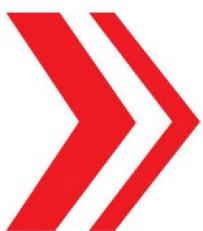


MAX
נאן קונים בניך



Q3/2021 FINANCIAL REPORTS

MAX STOCK LTD.



MAX STOCK HIGHLIGHTS

FIRST NINE MONTHS OF 2021



REVENUE NIS 731 M



SAME STORE SALES GROWTH COMPARED TO THE SAME PERIOD LAST YEAR..... 17%



OPERATING PROFIT NIS 103 M



ADJUSTED EBITDA* NIS 109 M



NET PROFIT NIS 66 M



EPS NIS 0.38



DIVIDEND PAID NIS 70 M



53 BRANCHES THROUGHOUT ISRAEL



COMMERCIAL AREAS SQM 49.2 K

* PRE IFRS-16 AND SHARE BASED PAYMENT.



Changes and innovations in the Company's business during and subsequent to the Reporting Period which are required to be described in the Periodic Report

In this report, the following terms shall mean:

“Company” - Max Stock Ltd.

“Max Chain” or the “Chain” - the ‘discount’ retail chain operating under the trade names “Max - Fun Shopping” and “Max 20” which are operated by the Company through subsidiaries and franchises.

“Financial Report” - the Company’s consolidated financial report as of September 30, 2021.

“Periodic Report” - the Company’s 2020 annual report, published on March 15, 2021 (Ref. No: 2021-01-035241).

1. Update to Section 1.26 of the Periodic Report - Restrictions and controls applicable to the Company's activities

On October 19, 2021, the Customs Fees, Exemptions and Purchase Tax for Goods (Amendment no. 3), 2021 (the “Order”) regarding purchase tax on disposable utensils was published in the Official Gazette. The Order became effective on November 1, 2021 (the “Commencement Date”). Under the Order, starting from the Commencement Date, purchase tax will be imposed on disposable utensils at a rate of ILS 11 per kilogram. The Order further introduces a levy on disposable utensil stock held by disposable utensil retailers for their business at a rate of ILS 11 per kilogram to be implemented as of the Commencement Date.

The tax will only apply to particular kinds of disposable utensils, as defined in the Order, including cups, plates, cutlery and plastic straws.

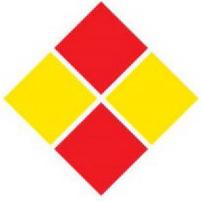
Pursuant to the Order, the Company will be subjected to tax of an immaterial amount for its existing stock of disposable utensils held on the Commencement Date. As of the date of the report, the Company is unable to assess the future impact the purchase tax will have on its commercial operations. The Company is studying the impact of the Order, how it is being implemented and the adjustments required to be made to its activities in order to mitigate the Order’s possible impact.

2. Update to Section 1.27 of the Periodic Report - Material agreements

For more information about Mr. Evan Charles Neumann concluding his service as co-CEO of the Company as of January 31, 2022, see the Company’s immediate report dated November 1, 2021 (Ref. No: 2021-01-093394).

3. Update to Section 1.28 of the Periodic Report - Legal proceedings

For more information about an update to the material legal proceedings which the Company is party to, including regarding an investigation being conducted on the issue of customs and importing see Note 4A to the Financial Report.



**CHAPTER A – BOARD OF DIRECTORS’ REPORT ON THE STATE OF THE
COMPANY’S AFFAIRS FOR THE NINE-MONTH PERIOD
ENDING ON SEPTEMBER 30 ,2021**





**Board of Directors' Report on the State of the Company's
Affairs**

For the period ending on September 30, 2021

Max Stock Ltd.

Board of Directors' Report on the State of the Company's Affairs

For the nine-month period ending on September 30, 2021

The board of directors of Max Stock Ltd. (the “**Company**”) hereby submits the board of directors’ report on the state of the Company’s affairs for the nine-month period ended on September 30, 2021 (the “**Reporting Period**”), in accordance with the Securities Regulations (Periodic and Immediate Reports), 1970 (the “**Regulations**”).

This board report is presented in an abbreviated manner and has been written under the assumption that the readers are able to reference the Company’s board of directors’ report on the state of the Company’s affairs for the year ended as of December 31, 2020 (the “**Annual Board Report**”), published on March 15, 2021, together with the Company’s 2020 periodic report (Ref. No: 2021-01-035241) (the “**Periodic Report**”). That stated in the Periodic Report is included in this report by way of reference.

A. Board explanations of the state of the Company’s business affairs

1. The Company’s Activities During and Subsequent to the Reporting Period

1.1 The Company was incorporated in Israel as a private company on December 16, 2004 under its current name. On November 17, 2015, the Company’s name was changed to “Max Management Israel Ltd.” and on March 10, 2020, its name was changed back to its current name - “Max Stock Ltd.”.

1.2 From incorporation and as of the publication date of this report, the Company has been engaged in a retail business through operating a national “discount” chain-store trading under the name “Max - Fun Shopping” and “Max 20” which offers a range of household products at attractive prices. As of the date of the report, the Company operates 53¹ branches throughout Israel, from Kiriat Shmona to Eilat, which are mostly operated by subsidiaries and partially through franchises (the “**Max Chain**” or the “**Chain**”).

¹ Including the Dimona branch which closed in November 2020 and which is expected to reopen in a new and larger location in Q4 2021.

1.3 On September 14, 2020, the Company's shares IPO'd through a tender offer and its shares were first listed on the Tel Aviv Stock Exchange Ltd. ("TASE") on September 17, 2020. For further details see Note 18C of the Company's financial statements as of December 31, 2020, attached to the Periodic Report (the "**annual financial statements**").

1.4 Impact of COVID-19 on the Group's operations

The COVID-19 virus (the "**virus**" or "**COVID-19**") pandemic emerged in China during Q1 2020 and subsequently spread to many countries around the world, including Israel. The spread of COVID-19 has had widespread micro and macro economic effects, which, only naturally, have also materially impacted the Chain's operations. The COVID-19 restrictions included restrictions on movement, commerce and manpower being present at work-places.

The State of Israel started a two-dose immunization campaign against COVID-19 at the end of 2020. During the Reporting Period, and in wake of an additional outbreak of COVID-19, the Israeli government introduced greater restrictions, including reinstating a general mask mandate in closed spaces, including the Chain's stores, and in open spaces where over 100 people are in attendance. Similarly, restrictions were also imposed at events with many participants in attendance and cultural events under the "green standard" guidelines, and work at government offices was also cut-back to 50%. On August 11, 2021, the COVID-19 governmental committee decided to further heighten restrictions by imposing the "green standard" outline across the economy, apart from malls and shops, and to apply the "purple standard" outline in malls and shops by limiting occupancy to one person per 7 sqm. Stores which are smaller than 100 sqm were excluded and are not subject to the purple standard. The aforementioned "purple standard" restrictions have applied to the Chain's operations since August 16, 2021.

Concurrently, during the Reporting Period, the State of Israel started distributing a third dose of the vaccine (a "**booster shot**") - initially to the elderly and subsequently to the general population above the age of 12. As of September 30, 2021, and as of the publication date of the report, there has been a significant decline in morbidity in Israel, and the government has announced many reliefs primarily associated with mass gatherings. The "purple standard" restrictions associated with commerce, including the Chain's stores, continue to apply.

During the Reporting Period and as of the approval date of this report, COVID-19 did not have a material impact on the Company's operating results and the Chain's stores.

The possible impact the spread of COVID-19 may have on the Chain's operations, as

described above, constitute “forward-looking information,” as defined in the Securities Law, the realization of which is uncertain and contingent on factors beyond the Company’s control. This information is primarily based on public information regarding COVID-19, as existing on the date of this report as well as on assessments made by the Company which are, inter alia, based on said information. It should be clarified that there is no certainty that these assessments will eventuate, either in whole or in part, and they may even be materially different than what is presented above, this, inter alia, due to their dependence on external factors that are not within the Company’s control, including changes and trends in the spread of COVID-19, decisions made by both Israeli and international authorities, and the impact on the spending habits of the Company’s customer base.

1.5 Impact of “Operation Guardian of the Walls” on the Group’s activities

Operation Guardian of the Walls (the “**Operation**”) was conducted from May 10, 2021 through May 21, 2021, during which rockets and mortar shells were fired into Israel. The bulk of the rocket fire concentrated on Israeli cities and towns in the south and center of Israel which caused a decline in operations as well as a shut-down of some of the Chain’s stores located in these areas during part of the Operation. The stores in these areas recommenced regular operations following the conclusion of the Operation. The Operation did not have a material impact on the Company’s operating results.

2. Material Events During and After the Reporting Period

2.1 In the first nine months of 2021, the Company's revenues increased relative to the same period last year, after discounting bulk PPE sales². The increase is primarily attributed to growth in the scope of the Chain's ongoing operations.

Presented below are changes in the Chain's SSS³, (unreviewed and unaudited figures) compared to the same period last year and for 2019: The change in sales is also presented against 2019 data because the breakdown of sales in 2020 by quarter was significantly impacted by the timing of lockdowns introduced in response to the COVID-19 crisis.

	For the nine-month period ending on September 30, 2021	For the three-month period ending on September 30, 2021	Explanation
Compared to the parallel period in 2020	17%	(3%)	The decrease in sales in Q3 2021 is due to there being less days for business to operate in September 2021 relative to September 2020 because of the timing of the Jewish holyday season.
Compared to the parallel period in 2019	21%	15%	The increase in sales during the Reporting Period is due to an increase in the size of the average basket.

The Chain's sales primarily increased as a result of growth in demand for toys, kitchen, home decoration, textile and disposable products.

For additional details about the Company's financial and operating metrics for the three and nine-month periods ending on September 30, 2021, see Section 6 below.

For more information about the Company's operating results during the nine and three-month periods ending on September 30, 2021, relative to the same period last year, disregarding the PPE Transactions, see Section 4 below.

2.2 In the first nine months of 2021 the Company opened two new branches in the cities of Ramla and Sderot which are being operated by subsidiaries and another branch in Tel Aviv which is

² In 2020 the Company entered various bulk transactions to sell personal protective equipment where it imported medical equipment required in response to the COVID-19 crisis ("**PPE Transactions**"), for more information see Section 1.4 of the Annual Board Report.

