u>

(*) Including provision of NIS 3,001 thousand for slow inventories (2019- NIS 2,743 thousand)

B.S.D CROWN LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Note 11 - Property, plant and equipment, net**

	<u>Building and land</u>	<u>Motor vehicles</u>	<u>Office furniture and equipment</u>	<u>Computers</u>	<u>Mechanical equipment</u>	<u>Leasehold improvements</u>	<u>Total</u>
	NIS in thousands						
Cost:							
Cost at January 1, 2020	62,681	12,655	2,135	6,259	5,688	432	89,850
Acquisition	684	130	30	860	1,199	-	2,903
Disposals	-	(1,200)	-	-	-	-	(1,200)
Cost at December 31, 2020	63,365	11,585	2,165	7,119	6,887	432	91,553
Cost at January 1, 2019	62,322	11,893	2,060	5,869	5,483	432	88,059
Acquisition	359	762	75	390	205	-	1,791
Cost at December 31, 2019	62,681	12,655	2,135	6,259	5,688	432	89,850
Accumulated depreciation:							
Accumulated depreciation at January 1, 2020	23,500	11,376	1,319	5,276	4,367	53	45,891
Depreciation expense	2,068	822	80	384	578	-	3,932
Dispositions	-	(1,200)	-	-	-	-	(1,200)
Accumulated depreciation at December 31, 2020	25,568	10,998	1,399	5,660	4,945	53	48,623
Accumulated depreciation at January 1, 2019	21,454	10,342	1,116	5,029	3,950	53	41,944
Depreciation expense	2,046	1,034	203	247	417	-	3,947
Accumulated depreciation at December 31, 2019	23,500	11,376	1,319	5,276	4,367	53	45,891
Depreciated cost:							
At December 31, 2020	37,797	587	766	1,459	1,942	379	42,930
At December 31, 2019	39,181	1,279	816	983	1,321	379	43,959

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 13 - Trade payables

	December 31	
	2020	2019
	NIS in thousands	
Open accounts	22,439	24,132
Checks payable	1,094	254
	<u>23,533</u>	<u>24,386</u>

The average credit period on purchases of goods is 28 days (2019-28 days). The Group manages a program according to which all payables are paid within the pre-agreed credit term.

Note 14 - Other accounts payable

	December 31	
	2020	2019
	NIS in thousands	
Accrued expenses	18,427	23,611
Related parties (1)	225	618
Income tax liability	-	3,705
Customer advances	1,787	1,576
Other	570	463
	<u>21,009</u>	<u>29,973</u>

(1) see Note 22

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15 - Employee benefits liabilities

A. Composition:

	December 31	
	2020	2019
	NIS in thousands	
Post-employment benefits under defined benefit plans: (See Note C below)		
Accrued severance pays and retirement compensation	<u>1,905</u>	<u>1,486</u>
Short-term employee benefits: (See Note B below)		
Salary, related expenses and social contributions	2,338	2,206
Short-term absence compensation and recreation	<u>1,152</u>	<u>762</u>
	<u>3,490</u>	<u>2,968</u>
Employee benefit liabilities:		
Current	3,490	2,968
Non-current	<u>1,905</u>	<u>1,486</u>
	<u>5,395</u>	<u>4,454</u>

B. Short-term employee benefits:

- (1) According to labor laws and the Severance Pay Law in Israel, the Group is required to pay compensation to an employee upon dismissal or retirement (including employees who quit their job under other specific circumstances). The computation of the employee benefit liability is made according to the current employment contract based on the employee's latest salary which, in the opinion of management, establishes the entitlement to receive the compensation and considering the employment term.

The current legal retirement age is 62 for women and 67 for men. Therefore, according to the plan, an employee who has been employed by the Group for at least

one consecutive year (and under circumstances defined by law) and is dismissed

after the said period is entitled to severance pay. The rate of compensation stipulated in the Law is the employee's last salary for each year of employment.

As part of the plan, the Company and its subsidiaries are obligated to deposit amounts, at a rate to be determined by law, in order to secure the accrual of severance pay. As stipulated in the Extension Order (Consolidated Version) of compulsory pension under the laws in Israel (hereinafter: "the Extension Order"). In the reporting year, the Group's rate of provisions for severance pay is 6.5%, to be deposited in a pension fund / insurance fund.

Note 15 - Employee benefits liabilities (cont.)

b. Short-term employee benefits (cont.)

The plan detailed above exposes the Group to investment risk, i.e., the risk that the program assets will bear a negative yield and thus reduce the plan's assets in a way that does not suffice to cover the obligation. i.e., risk of actuarial assumptions regarding the expected increase in wages will be underestimated Compared with the actual wage increases, thereby exposing the Group to the risk that the obligation will increase accordingly.

The current value of the Group's post-employment benefits obligation is based on an actuarial estimation. The actuarial estimation was performed by external actuary, member of Israel Association of Actuaries.

(2) Paid annual leave:

In accordance with the Annual Leave Law, 1951, Company employees are entitled to several leave days per each working year. According to the above law (and addendums determined in personal contracts between the Company and several employees), the leave days due to an employee during the year is established based on the number of years of employment of that employee.

The employee may use leave days based on the employee's needs and with the Company's consent and to accumulate the remaining unused leave days based on the employee's personal employment contract. Employees who cease employment before using the balance of leave days are entitled to payment for the above balance of leave days.

The balance of the Group's leave fund is in accordance with the leave entitlement of each individual employee, according to the personal contract with the company to which the employee belongs and based on the employee's salary. The balance of the Group's leave fund as of December 31, 2020 is NIS 930 thousand (2019 - NIS 762 thousand).

(3) Paid sick leave:

In accordance with the Sick Pay Law, 1976, the Company's employees are entitled to 18 sick days per year (1.5 sick days per month). Sick days may be used only with a medical confirmation of an employee's illness. Employees who cease employment before using the sick days due to the employees are not entitled to payment for the above balance of sick days and, therefore, such provision is not recorded in the Company's books.

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15 - Employee benefits liabilities (cont.)

C. Defined benefit plans:

Changes in the present value of the defined benefit obligation in the current period were as follows:

	Year ended December	
	31,	
	2020	2019
	NIS in thousands	
Opening defined benefit obligation	5,527	4,316
Current service cost	585	557
Interest cost	98	146
Actuarial gains arising from changes in demographic assumptions	-	(9)
Actuarial losses arising from experience adjustments	122	105
Actuarial losses/(gains) arising from changes in financial assumptions	15	574
Benefits paid	(337)	(162)
Closing defined benefit obligation	<u>6,010</u>	<u>5,527</u>

Changes in the fair value of the defined benefit assets in the current period were as follows:

	Year ended December	
	31,	
	2020	2019
	NIS in thousands	
Opening defined benefit assets	4,041	3,480
Expected return on the plan assets	72	118
Changes in financial assumptions	(157)	255
Employer contribution	380	317
Benefits paid	(227)	(111)
Interest losses on severance payment allocated to remuneration benefits	(4)	(18)
Closing defined benefit assets	<u>4,105</u>	<u>4,041</u>

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15 - Employee benefits liabilities (cont.)

