GAN SHMUEL FOOD LIMITED

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2020

U.S. DOLLARS IN THOUSANDS

INDEX

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AUDITORS' REPORT

To the Shareholders of

GAN SHMUEL FOOD LIMITED

Regarding the Audit of Components of Internal Control over Financial Reporting

Pursuant to Section 9b(c) to the Israeli Securities Regulations (Periodic and Immediate Reports), 1970

We have audited the components of internal control over financial reporting of Gan Shmuel Food Limited and subsidiaries (collectively, "the Company") as of December 31, 2020. Control components were determined as explained in the following paragraph. The Company's board of directors and management are responsible for maintaining effective internal control over financial reporting, and for their assessment of the effectiveness of the components of internal control over financial reporting included in the accompanying periodic report for said date. Our responsibility is to express an opinion on the Company's components of internal control over financial reporting based on our audit.

The components of internal control over financial reporting audited by us were determined in conformity with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel, "Audit of Components of Internal Control over Financial Reporting" as amended ("Auditing Standard (Israel) 911"). These components consist of: (1) entity level controls, including financial reporting preparation and close process controls and information technology general controls; (2) controls over the pricing and order management process (the sale process); (3) controls over payments for procurement (the procurement process); (4) controls over inventory measurement process; (5) controls over inventory pricing process; (collectively, "the audited control components").

We conducted our audit in accordance with Auditing Standard (Israel) 911. That Standard requires that we plan and perform the audit to identify the audited control components and obtain reasonable assurance about whether these control components have been effectively maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, identifying the audited control components, assessing the risk that a material weakness exists regarding the audited control components and testing and evaluating the design and operating effectiveness of the audited control components based on the assessed risk. Our audit of these control components also included performing such other procedures as we considered necessary in the circumstances. Our audit only addressed the audited control components, as opposed to internal control over all the material processes in connection with financial reporting and, therefore, our opinion addresses solely the audited control components. Moreover, our audit did not address any reciprocal effects between the audited control components and unaudited ones and, accordingly, our opinion does not take into account any such possible effects. We believe that our audit provides a reasonable basis for our opinion within the context described above.

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Because of its inherent limitations, internal control over financial reporting as a whole, and specifically the components therein, may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company effectively maintained, in all material respects, the audited control components as of December 31, 2020.

We have also audited, in accordance with generally accepted auditing standards in Israel, the consolidated financial statements of the Company as of December 31, 2020 and 2019 and for each of the three years in the period ended December 31, 2020 and our report dated March 24, 2021 expressed an unqualified opinion thereon.

Kost Forer Gabbay and Kasierer
KOST FORER GABBAY & KASIERER
A Member of Ernst & Young Global

Tel-Aviv, Israel
March 24, 2021

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AUDITORS' REPORT

To the Shareholders of

GAN SHMUEL FOOD LIMITED

We have audited the accompanying consolidated statements of financial position of Gan Shmuel Food Limited ("the Company") as of December 31, 2020 and 2019, and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2020. These financial statements are the responsibility of the Company's board of directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We did not audit the financial statements of certain companies accounted for at equity, the investment in which amounted to \$ 5,227 thousand and \$ 4,415 thousand as of December 31, 2020 and 2019, respectively, and the Company's share of their losses amounted to \$ 569 thousand, \$ 2,014 thousand and \$ 1,596 thousand for the years ended December 31, 2020, 2019 and 2018, respectively. The financial statements of those companies were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those companies, is based on the reports of the other auditors.

We conducted our audits in accordance with generally accepted auditing standards in Israel, including those prescribed by the Auditors' Regulations (Auditor's Mode of Performance), 1973. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of December 31, 2020 and 2019 and the results of their operations, changes in their equity and cash flows for each of the three years in the period ended December 31, 2020, in conformity with International Financial Reporting Standards ("IFRS") and with the provisions of the Israeli Securities Regulations (Annual Financial Statements), 2010.

We have also audited, in accordance with Auditing Standard (Israel) 911 of the Institute of Certified Public Accountants in Israel, "Audit of Components of Internal Control over Financial Reporting", the Company's components of internal control over financial reporting as of December 31, 2020 and our report dated March 24, 2021 included an unqualified opinion on the effective maintenance of those components.

Kost Forer Gabbay and Kasierer

Tel-Aviv, Israel
March 24, 2021

KOST FORER GABBAY & KASIERER
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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		December 31,	
		2020	2019
	Note	U.S. dollars in thousands	
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	4	12,539	9,644
Investments in financial assets held for trading	5	2,401	2,268
Trade receivables	6	38,031	37,605
Other accounts receivable	7	7,624	7,201
Inventories	8	68,776	65,980
		129,371	122,698
NON-CURRENT ASSETS:			
Deferred taxes	19d	2,023	833
Investment in financial asset at fair value	10	10,597	-
Investment in companies accounted for at equity and other receivables	9	5,370	4,531
Financial derivatives and long-term loans to others	10	949	8,716
Property, plant and equipment	11	22,508	23,884
Right-of-use assets	11f	31,534	34,090
Goodwill and intangible assets	12	10,213	11,307
		83,194	83,361
		212,565	206,059

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

LIABILITIES AND EQUITY	Note	December 31, 2020	December 31, 2019
		U.S. dollars in thousands	
CURRENT LIABILITIES:			
Credit from banks	13	8,379	4,758
Current maturity of lease liability		3,073	3,082
Trade payables	14	21,838	20,356
Other accounts payable	15	3,654	3,965
		36,944	32,161
NON-CURRENT LIABILITIES:			
Loans from banks	16	11,466	12,858
Lease liability	11f	31,853	31,977
Employee benefit liabilities, net	18	1,159	1,013
Deferred taxes	19d	315	588
		44,793	46,436
EQUITY:	21		
Share capital		4,571	4,571
Share premium		43,930	43,930
Treasury shares		(20)	(20)
Retained earnings		82,730	79,429
Reserves		(383)	(448)
Total equity		130,828	127,462
		212,565	206,059

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

March 24, 2021 Date of approval of the financial statements	Elisha Gal Chairman of the Board	Barak Tevet CEO and Member of the Board
	Itzik Leshem CFO and Member of the Board	Meirav Gonen Controller

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	2020	2019	2018
		Year ended December 31, U.S. dollars in thousands (except per share data)		
Revenues from sales	23a	190,485	206,382	234,785
Cost of sales	23b	156,783	*) 166,696	*) 177,002
Gross profit		33,702	39,686	57,783
Selling and marketing expenses	23c	23,521	*) 22,912	*) 24,206
General and administrative expenses	23d	9,557	*) 9,315	*) 8,347
Other expenses, net	23e	62	1,053	116
Operating income		562	6,406	25,114
Finance income	23f	5,013	1,842	1,805
Finance expenses	23f	3,345	3,384	4,260
Company's share of losses of companies accounted for at equity, net		561	2,014	1,596
Income before taxes on income		1,669	2,850	21,063
Tax benefit (taxes on income)	19e	1,632	557	(5,413)
Net income		3,301	3,407	15,650
Net earnings per share attributable to equity holders of the Company (in U.S. dollars):	24			
Basic and diluted net earnings		0.22	0.22	1.04

*) Reclassified.

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
Net income	3,301	3,407	15,650
Other comprehensive income (loss) (net of tax effect):			
Amounts that will be reclassified or that are reclassified to profit or loss when specific conditions are met:			
Adjustments arising from translating financial statements of foreign operations	96	253	(421)
Amounts that will not be reclassified subsequently to profit or loss:			
Remeasurement loss from defined benefit plans	(31)	(41)	(122)
Total other comprehensive income (loss)	65	212	(543)
Total comprehensive income	3,366	3,619	15,107

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Share premium	Reserve from remeasurement of defined benefit plans	Capital reserve from transaction with non-controlling interests	Treasury shares	Retained earnings	Reserve from transaction with controlling shareholder	Foreign currency translation reserve	Total attributable to equity holders of the Company	Total equity
	U.S. dollars in thousands									
Balance at January 1, 2018 (after retroactive application)	4,571	43,930	(253)	(52)	(20)	82,928	311	(123)	131,292	131,292
Net income	-	-	-	-	-	15,650	-	-	15,650	15,650
Adjustments arising from translating financial statements of foreign operation	-	-	-	-	-	-	-	(421)	(421)	(421)
Actuarial loss from defined benefit plans	-	-	(122)	-	-	-	-	-	(122)	(122)
Total comprehensive income	-	-	(122)	-	-	15,650	-	(421)	15,107	15,107
Dividend to equity holders	-	-	-	-	-	(14,734)	-	-	(14,734)	(14,734)
Balance at December 31, 2018	4,571	43,930	(375)	(52)	(20)	83,844	311	(544)	131,665	131,665
Net income	-	-	-	-	-	3,407	-	-	3,407	3,407
Adjustments arising from translating financial statements of foreign operation	-	-	-	-	-	-	-	253	253	253
Actuarial loss from defined benefit plans	-	-	(41)	-	-	-	-	-	(41)	(41)
Total comprehensive income	-	-	(41)	-	-	3,407	-	253	3,619	3,619
Dividend to equity holders	-	-	-	-	-	(7,822)	-	-	(7,822)	(7,822)
Balance at December 31, 2019	4,571	43,930	(416)	(52)	(20)	79,429	311	(291)	127,462	127,462
Net income	-	-	-	-	-	3,301	-	-	3,301	3,301
Adjustments arising from translating financial statements of foreign operation	-	-	-	-	-	-	-	96	96	96
Actuarial loss from defined benefit plans	-	-	(31)	-	-	-	-	-	(31)	(31)
Total comprehensive income	-	-	(31)	-	-	3,301	-	96	3,366	3,366
Balance at December 31, 2020	4,571	43,930	(447)	(52)	(20)	82,730	311	(195)	130,828	130,828

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2020	**2019**	**2018**
	U.S. dollars in thousands		
Cash flow from operating activities:			
Net income	3,301	3,407	15,650
Adjustments to reconcile net income to net cash provided by operating activities:			
Adjustments to the profit or loss items:			
Group's share of losses of companies accounted for at equity, net	538	2,007	1,541
Depreciation and amortization	9,179	9,161	5,091
Revaluation (erosion) of proposed dividend	-	115	(298)
Taxes on income (tax benefit)	(1,632)	(557)	5,413
Interest expenses (income), net	1,357	1,142	(269)
Impairment (revaluation) of financial assets held for trading	(111)	(154)	81
Loss (gain) from forward transactions	(527)	(245)	497
Decrease in employee benefit liabilities, net	114	30	28
Loss from sale of property, plant and equipment	14	68	42
Erosion (revaluation) of loans to investees and other companies and investment in financial asset at fair value	(3,633)	182	1,250
Revaluation (erosion) of long-term loans	1,698	400	(542)
	6,997	12,149	12,834
Changes in asset and liability items:			
Decrease (increase) in trade receivables	(164)	8,221	(5,158)
Decrease (increase) in other accounts receivable	411	1,489	(395)
Decrease (increase) in inventories	(2,733)	3,998	(1,127)
Increase (decrease) in trade payables	1,614	(4,677)	2,229
Increase in other accounts payable	205	364	834
Monetary movement in related parties' accounts, net	(273)	457	(90)
	(940)	9,852	(3,707)
Cash paid and received during the year for:			
Interest paid	(1,413)	(1,392)	(1,161)
Interest received	94	237	270
Taxes paid	(1,497)	(3,064)	(3,370)
Taxes received	25	1,669	986
	(2,791)	(2,550)	(3,275)
Net cash provided by operating activities	6,567	22,858	21,502

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
Cash flows from investing activities:			
Cash outflow as a result of acquisition of activity (a)	-	-	(7,342)
Purchase of property, plant and equipment	(2,051)	(3,087)	(3,679)
Proceeds from sale of investment in a company accounted for at equity	-	-	1,800
Proceeds from sale of (investment in) financial assets held for trading	(22)	(121)	1,620
Proceeds from sale of young orchards	218	37	64
Proceeds from sale of property, plant and equipment	67	179	89
Purchase of financial derivatives and grant of loan to associate and others	(870)	(1,916)	(1,521)
Repayment of loans granted to associates and others	990	1,091	1,220
Dividend from associate	272	345	221
Net cash used in investing activities	(1,396)	(3,472)	(7,528)
Cash flows from financing activities:			
Short-term credit from banks, net	4,345	(2,233)	(300)
Receipt of long-term loans	2,000	1,142	6,453
Repayment of lease liability	(4,074)	(2,189)	-
Repayment of long-term loans	(4,481)	(6,216)	(10,117)
Dividend paid	-	(7,937)	(14,436)
Net cash used in financing activities	(2,210)	(17,433)	(18,400)
Exchange differences on balances of cash and cash equivalents	(66)	(68)	384
Increase (decrease) in cash and cash equivalents	2,895	1,885	(4,042)
Cash and cash equivalents at beginning of year	9,644	7,759	11,801
Cash and cash equivalents at end of year	12,539	9,644	7,759

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
(a) Cash outflow as a result of acquisition of activity: (see Note 3)			
Working capital (excluding cash)	-	-	(1,326)
Property, plant and equipment	-	-	(1,992)
Goodwill	-	-	(1,333)
Other excess of cost	-	-	(4,379)
Liability for acquisition of activity	-	-	836
Long-term liability for contingent consideration	-	-	852
Total balance of cash outflow	-	-	(7,342)
(b) Significant non-cash transactions:			
Right-of-use asset recognized with corresponding lease liability	1,102	35,794	-
Purchase of property, plant and equipment on credit	111	155	57
Acquisition of activity	-	-	1,716

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

NOTE 1:- GENERAL

a. The Company manufactures juices and concentrates from citrus fruits, tropical fruits and tomatoes. The Company is a public company whose shares are traded on the Tel-Aviv Stock Exchange Ltd. ("TASE").

b. Since January 2007, Kibbutz Gan Shmuel ("the Kibbutz") holds about 41.4% of the Company and Kibbutz Gat and Kibbutz Beit-Nir each hold about 12.6% of the Company.

c. The implications of the Corona crisis:

In the past year, the world has experienced an event with macroeconomic consequences created by the outbreak of the SARS-CoV-2 virus that causes the corona disease ("the Corona pandemic") which is characterized by uncertainty and frequent and rapid changes in Israel and in many countries around the world. Following this "rolling event", which was declared a global pandemic by the World Health Organization, many countries, including Israel, have taken significant steps in an effort to prevent the spread of the virus, such as restrictions on citizen mobility, gatherings, movement of passengers and goods, border closure and so on.

As a food and beverage producer, the Company's plants were included in the list of plants that render essential services and, therefore, despite the restrictions imposed, the Company's production sites were capable of operating at near full capacity during and after the reporting period. Accordingly, the Company has kept, to the extent possible, a consistent work routine while adhering to the required rules and keeping the workplace safe during and after the reporting period. Some of the Company's administrative and headquarter employees worked from home and no employees were put on unpaid leave.

During and after the reporting period, the Company closely monitored the changing conditions and activity at each of its production sites and took several actions to address the various business consequences of the Corona pandemic, including measures to ensure that cash flow meet the Company's needs, reduce costs and guarantee sufficient inventory of essential raw materials. Meanwhile, its customers continued to make their current payments to the Company with no major problems or substantial requests for a change in credit terms.

During the reporting period, the decline in the volume of sales and in the net income of the Company compared to the corresponding period last year, which begun before the outbreak of the Corona pandemic, has strengthened since the outbreak of the pandemic. The Company estimates that the Corona has a growing impact on the combination of reasons for the decline in sales as time passes. At the same time, it should be noted that the Company does not identify a specific market to which sales have been completely discontinued or specific products that have moved off the shelf but this is a cross-company, cross-market and cross-product event which, to the Company's knowledge, effects also other companies in the industry.

NOTE 1:- GENERAL (Cont.)

At the date of issuance of these financial statements, the Company is unable to assess and estimate the full effects of the Corona pandemic on its operations and financial results. However, in the Company's estimation and as detailed below, its financial strength, the actions it has taken in these months and the manner in which it operates, enable and will enable it to continue its business activity regularly in the short, medium and longer term. The Company's assessment is based, among others, on its cash flow sources, approved but utilized credit facilities, two production sites that continued their regular operation during the reporting period, the fact that most of its products are sold to the industrial market that is geographically dispersed and that the majority of its customers continued their operation also during the Corona pandemic, implementation of a policy for the management of available liquid assets and maintaining an adequate level of liquidity that allows flexibility and optimal management of the Company's cash flows as well as its risk management policy.

However, since the Corona pandemic is a "rolling event" characterized by great uncertainty which may result in an economic slowdown and decline in consumption levels in the global and Israeli economy as a whole, a renewed Corona outbreaks as well as reintroduction of restrictions on mobility and the like (which are outside the control of the Company) may have consequences on the Company's operations, business results and financial condition, including due to: (a) change in demand for the Company's products or an impact on the prices of the Company's products; (b) interruption or halt in production, among others, as a result of halt of work or imposing new restrictions on the mobility of citizens, employees and gatherings or putting a large number of the Company's employees in isolation; or (c) disruptions or delays in the supply of raw materials to the Company or in the supply of the Company's products to its customers.

In the first quarter of 2020, the Company evaluated the estimates it used to measure its assets and liabilities which include, among others, trade receivables, goodwill, intangible assets and post-employment benefits. This examination was performed using qualitative tests and making sensitivity analysis in relation to parameters that may have significant effect on estimates such as discount rate and profitability forecast. The Company concluded that except for the impairment of intangible assets by $ 203 thousand, as stated in Note 12b below, and the modification in post-employment benefits because of updated interest rates, no adjustments were required to the value of assets and liabilities.

d. Definitions:

In these financial statements:

The Company	-	Gan Shmuel Food Limited.
The Group	-	Gan Shmuel Food Limited and its investees listed in the accompanying appendix.
Subsidiaries	-	companies that are controlled by the Company (as defined in IFRS 10) and whose accounts are consolidated with those of the Company.

NOTE 1:- GENERAL (Cont.)

Jointly controlled entities	-	companies owned by various entities that have a contractual arrangement for joint control and are accounted for at equity.
Investees	-	subsidiaries or an associates.
Interested parties and controlling shareholders	-	as defined in the Israeli Securities Regulations (Annual Financial Statements), 2010.
Related parties	-	as defined in IAS 24.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been applied consistently in the financial statements for all periods presented, unless otherwise stated.

a. Basis of presentation of the financial statements:

Measurement basis:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Furthermore, the financial statements have been prepared in conformity with the provisions of the Israeli Securities Regulations (Annual Financial Statements), 2010.

The Company's financial statements have been prepared on a cost basis, except for: financial assets and liabilities (including derivatives) which are presented at fair value through profit or loss.

The Company has elected to present profit or loss items using the function of expense method.

The operating cycle of the Company is 12 months.

b. Significant judgments, estimates and assumptions used in the preparation of the financial statements:

In the process of applying the significant accounting policies in the financial statements, the Group has made the following judgments which have the most significant effect on the amounts recognized in the financial statements:

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

1. Judgments:

- Discount rate for a lease liability:

  When the Company is unable to readily determine the discount rate implicit in a lease in order to measure the lease liability, the Company uses an incremental borrowing rate. That rate represents the rate of interest that the Company would have to pay to borrow over a similar term and with similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment. When there are no financing transactions that can serve as a basis, the Company determines the incremental borrowing rate based on its credit risk, the lease term and other economic variables deriving from the lease contract's conditions and restrictions. In certain situations, the Company is assisted by an external valuation expert in determining the incremental borrowing rate.

2. Estimates and assumptions:

The preparation of the financial statements requires management to make estimates and assumptions that have an effect on the application of the accounting policies and on the reported amounts of assets, liabilities, revenues and expenses. Changes in accounting estimates are reported in the period of the change in estimate.

The key assumptions made in the financial statements concerning uncertainties at the end of the reporting period and the critical estimates computed by the Group that may result in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- Impairment of goodwill:

  The Group reviews goodwill for impairment at least once a year. This requires management to make an estimate of the projected future cash flows from the continuing use of the cash-generating unit to which the goodwill is allocated. Management is also required to choose a suitable discount rate for those cash flows.