³ Same Store Sales - a figure which reflects the scope of the Chain's sales in stores which have been open for at least one year, and which compares the sales in stores during the period relative to the same period last year. For additional details see Section 6.1 below.

being operated under the franchise model. In October 2021, the Company opened another store in Rishon Lezion (a new store which replaced the existing branch).

2.3 Further to that set forth in Note 18E(2) of the consolidated financial statements as of December 31, 2020, on September 30, 2021, the Company acquired minority interests from a shareholder totaling 25% of the share capital. Following the acquisition, the Company's holdings in the subsidiary increased to 100%. The share of the minority interests in the net profit of the acquired company during the first nine months of 2021 totaled approximately ILS 801 thousands. The Company paid approximately ILS 3,389 thousands for these shares.

2.4 Distribution of dividends to minority interest holders - see Note 4B to the Company's interim consolidated financial statements as of September 30, 2021 (the "**consolidated financial statements**").

2.5 Distribution of dividends - see Note 4C to the Company's consolidated financial statements.

2.6 For details about the imposition of a tax on disposable goods and its impact on the Company, see Note 4E to the consolidated financial statements.

2.7 For more information about Mr. Evan Charles Neumann concluding his service as co-CEO of the Company as of January 31, 2022, see the Company's immediate report dated November 1, 2021 (Ref. No: 2021-01-093394).

For more information about material events during and subsequent to the Reporting Period, see Note 4 to the consolidated financial statements.

3. Financial Position

	<u>As of September 30</u>		<u>As of December</u>
	<u>2021</u>	<u>2020</u>	<u>31</u>
		<u>ILS 000's</u>	<u>2020</u>
Trade receivables (customers)	65,453	66,436	73,740
Inventory	199,712	106,454	127,272
Other current assets	69,787	171,806	161,961
Non-current assets	574,666	423,625	569,751
Total assets	909,618	768,321	932,724
Trade payables (liabilities to vendors, suppliers and service providers)	90,838	76,278	116,890
Other current liabilities	134,683	150,663	111,558
Non-current liabilities	501,775	371,429	508,684
Total shareholders' equity	182,322	169,951	195,592
Total liabilities and equity	909,618	768,321	932,724

Assets

3.1 Trade receivables (customers) - The balance of trade receivables as of September 30, 2021, totaled approximately ILS 65,453 thousands, compared to approximately ILS 73,740 thousands as of December 31, 2020. The decline is primarily attributed to less sales in September 2021 than in December 2020.

3.2 Inventory - The balance of inventory as of September 30, 2021, totaled approximately ILS 199,712 thousands, compared to approximately ILS 127,272 thousands as of December 31, 2020. The increase is primarily attributable to the growth in the scale of the Company's operations and the Company preemptively stocking up in an attempt to limit the disruptions experienced by the global supply chain.

3.3 Other current assets - The balance of other current assets as of September 30, 2021, totaled approximately ILS 69,787 thousands, compared to approximately ILS 161,961 thousands as of December 31, 2020. The decrease is primarily attributable to the cash and cash equivalents and short-term deposits line-items due to a distribution of dividends and increase in inventory.

3.4 Non-current assets - The total non-current assets as of September 30, 2021, totaled approximately ILS 574,666 thousands, compared to approximately ILS 569,751 thousands as of December 31, 2020. The changes are primarily attributable to right of use assets and investments in fixed assets (property, plant and equipment) principally in the Chain's new branches.

Liabilities

3.5 Trade payables (liabilities to vendors, suppliers and service providers) - The balance of trade payables (liabilities to vendors, suppliers and service providers) as of September 30, 2021, totaled approximately ILS 90,838 thousands, compared to approximately ILS 76,278 thousands as of September 30, 2020. The increase is primarily attributable to the increase in the scale of the Company's operations, as described above.

3.6 Other current liabilities - The balance of other current liabilities as of September 30, 2021, totaled approximately ILS 134,683 thousands, compared to approximately ILS 111,558 thousands as of December 31, 2020. The change is primarily attributable to credit from banking corporations.

3.7 Non-current liabilities - The balance of non-current liabilities as of September 30, 2021, totaled approximately ILS 501,775 thousands, compared to approximately ILS 508,684 thousands as of December 31, 2020. The change is primarily attributable to lease liabilities.

Equity

3.8 The shareholders' equity as of September 30, 2021, totaled approximately ILS 182,322 thousands, compared to approximately ILS 195,592 thousands as of December 31, 2020. The decline is attributable to a profit of approximately ILS 66 million and an increase in the reserve for share-based payments totaling approximately ILS 11.6 million which was offset by the distribution of dividends to minority shareholders by the subsidiaries totaling approximately ILS 17.8 million, acquiring minority interests in the subsidiaries for approximately ILS 3.4 million and from the distribution of dividends by the Company totaling approximately ILS 70 million.

4. Operating Results

4.1 Presented below is an overview of operating results by period (ILS 000's):

	For the nine months ended September 30				For the year ended December 31	
	2021	% turnover	2020	% turnover	2020	% turnover
Revenues from sales	731,203		734,411		1,010,495	
Cost of goods sold	447,221		480,704		651,562	
Gross Profit	283,982	38.8%	253,707	34.5%	358,933	35.5%
Sales and marketing expenses	149,615		118,088		170,167	
General and administrative expenses	32,783		20,158		33,782	
Other income	(1,613)		(1,098)		(1,224)	
Other expenses	-		5,280		5,479	
Operating profit	103,197	14.1%	111,279	15.2%	150,729	14.9%
Financing revenues	(656)		(2,696)		(1,118)	
Financing expenses	12,605		14,434		20,400	
Financing expenses for extraordinary transactions	-		13,276		13,276	
Profit before taxes on income	91,248	12.5%	86,265	11.7%	118,171	11.7%
Taxes on income	24,903		22,114		30,542	
Net profit	66,345	9.1%	64,151	8.7%	87,629	8.7%
Remeasurement of defined benefit plan	-		-		(32)	
Total comprehensive profit	66,345	9.1%	64,151	8.7%	87,597	8.7%
Net profit attributable to:						
Shareholders of the Company	54,442		53,189		72,647	
Non-controlling interests (minority rights)	11,903		10,962		14,982	
	<u>66,345</u>		<u>64,151</u>		<u>87,629</u>	
Adjustments:						
Share-based payment	11,602		-		1,806	
Issuance costs	-		4,481		4,613	
PPE Transaction activities, net of tax	-		(822)		(822)	
Adjusted net profit³	77,947	10.7%	67,810	11.1%	93,226	10.5%
Adjusted net profit attributable to:						
Shareholders of the Company	66,044		56,848		78,244	
Non-controlling interests (minority rights)	11,903		10,962		14,982	
	<u>77,947</u>		<u>67,810</u>		<u>93,226</u>	

³ The adjusted net profit margins for the nine-month period ending on September 30, 2020, and for the 2020 year, are calculated with sales excluding PPE Transactions.

Presented below are the results from the Company's operating activities excluding PPE Transactions by period
(in ILS 000's):

	For the nine months ended September 30				For the year ended December 31	
	2021	% turnover	2020	% turnover	2020	% turnover
Revenues from sales	731,203		609,611		885,695	
Cost of goods sold	447,221		370,248		541,106	
Gross Profit	283,982	38.8%	239,363	39.3%	344,589	38.9%
Sales and marketing expenses	149,615		118,088		170,167	
General and administrative expenses	32,783		20,158		33,782	
Other income	(1,613)		(1,098)		(1,224)	
Other expenses	-		5,280		5,479	
Operating profit	103,197	14.1%	96,935	15.9%	136,385	15.4%
Financing revenues	(656)		(2,696)		(1,118)	
Financing expenses	12,605		14,434		20,400	
Profit before taxes on income	91,248	12.5%	85,197	14%	117,103	13.2%
Taxes on income	24,903		21,868		30,296	
Net profit	66,345	9.1%	63,329	10.4%	86,807	9.8%
Remeasurement of defined benefit plan	-		-		(32)	
Total comprehensive profit	66,345	9.1%	63,329	10.4%	86,775	9.8%
Net profit attributable to:						
Shareholders of the Company	54,442		52,367		71,825	
Non-controlling interests (minority rights)	11,903		10,962		14,982	
	<u>66,345</u>		<u>63,329</u>		<u>86,807</u>	
Adjustments:						
Share-based payment	11,602		-		1,806	
Issuance costs	-		4,481		4,613	
Adjusted net profit	77,947	10.7%	67,810	11.1%	93,226	10.5%
Adjusted net profit attributable to:						
Shareholders of the Company	66,044		56,848		78,244	
Non-controlling interests (minority rights)	11,903		10,962		14,982	
	<u>77,947</u>		<u>67,810</u>		<u>93,226</u>	

4.1.1 Revenues

The Group's revenues in the first nine months of 2021 totaled approximately ILS 731.2 million, compared to approximately ILS 734.4 million in the same period last year, a decline of approximately 0.4%. Neutralizing PPE Transaction activities, there was an increase of approximately ILS 121.6 million compared to the same period last year, which constitutes an increase of approximately 20% which is attributed to an increase in the scope of the Company's

operations as specified above, including an increase of approximately ILS 80 million in same store sales (SSS).

4.1.2 Gross profit

The gross profit rate in the first nine months of 2021 was approximately 38.8% of sales turnover, compared to approximately 34.5% in the same period last year. The gross profit in the first nine months of 2021 totaled approximately ILS 283.9 million, compared to approximately ILS 253.7 million in the same period last year. Neutralizing PPE Transaction activities, the gross profit rate in the same period last year totaled approximately 39.3% and totaled approximately 239.4 million, and therefore the first nine months of 2021 had an increase of approximately 18.6% in gross profit which is attributed to an increase in the scope of the Company's operations as specified above. The decrease in gross profit rate in the first nine months of 2021 compared to the gross profit rate in the same period last year while neutralizing PPE Transactions arises from an increase in freight, transit and logistic expenses.