C. post-employment benefit :(Cont.)

2) According to the labor laws and the Severance Pay Law in Israel, the Group is required to pay compensation to an employee upon dismissal or retirement or to make current contributions in defined contribution plans pursuant to section 14 to the Severance Pay Law, as specified below. The Group's liability is accounted for as a post-employment benefit. The computation of the Group's employee benefit liability is made in accordance with a valid employment contract based on the employee's salary and employment term which establish the entitlement to receive the compensation.

3) Defined benefit plans:

The Group accounts for that part of the payment of compensation that is not covered by contributions in defined contribution plans, as above, as a defined benefit plan for which an employee benefit liability is recognized and for which the Group deposits amounts in qualifying insurance policies.

4) Plan assets:

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

5) Plan assets (liabilities), net:

	31 December	
	2 0 2 0	2 0 1 9
	NIS in thousands	
Defined benefit obligation	6,010	5,527
Fair value of plan assets	4,105	4,041
Net liability arising from defined benefit obligation	<u>1,905</u>	<u>1,486</u>

6) The principal assumptions used in defined benefit plan:

	31 December	
	2 0 2 0	2 0 1 9
	%	%
Discount rate of the plan liability	<u>1.73</u>	<u>1.78</u>
Expected yield on plan assets	<u>1.73</u>	<u>1.78</u>
Expected salary increases	<u>4</u>	<u>4</u>
Employee turnover rate (*)	<u>-</u>	<u>-</u>

(*) Employee turnover rates are 35%, 30%, 25% for period of service of first year, second year and third year respectfully.

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 15 - Employee benefits liabilities (cont.)

C. Post-employment benefits (Cont.):

7) Pursuant to the position of the accounting staff number 21-1 of the Israel Securities Authority with regard to the existence of a deep market for corporate debentures, commencing from December 31, 2014, for purposes of capitalizing the obligation with respect to employee benefits, the Group uses a capitalization rate conforming to market yields on high quality government debentures. As of 31 December 2020, the Group used annual interest rate of 1.73%.

8) Sensitivity analysis principal actuarial assumptions:

The sensitivity analyzes below have been determined based on reasonably possible changes in actuarial assumptions at the end of the reporting period. Sensitivity analysis does not account for any existing interdependence between assumptions:

If the discount rate were increased / decreased by 0.5%, the defined benefit obligation would have decreased / increased by NIS 251 thousand.

If the rate hikes expected salaries would have increased / decreased by 0.5%, the defined benefit obligation would have increased / decreased by NIS 236 thousand.

If the resignation rate would have increased / decreased by 10%, the defined benefit obligation would have increased / decreased by NIS 205 thousand.

Note 16 - Contingent Liabilities & Commitments

A. Guarantees and Commitments:

(1) As of 31 December 2020, the Company provided bank guarantees aggregating to NIS 53 thousand as security for rent to be paid for its offices.

As of 31 December 2020, the Company provided bank guarantees in the amount of NIS 150 thousand mainly in favor of Company's legal procedures against its past directors, officers and controlling shareholders. For further information see Note 16(A)(4).

Additional bank guarantee in the amount of 25 thousand NIS dedicated to the Ministry of Health.

B. Commitments regarding the import marketing and distribution of food products segments:

1. The Group has an obligation to pay incentives to several customers that are not subject to the Food Law, 5744-2014, which came into effect on January 15, 2015. Some of those incentives are payable as a rate of total annual sales to those customers, and some of those incentives are payable as a rate of acquisitions in excess of an agreed upon annual volume of activities. The incentives are calculated specifically for each customer.

Note 16- Contingent Liabilities & Commitments (cont.)

B. Commitments regarding the import marketing and distribution of food products segments (cont.):

2. On June 4, 2020, a General Meeting of the Shareholders of G Willi-Food approved management services agreements pursuant to which Messrs. Joseph Williger and Zwi Williger are to serve as active co-chairmen of the Board of Directors.

According to the Management Services Agreements, each of the co-Chairmen are to serve as an active co-Chairman of the Board of Directors on a full-time basis (100% of a full-time position), over a period of three years from as of January 1, 2020. Messrs. Joseph Williger and Zwi Williger will each be entitled to monthly management fees of NIS 100,000 plus VAT (hereinafter – “the Monthly Management Fees”) and to annual remuneration for participation in meetings of the Board of Directors and/or its committees according the “minimum amount” as set forth in the Israeli Companies Regulations (Rules Regarding Compensation and Expenses of an External Director) in addition to the Monthly Management Fees.

Messrs. Joseph Williger and Zwi Williger will each be entitled to annual bonus at a total amount that will not exceed NIS 2,500 thousand plus VAT, provided that the annual operating profit will not be less than NIS 30 million, on the basis of the mechanism set out below: (a) a bonus of up to 2% for the initial NIS 10 million of operating profit; (b) a bonus of up to 3% of operating profit in excess of NIS 10 million and up to and including NIS 15 million; (c) a bonus of up to 4% of operating profit in excess of NIS 15 million and up to and including NIS 20 million; (d) a bonus of up to 5% of operating profit in excess of NIS 20 million.

The Management Services Agreements include an advance notice period and a retirement grant of 3-6 months (according to the period that has elapsed since the date of entering into the engagement and according to the identity of person/entity who terminated the engagement). Messrs. Joseph Williger and Zwi Williger will be included in G Willi-Food Company's insurance policy, including directors and office holder policy (if any), and they will also be entitled to an exemption and indemnification letter from the Company in accordance with the exemption and indemnification letters that were adopted and/or will be adopted by the company with regard to all of its office holders. Under the Management Service Agreement, G Willi-Food will provide each of Messrs. Joseph Williger and Zwi Williger a personal vehicle and means of communication (mobile and landline phone and home internet). G Willi-Food shall bear all the expenses relating to the provision of the above, including grossing up the related tax in connection therewith.

Note 16- Contingent Liabilities & Commitments(cont.)

