



Max Stock Limited Reports Second Quarter and First Half 2023 Financial Results

First Half Same Store Sales Increased 3.0%
First Half Net Income (attributable to shareholders) increased 48.4%
Second Quarter Gross Margin Increased 190 Basis Points to 41.2%
Second Quarter Net Income (attributable to shareholders) increased 46.5%

ISRAEL – August 15, 2023 – Max Stock Limited (TASE: MAXO) (the “Company”) today reported financial results for second quarter ended June 30, 2023 and first half fiscal 2023 results.

First Half 2023 Summary

- Revenue increased 5.7%.
- Comparable store sales increased 3.0%
- Net income (attributable to shareholders) increased 48.4% to ILS 37.5 million.
- Adjusted EPS¹ (attributable to shareholders) increased 14.3% to ILS 0.27.
- Adjusted EBITDA² increased 9.3% to ILS 66.9 million.

Second Quarter 2023 Summary

- Revenue was ILS 252.8 million compared to ILS 252.7 million.
- Gross profit increased 4.9% to ILS 104.0 million.
- Comparable store sales decreased 2.8%
 - Comparable store sales for the combined May-June 2023 period increased 3.9%
- Net income (attributable to shareholders) increased 46.5% to ILS 16.6 million.
- Adjusted EPS¹ (attributable to shareholders) increased 7.2% to ILS 0.11.
- Adjusted EBITDA² increased 2.6% to ILS 30.1 million.

Ori Max, Founder and Chief Executive Officer, stated, “We delivered a strong first half performance highlighted by a 3% increase in same store sales and a 48% gain in net income (attributable to shareholders). Our recent results underscore the positive consumer response to

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.



our product offering and shopping experience, our growing store footprint, and great execution by our teams.”

First Half 2023 Results

Revenue for the first half of 2023 increased 5.7% to ILS 532.4 million, compared with revenue of ILS 503.6 million in the first half of 2022. The increase in revenue over the period reflected an approximately 3% gain in same store sales, fueled by an increase in store traffic and higher seasonal sales compared with the prior year period. Revenue in the period also benefited from the addition of 4,500 net square meters and 4 franchised stores. During the LTM period, we opened 2 owned stores, closed one owned Max store and sold one owned Mini Max store to a franchisee.

Gross profit increased 11.6% to ILS 219.8 million in the first half of 2023 from ILS 197.0 million a year ago. Gross margin was ~41.3% as compared to ~39.1% in the prior year period. The 220-basis point improvement in gross margin year-over-year was driven primarily by a decrease in logistical expenses as a result of more efficient inventory management and a decline in global shipping costs.

Selling, general and administrative expenses increased to ILS 152.0 million in the first half of 2023 from ILS 144.6 million in the first half of 2022. The increase in operating expenses primarily included municipal expenses and amortization of right-of-use assets costs (IFRS 16) related to new stores, as well as ILS 3.3 million of expenses to support the start-up of the Company’s operations in Portugal; partially offset by a ILS 8.4 million decrease in stock-based-compensation. As a percentage of sales, selling, general and administrative expenses were 28.6% in H1 2023 compared with 28.7% in H1 2022.

Net income (attributable to shareholders) increased 48.4% to ILS 37.5 million.

Adjusted net income (attributable to shareholders) increased 11.8% to ILS 36.9 million.

Adjusted EPS¹(attributable to shareholders) increased 14.3% to ILS 0.27 in the first half of 2023 as compared with adjusted EPS¹(attributable to shareholders) of ILS 0.23 per share, in the first half of 2022.

Adjusted EBITDA² increased 9.3% to ILS 66.9 million in the first half 2023 from ILS 61.2 million in the first half of 2022. The Company’s joint venture in Portugal negatively contributed ILS 2.6 million to Adjusted EBITDA² in the first half 2023.

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Second Quarter 2023 Results

Revenue was ILS 252.8 million in the second quarter 2023 as compared with revenue of ILS 252.7 million in the second quarter 2022. Revenue in the second quarter of this year was adversely impacted by the timing of the Passover festival, which primarily affected March demand and contributed to the 2.8% decline in sale store sales. Same store sales growth for the combined May-June 2023 period, that had no impact from the timing of holidays, was 3.9%.

Gross profit increased 4.9% to ILS 104.0 million in the second quarter 2023 from ILS 99.2 million in the second quarter 2022. Gross margin was ~41.2% as compared to ~39.3% in the prior year period. The 190-basis point improvement in gross margin year-over-year was driven primarily by a decrease in logistical expenses as a result of more efficient inventory management and by a decline in global shipping costs.

Selling, general and administrative expenses decreased to ILS 73.3 million in the second quarter 2023 from ILS 74.5 million in the second quarter 2022. As a percentage of sales, selling, general and administrative expenses were 29.0% in Q2 2023 compared with 29.5% in Q2 2022. The decrease in selling, general and administrative expenses primarily reflected a ILS 4.5 million decline in stock-based-compensation; partially offset by an increase in municipal expenses and amortization of right-of-use assets costs (IFRS 16) related to new stores, and by ILS 1.7 million expenses to support the start-up of the Company's operations in Portugal.

Net income (attributable to shareholders) increased 46.5% to ILS 16.6 million.

Adjusted net income (attributable to shareholders) increased 4.9% to ILS 15.9 million.

Adjusted EPS¹(attributable to shareholders) increased 7.2% to ILS 0.11, in the second quarter of 2023 as compared with adjusted EPS¹(attributable to shareholders) of ILS 0.11 per share, in the second quarter of 2022.

Adjusted EBITDA² increased 2.6% to ILS 30.1 million in the second quarter fiscal 2023 from ILS 29.3 million in the second quarter 2022. The Company's joint venture in Portugal negatively contributed ILS 1.7 million to Adjusted EBITDA² in the second quarter of 2023.

Balance Sheet and Cash Flow Highlights

The Company's cash and cash equivalents balance at June 30, 2023 was ILS 65.2 million compared with ILS 80.5 million at December 31, 2022 and ILS 83.8 million at June 30, 2022. The Company ended the second quarter of 2023 with total debt of ILS 34.4 million compared with total debt of ILS 47.6 million at the end of fiscal 2022.

Inventories at June 30, 2023 were ILS 156.3 million, down 1.9% compared with ILS 159.4 million at December 31, 2022 and down 17.9% compared with ILS 190.3 million at June 30, 2022.

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Conference Call Information

The Company will host a conference call on August 15, 2023 at 8:00 a.m. Eastern Standard Time to discuss second 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 2 locations in Portugal that opened in 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.

Company Contacts:

Talia Sessler,
Chief Corporate Development and IR Officer
talia@maxstock.co.il

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