4.1.3 Sales and marketing expenses

In the first nine months of 2021, the sales and marketing expenses totaled approximately ILS 149.6 million, approximately 20.4% of sales turnover, compared to approximately ILS 118.1 million in the same period last year, approximately 19.4% of sales turnover when neutralizing sales from PPE Transactions. The increase in expenses is primarily due to an increase in salary and wage expenses arising from opening new branches, placing employees on unpaid leave (furlough) in March-April 2020 in response to the COVID-19 crisis and expenses for share-based payments in the first nine months of 2021. Similarly, the increase is attributable to an increase in municipal taxes [Arnona] arising from opening new branches and discounts received in the same period last year because of the COVID-19 crisis, as well as from an increase in depreciation of right of use assets due to adding new right of use assets over 2020 and 2021.

4.1.4 General and administrative expenses

In the first nine months of 2021, general and administrative expenses totaled approximately ILS 32.8 million, approximately 4.5% of sales turnover, compared to approximately ILS 20.2 million in the same period last year, approximately 3.3% of the sales turnover after neutralizing sales from PPE Transactions. Neutralizing expenses for share-based payments imputed during the period, general and administrative expenses as a percentage of sales turnover in the first nine months of 2021 remained unchanged compared to the same period last year.

4.1.5 Other income

In the first nine months of 2021, other income totaled approximately ILS 1.6 million, compared to other income totaling approximately ILS 1.1 million in the same period last year. The revenues during the Reporting Period and same period last year are attributable to the profit from writing off leasing liabilities.

4.1.6 Finance income

In the first nine months of 2021, financing revenues totaled approximately ILS 0.7 million, compared to financing revenues totaling approximately ILS 2.7 million in the same period last year. The change is primarily attributable to a decrease in profits from USD hedging transactions.

4.1.7 Financing expenses

In the first nine months of 2021, financing expenses totaled approximately ILS 12.6 million, compared to financing expenses totaling approximately ILS 14.4 million in the same period last year. The change in financing expenses primarily arises from financing expenses for leases due to the implementation of International Financial Reporting Standard (IFRS) 16 - Leases (“**Standard 16**”), interest for loans from banking corporations and bank fees.

4.1.8 Adjusted net profit

The total adjusted net profit in the first nine months of 2021 was approximately ILS 77.9 million, compared to an adjusted net profit of approximately ILS 67.8 million in the same period last year; therefore, in the first nine months of 2021 there was an increase in adjusted net profit of approximately 15%, which is attributed to an increase in the Company’s ongoing operations.

4.2 Presented below is an overview of operating results by quarter (ILS 000's):

	<u>Quarter 7-9/2021</u>	<u>% turnover</u>	<u>Quarter 7-9/2020</u>	<u>% turnover</u>
Revenues from sales	255,633		261,970	
Cost of goods sold	<u>157,047</u>		<u>159,519</u>	
Gross Profit	98,586	38.6%	102,451	39.1%
Sales and marketing expenses	53,797		48,191	
General and administrative expenses	10,854		8,222	
Other income	-		(596)	
Other expenses	<u>-</u>		<u>5,280</u>	
Operating profit	33,935	13.3%	41,354	15.8%
Financing revenues	(284)		(690)	
Financing expenses	4,647		4,502	
Financing expenses for extraordinary transactions	<u>-</u>		<u>1,446</u>	
Profit before taxes on income	29,572	11.6%	36,096	13.8%
Taxes on income	<u>8,635</u>		<u>9,932</u>	
Net profit	<u>20,937</u>	8.2%	<u>26,164</u>	10.0%
Net profit attributable to:				
Shareholders of the Company	17,107		20,659	
Non-controlling interests (minority rights)	<u>3,830</u>		<u>5,505</u>	
	<u>20,937</u>		<u>26,164</u>	
Adjustments:				
Share-based payment	3,900		-	
Issuance costs	-		4,481	
PPE Transaction activities, net of tax	<u>-</u>		<u>1,122</u>	
Adjusted net profit	<u>24,837</u>	9.7%	<u>31,767</u>	12.1%
Adjusted net profit attributable to:				
Shareholders of the Company	21,007		26,262	
Non-controlling interests (minority rights)	<u>3,830</u>		<u>5,505</u>	
	<u>24,837</u>		<u>31,767</u>	

4.2.1 Revenues

The Group's revenues in Q3 2021 totaled approximately ILS 255.6 million, compared to approximately ILS 262 million in the same period last year, a decline of approximately 2.4%. The decrease in sales turnover is due to there being less days for business to operate in September 2021 relative to September 2020 due to the timing of the Jewish new-year holidays.

4.2.2 Gross profit

The gross profit rate in Q3 2021 was approximately 38.6% of sales turnover, compared to approximately 39.1% in the same period last year. The gross profit in Q3 2021 totaled approximately ILS 98.6 million, compared to approximately ILS 102.4 million in the same period last year. The decrease in the gross profit rate is attributed to an increase in freight and logistic costs.

4.2.3 Sales and marketing expenses

In Q3 2021, the sales and marketing expenses totaled approximately ILS 53.8 million, approximately 21% of sales turnover, compared to approximately ILS 48.2 million in the same period last year, approximately 18.4% of sales turnover. The increase in expenses is primarily due to an increase in salary and wage expenses arising from opening new branches, and expenses for share-based payments in Q3 2021. Similarly, the increase is attributable to an increase in municipal taxes [Arnona] arising from opening new branches and an increase in depreciation of right of use assets due to adding new right of use assets over 2020 and 2021.

4.2.4 General and administrative expenses

In Q3 2021, general and administrative expenses totaled approximately ILS 10.8 million, approximately 4.2% of sales turnover, compared to approximately ILS 8.2 million in the same period last year, approximately 3.1% of the sales turnover. Neutralizing expenses for share-based payments imputed during the period, general and administrative expenses as a percentage of sales turnover in Q3 2021 remained unchanged compared to the same period last year.

4.2.5 Adjusted net profit

The total adjusted net profit in Q3 2021 was approximately ILS 24.8 million, approximately 9.7% of sales turnover, compared to an adjusted net profit of approximately ILS 31.8 million in the same period last year, approximately 12.1% of sales turnover.

5. Liquidity

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	ILS 000's				
Cash-flow from current operations	12,411	113,418	21,042	57,477	159,937
Cash-flow from (utilized for) investment activities	966	(72,224)	(9,071)	(23,939)	(41,295)
Cash-flow from (utilized for) financing activities	(84,748)	7,692	3,756	(21,081)	(46,436)
Increase (decrease) in cash and cash equivalents	(71,371)	48,886	15,727	12,457	72,206

5.1 Cash-flow from current operations

Net cash deriving from current operations in the first nine months of 2021 totaled approximately ILS 12.4 million, compared to approximately ILS 113.4 million in the same period last year. The decline in cash-flow from current operations is primarily attributable to an increase in the Company's working capital arising from the Company stocking up in response to concerns of delays with merchandise supplies caused by disruptions with the global supply chain and an increase in freight costs.

Net cash deriving from current operations in Q3 2021 totaled approximately ILS 21 million, compared to approximately ILS 57.5 million in the same period last year. The decline in cash-flow from current operations is primarily attributable to an increase in the Company's working capital arising from the Company stocking up in response to concerns of delays with merchandise supplies caused by disruptions with the global supply chain and an increase in freight costs.

5.2 Cash-flow from investment activities

Net cash deriving from investment activity in the first nine months of 2021 totaled approximately ILS 1 million, compared to approximately ILS 72.2 million in net cash utilized for investment activity in the same period last year. The change is primarily attributable to a change in short-term deposits totaling ILS 85 million which was mostly offset through investing in the Chain's new branches.

Net cash utilized for investment activities in Q3 2021 totaled approximately ILS 9.1 million, compared to approximately ILS 23.9 million in the same period last year. Cash utilized for

investment activities in the quarter was primarily used to invest in new branches, and in the same period last year the cash was primarily utilized to invest in new branches and in short-term deposits.

5.3 Cash-flow from financing activities

Net cash utilized in financing activity in the first nine months of 2021 totaled approximately ILS 84.7 million, compared to approximately ILS 7.7 million in net cash deriving from financing activity in the same period last year. The change is primarily attributable to dividends paid to non-controlling interest holders and shareholders of the Company.

Net cash derived from financing activity in Q3 2021 totaled approximately ILS 3.8 million, compared to approximately ILS 21.1 million in net cash utilized for financing activity in the same period last year. The change is primarily attributable to obtaining short and long-term loans from banking corporations.

6. Financial and Operational Key Performance Indicators (KPIs)

6.1 As of the publication date of the report, the Company's management utilizes six operating and financial metrics, which are not based on generally accepted accounting principles, in order to assess, measure, track and present the Company's operating and financial performance. These metrics, which are included in managerial reports and investor presentations which are being submitted concurrently to this report, should not be understood as being an alternative to the information included in the Company's financial statements. Below is a description of the metrics:

KPI	Date of calculation / components	Objective of the KPI	Data
EBITDA	Operating profit, offsetting depreciation and amortization and other expenses/revenues.	A commonly used KPI, which serves as an indicator of the cash-flow being derived from the Company's ongoing operations, offsetting the impact of the Company's capital structure, the impact of one off or exceptional events in the Company's affairs, and the impact of taxes and financing.	See the description included in the table below.
Adjusted EBITDA	EBITDA while offsetting the impact of Standard 16 and expenses for share-based payments recognized during the Reporting Period.	The objective of using this KPI is to present the Company's EBITDA while offsetting the impact of the application of Standard 16 and expenses for share-based payments recognized during the Reporting Period. For a description of the adjustments made to net profit and adjusted EBITDA, see the table below.	See the description included in the table below.
Same Store Sales	The rate of change in sales in stores owned by the Company and operating for a period of one or more calendar years.	This datapoint, which is generally presented as a percentage relative to the preceding period, enables the Company's management to measure the annual (periodic) change in sales, neutralizing stores that have been open for less than one year, and presents a reliable picture of the change in business activity for the Company's management without any distortion from stores which have not yet established themselves and been operating for a full year.	The rates of change in same store sales for 2020, and for the nine and three month periods ended on September 30, 2021, are 11%, 17% and (3%), respectively.