D. Commitments regarding the import marketing and distribution of food products segments (cont.):

3. On April 1, 1997, WFI and WFINT entered into an agreement for the provision of management, administration, bookkeeping, secretarial and controllership services. Pursuant to the said agreement, WFI company shall pay WFINT a monthly amount of NIS 10,000 plus VAT for the said services and for external services that are provided at the same time to WFI and to the subsidiary by the same third party, such as legal services, auditing services, etc., but excluding unique and specific services that are provided to WFI or to WFINT.

E. Material legal proceedings:

1. On 19 of 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 thousand linked to the CPI + interest from the date on which the claim was filed plus NIS 1,840 thousand 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 thousand,145 linked to the CPI + interest from the date on which the claim was filed plus NIS 920 thousand to cover legal expenses of the parties. A provision was recognized in the current financial statements. The other loss in the current profit or loss statement includes an expense of NIS 6.2 million following the above provision. On 15 of August 2019 the Court accept Company's request to delay the execution of the foregoing court decision until filing an appeal with the Israeli the Supreme Court.

On 10th of November, 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, other parties filed a notice of appeal on their behalf, including in relation to the charge imposed on the Company and its officers.

On December 5, 2019, the Supreme Court ruled that the Company would transfer the owed amounts 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 15 of January, 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 and the Insurance Company transferred a total of NIS 7,362 thousand to the trust account which powered by the attorney of Winton, (the first claimer), within that, the Company's part of this amount is NIS 3,681 thousand. The total amount remaining to Double U (second claimer) is NIS 8,255 thousand, within that the Company's part of this amount is NIS 4,127 thousand, and this amount will be transferred after opening a trust account for it by claimer's attorney.

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 16- Contingent Liabilities & Commitments(cont.)

C. Material legal proceedings (cont.):

On 1 of March, 2021, the supreme court approved a settlement agreement in Double U matter. accordance with this settlement agreement, the amount which the Company and its officers are required to pay was reduced to a total of NIS 4.75 million with the Company's part of this amount equal to NIS 2.375 million. The Company is required to pay its part of the amount within 180 days. On 8 of March, 2021, a hearing was held in the Israeli supreme court regarding the Company's appeal in the Winton's matter. In the hearing, the court recommended that attorneys for Winton accept the appeal filed by the Company and its officers, which would reverse the liability imposed on the Company and its officers in the Israeli district court to pay the amount of NIS 7.4 million with the Company part of this amount NIS 3.7 million. On 11 of March, 2021, Winton's attorneys announced that they would accept the court's recommendation. However, as of the date of this report, no verdict has been given by the court.

2. On 25 December 2015 a labor claim was filed by former Company employee, against the Company to the Regional Labor Court in Tel-Aviv in the amount of approximately NIS 1.6 million with respect to the termination of her employment. On 16 July 2017 the Company filed a counterclaim against the employee in the amount of approximately NIS 1 million. On January 15, 2020 both sides reached a final settlement agreement, juxtaposed with mutual agreement to drop claims in amount that isn't material to the Company.
3. 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 2 of August, 2018, the Court decided to hear the claim, in a separate preceding. Accordingly, the abovementioned file was opened on 6 of August, 2018. In the Statement of Claim, the Company sued the amount of approximately NIS 163 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 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 22 of November, 2018, the Statements of defense of 17 of the 20 Defendants in this proceeding were submitted. On 18 of December, 2018, the Company submitted a response to these Statements of defense. On 27 of March, 2019, the Statement of defense of a foreign defendant, Meinel Bank AG, was submitted. On 15 of May, 2019, the Company submitted a response to this Statement of Defense. On 10 of September, 2019, the Statement of defense of another foreign defendant, was submitted. On 10 of October, 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 21 of January, 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 2 of February, 2020. On 24 of May, 2020, the company filed an amended answer with the court, thereby bringing the stage of submission of written pleading to an end. On December 16, 2020, the AAB BANK AG (formerly Meinel Bank) - filed a motion withing the above-mentioned proceeding. According to the motion insolvency proceedings were opened against defendant 15 and the insolvency administrator rejected the company's insolvency's claim and authorized the defendant 15 lawyers in Israel to represent the defendant 15 in the above mention proceedings.

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 16- Contingent Liabilities & Commitments(cont.)

C. Material legal proceedings (cont):

On 12 of April, 2021 the Company updated that Israel 18 B.V., a privately held Netherlands company ("Israel 18"), and Mr. Alexander Avdeev ("Mr. Avdeev", and together with Israel 18, the "Defendants") have been found by the Central District Court of Israel (the "Court") to be in violation of court orders relating to discovery proceedings. In connection thereto, the Court removed the Defendants' statements of defense filed as part of the litigation proceedings described above. And Further to it, on 18 of March, 2021 and 30 of March, 2021, in ex parted rulings, a verdict in the sum of NIS 173,447,815 (plus indexation differences and interest from the date of the verdict) was imposed against Israel 18 and a verdict in the sum of NIS 164,389,764 (plus indexation differences and interest from the date of the verdict) was imposed against Mr. Avdeev. The Company believes that it is very unlikely that it will be successful in collecting the awarded amounts. In view of the preliminary stage of the proceeding, Company's legal advisers are unable to estimate the chances of the claim.

D. Contingent liabilities regarding the import marketing and distribution of food products segments:

- On July 23, 2017, Mr. Iram Graiver, former CEO of G.Willi-Food Company and Willi-Food (hereinafter - "Mr. Graiver") filed a lawsuit to the Regional Labor Court in Tel Aviv Jaffa (hereinafter - "the Labor Court") claiming payment of social rights and different compensations at the total amount of NIS 2,377,305. On November 26, 2017, the Company filed a statement of defense. On July 27, 2017, the Company filed a lawsuit to the Labor Court against Mr. Graiver, demanding that he repays funds that he has taken unlawfully from the Company, amounting to NIS 1,694,325. According to the Company, throughout his term of employment as an office holder in the Company, the defendant has unlawfully taken from the Company salary, bonus in respect of 2016 and reimbursement of expenses. According to the Company, Mr. Graiver has done so while breaching his fiduciary duty and his duty of care towards the Company as well as the cogent provisions of the Companies Law, 5759-1999, whereby it is mandatory that payments of the type taken from the Company by Mr. Graiver are approved by the General Meeting of the Company's shareholders; according to the Company, Mr. Graiver has not obtained such an approval. On November 2, 2017, a resolution was issued to join the hearings pertaining to the two proceedings described above. On November 26 2017 statements of defense were filed by the Company and Mr. Graiver and on March 7 2018 a preliminary hearing was held. The parties are in the process of document discovery and review. Proof hearing was held on January 15 2020. Second Proof hearing was held on June 7 2020. further proof hearing has yet to be scheduled. In view of the above, Company's management is of the opinion that the disclosure regarding the proceedings in the financial statements and in the notes thereto is sufficient.

