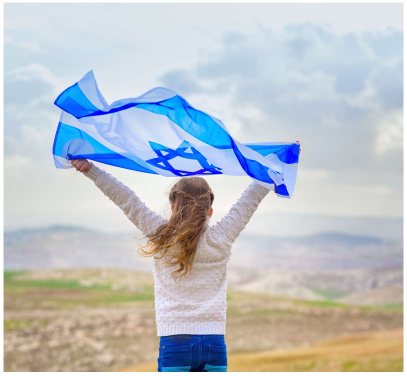
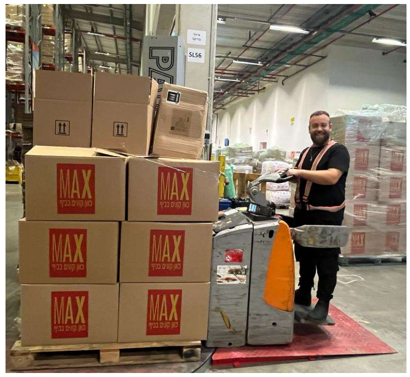




MAX STOCK LTD.

1-9/2023 FINANCIAL REPORTS

MAX STOCK HIGHLIGHTS

FIRST NINE MONTHS OF 2023

847M₪
Revenue

60M₪
Dividend paid

6.2%
% Increase in revenue

38%
Increase in EPS attributable to shareholders

2.4%
Same Store Sales

60
Branches throughout Israel (**)

112M₪
Adjusted EBITDA (*)

2
Branches in Portugal (**)

69.5M₪
Net profit

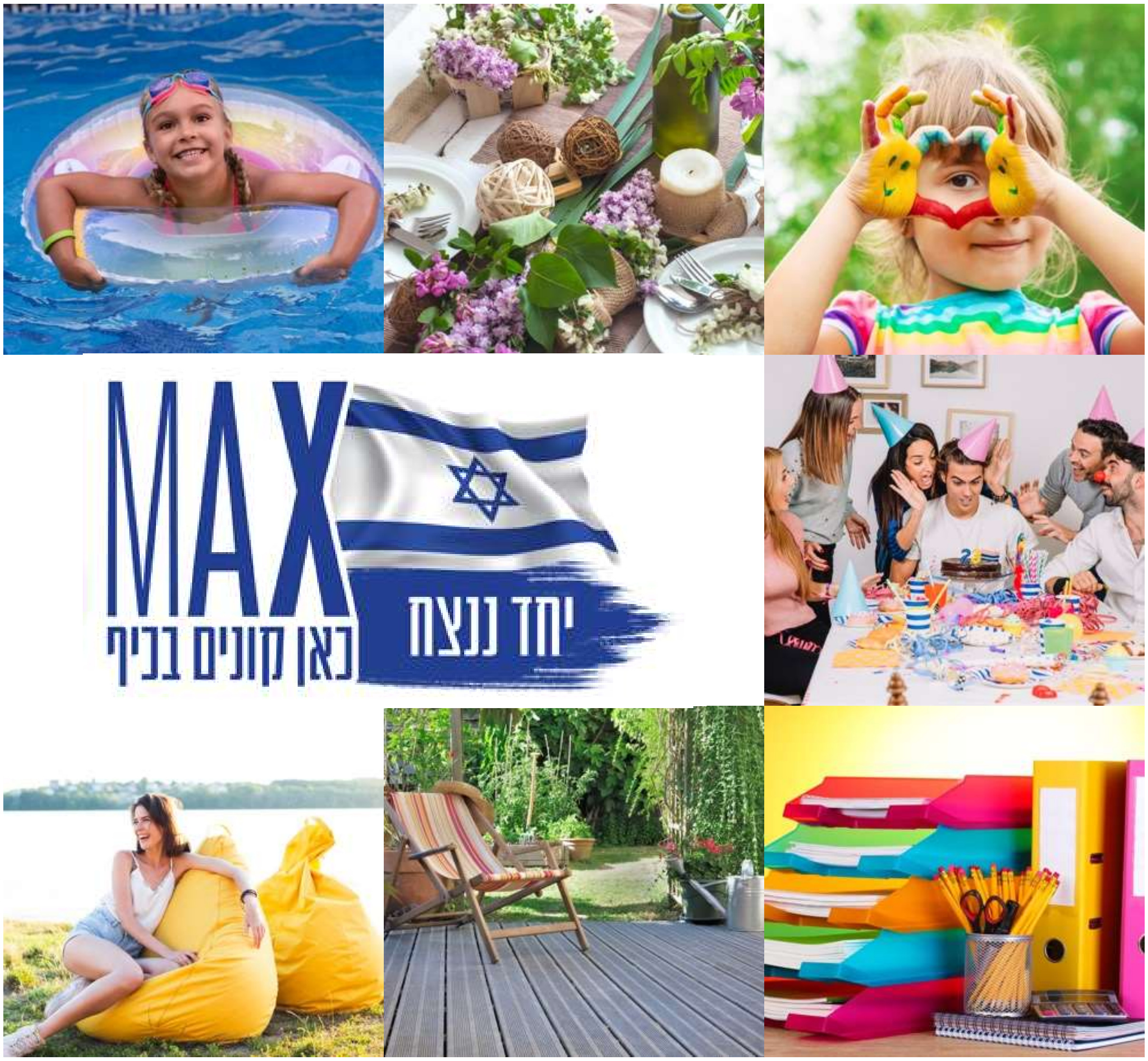
59.8K
NET OWNED SqM in Israel (**)

0.44₪
EPS attributable to shareholders

2.5K
NET OWNED SqM in Portugal (**)

(*) Pre IFRS-16 and stock-based compensation

(**) AS OF SEPTEMBER 30, 2023



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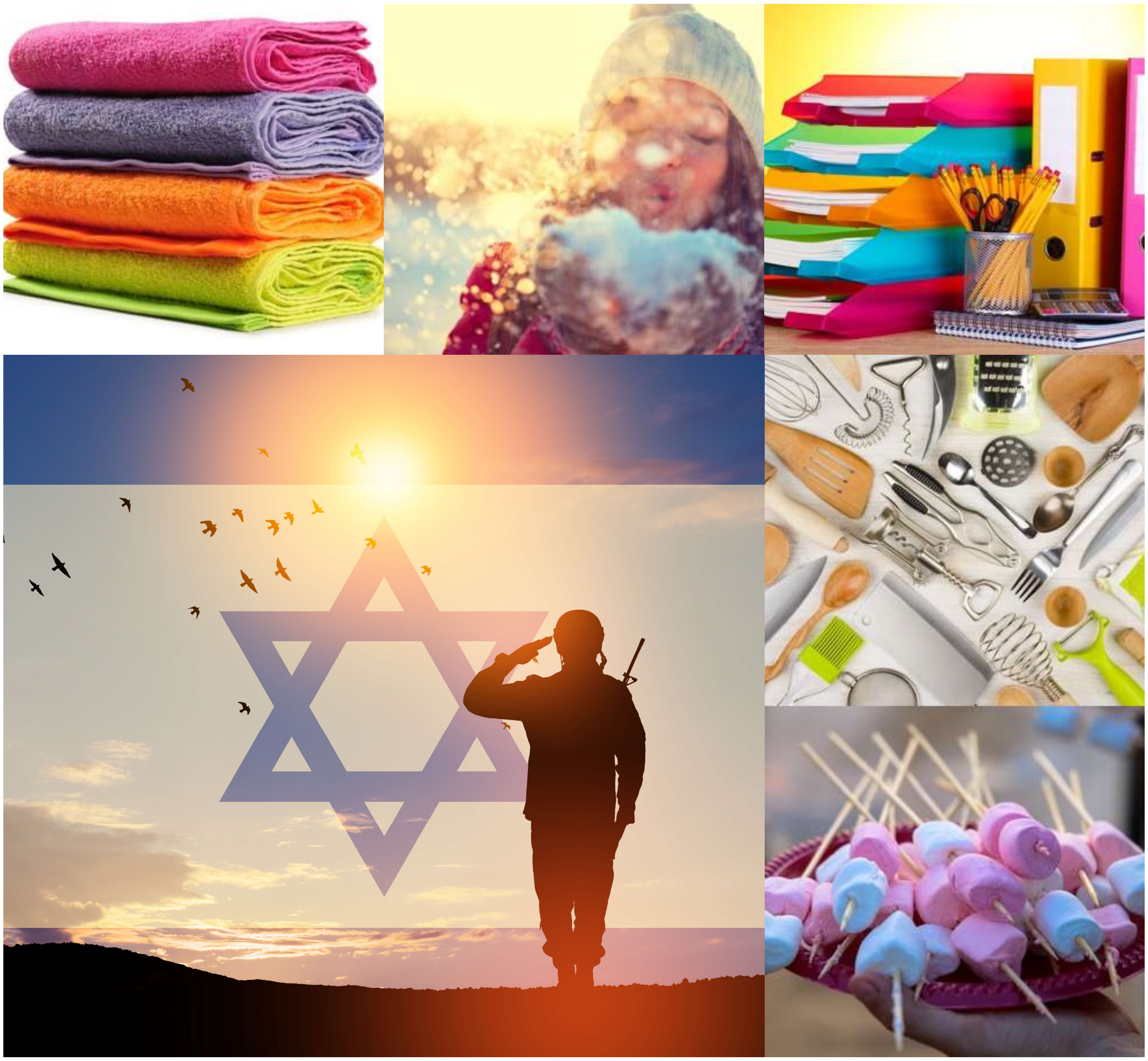

Chapter A

UPDATES TO DESCRIPITION OF COMPANY'S BUSINESS AFFAIRS

Changes and innovations in the Company's business affairs during and subsequent to the Reported Period 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 "Mini Max", which are operated by the Company through subsidiaries and franchises.