KPI	Date of calculation / components	Objective of the KPI	Data
Rates of change in the average basket price	The rate of change between the total calculated by dividing the total sum of all transactions by the number of transactions during the Reporting Period relative to a corresponding or previous reporting period.	This metric presents the Company's management with a picture of the rate of increase or decline in the average amount customers spend on one occasion, and enables the Company's management to consider ways to differentiate different shopping quantities and to increase marketing.	<p>The rate of change in the average amount spent by a customer in a large store during the nine and three month periods ended on September 30, 2021, relative to 2020 increased by approximately 9.2% and 16.2%, respectively; and relative to the corresponding periods last year it increased by approximately 11% and 5.1%, respectively.</p> <p>The rate of change in the average amount spent by a customer in a small store during the nine and three month periods ended on September 30, 2021, relative to 2020, increased by approximately 10.1% and 11.4%, respectively; and relative to the corresponding periods last year it increased by approximately 12% and 5%, respectively.</p>

6.2 Presented below is data about the Company's EBITDA and adjusted EBITDA during the reporting periods (ILS 000's):

KPI	For the nine-month period ending on September 30		For the three-month period ending on September 30		For the year ended on December 31, 2020
	2021	2020	2021	2020	
EBITDA	139,355	147,164	46,771	57,810	200,331
Adjusted EBITDA	109,498	114,074	36,308	45,824	156,996
Adjusted EBITDA excluding activities from selling PPE	109,498	99,730	36,308	45,824	142,652

6.3 Presented below is a description of the adjustments made on the Company's gross profit, EBITDA, and adjusted EBITDA (ILS 000's):

	For the nine-month period ending on September 30		For the three-month period ending on September 30		For the year ended December 31
	2021	2020	2021	2020	2020
Net profit	66,345	64,151	20,937	26,164	87,629
Tax expenses	24,903	22,114	8,635	9,932	30,542
Financing expenses, net	11,949	25,014	4,363	5,258	32,558
Depreciation and amortization	37,771	31,703	12,836	11,772	45,347
Other expenses (revenues)	(1,613)	4,182	-	4,684	4,255
EBITDA	139,355	147,164	46,771	57,810	200,331
Adjustments to adjusted EBITDA ⁴	(29,857)	(33,090)	(10,463)	(11,986)	(43,335)
Adjusted EBITDA	109,498	114,074	36,308	45,824	156,996

⁴ Adjusted EBITDA - see Section 6.1 above.

7. Sources of financing

7.1 The Company primarily finances its operations from its current activities and credit from banking corporations.

7.2 Banking credit

The balance of credit obtained by the Company from banking corporations (including current maturities) as of September 30, 2021, totaled approximately ILS 69,770 thousands, compared with a total amount of approximately ILS 78,299 thousands as of September 30, 2020. The decrease in the balance of credit from banking corporations is primarily due to the repayment of long and short-term loans.

7.3 Customer credit and vendor credit

There were no material changes in the credit payment terms the Company has obtained from its vendors and the credit payment terms the Company grants its customers relative to that set forth in the Annual Board Report.

7.4 Financial risk management

For additional information about the management of the Company's financial risks, see Section 16D of the annual financial statements.

For additional details about the Company's sources of financing, see Section 7 of the Annual Board Report included in this report by way of reference and Notes 11 and 14 to the annual financial statements attached to the Annual Report.

B. Aspects of corporate governance

The effectiveness of the internal control over the financial reporting and disclosure (ISOX)

In light of when the Company IPO'd its shares through a tender offer on September 14, 2020, as of the date of the report, the Company is not subject to the obligation to attach a report on the board of directors' and management's assessment of the effectiveness of internal control on the financial reporting and disclosure.

November 22, 2021

Evan Charles Neumann
Co-CEO

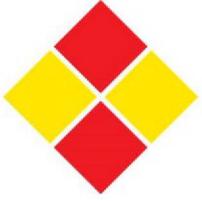
Uri Max
Co-CEO

Zehavit Cohen
Board Chairperson

Annex A to the Board of Directors Report - A linkage adjusted balance sheet as of September 30, 2021 (NIS 000's)

	<u>ILS</u>	<u>USD</u>	<u>Euro</u>	<u>Total</u>
<u>Current assets</u>				
Cash and cash equivalents	46,651	98	143	46,892
Trade receivables (customers)	65,453	-	-	65,453
Current tax rebates	2,473	-	-	2,473
Accounts receivable and credit balances	20,422	-	-	20,422
Inventory	199,712	-	-	199,712
	<u>334,711</u>	<u>98</u>	<u>143</u>	<u>334,952</u>
<u>Non-current assets</u>				
Long-term deposit	160	-	-	160
Fixed assets (property, plant and equipment), net	63,522	-	-	63,522
Right of use assets	502,272	-	-	502,272
Deferred taxes	8,712	-	-	8,712
	<u>574,666</u>	<u>-</u>	<u>-</u>	<u>574,666</u>
	<u>909,377</u>	<u>98</u>	<u>143</u>	<u>909,618</u>
<u>Current liabilities</u>				
Credit from banking corporations	45,444	1,034	-	46,478
Lease liabilities	54,137	-	-	54,137
Trade payables (liabilities to vendors, suppliers and service providers)	74,811	15,301	726	90,838
Current taxes payable	5,527	-	-	5,527
Accounts payable and debit balances	28,435	-	-	28,435
Financial derivatives	-	106	-	106
	<u>208,354</u>	<u>16,441</u>	<u>726</u>	<u>225,521</u>
<u>Non-current liabilities</u>				
Loans from banking corporations	23,292	-	-	23,292
Lease liabilities	476,547	-	-	476,547
Liabilities for employee benefits	1,936	-	-	1,936
	<u>501,775</u>	<u>-</u>	<u>-</u>	<u>501,775</u>
<u>Equity</u>				
Shareholders' equity	170,721	-	-	170,721
Non-controlling interests (minority rights)	11,601	-	-	11,601
Total equity	<u>182,322</u>	<u>-</u>	<u>-</u>	<u>182,322</u>
	<u>892,451</u>	<u>16,441</u>	<u>726</u>	<u>909,618</u>

The above figures represent the Group's comprehensive linkage adjusted balance sheet. The treatment of foreign exchange exposure was done based on Israel as the region, due to the fact that it is Israel's currency differentials which impact the financing costs/revenues in the report on profit and loss.



CHAPTER B – INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF SEPTEMBER 30 ,2021

Max Stock Ltd.

Interim Consolidated Financial Statements

As of September 30, 2021

Unaudited

Max Stock Ltd.

Interim Consolidated Financial Statements as of September 30, 2021

Unaudited

Table of Contents

	<u>Page</u>
Review of Interim Consolidated Financial Statements	2
Condensed Consolidated Reports of Financial Position	3
Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Profit	4
Condensed Consolidated Reports of Changes in Equity	5-7
Condensed Consolidated Reports of Cash-Flows	8-9
Notes to the Interim Consolidated Financial Statements	10-16

Auditor's Review Report to the Shareholders of
Max Stock Ltd.

Introduction

We have reviewed the attached financial information for Max Stock Ltd. (hereinafter - the Company), including the condensed consolidated statement of financial position as of September 30, 2021, as well as the condensed consolidated statements of profit and loss and other comprehensive profit, changes to equity and cash flow for the nine and three month periods ending on the same date. The board of directors and management are responsible for the preparation and presentation of financial information for these interim periods, pursuant to International Accounting Standard IAS 34, "Interim Financial Reporting", and are also responsible for preparation of financial information for these interim periods under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion regarding the financial information for these interim periods, based on our review.

Scope of the Review

We conducted our review in accordance with Review Standard (Israel) no. 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Prepared by the Entity's Auditor". A review of interim financial information includes making inquiries, particularly with the people responsible for financial and accounting matters, and performing analytical and other review procedures. A review is significantly limited in scope in comparison to an audit conducted in accordance with generally accepted accounting standards in Israel, and therefore does not allow us to reach a level of assurance that we have become aware of all material issues which may have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention which would lead us to believe that the above financial information was not prepared, in all material respects, in accordance with IAS 34.

In addition to that set forth in the preceding paragraph, based on our review, nothing has come to our attention which would lead us to believe that the above financial information does not fulfill, in all material respects, the disclosure requirements set forth in Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Respectfully,

Haifa,
November 22, 2021

KOST FORER GABBAY & KASIERER
Auditors

Condensed Consolidated Reports of Financial Position

	As of September 30		As of December 31
	2021	2020	2020
	Unaudited		Audited
	ILS 000's		
Current assets			
Cash and cash equivalents	46,892	94,943	118,263
Shorts term deposits	-	60,500	24,500
Trade receivables (customers)	65,453	66,436	73,740
Current tax rebates	2,473	696	825
Accounts receivable and credit balances	20,422	14,146 (*)	18,373
Financial derivatives	-	1,521 (*)	-
Inventory	199,712	106,454	127,272
	<u>334,952</u>	<u>344,696</u>	<u>362,973</u>
Long-term deposit	160	160	160
Fixed assets (property, plant and equipment), net	63,522	45,137	47,329
Right-of-use assets	502,272	370,334	511,704
Deferred taxes	8,712	7,994	10,558
	<u>574,666</u>	<u>423,625</u>	<u>569,751</u>
	<u>909,618</u>	<u>768,321</u>	<u>932,724</u>
Current liabilities			
Credit from banking corporations	46,478	56,250	15,432
Lease liabilities	54,137	49,758	53,830
Trade payables (liabilities to vendors, suppliers and service providers)	90,838	76,278 (*)	116,890
Current taxes payable	5,527	10,334	9,783
Accounts payable and debit balances	28,435	32,505 (*)	29,775
Dividend payable	-	1,816	-
Financial derivatives	106	-	2,738
	<u>225,521</u>	<u>226,941</u>	<u>228,448</u>
Loans from banking corporations	23,292	22,049	20,622
Lease liabilities	476,547	347,416	486,126
Liabilities for employee benefits	1,936	1,964	1,936
	<u>501,775</u>	<u>371,429</u>	<u>508,684</u>
Shareholders' equity	170,721	155,503	177,274
Non-controlling interests (minority rights)	11,601	14,448	18,318
Total equity	<u>182,322</u>	<u>169,951</u>	<u>195,592</u>
	<u>909,618</u>	<u>768,321</u>	<u>932,724</u>

(*) Reclassified.