- On February 24, 2016, a motion to certify a derivative action (hereinafter - the "Motion") was received at WFI offices. The Motion was filed with the District Court (Economic Department) in Tel Aviv by Yaad Peer Management Services Ltd. (hereinafter - the "Applicant"), that holds shares of WFI. The motion was filed against all directors and office holders in WFI. WFI and WFINT were added as respondents to the Motion.

Note 16- Contingent Liabilities & Commitments(cont.)

D. Contingent liabilities regarding the import marketing and distribution of food products segments:

- which are the subject matter of the motion and therefore it is no longer needed to discuss the motion to approve a derivative action. In view of WFI's notice, the said motion was stricken out and by a court ruling on October 4, 2018 and the case was closed. on November 4, 2018 WFINT filed a NIS 4,183,208 lawsuit against WFINT'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 millions of NIS of WFINT funds as collaterals to loans extended to foreign private companies related to WFINT's controlling shareholders on dates which are relevant to the lawsuit without obtaining the required approvals from WFINT's directors and without issuing the required report to WFINT'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 then controlling shareholders (Gregory Gurtovoy and others) to secure private loans extended by the Austrian bank Meinl, 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 January 24, 2019, the Defendants filed statements of defense, various motions (to dismiss in limine and/or delay the proceedings) and a counterclaim against WFI and against WFINT 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 WFINT's lawsuit. Since the Defendants are accused of breaching their fiduciary duty to WFINT, WFINT's management is of the opinion that their claims on this matter will be rejected. On December 25, 2019, the Court issued a resolution which approves an application to give a Court ruling status to a compromise agreement signed between WFINT and Mr. Ilan Admon; according to the said compromise agreement, the mutual claims lodged on behalf of the parties in this filed were rejected without issuing an order for court costs. The proceedings relating to the other defendants shall continue as planned. A pre-trial hearing was set to April 29, 2021. In view of the above, WFINT's management is of the opinion that the disclosure in the financial statements and in the notes thereto is sufficient.

Note 16- Contingent Liabilities & Commitments(cont.)

D. Contingent liabilities regarding the import marketing and distribution of food products segments (cont):

- On October 29, 2009, WFINT, and the subsidiary Euro European Dairies 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. In a ruling issued on May 13 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, WFINT received in 2015 a total of approximately NIS 1.1 million. After the Ministry of Health appealed against the ruling, on April 19 ,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. On November 15, 2015, the Companies filed a second lawsuit against the Ministry of Health for the refund of early registration fees for food import permits at the total amount of approximately NIS 2 million, which were paid by the Companies in 2009-2016. On January 1, 2019, it was proposed by the court to go to the outline of mediation. On December 31, 2020, a settlement agreement was signed under which WFINT is entitled to receive NIS 0.6 million in addition to NIS 1.1 million received in 2015.

- On December 1, 2013, the Companies filed to the Rishon-LeZion Magistrates Court a lawsuit against the Ministry of Health, demanding the refund of customs clearance fees at the total amount of approximately NIS 2.1 million. The fees were paid to the Ministry of Health in respect of clearance of food products from the port, which, according to the Companies, was in effect carried out by the Customs Authorities and therefore the fees were collected unlawfully. On May 13, 2015, a ruling was issued stating that the closure release fees were collected by the Health Ministry unlawfully. The ruling ordered the Ministry of Health to repay 70% of the fees paid by the Companies. On July 8, 2015, appeals were filed by both parties. After several appeals hearings, the court offered the parties to proceed to a mediation proceeding. The parties agreed to enter into a mediation process on all issues included in the appeal and the pending lawsuits. On December 31, 2020, a settlement agreement was signed, under which a total of NIS 1.3 million will be paid to the Companies. On January 9, 2020, the Magistrate's Court upheld the ruling. During April 2020 WFINT received approximately NIS 1.3 million from the ministry of health.

Note 16- Contingent Liabilities & Commitments(cont.)

D. Contingent liabilities regarding the import marketing and distribution of food products segments (cont):

- A lawsuit and a motion to approve it as class action was filed on July 17, 2019, against WFINT and 11 other respondents to the Jerusalem District Court for allegedly not complying with the food labelling standard in connection with one of its products and thereby misleading consumers. The applicant claimed generally that the respondents have jointly caused monetary damages of NIS 5 and more than NIS 3 million to him and the other members of the group of plaintiffs, respectively. WFINT filed an application to dismiss the motion. On March 5 2020 a pre-trial was held. During the pre-trial, the court recommended to the parties to apply an application for consent to withdraw from the request for approval. On May 12 a verdict was held. according to the verdict the motion will be deleted and the personal lawsuit will be dismissed subject to payment of unmaterial amounts to WFINT to the claimant in the case.
- A lawsuit and a motion to approve it as class action was filed on June 24, 2020, against WFINT, its subsidiary, Euro European Dairies, and another respondent to the Haifa District Court. The applicant claimed that WFINT marketed several products with misleading captions and contrary to the provisions of the law and the relevant regulations. A response to the request for approval was submitted on November 9, 2020, and a pre-trial hearing was scheduled for July 12, 2021. At this early stage, WFINT and its legal counsel are unable to assess the chances of the class action.
- A lawsuit and a motion to approve it as class action was filed on September 9, 2020, against Euro European Dairies to the Haifa district court. The applicant claimed that Euro European Dairies violated its obligations to import and market Gaude cheese in the quantities and prices it undertook as part of duty-free tenders. The applicant claims that he and the members of the group suffered damages in the amount of NIS 57 million. A response to the request for approval was submitted on February 1, 2021 and a pre-trial hearing was set for September 13, 2021. At this early stage, WFINT and its legal counsel are unable to assess the chances of the class action.
- On May 26, 2020, a lawsuit was filed by Tnuva against WFI and WFINT. According to the applicant, the packaging of several products marketed by the company constitutes an alleged infringing imitation of the packaging of Tnuva products. As part of the lawsuit, a declaratory order was requested that Tnuva's rights were violated, permanent restraining orders to prevent the continued use of the product packaging by the company, product collection orders from points of sale and an order to provide accounts regarding WFINT's revenue from sales of those products. In addition, financial remedies were requested for the payment of compensation valued at NIS 2.6 million. 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 WFI.

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17- Financial instruments

A. Significant accounting policies:

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognized for each category of financial assets, financial liabilities and equity instruments are disclosed in Note 2.