"**Financial Report**" - the Company's consolidated financial report as of September 30, 2023.

"**Periodic Report**" - the Company's 2022 annual report, published on March 20, 2023 (Ref. No: 2023-01-024388).

1. **Update of Section 1.3 of the Periodic Report - Company's activities and a description of the development of its business affairs**

   Update of Section 1.3.1 - General

   1.1. The Chain had 60 branches in total as of the date of the report. Owned stores were opened in the reported period in Mishor Adumim, Gush Etzion and Beerot Itzhak, while franchised stores were opened in Tel Aviv and Akko. Additionally, the Chain's store on Yad Charutzim street in Talpiot closed and an owned store in Kiriat Atta was sold to a franchisee. The Chain has 62 branches subsequent to the date of the report and as of its publication date due to the fact that an owned store was opened in Bat Yam and a franchised store was opened in Jerusalem (Pisgat Zeev).

   1.2. In May 2023, the Company opened its first store in Portugal with a gross area of approximately 2,200 sqm in the city of Braga, Portugal.

   In June 2023, the Company opened its second store in Portugal with a gross area of approximately 720 sqm in the city of Porto, Portugal.

   Subsequent to the date of the report, in November 2023, the Company opened its third store in Portugal with a gross area of approximately 1,000 sqm in the city of Matosinhos, Portugal.

   The chain in Portugal is called "Max 10" and offers its customers a range of products priced at up to EUR 10 per item, in a wide range of divisions which also exist in the chain in Israel, including office equipment, homeware, toys, arts and crafts, beauty and pharmaceuticals, cleaning and more.

2. **Update to Section 1.6 of the Periodic Report - Distribution of dividends**

Further to the Company's immediate report dated March 20, 2023, regarding the approval of a distribution of dividends (Ref. No: 2023-01-024298), on April 3, 2023, the Company paid a dividend totaling ILS 60 million.

3. **<u>Update to Section 1.8.10 of the Periodic Report - Changes in the security and political situation in Israel</u>**

3.1. For a description of the impact of the "Swords of Iron" war on the Company's operations see Note 1C to the Financial Report.

3.2. Since January 2023 the Israeli government started pursuing legislation with the objective of reforming the Israeli judicial system. This resulted in a wave of protests by the Israeli public, including warnings by economic experts regarding the Israeli economy being adversely impacted and investor "flight". Amendment No. 3 to the Basic Law: The Judiciary was approved on July 26, 2023, as a first step in the legal reform being pursued by the Israeli government, whereby the Supreme Court's authority to exercise judicial review of governmental decisions was limited (revocation of "grounds of reasonableness"). No additional legislation has advanced as of the publication date of the report, and due to the outbreak of the war it is unknown if and when the legislation under the judicial reform will be renewed. As of the date of the report, the judicial reform and the enacted legislation has had no impact on the Company's operations and/or its results. Notwithstanding, among other things, due to the outbreak of the war and the uncertainty regarding the continuation of the legislation, the Company is unable to assess the impact of the continuation of the legislation on the Israeli economy in general and specifically on the Company's operations and results.

4. **<u>Update to Section 1.19 of the Periodic Report - Property, plant and equipment</u>**

For details about the Company's engagement in an agreement for the construction and lease of a consolidated logistics center in Kibbutz Shomria, see the Company's immediate report dated November 29, 2023 (Ref. No: 2023-01-108526), included in this report by way of reference.

5. **<u>Update of Section 1.21 of the Periodic Report - Human capital</u>**

<u>Update of Section 1.21.4 - Material changes to the Company's senior management personnel and its officers</u>

5.1. In April 2023, Mr. Oz Corsia, Senior VP Supply Chain, gave notice that he will conclude his role at the Company on June 30, 2023. Mr. Eliezer (Elik) Kaplan, who has taken over Mr. Corsia's position, started working at the Company on May 1, 2023, and was appointed VP Supply Chain as of July 1, 2023.

5.2. On June 1, 2023, Mr. Shahar Kanizo was appointed to serve as the Company's VP Trade, reporting to the Company's CEO.

6. Update of Section 1.27 of the Periodic Report - Material agreements

Update of Section 1.27.3 - Changes to the management agreement with Mr. Ori Max, controlling shareholder and CEO of the Company

On September 19, 2023, the Company's general meeting approved amending the management agreement between the Company and Mr. Max for the services provided by him for a three (3) year period commencing as of October 1, 2023, as follows:

a) Monthly management fee linked to the CPI - Mr. Max shall be entitled to monthly compensation totaling ILS 200,000 which shall be linked to the CPI as of October 1, 2023 (the "**updated management fee**").[1]

b) Quantitative target (annual bonus) - *In lieu* of the **EBITDA** KPI previously set to determine Mr. Max's entitlement to an annual bonus prior to the amendment, it was established that the quantitative target on which Mr. Max's entitlement to an annual bonus will be determined will be amended to meeting **annual net profit targets**, as follows:

   i. For an annual net profit of ILS 70-80 million - A bonus based on 4X the updated management fees;

   ii. For an annual net profit of ILS 80-100 million - A bonus based on 8X the updated management fees;

   iii. For an annual net profit exceeding ILS 100 million - A bonus based on 12X the updated management fees.

[1] It should be noted that until the amendment of the agreement, Mr. Max was entitled to the same monthly management fee totaling ILS 200 thousands, however, the management fee was not linked to the CPI.

Chapter B

BOARD OF DIRECTORS' REPORT ON THE STATE OF THE COMPANY'S AFFAIRS FOR THE NINE MONTHS PERIOD ENDING ON SEPTEMBER 30, 2023

Max Stock Ltd.

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

For the nine and three month periods ended September 30, 2023

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 and three month periods ended on September 30, 2023 (the "**reported 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, 2022 (the "**annual board report**"), published on March 20, 2023, together with the Company's 2022 periodic report (Ref. No: 2023-01-024388) (the "**periodic report**").

Board's explanations about the state of the Company's business affairs

1. Description of the Company's business affairs

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 its name was changed back to its current name - "Max Stock Ltd." on March 10, 2020.

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 "Mini Max" which offers a range of household products at attractive prices. As of the publication date of the report, the Company operates 62 branches throughout Israel, from Kiriat Shmona to Eilat, which are mostly operated by subsidiaries and partially through franchises (the "**Max Chain**" or the "**Chain**"), as well as 3 owned stores in Portugal.

1.3 For more information regarding the Company's activities and a description of the development of its business affairs, see Section 1.3 of the periodic report.

2. Description of the commercial environment and the Company's commercial trends

2.1 In the first nine months of 2023, the Company continued implementing its growth strategy including the opening of three new branches operated by subsidiaries in the cities of Mishor Adumim, Gush Etzion and Be'erot Itzhak, along with the opening of two other branches operating as franchises in Tel Aviv and Akko. Additionally, the Company closed an owned branch in Jerusalem and it sold an owned "Mini Max" store in Kiriat Atta to a franchisee. Subsequent to the date of the report, in November 2023, the Company opened two new branches - An owned branch in Bat Yam and a franchised branch in Jerusalem.

The Company concurrently continued to develop the operation of a Max Stock chain in Portugal. The Company opened its first branch in Braga in northern Portugal in May 2023 and it opened a second branch in the city of Porto in June 2023 (subsequent to the date of the report, in November 2023, the Company opened a third branch in the city of Matosinhos). The impact of these activities on adjusted EBITDA[1] in the first nine months of 2023 was a loss of approximately ILS 3.7 million, primarily arising from salary expenses and professional and marketing services to launch the operations.

2.2 In Q3 2023, the Company's sales turnover increased by approximately 7.1% relative to the same period YoY. This increase is attributable to the opening of new branches and an increase of approximately 1.5% in SSS[2]. The increase is primarily due to an increase in the number of customers visiting the branches and an increase in seasonal sales relative to the same period YoY.

2.3 In the first nine months of 2023, the Company's sales turnover increased by approximately 6.2% relative to the same period YoY. The growth in revenues is due to an increase in SSS of approximately 2.4%, and from the opening of new branches. The increase in sales is primarily due to an increase in the number of customers visiting the branches and an increase in seasonal sales relative to the same period YoY.