November 22, 2021

Financial statements approval
dateZehavit Cohen
Chairperson of the
Board of DirectorsUri Max
Director and Co-
CEONir Dagan
CFO

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

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Profit

	For the nine-month period ended		For the three-month period ended		For the year ended
	September 30		September 30		December 31
	2021	2020	2021	2020	2020
	Unaudited		Unaudited		Audited
ILS 000's (save for the data about net profit per share)					
Revenues from sales	731,203	734,411	255,633	261,970	1,010,495
Cost of goods sold	447,221	480,704	157,047	159,519	651,562
Gross Profit	283,982	253,707	98,586	102,451	358,933
Sales and marketing expenses	149,615	118,088 (*)	53,797	48,191 (*)	170,167
General and administrative expenses	32,783	20,158 (*)	10,854	8,222 (*)	33,782
Other income	(1,613)	(1,098)	-	(596)	(1,224)
Other expenses	-	5,280	-	5,280	5,479
Operating profit	103,197	111,279	33,935	41,354	150,729
Financing revenues	(656)	(2,696)	(284)	(690)	(1,118)
Financing expenses	12,605	14,434	4,647	4,502	20,400
Financing expenses for extraordinary transactions	-	13,276	-	1,446	13,276
Profits before taxes on income	91,248	86,265	29,572	36,096	118,171
Taxes on income	24,903	22,114	8,635	9,932	30,542
Net profit	66,345	64,151	20,937	26,164	87,629
Total other comprehensive profit (loss): Amounts not to be reclassified to profit or loss:					
Remeasurement of defined benefit plan	-	-	-	-	(32)
Total comprehensive profit	66,345	64,151	20,937	26,164	87,597
Net profit attributable to:					
Shareholders of the Company	54,442	53,189	17,107	20,659	72,647
Non-controlling interests (minority rights)	11,903	10,962	3,830	5,505	14,982
	66,345	64,151	20,937	26,164	87,629
Total comprehensive profit attributable to:					
Shareholders of the Company	54,442	53,189	17,107	20,659	72,615
Non-controlling interests (minority rights)	11,903	10,962	3,830	5,505	14,982
	66,345	64,151	20,937	26,164	87,597
Net profit per share attributable to shareholders of the Company (ILS)					
Base net profit	0.38	0.37	0.12	0.15	0.51
Diluted net profit	0.38	0.37	0.12	0.15	0.51

(*) Reclassified.

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

Condensed Consolidated Reports of Changes in Equity

	Attributable to the Shareholders of the Company						Total	Minority interests	Total equity
	Share capital	Premium for shares	Reserve for share-based payments	Reserve for transactions with minority interest holders	Reserve for remeasurement of defined benefit plans	Profit balance			
Unaudited ILS 000's									
Balance as of January 1, 2021 (audited)	- (*)	36,526	2,345	(4,997)	(144)	143,544	177,274	18,318	195,592
Net profit	-	-	-	-	-	54,442	54,442	11,903	66,345
Cost of share-based payments	-	-	11,602	-	-	-	11,602	-	11,602
Acquisition of non-controlling interests (minority rights)	-	-	-	(2,597)	-	-	(2,597)	(792)	(3,389)
Dividend to Company shareholders	-	-	-	-	-	(70,000)	(70,000)	-	(70,000)
Dividend to non-controlling (minority) interest holders	-	-	-	-	-	-	-	(17,828)	(17,828)
Balance as of September 30, 2021	- (*)	36,526	13,947	(7,594)	(144)	127,986	170,721	11,601	182,322
	Attributable to the shareholders of the Company						Total	Minority interests	Total equity
	Share capital	Premium for shares	Reserve for share-based payments	Reserve for transactions with minority interest holders	Reserve for remeasurement of defined benefit plans	Profit balance			
Unaudited ILS 000's									
Balance as of January 1, 2020 (audited)	- (*)	36,526	-	(777)	(112)	70,897	106,534	13,522	120,056
Net profit	-	-	-	-	-	53,189	53,189	10,962	64,151
Acquisition of non-controlling interests (minority rights)	-	-	-	(4,220)	-	-	(4,220)	(1,580)	(5,800)
Dividend to non-controlling (minority) interest holders	-	-	-	-	-	-	-	(8,456)	(8,456)
Balance as of September 30, 2020	- (*)	36,526	-	(4,997)	(112)	124,086	155,503	14,448	169,951

(*) The balance is less than ILS 1 thousand.

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

Condensed Consolidated Reports of Changes in Equity

	Attributable to the shareholders of the Company					Profit balance	Total	Minority interests	Total equity
	Share capital	Premium for shares	Reserve for share-based payments	Reserve for transactions with minority interest holders	Reserve for remeasurement of defined benefit plans				
Unaudited ILS 000's									
Balance as of July 1, 2021	- (*)	36,526	10,047	(4,997)	(144)	110,879	152,311	8,815	161,126
Net profit	-	-	-	-	-	17,107	17,107	3,830	20,937
Cost of share-based payments	-	-	3,900	-	-	-	3,900	-	3,900
Acquisition of non-controlling interests (minority rights)	-	-	-	(2,597)	-	-	(2,597)	(792)	(3,389)
Dividend to non-controlling (minority) interest holders	-	-	-	-	-	-	-	(252)	(252)
Balance as of September 30, 2021	- (*)	36,526	13,947	(7,594)	(144)	127,986	170,721	11,601	182,322

	Attributable to the shareholders of the Company					Profit balance	Total	Minority interests	Total equity
	Share capital	Premium for shares	Reserve for share-based payments	Reserve for transactions with minority interest holders	Reserve for remeasurement of defined benefit plans				
Unaudited ILS 000's									
Balance as of July 1, 2020	- (*)	36,526	-	(4,997)	(112)	103,427	134,844	13,631	148,475
Net profit	-	-	-	-	-	20,659	20,659	5,505	26,164
Dividend to non-controlling (minority) interest holders	-	-	-	-	-	-	-	(4,688)	(4,688)
Balance as of September 30, 2020	- (*)	36,526	-	(4,997)	(112)	124,086	155,503	14,448	169,951

(*) The balance is less than ILS 1 thousand.

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

Condensed Consolidated Reports of Changes in Equity

	Attributable to the shareholders of the Company					Profit balance	Total	Minority interests	Total equity
	Share capital	Premium for shares	Reserve for share- based payments	Reserve for transactions with minority interest holders	Reserve for remeasurement of defined benefit plans				
Audited ILS 000's									
Balance as of January 1, 2020	- (*)	36,526	-	(777)	(112)	70,897	106,534	13,522	120,056
Net profit	-	-	-	-	-	72,647	72,647	14,982	87,629
Total other comprehensive loss	-	-	-	-	(32)	-	(32)	-	(32)
Acquisition of non-controlling interests (minority rights)	-	-	-	(4,220)	-	-	(4,220)	(1,580)	(5,800)
Cost of share-based payments	-	-	2,345	-	-	-	2,345	-	2,345
Dividend to non-controlling (minority) interest holders	-	-	-	-	-	-	-	(8,606)	(8,606)
Balance as of December 31, 2020	- (*)	<u>36,526</u>	<u>2,345</u>	<u>(4,997)</u>	<u>(144)</u>	<u>143,544</u>	<u>177,274</u>	<u>18,318</u>	<u>195,592</u>

(*) The balance is less than ILS 1 thousand.

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

Condensed Consolidated Reports of Cash-Flows

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	Unaudited		Unaudited		Audited
			ILS 000's		
Cash-flows from current activities:					
Net profit	66,345	64,151	20,937	26,164	87,629
Adjustments required to present cash-flows from current operations (a)	(53,934)	49,267 (*)	105	31,313 (*)	72,308 (*)
Net cash deriving from operating activities	12,411	113,418	21,042	57,477	159,937
Cash-flows from investment activities:					
Acquisition of fixed assets (property, plant and equipment)	(21,553)	(13,052)	(8,987)	(4,128)	(17,497)
Proceeds from realizing fixed assets	-	640	-	640	640
Revenues (payments) from exercising financial derivatives	(1,981)	688 (*)	(84)	49 (*)	62 (*)
Withdrawal (deposit) of short-term deposits	24,500	(60,500)	-	(20,500)	(24,500)
Net cash deriving from (utilized for) investment activities	966	(72,224)	(9,071)	(23,939)	(41,295)
Cash-flows from financing activities:					
Obtaining long-term loans from banking corporations	18,000	17,500	6,000	3,000	20,500
Obtaining short-term loans from banking corporations	28,763	40,000	13,733	-	40,000
Repayment of long-term loans from banking corporations	(13,047)	(15,747)	(4,881)	(5,489)	(20,992)
Repayment of short-term loans from banking corporations	-	-	-	-	(40,000)
Lease payments	(30,636)	(20,350)	(10,844)	(8,228)	(30,267)
Dividends paid to non-controlling (minority) interest holders	(17,828)	(6,640)	(252)	(6,640)	(8,606)
Dividend paid to Company shareholders	(70,000)	-	-	-	-
Acquisition of non-controlling interests (minority rights)	-	(7,071)	-	(3,724)	(7,071)
Net cash deriving from (utilized for) financing activities	(84,748)	7,692	3,756	(21,081)	(46,436)
Increase (decrease) in cash and cash equivalents	(71,371)	48,886	15,727	12,457	72,206
Balance of cash and cash equivalents at beginning of the period	118,263	46,057	31,165	82,486	46,057
Balance of cash and cash equivalents at the end of the period	46,892	94,943	46,892	94,943	118,263

(*) Reclassified.