B. Categories of financial instruments:

	31 December	
	2020	2019
	NIS in thousands	
Financial assets:		
Cash and cash equivalents	207,132	132,163
Short- term and long-term deposits	455	471
Financial assets at fair value through profit or loss	150,593	140,195
Loans to others	18,707	17,650
Trade receivables and other receivables	139,857	151,590
	<u>516,744</u>	<u>442,069</u>
Financial liabilities measured amortized cost:		
Employee benefit liabilities, net	5,394	4,454
Trade payable and other financial liabilities	44,542	54,359
	<u>49,936</u>	<u>58,813</u>

C. Management of financial risks:

The Group's finance departments provide services for the business operations, permit access to domestic and international financial markets, monitor and manage the financial risks relating to the Group's operations by means of internal reports which analyze the

degree of exposure to risks according to level and magnitude. These risks include market risks (including currency risk, fair value risk with respect to interest rate, price risk, and

cash flow risk with respect to interest rate), credit risk, and liquidity risk.

The Group minimizes the effects of these risks from time to time by using derivative financial instruments to hedge risk exposure, but such derivatives are not intended as hedges for accounting purposes. Use of derivative financial instruments is done according to the Group's policy which was approved by the boards of directors. The policy establishes principles regarding: management of currency risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group's financial management department reports to the investment committee and the Board of WFINT on the risks and the implementation of the policy established to mitigate the exposure to risk.

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17 - Financial instruments: (Cont.)

C. Management of financial risks: (Cont.)

1) Market risks:

The Group's activity exposes it mainly to financial risks of changes in foreign currency exchange rates and/or changes in the prices of the imported products and/or changes in interest rates. The Group enters into forward foreign exchange swap contracts, as needed, opens documentary credit to suppliers and carries out orders for imported goods.

During the reporting period, there has been no change in the exposure to market risks or in the manner in which the Group manages and measures the risk.

2) Foreign exchange risk:

Most of the Group's purchases are made in foreign currency whereas most of the Group's sales are made in Israel in NIS. Consequently, large exposure to exchange rates fluctuations arises. The Group's policy is to minimise, to the extent possible, market risks of exchange rates and prices of imported commodities and, for that purpose, the Group opens large documentary credit to its foreign suppliers. The Group also takes, from time to time, measures to hedge against changes in exchange rates and it does this mainly by holding its excess cash in foreign currency and timely purchase of foreign currency.

During 2019, there has been no change in the exposure to currency risk or in the manner in which the Group manages and measures the risk.

The carrying amounts of the Group's foreign currency denominated monetary financial assets and liabilities are as follows:

	<u>Assets</u>		<u>Liabilities</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
	<u>NIS in thousands</u>			
USD	17,475	27,562	1,733	3,162
Other	8,123	11,751	7,971	9,249

Foreign currency sensitivity analysis:

The Group's currency exposure is mainly to the USD and others that include mainly the Euro. The following table details the sensitivity to a 10% increase and decrease in the relevant exchange rate. 10% is the sensitivity rate used when reporting to key management personnel in the Group and represents management assessment as to the reasonable potential change in exchange rates. Sensitivity analysis includes outstanding balances of foreign currency denominated monetary items and adjusts their translation at the end of the period for a 10% change in foreign currency rates.

A positive number in the table indicates an increase in profit or loss or an increase in equity if the NIS strengthens 10% against the relevant currency or a decrease in profit or loss or a decrease in equity if the NIS weakens 10% against the relevant currency.

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17 - Financial instruments: (Cont.)

C. Management of financial risks: (Cont.)

2) Foreign exchange risk: (Cont.)

The impact of a 10% increase in the USD and other currencies before the tax effect:

	USD impact		Other impact (*)	
	December 31,		December 31,	
	2020	2019	2020	2019
	NIS in thousands			
profit or loss	1,574	2,143	15	553

(*) Mainly Euro and GBP

3) Other price risks:

The Group is exposed to price risks of shares, mutual funds and bonds which are classified as financial assets at fair value through profit or loss.

The carrying amount of investments exposed to price risks of shares, mutual funds and bonds is NIS 150,593 thousand (2019- NIS 140,195 thousand).

Sensitivity analysis to shares, mutual funds and bonds:

The sensitivity analysis below is determined on the basis of the exposure to price risks of - shares, mutual funds and bonds on the reporting date. If the prices of shares, mutual funds and bonds held had been 10% higher, the impact before tax would have been:

The income/loss as of December 31, 2020 would increase/decrease by NIS 15,059 thousand as a result of changes in the fair value of shares, mutual funds and bonds held for trading.

4) Exposure to the Israeli CPI:

The Group is exposed to cash flow risk in respect of changes in the Israeli CPI attributable to quoted securities that are linked to the Israeli CPI out of total investment portfolio.

The carrying amount of quoted securities exposed to changes in the Israeli CPI as of December 31, 2020 is NIS 23,172 thousand (2018- NIS 21,578 thousand). The impact of a 10% increase in the Israeli CPI on the profit or loss before tax would have been:

The income for the year ended December 31, 2020 would have been increase by NIS 2,317 thousand.

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 17 - Financial instruments: (Cont.)

C. Management of financial risks: (Cont.)

5) fair value hierarchy:

The table below summarises financial instruments carried at fair value, using a valuation method in accordance with the fair value hierarchy level. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical instruments.

Level 2: inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

Level 3: input that are unobservable for the asset or liability.

Financial assets at fair value through profit or loss:

	31 December 2020		
	Level 1	Level 3	Total
	NIS in thousands		
Financial asset at fair value through profit or loss	150,593	13,700	164,293

	31 December 2019		
	Level 1	Level 3	Total
	NIS in thousands		
Financial asset at fair value through profit or loss	140,195	-	140,195

Note 18 - Shareholders' Equity

A. Ordinary shares:

Ordinary shares confer upon their holders voting rights, the right to receive cash dividends, and the right to a share in excess assets upon liquidation of the Company.