- Deferred tax assets:

  Deferred tax assets are recognized for unused carryforward tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the timing, level of future taxable profits and the tax planning strategy.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

- Other post-employment benefits:

  The liability in respect of post-employment defined benefit plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about, among others, the discount rate, future salary increases and employee turnover rate. The carrying amount of the liability may be significantly affected by changes in these estimates

- Scientist grants:

  Government grants received from the Office of the Chief Scientist at the Ministry of Industry, Trade and Labor ("the Chief Scientist") are recognized as a liability if future economic benefits are expected from the research and development activity that will result in royalty-bearing sales. There is uncertainty regarding the estimated future cash flows and the estimated discount rate used to measure the amount of the liability. As for the accounting treatment of grants received from the Chief Scientist, see s below.

- Legal claims:

  In estimating the likelihood of outcome of legal claims filed against the Company and its investees, the companies rely on the opinion of their legal counsel. These estimates are based on the legal counsel's best professional judgment, taking into account the stage of proceedings and legal precedents in respect of the different issues. Since the outcome of the claims will be determined in courts, the results could differ from these estimates.

- Lease extension and/or termination options:

  In evaluating whether it is reasonably certain that the Company will exercise an option to extend a lease or not exercise an option to terminate a lease, the Company considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend or not exercise the option to terminate such as: significant amounts invested in leasehold improvements, the significance of the underlying asset to the Company's operation and whether it is a specialized asset, the Company's past experience with similar leases, etc.

  After the commencement date, the Company reassesses the term of the lease upon the occurrence of a significant event or a significant change in circumstances that affects whether the Company is reasonably certain to exercise an option to extend or not exercise an option to terminate previously included in the determination of the lease term, such as significant leasehold improvements that had not been anticipated on the lease commencement date, sublease of the underlying asset for a period that exceeds the end of the previously determined lease period, etc.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

c. Consolidated financial statements:

The consolidated financial statements comprise the financial statements of companies that are controlled by the Company (subsidiaries). Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The effect of potential voting rights is considered when assessing whether an entity has control only if they are considered substantive. The consolidation of the financial statements commences on the date on which control is obtained and ends when such control ceases.

The financial statements of the Company and of the subsidiaries are prepared as of the same dates and periods. The accounting policies in the financial statements of the subsidiaries have been applied consistently and uniformly with those applied in the financial statements of the Company. Significant intragroup balances and transactions and gains or losses resulting from transactions between the Company and the subsidiaries are eliminated in full in the consolidated financial statements.

Non-controlling interests in subsidiaries represent the equity in subsidiaries not attributable, directly or indirectly, to a parent. Non-controlling interests are presented in equity separately from the equity attributable to the equity holders of the Company. Profit or loss and components of other comprehensive income are attributed to the Company and to non-controlling interests. Losses are attributed to non-controlling interests even if they result in a negative balance of non-controlling interests in the consolidated statement of financial position.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as a change in equity by adjusting the carrying amount of the non-controlling interests with a corresponding adjustment of the equity attributable to equity holders of the Company less / plus the consideration paid or received.

Upon the disposal of a subsidiary resulting in loss of control, the Company:

- derecognizes the subsidiary's assets (including goodwill) and liabilities.
- derecognizes the carrying amount of non-controlling interests.
- derecognizes the adjustments arising from translating financial statements carried to equity.
- recognizes the fair value of the consideration received.
- recognizes the fair value of any remaining investment.
- reclassifies the components previously recognized in other comprehensive income (loss) on the same basis as would be required if the subsidiary had directly disposed of the related assets or liabilities.
- recognizes any resulting difference (surplus or deficit) as gain or loss.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

d. Investments in associates:

Associates are companies in which the Group has significant influence over the financial and operating policies without having control. The investment in an associate is accounted for using the equity method.

e. Investments accounted for at equity:

The Group's investments in joint ventures are accounted for at equity.

Under the equity method, the investment in the joint venture is presented at cost with the addition of post-acquisition changes in the Group's share of net assets, including other comprehensive income of the joint venture. Profits and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The financial statements of the Company and of the associate are prepared as of the same dates and periods. The accounting policies in the financial statements of the associate have been applied consistently and uniformly with those applied in the financial statements of the Group.

Losses of an associate in amounts which exceed its equity are recognized by the Company to the extent of its investment in the associate plus any losses that the Company may incur as a result of a guarantee or other financial support provided in respect of the associate. For this purpose, the investment includes long-term receivables (such as loans granted) for which settlement is neither planned nor likely to occur in the foreseeable future.

The equity method is applied until the loss of significant influence in the associate or loss of joint control in the joint venture or classification as investment held for sale.

The Company continues to apply the equity method even in cases where the investment in the associate becomes an investment in a joint venture and vice versa. The Company applies the provisions of IFRS 5 to the investment or a portion of the investment in the associate or the joint venture that is classified as held-for-sale. Any retained interest in this investment which is not classified as held-for-sale continues to be accounted for using the equity method.

On the date of loss of significant influence or joint control, the Group measures any remaining investment in the associate or the joint venture at fair value and recognizes in profit or loss the difference between the fair value of any remaining investment plus any proceeds from the sale of the investment in the associate or the joint venture and the carrying amount of the investment on that date.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

f. Business combinations and goodwill:

Business combinations are accounted for by applying the acquisition method. The cost of the acquisition is measured at the fair value of the consideration transferred on the acquisition date with the addition of non-controlling interests in the acquiree. In each business combination, the Company chooses whether to measure the non-controlling interests in the acquiree based on their fair value on the acquisition date or at their proportionate share in the fair value of the acquiree's net identifiable assets.

Direct acquisition costs are carried to the statement of profit or loss as incurred.

In a business combination achieved in stages, equity interests in the acquiree that had been held by the acquirer prior to obtaining control are measured at the acquisition date fair value while recognizing a gain or loss resulting from the revaluation of the prior investment on the date of achieving control.

Goodwill is initially measured at cost which represents the excess of the acquisition consideration and the amount of non-controlling interests over the net identifiable assets acquired and liabilities assumed. If the resulting amount is negative, the acquirer recognizes the resulting gain on the acquisition date.

g. Investment in joint arrangements:

Joint arrangements are arrangements in which the Company has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Joint ventures:

In joint ventures the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venture is accounted for at equity

h. Functional currency, presentation currency and foreign currency:

1. Functional currency and presentation currency:

   The presentation currency of the financial statements is the U.S. dollar.

   The financial statements are presented in U.S. dollars since the Company believes that financial statements in U.S. dollars provide more relevant information to the investors and users of the financial statements who are located in Israel.

   The Group determines the functional currency of each Group entity, including companies accounted for at equity, and this currency is used to separately measure each Group entity's financial position and operating results.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The data in the financial statements of investees whose functional currency differs from the Company's functional currency ("foreign operation") are translated into the Company's functional currency so that they can be included in the consolidated financial statements as follows:

a) Assets and liabilities are translated at the closing rate at each reporting date. Goodwill arising from the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities on the date of acquisition of the foreign operation are treated as assets and liabilities of the foreign operation and are translated at the closing rate at each reporting date. Items of the statement of profit or loss are translated at average exchange rates for all the relevant periods. All resulting translation differences are recognized as a separate component of other comprehensive income (loss) in equity under "adjustments arising from translating financial statements".

b) Intragroup loans for which settlement is neither planned nor likely to occur in the foreseeable future are, in substance, a part of the investment in the foreign operation and are accounted for as part of the investment and, accordingly, the exchange rate differences from these loans (net of the tax effect) are recognized, net of the tax effect, as other comprehensive income (loss).

c) Upon the full or partial disposal of a foreign operation resulting in loss of control in the foreign operation, the cumulative gain (loss) from the foreign operation which had been recognized in other comprehensive income is transferred to profit or loss. Upon the partial disposal of a foreign operation which results in the retention of control in the subsidiary, the relative portion of the amount recognized in other comprehensive income is reattributed to non-controlling interests.

2. Transactions, assets and liabilities in foreign currency:

Transactions denominated in foreign currency are recorded on initial recognition at the exchange rate at the date of the transaction. After initial recognition, monetary assets and liabilities denominated in foreign currency are translated at each reporting date into the functional currency at the exchange rate at that date. Exchange differences, other than those recorded in equity in hedging transactions, are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currency and measured at cost are translated at the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated into the functional currency using the exchange rate prevailing at the date when the fair value was determined.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

3. Index-linked monetary items:

Monetary assets and liabilities linked to the changes in the Israeli Consumer Price Index ("Israeli CPI") are adjusted at the relevant index at each reporting date according to the terms of the agreement. Linkage differences arising from the adjustment, as above, are recognized in profit or loss.

4. Below is data on the exchange rate of the U.S. dollar and the Israeli CPI:

As of	Representative exchange rate of U.S. dollar In NIS	Israeli CPI for December In points *)
December 31, 2020	3.215	119.64
December 31, 2019	3.456	120.48
December 31, 2018	3.748	119.75
Change in the year ended	**%**	**%**
December 31, 2020	(7.0)	(0.7)
December 31, 2019	(7.8)	0.6
December 31, 2018	8.1	0.8

*) Israeli CPI according to average base of 2006 = 100.

i. Cash equivalents:

Cash equivalents are considered as highly liquid investments, including unrestricted short-term bank deposits with an original maturity of three months or less from the date of acquisition or with a maturity of more than three months, but which are redeemable on demand without penalty and which form part of the Group's cash management.

j. Inventories:

Inventories are measured at the lower of cost and net realizable value. The cost of inventories comprises costs of purchase and costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs.

The Company periodically evaluates the condition and age of inventories and makes provisions for slow moving inventories accordingly.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Cost of inventories is determined as follows:

Raw materials, packing materials, auxiliary materials and purchased products - using the "first-in, first-out" method.

Work in progress and finished goods - on the basis of average costs including materials, labor and other direct and indirect manufacturing costs based on normal capacity.

k. Financial instruments:

1. Financial assets:

Financial assets are measured upon initial recognition at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets, except for financial assets measured at fair value through profit or loss in respect of which transaction costs are recorded in profit or loss.

The Company classifies and measures debt instruments in the financial statements based on the following criteria:

- The Company's business model for managing financial assets; and
- The contractual cash flow terms of the financial asset.

a) Debt instruments are measured at amortized cost when:

The Company's business model is to hold the financial assets in order to collect their contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. After initial recognition, the instruments in this category are measured according to their terms at amortized cost using the effective interest rate method, less any provision for impairment.

On the date of initial recognition, the Company may irrevocably designate a debt instrument as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency, such as when a related financial liability is also measured at fair value through profit or loss.

b) Debt instruments are measured at fair value through other comprehensive income when:

The Company's business model is to hold the financial assets in order to both collect their contractual cash flows and to sell the financial assets, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

After initial recognition, the instruments in this category are measured at fair value. Gains or losses from fair value adjustments, excluding interest and exchange rate differences, are recognized in other comprehensive income.

c) Debt instruments are measured at fair value through profit or loss when:

A financial asset which is a debt instrument does not meet the criteria for measurement at amortized cost or at fair value through other comprehensive income. After initial recognition, the financial asset is measured at fair value and gains or losses from fair value adjustments are recognized in profit or loss.

d) Equity instruments and other financial assets held for trading:

Investments in equity instruments do not meet the above criteria and accordingly are measured at fair value through profit or loss.

Dividends from investments in equity instruments are recognized in profit or loss when the right to receive the dividends is established.

2. Impairment of financial assets:

The Company evaluates at the end of each reporting period the loss allowance for financial debt instruments which are not measured at fair value through profit or loss. The Company distinguishes between two types of loss allowances:

a) Debt instruments whose credit risk has not increased significantly since initial recognition or whose credit risk is low - the loss allowance recognized in respect of this debt instrument is measured at an amount equal to the expected credit losses within 12 months from the reporting date (12-month ECLs); or

b) Debt instruments whose credit risk has increased significantly since initial recognition, and whose credit risk is not low - the loss allowance recognized is measured at an amount equal to the expected credit losses over the instrument's remaining term (lifetime ECLs).

The Company applies the low credit risk expedient in IFRS 9, according to which the Company assumes the debt instrument's credit risk has not increased significantly since initial recognition if on the reporting date it is determined that the instrument has a low credit risk, for example when the instrument has an external rating of "investment grade".

An impairment loss of debt instruments measured at amortized cost is carried to profit or loss against an allowance.

The Company has financial assets with short-term credit such as trade receivables in respect of which it is adopted the expedient prescribed in the model, namely the Company will measure the loss allowance in an amount equal to the lifetime ECLs.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

3. Derecognition of financial assets:

A financial asset is derecognized only when:

- The contractual rights to the cash flows from the financial asset has expired; or
- The Company has transferred substantially all the risks and rewards deriving from the contractual rights to receive cash flows from the financial asset or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset; or
- The Company has retained its contractual rights to receive cash flows from the financial asset but has assumed a contractual obligation to pay the cash flows in full without material delay to a third party.

4. Financial liabilities:

a) Financial liabilities measured at amortized cost:

Financial liabilities are initially recognized at fair value less transaction costs that are directly attributable to the issue of the financial liability.

After initial recognition, the Company measures all financial liabilities at amortized cost using the effective interest rate method, except for:

- Financial liabilities at fair value through profit or loss such as derivatives;
- Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies;
- Financial guarantee contracts;
- Commitments to provide a loan at a below-market interest rate;
- Contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies.

b) Financial liabilities measured at fair value through profit or loss:

At initial recognition, the Company measures financial liabilities that are not measured at amortized cost at fair value. Transaction costs are recognized in profit or loss.

After initial recognition, changes in fair value are recognized in profit or loss.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

5. Derecognition of financial liabilities:

A financial liability is derecognized only when it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expires. A financial liability is extinguished when the debtor discharges the liability by paying in cash, other financial assets, goods or services; or is legally released from the liability.

6. Offsetting financial instruments:

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position if there is a legally enforceable right to set off the recognized amounts and there is an intention either to settle on a net basis or to realize the asset and settle the liability simultaneously. The right of set-off must be legally enforceable not only during the ordinary course of business of the parties to the contract but also in the event of bankruptcy or insolvency of one of the parties. In order for the right of set-off to be currently available, it must not be contingent on a future event, there may not be periods during which the right is not available, or there may not be any events that will cause the right to expire.

7. Embedded derivatives:

According to the provisions of the Standard, if a hybrid contract contains a financial asset within the scope of the Standard, the embedded derivative is not separated from the host. Such hybrid contracts are measured in their entirety at amortized cost or at fair value, based on the criteria for determining the characteristics of the business model and contractual cash flows.

If the financial asset is not within the scope of the Standard, the embedded derivative is separated from the host and accounted for as a derivative when the economic risks and characteristics of the embedded derivative are not closely related to the economic risks and characteristics of the host, the embedded derivative meets the definition of a derivative and the hybrid contract is not measured at fair value with the changes in fair value recognized in profit or loss.

Reassessment of the need to separate an embedded derivative only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required.

8. Hedge accounting:

Derivative financial instruments designated as hedges:

Sometimes the Group enters into contracts for derivative financial instruments such as forward currency contracts and interest rate swaps to hedge risks associated with foreign exchange rate and interest rate fluctuations.

Any gains or losses arising from changes in the fair values of derivatives that do not qualify for hedge accounting are recorded immediately in profit or loss.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

l. Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement is based on the assumption that the transaction will take place in the asset's or the liability's principal market, or in the absence of a principal market, in the most advantageous market.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities measured at fair value or for which fair value is disclosed are categorized into levels within the fair value hierarchy based on the lowest level input that is significant to the entire fair value measurement:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

Level 3 - inputs that are not based on observable market data (valuation techniques which use inputs that are not based on observable market data).

m. Leases:

On January 1, 2019, the Company first applied IFRS 16, "Leases" ("IFRS 16"). The Company elected to apply the provisions of IFRS 16 using the modified retrospective method (without restatement of comparative data).

The accounting policy for leases applied effective from January 1, 2019, is as follows:

The Company accounts for a contract as a lease when the contract terms convey the right to control the use of an identified asset for a period of time in exchange for consideration.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Group as a lessee:

For leases in which the Company is the lessee, the Company recognizes on the commencement date of the lease a right-of-use asset and a lease liability, excluding leases whose term is up to 12 months and leases for which the underlying asset is of low value. For these excluded leases, the Company has elected to recognize the lease payments as an expense in profit or loss on a straight-line basis over the lease term. In measuring the lease liability, the Company has elected to apply the practical expedient in the Standard and does not separate the lease components from the non-lease components (such as management and maintenance services, etc.) included in a single contract.

Leases which entitle employees to a company car as part of their employment terms are accounted for as employee benefits in accordance with the provisions of IAS 19 and not as subleases.

On the commencement date, the lease liability includes all unpaid lease payments discounted at the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Company's incremental borrowing rate. After the commencement date, the Company measures the lease liability using the effective interest rate method.

On the commencement date, the right-of-use asset is recognized in an amount equal to the lease liability plus lease payments already made on or before the commencement date and initial direct costs incurred. The right-of-use asset is measured applying the cost model and depreciated over the shorter of its useful life and the lease term.

Following are the amortization periods of the right-of-use assets by class of underlying asset:

	Years	Mainly
Land	1 – 20	10
Motor vehicles	1 – 4	2

The Company tests for impairment of the right-of-use asset whenever there are indications of impairment pursuant to the provisions of IAS 36.

1. Variable lease payments that depend on an index:

   On the commencement date, the Company uses the index rate prevailing on the commencement date to calculate the future lease payments.

   For leases in which the Company is the lessee, the aggregate changes in future lease payments resulting from a change in the index are discounted (without a change in the discount rate applicable to the lease liability) and recorded as an adjustment of the lease liability and the right-of-use asset, only when there is a change in the cash flows resulting from the change in the index (that is, when the adjustment to the lease payments takes effect).

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. Lease extension and termination options:

A non-cancelable lease term includes both the periods covered by an option to extend the lease when it is reasonably certain that the extension option will be exercised and the periods covered by a lease termination option when it is reasonably certain that the termination option will not be exercised.

In the event of any change in the expected exercise of the lease extension option or in the expected non-exercise of the lease termination option, the Company remeasures the lease liability based on the revised lease term using a revised discount rate as of the date of the change in expectations. The total change is recognized in the carrying amount of the right-of-use asset until it is reduced to zero, and any further reductions are recognized in profit or loss.

3. Lease modifications:

If a lease modification does not reduce the scope of the lease and does not result in a separate lease, the Company remeasures the lease liability based on the modified lease terms using a revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

If a lease modification reduces the scope of the lease, the Company recognizes a gain or loss arising from the partial or full reduction of the carrying amount of the right-of-use asset and the lease liability. The Company subsequently remeasures the carrying amount of the lease liability according to the revised lease terms, at the revised discount rate as of the modification date and records the change in the lease liability as an adjustment to the right-of-use asset.

The accounting policy for leases applied until December 31, 2018, is as follows:

The criteria for classifying leases as finance or operating leases depend on the substance of the agreements and are made at the inception of the lease in accordance with the following principles as set out in IAS 17.

1. Finance leases:

Finance leases transfer to the Group all the risks and benefits incidental to ownership of the leased asset. At the commencement of the lease term, the leased assets are measured at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

The leased asset is amortized over the shorter of its useful life or the lease term.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. Operating leases:

Lease agreements are classified as an operating lease if they do not transfer substantially all the risks and benefits incidental to ownership of the leased asset. Lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

n. Property, plant and equipment:

Items of property, plant and equipment are measured at cost, including direct acquisition costs, less accumulated depreciation, accumulated impairment losses and any related investment grants and excluding day-to-day servicing expenses. Cost includes spare parts and auxiliary equipment that are used in connection with plant and equipment.

A part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately using the component method.

Depreciation is calculated on a straight-line basis over the useful life of the assets at annual rates as follows:

	%	
Land and buildings (excluding the land component)	3	
Machinery and equipment	10 - 15	(mainly 10%)
Computers and peripheral equipment	33	
Motor vehicles	15	
Office furniture and equipment	6	
Installation and leasehold improvements	see below	(mainly 10%)

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term (including the extension option held by the Group and intended to be exercised) and the expected life of the improvement.