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

Condensed Consolidated Reports of Cash-Flows

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	Unaudited		Unaudited		Audited
	ILS 000's				
a) <u>Adjustments required to present cash-flows from current activities:</u>					
Adjustments to the profit or loss items:					
Depreciation and amortization	37,771	31,703	12,836	11,772	45,347
Financing expenses, net	14,581	26,535 (*)	4,074	5,848 (*)	29,820 (*)
Profit from derecognizing lease liabilities	(1,613)	(1,098)	-	(596)	(1,224)
Decrease (increase) in fair value of financial derivatives	(2,632)	(1,521) (*)	289	(590) (*)	2,738 (*)
Cost of share-based payments	11,602	-	3,900	-	2,345
Change in liabilities for employee benefits, net	-	-	-	-	(61)
Taxes on income	24,903	22,114	8,635	9,932	30,542
Capital loss	-	801	-	801	866
	<u>84,612</u>	<u>78,534</u>	<u>29,734</u>	<u>27,167</u>	<u>110,373</u>
Changes in property and liability items:					
Decrease (increase) in trade receivables/customers	8,287	(12,467)	6,428	1,166	(19,771)
Increase in receivables and credit balances	(2,049)	(2,722) (*)	(708)	(8,080) (*)	(6,948)
Decrease (increase) in inventory	(72,440)	(4,099)	(2,566)	3,880	(24,917)
Increase (decrease) in trade payables (liabilities to vendors, suppliers and service providers)	(26,052)	17,254 (*)	(10,922)	12,535 (*)	57,866
Increase (decrease) in creditors and debit balances	(4,738)	12,124 (*)	(6,631)	6,012 (*)	9,394 (*)
	<u>(96,992)</u>	<u>10,090</u>	<u>(14,399)</u>	<u>15,513</u>	<u>15,624</u>
Cash paid and received by the Company during the year for:					
Interest paid	(12,594)	(13,947)	(3,989)	(4,450)	(16,606)
Interest paid for extraordinary transactions	-	(13,276)	-	(2,945)	(13,276)
Taxes paid, net	(28,960)	(12,134)	(11,241)	(3,972)	(23,807)
	<u>(53,934)</u>	<u>49,267 (*)</u>	<u>105</u>	<u>31,313 (*)</u>	<u>72,308 (*)</u>
b) <u>Non-cash material activity:</u>					
Dividend declared		1,816	-	-	-
Recognition of a right-of-use asset against a lease liability	37,601	36,090 (*)	18,607	24,275 (*)	190,000
Derecognizing a right-of-use asset against a lease liability	(14,624)	(7,347) (*)	-	(3,430) (*)	(8,429)
Acquisition of non-controlling interests with credit	3,389	-	3,389	-	-

(*) Reclassified.

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

Notes to the Interim Consolidated Financial Statements

NOTE 1: GENERAL**A. General description of the Group and its activities**

Max Stock Ltd. (hereinafter – the "Company") was incorporated in Israel as a private company on December 16, 2004. On November 17, 2015, the Company's name was changed to "Max Management Israel Ltd." and on March 10, 2020, its name was changed back to its current name - "Max Stock Ltd.". From incorporation, the Company has been engaged in a retail business through operating a national "discount" chain of stores trading under the name "Max - Fun Shopping" and "Max 20" which offers a range of household products at attractive prices. The Company operates branches throughout Israel through subsidiaries and franchisees.

On September 14, 2020, the Company IPO'd its shares through a tender offer and its shares were first listed on the Tel Aviv Stock Exchange Ltd. ("TASE") on September 17, 2020.

- B. These financial statements have been prepared in a condensed format as of September 30, 2021, and for the nine and three month periods ended on the same date (hereinafter - the interim consolidated financial statements). These reports should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2020, and for the year ending on the same date and the accompanying notes (hereinafter - the annual consolidated financial statements).

C. Impact of COVID-19 on the Group's operations

The COVID-19 virus (the "virus" or "COVID-19") pandemic emerged in China during Q1 2020 and then started to spread to many countries around the world, including Israel. The spread of COVID-19 has had widespread micro and macro economic effects, which, only naturally, have also materially impacted the Chain's operations. The COVID-19 restrictions included restrictions on movement, commerce and manpower being present at work-places.

The State of Israel started a two-dose immunization campaign against COVID-19 at the end of 2020. During the Reporting Period, and in wake of an additional outbreak of COVID-19, the Israeli government introduced greater restrictions, including reinstating a general mask mandate in closed spaces, including the Chain's stores, and in open spaces where over 100 people are in attendance. Similarly, restrictions were also imposed at events with many participants in attendance and cultural events under the "green standard" guidelines, and work at government offices was also cut-back to 50%. On August 11, 2021, the COVID-19 governmental committee decided to further heighten restrictions by imposing the "green standard" outline across the economy, apart from malls and shops, and to apply the "purple standard" outline in malls and shops by limiting occupancy to one person per 7 sqm. Stores which are smaller than 100 sqm were excluded and are not subject to the purple standard. The aforementioned "purple standard" restrictions have applied to the Chain's operations since August 16, 2021.

Concurrently, during the Reporting Period, the State of Israel started distributing a third dose of the vaccine (a "booster shot") - initially to the elderly and subsequently to the general population above the age of 12. As of September 30, 2021, and as of the publication date of the report, there has been a significant decline in morbidity in Israel, and the government has announced many reliefs primarily associated with mass gatherings. The "purple standard" restrictions associated with commerce, including the Chain's stores, continue to apply.

During the Reporting Period and as of the approval date of this report, COVID-19 did not have a material impact on the Company's operating results and the Chain's stores.

Notes to the Interim Consolidated Financial Statements

NOTE 1: GENERAL (Cont.)C. Impact of COVID-19 on the Group's operations (Cont.)

It should be noted that, by its very nature, the spread of COVID-19, its impact and scope are constantly changing and being assessed, and the Company has no control over it; therefore, the information, data and assessments made by the Chain and set forth in this report are based on the information available to the Company as of the approval date of the financial statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIESA. Format of the interim consolidated financial statements

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," and in accordance with the disclosure directives under Chapter D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The accounting policies implemented in preparing the interim consolidated financial statements are consistent with those implemented in preparing the annual consolidated financial statements, other than as set forth below.

B. Initial application of amendments to existing accounting standardsAdditional amendment from April 2021 to IFRS 16 - Leases

In light of the crisis ensuing the spread of COVID-19, in May 2020 the IASB published an amendment to IFRS 16: Leases (hereinafter - the 2020 Amendment). The objective of the 2020 Amendment is to enable lessees to apply a practical expedient whereby changes in lease payments resulting from the COVID-19 crisis will not be treated as lease modifications but rather as variable lease payments. Amendment 2020 only applies to lessees.

Originally, Amendment 2020 was only meant to apply to the decrease in lease payments for payments which refer to the period prior to June 30, 2021. However, the pandemic protracted beyond the anticipated period, and therefore the IASB introduced a change whereby Amendment 2020 shall apply to the decrease in lease payments for payments which refer to the period prior to June 30, 2022 (hereinafter - the 2021 Amendment). The additional criteria for the implementation of Amendment 2020 remain unchanged.

Amendment 2021 which was published in April 2021, will be applied for annual periods commencing on April 1, 2021, with earlier application permitted.

Amendment 2021 will be applied retroactively, while recognizing the cumulative impact of the implementation of Amendment 2021 as an adjustment for the opening balance for surplus payments, at the beginning of the first annual reporting period in which Amendment 2021 is implemented.

Amendment 2021 has no impact on the Company's interim consolidated financial statements for the nine and three month periods ended on September 30, 2021.

Notes to the Interim Consolidated Financial Statements

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)C. Disclosure of new IFRS standards in the period prior to their adoptionAmendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

In February 2021, the IASB published an amendment to International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors (hereinafter - the Amendment). The objective of the Amendment is to present a new definition for the term “accounting estimates”.

Accounting estimates are defined as “monetary amounts in financial statements that are subject to measurement uncertainty”. The Amendment clarifies what is categorized as an accounting estimate and how estimates are differentiated from changes in accounting policies and error restatements.

The Amendment will be implemented prospectively for annual periods commencing on January 1, 2023, and it applies to changes in accounting policies and estimates occurring from the beginning of such period. Early implementation is possible.

Amendment of IAS 12 - Taxes on income

In May 2021, the IASB published an amendment to international accounting standard 12: Taxes on income (hereinafter: “IAS 12” or the “Standard”), which reduces the application of the ‘initial recognition exemption’ for deferred taxes included in Sections 15 and 24 of IAS 12 (hereinafter: the “Amendment”).

As part of the guidelines for recognizing deferred tax assets and liabilities, IAS 12 excludes recognizing deferred tax assets and liabilities for certain temporary differences arising from initial recognition of assets and liabilities in certain transactions. This exemption is known as the ‘initial recognition exemption’. The Amendment narrows the application of the ‘initial recognition exemption’ and clarifies that it does not apply to recognizing deferred tax assets and liabilities arising from a transaction which is not a business combination and which generates equal temporary differences in credit and debit, even if they satisfy the exemption’s other conditions.

The Amendment will be applied to the annual reporting periods commencing from January 1, 2023 or thereafter. Early implementation is possible. For leasing transactions and recognizing decommissioning obligations - the Amendment will be applied from the earliest possible reporting period presented in the financial statements in which the Amendment is first implemented, while imputing the cumulative impact of the initial implementation on the opening balance of retained earnings (or another equity component, if relevant) on such date.

The Company estimates that the above amendments are not expected to have a material impact on the Company’s financial statements.

Notes to the Interim Consolidated Financial Statements**NOTE 3: DESCRIPTION OF REVENUES FROM THE COMPANY'S MAIN PRODUCT CATEGORIES**

	For the nine-month period ended		For the three-month period ended		For the year ended
	September 30		September 30		December 31
	2021	2020	2021	2020	2020
	Unaudited		Unaudited		Audited
ILS 000's					
Office and school supplies	63,991	62,337	45,395	44,192	74,262
Toys and baby products	96,583	72,980	32,136	30,416	104,193
Disposable utensils, party products and storage containers	71,107	55,692	25,389	22,692	80,340
Homeware	196,853	157,615	58,510	66,528	231,686
Other	229,037	208,458	71,610	78,648	320,859
	657,571	557,082	233,040	242,476	811,340

NOTE 4: ADDITIONAL MATERIAL EVENTS DURING AND AFTER THE REPORTING PERIODA. Amendment to contingent liabilities

- Further to that described in Note 15C to the 2020 annual consolidated financial statements, the Company submitted an external appraisal of the investee company to quantify the value of the consideration for the shares in order to determine the court fee for the legal action. A hearing before the parties was held on July 12, 2021, in which the value of the legal action and the corresponding court fee which the Company is required to pay were set. The parties have concurrently submitted preliminary requests for discovery and interrogatories. Similarly, on June 16, 2021, the Company filed a motion to amend the statement of claim and on July 14, 2021, the defendant's response was filed. The court rulings on the matter have not yet been handed down and no hearing dates have been scheduled. The Company has assessed and based on an opinion obtained from its legal counsel, that due to the early stage of the proceedings it is not yet possible to assess the prospects of the claim.
- Further to that described in Note 15D to the 2020 annual consolidated financial statements, on March 24, 2021, a preliminary hearing was conducted on the motion, whereby it was decided that the parties may submit various motions regarding the manner that the case shall continue to be conducted by. On August 11, 2021, the court granted the applicant leave to submit a motion to amend the motion to certify a class action by September 30, 2021, a deadline which was extended to October 6, 2021. On October 7, 2021, a motion to amend the motion to certify was filed and the Company is required to submit its response by November 21, 2021. The Company has assessed and based on an opinion obtained from its legal counsel, that due to the preliminary stage of the proceedings it is not possible to assess the prospects of the motion to certify a class action.
- Further to the decisions rendered by the Commissioner of Standards at the Ministry of Economy in March and April 2021, the Company has been allocated the status of an importer "in breach of trust" until May 31, 2021 (the "**Ruling**"), due to the Company not complying with the Commissioner's directives regarding certain deliveries. Pursuant to the Ruling, during the period in which the Company has the status of being "in breach of trust", merchandise directly imported by the Company and subject to standardization requirements will only conditionally be released, contingent upon the Company posting a bank guarantee with the Standards Institute for each request.