1 Adjusted EBITDA - EBITDA while offsetting the impact of Standard 16 and expenses for share-based payments recognized during the reported period. For additional details, see Section 7 below.

2 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 the previous year.For additional details see Section 7.1 below.

2.4 Impact of the “Swords of Iron” war on the Company’s operations

The “Swords of Iron” war broke out in the State of Israel on October 7, 2023 (the “war”) following a surprise attack by the Hamas terror organization from Gaza against settlements in the western Negev. Hostilities of a lesser magnitude subsequently also broke out by the country’s northern border. As of the publication date of the report, the war has had a material impact on the entire economy, *inter alia*, due to the temporary shutdown of businesses primarily in areas in proximity to the fighting, across the broad call-up of military reserves, evacuation of residents from settlements in proximity to the fighting and partial interruptions of the education system.

The Company’s stores were closed at the outbreak of the war, and as of October 9, 2023, and over the duration of approximately two weeks, the stores gradually reopened with a reduced scope of operations. From the end of October 2023 and as of the date of this report, 60 out of the Company’s 62 stores in Israel are fully open and operating as usual, and two of the Company’s branches remain closed (a branch owned by the Company in Sderot and the Company’s branch in Kiriat Shmona, operated by a franchisee), as a result of the foregoing. Due to the fact that the Company primarily focuses on basic products required throughout the year, including emergency periods, and in light of the fact that the Company sells a diverse and changing range of products at attractive prices, the Company assesses at this stage, based on the information available to it, as of the approval date of the financial statements, and in light of the operating metrics (KPIs) examined by the Company and it meeting its cash-flow targets, that the war has not had a material impact on the Company’s operating activities. Additionally, as of the publication date of the report, the Company’s manpower has not materially changed to how it stood prior to the war, and no material supply chain issues were experienced and the Company does not foresee material changes with the opening dates of future stores it has signed.

A protraction of the war is liable to have additional broad implications on many different sectors and geographical areas in the country. Furthermore, the potential volatility with the prices of goods, currency exchange rates, availability of materials, manpower, local services and access to local resources may impact entities primarily operating with or in Israel.

It should be noted that the Company is unable to reliably assess the scope of the future impact of the war on the Company’s operating activities (other than the implications described above), among other things, in light of the sharp volatility experienced by the markets, the uncertainty regarding the duration of the fighting, its severity, the implications of the war on the Company's operating segments and additional measures which may be taken by the government. The Company's board of directors and management are continuing to closely monitor the Company's performance during the war, including scope of sales, the Company's ability to satisfy its liabilities upon maturity, manpower and reserve military call-ups, and to make the necessary adjustments.

The Company's assessments regarding the possible implications and impacts of the war, as described above, on the Company's operations, businesses and results, fall within the definition of forward-looking information, as defined in the Israel Securities Law, 1968. Among other things, these assessments are based on the information held by the Company as of the publication date of the report. There is therefore no certainty that these assessments, in whole or in part, will indeed actualize, and they may be different, including materially different to how it has been forecasted as said, as a result of various factors including the implications of the war and the uncertainty prevailing with respect to its characteristics and duration, the state of the economy and as a result of the effects of the Company's risk factors as described in Section 1.31 of Part A of the Periodic Report.

2.5 There was an approximately 2.1% decrease in SSS from July 1, 2023, until October 31, 2023, a period including the impact of the Jewish New Year festival period compared with the same period last year. The decline primarily reflects the temporary closing of the Chain's branches during the onset of the war and them operating with reduced hours throughout the rest of the month of October. The Chain returned to regular operating hours in November.

Presented below is a table summarizing the change in SSS (unreviewed and unaudited figures) compared with the same period YoY:

	For the three-month period ended September 30, 2023	**For the nine-month period ended September 30, 2023**	**For the four-month period ended October 31, 2023**	**For the ten-month period ended October 31, 2023**
Compared with the parallel period in 2022	1.5%	2.4%	(2.1%)	1%

For additional details about the Company's financial and operating metrics for the three and nine-month periods ending on September 30, 2023, see Section 7 below.

2.6 Impact of inflation and increased interest rates on the Company's activities

The Company has examined the impact of the Bank of Israel increasing the prime interest rate and the increased consumer price index due to both global and local inflation on its liabilities and financial results. The Company has liabilities to banking corporations which are linked to the prime interest rate totaling approximately ILS 31,082 thousands as of September 30, 2023, and it pays rent for its store branches, logistic centers and headquarters which are generally linked to the consumer price index. Over the first nine months of 2023, the Company made early repayment of loans from banking corporations in an amount totaling approximately ILS 8,913 thousands as part of measures taken to reduce the impact of the increased interest rates. The Company has examined the impact of the increased prime interest rate and consumer price index and has found that these did not have a material impact on the Company's results.

For more information about the impact of inflation and increased interest rates on the Company's activities, see Section 1.8.2 of Chapter A of the periodic report.

The possible impact the increased prime interest rate and consumer price index may have on the Chain's operations, as described above, constitutes "forward-looking information," as defined in the Securities Law, 1968, the realization of which is uncertain and subject to factors beyond the Company's control. This information is primarily based on information existing on the publication date of this report as well as on assessments made by the Company which are, inter alia, based on the market experience garnered by the Company's management (including in environments entailing an economic crisis).

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.

2.7 Impact of the increased minimum wage on the Company's operating activities

The minimum wage in Israel changed effective as of April 1, 2023. The Company examined the impact of the increased minimum wage on its results and found that this increase did not have a material impact on the Company's operating results. For more information about the impact of the increased minimum wage on the Company's activities, see Section 1.8.8 of Chapter A of the periodic report.

2.8 Changes in the security and political situation in Israel

For more information about the impact of the legal reform on the Company's activities, see Section 3.2 of Chapter A (Update to the description of the Company's business affairs) attached to this report.

3. Material events during and after the reported period

3.1 On February 8, 2023, Moose Holdco Ltd. and Ori Max Ltd. entered into a new shareholders' agreement in place of the shareholders' agreement dated September 10, 2020. Moose Holdco also unilaterally informed the Company that it waives half of the management fees it is entitled to under the management agreement and clarified to the Company that its unilateral waiver of management fees was, among other things, made in light of the scope of management services provided by it as of the date of the report. The change was effective as of January 1, 2023 For more information see the immediate report published by the Company on February 9, 2023 (Ref. No: 2023-01-013354).

3.2 Company's Directors

3.2.1 Adv. Guy Gissin was appointed to serve as one of the Company's directors on March 13, 2023. For more information see the immediate report published by the Company on March 13, 2023 (Ref. No: 2023-01-026694).

3.2.2 Mr. Shay Aba resigned from serving as one of the Company's directors on May 4, 2023. Mr. Aba ended his role on May 31, 2023. For more information see the immediate report published by the Company on May 7, 2023 (Ref. No: 2023-01-048510).

3.2.3 Mr. Erez Nahum was appointed to serve as one of the Company's directors on June 13, 2023. For more information see the immediate reports published by the Company on June 13, 2023 (Ref. No: 2023-01-055321, 2023-01-055324).

3.3 For more information regarding material changes to the Company's senior management personnel and its officers, see Section 5 of Chapter A (Update to the description of the Company's business affairs) attached to this report.

3.4 Distributions of dividends to minority shareholders - see Note 4B to the Company's interim consolidated financial statements as of September 30, 2023 (the "**consolidated financial statements**").

3.5 Distribution of dividends - on March 19, 2023, the Company's board of directors approved the distribution of a dividend totaling ILS 60,000 thousands (approximately ILS 0.43 per share), which was paid on April 3, 2023.

3.6 Payments to relatives of interested parties employed by the Company - see Note 4F to the consolidated financial statements.

3.7 Amendment of management fee agreement with a controlling shareholder company - see Note 4G to the consolidated financial statements.

3.8 On November 29, 2023, the Company entered into an agreement for the construction and lease of a logistics center in southern Israel which shall serve as a consolidated logistics center for the Company's operations. For more information see the Company's immediate report dated November 29, 2023 (Ref. No: 2023-01-108526).

For more information about material events following the date of the report of financial position, see Note 4 to the consolidated financial statements.

4. Financial Position

	As of September 30		As of December 31
	2023	2022	2022
	ILS 000's		
Trade receivables (customers)	91,117	81,895	81,790
Inventory	148,573	166,835	159,354
Other current assets	137,627	102,107	99,890
Non-current assets	840,837	669,624	654,289
Total Assets	**1,218,154**	**1,020,461**	**995,323**
Trade payables (liabilities to vendors, suppliers and service providers)	153,696	111,056	97,009
Other current liabilities	110,612	115,852	114,350
Non-current liabilities	743,825	584,471	569,726
Total shareholders' equity	210,021	209,082	214,238
Total Liabilities and Equity	**1,218,154**	**1,020,461**	**995,323**

Assets

4.1 Trade receivables (customers) – The balance of trade receivables as of September 30, 2023, totaled approximately ILS 91,117 thousands, compared with approximately ILS 81,790 thousands as of December 31, 2022. The increase is attributable to an increase in the scope of the Company's activities.