Composed of Ordinary shares of NIS 0.01 par value, as follows:

	31 December	
	2020	2019
	Number of shares	
Authorized	200,000,000	200,000,000
Issued	140,578,154	140,578,154
Outstanding	129,340,252	129,340,252

B.S.D CROWN LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Note 19 - Additional information to items in the Statements of profit or loss and other comprehensive income.****A. A. Revenues:**

	Year ended December 31,	
	2020	2019
	NIS in thousands	
Sales from Sesame	18,353	18,586
Sale of goods manufactured by other corporations	453,376	394,707
Income from providing non-bank credit	719	930
	<u>472,448</u>	<u>414,223</u>

B. Cost of sales

	Year ended December 31,	
	2020	2019
	NIS in thousands	
Transportation to warehouse and unloading containers	3,733	2,923
Maintenance, expense of warehouse and storage	7,905	4,913
Depreciation and amortization	2,386	3,360
Other	3,550	2,313
	<u>17,574</u>	<u>13,509</u>
Decrease (increase):		
Inventories	8,965	(19,389)
Purchases	299,323	295,918
	<u>308,288</u>	<u>276,529</u>
Total cost of sales	<u>325,862</u>	<u>290,038</u>

C. Selling expenses

	Year ended December 31,	
	2020	2019
	NIS in thousands	
Expenses for employee benefits	21,514	18,798
Advertising and sales promotion	9,461	8,032
Transportation and maintenance	20,131	15,128
Vehicle maintenance	3,330	3,375
Depreciation and amortization	5,915	5,334
Other expenses	8,989	8,295
	<u>69,340</u>	<u>58,962</u>

B.S.D CROWN LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Note 19 - Additional information to items in the Statements of profit or loss and other comprehensive income (Cont.)****D. General and administrative expenses**

	Year ended December 31,	
	2020	2019
	NIS in thousands	
Payroll and related expenses	8,790	7,198
Management fees and related expenses	7,989	6,855
Rent and office maintenance	1,994	1,875
Consulting and directors' fees	4,414	4,317
Expenses relating to claims	-	6,306
Depreciation and amortization	1,040	957
Doubtful debts (income) expenses	(1,308)	847
Other	2,124	2,559
	<u>25,043</u>	<u>30,914</u>

E. Other income (loss)

	Year ended December 31,	
	2020	2019
	NIS in thousands	
Decrease – Income from legal proceedings and loan remission, net	-	(3,119)
Other	(108)	-
	<u>(108)</u>	<u>(3,119)</u>

F. Financial Income and Expenses

	Year ended December 31,	
	2020	2019
	NIS in thousands	
<u>Financial income:</u>		
Net foreign exchange gain	(3)	20
Interest income on bank deposits	3,187	496
Gain from financial assets held for trading	5,599	13,774
Interest income from debentures held for trading	1,457	4,521
Dividends received from share held for trading	750	381
Gain from Derivatives	(281)	439
Other	(7)	290
Total financial income recognized in profit or loss	<u>10,702</u>	<u>19,921</u>
<u>Financial expenses:</u>		
Bank fees and management fees	632	860
Net foreign exchange loss	371	2,300
Right-Of-Use liability expenses	238	82
Total financial expenses recognized in profit or loss	<u>1,241</u>	<u>3,242</u>

B.S.D CROWN LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Note 20- Tax on income****A. Deferred tax balances:**

Composition of deferred tax assets (liabilities) are detailed below:

	January 1, 2020	recognized in profit or loss	December 31, 2020
	NIS in thousands		
Temporary differences:			
Property, plant and equipment	(1,463)	32	(1,431)
Intangible assets	(2,168)	771	(1,397)
Financial assets at fair value through profit or loss	(1,118)	(1,136)	(2,254)
Provisions for employee benefits	502	180	682
Doubtful accounts	736	(300)	436
Total	<u>(3,511)</u>	<u>(453)</u>	<u>(3,964)</u>
Tax losses	<u>701</u>	<u>(331)</u>	<u>370</u>
Total	<u>(2,810)</u>	<u>(784)</u>	<u>(3,594)</u>

	January 1, 2019	recognized in profit or loss	December 31, 2019
	NIS in thousands		
Temporary differences:			
Property, plant and equipment	(1,495)	32	(1,463)
Intangible assets	(3,141)	973	(2,168)
Financial assets at fair value through profit or loss	2,001	(3,119)	(1,118)
Provisions for employee benefits	327	175	502
Doubtful accounts	545	191	736
Total	<u>(1,763)</u>	<u>(1,748)</u>	<u>(3,511)</u>
Tax losses	<u>12</u>	<u>689</u>	<u>701</u>
Total	<u>(1,751)</u>	<u>(1,059)</u>	<u>(2,810)</u>

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 20- Tax on income;(cont.)

B. Income tax expenses recognised in the statement of profit or loss:

	Year ended December 31,	
	2020	2019
	NIS in thousands	
Current taxes:		
In respect to the current year	13,876	11,729
	<u>13,876</u>	<u>11,729</u>
Deferred tax income in respect of creation and reversal of temporary differences	784	1,059
	<u>784</u>	<u>1,059</u>
Total tax expenses	<u>14,660</u>	<u>12,759</u>

C. Israeli income tax rates:

The tax rate applicable to the Company for the years 2018-2020 is 23%.

D. Unrecognized taxable temporary differences associated with investments:

Non-Israeli subsidiaries are taxed according to the tax laws in their respective domiciles of residence.

The Company does not recognize deferred taxes for temporary differences associated with its investments as it is probable that taxable profit will not be available against which the temporary difference can be utilized, and it is probable that the temporary difference will not reverse in the foreseeable future.

	Year ended	
	31 December	
	2020	2019
	NIS in thousands	
Taxable temporary differences in relation to investments in subsidiaries for which deferred tax assets have not been recognized are attributable to the following:		
Domestic subsidiaries	24,720	45,733

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 20- Tax on income;(cont.)

E. Final tax assessment:

The Company and the consolidated companies have not yet been issued final tax assessments as of the date of their establishment. In accordance with the provisions of Section 145 of the Income Tax Ordinance, assessments up through and including 2014 are considered final, subject to certain restrictions.

F. Losses and deductions carried forward for tax purposes:

As of 31 December 2020, carry forward operating losses and temporary differences of the Company total approximately NIS 479 million and capital tax losses approximately NIS 332 million.

The Company did not record a tax benefit in respect of the carry forward losses due to the uncertainty of their utilization

G. Reconciliation of the theoretical tax expense to the actual tax expense

	Year ended December 31,	
	2020	2019
	NIS in thousands	
Income (loss) before tax	61,772	54,107
Statutory tax expenses	23%	23%
Tax expenses calculated	<u>14,208</u>	<u>12,445</u>
Effect of income that is exempt from taxation	(153)	(756)
Effect of expenses that are not deductible in determining taxable profit	(285)	1,517
Loss of securities without creating deferred tax	354	100
Effect of unused tax losses and tax offsets not recognized as deferred tax assets	321	(439)
Other	215	(108)
	<u>14,660</u>	<u>12,759</u>
Adjustments recognized in the current year in relation to the current tax of prior years	<u>-</u>	<u>-</u>
Tax expenses recognized in profit or loss	14,660	12,759

B.S.D CROWN LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Note 21 - Earnings per share**

	31 December	
	2020	2019
	NIS in thousands	
Weighted average number of ordinary shares for the purposes of earning per share	<u>129,340,252</u>	<u>129,340,252</u>
Continuing operations:		
Net income attributable to equity holders of the Company	<u>19,926</u>	<u>15,610</u>
Basic income per share to Company's shareholders	<u>0.15</u>	<u>0.12</u>

Note 22 - Balances and transactions with related parties**A. Balances:****As of 31 December 2020:**

	Controlling shareholder and related parties	Key management personnel (*)
	NIS in thousands	
Other accounts payable (*)	225	226

As of 31 December 2019:

	Controlling shareholder and related parties	Key management personnel (*)
	NIS in thousands	
Other accounts payable and deferred revenues (*)	336	283

(*) includes Chief Executive Officer and Chief financial officer and directors.