The useful life, depreciation method and residual value of an asset are reviewed at least each year-end and any changes are accounted for prospectively as a change in accounting estimate. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale and the date that the asset is derecognized.

o. Intangible assets:

Separately acquired intangible assets are measured on initial recognition at cost including direct acquisition costs. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. After initial recognition, intangible assets are carried at their cost less any accumulated amortization and any accumulated impairment losses. Expenditures relating to internally generated intangible assets, excluding capitalized development costs, are recognized in profit or loss when incurred.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Intangible assets with indefinite useful lives are not systematically amortized and are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired. The useful life of these assets is reviewed annually to determine whether their indefinite life assessment continues to be supportable. If the events and circumstances do not continue to support the assessment, the change in the useful life assessment from indefinite to finite is accounted for prospectively as a change in accounting estimate and on that date the asset is tested for impairment. Commencing from that date, the asset is amortized systematically over its useful life.

The useful life of intangible assets is as follows:

	Years
Investment in right to purchase fruit	20
Brand name	12 - 15
Customer relations	10 - 12
Non-competition	2

p. Deferred charges - investments in young orchards:

Investments in replantation and other plantations in orchards of citrus growers and in young orchards are fully assigned to the Group's possession under a multi-annual agreement between the parties. As consideration of the proceeds from the fruit, the Group covers the operating expenses of said orchards and, if the agreement stipulates so, an additional payment is made to the customer. Investments in orchards of citrus growers which are accounted for as a non-monetary item are amortized over the contractual term simultaneously with the economic benefits expected to derive therefrom.

The amortization period and the amortization method of these investments are reviewed at least once a year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for as changes in the amortization period or the amortization method and reported as a change in accounting estimate. Amortization expenses are recognized in the statement of profit or loss.

q. Impairment of non-financial assets:

The Company evaluates the need to record an impairment of the carrying amount of non-financial assets whenever events or changes in circumstances indicate that the carrying amount is not recoverable. If the carrying amount of non-financial assets exceeds their recoverable amount, the assets are reduced to their recoverable amount. The recoverable amount is the higher of fair value less costs of sale and value in use. In measuring value in use, the expected cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the asset. The recoverable amount of an asset that does not generate independent cash flows is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

An impairment loss of an asset, other than goodwill, is reversed only if there have been changes in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. Reversal of an impairment loss, as above, shall not be increased above the lower of the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized for the asset in prior years, and its recoverable amount. The reversal of impairment loss of an asset presented at cost is recognized in profit or loss.

The following unique criteria are applied in assessing impairment of these specific assets:

1. Goodwill in respect of subsidiaries:

   For the purpose of impairment testing, goodwill acquired in a business combination is allocated, at the acquisition date, to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination.

   The Company reviews goodwill for impairment once a year as of December 31 or more frequently if events or changes in circumstances indicate that there is an impairment.

   Goodwill is tested for impairment by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill has been allocated. An impairment loss is recognized if the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is less than the carrying amount of the cash-generating unit (or group of cash-generating units). Any impairment loss is allocated first to goodwill.

   Impairment losses recognized for goodwill cannot be reversed in subsequent periods.

2. Investment in associate or joint venture:

   After application of the equity method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the investment in associates or joint ventures. The Company determines at each reporting date whether there is objective evidence that the carrying amount of the investment in the associate or the joint venture is impaired. The test of impairment is carried out with reference to the entire investment, including the goodwill attributed to the associate or the joint venture.

3. Deferred charges - investment in young orchards:

   Impairment is tested if factors indicate that there is impairment.

   Impairment of investment in young orchards is determined by assessing the recoverable amount the orchards. If the recoverable amount of the orchards is lower than their carrying amount, an impairment loss is recognized.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

r. Government grants:

Government grants are recognized when there is reasonable assurance that the grants will be received and the Company will comply with the attached conditions.

Government grants received from the Office of the Chief Scientist in Israel are recognized upon receipt as a liability if future economic benefits are expected from the research project that will result in royalty-bearing sales.

A liability for the loan is first measured at fair value using a discount rate that reflects a market rate of interest. The difference between the amount of the grant received and the fair value of the liability is accounted for as a Government grant and recognized as a reduction of research and development expenses. After initial recognition, the liability is measured at amortized cost using the effective interest method. Royalty payments are treated as a reduction of the liability. If no economic benefits are expected from the research activity, the grant receipts are recognized as a reduction of the related research and development expenses. In that event, the royalty obligation is treated as a contingent liability in accordance with IAS 37.

In each reporting date, the Company evaluates whether there is reasonable assurance that the liability recognized, in whole or in part, will not be repaid (since the Company will not be required to pay royalties) based on the best estimate of future sales and using the original effective interest method, and if so, the appropriate amount of the liability is derecognized against a corresponding reduction in research and development expenses.

Royalty payments are treated as a settlement of the liability.

s. Taxes on income:

Taxes on income in profit or loss comprise current taxes and deferred taxes. The tax results in respect of current or deferred taxes are recognized in profit or loss, except to the extent that the tax arises from items which are recognized in other comprehensive income or in equity. In such cases, the tax effect is also recognized in the relevant item in other comprehensive income or in equity.

1. Current taxes:

The current tax liability is measured using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period as well as adjustments required in connection with the tax liability in respect of previous years.

2. Deferred taxes:

Deferred taxes are computed in respect of temporary differences between the carrying amounts in the financial statements and the amounts attributed for tax purposes. Deferred taxes attributable to items which are recognized in equity, are also recognized in the relevant item in equity.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

Deferred tax balances are measured at the tax rates that are expected to apply when the asset is realized or the liability is settled, based on tax laws that have been enacted or substantively enacted by the reporting date. The amount of deferred taxes in the statement of profit or loss represent the changes in the carrying amount of these balances during the reporting period, excluding changes attributable to items recognized in other comprehensive income or in equity.

Deferred tax assets are reviewed at each reporting date based on the probability of their utilization. Deductible carryforward losses and temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that its utilization is probable.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is not probable that they will be utilized. Temporary differences for which deferred tax assets had not been recognized are reviewed at each reporting date and a respective deferred tax asset is recognized to the extent that their utilization is probable.

Taxes that would apply in the event of the disposal of investments in investees have not been taken into account in computing deferred taxes, as long as the disposal of the investments in investees is not probable in the foreseeable future. Also, deferred taxes that would apply in the event of distribution of earnings by investees as dividends have not been taken into account in computing deferred taxes, since the distribution of dividends does not involve an additional tax liability or since it is the Company's policy not to initiate distribution of dividends from a subsidiary that would trigger an additional tax liability.

Deferred tax assets and deferred tax liabilities are presented as non-current assets and non-current liabilities, respectively. Deferred taxes are offset if there is a legally enforceable right to offset a current tax asset against a current tax liability and the deferred taxes relate to the same taxpayer and the same taxation authority.

t. Employee benefit liabilities:

The Group has several types of employee benefits:

1. Short-term employee benefits:

Short-term employee benefits are benefits that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services. These benefits include salaries, paid annual leave, paid sick leave, recreation and social security contributions and are recognized as expenses as the services are rendered. A liability in respect of a cash bonus or a profit-sharing plan is recognized when the Group has a legal or constructive obligation to make such payment as a result of past service rendered by an employee and a reliable estimate of the amount can be made.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

2. Post-employment benefits:

The plans are normally financed by contributions to insurance companies and classified as defined contribution plans or as defined benefit plans.

The Group has defined contribution plans pursuant to section 14 to the Severance Pay Law under which the Group pays fixed contributions and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient amounts to pay all employee benefits relating to employee service in the current and prior periods. Contributions to the defined contribution plan in respect of severance or retirement pay are recognized as an expense when contributed simultaneously with receiving the employee's services.

The Group also operates a defined benefit plan in respect of severance pay pursuant to the Severance Pay Law. According to the Law, employees are entitled to severance pay upon dismissal or retirement. The liability for termination of employment is measured using the projected unit credit method. The actuarial assumptions include rates of employee turnover and future salary increases based on the estimated timing of payment. The amounts are presented based on discounted expected future cash flows using a discount rate determined by reference to market yields at the reporting date on high quality corporate bonds that are linked to the Israeli CPI with a term that is consistent with the estimated term of the severance pay obligation.

In respect of its severance pay obligation to certain of its employees, the Company makes current deposits in pension funds and insurance companies ("the plan assets"). Plan assets comprise assets held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the Group's own creditors and cannot be returned directly to the Group.

The liability for employee benefits shown in the statement of financial position reflects the present value of the defined benefit obligation less the fair value of the plan assets.

Remeasurements of the net liability are recognized in other comprehensive income in the period in which they occur.

u. Revenue recognition:

Revenue from contracts with customers is recognized when the control over the goods or services is transferred to the customer. The transaction price is the amount of the consideration that is expected to be received based on the contract terms, excluding amounts collected on behalf of third parties (such as taxes).

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

In determining the amount of revenue from contracts with customers, the Company evaluates whether it is a principal or an agent in the arrangement. The Company is a principal when the Company controls the promised goods or services before transferring them to the customer. In these circumstances, the Company recognizes revenue for the gross amount of the consideration. When the Company is an agent, it recognizes revenue for the net amount of the consideration, after deducting the amount due to the principal.

Revenue from sale of goods:

Revenue from sale of goods is recognized in profit or loss at a point in time when the control of the goods is transferred to the customer. Normally the control is transferred when the goods are delivered to the customer.

Revenue from rendering of services:

In accordance with contracts with customers in this segment, the customer simultaneously receives and consumes the benefits as the Company performs and, therefore, revenue is recognized over time in the reporting periods in which the services are rendered. The Company collects payment from its customers in accordance with the terms of payment agreed upon in specific agreements, where the payments may be prior to the service period or after the service period and, accordingly, the Company recognizes the asset or liability in respect of the contract with the customer.

Consideration payable to customers:

The Company accounts for payments made to a customer as a reduction of the revenues from the customer when the later of either of the following events occurs:

- The Company recognizes revenue from the transfer of goods or services to the customer;
- The Company pays the consideration or promises to pay the consideration in accordance with the Company's customary business practices.

When the consideration payable to a customer is a payment for a distinct good or service from the customer, then the Company accounts for the purchase of the good or service in the same way it accounts for other purchases from suppliers.

v. Earnings (loss) per share:

Earnings per share are calculated by dividing the net income attributable to equity holders of the Company by the weighted number of Ordinary shares outstanding during the period.

Potential Ordinary shares are included in the computation of diluted earnings per share when their conversion decreases earnings per share from continuing operations. Potential Ordinary shares that are converted during the period are included in diluted earnings per share only until the conversion date and from that date in basic earnings per share. The Company's share of earnings of investees is included based on its share of earnings per share of the investees multiplied by the number of shares held by the Company.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

w. Provisions:

A provision in accordance with IAS 37 is recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects part or all of the expense to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense is recognized in the statement of profit or loss net of any reimbursement.

The provision included in the financial statements:

Legal claims:

A provision for claims is recognized when the Group has a present legal or constructive obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be required by the Group to settle the obligation and a reliable estimate can be made of the amount of the obligation.

x. Advertising expenses:

Expenditures incurred on advertising, marketing or promotional activities, such as production of catalogues and promotional pamphlets, are recognized as an expense when the Group has the right of access to the advertising goods or when the Group receives those services.

y. Treasury shares:

Company shares held by a subsidiary are recognized at cost of purchase and are deducted from equity. Any gain or loss arising from a purchase, sale, issue or cancellation of treasury shares is recognized directly in equity.

z. Changes in accounting policies - initial application of new financial reporting standards and amendments to existing accounting standards:

Amendment to IFRS 3, "Business Combinations":

In October 2018, the IASB issued an amendment to the definition of a "business" in IFRS 3, "Business Combinations" ("the Amendment").

The Amendment clarifies that in order to meet the definition of a "business", an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The Amendment also clarifies that a business can exist without including all of the inputs and processes necessary to create outputs. The Amendment includes an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business, with no need for other assessments.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Amendment is to be applied to business combinations and asset acquisitions for which the acquisition date is on or after January 1, 2020.

The initial application of the Amendment did not have an effect on the Company's financial statements but it may have an effect on the assessment of the definition of a "business" for acquisitions completed after January 1, 2020.

aa. Disclosure of new standards in the period prior to their adoption:

1. Amendments to IFRS 10 and IAS 28 regarding sale or transfer of assets between an investor and its associate or joint venture:

In September 2014, the IASB issued amendments to IFRS 10 and IAS 28 ("the Amendments") regarding the accounting treatment of the sale or transfer of assets (an asset, a group of assets or a subsidiary) between an investor and its associate or joint venture.

According to the Amendments, when the investor loses control of a subsidiary or a group of assets that are not a business in a transaction with its associate or joint venture, the gain will be partially eliminated such that the gain to be recognized is the gain from the sale to the other investors in the associate or joint venture. According to the Amendments, if the remaining rights held by the investor represent a financial asset as defined in IFRS 9, the gain will be recognized in full.

If the transaction with an associate or joint venture involves loss of control of a subsidiary or a group of assets that are a business, the gain will be recognized in full.

The Amendments are to be applied prospectively. A mandatory effective date has not yet been determined by the IASB but early adoption is permitted.

2. Amendment to IAS 16, "Property, Plant and Equipment":

In May 2020, the IASB issued an amendment to IAS 16, "Property, Plant and Equipment" ("the Amendment"). The Amendment prohibits a company from deducting from the cost of property, plant and equipment ("PP&E") consideration received from the sales of items produced while the company is preparing the asset for its intended use. Instead, the company should recognize such consideration and related costs in profit or loss.

The Amendment is effective for annual reporting periods beginning on or after January 1, 2022, with early adoption permitted. The Amendment is to be applied retrospectively, but only to items of PP&E made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the Amendment. The company should recognize the cumulative effect of initially applying the Amendment as an adjustment to the opening balance of retained earnings at the beginning of the earliest period presented.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Company estimates that the application of the Amendment is not expected to have a material impact on the financial statements.

3. Amendment to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets":

In May 2020, the IASB issued an amendment to IAS 37, regarding which costs a company should include when assessing whether a contract is onerous ("the Amendment").

According to the Amendment, costs of fulfilling a contract include both the incremental costs (for example, raw materials and direct labor) and an allocation of other costs that relate directly to fulfilling a contract (for example, depreciation of an item of property, plant and equipment used in fulfilling the contract).

The Amendment is effective for annual periods beginning on or after January 1, 2022 and applies to contracts for which all obligations in respect thereof have not yet been fulfilled as of January 1, 2022. Early adoption is permitted.

The Company estimates that the application of the Amendment is not expected to have a material impact on the financial statements.

4. Annual improvements to IFRSs 2018-2020:

In May 2020, the IASB issued certain amendments in the context of the Annual Improvements to IFRSs 2018-2020 Cycle. The main amendment is to IFRS 9: The Amendment clarifies which fees a company should include in the "10% test" described in paragraph B3.3.6 of IFRS 9 when assessing whether the terms of a debt instrument that has been modified or exchanged are substantially different from the terms of the original debt instrument.

The Amendment is effective for annual periods beginning on or after January 1, 2022. Early adoption is permitted. The Amendment is to be applied to debt instruments that are modified or exchanged commencing from the year in which the Amendment is first applied.

5. Amendment to IAS 1, "Presentation of Financial Statements":

In January 2020, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements" ("the Amendment") regarding the criteria for determining the classification of liabilities as current or non-current.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Amendment includes the following clarifications:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The Amendment is effective for annual periods beginning on or after January 1, 2023 and must be applied retrospectively.

The Company is evaluating the possible impact of the Amendment on its current loan agreements.

6. Amendments to IFRS 9, IFRS 7, IFRS 16, IFRS 4 and IAS 39 regarding the IBOR reform:

In August 2020, the IASB issued amendments to IFRS 9, "Financial Instruments", IFRS 7, "Financial Instruments: Disclosures", IAS 39, "Financial Instruments: Recognition and Measurement", IFRS 4, "Insurance Contracts", and IFRS 16, "Leases" ("the Amendments").

The Amendments provide practical expedients when accounting for the effects of the replacement of benchmark InterBank Offered Rates (IBORs) by alternative Risk Free Interest Rates (RFRs).

Pursuant to one of the practical expedients, an entity will treat contractual changes or changes to cash flows that are directly required by the reform as changes to a floating interest rate. That is, an entity recognizes the changes in interest rates as an adjustment of the effective interest rate without adjusting the carrying amount of the financial instrument. The use of this practical expedient is subject to the condition that the transition from IBOR to RFR takes place on an economically equivalent basis.

In addition, the Amendments permit changes required by the IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued, provided certain conditions are met. The Amendments also provide temporary relief from having to meet the "separately identifiable" requirement according to which a risk component must also be separately identifiable to be eligible for hedge accounting.

The Amendments include new disclosure requirements in connection with the expected effect of the reform on an entity's financial statements, such as how the entity is managing the process to transition to the interest rate reform, the risks to which it is exposed due to the reform and quantitative information about IBOR-referenced financial instruments that are expected to change.

NOTE 2:- SIGNIFICANT ACCOUNTING POLICIES (Cont.)

The Amendments are effective for annual periods beginning on or after January 1, 2021. The Amendments are to be applied retrospectively. However, restatement of comparative periods is not required. Early adoption is permitted.

The Company is presently assessing the accounting implications, if any, of the transition from IBORs to RFRs on the financial instrument contracts that are expected to be in effect on the transition date, including the effects of the application of the above Amendments.

NOTE 3:- BUSINESS COMBINATIONS

On December 3, 2017, an agreement was signed between the Company (through Meitav (G.S) Food Industries L.P. ("Meitav"), a partnership established for that purpose and wholly owned by the Company) and Meitav Sauce and Food Industries (1990) Ltd. ("Meitav Sauce" and "the agreement", respectively), according to which the Company, through Meitav, will acquire all the assets and activity and all the rights and liabilities of Meitav Sauce (except assets and liabilities that were excluded from the agreement) in the food sector.

As consideration for this acquisition, the Company undertook to pay Meitav Sauce up to NIS 30 million in accordance with the provisions of the agreement (including fulfillment of the suspending conditions set therein), of which an amount of NIS 25 million was paid on the acquisition date and an additional consideration to be determined based on the transferred balances was finally set at approximately NIS 3.1 million; so that the final consideration was approximately NIS 28.1 million (approximately $ 8 million).

On December 24, 2018, the transaction was closed after fulfillment of the suspending conditions stipulated in the agreement, including receipt of the approval of the Anti-Trust Commissioner.

It should be noted that the date of transfer of activity was February 1, 2018. Transaction costs which amounted approximately $ 200 thousand were recorded in general and administrative expenses.

In addition, the Company undertook to pay Meitav Sauce additional consideration in an amount not to exceed NIS 5 million over a period of five years from closing, based on the milestones set in the agreement. The Company recognized the fair value of the contingent consideration of the transaction of NIS 2.9 million ($ 852 thousand at the closing date), which was determined by an external valuation using the discounted cash flow with changes in fair value from the date of the transaction onwards carried to profit or loss. The Company recognized excess of costs arising from the acquisition of the activity in the amount of approximately NIS 19.6 million (approximately $ 5.5 million) in respect of customer relations, brand, non-competition and goodwill. Since the milestones set in the agreement have not been achieved, the liability was cancelled and amounts of approximately $ 220 thousand and $ 1,280 thousand were carried to profit or loss in 2019 and 2018, respectively, with corresponding amortization of goodwill of approximately $ 1,010 thousand and $ 389 thousand, respectively.

NOTE 3:- BUSINESS COMBINATIONS (Cont.)

The Company financed the acquisition from its own resources and from current credit facilities.

The Company does not view this transaction as an acquisition of a material activity.

The contingent consideration and goodwill are presented in the financial statements less impairment that was calculated by an external appraiser (see Note 12 below).

NOTE 4:- CASH AND CASH EQUIVALENTS

	December 31,	
	2020	2019
	U.S. dollars in thousands	
Cash and deposits for immediate withdrawal	12,539	9,644

As of December 31, 2020, the Group has unutilized credit facilities totaling $ 22.7 million.

NOTE 5:- INVESTMENTS IN FINANCIAL ASSETS HELD FOR TRADING

The investment in securities comprises shares, debentures and investment in participation units in mutual funds, mostly in or linked to dollar.