4.2 Inventory – The balance of inventory as of September 30, 2023, totaled approximately ILS 148,573 thousands, compared with approximately ILS 159,354 thousands as of December 31, 2022.

4.3 Other current assets – The balance of other current assets as of September 30, 2023, totaled approximately ILS 137,627 thousands, compared with approximately ILS 99,890 thousands as of December 31, 2022. The increase is primarily attributable to the cash and cash equivalents line item and is attributable to the Company's operating activities.

4.4 Non-current assets – The balance of non-current assets as of September 30, 2023, totaled approximately ILS 840,837 thousands, compared with approximately ILS 654,289 thousands as of December 31, 2022. The increase is primarily attributable to right-of-use assets for leasing new branches and investments in fixed assets (property, plant and equipment), mainly in the Chain's new branches.

Liabilities

4.5 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, 2023, totaled approximately ILS 153,696 thousands, compared with approximately ILS 97,009 thousands as of December 31, 2022. The increase is primarily attributable to the increase in the scale of the Company's operations and from a change in the terms of payment to suppliers.

4.6 Other current liabilities – The balance of other current liabilities as of September 30, 2023, totaled approximately ILS 110,612 thousands, compared with approximately ILS 114,350 thousands as of December 31, 2022. The decline is attributable to the repayment of credit from banking corporations due to the early repayment of loans totaling approximately ILS 8,913 thousands in the first nine months of 2023.

4.7 Non-current liabilities – The balance of non-current liabilities as of September 30, 2023, totaled approximately ILS 743,825 thousands, compared with approximately ILS 569,726 thousands as of December 31, 2022. The increase is primarily attributable to an increase in lease liabilities recognized in the first nine months of 2023.

Equity

4.8 The shareholders' equity as of September 30, 2023, totaled approximately ILS 210,021 thousands, compared with approximately ILS 214,238 thousands as of December 31, 2022. The decrease is primarily attributable to the distribution of dividends to the Company's shareholders totaling ILS 60,000 thousands, and the distribution of dividends to minority shareholders totaling approximately ILS 13,074 thousands, which was mainly offset by an increase totaling approximately ILS 69,509 thousands, attributable to the Company's profits in the period.

5. Operating Results

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

	For the three-month period ended September 30			
	2023	% Turnover	2022	% Turnover
Revenues from sales	314,500		293,523	
Cost of goods sold	182,655		175,812	
Gross profit	**131,845**	*41.9%*	**117,711**	*40.1%*
Sales and marketing expenses	74,297		66,495	
General and administrative expenses	13,360		13,666	
Other income	-		-	
Other expenses	-		358	
Operating profit	**44,188**	*14.1%*	**37,192**	*12.7%*
Financing revenues	(636)		(133)	
Financing expenses	8,719		4,914	
Profit before taxes on income	**36,105**	*11.5%*	**32,411**	*11%*
Taxes on income	9,025		8,393	
Net profit	**27,080**	*8.6%*	**24,018**	*8.2%*
Net profit attributable to:				
Shareholders of the Company	23,115		19,600	
Minority interests	3,965		4,418	
	27,080		**24,018**	
Adjustments:				
Share-based payments	118		3,367	
Adjusted net profit	**27,198**	*8.6%*	**27,385**	*9.3%*
Adjusted net profit attributable to:				
Shareholders of the Company	23,233		22,967	
Minority interests	3,965		4,418	
	27,198		**27,385**	

5.1.1 Revenues

The Company's revenues in Q3 2023 totaled approximately ILS 314,500 thousands, compared with approximately ILS 293,523 thousands in the same period last year, an increase of approximately 7.1%. This increase is attributable to the opening of new branches and an increase of approximately 1.5% in SSS. The increase in SSS is due to an increase in the number of customers visiting the branches and an increase in seasonal sales relative to the same period YoY.

5.1.2 Gross profit

The gross profit rate in Q3 2023 was approximately 41.9% of sales turnover, compared with approximately 40.1% in the same period last year. The gross profit in Q3 2023 totaled approximately ILS 131,845 thousands, compared with approximately ILS 117,711 thousands in the same period last year, an increase of approximately 12%. The increase in gross profitability in Q3 2023 relative to the gross profitability in the same quarter YoY is attributable to a decline in international freight prices along with an improvement in inventory management and a decrease in storage utilizations.

5.1.3 Sales and marketing expenses

Sales and marketing expenses in Q3 2023 totaled approximately ILS 74,297 thousands, approximately 23.6% of sales turnover, compared with approximately ILS 66,495 thousands in the same period last year, approximately 22.7% of the sales turnover. In Q3 2023 there was an increase in electricity expenses, amortization of right-of-use assets and Arnona [municipality tax] expenses at the new branches, and the Company also incurred sales and marketing expenses as part of the launch of operations in Portugal totaling approximately ILS 1,516 thousands primarily comprising salary and marketing expenses.

5.1.4 General and administrative expenses

General and administrative expenses in Q3 2023 totaled approximately ILS 13,360 thousands, approximately 4.2% of sales turnover, compared with approximately ILS 13,666 thousands in the same period last year, approximately 4.7% of the sales turnover. The decline is primarily attributable to salary expenses for share based payments in the same period YoY which was partially offset by general and administrative expenses totaling approximately ILS 698 thousands resulting from the launch of operations in Portugal.

5.1.5 Financing revenues

In Q3 2023, financing revenues totaled approximately ILS 636 thousands, compared with financing revenues totaling approximately ILS 133 thousands in the same period YoY. The financing revenues derive from a profit from USD hedging transactions and from interest earned on deposits.

5.1.6 Financing expenses

Financing expenses in Q3 2023 totaled approximately ILS 8,719 thousands, compared with financing expenses of approximately ILS 4,914 thousands in the same period YoY. The increase in financing expenses primarily results from an increase in lease liabilities (due to new premises and increasing the liabilities for existing premises) and for expenses incurred due to currency differentials.

5.1.7 Net profit

The net profit in Q3 2023 totaled approximately ILS 27,080 thousands, approximately 8.6% of sales turnover, compared with a net profit of approximately ILS 24,018 thousands, approximately 8.2% of sales turnover, in the same quarter YoY. The increase in net profitability is attributable to an increase in gross profit and a decrease in general and administrative expenses as stated above.

5.1.8 Adjusted net profit

The adjusted net profit in Q3 2023 totaled approximately ILS 27,198 thousands, approximately 8.6% of sales turnover, compared with an adjusted net profit of approximately ILS 27,385 thousands, approximately 9.3% of sales turnover, in the same quarter YoY.

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

	For the nine-month period ended September 30				For the year ended December 31	
	2023	% turnover	2022	% turnover	2022	% turnover
Revenues from sales	846,889		797,107		1,048,801	
Cost of goods sold	495,200		482,387		630,491	
Gross profit	**351,689**	*41.5%*	**314,720**	*39.5%*	**418,310**	*39.9%*
Sales and marketing expenses	202,295		185,174		246,084	
General and administrative expenses	37,399		39,586		49,865	
Other income	(148)		(283)		(1,585)	
Other expenses	338		478		500	
Operating profit	**111,805**	*13.2%*	**89,765**	*11.3%*	**123,446**	*11.8%*
Financing revenues	(2,687)		(3,039)		(2,664)	
Financing expenses	22,164		16,879		21,471	
Profit before taxes on income	**92,328**	*10.9%*	**75,925**	*9.5%*	**104,639**	*10%*
Taxes on income	22,819		20,434		26,922	
Net profit	**69,509**	*8.2%*	**55,491**	*7%*	**77,717**	*7.4%*
Remeasurement of defined benefit plan	-		-		240	
Translating financial statements from operating currency to presentation currency	(105)		-		7	
Total comprehensive profit	**69,404**	*8.2%*	**55,491**	*7%*	**77,964**	*7.4%*
Net profit attributable to:						
Shareholders of the Company	60,639		44,895		64,163	
Minority interests	8,870		10,596		13,554	
	69,509		**55,491**		**77,717**	
Adjustments:						
Share-based payments	(547)		11,069		11,339	
Adjusted net profit	**68,962**	*8.1%*	**66,560**	*8.4%*	**89,056**	*8.5%*
Adjusted net profit attributable to:						
Shareholders of the Company	60,092		55,964		75,502	
Minority interests	8,870		10,596		13,554	
	68,962		**66,560**		**89,056**	

5.2.1 Revenues

The Company's revenues in the first nine months of 2023 totaled approximately ILS 846,889 thousands, compared with approximately ILS 797,107 thousands in the same period last year, an increase of approximately 6.2%. The increase in sales turnover is attributable to an increase of approximately 2.4% in SSS and from the opening of new branches. The increase in SSS is due to an increase in the number of customers visiting the branches and an increase in seasonal sales relative to the same period YoY.

