



Max Stock Limited Reports First Quarter 2023 Financial Results

Comparable Sales Increased 8.6%
Gross Margin Increased 240 Basis Points to 41.4%
Net Income (attributable to shareholders) Increased 50.0% to ILS 20.9 Million
Adjusted EBITDA Increased 15.5% to ILS 36.7 Million

ISRAEL – May 23, 2023 – Max Stock Limited (TASE: MAXO) (the “Company”) today reported financial results for first quarter ended March 31, 2023.

First Quarter 2023 Summary

- Revenue increased 11.5% to ILS 279.6 million.
- Gross profit increased 18.4% to ILS 115.8 million.
- Comparable store sales increased 8.6%.
- Net income (attributable to shareholders) increased 50.0% to ILS 20.9 million.
- Adjusted EPS¹ (attributable to shareholders) increased 20.4% to ILS 0.15.
- Adjusted EBITDA² increased 15.5% to ILS 36.7 million.

Ori Max, Founder and Chief Executive Officer, stated, “We are pleased with our strong start to 2023 with top line growing 11.5% and net income (attributable to shareholders) up 50.0%. Our ongoing expansion efforts in Israel, along with our first steps to expand beyond our home country into Portugal this month, with the opening of our first max10 store in the country, offer an incredible platform for further growth as we continue to offer value and help consumers Dream Big and Pay Small.”

¹ As used throughout this release, adjusted EPS (attributable to shareholders) defined as Net Income + Share-based payment, multiplied by the portion attributable to shareholders and divided by the number of shares.

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



First Quarter 2023 Results

Revenue increased 11.5% to ILS 279.6 million in the first quarter 2023 as compared with revenue of ILS 250.9 million in the first quarter 2022. The increase in revenue was driven by an 8.6% increase in same store sales, and the addition of 3 new owned stores as well as 2 franchised stores opened over the last twelve months. First quarter 2023 same store sales benefitted from the timing of the Passover festival, higher store traffic and an increase in Purim sales. Comparable store sales increased 2.5% for the period January – April 2024 (no holiday timing impact).

Gross profit increased 18.4% to ILS 115.8 million in the first quarter 2023 from ILS 97.8 million in the first quarter 2022. Gross margin was ~41.4% as compared to ~39.0% in the prior year period. The 240-basis point improvement in gross margin year-over-year was driven primarily by a decline in global shipping costs and a decrease in logistical expenses as a result of more efficient inventory management.

Selling, general and administrative expenses increased to ILS 78.7 million in the first quarter 2023 from ILS 70.1 million in the first quarter 2022, primarily driven by increased marketing and store maintenance expenses along with depreciation of right of use assets under IFRS 16, due to the opening of new branches. Additionally, the launch of operating activities in Portugal in the first quarter increased general and administrative expenses by approximately ILS 1.0 million. Selling, general and administrative expenses as a percentage of net sales in Q1 2023 were 28.2% compared with 27.9% in Q1 2022.

Adjusted net income increased 15.4% to ILS 24.1 million.

Adjusted EPS (attributable to shareholders) increased 20.4% to ILS 0.15, in the first quarter of 2023 as compared with adjusted EPS (attributable to shareholders) of ILS 0.13 per share, in the first quarter of 2022.

Adjusted EBITDA increased 15.5% to ILS 36.7 million in the first quarter fiscal 2023 from ILS 31.8 million in the first quarter 2022.

Balance Sheet and Cash Flow Highlights

The Company's cash and cash equivalents balance at March 31, 2023 was ILS 116.9 million compared with ILS 80.5 million at December 31, 2022 and ILS 60.9 million at March 31, 2022. The Company ended the first quarter of 2023 with total debt of ILS 46.0 million compared with total debt of ILS 47.6 million at the end of fiscal 2022.

Inventories at March 31, 2023 were ILS 163.5 million, up 2.6% compared with ILS 159.4 million at December 31, 2022 and down 25.4% compared with ILS 219.1 million at March 31, 2022.



Conference Call Information

The Company will host a conference call on May 23, 2023 at 8:30 a.m. Eastern Standard Time to discuss first quarter fiscal 2023 results ([link](#)). The conference call will also be accessible at <https://ir.maxstock.co.il/en/event-en/>. There will be a slide presentation that accompanies the call. The slides will be accessible at <https://ir.maxstock.co.il/en/presentation-en/>. An archived webcast of the conference call will be available at <https://ir.maxstock.co.il/en/presentation-en/>.

About Max Stock

Max Stock is Israel's leading extreme value retailer, currently present in 59 locations throughout Israel and 1 location in Portugal that opened in May 2023. We offer a broad assortment of quality products for customers' everyday needs at affordable prices, helping customers "Dream Big, Pay Small". 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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