NOTE 6:- TRADE RECEIVABLES

	December 31,	
	2020	2019
	U.S. dollars in thousands	
Open accounts (1)	36,168	36,118
Checks receivable	1,863	1,487
	38,031	37,605
(1) Allowance for doubtful accounts	1,166	1,081

(2) Trade receivables do not bear interest. The average customer credit term is 75 days (2019 – 76 days).

(3) Impaired customer debts are accounted for through recording an allowance for doubtful accounts.

NOTE 6:- TRADE RECEIVABLES (Cont.)

The movement in the allowance for doubtful accounts is as follows:

	U.S. dollars in thousands
Balance at January 1, 2019	1,028
Charge for the year	21
Reversal due to collected doubtful accounts	(19)
Adjustments arising from translating foreign operation	5
Exchange rate differences	46
Balance at December 31, 2019	1,081
Charge for the year	58
Reversal due to collected doubtful accounts	(20)
Adjustments arising from translating foreign operation	5
Exchange rate differences	42
Balance at December 31, 2020	1,166

Following is information about the credit risk exposure of the Company's trade receivables

December 31, 2020:

	Not past due (without arrears)	Past due trade receivables with arrears of < 30 days	31 - 60 days	61 - 90 days	91 - 120 days	> 120 days	Total
	U.S. dollars in thousands						
Trade receivables before allowance for doubtful accounts	32,524	3,980	910	193	72	1,518	39,197
Allowance for doubtful accounts	-	-	-	24	1	1,141	1,166

December 31, 2019:

	Not past due (without arrears)	Past due trade receivables with arrears of < 30 days	31 - 60 days	61 - 90 days	91 - 120 days	> 120 days	Total
	U.S. dollars in thousands						
Trade receivables before allowance for doubtful accounts	30,830	3,376	2,754	485	173	1,068	38,686
Allowance for doubtful accounts	-	8	13	3	4	1,053	1,081

NOTE 6:- TRADE RECEIVABLES (Cont.)

Following is an analysis as of the reporting date of past due but not impaired trade receivables (net of allowance for doubtful accounts):

	Not past due (without arrears)	Past due trade receivables with arrears of					
		< 30 days	31 - 60 days	61 - 90 days	91 - 120 days	> 120 days	Total
	U.S. dollars in thousands						
December 31, 2020	32,524	3,980	910	169	71	377	38,031
December 31, 2019	30,830	3,368	2,741	482	169	15	37,605

NOTE 7:- OTHER ACCOUNTS RECEIVABLE

	December 31,	
	2020	2019
	U.S. dollars in thousands	
Government ministries	2,359	2,222
Income tax	2,334	778
Prepaid expenses (1)	1,096	1,029
Current maturity of loan to others	529	1,162
Others (2)	744	1,095
Accrued income	488	714
Advances to suppliers	74	201
	7,624	7,201

(1) Includes prepaid expenses in respect of 6 bearing orchards of approximately $ 588 thousand and $ 791 thousand as of December 31, 2020 and 2019, respectively.

(2) Includes a deposit of $ 603 thousand (2019 – $ 769 thousand) used to secure purchase of raw materials.

NOTE 8:- INVENTORIES

	December 31, 2020	December 31, 2019
	U.S. dollars in thousands	
Raw materials	19,909	24,443
Packing materials and auxiliary materials	3,176	3,115
Work in progress	15,680	12,540
Finished goods and purchased products	25,190	21,281
	63,955	61,379
Payments on account of raw materials	4,821	4,601
	68,776	65,980

Impairment of inventories in the total $ 374 thousand (2019 – $ 235 thousand; 2018 - zero) was carried to cost of sales.

NOTE 9:- INVESTMENT IN COMPANIES ACCOUNTED FOR AT EQUITY AND OTHER RECEIVABLES

a. Additional information on joint ventures:

Composition:

	December 31, 2020	December 31, 2019
	U.S. dollars in thousands	
Details of investments:		
Share of equity	(8,329)	(8,586)
Capital notes (1)	13,699	13,117
Total	5,370	4,531

(1) Non-interest bearing and unlinked capital notes given to Gan Pelach partnership for a period not less than five years which, according to the decision of the partnership's Board in the agreement of the holders of rights in the partnership, are equity investments. Gan Pelach Limited Partnership was established in Israel and is 50.01% held by the Company. The partnership is engaged in the cultivation of orchards and in selling to the Company the fruit for industry and to the other partner in the partnership the fruit for marketing. The partners in the partnership agreed to continue to provide the funding for its operating activities.

(2) The Company attaches to its financial statements the financial statements of a jointly controlled partnership which is accounted for at equity – Gan Pelach Limited Partnership which prepares its financial statements in conformity with IFRS, similarly to the Company.

NOTE 9:- INVESTMENT IN COMPANIES ACCOUNTED FOR AT EQUITY AND OTHER RECEIVABLES (Cont.)

b. Condensed financial information of Gan Pelach:

	December 31,	
	2020	2019
	U.S. dollars in thousands	
Statement of financial position of associate at reporting date:		
Current assets	5,559	3,746
Non-current assets	25,578	25,946
Current liabilities	17,134	16,513
Non-current liabilities	4,991	5,675
Total equity	9,012	7,504
Holding rate in the associate	50.01%	50.01%
Share of equity	4,507	3,753
Remaining investment in associate	4,507	3,753

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
Operating results of associate in the reporting year:			
Revenues	10,069	8,509	8,874
Gross profit (loss)	261	(2,145)	(2,072)
Operating loss	(17)	(2,917)	(2,206)
Loss	(309)	(3,267)	(2,561)
Comprehensive loss	(308)	(3,267)	(2,559)
Company's share of loss of associate	(154)	(1,634)	(1,280)

NOTE 10:- FINANCIAL DERIVATIVES AND LONG-TERM LOANS TO OTHERS AND INVESTMENT IN FINANCIAL ASSET AT FAIR VALUE

a. Composition:

	December 31, 2020	December 31, 2019
	U.S. dollars in thousands	
Investment in financial asset at fair value (see c below)	10,597	-
Convertible loan and financial derivatives (see c below)	-	7,620
Long-term loans to others (1)	1,478	2,258
	1,478	9,878
Less – current maturity	(529)	(1,162)
	949	8,716

(1) Includes a loan in dollars with variable interest at an average rate of Libor + 2.5%, an interest-free loan in Euro of $ 230 thousand. In October 2019, the Company provided a fruit concentrate supplier a NIS loan in a total of approximately NIS 4 million bearing fixed interest of 2.06% which is repayable over a period of five years in 20 quarterly principal installments.

b. Maturity dates after the reporting date, December 31, 2020:

	First year	Second year	Third year	Fourth year	Fifth year	Maturity not yet fixed	Total
	U.S. dollars in thousands						
Long-term loans to others	529	298	274	249	-	128	1,478

NOTE 10:- FINANCIAL DERIVATIVES AND LONG-TERM LOANS TO OTHERS AND INVESTMENT IN FINANCIAL ASSET AT FAIR VALUE (Cont.)

c. On May 4, 2016, an agreement was signed between the Company and Transalgae Israel Ltd., an unrelated company engaged in genetic engineering in algae ("the borrower" or "Transalgae"), according to which the Company provided the borrower with a loan in the total of $ 10 million ("the first loan") and the Company may, at its discretion, convert the loan into Preferred shares of the borrower, which will constitute 16% of the issued and outstanding share capital of the borrower on a fully-diluted basis, during a period of 90 days from May 2019 (namely, until August 2019) or upon the occurrence of certain events as detailed in the agreement ("the conversion period" and "the first loan agreement", respectively).

In addition, the Company was given an option to provide an additional loan to the borrower during a period of three years from the date of signing the first loan agreement, in the total of up to $ 2.5 million ("the option" and "the additional loan", respectively). In the conversion period, the Company was entitled to also convert the additional loan into Preferred shares of the borrower, had it been given under the option, so that after the conversion of the additional loan the Company would have held about 20% of the issued and outstanding share capital of the borrower on a fully-diluted basis (assuming full conversion of the first loan and the additional loan into the shares of the borrower).

In June 2019, an amendment to the first loan agreement was signed whereby the date of conversion of the first loan was extended to August 2020. The exercise period of the option was not extended and, therefore, since the Company did not exercise the option, it expired at the end of the original exercise period.

On the date of grant of the loan, the Company, through an independent external appraiser, allocated the purchase price to its components: a debt component of $ 1,130 thousand, a conversion component of $ 7,100 thousand and an option component to grant additional loan of $ 1,770 thousand. Until December 31, 2017, subsequent measurement of the debt component was in accordance with the effective interest method using interest at the rate of 20% per annum, as derived from the valuation at the date of the transaction. The conversion component and the option component were measured at fair value through profit or loss. Since January 1, 2018, all components are measured at fair value through profit or loss.

In October 2019, another agreement was signed (to replace two previous loan agreements which were cancelled once the new agreement became effective) and updated in January 2020 (collectively, "the second loan agreement") between the Company and the borrower and another shareholders of the borrower (collectively, "the borrowers") according to which the borrower was granted another convertible loan of $ 3.5 million in which the Company's share is 16% (an amount equal to $ 560 thousand) ("the second loan"). At its discretion, the Company may convert its share of the second loan into Transalgae shares during a period of 90 days from May 2020 (namely, until August 2020) or upon the occurrence of certain events as detailed in the second loan agreement.

NOTE 10:- FINANCIAL DERIVATIVES AND LONG-TERM LOANS TO OTHERS AND INVESTMENT IN FINANCIAL ASSET AT FAIR VALUE (Cont.)

On August 3, 2020, the Company converted the first loan and the second loan in the aggregate of $ 10,560,000, as above, and Preferred shares, constituting 16% of the issued and outstanding share capital of Transalgae (on a fully-diluted basis) were issued to the Company.

The Company has recorded in the accounts its investment based on a valuation performed as of the date of conversion by an independent external appraiser. The value, according to the valuation, was $ 10,554 thousand. The appraiser used the DCF model for determining the value and the OPM model for determining the value of the holdings. The main inputs used in the valuation are: discount rate - 22.5%, standard deviation - 77.14%, growth rate - 2.4%.

As of December 31, 2020, it was examined whether there were any changes indicating a change in value in relation to the valuation performed as of the date of conversion and it was noted that there were no significant changes.

Based on the valuations performed, the Company recorded a revaluation gain of approximately $ 2.8 million in 2020.

As the Company is not involved in the day-to-day management of Transalgae, does not have the right to appoint directors in Transalgae and even waives its veto right in relation to Transalgae salary agreements with its employees and managers, the Company presents its investment in Transalgae at fair value.

In addition to the agreements detailed above, the Company provided the borrower additional non-convertible loans, as follows:

(a) In July 2020, the Company provided the borrower an additional non-convertible loan of $ 80 thousand.

(b) In October 2020, the Company provided the borrower an additional non-convertible loan of approximately $ 48 thousand.

These loans bear fixed interest of 3% per annum. All loans are repayable at the earlier of: 10 years from the date of the provision of the relevant loan, or the date of sale or liquidation of the borrower, or the date on which the borrower can repay the loan amount, which will not be less than 3 years from the date on which the loan was provided. The parties also agreed that the borrower will be subject to a dividend distribution limitation, according to which there will be no distribution to the borrower's shareholders if any amount is due to the Company and that the loans must be repaid before any other payment to the borrower's shareholders.

NOTE 10:- FINANCIAL DERIVATIVES AND LONG-TERM LOANS TO OTHERS AND INVESTMENT IN FINANCIAL ASSET AT FAIR VALUE (Cont.)

After the reporting date, on January 6, 2021, the parties signed an investment agreement (through a SAFE mechanism) according to which the Company invested $ 2.5 million in Transalgae ("the amount invested") for the entitlement to additional shares of Transalgae in the next round of the same class and rights as the shares to be issued to the investors in the next round. The amount of shares to be issued will be determined by the share price which will be the lower of (a) share price that derives from company value of $ 65 million (post money) or (b) share price that reflects a 20% discount on the share price to investors in the next round. In the event of sale or liquidation of Transalgae before the next round, the Company will be entitled to receive the higher of: the amount invested or the amount the Company would have received if it had been issued Transalgae shares at company value of $ 65 million (post money).

NOTE 11:- PROPERTY, PLANT AND EQUIPMENT

a. Composition and movement:

2020:

	Land	Machinery and equipment	Office furniture and equipment	Motor vehicles	Installations and leasehold improvements	Payments on account of property, plant and equipment	Total
	U.S. dollars in thousands						
Cost:							
Balance at January 1, 2020	9,926	76,184	5,485	1,698	5,371	131	98,795
Additions during the year:							
Purchases	47	1,406	164	210	64	4	1,895
Adjustments arising from translating financial statements of foreign operations	9	129	17	10	47	-	212
Disposals during the year	-	(170)	-	(108)	-	-	(278)
Balance at December 31, 2020	9,982	77,549	5,666	1,810	5,482	135	100,624
Accumulated depreciation:							
Balance at January 1, 2020	6,158	58,788	4,977	557	4,431	-	74,911
Additions during the year	257	2,464	206	260	151	-	3,338
Adjustments arising from translating financial statements of foreign operations	-	44	4	2	14	-	64
Disposals during the year	-	(140)	-	(57)	-	-	(197)
Balance at December 31, 2020	6,415	61,156	5,187	762	4,596	-	78,116
Depreciated cost at December 31, 2020	3,567	16,393	479	1,048	886	135	22,508

NOTE 11:- PROPERTY, PLANT AND EQUIPMENT (Cont.)

2019:

	Land	Machinery and equipment	Office furniture and equipment	Motor vehicles	Installations and leasehold improvements	Payments on account of property, plant and equipment	Total
	U.S. dollars in thousands						
Cost:							
Balance at January 1, 2019	9,780	79,478	5,319	1,718	5,200	44	101,539
Additions during the year:							
Purchases	147	2,069	167	489	122	87	3,081
Adjustments arising from translating financial statements of foreign operations	(1)	133	(1)	9	49	-	189
Disposals during the year	-	*) (5,496)	-	(518)	-	-	(6,014)
Balance at December 31, 2019	9,926	76,184	5,485	1,698	5,371	131	98,795
Accumulated depreciation:							
Balance at January 1, 2019	5,890	58,857	4,736	587	4,266	-	74,336
Additions during the year	268	3,560	240	269	160	-	4,497
Adjustments arising from translating financial statements of foreign operations	-	24	1	1	5	-	31
Disposals during the year	-	(3,653) *)	-	(300)	-	-	(3,953)
Balance at December 31, 2019	6,158	58,788	4,977	557	4,431	-	74,911
Depreciated cost at December 31, 2019	3,768	17,396	508	1,141	940	131	23,884

*) See Note 20b(3) below.

b. Land:

	December 31, 2020	December 31, 2019
	U.S. dollars in thousands	
Freehold	76	76

c. Capitalized leasehold rights in respect of land from the Israel Lands Administration:

Capitalized leasehold rights in respect of land from the Israel Lands Administration for an area of some 28 thousand sq. m. near Kibbutz Gat where the plant of the subsidiary, Ganir (1992) Ltd. ("Ganir") is located. The leasehold period for most of the land ends in 2028 and for some of the land in 2037.

On October 19, 2009, a development agreement was signed between Ganir and the Israel Lands Administration for land in an area of 6.8 thousand sq. m. The lease period is for 49 years.

NOTE 11:- PROPERTY, PLANT AND EQUIPMENT (Cont.)

The amount attributed to the capitalized rights is presented in the statement of financial position under property, plant and equipment.

d. Additional information:

The Group has fully depreciated assets that are still operative. The original cost of said assets as of December 31, 2020 totaled $ 67,191 thousand (December 31, 2019 - $ 64,347 thousand).

e. Disclosures of leases in which the Company acts as lessee:

The Company has entered into leases of buildings, machinery and equipment, motor vehicles etc. which are used for the Company's current operations.

Leases of buildings have lease terms of between 1 and 17 years whereas leases of machinery and equipment and motor vehicles have lease terms of between 2 and 5 years.

Some of the leases entered into by the Company include extension and/or termination options and variable lease payments.

f. Right-of-use assets:

1. Information on leases:

	Year ended December 31,	
	2020	**2019**
	U.S. dollars in thousands	
Interest expense on lease liabilities	2,433	1,069
Expenses relating to short-term leases	64	1,566
Total cash outflow for leases	4,499	2,683

3. Lease extension and termination options:

The Company has leases that include both extension and termination options. These options provide flexibility in managing the leased assets and align with the Company's business needs.

The Company exercises significant judgement in deciding whether it is reasonably certain that the extension and termination options will be exercised.

In leases that contain noncancelable lease periods of between 3 and 5 years, the Company generally includes in the lease term the exercise of extension options existing in the lease agreements. In these leases, the Company usually exercises the extension option to avoid a significant adverse impact to its operating activities in the event that an alternative asset is not available immediately upon termination of the noncancelable lease period.

NOTE 11:- PROPERTY, PLANT AND EQUIPMENT (Cont.)

In leases that contain noncancelable lease periods of between 10 and 15 years, the Company does not generally include in the lease term the exercise of extension options since the Company believes it is not reasonably certain that the extension options will be exercised.

In leases of motor vehicles, the Company does not include in the lease term the exercise of extension options since the Company does not ordinarily exercise options that extend the lease period beyond 5 years (not exercising the extension options).

Lease terms that include termination options will include the period covered by the termination option when it is reasonably certain that the termination option will not be exercised.

3. Disclosures in respect of right-of-use assets:

	Total
	U.S. dollars in thousands
Cost:	
Balance at January 1, 2020	36,661
Additions during the year:	
Additions to right-of-use assets for new leases in the period	1,205
Adjustments to right-of-use assets for indexation	(103)
Adjustments arising from translating financial statements from functional currency to presentation currency	931
Balance at December 31, 2020	38,694
Accumulated depreciation:	
Balance at January 1, 2020	2,571
Additions during the year:	
Depreciation and amortization	4,454
Adjustments arising from translating financial statements from functional currency to presentation currency	135
Balance at December 31, 2020	7,160
Depreciated cost at December 31, 2020	*) 31,534

*) Includes lease of plants and offices representing about 98% of the Company's right-of-use assets as of December 31, 2020.

For an analysis of the repayment dates of lease liabilities, see Note 17b(3) below.

NOTE 11:- PROPERTY, PLANT AND EQUIPMENT (Cont.)

	Total
	U.S. dollars in thousands
Cost:	
Balance at January 1, 2019	13,634
Additions during the year:	
Additions to right-of-use assets for new leases in the period	22,060
Adjustments to right-of-use assets for indexation	97
Adjustments arising from translating financial statements from functional currency to presentation currency	870
Balance at December 31, 2019	36,661
Accumulated depreciation:	
Balance at January 1, 2019	-
Additions during the year:	
Depreciation and amortization	2,571
Adjustments arising from translating financial statements from functional currency to presentation currency	-
Balance at December 31, 2019	2,571
Depreciated cost at December 31, 2019	**) 34,090

**) Includes lease of plants and offices representing about 98% of the Company's right-of-use assets as of December 31, 2019.

For an analysis of the repayment dates of lease liabilities, see Note 17b(3) below.

NOTE 12:- GOODWILL AND INTANGIBLE ASSETS

a. Composition and movement:

	Investment in the right to purchase fruit and other rights	Brand name	Customer relations	Deferred charges - investment in young orchards	Goodwill	Non-competition	Order backlog	Total
	U.S. dollars in thousands							
Cost:								
Balance at January 1, 2020	7,670	2,693	13,111	1,954	6,299	164	395	32,286
Translation differences	-	37	219	-	60	13	-	329
Balance at December 31, 2020	7,670	2,730	13,330	1,954	6,359	177	395	32,615
Translation differences	-	30	152	-	-	13	-	195
Balance at December 31, 2020	7,670	2,760	13,482	1,954	6,359	190	395	32,810
Accumulated amortization:								
Balance at January 1, 2020	5,016	1,909	10,373	1,244	389	-	395	19,326
Impairment	-	-	-	-	1,010	-	-	1,010
Amortization recognized during the year	317	151	392	112	-	-	-	972
Balance at December 31, 2020	5,333	2,060	10,765	1,356	1,399	-	395	21,308
Impairment	-	-	72	-	131	-	-	203
Amortization recognized during the year	319	153	397	122	-	95	-	1,086
Balance at December 31, 2020	5,652	2,213	11,234	1,478	1,530	95	395	22,597
Net book value:								
December 31, 2020	2,018	547	2,248	476	4,829	95	-	10,213
December 31, 2020	2,337	670	2,565	598	4,960	177	-	11,307

b. Amortization expenses:

Expenses in respect of the amortization of intangible assets are classified in profit or loss as follows:

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
Cost of sales	426	429	458
Selling and marketing expenses	645	543	540
	1,071	972	998

NOTE 12:- GOODWILL AND INTANGIBLE ASSETS (Cont.)

c. Impairment of goodwill and intangible assets with a finite useful life:

To test the impairment of goodwill and intangible assets with a finite useful life, the Company hired independent qualified appraisers.