5.2.2 Gross profit

The gross profit rate in the first nine months of 2023 was approximately 41.5% of sales turnover, compared with approximately 39.5% in the same period last year. The gross profit in the first nine months of 2023 totaled approximately ILS 351,689 thousands, compared with approximately ILS 314,720 thousands in the same period last year. In the first nine months of 2023, there was an increase of approximately 11.7% in gross profit which is attributable to an increase in the scope of the Company's activities. The increase in gross profitability in the first nine months of 2023 relative to the gross profitability in the same period YoY is attributable to a decline in international freight prices along with an improvement in inventory management and a decrease in storage utilizations.

5.2.3 Sales and marketing expenses

Sales and marketing expenses in the first nine months of 2023 totaled approximately ILS 202,295 thousands, approximately 23.9% of sales turnover, compared with approximately ILS 185,174 thousands in the same period last year, approximately 23.2% of the sales turnover. The increase in expenses is primarily due to an increase in the amortization of right-of-use assets, electricity and Arnona expenses arising from opening new branches, and sales and marketing expenses incurred in launching activities in Portugal totaling approximately ILS 3,290 thousands which primarily included sales, amortization of right-of-use assets, advertising and marketing expenses.

5.2.4 General and administrative expenses

General and administrative expenses in the first nine months of 2023 totaled approximately ILS 37,399 thousands, approximately 4.4% of sales turnover, compared with approximately ILS 39,586 thousands in the same period last year, approximately 5% of the sales turnover. The decline is primarily attributable to salary expenses for share based payments in the same period YoY which is partially offset by an increase in professional services and the launch of activities in Portugal totaling approximately ILS 2,200 thousands.

5.2.5 Other income

In the first nine months of 2023, other income totaled approximately ILS 148 thousands, compared with other income totaling approximately ILS 283 thousands in the same period last year. The revenues during the reported period and the same period YoY are attributable to a profit from de-recognizing lease liabilities.

5.2.6 Other expenses

In the first nine months of 2023 other expenses totaled approximately ILS 338 thousands, compared with other expenses totaling approximately ILS 478 thousands in the same period YoY. The expenses in the reported period and in the same period YoY are attributable to a loss from writing down fixed assets.

5.2.7 Financing revenues

In the first nine months of 2023, financing revenues totaled approximately ILS 2,687 thousands, compared with financing revenues totaling approximately ILS 3,039 thousands in the same period last year. The change is primarily attributable to decreased profits from USD hedging transactions.

5.2.8 Financing expenses

In the first nine months of 2023, financing expenses totaled approximately ILS 22,164 thousands, compared with financing expenses totaling approximately ILS 16,879 thousands in the same period last year. The financing expenses and increase thereof are primarily attributable to lease liabilities and interest for loans from banking corporations, against a decline in expenses for exchange rate differentials.

5.2.9 Net profit

The net profit in the first nine months of 2023 totaled approximately ILS 69,509 thousands, approximately 8.2% of sales turnover, compared with net profit of approximately ILS 55,491 thousands, approximately 7% of sales turnover, in the same period YoY. The increase in net profitability is attributable to an increase in gross profit and a decrease in general and administrative expenses as stated above.

5.2.10 Adjusted net profit

The adjusted net profit in the first nine months of 2023 totaled approximately ILS 68,962 thousands, approximately 8.1% of sales turnover, compared with adjusted net profit of approximately ILS 66,560 thousands, approximately 8.4% of sales turnover, in the same period YoY.

6. Liquidity

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2023	2022	2023	2022	2022
	ILS 000's				
Cash-flow from operating activities	186,811	168,706 (*)	78,802	86,864 (*)	201,013
Cash-flow utilized for investment activities	(22,071)	(22,934) (*)	(7,708)	(5,910) (*)	(26,653)
Cash-flow utilized for financing activities	(125,384)	(113,468)	(16,315)	(82,079)	(144,167)
Effect of exchange rate volatility on the balance of cash and cash equivalents	13	-	(29)	-	-
Increase (decrease) in cash and cash equivalents	**39,369**	**32,304**	**54,750**	**(1,125)**	**30,193**

(*) Reclassified.

6.1 Cash-flow from operating activities

Net cash deriving from operating activities in the first nine months of 2023 totaled approximately ILS 186,811 thousands, compared with approximately ILS 168,706 thousands in net cash deriving from operating activities in the same period last year. The increase in cash-flow from operating activities is primarily attributable to the increase in net profit.

Net cash deriving from operating activities in Q3 2023 totaled approximately ILS 78,802 thousands, compared with approximately ILS 86,864 thousands in the same period last year. The decrease in cash-flow from operating activities is primarily attributable to a lower utilization of the Company's inventories in Q3 2023 relative to the utilization of inventories in the same period YoY deriving from the sale of inventories purchased as part of the Company's efforts to stock-up on inventory in previous periods on the backdrop of global supply chain disturbances due to the COVID-19 crisis.

6.2 Cash-flow from investment activities

Net cash utilized for investment activities in the first nine months of 2023 totaled approximately ILS 22,071 thousands, compared with approximately ILS 22,934 thousands in net cash utilized for investment activities in the same period last year. The change is primarily attributable to a decline in the acquisition of fixed property in the reported period relative to the same period YoY.

Net cash utilized for investment activities in Q3 2023 totaled approximately ILS 7,708 thousands, compared with approximately ILS 5,910 thousands in net cash utilized in investment activities in the same period YoY. The change is primarily attributable to increased investments in fixed property relative to the same period YoY.

6.3 Cash-flow from financing activities

Net cash used for financing activities in the first nine months of 2023 totaled approximately ILS 125,384 thousands, compared with approximately ILS 113,468 thousands in the same period last year. The change is primarily attributable to dividends paid to the Company's shareholders totaling ILS 60,000 thousands compared with an amount totaling approximately ILS 40,000 thousands in the same period YoY, the payment of a larger dividend to minority shareholders and an increase in lease payments against a buyback of Company shares in the same period YoY and lower net loan repayments to banking corporations relative to the same period YoY.

Net cash used for financing activities in Q3 2023 totaled approximately ILS 16,315 thousands, compared with approximately ILS 82,079 thousands in the same period last year. The change is primarily attributable to dividends paid to the Company's minority shareholders and shareholders in the same period YoY, and greater net loan repayments to banking corporations in the same period YoY relative to the current period.

7. Financial and Operational Key Performance Indicators (KPIs)

7.1 As of the publication date of the report, the Company's management utilizes a number of 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 being published concurrently with 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	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2023	2022	2023	2022	2022
The rate of change in SSS (same store sales)[3]	2.4%	(1.1%)	1.5%	3.9%	(1.5%)
Rate of change in the average basket price[3] - in an owned store	(0.4%)	3.5%	0.4%	5.5%	3.2%
Rate of change in the average basket price[3] - in a franchised store	(2.9%)	No change	(4.2%)	6%	0.4%
EBITDA (ILS 000's)	166,803	137,650	63,378	53,910	187,187
Adjusted EBITDA (ILS 000's)	112,080	103,053	45,224	41,903	136,956

KPI	Calculation / components	Objective of the KPI
EBITDA	Operating profit, neutralizing 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 operating activities, offsetting the impact of the Company's capital structure,

[3] The rate of change is relative to the same period YoY.

KPI	Calculation / components	Objective of the KPI
		the impact of one-off or exceptional events in the Company's affairs, and the impact of taxes and financing.
Adjusted EBITDA	EBITDA while offsetting the impact of Standard 16 and expenses for share-based payments recognized during the reported 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 reported period. For a description of the adjustments made to net profit and adjusted EBITDA, see the table on the following page.
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.
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 reported period relative to a corresponding or previous reported 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.

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

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2023	**2022**	**2023**	**2022**	**2022**
Net profit	69,509	55,491	27,080	24,018	77,717
Tax expenses	22,819	20,434	9,025	8,393	26,922
Financing expenses, net	19,477	13,840	8,083	4,781	18,807
Depreciation and amortization	54,808	47,690	19,190	16,360	64,826
Other expenses (revenues), net	190	195	-	358	(1,085)
EBITDA	**166,803**	**137,650**	**63,378**	**53,910**	**187,187**
Adjustments to adjusted EBITDA[4]	(54,723)	(34,597)	(18,154)	(12,007)	(50,231)
Adjusted EBITDA	**112,080**	**103,053**	**45,224**	**41,903**	**136,956**

8. Sources of financing

8.1 The Company primarily finances its operations from its operating activities and from credit from banking corporations.

8.2 Banking credit

The balance of credit obtained by the Company from banking corporations (including current maturities) as of September 30, 2023, totaled approximately ILS 31,082 thousands, compared with a total amount of approximately ILS 48,626 thousands as of September 30, 2022. The decrease in the balance of credit from banking corporations primarily derives from the net repayment of loans by the Company in light of its increased cash-flow from operating activities.

8.3 Customer credit and vendor credit

The Company increased the days of credit it receives from its suppliers. There were no

[4] Adjusted EBITDA - see Section 7.1 above.

material changes in the days of credit given by the Company to its customers relative to that set forth in the annual board report.