B. Benefits to controlling shareholders and key management personnel:

	Year ended December 31,	
	2020	2019
	NIS in thousands	
Management fees and directors' fees	4,126	4,194
Short-term benefits	<u>3,986</u>	<u>3,986</u>
	<u>8,112</u>	<u>8,180</u>

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 23 - Operating segments

A. General:

The Group has two reportable segments:

- Import- import, export, marketing and distribution of food products.
- Non-banking credit

Although the "non-banking credit" segment does not meet the quantitative thresholds to be a reportable segment, management has concluded that this segment should be reported separately, as it is closely monitored by the strategic chief operating decision-maker as a potential growth business segment and is expected to materially contribute to the Group's revenue in future.

Factors that management used to identify the Company's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different marketing strategies.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Chief Executive Officer, and the co-chairman of the board of directors.

B.S.D CROWN LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Note 23 - Operating segments:(cont.)**

The following tables present revenue and profit information for the Group's operating segments for the period ended 31 December 2020:

A. Reporting segments: (Cont.)

For the period ended 31 December 2020:

	Import Food	Credit Activity	Total
	NIS in thousands		
Revenues	471,729	719	472,448
Operating gain (loss)	51,593	718	52,311
Financial income			10,702
Financial expenses			(1,241)
Income before taxes on income			61,772
Other information:			
Depreciation& amortization			5,690
Tax expenses			14,660
Segment asset	629,356	24,457	653,813
Segment liabilities	56,406	203	56,609

For the period ended 31 December 2019:

	Import Food	Credit Activity	Total
	NIS in thousands		
Revenues	413,293	930	414,223
Operating gain (loss)	37,446	742	38,188
Financial income			19,921
Financial expenses			(3,242)
Income before taxes on income			54,107
Other information:			
Depreciation& amortization			(3,948)
Tax expenses			12,759
Segment asset	554,646	20,015	573,902
Segment liabilities	65,647	55	65,702

B.S.D CROWN LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****Note 23 - Operating segments:(cont.)**

- B.** Revenues from major customers that contributed 10% or more to the Group revenues (as a percentage of the total revenue):

	Year ended 31 December		Year ended 31 December	
	2020		2019	
	NIS in thousand	%	NIS in thousand	%
Customer A	64,582	13.7	55,653	13.5

The revenues from the following products contributed 10% or more to the Group revenues (as a percentage of the total segment revenue):

	Year ended 31 December		Year ended 31 December	
	2020		2019	
	NIS in thousand	%	NIS in thousand	%
Canned vegetables	67,275	14.2	63,674	15.4
Canned fish	53,547	11.4	49,179	11.9
Dairy and dairy substitute products	188,675	39.9	154,303	37.3
Sesame	18,353	3.9	18,586	4.5
Grain-rice and pasta	63,514	13.5	48,813	11.9
Credit activity	719	0.0	930	0.0
Other	80,365	17.1	78,738	19.0
	<u>472,448</u>	100	<u>414,223</u>	100

Note 24 - Events during the reporting period and subsequent events**A. Subsequent event in BSD Crown**

- 1) Since March 30, 2020 the company is no longer in compliance with Section 14.2.2 of the Listing Rules (the "Listing Rules"). On March 11 2021, the FCA approved the company's request temporary modification of LR 14.2.2R for a period of 90 days in order to allow the company to undertake the necessary steps to complete the merger proposal with the company's controlling shareholders which was approved by the general meeting on 27 of April, 2021. For more information of this matter see Note 1 Items F and G.

B. Subsequent events in WFI

- 1) COVID 19 - In the first quarter of 2020, the corona virus began to spread around the world, an event declared by the World Health Organization as a global epidemic (the "crisis"). As part of dealing with the crisis, many countries around the world, including Israel, have imposed restrictions on various activities in the economy, including movement and gatherings restrictions. The crisis and the restrictions imposed and still pose challenges that were reflected in an unprecedented decline in business activity, both in terms of its intensity and in terms of the speed with which it occurred. In December 2020, the US Food and Drug Administration approved, for the first time, the use of the vaccine to prevent the corona pandemic. In mid-December, an

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 24 - Events during the reporting period and subsequent events (Cont.)

B. Subsequent events in WFI and WFINT (Cont.)

extensive vaccination campaign began in Israel, and as of the date of the report, a significant proportion of the population has been immunized and the morbidity indices have declined significantly. Thus, the government has approved measures to alleviate the limitations, however, the development of different mutations of the virus still leads to significant uncertainty regarding the continued spread of the virus and its intensity and how and when to exit the crisis. It should be emphasized that this is an ongoing event whose scope and duration are not under the Company's control and therefore the Company is unable to assess the full extent of the economic impacts on its areas of activity. The company is defined as an essential enterprise according to the Labor Service Law in Emergencies. The Company's business activity in the food sector during 2020 was characterized by an increase in demand for the company's products. During 2020, revenues of the Company increased by NIS 58.5 million, or 14.8%, to NIS 454.1 million from NIS 395.6 million recorded in fiscal year 2019. Revenues increased primarily due to the COVID-19 pandemic, which led to an increase in demand for the Company's line of products, primarily in retail chains, and due to a redirection of resources in favor of sales, increasing the variety of the Company's products, improving the company visibility in the stores and improved inventory management. During 2020, the Company received many requests from its customers, mainly in the institutional market, to defer payments and / or payment layout, 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 about 135 suppliers around the world, including the Far East, Europe, the United States, South America and Israel. As the crisis continues, the Company estimates that various restrictions on the production of products by some of its suppliers may apply, which may make it difficult for the Company to import goods in sufficient quantities from those suppliers. It will be clarified that at the date of the report, the Company is not dependent on any of its suppliers. The Company holds a diverse portfolio of securities traded on the Tel Aviv Stock Exchange and other world exchanges, which totaled NIS 168.4 million as of December 31, 2020 (in addition to NIS 201.8 million in cash and cash equivalents) ("Investment Portfolio"). The uncertainty resulting from the crisis led to high volatility in the financial markets and sharp declines in the capital markets in Israel and around the world during the first quarter of 2020, during which there was a significant decline in the value of the Company's securities portfolio. As of the second quarter of 2020, capital markets in Israel and around the world have recovered and the company ended 2020 with a profit of 10.2 from the securities portfolio.