For impairment testing, goodwill, customer relations, brand name, investment in the right to purchase fruit and investment in young orchards were allocated to the business segments that represent two cash-generating units as follows:

- Industrial segment
- Retail segment

As of December 31, 2020, the carrying amount of intangible assets, as above, allocated to each cash-generating unit that represents a segment is as follows:

	Industrial segment	Retail segment	Total
	U.S. dollars in millions		
Goodwill	3.7	1.1	4.8
Customer relations	-	2.2	2.2
Band name	-	0.6	0.6
Investment in the right to purchase fruit and other rights	1.8	0.2	2.0
Investment in young orchards	0.4	0.1	0.5
Non-competition	-	0.1	0.1
Total	5.9	4.3	10.2

Industrial segment:

The recoverable amount of the industrial segment was determined based on the value in use which is calculated at the estimated expected future cash flows from this cash-generating unit, as determined according to the budget for the next five years. The pre-tax discount rate of the cash flows is 10.0%. The projected cash flows for the period exceeding five years were estimated using a fixed growth rate of 1.5%.

NOTE 12:- GOODWILL AND INTANGIBLE ASSETS (Cont.)

Retail segment (excluding Meitav):

The recoverable amount of the retail segment was also determined based on the value in use which is calculated at the estimated expected future cash flows from this cash-generating unit, as determined according to the budget for the next five years. The pre-tax discount rate of the cash flows is 10.0%. The projected cash flows for the period exceeding five years were estimated using a fixed growth rate of 1.5%.

Meitav:

In assessing impairment of Meitav in the financial statements as of March 31, 2020, impairment of goodwill of approximately $ 131 thousand (2019 - $ 1,010 thousand) was recognized. In addition, customer relations of $ 72 thousand was written down. These amounts are presented in other expenses in the statement of profit or loss, see Note 23e below.

The recoverable amount of Meitav as of March 31, 2020 was also determined based on the value in use which is calculated at the estimated expected future cash flows from this cash-generating unit, as determined according to the budget for the next five years. The pre-tax discount rate of the cash flows is 11.75%. The projected cash flows for the period exceeding five years were estimated using a fixed growth rate of 1.5%.

The key assumptions used in calculating the value in use:

The value in use for both the industrial and the retail segments is liable to change if any change occurs in the following assumptions:

- Gross profit.
- Discount rate.
- Growth rate for the period exceeding the five years of the forecast.

<u>Gross profit</u> - the gross profit is calculated based on values obtained in the three years which preceded the projected period. The long-term growth rate used in the calculation was 1.5% per annum.

<u>Discount rate</u> - the discount rate reflects management's assumptions regarding each unit's specific risk. This discount rate forms a standard basis used by management to estimate its operations and assess prospective investments.

<u>Growth rate</u> - growth rates are based on segment information.

NOTE 12:- GOODWILL AND INTANGIBLE ASSETS (Cont.)

Sensitivity analysis of changes in assumptions:

With respect to the assumptions used in determining the value in use of the industrial and retail segments (excluding Meitav), management believes that there have been no potential reasonable changes in the key assumptions detailed above which might lead to a significant increase in the carrying amount of the segments over their recoverable amount.

NOTE 13:- SHORT-TERM CREDIT FROM BANKS

Composition:

	Weighted interest rate	December 31,	
	31.12.2020	2020	2019
	%	U.S. dollars in thousands	
In dollars	1.9	4,556	63
In NIS - unlinked	1.4	342	579
In Euro	1.6	140	14
Short-term credit from banks		5,038	656
Current maturities of long-term loans		3,341	4,102
		8,379	4,758

NOTE 14:- TRADE PAYABLES

	December 31,	
	2020	2019
	U.S. dollars in thousands	
Open accounts (1) (2)	20,811	18,996
Checks payable	49	40
Accrued expenses	978	1,320
	21,838	20,356

(1) Trade payables do not bear interest. The average supplier credit term is 45 days (2019 - 44 days).

(2) Includes a balance of controlling shareholders of $ 1,258 thousand that is linked to the dollar and bears interest at the Libor rate + 1.1% and a balance of controlling shareholders of $ 657 thousand that is a current unlinked and interest free balance.

NOTE 15:- OTHER ACCOUNTS PAYABLE

	December 31, 2020	December 31, 2019
	U.S. dollars in thousands	
Salaries, wages and payroll accruals (1)	3,126	2,811
Income tax	18	118
Entity under the control of Kibbutz Gan Shmuel (controlling shareholder)	83	93
Accrued expenses	-	468
Advances from customers	307	315
Other	120	160
	3,654	3,965
(1) Includes accrued vacation and recreation	1,502	1,255

NOTE 16:- LONG-TERM LIABILITIES FROM BANKS

a. Composition:

	Principal amount	Stated interest rate	Effective interest rate	Balance	Balance less current maturities
	U.S. dollars in thousands	%		U.S. dollars in thousands	
December 31, 2020:					
Loans from banks:					
In dollars - fixed interest	12,500	Fixed 3.85-4.55	4.00	7,018	5,661
In dollars - variable interest	4,500	Quarterly Libor + 1.61-2.75	2.44	3,143	2,286
In NIS - fixed interest	6,926	Fixed 2.06-2.45	2.36	4,646	3,519
	23,926			14,807	11,466
December 31, 2019:					
Loans from banks:					
In dollars - fixed interest	16,500	Fixed 3.10-4.55	3.97	8,775	7,018
In dollars - variable interest	9,500	Quarterly Libor + 1-1.186	3.55	2,825	1,518
In NIS - fixed interest	6,926	Fixed 2.06-2.45	2.36	5,360	4,322
	32,926			16,960	12,858

NOTE 16:- LONG-TERM LIABILITIES FROM BANKS (Cont.)

b. Maturity dates after the reporting date:

December 31, 2020:

	First year	Second year	Third year	Fourth year	Fifth year	Sixth year and thereafter	Total
	U.S. dollars in thousands						
Long-term loans	3,341	3,352	3,363	3,073	1,178	500	14,807

December 31, 2019:

	First year	Second year	Third year	Fourth year	Fifth year	Sixth year and thereafter	Total
	U.S. dollars in thousands						
Long-term loans	4,102	2,762	2,772	2,782	2,864	1,678	16,960

c. Financial covenants:

In return for receiving credit facilities from banks and in return for the removal of all the charges that had been recorded in respect of the liabilities of the Company and subsidiaries towards those banks, the Company and subsidiaries have undertaken not to create any new charges without the banks' consent. In addition, the Company and subsidiaries have undertaken towards the banks to comply with several financial and other covenants as follows: (1) the ratio of tangible equity will not be below 25% of the Company's total consolidated balance sheet (as of December 31, 2020 the ratio was 60%); (2) there will be no change in the control over the Company as it was on the date of these financial statements without the banks' consent; (3) there will be no change in the nature of the Company's activity without the banks' consent. Non-compliance with these covenants will constitute grounds for immediate repayment.

For this purpose, "tangible equity" means total issued and outstanding share capital plus capital reserves and undesignated retained earnings less loans to interested parties and less intangible assets (such as goodwill, copyrights, patents, trademarks, trade names, etc.). Amounts presented in "investment in orchards" and "investment in right to purchase fruit" in the consolidated statement of financial position will not be deducted from equity. Furthermore, amounts deducted from equity for determining tangible equity will also be deducted from total statement of financial position for calculating the ratio.

As of the reporting date, the Company is complying with said covenants.

NOTE 17:- FINANCIAL INSTRUMENTS

a. Classification of financial assets and financial liabilities:

The financial assets and financial liabilities in the balance sheet are classified by groups of financial instruments pursuant to IFRS 9:

	December 31, 2020	December 31, 2019
	U.S. dollars in thousands	
Financial assets:		
Financial assets at fair value through profit or loss:		
Financial derivatives not designated as hedges	147	75
Convertible loan and derivatives	-	7,620
Financial assets held for trading	2,401	2,268
Investment in financial asset at fair value	10,597	-
Total financial assets at fair value through profit or loss	13,145	9,963
Financial assets at amortized cost:		
Trade receivables and other accounts receivable	39,116	39,339
Long-term loans granted	1,478	2,258
Total financial assets at amortized cost	40,594	41,597
Total financial assets	53,739	51,560
Total current	41,664	41,682
Total non-current	1,478	9,878
Financial liabilities:		
Financial liabilities at amortized cost	76,812	73,752

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

b. Financial risks factors:

The Group's activities expose it to various financial risks such as market risks (foreign currency risk, Israeli CPI risk, interest risk), credit risk and liquidity risk. The Group's comprehensive risk management plan focuses on activities that reduce to a minimum any possible adverse effects on the Group's financial performance. The Group utilizes derivatives to hedge certain exposures to risks.

The officers in charge of market risk management in the Company are the Company's CEO and CFO who coordinate the risk management activities through an internal committee that reports to the Board based on the Company's needs as they are from time to time while receiving ongoing advice from an economic company that specializes in the foreign market.

The Company's policy is to use derivative financial instruments to minimize the exposure to fluctuations in the U.S. dollar exchange rate in relation to the NIS and the Euro. The Company's derivative transactions are only conducted through banks that are obligated to meet capital adequacy and collateral requirements according to specific scenarios.

In various discussions held by the Company's Board and management (in the framework of the Company's Finance Committee), it was decided to adopt an approach that consists of maximum matching between receipts and payments in different currencies. Since most of the Company's activity is in dollars and its financial statements are presented in dollars, this strategy is feasible.

1. Market risks:

a) Foreign currency risk:

The Group operates in many countries and reports in dollars; therefore, it is exposed to foreign exchange risk resulting from the exposure to different currencies, mainly the Euro and the NIS. Exchange rate risk arises on forward commercial transactions, recognized assets and liabilities that are denominated in a foreign currency other than the functional currency and on net investments in foreign operations.

As of December 31, 2020, the Company had excess of financial liabilities over financial assets in NIS in relation to the dollar amounting $ 38,947 thousand (December 31, 2019 - excess of financial liabilities of $ 41,669 thousand). Also, as of December 31, 2020, the Company had excess of financial assets over financial liabilities in Euro in relation to the dollar amounting $ 385 thousand (December 31, 2019 - excess of financial assets of $ 571 thousand).

Management's policy is to reduce to a minimum the balance sheet exposure by creating assets and/or liabilities that are consistent with the Company's nature of activity and, accordingly, most of the Company's borrowings are in dollars against assets in dollars.

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

The flow exposure is managed in relation to the net cash flow requirements and, from time to time, the excess of net liabilities in NIS and Euro currencies is reviewed and hedged through forward transactions for a period of up to one year. About 75% of the currency exposure is hedged. The hedging method is mostly short-term forward transactions and asymmetric instruments such as long-term cylinder transactions.

The Group has invested in foreign operations whose net financial assets are exposed to possible fluctuations in exchange rates.

b) Israeli CPI risk:

The Group has assets that are linked to the changes in the Israeli CPI. The net assets that are linked to the Israeli CPI and that expose the Group to changes in the Israeli CPI amounted to $ 2,316 thousand as of December 31, 2020 (December 31, 2019 - net assets of $ 660 thousand).

c) Interest risk:

Interest risk is the risk that the fair value of future cash flow from a financial instrument will fluctuate because of changes in market interest rates.

The Group's policy is to manage the finance expenses relating to the interest by having a balance between fixed and variable rate long-term loans.

Below are details of the type of interest of interest-bearing financial instruments of the Group (see d below for details of derivative financial instruments):

	December 31,	
	2020	2019
	U.S. dollars in thousands	
Instruments with fixed interest:		
Financial assets	1,123	1,157
Financial liabilities	11,664	14,135
Instruments with variable interest and with no interest:		
Financial assets	355	1,101
Financial liabilities	8,181	3,481

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

2. Credit risk:

The Group has no significant concentrations of credit risk. The Group has a policy to ensure collection through sales of its products to wholesalers with an appropriate credit history.

Further, the Company insures most of the receivables by credit insurance.

Credit risk may arise from the exposure of entering into transactions with a single entity or from entering into transactions with several groups of debtors with similar economic characteristics whose ability to discharge their obligations will be similarly affected by changes in economic or other conditions. Factors that have the potential of creating concentration of credit risk consist of the nature of the debtors' activities, such as their business sector, the geographic area of their operations and their financial strength.

The Group extends an average of 75-day term to its customers. The Group regularly monitors the credit extended to its customers and their general financial condition but does not require collateral as security for these receivables. The Company provides an allowance for doubtful accounts based on the factors that affect the credit risk of certain customers, past experience and other information.

The Company maintains cash and cash equivalents and other financial instruments in various financial institutions. The Company's policy is to diversify its investments among the various institutions.

As of December 31, 2020, cash and cash equivalents totaled $ 12,539 thousand (December 31, 2019 - $ 9,644 thousand). Cash and cash equivalents are invested with high quality financial corporations.

3. Liquidity risk:

The Group aims to preserve the existing ratio between obtaining continued financing and its flexibility in using overdrafts and loans from banks.

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

December 31, 2020:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
	U.S. dollars in thousands						
Loans from banks	8,852	3,710	3,604	3,203	1,224	507	21,100
Trade payables	21,838	-	-	-	-	-	21,838
Lease liability	3,073	3,008	3,021	3,116	3,131	19,577	34,926
Payables	203	-	-	-	-	-	203
	33,966	6,718	6,625	6,319	4,355	20,084	78,067

December 31, 2019:

	Less than one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	> 5 years	Total
	U.S. dollars in thousands						
Loans from banks	5,289	3,174	3,090	3,004	2,992	1,731	19,280
Trade payables	20,356	-	-	-	-	-	20,356
Lease liability	3,873	3,646	3,354	3,362	3,376	24,315	41,926
Payables	721	-	-	-	-	-	721
	30,239	6,820	6,444	6,366	6,368	26,046	82,283

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

c. Fair value:

1. The following table demonstrates the carrying amount and fair value of the groups of financial instruments that are presented in the financial statements not at fair value:

	Carrying amount		Fair value	
	December 31,		December 31,	
	2020	2019	2020	2019
	U.S. dollars in thousands			
Financial assets:				
Long-term loan given with fixed interest	1,123	1,157	1,125	1,157
Long-term loans given with variable interest and with no interest	355	1,101	342	1,106
	1,478	2,258	1,467	2,263
Financial liabilities:				
Long-term loans with fixed interest (1)	11,664	14,135	11,990	14,151
Long-term loans with variable interest	8,181	3,481	8,283	3,465
	19,845	17,616	20,273	17,616

The carrying amount of cash and cash equivalents, investments in financial assets held for trading, trade receivables, other accounts receivable, financial derivatives, credit from banks, trade payables and other accounts payable approximate their fair value.

(1) The fair value of a long-term loans received with fixed interest is based on the computation of the present value of cash flows using interest rate currently available for loans with similar terms. The weighted interest rate as of December 31, 2020 was 2.4% (December 31, 2019 – 3.6%).

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

2. Classification of financial instruments within the fair value hierarchy:

Financial assets at fair value:

December 31, 2020:

	Level 1	Level 2	Level 3	Total
	U.S. dollars in thousands			
Financial assets held for trading	2,401	-	-	2,401
Financial derivatives not designated as hedges	-	147	-	147
Investment in financial asset at fair value	-	-	10,597	10,597
	2,401	147	10,597	13,145

December 31, 2019:

	Level 1	Level 2	Level 3	Total
	U.S. dollars in thousands			
Financial assets held for trading	2,268	-	-	2,268
Financial derivatives not designated as hedges	-	75	-	75
Derivatives and embedded derivatives	-	-	7,620	7,620
	2,268	75	7,620	9,963

Fair value of unquoted shares has been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these investments in unquoted shares.

For details regarding description of significant unobservable inputs to valuation, see Note 10c.

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

Reconciliation of fair value measurements that are categorized within Level 3 of the fair value hierarchy in financial instruments:

	Financial instruments	
	2020	2019
	NIS in thousands	
Balance as of January 1,	7,620	8,190
Remeasurement recognized in:		
Profit or loss (1)	2,817	(570)
Investment	160	-
As of December 31,	10,597	7,620

(1) See Note 10c.

d. Derivatives and hedging:

Derivatives not designated as hedging instruments:

The Group has foreign currency denominated loans and options aimed to hedge part of its transactions against the exposure to fluctuations in exchange rates. These foreign currency options are not designated as cash flow, fair value or net investments in foreign operation hedges and are entered into for periods consistent with the periods of foreign currency transaction exposure. Such derivatives do not qualify for hedge accounting. Also, the Group has transactions in respect of commodities that do not qualify for hedge accounting.

The following are details of the Group's financial derivative instruments:

December 31, 2020:

	Exercise/ expiration date	Par value	Fair value
		U.S. dollars in thousands	
Options written:			
Call	January 2021	7,000	(2)
Call	March 2021	2,000	(5)
Options purchased:			
Put	January 2021	5,000	140
Put	February 2021	1,000	1
Forward transactions	February 2021	1,000	13
Total		16,000	147

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

December 31, 2019:

	Exercise/ expiration date	Par value	Fair value
		U.S. dollars in thousands	
Options written:			
Call	January 2020	5,000	-
Call	February 2020	3,000	(5)
Options purchased:			
Put	January 2020	5,000	28
Put	February 2020	3,000	52
Total		16,000	75

e. Sensitivity tests relating to changes in market factors:

	Sensitivity test to changes in the NIS/U.S.$ exchange rate	
	Gain (loss) from the change	
	Increase of 10%	Decrease of 10%
	U.S. dollars in thousands	
2020	3,895	(3,895)
2019	4,167	(4,167)

	Sensitivity test to changes in the Euro/U.S.$ exchange rate	
	Gain (loss) from the change	
	Increase of 10%	Decrease of 10%
	U.S. dollars in thousands	
2020	(38)	38
2019	(57)	57

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

	Gain (loss) from the change	
	Increase of 10% in market factor	Decrease of 10% in market factor
Foreign currency	U.S. dollars in thousands	
NIS/U.S. $:		
2020 - option transactions	(693)	1,131
2019 - option transactions	(574)	886
Euro/U.S. $:		
2020 - option transactions	(82)	130

Sensitivity tests and principal work assumptions:

The selected changes in the relevant risk variables were determined based on management's estimate as to reasonable possible changes in these risk variables.

The Company has performed sensitivity tests of principal market risk factors that are liable to affect its reported operating results or financial position. The sensitivity tests present the profit or loss and/or change in equity (before tax) in respect of each financial instrument for the relevant risk variable chosen for that instrument as of each reporting date. The test of risk factors was determined based on the materiality of the exposure of the operating results or financial condition of each risk with reference to the operating currency and assuming that all the other variables are constant.

The Group is not exposed to interest risk in respect of long-term loans with fixed interest.