Management of financial risks

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

November 29, 2023

Zehavit Cohen	**Ori Max**
Board Chairperson	**CEO**

Addendum A to the Board of Directors Report - A linkage adjusted balance sheet as of September 30, 2023 (ILS 000's)

	ILS (*)	USD	EUR	Total
Current assets				
Cash and cash equivalents	119,034	196	673	119,903
Trade receivables (customers)	91,117	-	-	91,117
Current tax rebates	4,721	-	-	4,721
Accounts receivable and credit balances	11,016	-	1,961	12,977
Financial derivatives	-	26	-	26
Inventory	148,573	-	-	148,573
	374,461	222	2,634	377,317
Non-current assets				
Fixed assets (property, plant and equipment), net	101,094	-	-	101,094
Long-term loan	-	-	1,419	1,419
Right-of-use assets	724,953	-	-	724,953
Deferred taxes	13,371	-	-	13,371
	839,418	-	1,419	840,837
	1,213,879	**222**	**4,053**	**1,218,154**
Current liabilities				
Credit from banking corporations	13,129	-	-	13,129
Lease liabilities	54,274	-	1,214	55,488
Trade payables (liabilities to vendors, suppliers and service providers)	128,631	23,131	1,934	153,696
Current taxes payable	3,210	-	16	3,226
Accounts payable and debit balances	38,058	-	711	38,769
	237,302	23,131	3,875	264,308
Non-current liabilities				
Loans from banking corporations	17,953	-	-	17,953
Lease liabilities	706,884	-	14,926	721,810
Loans from a shareholder of a subsidiary	-	-	1,419	1,419
Liabilities for employee benefits	2,643	-	-	2,643
	727,480	-	16,345	743,825
Equity				
Equity attributable to Company's shareholders	202,239	-	-	202,239
Minority interests	7,782	-	-	7,782
Total equity	210,021	-	-	210,021
	1,174,803	**23,131**	**20,220**	**1,218,154**

The above figures represent the Company'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 of profit and loss.

(*) The consumer price index does not have a material impact on the Company's operating results.

Chapter C

INTERIM CONSOLIDATED FINANCIAL STATEMENT AS OF SEPTEMBER 30, 2023

Max Stock Ltd.

Interim Consolidated Financial Statements

As of September 30, 2023

Unaudited

Max Stock Ltd.

Interim Consolidated Financial Statements as of September 30, 2023

Unaudited

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

Preface

We have reviewed the attached financial information for Max Stock Ltd. (hereinafter - the Company) and the subsidiaries (hereinafter - the Group), including the condensed consolidated statement of financial position as of September 30, 2023, 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 in accordance with International Accounting Standard IAS 34, "Interim Financial Reporting", and are also responsible for preparation of financial information for these interim periods in accordance with 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 relative 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. We are therefore not expressing 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, Israel
November 29, 2023

KOST FORER GABBAY & KASIERER
Auditors

Condensed Consolidated Statements of Financial Position

	As of September 30		As of December 31
	2023	2022	2022
	Unaudited		Audited
	ILS 000's		
Current assets			
Cash and cash equivalents	119,903	82,645	80,534
Trade receivables (customers)	91,117	81,895	81,790
Current tax rebates	4,721	8,249	8,484
Accounts receivable and credit balances	12,977	11,086	10,872
Financial derivatives	26	127	-
Inventory	148,573	166,835	159,354
	377,317	350,837	341,034
Non-current assets			
Long-term deposit	-	135	248
Fixed assets (property, plant and equipment), net	101,094	89,704	90,147
Long-term loans	1,419	-	-
Right-of-use assets	724,953	568,533	552,840
Deferred taxes	13,371	11,252	11,054
	840,837	669,624	654,289
	1,218,154	**1,020,461**	**995,323**
Current liabilities			
Credit from banking corporations	13,129	27,315	25,395
Lease liabilities	55,488	51,809	52,397
Trade payables (liabilities to vendors, suppliers and service providers)	153,696	111,056	97,009
Current taxes payable	3,226	2,046	2,733
Accounts payable and debit balances	38,769	34,682	33,743
Financial derivatives	-	-	82
	264,308	226,908	211,359
Non-current liabilities			
Loans from banking corporations	17,953	21,311	22,167
Lease liabilities	721,810	560,626	544,916
Loans from a shareholder of a subsidiary	1,419	-	-
Liabilities for employee benefits	2,643	2,534	2,643
	743,825	584,471	569,726
Equity			
Equity attributable to Company's shareholders	202,239	196,076	202,067
Minority interests	7,782	13,006	12,171
Total equity	210,021	209,082	214,238
	1,218,154	**1,020,461**	**995,323**

November 29, 2023			
Financial statements approval date	Zehavit Cohen Chairperson of the Board of Directors	Ori Max Director and CEO	Nir Dagan Deputy CEO and 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 September 30		For the three-month period ended September 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
	ILS 000's (save for the data about net profit per share)				
Revenues from sales	846,889	797,107	314,500	293,523	1,048,801
Cost of goods sold	495,200	482,387	182,655	175,812	630,491
Gross profit	351,689	314,720	131,845	117,711	418,310
Sales and marketing expenses	202,295	185,174	74,297	66,495	246,084
General and administrative expenses	37,399	39,586	13,360	13,666	49,865
Other income	(148)	(283)	-	-	(1,585)
Other expenses	338	478	-	358	500
Operating profit	111,805	89,765	44,188	37,192	123,446
Financing revenues	(2,687)	(3,039)	(636)	(133)	(2,664)
Financing expenses	22,164	16,879	8,719	4,914	21,471
Profit before taxes on income	92,328	75,925	36,105	32,411	104,639
Taxes on income	22,819	20,434	9,025	8,393	26,922
Net profit	69,509	55,491	27,080	24,018	77,717
Total other comprehensive profit (loss):					
Amounts not to be reclassified to profit or loss:					
Translating financial statements from operating currency to presentation currency	(105)	-	(15)	-	7
Remeasurement of defined benefit plan	-	-	-	-	240
Total comprehensive profit	69,404	55,491	27,065	24,018	77,964
Net profit attributable to:					
Shareholders of the Company	60,639	44,895	23,115	19,600	64,163
Minority interests	8,870	10,596	3,965	4,418	13,554
	69,509	55,491	27,080	24,018	77,717
Total comprehensive profit attributable to:					
Shareholders of the Company	60,560	44,895	23,104	19,600	64,369
Minority interests	8,844	10,596	3,961	4,418	13,595
	69,404	55,491	27,065	24,018	77,964
Net profit per share attributable to shareholders of the Company (ILS)					
Base net profit	0.44	0.32	0.17	0.14	0.45
Diluted net profit	0.44	0.32	0.17	0.14	0.45

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

Condensed Consolidated Statements of Cash-Flows

	Attributable to the Shareholders of the Company										
	Share capital	Premium for shares	Reserve for share-based payments	Treasury stock	Adjustments from translating financial statements for external operations	Reserve for transactions with minority shareholders	Reserve for remeasurement of defined benefit plans	Retained earnings	Total	Minority interests	Total equity
	Unaudited										
	ILS 000's										
Balance as of January 1, 2023 (audited)	**- (*)**	**42,857**	**22,855**	**(19,900)**	**5**	**(9,411)**	**(243)**	**165,904**	**202,067**	**12,171**	**214,238**
Net profit	-	-	-	-	-	-	-	60,639	**60,639**	8,870	**69,509**
Total other comprehensive loss	-	-	-	-	(79)	-	-	-	**(79)**	(26)	**(105)**
Acquisition of minority interests	-	-	-	-	-	159	-	-	**159**	(159)	**-**
Cost of share-based payments	-	-	(547)	-	-	-	-	-	**(547)**	-	**(547)**
Exercise of options	-	6,047	(6,047)	-	-	-	-	-	**-**	-	**-**
Dividend to Company shareholders	-	-	-	-	-	-	-	(60,000)	**(60,000)**	-	**(60,000)**
Dividend to minority shareholders	-	-	-	-	-	-	-	-	**-**	(13,074)	**(13,074)**
Balance as of September 30, 2023	**- (*)**	**48,904**	**16,261**	**(19,900)**	**(74)**	**(9,252)**	**(243)**	**166,543**	**202,239**	**7,782**	**210,021**

(*) Reclassified.

