



## **Max Stock Limited Reports Third Quarter Fiscal 2020 Financial Results**

**Comparable Store Sales Increased 17%  
Operating Margin Increased 190 Basis Points to 15.8%  
Company to Host Conference Call on December 2, 2020**

**ISRAEL – November 29, 2020** – Max Stock Limited (TASE: MAXO) (the “Company”) today reported financial results for the third quarter ended September 30, 2020. The Company reports in New Israeli Shekels and the figures below were converted to U.S. Dollar<sup>1</sup> for convenience.

### **Third Quarter Summary:**

- Total revenue increased 24.7%<sup>2</sup> to \$76.6 million.
- Comparable store sales increased 17%.
- The Company ended the quarter with 50 stores.
- Operating income increased 41.9% to \$12.1 million and operating margin increased 190 basis points to 15.8%.
- Net income increased 31% to \$7.7 million.
- Adjusted EBITDA<sup>3</sup> increased 54.8% to \$13.4 million.

Evan Neumann, Co - Chief Executive Officer, stated, “We are very pleased with our third quarter performance which was highlighted by strong comparable stores sales growth and a significant improvement in profitability. Our success is being driven by the disciplined execution of our merchandise strategies combined with our commitment to providing best in-class service and a highly enjoyable shopping experience. We look forward to expanding our geographic footprint and reaching new consumers, and with a solid balance sheet we are well positioned to capitalize on the many opportunities we believe lie ahead of us.”

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<sup>1</sup>Israeli Shekels converted to U.S. Dollars by the average exchange rates: 7-9/2020 - 0.29, 7-9/2019 – 0.28.

<sup>2</sup> In this release the changes in percentage are calculated according to the changes in Shekels.

<sup>3</sup>As used throughout this release, adjusted EBITDA defined as Net Income + Net Interest Expenses + D&A + Other Expenses - the impact of IFRS 16.



### **Third Quarter Results**

Total revenue increased 24.7% to \$76.6 million in the third quarter of fiscal 2020 as compared with total revenue of \$59.7 million in the third quarter of fiscal 2019. The increase in total revenue was driven primarily by a 17% increase in comparable store sales and the addition of 2 new stores.

Gross profit increased 24.8% to \$30.0 million in the third quarter of fiscal 2020 from \$23.3 million in the third quarter of fiscal 2019. Gross margin remained flat at 39.1% in the third quarter of fiscal 2020 as compared to the third quarter of fiscal 2019.

Selling, general and administrative expenses increased to \$16.5 million in the third quarter of fiscal 2020 from \$14.7 million in the third quarter of fiscal 2019, primarily driven by growth in volume activity. As a percentage of net sales, selling, general and administrative expenses decreased to 21.5% in the third quarter of fiscal 2020 from 24.7% in the third quarter of fiscal 2019. The 320 basis point improvement was driven primarily by leverage on higher sales and more efficiency on the labor cost on the stores level base.

Operating income increased 41.9% to \$12.1 million in the third quarter of fiscal 2020 from \$8.3 million in the third quarter of fiscal 2019. Operating margin increased 190 basis points to 15.8% in the third quarter of fiscal 2020 from 13.9% in the third quarter of fiscal 2019.

Net income increased 31% to \$7.7 million, or \$0.04 per diluted share, in the third quarter of fiscal 2020 as compared with net income of \$5.7 million, or \$0.03 per diluted share, in the third quarter of fiscal 2019.

Adjusted EBITDA increased 54.8% to \$13.4 million in the third quarter of fiscal 2020 from \$8.4 million in the third quarter of fiscal 2019. Adjusted EBITDA exclude the effect of IFRS16.

### **Balance Sheet and Cash Flow Highlights**

The Company's cash and cash equivalents balance as of the end of the third quarter of fiscal 2020 was \$45.2 million compared with \$20.5 million as of the end of the third quarter of fiscal 2019. The Company ended the period with total debt of \$22.8 million compared with total debt of \$11.8 million at the end of the third quarter of fiscal 2019.

Inventories as of the end of the third quarter of fiscal 2020 increased 16% to \$31 million compared with \$26.4 million as of the end of the third quarter of fiscal 2019.

Capital expenditures in the third quarter of fiscal 2020 totaled \$1.54 million compared with \$0.86 million in the third quarter of fiscal 2019.



## **Conference Call Information**

The Company will host a conference call on December 2, 2020 at 8:30 a.m. Eastern Standard Time to discuss its third quarter 2020 results. Investors and analysts interested in participating in the call are invited to dial (877) 407-9716 (domestic) or (201) 493-6779 (international) and provide the conference identification number: 13713851. The conference call will also be available to interested parties through a live webcast at <https://ir.maxstock.co.il>

A telephone replay of the call will be available until December 9, 2020, by dialing (844) 512-2921 (domestic) or (412) 317-6671 (international) and entering the conference identification number: 13713851.

## **About Max Stock**

Max Stock is a leading general discount retailer of everyday essential items in Israel. We offer a broad selection of merchandise across six major categories, operating 50 stores across the country. For more information, please visit <https://ir.maxstock.co.il>

## **Forward-Looking Statements**

It should be emphasized that this report includes forward-looking information as defined under the Securities Law, 5728-1968. Forward-looking information is uncertain information regarding the future, including forecasts, projections, estimates or other information which refer to a future event or matter, the eventuation of which is uncertain and/or not within the Company's control. The forward-looking information included in this report is based on the current information held by the Company or its current assessments, as of the publication date of this report.

## **Company Contact**

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