The sensitivity tests for options were performed using the B&S model, with standard deviation of dollar/NIS exchange rate of 5.94% and 6.23%, risk-free dollar interest rate of 0.08% and 0.19%, risk-free NIS interest rate of 0.06% and 0.08% and risk-free Euro interest rate of (0.5)% and 0.48%

f. Linkage terms of financial assets by groups of financial instruments pursuant to IFRS 9:

December 31, 2020:

	In or linked to foreign currency		Unlinked	
	NIS	Euro	U.S. $	Total
	U.S. dollars in thousands			
Financial assets held for trading	-	22	2,379	2,401
Financial derivatives	-	-	147	147
Investment in financial asset at fair value	-	-	10,597	10,597
Trade and other receivables	13,951	1,122	25,521	40,594
Total	13,951	1,144	38,644	53,739

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

December 31, 2019:

	In or linked to foreign currency		Unlinked	
	NIS	Euro	U.S. $	Total
	U.S. dollars in thousands			
Financial assets held for trading	-	-	2,268	2,268
Financial derivatives	-	-	75	75
Convertible loan and derivatives	-	-	7,620	7,620
Trade and other receivables	12,743	1,204	27,650	41,597
Total	12,743	1,204	37,613	51,560

g. Linkage terms of financial liabilities by groups of financial instruments pursuant to IFRS 9:

December 31, 2020:

	In or linked to foreign currency		Unlinked	
	NIS	Euro	U.S. $	Total
	U.S. dollars in thousands			
Financial liabilities at amortized cost	55,680	801	20,331	76,812

December 31, 2019:

	In or linked to foreign currency		Unlinked	
	NIS	Euro	U.S. $	Total
	U.S. dollars in thousands			
Financial liabilities at amortized cost	55,257	959	17,536	73,752

NOTE 17:- FINANCIAL INSTRUMENTS (Cont.)

h. Changes in liabilities arising from financing activities:

2020:

	Balance at January 1, 2020	Cash flows	Effect of changes in exchange rates	Effect of changes in fair value	Other changes	Balance at December 31, 2020
	U.S. dollars in thousands					
Short-term loans	656	4,339	43	-	-	5,038
Long-term loans	16,960	(2,481)	328	-	-	14,807
Finance lease liability	35,059	(964)	831	-	-	34,926
Total liabilities arising from financing activities	52,675	894	1,202	-	-	54,771

2019:

	Balance at January 1, 2019	Cash flows	Effect of changes in exchange rates	Effect of changes in fair value	Other changes	Balance at December 31, 2019
	U.S. dollars in thousands					
Short-term loans	2,798	(2,266)	124	-	-	656
Long-term loans	21,192	(5,074)	842	-	-	16,960
Finance lease liability	2,255	(1,613)	437	-	33,980	35,059
Total liabilities arising from financing activities	26,245	(8,953)	1,403	-	33,980	52,675

2018:

	Balance at January 1, 2018	Cash flows	Effect of changes in exchange rates	Effect of changes in fair value	Other changes	Balance at December 31, 2018
	U.S. dollars in thousands					
Short-term loans	3,131	(1,828)	27	-	1,468	2,798
Long-term loans	24,841	(3,664)	15	-	-	21,192
Finance lease liability	2,812	(542)	-	-	(15)	2,255
Total liabilities arising from financing activities	30,784	(6,034)	42	-	1,453	26,245

NOTE 18:- EMPLOYEE BENEFIT ASSETS AND LIABILITIES

a. Post-employment benefits:

According to the labor laws and Severance Pay Law in Israel, the Company 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 Company's liability is accounted for as a post-employment benefit. The computation of the Company'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.

The post-employment employee benefits are normally financed by contributions classified as defined benefit plans or as defined contribution plans as detailed below.

The Group employs Kibbutz members, Kibbutz residents who are not members and salaried employees. The Group has received legal opinions and confirmations in 1993, 1997 and 2013 according to which employee-employer relations do not exist between the Group and Kibbutz members and Kibbutz residents working for the Group.

b. Defined contribution plans:

Section 14 to the Severance Pay Law, 1963 applies to part of the compensation payments, pursuant to which the fixed contributions paid by the Group into pension funds and/or policies of insurance companies release the Group from any additional liability to employees for whom said contributions were made. These contributions and contributions for compensation represent defined contribution plans.

	Year ended December 31,		
	2020	**2019**	**2018**
	U.S. dollars in thousands		
Expenses in respect of defined contribution plans	869	*) 820	*) 749

*) Reclassified.

c. 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 central severance pay funds and in qualifying insurance policies.

NOTE 18:- EMPLOYEE BENEFIT ASSETS AND LIABILITIES (Cont.)

d. Signing a collective agreement:

On March 4, 2019, a collective agreement was signed between the Company and Ganir, the Histadrut and the Joint Workers' Committee. As part of the collective agreement, it was agreed, among others, on salary terms and related main social benefits, including setting a mechanism for annual salary increases for employees with seniority of one year or more at a variable rate of between 1% and 4% of the base salary of the employees eligible to such mechanism. This salary raise will be paid to the employee as an addition dependent on the salary level of each employee and its seniority in the Company, giving priority to employees with low salary levels and with seniority of four years or more.

Arrangements regarding bonuses to employees of up to 2.5% of the gross annual base salary of each employee according to the levels set forth in the agreement, were determined from the amount of the dividend distributed to the Company's shareholders by the Company in the relevant year (if distributed) and, in exceptional cases, the Company has discretion regarding the amount of the bonus based on the employee's performance and/or conduct, provided that the deviation for each employee shall be between 80% and 120% of said levels and this shall not be deducted from the nominal amount of the bonus paid to all employees entitled to such bonus.

Additional benefits were also granted to employees, such as: advance study fund (at varying levels based on the employee's seniority), a signature grant and annual participation in the Workers' Committee cash box.

Furthermore, additional and existing arrangements have been established and anchored in the collective agreement, including payment for alertness, supplemental shifts, payment of out-of-pocket expenses, pension arrangements, sick leave, annual leave, special leave, holiday gifts, gifts for special events, cloth, welfare and corporate events, arrangements for permanence, procedures for manning positions and relocation of employees, procedures for termination of employment, status of the Workers' Committee and a mechanism for settlement of disputes.

The collective agreement is for a period of four years from the date of approval ("the period of the agreement") and it will be extended automatically for 12 months each time ("the extended period of the agreement"). Up to 30 days before the end of the period of the agreement, the parties may negotiate only regarding the mechanism for salary increases.

It was also agreed that during the period of the agreement, including the extended period of the agreement, the parties will maintain sound industrial relations.

The collective agreement will apply to all employees of the Company, except for members of the kibbutz settlements (Gan Shmuel, Gat and Beit-Nir), employees of manpower companies, members of management, senior employees in management positions and employees in additional positions as agreed between the parties.

NOTE 19:- TAXES ON INCOME

a. Tax laws applicable to the Group companies:

Amendment to the Law for the Encouragement of Capital Investments, 1959: (Amendment 68)

In January 2011, the Law for Economic Policy for 2011 and 2012 (Legislative Amendments), 2011 was published which prescribes, among others, amendments to the Law for the Encouragement of Capital Investments, 1959 ("the Law"). According to the amendment, the benefit tracks in the Law were modified and a flat tax rate applies to the Company's entire preferred income under its status as a preferred company with a preferred enterprise. Commencing from the 2011 tax year, the Company can elect (without possibility of reversal) to apply the amendment in a certain tax year and from that year and thereafter, it will be subject to the amended tax rates, as detailed below.

Amendment to the Law for the Encouragement of Capital Investments, 1959 (Amendment 71):

In August 2013, the Law for Changing National Priorities (Legislative Amendments for Achieving Budget Targets for 2013 and 2014), 2013 which includes Amendment 71 to the Law for the Encouragement of Capital Investments ("the amendment") was published. According to the amendment, the tax rate on preferred income from a preferred enterprise in 2014 and thereafter will be 16% (in development area A - 9%).

The amendment also prescribes that any dividends distributed to individuals or foreign residents from the privileged enterprise's income, as above, will be subject to tax at a rate of 20%.

The Company and subsidiary apply the amendment since the 2011 tax year.

Income Tax (Inflationary Adjustments) Law, 1985:

According to the law, until 2007, the results for tax purposes were adjusted for the changes in the Israeli CPI.

In February 2008, the "Knesset" passed an amendment to the Income Tax (Inflationary Adjustments) Law, 1985, which limits the scope of the law starting 2008 and thereafter. Since 2008, the results for tax purposes are measured in nominal values, excluding certain adjustments for changes in the Israeli CPI carried out in the period up to December 31, 2007. Adjustments relating to capital gains such as for sale of property (betterment) and securities continue to apply until disposal. Since 2008, the amendment to the law includes, among others, the cancellation of the inflationary additions and deductions and the additional deduction for depreciation (in respect of depreciable assets purchased after the 2007 tax year).

NOTE 19:- TAXES ON INCOME (Cont.)

The Law for the Encouragement of Industry (Taxation), 1969:

The Company and subsidiary have the status of an "industrial company", as implied by this law. According to this status and by regulations published thereunder, the companies are entitled to claim a deduction of accelerated depreciation on equipment used in industrial activities, as determined in the regulations issued under the Inflationary Law.

From the 2020 tax year, the Company and Ganir file consolidated reports for tax purposes.

b. Tax rates applicable to companies whose income is not liable for tax at the rate of 16%:

The Israeli corporate income tax rate in 2018-2020 was 23%%.

A company is taxable on its real capital gains at the corporate income tax rate in the year of sale.

In August 2013, the Law for Changing National Priorities (Legislative Amendments for Achieving Budget Targets for 2013 and 2014), 2013 ("the Budget Law") was published which includes, among others, taxation of revaluation gains effective from August 1, 2013. However, these provisions regarding revaluation gains will become effective only after the publication of regulations defining what should be considered as "retained earnings not subject to corporate tax" and regulations that set forth provisions for avoiding double taxation of foreign assets. As of the date of approval of these financial statements, these regulations have not been published.

The amendment does not have an impact on the Company because the Company elected to apply amendment 71.

c. Final tax assessments:

The Company received final tax assessments through 2016. The subsidiaries received final tax assessments through 2015.

Carryforward tax loss of the Company total approximately NIS 7 million. In addition, carryforward tax loss of a subsidiary total approximately NIS 7 million. Deferred taxes relating to these losses were recognized in the financial statements.

NOTE 19:- TAXES ON INCOME (Cont.)

d. Deferred taxes:

Composition:

	Statements of financial position		Statements of profit or loss		
	December 31,		Year ended December 31,		
	2020	2019	2020	2019	2018
	U.S. dollars in thousands				
Deferred tax liabilities:					
Inventories	-	-	-	(225)	225
Property, plant and equipment	1,274	1,356	(82)	(14)	560
Right-of-use asset	50	14	36	14	-
Intangible assets	88	135	(47)	(142)	(35)
	1,412	1,505	(93)	(367)	750
Deferred tax assets:					
Carryforward tax losses and others	778	383	(395)	(383)	-
Lease liability	780	223	(557)	(223)	-
Research and development	-	13	13	29	(42)
Unrealized gain	23	27	4	1	9
Inventories	572	258	(314)	(258)	284
Allowance for doubtful accounts, accrued vacation and recreation	443	385	(58)	(133)	(37)
Long-term receivables	339	299	(40)	(76)	17
Other employee benefits	185	162	(23)	76	(17)
	3,120	1,750	(1,370)	(967)	214
Deferred tax expenses (income)			(1,463)	(1,334)	964
Deferred tax liabilities, net	1,708	245			

The deferred taxes are reflected in the statement of financial position as follows:

	December 31,	
	2020	2019
	U.S. dollars in thousands	
Non-current assets	2,023	833
Non-current liabilities	315	588

The deferred taxes are computed at the average tax rate of 18% (2019 - 16%), based on the tax rates that are expected to apply upon realization.

NOTE 19:- TAXES ON INCOME (Cont.)

e. Taxes on income included in profit or loss:

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
Current taxes	(169)	778	4,334
Taxes (tax benefit) in respect of previous years	-	(1)	115
Deferred tax (deferred tax benefit)	(1,463)	(1,334)	964
	(1,632)	(557)	5,413

f. Theoretical tax:

A reconciliation between the tax expenses, assuming that all the income and expenses, gains and losses in profit or loss were taxed at the statutory tax rate and the taxes on income recorded in profit or loss is as follows:

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
Income before taxes on income (excluding equity losses)	2,230	4,864	22,659
Statutory tax rate	23%	23%	23%
Tax computed at the statutory tax rate	513	1,119	5,212
Increase (decrease) in taxes on income in respect of the following factors:			
Tax benefit from reduced tax rate due to "privileged enterprise"	-	(370)	(1,773)
Expenses not deductible for tax purposes	181	445	756
Tax-exempt income and non-deductible expenses, net	(717)	(20)	(33)
Taxes (tax benefit) in respect of previous years	-	(1)	115
Differences in the measurement basis (CPI for tax purposes and foreign currency in the financial statements) and others	(1,514)	(1,725)	1,029
Erosion (revaluation) of tax prepayments	(95)	(5)	107
Taxes on income (tax benefit)	(1,632)	(557)	5,413
Average effective tax rate	-	-	23.8%

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES

a. Contingent liabilities:

1. On November 14, 2017, the Company and Ganir received an application for disclosure of documents pursuant to section 198A to the Companies Law, 1999 (a motion for discovery of documents prior to the filing of a motion to approve a derivative action) ("the motion") which was filed with the Tel-Aviv District Court. On December 31, 2019, the Court rendered a decision in the motion in which it ordered the Company and Ganir to produce to the petitioners the majority of documents requested by them ("the decision"). On January 30, 2020, the Company and Ganir filed a motion for appealing the decision and petition for suspending its execution. On May 5, 2020, the Supreme Court dismissed the motion for appeal and ordered the Company to discover the documents as ruled by the District Court. Accordingly, on May 18, 2020, the Company delivered the documents to those who requested them.

2. On December 20, 2015, a hearing was held for the Company at the Ministry of Environmental Protection ("the Ministry") on suspicion of committing violations of the Hazardous Substances Law, 1993. On February 28, 2018, the Company received a letter of demand from the Ministry for details regarding the annual sales turnover of the Company for determining the amount of monetary sanctions that the director intends to impose on the Company, further to the hearing detailed above. On November 13, 2019, the Company received the Ministry's decision according to which a monetary sanction of NIS 3,232,980 will be levied on the Company. On December 29, 2019, a petition and motion for grant of temporary injunction against the payment were filed with the Haifa Court ("the petition" and "the motion for injunction", respectively). On January 27, 2020, the Court dismissed the motion for injunction on the grounds that the Company's financial position is stable and since it believed the payment of the monetary sanction would not cause the Company any irreparable damage. Therefore, on February 4, 2020, the Company paid the monetary sanction. On June 17, 2020, in a hearing held at the Court, the parties reached the following understandings: the total violations will be four (instead of six violations), the amount of the monetary sanction will be reduced to NIS 1,080,936 and the already paid amount as well as the fee for filing the petition will be refunded to the Company. The agreement was validated by a Court decree and the proceedings came to an end. As a result of these understandings, the Company updated the amount of the provision it recorded in its financial statements in respect of the above violations, so that during the reporting period, income of $ 156 thousand was recognized thereby closing legal matter in this issue.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

3. On August 7, 2020, Ganir was presented with a motion that had been filed on June 8, 2020 for approval of a class action, among others, against Ganir, alleging violation of Israeli Standard 1145 in relation to marking the expiry date on some of the beverage bottles produced by it ("the motion" and "the claim", respectively). It is alleged that the respondents label the expiry date on cold pressed juice products they produce with the words "to use by", instead of with the words "best before". The overall damage in the motion is estimated at more than NIS 3,000,000. On December 20, 2020, Ganir filed its response to the motion for approval and the respondent filed its counter response on March 3, 2021. The pre-trial on the motion is set for April 22, 2021. The chance of the motion cannot be estimated at this preliminary stage.

4. As for contingent liabilities regarding benefits in accordance with the Law for the Encouragement of Capital Investments, 1959, see Note 19a.

b. Commitments:

1. Agreements with interested parties and entities under their control:

Transactions pursuant to section 270(4) to the Companies Law:

a) The Group's real estate at the Gan Shmuel site:

On November 4, 2019, the Company's general meeting approved the Company's engagement with Haroshet Shimurim Gan Shmuel Limited Partnership (owned by Kibbutz Gan Shmuel which is the controlling shareholder in the Company) for the lease of an area of some 90,600 sq. m. which houses the Company's plant, logistic center, refrigeration factory, storage spaces, employee restrooms and dressing rooms, archive and other buildings ("the leasehold") for a period of 10 years from November 1, 2019 ("the new lease agreement"), which supersedes the previous lease agreement approved by the general meeting on January 1, 2014 and extended from time to time ("the previous lease agreement"). According to the previous lease agreement, the monthly lease fees paid to Kibbutz Gan Shmuel were NIS 558,061, linked to the Israeli CPI plus 3% annually. According to the new lease agreement, the monthly lease fees payable are NIS 599,058, linked to the Israeli CPI and updated at 3% annually (in addition to the indexation).

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

Moreover, according to the new lease agreement, at the end of five years from the beginning of the lease term ("the valuation date"), the Company will hire an independent external appraiser ("the appraiser") at its expense to perform a valuation of the proper lease fees as of the valuation date ("the appraiser's valuation"). The lease fees will be raised or lowered based on the appraiser's valuation and will be linked to the Israeli CPI as above ("the updated lease fees"). If on the valuation date the updated lease fees are raised by less than 10% of the lease fees on the valuation date, the raising of the lease fees will require the approval of the Company's Audit Committee only. If on the valuation date the updated lease fees are raised by more than 10% of the lease fees on the valuation date, the raising of the lease fees will require the approval of the Company's authorized entities as required for approving unusual transactions between the Company and the controlling shareholder therein. This does not apply to the updated lease fees and the 3% annual update of the lease fees which does not require any other approval.

The Company can make changes in the leasehold at its discretion, without the need for the Kibbutz permission (except changes that may affect the buildings' construction which will require engineering approval).

Yet, an external change in the building which constitutes part of the leased property ("the building") or changes that entail the receipt of a building permit require the Kibbutz permission. External changes that will be made in the building will be made by the Company and on its account unless the parties decide otherwise. If the Company requests, Kibbutz Gan Shmuel may finance the external changes in the building and the parties will agree in writing on the surcharge to the monthly lease fees (unless it is a one-time payment) that the Company will pay for the change or addition and the period of payment, all subject to the approval of the Company's Audit Committee and provided that the above surcharge to the lease fees is less than 10% of the actual building cost.

The expenses in respect of the new lease agreement in 2020 totaled $ 2,251 thousand (2019 - $ 2,110 thousand, based on the relevant period of previous lease agreement and the new lease agreement).

In addition, the Company is responsible for paying all taxes that apply to the real estate and it is responsible for protecting the real estate. It is the responsibility of the Company for any third-party body injury and property damage arising from its actions or omissions. The Company also insures the property for full replacement value by a duly authorized and reputable insurance company.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

b) Placement of personnel services by Kibbutz Gan Shmuel:

On September 22, 2019, after obtaining the approval of the Remuneration and Audit Committees, the Company's Board approved the Company's engagement with Kibbutz Gan Shmuel ("the Kibbutz") for the provision of personnel services to the Company ("the services") from November 1, 2019 for a period of three years until November 1, 2022 ("the personnel agreement" or "the agreement"), which replaces the previous agreement with the Kibbutz from 1993, as extended from time to time ("the previous personnel agreement"). According to the previous personnel agreement, the Company paid the Kibbutz approximately $ 160 (linked to the known Israeli CPI for January 1, 2000) per working day for each Kibbutz member (without distinguishing between senior officers and other employees).

According to the personnel agreement, the Kibbutz will provide the Company personnel as required by the Company from time to time who will render the Company various services, including operating and administrative services. The Kibbutz will provide up to 120 employees who are Kibbutz members (or candidates). Any increase in the number of employees by up to 15 employees will require the approval of the Audit Committee only whereas any increase in the number of employees by more than 15 employees will require the approval of the Company's Audit Committee, Board and general meeting.

In return for each working day of a Kibbutz member employee, the Company will pay NIS 647 ("the remuneration") (reflecting a 7% increase compared to the fee paid according to the previous personnel agreement). The remuneration will be linked to the monthly increase in the CPI in relation to the known CPI on the date of signing the personnel agreement.

In addition, every year, the salary paid to the position of a hired employee in the market will be analyzed. If the rate of change in the average salary paid to a hired employee in the market during the relevant period exceeds the rate of change in the amount paid per employee according to the new personnel agreement (arising from the indexation), the remuneration paid to each employee will be adjusted to the rate of change in the average salary paid to a hired employee in the market and then linked to the CPI as stated above.