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

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

Condensed Consolidated Statements of Changes in Equity

	Attributable to the Shareholders of the Company										
	Share capital	Premium for shares	Reserve for share-based payments	Treasury stock	Adjustments from translating financial statements for external operations	Reserve for transactions with minority shareholders	Reserve for remeasurement of defined benefit plans	Retained earnings	Total	Minority interests	Total equity
	Unaudited										
	ILS 000's										
Balance as of January 1, 2022 (audited)	**- (*)**	**36,526**	**17,847**	**-**	**-**	**(7,594)**	**(444)**	**141,741**	**188,076**	**12,534**	**200,610**
Net profit	-	-	-	-	-	-	-	44,895	**44,895**	10,596	**55,491**
Cost of share-based payments	-	-	11,069	-	-	-	-	-	**11,069**	-	**11,069**
Exercise of options	-	1,890 (*)	(1,890) (*)	-	-	-	-	-	**-**	-	**-**
Buyback of Company shares	-	-	-	(7,964)	-	-	-	-	**(7,964)**	-	**(7,964)**
Dividend to Company shareholders	-	-	-	-	-	-	-	(40,000)	**(40,000)**	-	**(40,000)**
Dividend to minority shareholders	-	-	-	-	-	-	-	-	**-**	(10,124)	**(10,124)**
Balance as of September 30, 2022	**- (*)**	**38,416**	**27,026**	**(7,964)**	**-**	**(7,594)**	**(444)**	**146,636**	**196,076**	**13,006**	**209,082**

(*) Reclassified.
(*) The balance is less than ILS 1 thousand.
The accompanying notes are an integral part of the interim consolidated financial statements.

Condensed Consolidated Statements of Changes in Equity

	Attributable to the Shareholders of the Company										
	Share capital	Premium for shares	Reserve for share-based payments	Treasury stock	Adjustments from translating financial statements for external operations	Reserve for transactions with minority shareholders	Reserve for remeasurement of defined benefit plans	Retained earnings	Total	Minority interests	Total equity
	Unaudited										
	ILS 000's										
Balance as of July 1, 2023	**- (*)**	**48,167**	**16,880**	**(19,900)**	**(63)**	**(9,430)**	**(243)**	**143,428**	**178,839**	**5,678**	**184,517**
Net profit	-	-	-	-	-	-	-	23,115	**23,115**	3,965	**27,080**
Total other comprehensive loss	-	-	-	-	(11)	-	-	-	**(11)**	(4)	**(15)**
Acquisition of minority interests	-	-	--	-	-	178	-	-	**178**	(178)	**-**
Cost of share-based payments	-	-	118	-	-	-	-	-	**118**	-	**118**
Exercise of options	-	737	(737)	-	-	-	-	-	**-**	-	**-**
Dividend to minority shareholders	-	-	-	-	-	-	-	-	**-**	(1,679)	**(1,679)**
Balance as of September 30, 2023	**- (*)**	**48,904**	**16,261**	**(19,900)**	**(74)**	**(9,252)**	**(243)**	**166,543**	**202,239**	**7,782**	**210,021**

(*) Reclassified.
(*) The balance is less than ILS 1 thousand.
The accompanying notes are an integral part of the interim consolidated financial statements.

Condensed Consolidated Statements of Changes in Equity

	Share capital	Premium for shares	Reserve for share-based payments	Treasury stock	Adjustments from translating financial statements for external operations	Reserve for transactions with minority shareholders	Reserve for remeasurement of defined benefit plans	Retained earnings	Total	Minority interests	Total equity
	Attributable to the Shareholders of the Company										
	Unaudited										
	ILS 000's										
Balance as of July 1, 2022	**- (*)**	**37,024**	**25,051**	**(2,494)**	**-**	**(7,594)**	**(444)**	**167,036**	**218,579**	**17,320**	**235,899**
Net profit	-	-	-	-	-	-	-	19,600	**19,600**	4,418	**24,018**
Cost of share-based payments	-	-	3,367	-	-	-	-	-	**3,367**	-	**3,367**
Buyback of Company shares	-	-	-	(5,470)	-	-	-	-	**(5,470)**	-	**(5,470)**
Exercise of options	-	1,392 (*)	(1,392) (*)	-	-	-	-	-	**-**	-	**-**
Dividend to Company shareholders	-	-	-	-	-	-	-	(40,000)	**(40,000)**	-	**(40,000)**
Dividend to minority shareholders	-	-	-	-	-	-	-	-	**-**	(8,732)	**(8,732)**
Balance as of September 30, 2022	**- (*)**	**38,416**	**27,026**	**(7,964)**	**-**	**(7,594)**	**(444)**	**146,636**	**196,076**	**13,006**	**209,082**

(*) Reclassified.
(*) The balance is less than ILS 1 thousand.
The accompanying notes are an integral part of the interim consolidated financial statements.

Condensed Consolidated Statements of Changes in Equity

	Attributable to the Shareholders of the Company										
	Share capital	Premium for shares	Reserve for share-based payments	Treasury stock	Adjustments from translating financial statements for external operations	Reserve for transactions with minority shareholders	Reserve for remeasurement of defined benefit plans	Retained earnings	Total	Minority interests	Total equity
	Audited										
	ILS 000's										
Balance as of January 1, 2022	**- (*)**	**36,526**	**17,847**	**-**	**-**	**(7,594)**	**(444)**	**141,741**	**188,076**	**12,534**	**200,610**
Net profit	-	-	-	-	-	-	-	64,163	**64,163**	13,554	**77,717**
Other comprehensive profit	-	-	-	-	5	-	201	-	**206**	41	**247**
Acquisition of minority interests	-	-	-	-	-	(1,817)	-	-	**(1,817)**	(661)	**(2,478)**
Minority interests created for a company first being consolidated	-	-	-	-	-	-	-	-	**-**	45	**45**
Cost of share-based payments	-	-	11,339	-	-	-	-	-	**11,339**	-	**11,339**
Exercise of options	-	6,331	(6,331)	-	-	-	-	-	**-**	-	**-**
Buyback of Company shares	-	-	-	(19,900)	-	-	-	-	**(19,900)**	-	**(19,900)**
Dividend to Company shareholders	-	-	-	-	-	-	-	(40,000)	**(40,000)**	-	**(40,000)**
Dividend to minority shareholders	-	-	-	-	-	-	-	-	**-**	(13,342)	**(13,342)**
Balance as of December 31, 2022	**- (*)**	**42,857**	**22,855**	**(19,900)**	**5**	**(9,411)**	**(243)**	**165,904**	**202,067**	**12,171**	**214,238**

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

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

Condensed Consolidated Statements 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
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
	ILS 000's				
Cash-Flows from Operating Activities					
Net profit	69,509	55,491	27,080	24,018	77,717
Adjustments required to present cash-flows from operating activities (a)	117,302	113,215 (*)	51,722	62,846 (*)	123,296
Net cash deriving from operating activities	186,811	168,706	78,802	86,864	201,013
Cash-Flows from Investment Activities					
Acquisition of fixed assets (property, plant and equipment)	(21,518)	(22,959)	(7,294)	(5,910)	(26,748)
Proceeds from sale of fixed assets	615	-	-	-	25
Repayment of deposit to lessor	251	25	-	-	25
Investment in a subsidiary first consolidated (b)	-	-	-	-	45
Long-term loan	(1,419)	-	(414)	-	-
Net cash used for investment activities	(22,071)	(22,934) (*)	(7,708)	(5,910) (*)	(26,653)
Cash-Flows from Financing Activities					
Obtaining long-term loans from banking corporations	8,750	12,000	3,500	-	17,000
Obtaining short-term loans from banking corporations	247	11,000	-	-	11,000
Repayment of long-term loans from banking corporations	(19,619)	(16,417)	(4,953)	(5,379)	(21,731)
Repayment of short-term loans from banking corporations	(5,858)	(28,458)	(1,851)	(10,750)	(29,208)
Lease payments	(36,952)	(33,549)	(11,725)	(11,377)	(45,508)
Buyback of Company shares	-	(7,920)	-	(5,841)	(19,900)
Receipt of loans from a shareholder of a subsidiary	1,122	-	393	-	-
Dividend paid to minority shareholders	(13,074)	(10,124)	(1,679)	(8,732)	(13,342)
Dividend paid to Company shareholders	(60,000)	(40,000)	-	(40,000)	(40,000)
Acquisition of minority interests	-	-	-	-	(2,478)
Net cash used in financing activities	(125,384)	(113,468)	(16,315)	(82,079)	(144,167)
Effect of exchange rate volatility on the balance of cash and cash equivalents	13	-	(29)	-	-
Increase (decrease) in cash and cash equivalents	39,369	32,304	54,750	(1,125)	30,193
Balance of cash and cash equivalents at beginning of period	80,534	50,341	65,153	83,770	50,341
Balance of cash and cash equivalents at end of period	119,903	82,645	119,903	82,645	80,534

(*) Reclassified.