Notes to the Interim Consolidated Financial Statements

NOTE 4: ADDITIONAL MATERIAL EVENTS DURING AND AFTER THE REPORTING PERIOD
(Cont.)A. Amendment to contingent liabilities (Cont.)

The bank guarantee for each request shall be valid for a period of nine months from when provided and shall be in an amount equal to 30% of the value of the merchandise subject to standardization requirements, according to the request made to the Standards Institute. During the Reporting Period, the Company was required to provide guarantees under the Ruling for immaterial amounts. As of the date of this report, the period under which the Company has the status of being “in breach of trust” has concluded, and it is no longer required to furnish guarantees under the Ruling or any other decision. The Ruling has no impact on the Company’s financial results.

4. On April 12, 2021, the Company received a notice of a VAT assessment of inputs and transactions according to best judgment, for 2016-2020, pursuant to Section 77 of the Value Added Tax Law, 1975, for an amount totaling approximately ILS 6.6 million (the “**Assessment**”). The Assessment includes an assessment of transactions totaling approximately ILS 5.1 million attributed to the difference in the share price paid by investors and the purchase price paid for the shares by the foreign underwriter (the “**Tax Liability**”) as part of the public tender offer executed by the controlling shareholders in September 2020. The Company disagrees with the position adopted by the Israel Tax Authority and on May 23, 2021, it submitted an objection to the aforementioned transactions Assessment. The Company has assessed, and based on an opinion obtained from its advisors, that the Company has good arguments against the aforementioned demand and it has assessed that its aforementioned objection will be accepted; accordingly, no provision has been allocated for this charge.

Due to the fact that the Tax Liability relates to the purchase of shares as part of the tender offer performed by the controlling shareholders, on August 11, 2021, the Company’s audit committee and subsequently on August 15, 2021, the Company’s board of directors approved the receipt of a letter of indemnity from the Company’s controlling shareholders as a “beneficial transaction” according to Regulation 1(2) of the Companies Regulations (Reliefs for Interested Party Transactions), 2000. According to the letter of indemnification, the controlling shareholders will indemnify the Company for the Tax Liability (or any other amount which may ultimately be finally determined for this indebtedness through an objection or appeal on the objection, if any), and the associated costs incurred in such respect. Payment of the Tax Liability (if any) will be pro-rated between the Company’s controlling shareholders, according to the number of shares sold by each one of them out of the total number of shares sold under the prospectus.

Furthermore, an assessment of inputs was issued against the Company for an amount totaling approximately ILS 1.5 million. Approximately ILS 800 thousand out of such amount is undisputed and has been paid by the Company. The balance totaling approximately ILS 700 thousand is in dispute and the Company has accordingly submitted an objection; the Company has made a provision for this amount in its books.

5. On April 25, 2021, as part of an investigation being conducted on the issue of customs and import duties, representatives of the Haifa Import House attended the Company’s offices, searched its documents and questioned various officers. Another Company officer, the CEO and two employees from the import division were also subsequently questioned. Various documents were also sent at the request of the Customs Division. In light of the volume of materials sent, the Company’s legal counsel estimate that it is likely that it will take a significant amount of time to check the documents. The investigation is still ongoing as of the publication date of the reports.

Notes to the Interim Consolidated Financial Statements**NOTE 4: ADDITIONAL MATERIAL EVENTS DURING AND AFTER THE REPORTING PERIOD (Cont.)**A. Amendment to contingent liabilities (Cont.)

On May 5, 2021, the Company was served with a motion for discovery prior to filing a derivative action against the Company, whereby the applicant (who is allegedly a shareholder of the Company) requested to obtain various documents pertaining to the customs and import investigation being conducted against the Company by the Haifa Customs House and additional documents. The court ordered for the Company to file a response to the motion within 60 days (and subsequently postponed this date until October 19, 2021) and scheduled a hearing on the case to be held on January 26, 2022, in which both parties' affidavits will be cross-examined. On October 19, 2021, the Company filed its response and the applicant is required to reply within 30 days. The Company has assessed and based on an opinion obtained from its legal counsel, that in light of the preliminary stage of the motion, it is not possible to assess its prospects at this stage.

B. Declaring the distribution of a dividend to non-controlling (minority) interest holders

During the Reporting Period, dividend distributions totaling approximately ILS 17,828 thousands were announced for holders of non-controlling (minority) rights in the subsidiaries of the Company.

After the date of the report on financial position, and as of the financial statement approval date, dividend distributions totaling approximately ILS 1,252 thousands were announced for holders of non-controlling (minority) rights in the subsidiaries of the Company.

C. Dividend declared

On May 24, 2021, the Company's Board of Directors approved the distribution of a dividend totaling ILS 70 million (approximately ILS 0.49 per share), which was paid on June 10, 2021.

D. Acquisition of shares from holders of non-controlling rights (minority interests)

Further to that described in Note 18E(2) of the 2020 annual consolidated financial statements, on September 30, 2021, the Company exercised its option and acquired the minority holdings in one of the subsidiaries from minority interest holders. The consideration for the purchase totaling ILS 3,389 thousands, and was paid following the date of the report on the financial position. The difference in the amount of ILS 2,597 thousands between the amount paid and the book value of the minority rights as of the transaction execution date is imputed to the principal for transactions with holders of non-controlling rights.

E. Levy on disposable utensils

On October 19, 2021, the Customs Fees, Exemptions and Purchase Tax for Goods (Amendment no. 3), 2021 (the "**Order**") regarding purchase tax on disposable utensils was published in the Official Gazette. The Order became effective on November 1, 2021 (the "**Commencement Date**"). Under the Order, starting from the Commencement Date, purchase tax will be imposed on disposable utensils at a rate of ILS 11 per kilogram. The Order further introduces a levy on disposable utensil stock held by disposable utensil retailers for their business at a rate of ILS 11 per kilogram to be implemented as of the Commencement Date.

Notes to the Interim Consolidated Financial Statements

NOTE 4: ADDITIONAL MATERIAL EVENTS DURING AND AFTER THE REPORTING PERIOD
(Cont.)

E. Levy on disposable utensils (Cont.)

The tax will only apply to particular kinds of disposable utensils, as defined in the Order, including cups, plates, cutlery and plastic straws.

Pursuant to the Order, the Company will be subjected to tax of an immaterial amount for its existing stock of disposable utensils held on the Commencement Date. As of the publication date of the report, the Company is unable to assess the future impact the purchase tax will have on its commercial operations. The Company is studying the impact of the Order, how it is being implemented and the adjustments required to be made to its activities in order to mitigate the Order's possible impact.

- F. On November 1, 2021, Mr. Evan Charles Neumann announced the conclusion of his service as co-CEO of the Company effective as of January 31, 2022.



**CHAPTER C – FINANCIAL DATA FROM THE INTERIM CONSOLIDATED
FINANCIAL STATEMENTS ATTRIBUTED TO THE COMPANY
AS OF SEPTEMBER 30 ,2021**

Max Stock Ltd.

**Presentation of Financial Data from the Interim Consolidated Financial Statements
Attributed to the Company**

As of September 30, 2021

Unaudited

Financial Data from the Interim Consolidated Financial Statements

Attributed to the Company

As of September 30, 2021

Table of Contents

	<u>Page</u>
Special Report Pursuant to Regulation 38D	2-3
Financial Data from the Consolidated Statements of Financial Position Attributed to the Company	4
Financial Data from the Consolidated Statements of Profit or Loss and Other Comprehensive Profit Attributed to the Company	5
Financial Data from the Consolidated Statements of Cash Flows Attributed to the Company	6-7
Additional Information	8

Attn:
Shareholders of Max Stock Ltd.

Dear Madame and/or Sir,

Re: Special Report to the Review of the Standalone Interim Financial Data
in accordance with Regulation 38d of the Securities Regulations (Periodic and Immediate Reports), 1970

Introduction

We have reviewed the standalone interim financial data of Max Stock Ltd., presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970, as of September 30, 2021, and for the nine and three month periods ended on said date. The standalone interim financial data is the responsibility of the Company's board of directors and management. Our responsibility is to express a conclusion regarding the standalone interim financial data for these interim periods, based on our review.

