



Max Stock Limited Reports Fourth Quarter and Fiscal 2020 Financial Results

Fourth Quarter Comparable Store Sales Increased 43%
Full Year Comparable Sales Increased 11%
Fourth Quarter Operating Margin Increased 240 Basis Points to 14.3%
Full Year Operating Margin Increased 120 Basis Points to 14.9%
Cash and Cash Equivalents Increased 210% to ILS 142.8 Million

ISRAEL – March 15, 2021 – Max Stock Limited (TASE: MAXO) (the “Company”) today reported financial results for the fourth quarter and year ended December 31, 2020.

Fourth Quarter Summary:

- Total revenue increased 53.9% to ILS 276.1 million.
- Comparable store sales increased 43%.
- Operating income increased 85.0% to ILS 39.5 million and operating margin increased 240 basis points to 14.3%.
- Net income increased 57.4% to ILS 23.5 million.
- Adjusted EPS¹ increased 89% to ILS 0.164
- Adjusted EBITDA² increased 108% to ILS 42.9 million.

Full Year Summary:

- Total revenue increased 36.3% to ILS 1,010.5 million.
 - Excluding one-time bulk sales of COVID-19 product, sales increased 19.4%.
- Comparable store sales increased 11%.
- The Company ended the year with 50 stores.
- Operating income increased 48.5% to ILS 150.7 million and operating margin increased 120 basis points to 14.9%.
- Net income increased 24.7% to ILS 87.6 million.

¹As used throughout this release, adjusted EPS defined as Net Income + the impact of IFRS 16 - Onetime bulk operation Net Income + IPO Expenses + Share-based payment + Other Expenses, divided by the number of shares.

²As used throughout this release, adjusted EBITDA defined as Net Income + Income Tax Expenses + Net Interest Expenses + D&A + Other Expenses - the impact of IFRS 16 + Share-based payment.



- Adjusted EPS increased 40.5% to ILS 0.59
- Adjusted EBITDA¹ increased 56.2% to ILS 157.0 million.
- Cash and cash equivalents increased 210.0% to ILS 142.8 million.

Evan Neumann, Co - Chief Executive Officer, stated, “We are extremely proud of the exceptional results we delivered in a year of significant and unfamiliar challenges. Our performance in 2020 reflects the strength of our retail concept prior to COVID-19 and our success capitalizing on the opportunities that emerged during the pandemic to fortify our position as the leading discount retailer in Israel. The tremendous execution by the entire organization has strengthened our operation and financial foundation, enhanced our competitive advantages, and provided us with great momentum to start 2021.

“Looking ahead, our focus is on driving comparable sales growth through our differentiated merchandise offering, best in-class service and a highly enjoyable shopping experience. At the same time, we are expanding our footprint with four new stores planned for this year. With a strong balance sheet, we are in a strong position to invest for growth and build great value for our shareholders.”

Fourth Quarter Results

Total revenue increased 53.9% to ILS 276.1 million in the fourth quarter 2020 as compared with total revenue of ILS 179.3 million in the year ago period driven primarily by a 43% increase in comparable store sales and the addition of 3 new stores.

Gross profit increased 47.2% to ILS 105.2 million in the fourth quarter 2020 from ILS 71.5 million in the fourth quarter 2019. Gross margin was 38.1% as compared to 39.8% in the year ago period. The decrease in gross margin was primarily attributable to higher logistics costs.

Selling, general and administrative expenses increased to ILS 65.7 million in the fourth quarter 2020 from ILS 50.1 million in the fourth quarter 2019, primarily driven by growth in volume activity. As a percentage of net sales, selling, general and administrative expenses decreased to 23.8% from 27.9% in the year ago period. The 410 basis point improvement was driven primarily by leverage on higher sales and improvements in store level operations.

Operating income increased 85.0% to ILS 39.5 million in the fourth quarter of 2020 from ILS 21.3 million in the fourth quarter 2019. Operating margin increased 240 basis points year-over-year to 14.3% from 11.9%.

Net income increased 57.4% to ILS 23.5 million, or ILS 0.14 per diluted share, in the fourth quarter of 2020 as compared with net income of ILS 14.9 million, or ILS 0.09 per diluted share, in the fourth quarter of 2019.

Adjusted EBITDA increased 108% to ILS 42.9 million in fiscal 2020 from ILS 21 million. Adjusted EBITDA excludes the effect of IFRS16 and the effect of Share-based payment.



Full Year Results

Total revenue increased 36.3% to ILS 1,010.5 million in fiscal 2020 as compared with total revenue of ILS 741.6 million in fiscal 2019. Excluding one-time bulk sales of PPE products in response to the spread of COVID-19, total revenue increased 19.4% driven primarily by an 11% increase in comparable store sales and the addition of 3 new stores.

Gross profit increased 22.3% to ILS 358.9 million in fiscal 2020 from ILS 293.5 million in fiscal 2019. Gross margin was 35.5% for fiscal 2020 as compared to 39.6% for fiscal 2019. The decrease in gross margin was primarily attributable to the one-time bulk sales of PPE products, which carry lower gross margins than the Company's overall product mix. Excluding the bulk sales, 2020 gross margin was 38.9%

Selling, general and administrative expenses increased to ILS 203.9 million in fiscal 2020 from ILS 191.2 million in fiscal 2019, primarily driven by growth in volume activity. As a percentage of net sales, selling, general and administrative expenses decreased to 20.2% in fiscal 2020 from 25.8% in fiscal 2019. The 560 basis point improvement was driven primarily by leverage on higher sales and improvements in store level operations. Operating income increased 48.5% to ILS 150.7 million in fiscal 2020 from ILS 101.5 million in fiscal 2019. Operating margin increased 120 basis points to 14.9% in fiscal 2020 from 13.7% in fiscal 2019.

Net income increased 24.7% to ILS 87.6 million, or ILS 0.51 per diluted share, in fiscal 2020 as compared with net income of ILS 70.3 million, or ILS 0.41 per diluted share, in fiscal 2019.

Adjusted EBITDA increased 56.2% to ILS 157.0 million in fiscal 2020 from ILS 100.5 million in fiscal 2019. Adjusted EBITDA exclude the effect of IFRS16 and the effect of Share-based payment.

Balance Sheet and Cash Flow Highlights

The Company's cash and cash equivalents balance at December 31, 2020 was ILS 142.8 million, an increase 210% compared with ILS 46.1 million at December 31, 2019. The Company ended the year with total debt of ILS 36.1 million compared with total debt of ILS 36.5 million at the end of fiscal 2019.

Inventories at the end fiscal 2020 increased 24.3% to ILS 127.3 million compared with ILS 102.4 million at the end fiscal 2019.

Capital expenditures in fiscal 2020 totaled ILS 3.9 million, exclude one-time bulk operation of PPE products and the impact of IFRS 16, compared with ILS 0.7 million in fiscal 2019.

Conference Call Information

The Company will host a conference call on March 16, 2021 at 8:30 a.m. Eastern Standard Time to discuss fiscal 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: 13717363. 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 March 23, 2021, by dialing (844) 512-2921 (domestic) or (412) 317-6671 (international) and entering the conference identification number: 13717363.

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.

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