- 2) As of January 1, 2020, WFI 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, WFI 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

B.S.D CROWN LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 24 - Events during the reporting period and subsequent events (Cont.)

A. Subsequent events in WFI (Cont.)

statements), up to and including the company's quarterly report as of September 30, 2020.

- 3) On January 22, 2020, WFI announced that Mr. Michael Luboschitz submitted notice of his resignation as CEO of WFI and WFINT for personal reasons, effective as of March 2, 2020.
- 4) On January 27, 2020, WFI announced that its Board of Directors has approved the appointment of Mrs. Einat Peled Shapira as WFI's new CEO, effective as of March 10, 2020. On March 2, 2021, Mrs. Einat Peled Shapira submitted notice of her resignation as CEO of WFINT, effective as of April 1, 2021.
- 5) On June 15, 2020 WFINT Ordinary Shares began trading for dual listing on the Tel-Aviv Stock Exchange. WFINT's ordinary shares will continue to be traded on the Nasdaq Capital Market.
- 6) On September 2020, the Company announced the completion of a private placement to classified institutional investors in Israel of 650,000 ordinary shares for NIS 66 per share and of stock option (not listed for trading) for the purchase of up to 650,000 ordinary shares of the Company for a period of twelve months from the allotment date at an exercise price of 73 NIS. The issue of shares was taken in to account for calculation of the basic and diluted earnings per share.

Note 25 - Subsidiaries

Details of the Group's active subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interest and voting power held by the Group	
		31/12/2020	31/12/2019
Willi-Food Investments Ltd.	Israel	61.79%	61.79%
G.Willi Food International Ltd.	Israel	59.14%	67.87%
W.F.D Ltd.	Israel	100%	99%
Tzuktal Ltd.	Israel	100%	100%
Gold Frost Ltd.	Israel	100%	100%
W.Capital Ltd.	Israel	100%	100%

Note 26 – Accounting policies

Revenue

Performance obligations and timing of revenue recognition:

The majority of the Company's revenue is derived from selling food products in the Israeli market with revenue recognized in a point in time when control of the goods has transferred to the customer. This is generally when the goods are delivered to the customer. However, for export sales, control might also be transferred when delivered either to the port of departure or port of arrival, depending on the specific terms of the contract with a customer. There is limited judgement needed in identifying the point control passes: once physical delivery of the products to the agreed location has occurred, the Company no longer has physical possession, usually will have a present right to payment and retains none of the significant risks and rewards of the goods in question.

Determining the transaction price:

Most of the Company's revenue is derived from pre-set prices with its customers, therefore the amount of revenue to be earned from each transaction is determined by reference to those prices agreed with the customers. An exception to this principal is that in most cases, the Company enables specific customers to return products which they have not sold, despite that there is no agreement between the Company and its customers regarding such returns and the Company does not have such policy. Historical experience enables the Company to estimate reliably the value of good that will be returned and restrict the amount of revenue that is recognized such that it is highly probable that there will not be a reversal of previously recognized revenue when goods are return.

Inventories

Inventories are initially recognized at cost, and subsequently at the lower of cost and net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of the inventories.

Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 26 – Accounting policies:(cont.)

Cash and Cash equivalents

Cash and cash equivalents include demand deposits and term deposits in banks that are not restricted as to usage, with an original period to maturity of not more than three months.

Deposits that are restricted as to usage are classified as pledged deposits.

Deposits with an original period to maturity exceeding three months, which as of the statement of financial position do not exceed one year, are classified as short-term investments

Leases

The majority of the Company's accounting policies for leases are set out in note 19.

Identifying leases

The Company accounts for a contract as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- There is an identified asset;
- The Company obtains substantially all the economic benefits from use of the asset; and
- The company has the right to direct use of the asset

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a

way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 26 – Accounting policies:(cont.)

Property, plant and equipment

Property, plant and equipment are tangible items, which are held for use in the manufacture or supply of goods or services, or leased to others, which are predicted to be used for more than one period. The Company presents its property, plant and equipment items according to the cost model.

Under the cost method - a property, plant and equipment are presented at the balance sheet at cost (net of any investment grants), less any accumulated depreciation and any accumulated impairment losses. The cost includes the cost of the assets acquisition as well as costs that can be directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is calculated using the straight-line method at rates considered adequate to depreciate the assets over their estimated useful lives. Amortization of leasehold improvements is computed over the shorter of the term of the lease, including any extension period, where the Company intends to exercise such option, or their useful life.

	<u>Useful life (Years)</u>	<u>%</u>	
Land	50	2	
Construction	25	4	
Motor vehicles	5	15-20	(Mainly 20%)
Office furniture and equipment	6	6-15	(Mainly 15%)
Computers	3	20-33	(Mainly 33%)
Machinery and equipment	10	10	

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Income statement.

Goodwill

Goodwill arising on the acquisition of a subsidiary represents the excess of the cost of acquisition over the Company's interest in the net fair value of the identifiable assets, liabilities and Contingent liabilities of the subsidiary or jointly controlled entity recognized at the date of acquisition. Goodwill is initially recognized as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Note 26 – Accounting policies:(cont.)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Deferred taxes

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilized.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Defined benefit schemes

Defined benefit scheme surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities and are denominated in the same currency as the post-employment benefit obligations; less
- The effect of minimum funding requirements agreed with scheme trustees.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 26 – Accounting policies:(cont.)

Remeasurements of the net defined obligation are recognized directly within equity. The remeasurements include:

- Actuarial gains and losses.
- Return on plan assets (interest exclusive).
- Any asset ceiling effects.

Service costs are recognized in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognized in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period. Gains or losses arising from changes to scheme benefits or scheme curtailment are recognized immediately in profit or loss.

Settlements of defined benefit schemes are recognized in the period in which the settlement occurs.

Share capital

Financial instruments issued by the Company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Company's ordinary shares are classified as equity instruments.

Impairment of non-financial assets

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Company's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 26 – Accounting policies:(cont.)

Amortized cost

The Company's financial assets (liabilities) measured at amortized cost comprise trade and other receivables, loans to others, cash and cash equivalents and trade payables in the consolidated statement of financial position.

Impairment provisions for trade receivables are recognized based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

Treasury shares

The cost of Company shares held by the Company or its consolidated companies is deducted from shareholders' equity as a separate component.