The increase of the remuneration for the services beyond the indexations and above adjustments will require the approval of the Company's authorized entities as prescribed in the Companies Law.

Each employee will be entitled to 12-26 paid vacation days based on seniority. The Company will pay the Kibbutz an annual sum of NIS 1,310 per employee for clothing and will also pay for employee meals. The Company will also the Kibbutz for sick days of each Kibbutz member employee as required by law and the payment accounts for the first sick day.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

The Kibbutz has a preliminary right of offering candidates for vacant positions and the Company has the right to choose the best candidate if several are offered. The Company also has the right to refuse to accept a certain candidate from the offered candidates and a right to terminate the employment of any of the employees or demand their replacement.

The Kibbutz will indemnify the Company for any payment or expense incurred to the Company in relation to the provisions of the agreement, including for any claim whose cause pertains to employer-employee relations between the Company or any Kibbutz member employee in connection with the agreement and for any bodily harm caused to anyone or to a third party, including property damages, caused to any of the employees, directly or indirectly.

The engagement was approved by the Company's Board pursuant to Section 1(5) to the Companies Regulations (Reliefs in Interested Party Transactions), 2000 given that it is at arm's length and in the ordinary course of business and is not harmful to the Company.

On December 16, 2020, the Company received a notification from Kibbutz Gan Shmuel and Kibbutz Gat and Kibbutz Beit-Nir ("the kibbutz settlements"), according to which the kibbutz settlements informed the Company that beyond the letter of the law and considering the circumstances and economic environment in 2020 and the Corona crisis and its significant effect on the market in general and, among others, also on the increase in the average salary in the market in 2020 and the consequences that such an increase may have on the Company and the payment to be made to the kibbutz settlements in the future throughout the life of the personnel agreement, the agreement for the placement of officer services by Kibbutz Gan Shmuel described in Note 20b(1)(c) below and the agreement for the placement of personnel services by Kibbutz Gat and Kibbutz Beit-Nir described in Note 20b(1)(g) below, the kibbutz settlements found it appropriate, as a one-time only courtesy, to forgive the update of the remuneration mechanism under the above agreements which should have taken effect at the end of 2020.

Accordingly, the remuneration payable by the Company per working day for an employee under the agreements during 2021 will remain unchanged (namely, will be equal to the remuneration per working day for an employee during 2020, as set forth above).

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

Also, on the next annual review of the need to update the remuneration per working day by virtue of the agreements (namely, in November 2021 for the payments for 2022), the average salary paid to the position of a hired employee in the market in 2021 will be examined compared to the average salary paid to the position of a hired employee in the market in November 2019 (when the agreements were signed) and, if the rate of change in the average salary paid to a hired employee in the market exceeds the rate of change in the amount paid for employee services according to the agreements, arising from indexation, the remuneration payable for employee services in 2022 will be adjusted to the rate of change in the average salary paid to the position of a hired employee (subject to current adjustments to the index, as described in the agreements).

Total payments made by the Company to the Kibbutz in 2020 for the personnel services by virtue of the personnel agreement approximated $ 6,117 thousand (2019 – approximately $ 5,291 thousand by virtue of the new personnel agreement and the previous personnel agreement).

c) Placement of officer services by Kibbutz Gan Shmuel:

On November 4, 2019, the Company's general meeting approved the Company's engagement with Kibbutz Gan Shmuel ("the Kibbutz") for the provision of officer services to the Company ("the services") for a period of three years until November 4, 2022 ("the new officers' agreement"), which replaces the previous agreement with the Kibbutz from 1993, as extended from time to time, according to which the Company paid the Kibbutz NIS 605 per working day for each senior officer, similarly to other Kibbutz member employees (linked to the CPI of January 2000) ("the previous officers' agreement").

As of the date of the new officers' agreement, the officers provided by the Kibbutz to the Company consist of the following positions: Company CEO, CFO, Chief Operating Officer, Chief Scientist, Director of the Agricultural Department, Director of Business Development and Technical Director.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

According to the new officers' agreement, the Company will pay for each working day of a Kibbutz member officer NIS 647 (reflecting a 7% increase compared to the fee paid according to the previous officers' agreement), identically to the remuneration paid to the other Kibbutz member employees according to the new personnel agreement described in b) above. The remuneration will be linked to the monthly increase in the CPI in relation to the CPI published on the date of signing the new officers' agreement. In addition, every year, the salary paid to the position of a senior officer in the market will be analyzed. If the rate of change in the average salary paid to a senior officer in the market ("the average senior officer salary") during the relevant period exceeds the rate of change in the amount paid for services of a Kibbutz member (arising from the indexation), the remuneration paid for the services of a Kibbutz member will be adjusted to the rate of change in the average senior officer salary then linked to the CPI as stated above.

Each senior officer will be entitled to 12-26 paid vacation days based on seniority. The Company will pay the Kibbutz for sick days of each Kibbutz member officer as required by law and the payment accounts for the first sick day.

The Company will pay the Kibbutz an annual sum of NIS 1,310 per senior officer for clothing and will also pay for meals (plus taxes) for each Kibbutz member officer's actual working day.

The Kibbutz will indemnify the Company for any payment or expense incurred to the Company in relation to the provisions of the new officers' agreement, including for any claim whose cause pertains to employer-employee relations between the Company or any of the officers in connection with the new officers' agreement and for any bodily harm caused to anyone or to a third party, including property damages, caused to any of the officers, directly or indirectly.

In addition, the Company's CEO is entitled to a company car whose value in use reflects a maximum monthly cost of NIS 6,000 to the Company.

As for information regarding the notification of the kibbutz settlements on one-time only courtesy to forgive the update of the remuneration mechanism under the personnel agreements in respect of 2020, see Note 20b(1)(b) above.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

d) Agreement to pump sewage:

On November 14, 2011, an agreement was signed between Ganir and Mei Kiryat Gat (2008) Ltd. for pumping the sewage effluent of Ganir (including the sewage effluent of Kibbutz Gat) ("the primary agreement"). According to the provisions of the primary agreement, Ganir undertook to lay and connect the wastewater networks of Ganir and Kibbutz Gat to the transmission line that will be connected to the treatment facility ("WWTF") in Kiryat Gat. According to the primary agreement, it is determined, among others, that for pumping sewage to WWTF, Ganir will pay Mei Kiryat Gat per any sewage cubic meters pumped to WWTF the fee stated in the primary agreement and the Company will provide an unconditional autonomous guarantee in the amount of NIS 1 million to secure all of Ganir's liabilities. The primary agreement is in effect for 20 years (including an extension option) starting with pumping the sewage and the continuing agreement is subject to and takes effect if the primary agreement is in force (namely, 20 years including an extension option).

As a result, Ganir signed an agreement with Kibbutz Gat the key elements of which are as follows ("the continuing agreement"):

1) The sewage effluent of Ganir and the sewage effluent of Gat ("the sewage") will be pumped to the WWTF by infrastructures that, in part, are under the sole responsibility of each party and, in part, are under joint responsibility ("the joint infrastructure"). Decisions relating to the joint infrastructure will be accepted, as far as possible, by agreement between Ganir and Gat yet, in any dispute, Ganir will have the right to decide.

2) Kibbutz Gat has undertaken toward Ganir to bear its relative share of any expenses and liabilities arising from the primary agreement based on the continuing agreement. All stated in the continuing agreement will be subject to the provisions of the primary agreement.

3) Ganir will be fully and exclusively responsible for constructing, operating, monitoring and maintaining the joint infrastructure. Ganir will bear all expenses, costs and liabilities related to the joint infrastructure and will charge from Gat the relative share of these costs as stated in the continuing agreement.

4) Kibbutz Gat has undertaken that the quantity, quality and composition of the sewage to be pumped by it to the joint infrastructure will be as stated in the continuing agreement and under the law. Kibbutz Gat will bear any payment, penalty or expense that will be imposed on it or on Ganir as a result of the violation of the above undertaking.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

5) Bills regarding joint consumption (pumping sewage) from Mei Kiryat Gat will be fully paid by Ganir and it will charge from Kibbutz Gat its relative share.

6) As far as payment, cost or expense, penalty or any toll is demanded by Mei Kiryat Gat in respect of or in connection with the primary agreement, including participation in maintenance costs or upgrading the WWTF, Ganir will pay the amount demanded in full and will charge from Kibbutz Gat its relative share.

Considering the above, the Audit Committee and later the Company's Board, respectively, decided to approve the continuing agreement and thus to apply the primary agreement pursuant to regulation 1(4) to the Companies Regulations (Relief in Transactions with Interested Parties), 2000.

e) The Group's real estate at the Ganir site:

On December 30, 2014, Gat Palmachim Shalav Limited Partnership ("the partnership"), a wholly owned partnership of Kibbutz Gat, the controlling shareholder in the Company, and Ganir had entered into an agreement as amended on December 5, 2016, for leasing space in Kibbutz Gat by Ganir, on which the partnership built (on its account) a warehouse structure covering some 2,500 sq. m. and adjunct to it an unbuilt operating area covering a total of some 4,000 sq. m. ("the agreement", "the leased property" or "the new warehouse", respectively).

The agreement is for a period of ten years starting September 1, 2016.

The monthly lease fees are payable based on the total area of the new warehouse. For any built sq. m. (some 2,500 sq. m.) - NIS 18.54 and for any unbuilt sq. m. (some 4,000 sq. m. of operating area for unloading/loading) - NIS 4. According to the above, the monthly lease fees for the new warehouse total NIS 62,350. These lease fees are linked to the increase in the Israeli CPI based on the known Israeli CPI in February 2014.

The agreement stipulates that over the contractual term Ganir will pay the lowest lease fees that the partnership collects from any other property that it leases under similar terms so that if the partnership (or anyone on its behalf) signs a lease agreement under similar terms at a lower payment with another lessee in respect of one of the other properties on the real estate in the agreement or part thereof, Ganir's lease fees will be reduced and adjusted accordingly.

The agreement and the amendments thereto were confirmed by the Company's Audit Committee and Board on December 9, 2014 and January 15, 2015, respectively and on December 12, 2016 and January 11, 2017, respectively.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

The expenses in respect of this agreement in 2020 amounted to $ 238 thousand (2019 - $ 212 thousand).

f) Placement of personnel services by Kibbutz Gat and Kibbutz Beit-Nir:

On September 22, 2019, the Company's Board approved the Company's engagement through Ganir with Kibbutz Gat and Kibbutz Beit-Nir ("the kibbutz settlements") for the provision of personnel services to Ganir for a period of three years from November 1, 2019 ("the new personnel agreement"). The new personnel agreement replaced the previous agreement between the parties from April 4, 2016, as amended from time to time, which set forth former arrangements and understandings regarding the provision of personnel services ("the previous personnel agreement").

According to the new personnel agreement, the kibbutz settlements will provide Ganir personnel (some are members of Kibbutz Gat and Kibbutz Beit-Nir and others are kibbutz members generally employed as temporary employees for a specific period). The agreement relates to manning specific positions in the plant which, if they become available, may be filled at the kibbutz settlements' discretion by first right. The agreement also determines a "wage scale" that will apply if the kibbutz settlements extend more employees to Ganir (for positions other than the ones detailed above). The new personnel agreement distinguishes between (senior) positions in respect of which a global wage was determined and other positions where in the event of dedicating more than 186 monthly working hours, the kibbutz settlements will receive an increment for each "extra hour" worked. The remuneration will be linked every month to the increase in the CPI in relation to the CPI published on the date of signing the agreement. In addition, every year, the rate of change in the salary paid to the position of a hired employee in the market will be analyzed. If the rate of change in the average salary paid to a hired employee in the market ("average salary paid to the position of a hired employee") during the relevant period exceeds the rate of change in the amount paid for the services of an employee provided by the kibbutz settlements (arising from the indexation), the remuneration paid for the services of that employee will be adjusted to the rate of change in the average salary paid to a hired employee and thereafter the indexation will continue as above.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

The following tables present the range of salary costs according to the various departments (reflecting a 7% increase in salary ranges (including indexation) as practiced in the former personnel agreement (1):

Department	Monthly cost to the Company
	NIS
Manufacturing	7,771-10,465
Junior management, professional employees (specifically trained)	10,751-17,918
Midlevel management	19,233-24,707
Senior management	30,324-48,128

According to the new personnel agreement, the real fee payable within the relevant range will be determined by Ganir based on its evaluation of each employee's skills (experience, education, expertise etc.).

Each employee is entitled to 11-26 paid annual vacation days based on seniority.

Every year, Ganir will pay the kibbutz settlements NIS 1,310 thousand per employee provided by the kibbutz settlements for clothing and it will also pay for meals. Ganir will pay the kibbutz settlements for sick days per employee provided by the kibbutz settlements as required by law and the payment accounts for the first sick day.

Moreover, the kibbutz settlements will indemnify Ganir for any payment or expense incurred to Ganir in relation to the provisions of the new personnel agreement, including for any claim whose cause pertains to employer-employee relations between Ganir and any of the employees and for any bodily harm caused to any third party, including property damages, caused to any of the employees, directly or indirectly.

Total expenses for placement of personnel services to Ganir in 2020 according to the new personnel agreement amounted to approximately $ 3,842 thousand (2019 - $ 3,760 thousand according to the new personnel agreement and the previous personnel agreement).

[1] The above amounts refer to a position of 186 monthly work hours (full-time position) namely without taking into account overtime, other than positions of personal trust whose salary is global.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

In addition, after receiving the confirmation of the Audit and Remuneration Committees, the Company's Board approved the fee paid to the Group's officers through the kibbutz settlements according to the terms of the above agreement to Elisha Gal, Yuval Ziv, Amos Laufer and Ariella Ventura. A fixed monthly fee of NIS 21,500 reflecting an annual cost of NIS 258,000 is paid to Mr. Elisha Gal for his service as chairman of the Board. A fixed monthly fee of NIS 48,811 reflecting an annual cost of NIS 585,737 is paid to Mr. Yuval Ziv for his service as CEO. A fixed monthly fee of NIS 44,210 reflecting an annual cost of NIS 530,520 is paid to Mr. Amos Laufer for his service as Director of Procurement. A fixed monthly fee of NIS 30,843 reflecting an annual cost of NIS 370,120 is paid to Mrs. Ariella Ventura for her service as HR manager. Mrs. Ariella Ventura terminated her employment with the Company on December 31, 2020.

As for information regarding the notification of the kibbutz settlements on one-time only courtesy to forgive the update of the remuneration mechanism under the personnel agreements in respect of 2020, see Note 20b(1)(b) above.

g) Agreements to purchase fruit:

On November 30, 2020, after receiving the approval of the Audit Committee, the Company's Board approved the Company's agreements to purchase fruit with each of the kibbutz settlements (Gan Shmuel, Gat and Beit Nir) ("the agreements" and "the kibbutz settlements", respectively). The agreements were approved as transactions that are not extraordinary.

Pursuant to these agreements, the Company is entitled to purchase citrus fruits, organic citrus fruits (from Gan Shmuel) and other fruits intended for the local industry which originate in the kibbutz settlements ("the fruits") and the kibbutz settlements, on their part, are committed to supply the fruit to the Company at all times during the term of the agreements based on the Company's demand as it will be from time to time and the requested dates and quantities. Each agreement is valid for a period of 20 years, with the Company having the right to terminate any agreement upon an advance notice of 30 days.

As consideration for the purchase of citrus fruit and other fruit, the Company will pay the kibbutz settlements, at most, the same price paid to other suppliers of the Company for citrus fruit and other fruit supplied at the closest date of delivery to that of the kibbutz settlements (if at the closest date of delivery citrus fruit and other fruit were supplied by several suppliers, then according to the average prices paid by the Company to the other suppliers) and the price payable for organic citrus fruit will not exceed the price payable for non-organic citrus plus 30%.

Due to the Company's historical commitment under the 1993 prospectus, the amount of fruit purchased from Gan Shmuel will not exceed 10% of total fruit received at the Company's plants.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

h) Immaterial transactions:

On March 29, 2010 and August 28, 2013, the Company's Board decided to adopt guidelines and rules for classifying a transaction conducted by the Company or a subsidiary or a jointly controlled entity with its controlling shareholders or with companies controlled by the controlling shareholders or with various transactions in which the controlling shareholders have personal interest therein ("the related parties") as an "immaterial transaction", as determined in Regulation 41(a)(6)(a) to the Securities Regulations (Preparation of Annual Financial Statements), 2010 ("immaterial transaction process"). In the absence of special considerations that arise from certain circumstances, an immaterial transaction (that is not extraordinary) will be any of the types of the transactions described below:

1) The Company's transaction to purchase from related parties retail products and/or raw materials and materials that are used in the production process which is favorable to the Company and which is conducted in the ordinary course of business at arm's length and the annual expenses relating to this transaction do not exceed the threshold of 0.8% of annual operating and gross expenses (cost of sales, selling and marketing expenses and general and administrative expenses) of the Company in the annual consolidated financial statements in the year preceding the date of transaction, provided that total transaction, as above, does not exceed $ 2 million, linked to the level of increase in the Israeli CPI ("the index"), provided that total annual expenses from the purchase of products, as above, does not exceed the threshold of 2.4% of the annual operating and gross expenses in the annual consolidated financial statements in the year preceding the date of transaction and the scope of these transactions in the year preceding the date of transaction does not exceed $ 6 million, linked to the level of increase in the index and provided that the scope of these transactions in the calendar year in which the transaction is approved is not expected to increase beyond this amount as of the date of the approval of the transaction.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

2) The Company's transaction to sell to related parties retail products and/or services which is favorable to the Company and which is conducted in the ordinary course of business at arm's length and the annual revenues relating to this transaction do not exceed the threshold of 0.8% of annual revenues of the Company in the annual consolidated financial statements in the year preceding the date of transaction, provided that total transaction, as above, does not exceed $ 1 million, linked to the level of increase in the index, provided that total annual revenues from selling services, as above, does not exceed the threshold of 2.4% of the annual revenues in the annual consolidated financial statements in the year preceding the date of transaction and the scope of these transactions in the year preceding the date of transaction does not exceed $ 3 million, linked to the level of increase in the index and provided that the scope of these transactions in the calendar year in which the transaction is approved is not expected to increase beyond this amount as of the date of the approval of the transaction.

3) The Company's transaction to purchase from third party services or products together with related parties which is favorable to the Company and which is conducted in the ordinary course of business at arm's length (it is clarified that joint purchase whose aim is to reduce purchase costs while using quantity discount given to a related party due to the scope of purchases it makes will be considered as at arm's length) and the distribution of costs and expenses in the transaction is made based on each party's share of the transaction and the annual expenses relating to this transaction do not exceed the threshold of 1.6% of annual operating and gross expenses (cost of sales, selling and marketing expenses and general and administrative expenses) of the Company in the annual consolidated financial statements in the year preceding the date of transaction, provided that total transaction, as above, does not exceed $ 1 million, linked to the level of increase in the index, provided that total annual expenses from the purchase of services, as above, does not exceed the threshold of 3.2% of the annual operating and gross expenses in the annual consolidated financial statements in the year preceding the date of transaction and the scope of these transactions in the year preceding the date of transaction does not exceed $ 3 million, linked to the level of increase in the index and provided that the scope of these transactions in the calendar year in which the transaction is approved is not expected to increase beyond this amount as of the date of the approval of the transaction.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

4) The Company's transaction to purchase/receive services from related parties which is favorable to the Company and which is conducted in the ordinary course of business at arm's length and the annual expenses relating to this transaction do not exceed the threshold of 0.8% of annual operating expenses (selling and marketing expenses and general and administrative expenses) of the Company in the annual consolidated financial statements in the year preceding the date of transaction, provided that total transaction, as above, does not exceed $ 1 million, linked to the level of increase in the index, provided that total annual expenses from the purchase/receipt of services, as above, does not exceed the threshold of 2.4% of the annual operating expenses in the annual consolidated financial statements in the year preceding the date of transaction and the scope of these transactions in the year preceding the date of transaction does not exceed $ 2 million, linked to the level of increase in the index and provided that the scope of these transactions in the calendar year in which the transaction is approved is not expected to increase beyond this amount as of the date of the approval of the transaction.

5) The Company's transaction to lease space from related parties which is conducted in the ordinary course of business at arm's length and the annual expense relating to the lease of each property does not exceed the threshold of 4% of annual lease expenses in the consolidated balance sheet, provided that total transaction, as above, does not exceed $ 100 thousand, linked to the level of increase in the index.