Scope of the Review

We conducted our review in accordance with Review Standard (Israel) no. 2410 of the Institute of Certified Public Accountants in Israel, "Review of Interim Financial Information Prepared by the Entity's Auditor". A review of interim financial information includes making inquiries, particularly with the people responsible for financial and accounting matters, and performing analytical and other review procedures. A review is significantly limited in scope in comparison to an audit conducted in accordance with generally accepted accounting standards in Israel, and therefore does not allow us to reach a level of assurance that we have become aware of all material issues which may have been identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention which would lead us to believe that the aforementioned standalone interim financial data was not prepared, in all material respects, in accordance with the provisions of Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Haifa,
November 22, 2021

Kost Forer Gabbay & Kasierer
Auditors

Special Report Pursuant to Regulation 38D

Financial Data and Information from the Interim Consolidated Financial Statements

Attributed to the Company

Presented below is the standalone financial data and information attributed to the Company from the group's interim consolidated financial statements as of September 30, 2021, which are published together with the periodic reports (hereinafter - the consolidated statements), presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Financial Data from the Consolidated Statements of Financial Position Attributed to the Company

	As of September 30		As of December 31
	2021	2020	2020
	Unaudited		Audited
	ILS 000's		
<u>Current assets</u>			
Cash and cash equivalents	8,614	19,008	16,560
Short-term deposits	-	60,500	24,500
Trade receivables (customers)	44,367	43,678	51,667
Accounts receivable and credit balances	16,855	16,226 (*)	17,024
Financial derivatives	-	1,521 (*)	-
Inventory	139,129	52,679	77,450
Total current assets	208,965	193,612	187,201
<u>Non-current assets</u>			
Deferred taxes	1,553	1,027	3,365
Assets (including goodwill) less liabilities attributed to investee companies, net	54,922	56,123	74,606
Fixed assets (property, plant and equipment), net	10,784	10,822	11,063
Right-of-use assets	94,824	83,312	96,577
Total non-current assets	162,083	151,284	185,611
	371,048	344,896	372,812
<u>Current liabilities</u>			
Credit from banking corporations and others	35,763	48,667	7,417
Lease liabilities	7,033	7,705	7,563
Trade payables (liabilities to vendors, suppliers and service providers)	42,386	22,368 (*)	54,954
Accounts payable and debit balances	14,801	16,311 (*)	16,996
Financial derivatives	106	-	2,738
Total current liabilities	100,089	95,051	89,668
<u>Non-current liabilities</u>			
Long-term loans from banking corporations	6,417	13,417	11,667
Lease liabilities	93,732	80,697	94,114
Liabilities for employee termination benefits	89	228	89
Total non-current liabilities	100,238	94,342	105,870
<u>Shareholders' Equity</u>	170,721	155,503	177,274
	371,048	344,896	372,812

(*) Reclassified.

The accompanying additional information constitutes an integral part of the standalone financial data and information.

November 22, 2021			
Financial statements approval date	Zehavit Cohen Chairperson of the Board of Directors	Uri Max Director and Co-CEO	Nir Dagan CFO

Financial Data from the Consolidated Statements of Profit or Loss and Other Comprehensive Profit
Attributed to the Company

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	Unaudited		Unaudited		Audited
	ILS 000's				
Revenues from sales	371,484	404,845	119,068	107,534	514,529
Cost of goods sold	312,738	337,998	98,621	86,711	425,205
Gross Profit	58,746	66,847	20,447	20,823	89,324
Sales and marketing expenses	11,517	7,347 (*)	3,978	2,669 (*)	11,530
General and administrative expenses	30,286	18,984 (*)	9,630	7,819 (*)	29,931
Other expenses	-	4,479	-	4,479	4,611
Operating profit	16,943	36,037	6,839	5,856	43,252
Financing revenues	(657)	(2,633)	(262)	(638)	(1,108)
Financing expenses	2,926	5,027	1,423	1,548	8,051
Financing expenses for extraordinary transactions	-	13,276	-	1,446	13,276
Profits before taxes on income	14,674	20,367	5,678	3,500	23,033
Taxes on income	6,412	5,715	2,542	1,836	8,034
Profit before Company's share in profits of consolidated companies	8,262	14,652	3,136	1,664	14,999
Company's share in profits of consolidated companies	46,180	38,537	13,971	18,995	57,648
Net profit	54,442	53,189	17,107	20,659	72,647
Total other comprehensive profit (loss):					
Amounts not to be reclassified to profit or loss:					
Remeasurement of defined benefit plan	-	-	-	-	(32)
Total comprehensive profit	54,442	53,189	17,107	20,659	72,615

(*) Reclassified.

The accompanying additional information constitutes an integral part of the standalone financial data and information.

Financial Data from the Consolidated Statements of Cash Flows Attributed to the Company

	For the nine-month period ended		For the three-month period ended		For the year ended
	September 30		September 30		December 31
	2021	2020	2021	2020	2020
	Unaudited		Unaudited		Audited
ILS 000's					
<u>Cash flows from the Company's current activities</u>					
Net profit attributed to the Company	54,442	53,189	17,107	20,659	72,647
<u>Adjustments required to present cash flows deriving from the Company's operating activities:</u>					
Adjustments to the Company's profit or loss items:					
Depreciation and amortization	6,704	5,811	2,176	2,246	8,656
Financing expenses, net	4,901	17,191 (*)	872	2,946 (*)	17,481 (*)
Cost of share-based payments	11,602	-	3,900	-	2,345
Increase (decrease) in fair value of financial assets	(2,632)	(1,521) (*)	289	(590) (*)	2,738 (*)
Change in liabilities for employee benefits, net	-	-	-	-	(107)
Profits of investee companies	(46,180)	(38,537)	(13,971)	(18,995)	(57,648)
Taxes on income	6,412	5,715	2,542	1,836	8,034
	<u>(19,193)</u>	<u>(11,341)</u>	<u>(4,192)</u>	<u>(12,557)</u>	<u>(18,501)</u>
Changes in the Company's asset and liability items:					
Decrease (increase) in customers	7,300	(14,878)	11,551	2,219	(22,867)
Decrease (increase) in receivables and credit balances	169	(1,771) (*)	261	(7,764) (*)	(7,190)
Decrease (increase) in inventory	(61,679)	6,759	(7,939)	6,326	(18,012)
Increase (decrease) in suppliers and service providers	(12,568)	3,592 (*)	(20,563)	(2,329) (*)	36,178
Increase (decrease) in creditors and debit balances	<u>(3,275)</u>	<u>7,696 (*)</u>	<u>(1,106)</u>	<u>2,540 (*)</u>	<u>5,610 (*)</u>
	<u>(70,053)</u>	<u>1,398</u>	<u>(17,796)</u>	<u>992</u>	<u>(6,281)</u>
Cash paid and received by the Company during the year for:					
Dividends received from investee companies	66,456	24,449	1,106	24,449	29,520
Interest paid, net	(2,922)	(4,602)	(773)	(1,548)	(4,267)
Interest paid for extraordinary transactions	-	(13,276)	-	(2,945)	(13,276)
Taxes paid, net	<u>(6,906)</u>	<u>(4,201)</u>	<u>(992)</u>	<u>(1,017)</u>	<u>(6,171)</u>
Total adjustments required to present cash flow deriving from operating activities	<u>(32,618)</u>	<u>(7,573)</u>	<u>(22,647)</u>	<u>7,374</u>	<u>(18,976)</u>
Net cash deriving from (utilized for) the Company's operating activities	<u>21,824</u>	<u>45,616 (*)</u>	<u>(5,540)</u>	<u>28,033 (*)</u>	<u>53,671 (*)</u>

(*) Reclassified.

The accompanying additional information constitutes an integral part of the standalone financial data and information.

Financial Data from the Consolidated Statements of Cash Flows Attributed to the Company

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2021	2020	2021	2020	2020
	Unaudited		Unaudited		Audited
	ILS 000's				
<u>Cash flows from investment activities</u>					
Acquisition of fixed assets (property, plant and equipment)	(1,407)	(5,161)	(604)	(875)	(6,008)
Withdrawal (deposit) of short-term deposits	24,500	(60,500)	-	(20,500)	(24,500)
Revenues (payments) from exercising financial derivatives	(1,981)	688 (*)	(84)	49 (*)	62 (*)
Investment in investee companies	-	(7,071)	-	(3,724)	(7,071)
Loans to investee companies, net	200	1,596	200	719	1,796
Net cash deriving from the Company's investment activities (utilized for investment activities)	21,312	(70,448)	(488)	(24,331)	(35,721)
<u>Cash Flows from Financing Activities</u>					
Obtaining short-term loans from banking corporations	28,763	40,000	13,733	-	40,000
Obtaining long-term loans from banking corporations	-	8,000	-	-	8,000
Repayment of short-term loans from banking corporations	-	-	-	-	(40,000)
Repayment of long-term loans from banking corporations	(5,667)	(8,833)	(2,333)	(3,000)	(11,833)
Payments of lease liabilities	(4,178)	(2,096)	(1,273)	(1,126)	(4,326)
Dividend paid	(70,000)	-	-	-	-
Total net cash deriving from (utilized for) the Company's financing activities	(51,082)	37,071	10,127	(4,126)	(8,159)
Increase (decrease) in Company's cash and cash equivalents	(7,946)	12,239	4,099	(424)	9,791
Balance of cash and cash equivalents at beginning of the period	16,560	6,769	4,515	19,432	6,769
Balance of cash and cash equivalents at the end of the period	8,614	19,008	8,614	19,008	16,560
<u>Non-cash material activity of the Company</u>					
Recognition of a right-of-use asset against a lease liability	3,266	(285)	888	41	15,220
Investment in investee companies	3,389	-	3,389	-	-
Dividends receivable	-	4,621	-	-	-

(*) Reclassified.

The accompanying additional information constitutes an integral part of the standalone financial data and information.

Additional Information

A. General

1. General description of the Company and its operations

Max Stock Ltd. (hereinafter – the "Company") was incorporated in Israel as a private company on December 16, 2004. On November 17, 2015, the Company's name was changed to "Max Management Israel Ltd." and on March 10, 2020, its name was changed back to its current name - "Max Stock Ltd.". The Company and its subsidiaries are engaged in retail trade by operating a national chain of stores.

On September 14, 2020, the Company IPO'd its shares through a tender offer and its shares were first listed on the Tel Aviv Stock Exchange Ltd. ("TASE") on September 17, 2020.

2. This standalone financial data has been prepared in a condensed form as of September 30, 2021, for the nine and three month periods ended on the same date, in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports), 1970.

This standalone financial data should be read in conjunction with the financial data included in the Company's annual financial statements as of December 31, 2020 and for the year ending on the same date and the accompanying additional information (hereinafter - the annual consolidated financial statements).

B. Significant Accounting Policies

The accounting policies implemented in preparing this standalone financial data is consistent with the policies applied in preparing the standalone financial data as of December 31, 2020.

C. Material Events During and After the Reporting Period

Information regarding significant events has been provided in Note 4 of the consolidated financial statements as of September 30, 2021.