6) The Company's transaction with related parties which is favorable to the Company and which is conducted in the ordinary course of business at arm's length and the revenues expected to be earned by the Company during the year do not exceed the threshold of 0.4% of total revenues of the Company in the annual consolidated financial statements in the year preceding the date of transaction; or that the expenses expected to be incurred by the Company do not exceed the threshold of 0.8% of annual operating expenses (selling and marketing expenses and general and administrative expenses) of the Company in the annual consolidated financial statements in the year preceding the date of transaction, as the case may be, provided that total transaction, as above, does not exceed $ 1 million, linked to the level of increase in the index.

Despite the mentioned above, it may be that the Company will enter into transactions that are immaterial according to the above definitions but underlying qualitative considerations may result in classifying them as non-immaterial transactions. In such cases, an appropriate reporting will be given. So, for instance, and for illustration purposes only, a transaction with interested party will generally not be considered as an immaterial transaction if it is considered as a significant event by the Company.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

It is further indicated that co-dependent transactions actually form the same transaction and they will be examined as a single transaction.

2. Supply of services to a third party (LycoRed):

According to an agreement signed with a third party, the Company provides the third party services for processing special color tomatoes based on a process developed by the third party. The parties agreed on a minimum amount which the third party will pay to the Company if the quantity of tomatoes processed is lower than the agreed minimum quantity.

The agreement was in effect until December 2005 and it is renewed automatically for additional periods of three years each unless one of the parties gives at least 12 months advance notice that it does not wish to renew the agreement. Up to and close to the date of the approval of the financial statements, the parties did not announce of their wish to terminate the commitment.

3. Engagement to build a steam generating facility:

On February 17, 2010, the Company signed an agreement with Dalkia Energy and Services Ltd. ("Dalkia") for erecting a wooden log powered steam generator. According to the agreement, which was amended in May 2013, Dalkia bears the expenses and responsibility for constructing the steam facility on the premises of the Company's plant in Kibbutz Gan Shmuel (and is partly based on a partial facility which had been built by a third party with which the agreement was cancelled by the Company) and acts as an independent subcontractor (without having employer-employee relations with the Company) and as the principal provider of steam to the Company in Kibbutz Gan Shmuel.

The agreement period was ten years from the date of the facility's commercial operation which started on January 1, 2013. At the end of the agreement period (or in the event of the early termination of the agreement for whatever cause), the entire ownership of the steam facility will be transferred to the Company without requiring any additional actions to be taken. Throughout the agreement period, Dalkia is obligated to maintain the facility at its expenses and responsibility and see to the current supply of raw materials for the facility's operation. To secure its undertakings pursuant to the agreement, Dalkia pledged the entire equipment installed by it in the Company's plant in favor of the Company.

Using wood to generate steam significantly reduces emissions as opposed to the former process of using only low-sulfur fuel oil to generate steam.

The engagement was accounted for in the financial statements as a finance lease effective from July 1, 2012 and an asset in the amount of $ 5.3 million was recorded against a finance lease liability to be repaid in current installments based on steam consumption and the remaining asset and liability were taken to profit or loss.

The engagement between the parties was ended in late 2019 under mutual consent.

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

4. Meitav lease agreement:

The Company and Meitav (together, "the lessee"), which was established for acquiring the activity of Meitav Sauce (see Note 3 above) entered into an agreement with a third party that is unrelated to the Company or its controlling shareholder for lease space on which Meitav's activity is conducted which houses two buildings comprising the production hall, offices and operating area.

The agreement is for a period of ten years (until January 31, 2028) and the lessee was conferred the right to extend the agreement by two additional periods of five years each (i.e. until January 31, 2038), subject to the fulfillment of the terms specified in the agreement prior to the exercise of each extension option.

The lease fees for the first lease period will be NIS 208.5 thousand per month, and in the sixth year the fee will increase by 5% compared to the previous year. From the seventh year the fee will increase by 2% in each year.

If the lessee exercises its right to extend the lease term by an additional period, the fee will be updated at the beginning of each extended lease period, so that the fee will increase by 5% compared to the last year of the lease term that has ended and from the second year of the extended lease period, 2% each year, until the end of the extended lease period. The fee will be linked to the Israeli CPI.

As part of this agreement, the lessee provided a promissory note in the amount of NIS 625,000, linked to the Israeli CPI.

The lessee will not be entitled to terminate the lease and/or vacate the property before the end of the lease period and the lessee has undertaken to pay the fees throughout the lease period even if it does not use the property and/or if it vacates the property for any reason whatsoever before the end of the lease period.

5. Distribution agreement:

Since the agreement between Ganir and Strauss (Strauss Marketing Ltd. a member of Strauss Group and then one of the controlling shareholders in the Company) expired in April 2016, the Company signed an agreement for the distribution of chilled products manufactured by Ganir pursuant to the approval of the general meeting from April 14, 2016 after receiving the confirmation of the Company's Audit Committee and Board. The new distribution agreement settles the parties' relations regarding the distribution of chilled products (chilled juices packed to the end consumer for cold distribution) that are manufactured by Ganir or that will be manufactured in the future or imported or purchased in the future by Ganir ("the products").

The agreement is for a period of 5 years starting on April 21, 2016 however, either party has the right to terminate the agreement after the lapse of a period of 36 months and upon an advance notice of 6 months (namely after the end of thirty months).

NOTE 20:- CONTINGENT LIABILITIES, COMMITMENTS AND GUARANTEES (Cont.)

The expenses in respect of this agreement in 2020 amounted to $ 8,903 thousand (2019 - $ 7,212 thousand).

On March 15, 2017, Yotvata Dairies in Memory of Ori Chorazo (controlled by Strauss Dairies Ltd.) ceased to be an interested party and a controlling shareholder in the Company.

c. Guarantees provided:

As of December 31, 2020, contingent liabilities in respect of guarantees are as follows:

	U.S. dollars in thousands
Guarantees to subsidiary (1)	995
Guarantees to jointly controlled partnership (2)	7,659
Guarantees to others	140
	8,794

(1) The Company has guaranteed the debts of a subsidiary to a bank in an unlimited amount. As of December 31, 2020, the balance of the subsidiary's liability to the bank totals $ 995 thousand (2019 - $ 1,371 thousand).

(2) The Company has guaranteed up to 50% of the liabilities of a jointly controlled partnership to banks. As of December 31, 2020, the Company's share of the balance of the jointly controlled partnership's liability to banks totals $ 7,659 thousand (2019 - $ 7,383 thousand).

NOTE 21:- EQUITY

The Company's capital management objectives are:

1. To preserve the Group's ability to ensure business continuity thereby creating a return for the shareholders, investors and other interested parties.

2. To ensure adequate return for the shareholders by pricing of products and services that is adjusted to the level of risk in the Group's business activity.

3. To maintain a strong credit rating and healthy capital ratios in order to support business activity and maximize shareholders value.

NOTE 21:- EQUITY (Cont.)

a. Composition of share capital:

	December 31, 2020 and 2019	
	Authorized	Issued and outstanding
	Number of shares	
Ordinary shares of NIS 1 par value each	25,000,000	15,842,352

b. Rights attached to shares:

The shares are traded on the TASE and confer upon their holder rights to vote in the general meeting, to receive dividends and the rights to participate in the distribution of the Company's assets upon liquidation.

c. Treasury shares:

The subsidiary's holdings in shares of the Company are as follows:

	December 31,	
	2020	2019
Shares:		
Percentage of issued share capital (in %)	5.2	5.2
Cost (U.S. dollars in thousands)	20	20
Number of shares	828,148	828,148

d. Dividends:

On March 27, 2019, the Company declared distribution of cash dividend of NIS 30,000 thousand ($ 7,822 thousand after deducting the share of a subsidiary holding Company shares in an amount of $ 431 thousand). The dividend was paid on June 27, 2019. The dividend per share was $ 0.507.

On November 29, 2018, the Company declared distribution of cash dividend of NIS 25,000 thousand ($ 6,386 thousand after deducting the share of a subsidiary holding Company shares in an amount of $ 352 thousand). The dividend was paid on December 25, 2018. The dividend per share was $ 0.417.

On January 24, 2018, the Company declared distribution of cash dividend of NIS 30,000 thousand ($ 8,348 thousand after deducting the share of a subsidiary holding Company shares in an amount of $ 461 thousand). The dividend was paid on March 22, 2018. The dividend per share was $ 0.505.

NOTE 22:- CHARGES

An associate recorded a fixed charge on the land and buildings and a floating charge on the bank accounts.

NOTE 23:- ADDITIONAL INFORMATION TO THE PROFIT OR LOSS ITEMS

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
a. Geographic information:			
Breakdown of sales by destinations:			
Israel	52,348	51,519	52,543
Export	138,137	154,863	182,242
	190,485	206,382	234,785
b. Cost of sales:			
Materials consumed	109,613	110,794	127,493
Salaries and related expenses *)	23,334	***)22,413	***)20,991
Energy and water	7,678	7,614	8,243
Cold storage (1)	5,863	7,727	9,294
Maintenance	6,863	7,677	8,065
Depreciation	2,939	4,054	3,167
Depreciation of right-of-use asset	4,454	2,577	-
Other manufacturing expenses	2,971	***) 3,106	***) 2,888
Research and development expenses **)	-	(1)	112
	163,715	165,961	180,253
Decrease (increase) in inventories of work in progress	(3,140)	(196)	1,107
Decrease (increase) in inventories of finished goods and purchased products	(3,792)	931	(4,358)
	156,783	166,696	177,002
*) Including employees of employment agencies	1,449	1,619	1,618
**) Research and development expenses, net:			
Research and development costs	-	-	190
Less - Government grants	-	1	78
	-	(1)	112

***) Reclassified.

(1) See Note 2m.

NOTE 23:- ADDITIONAL INFORMATION TO THE PROFIT OR LOSS ITEMS (Cont.)

		Year ended December 31,		
		2020	2019	2018
		U.S. dollars in thousands		
c.	Selling and marketing expenses:			
	Agents' commissions	7,595	8,116	8,586
	Export expenses, mainly transport	8,156	*) 6,540	*) 7,503
	Salaries and related expenses	3,363	*) 3,051	*) 2,655
	Other expenses	3,164	*) 3,774	*) 3,737
	Advertising	1,156	1,344	1,631
	Depreciation	87	87	94
		23,521	22,912	24,206
d.	General and administrative expenses:			
	Salaries and related expenses	4,736	*) 4,589	*) 4,039
	Professional services	1,838	1,653	1,502
	Depreciation	466	504	499
	Communication	145	134	166
	Bad debts and doubtful accounts	35	-	105
	Other	2,337	*) 2,435	*) 2,036
		9,557	9,315	8,347
e.	Other income (expenses), net:			
	Capital loss	(14)	(68)	(42)
	Impairment of goodwill	(203)	(1,010)	(389)
	Contingent consideration	-	62	746
	Other, net	155	(37)	(431)
		(62)	(1,053)	(116)
f.	Finance income and expenses:			
	Finance income:			
	Net gain from change in exchange rates	-	-	869
	Finance income from loans to investees and other companies	1,472	1,356	857
	Revaluation gain of investment at fair value	2,817	-	-
	Finance income – loans to investees and others	4,289	1,356	857
	Interest income – income tax and other Government ministries	28	22	79
	Gain from forward transactions	527	245	-
	Gain from securities	169	219	-
		5,013	1,842	1,805

*) Reclassified.

NOTE 23:- ADDITIONAL INFORMATION TO THE PROFIT OR LOSS ITEMS (Cont.)

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
Finance expenses:			
Finance expenses on leases (1)	2,433	1,069	-
Change in fair value of convertible loan and option	-	849	1,862
Finance expenses from short and long-term credit	629	746	1,030
Finance expenses from credit to related parties	63	195	692
Loss from forward transactions	-	-	497
Loss from securities	-	-	13
Net loss from change in exchange rates	93	404	-
Others	127	121	166
	3,345	3,384	4,260
Finance expenses by types of financial instruments:			
Loans and receivables	(1,150)	(878)	(1,863)
Financial liabilities at amortized cost:			
Loans from banks	(629)	(746)	(1,030)
Interest income and expenses from financial instruments that are not presented at fair value through profit or loss:			
Total income	765	706	1,160
Total expenses	3,344	2,535	1,196

(1) See Note 2m.

NOTE 24:- NET EARNINGS PER SHARE

Details of the number of shares and income used in the computation of net earnings per share:

	Year ended December 31,					
	2020		2019		2018	
	Weighted number of shares	Net income	Weighted number of shares	Net income	Weighted number of shares	Net income
	In thousands	U.S. dollars in thousands	In thousands	U.S. dollars in thousands	In thousands	U.S. dollars in thousands
Number of shares and net income according to the statements of profit or loss used in the computation of basic and diluted net earnings	15,014	3,301	15,014	3,407	15,014	15,650

NOTE 25:- BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES

a. Balances with interested and related parties:

Composition:

December 31, 2020:

	Controlling shareholders	Jointly controlled entities
	U.S. dollars in thousands	
Trade receivables	-	1,325
Capital notes	-	13,699
Trade payables	1,915	186
Other accounts payable	83	-
The highest balance of current loans and debts during the year	544	-

December 31, 2019:

	Controlling shareholders	Jointly controlled entities
	U.S. dollars in thousands	
Trade receivables	-	1,432
Capital notes	-	13,117
Trade payables	2,178	252
Other accounts payable	93	-
The highest balance of current loans and debts during the year	31	-

NOTE 25:- BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES (Cont.)

b. Benefits to key management personnel (including directors) employed by the Company:

	Year ended December 31,		
	2020	**2019**	**2018**
	U.S. dollars in thousands		
Salaries and related benefits to those employed by or on behalf of the Company *)	129	108	103
Fees to directors not employed by or on behalf of the Company	174	138	153
Number of individuals to whom the salaries and benefits refer:			
Related and interested parties employed by or on behalf of the Company	2	2	2
Directors not employed by the Company	4	4	4
	6	6	6

*) Includes salaries of interested parties who are Kibbutz members.

c. Transactions with interested and related parties:

Year ended December 31, 2020:

	For conditions see Note	**Key management personnel**	**Controlling shareholders**	**Jointly controlled entities**
		U.S. dollars in thousands		
Sales	20b	-	43	3,488
Cost of sales	20b	-	**) (11,336)	(1,766)
Selling and marketing expenses	20b	-	(1,911)	(278)
General and administrative expenses	20b	(65)	(3,075)	(6)
Finance income (expenses)	20b	-	(32)	735

**) Includes rent totaling $ 2,251 thousand, see Note 20b(1)(a).

NOTE 25:- BALANCES AND TRANSACTIONS WITH INTERESTED AND RELATED PARTIES (Cont.)

Year ended December 31, 2019:

	For conditions see Note	Key management personnel	Controlling shareholders	Jointly controlled entities
		U.S. dollars in thousands		
Sales	20b	-	64	4,067
Cost of sales	20b	-	**) (12,045)	(1,079)
Selling and marketing expenses	20b	-	(1,728)	(303)
General and administrative expenses	20b	(55)	(2,891)	(5)
Finance income (expenses)	20b	-	(6)	672

**) Includes rent totaling $ 2,110 thousand, see Note 20b(1)(a).

Year ended December 31, 2018:

	For conditions see Note	Key management personnel	Controlling shareholders	Jointly controlled entities
		U.S. dollars in thousands		
Sales	20b	-	64	4,266
Cost of sales	20b	-	(11,298)	(1,774)
Selling and marketing expenses	20b	-	(1,428)	(264)
General and administrative expenses	20b	(53)	(2,594)	(5)
Finance income (expenses)	20b	-	(79)	645

d. Terms of transactions with related parties:

The purchases from and sales to related parties are carried out at market prices. Outstanding balances at the end of the year are not secured, some bear interest (see Notes 14(1) and 15) and will be settled in cash. No guarantees have been received or given in respect of amounts receivable or payable. For the years ended December 31, 2020 and 2019, the Company did not record any allowance for doubtful accounts in respect of sums receivable from related parties. The estimated allowance for doubtful accounts is calculated at each fiscal year by examining the related party's financial position and its market of operation.

e. Commitments:

See Note 20b(1).

NOTE 26:- OPERATING SEGMENTS

a. General:

1. The operating segments are identified based on information that is reviewed by the chief operating decision maker to make decisions about resources to be allocated and assess its performance. Accordingly, for management purposes, the Group is organized into operating segments based on the products and services of the business units and has operating segments as follows:

   Industrial - in which the Company manufactures, markets and sells raw materials for the beverage, nectars and juices industry in Israel and abroad.

   The Company's products that belong to this segment are largely fruit products and fruit byproducts (peel products, essential oils and fruit cells) and non-fruit products.

   Retail - in which the Company manufactures, markets and sells juices, nectars and other food products to end consumers in Israel and abroad. Products that belong to this segment are mostly "Primore" products. Since February 1, 2018, the retail segment comprises the operating results of the production and marketing of food products and sauces (see Note 3 above).

2. Segment results - part of selling, marketing, general and administrative expenses were charged specifically. Unallocated expenses were charged according to sales ratio.

3. Segment performance (segment income (loss)) is evaluated based on operating income (loss) as presented in the financial statements.

b. Primary reporting on business segments:

1. Revenues:

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
Revenues from external customers:			
Industrial	145,492	162,578	192,770
Retail	44,993	43,804	42,015
Total revenues	190,485	206,382	234,785

NOTE 26:- OPERATING SEGMENTS (Cont.)

2. Segment results and adjustment to net income:

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
Industrial	(845)	7,284	23,919
Retail	1,407	(878)	1,195
Operating income	562	6,406	25,114
Finance income (expenses), net	1,668	(1,542)	(2,455)
Company's share of losses of company accounted for at equity	561	2,014	1,596
Taxes on income (tax benefit)	(1,632)	(557)	5,413
Net income	3,301	3,407	15,650

3. Gross profit:

	2020	2019	2018
Industrial	20,386	28,387	46,072
Retail	13,316	*) 11,293	*) 11,711
Total	33,702	39,686	57,783

*) Reclassified.

4. Additional information on revenues:

	Year ended December 31,		
	2020	2019	2018
	U.S. dollars in thousands		
Industrial:			
Fruit products	134,333	154,669	183,315
Fruit byproducts	9,181	5,217	6,440
Non-fruit products	1,978	2,692	3,015
	145,492	162,578	192,770
Retail:			
Company owned brand	32,014	27,284	26,188
Catering products	10,594	14,064	13,602
Private label products	2,385	2,456	2,224
	44,993	43,804	42,015
	190,485	206,382	234,785

NOTE 26:- OPERATING SEGMENTS (Cont.)

c. Geographic information:

Revenues reported in the financial statements derive from the Company's country of domicile (Israel) and foreign countries based on the location of the customers, are as follows:

	Year ended December 31, 2020					
	Israel	European Union	Other European countries	Far East	Other countries	Total
	U.S. dollars in thousands					
Sales	52,348	30,382	19,207	83,444	5,104	190,485

	Year ended December 31, 2019					
	Israel	European Union	Other European countries	Far East	Other countries	Total
	U.S. dollars in thousands					
Sales	51,552	35,620	23,855	90,720	4,635	206,382

	Year ended December 31, 2018					
	Israel	European Union	Other European countries	Far East	Other countries	Total
	U.S. dollars in thousands					
Sales	52,543	36,709	25,428	114,850	5,255	234,785

LIST OF SUBSIDIARIES AND ASSOCIATES

Name of entity		Principal place of business	December 31, 2020 Control and ownership rate
Ganir (1992) Ltd.	Subsidiary	Israel	100%
Trisun (1993) Ltd.	Subsidiary	Israel	100%
Meitav (G.S) Food Industries L.P.	Subsidiary	Israel	100%
VIANDS Sp. Z.O.O.	Equity	Poland	50%
Qualicitrus S.L.	Equity	Spain	50%
Gan Pelach Limited Partnership	Equity	Israel	50.01%
Gan Pelach Ltd.	Equity	Israel	50.1%
Citramed Ltd. (1)	Equity	Israel	-

(1) Liquidated on May 16, 2019.

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