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

Condensed Consolidated Statements of Changes in Cash-Flows

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
			ILS 000's		
a) Adjustments required to present cash-flows from operating activities:					
Adjustments to the profit or loss items:					
Depreciation and amortization	54,808	47,690	19,190	16,360	64,826
Financing expenses, net	19,586	14,568	7,431	4,906	19,327
Profit from de-recognizing lease liabilities	(148)	(283)	-	-	(1,585)
Decrease (increase) in fair value of financial derivatives	(108)	(729)	653	(127)	(520)
Cost of share-based payments	(547)	11,069	118	3,367	11,339
Change in liabilities for employee benefits, net	-	-	-	-	349
Taxes on income	22,819	20,434	9,025	8,393	26,922
Capital loss	338	478	-	358	500
	96,748	93,227	36,417	33,257	121,158
Changes in property and liability items:					
Increase in customers	(9,327)	(6,248)	(6,765)	(7,537)	(6,143)
Increase in receivables and credit balances	(2,140)	(1,180)	(4,591)	(1,580)	(741)
Decrease in inventory	10,854	46,821	7,732	23,511	54,302
Increase in trade payables (liabilities to vendors, suppliers and service providers)	56,633	18,457	30,965	22,467	4,410
Revenues (payments) from exercising financial derivatives	1,875	2,268 (*)	1,053	(303) (*)	2,069
Increase in creditors and debit balances	4,995	5,184	4,688	5,608	3,955
	62,890	65,302 (*)	33,082	42,166 (*)	57,852
Cash paid during the year for:					
Interest paid	(21,461)	(16,836)	(8,483)	(4,603)	(21,396)
Taxes paid, net	(20,875)	(28,478)	(9,294)	(7,974)	(34,318)
Total adjustments required to present cash-flows deriving from operating activities	117,302	113,215 (*)	51,722	62,846 (*)	123,296
b) Investment in a subsidiary first consolidated:					
Assets and liabilities of the consolidated company as of the acquisition date:					
Working capital (excluding cash and cash equivalents)	-	-	-	-	(113)
Long-term deposit	-	-	-	-	113
Minority interests	-	-	-	-	45
	-	-	-	-	45
c) Non-cash material activity:					
Recognition of a right-of-use asset against a lease liability	219,137	79,327	59,335	7,334	84,882
Derecognizing a right-of-use asset against a lease liability	(2,369)	(3,817)	-	-	(11,233)
Buyback of Company shares	-	(44)	-	(44)	-

(*) Reclassified.

The accompanying notes are an integral part of 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.". On September 14, 2020, the Company's shares IPO'd through a tender offer on the Tel Aviv Stock Exchange Ltd. ("TASE") under a tender offer prospectus and shelf prospectus and the Company became a public company.

From incorporation, the Company has been engaged in a retail business through operating a national "discount" chain of stores offering a range of household products at attractive prices trading under the "Max - Fun Shopping" and "Mini Max" names. The Company operates branches throughout Israel through subsidiaries and franchisees, as well as two owned branches in Portugal.

B. These financial statements have been prepared in a condensed format as of September 30, 2023, and for the nine and three month periods ended on the same date (hereinafter: the "**interim consolidated financial statements**"). These statements should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2022, and for the year ended on the same date and the accompanying notes (hereinafter: the "**annual consolidated financial statements**").

C. Impact of the "Swords of Iron" war on the Group's operations

The "Swords of Iron" war broke out in the State of Israel on October 7, 2023 (hereinafter: the "**war**") following a surprise attack from Gaza against settlements in the western Negev by the Hamas terror organization. Hostilities of a lesser magnitude subsequently also broke out by the country's northern border. As of the publication date of the report, the war has had a material impact on the entire economy, *inter alia*, due to the temporary shutdown of businesses primarily in areas in proximity to the fighting, across the broad call-up of military reserves, evacuation of residents from settlements in proximity to the fighting and partial interruptions of the education system.

The Company's stores were closed upon the breakout of the war, and commencing from October 9, 2023, over a two week period, the stores gradually reopened with a reduced scale of operations. As of the end of October 2023 and as of the publication date of the report, 60 out of the Company's 62 stores in Israel are fully open and operating as usual, and two of the Company's branches remain closed (a branch owned by the Company in Sderot and the Company's branch in Kiriat Shmona, operated by a franchisee), as a result of the foregoing. Due to the fact that the Company primarily focuses on basic products required throughout the year, including emergency periods, and in light of the fact that the Company sells a diverse and changing range of products at attractive prices, the Company assesses at this stage, based on the information available to it, as of the approval date of the financial statements, and in light of the operating metrics (KPIs) examined by the Company and it meeting its cash-flow targets, that the war has not had a material impact on the Company's operating activities. Additionally, as of the publication date of the report, the Company's manpower has not materially changed to how it stood prior to the war, and no material issues are foreseen with the supply chain and the Company does not foresee material changes with the opening dates of future stores signed by it.

A protraction of the war is liable to have additional broad implications on many different sectors and geographical areas in the country. Furthermore, the potential volatility with the prices of goods, currency exchange rates, availability of materials, manpower, local services and access to local resources may impact entities primarily operating with or in Israel.

NOTE 1: GENERAL (Cont.)

C. Impact of the "Swords of Iron" war on the Group's operations (Cont.)

It should be noted that the Company is unable to reliably assess the scope of the future impact of the war on the Company's operating activities (other than the implications described above), among other things, in light of the sharp volatility experienced by the markets, the uncertainty regarding the duration of the fighting, its severity, the implications of the war on the Company's operating segments and additional measures which may be taken by the government. The Company's board of directors and management are continuing to closely monitor the Company's performance during the war, including scope of sales, the Company's ability to satisfy its liabilities upon maturity, manpower and reserve military call-ups, and to make the necessary adjustments.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

A. 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 standards

1. Amendment of IAS 8, "Accounting Policies, Changes to Accounting Estimates and Errors"

In February 2021, the IASB issued an amendment to IAS 8, "*Accounting Policies, Changes to 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 the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors.

The Amendment is to be applied prospectively for annual reporting periods beginning on or after January 1, 2023 and is applicable to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period.

The above-stated amendment did not have a material impact on the Company's interim financial statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (Cont.)

B. Initial application of amendments to existing accounting standards (Cont.)

2. 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' (hereinafter: the "**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. The Amendment narrows the application of the 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 is effective for annual periods from January 1, 2023 with respect to leasing transactions and recognizing decommissioning obligations - the Amendment will be applied from the earliest possible reporting period presented in the financial statements from when 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 above-stated amendment did not have a material impact on the Company's interim financial statements.

3. Amendment of IAS 1, "Disclosure of Accounting Policies"

In February 2021, the IASB issued an amendment to IAS 1, *Presentation of Financial Statements* (hereinafter: the "**Amendment**"). Under the Amendment, companies are required to disclose their material accounting policies in lieu of the current requirement to disclose their significant accounting policies. One of the primary reasons for the Amendment is due to the fact that the term "significant" is not defined by the IFRS, while the term "material" is defined in various standards and particularly under IAS 1.

The Amendment is effective for annual periods from January 1, 2023.

The Amendment did not impact the Company's condensed consolidated interim financial statements; however, the Amendment is anticipated to impact the disclosure of the accounting policy in the Company's consolidated interim financial statements.

NOTE 3: SALES

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
	ILS 000's				
Revenues from sales by owned stores	774,419	726,241	289,264	269,071	960,159
Revenues from sales to franchisees	58,114	59,553	20,446	20,305	73,251
Total revenues from sales (1)	**832,533**	**785,794**	**309,710**	**289,376**	**1,033,410**
Revenue from commissions/fees	14,356	11,313	4,790	4,147	15,391
Total revenues	**846,889**	**797,107**	**314,500**	**293,523**	**1,048,801**

(1) Below is a breakdown of revenues from the Company's main product categories:

	For the nine-month period ended September 30		For the three-month period ended September 30		For the year ended December 31
	2023	2022	2023	2022	2022
	Unaudited		Unaudited		Audited
	ILS 000's				
Office and school supplies	91,804	83,483	66,134	61,104	97,096
Toys and baby products	108,864	104,738	37,690	34,325	134,205
Disposable utensils, party products and storage containers	113,056	106,630	37,633	34,235	143,203
Homeware	229,632	224,282	75,472	76,523	288,730
Other	289,177	266,661	92,781	83,189	370,176
	832,533	**785,794**	**309,710**	**289,376**	**1,033,410**

NOTE 4: MATERIAL EVENTS DURING AND AFTER THE REPORTED PERIOD

A. Amendment to Contingent Liabilities

1. Further to that described in Note 15A to the annual consolidated financial statements regarding an appeal submitted by the Company against the judgment of the Haifa Magistrates Court with respect to a tortious subrogation claim by Clal against one of the Company's former franchisees and others, a date has been scheduled for a consolidated hearing on supplementary oral pleadings on the appeal submitted by the Company and two additional appellants for October 19, 2023. The hearing was postponed to February 22, 2024, because of the "Swords of Iron" war.

   At this preliminary stage, and according to the Company's legal advisors, the chances of the appeal are approximately 50%.

NOTE 4: <u>MATERIAL EVENTS DURING AND AFTER THE REPORTED PERIOD</u> (Cont.)

A. <u>Amendment to Contingent Liabilities</u> (Cont.)

2. Further to that described in Note 15B to the annual consolidated financial statements regarding the Company's claim against two former franchisees in Sderot and Bat Yam, a summation pre-trial hearing was held on April 27, 2023, at which hearing dates were scheduled to examine the parties' affiants for December 2023. The Company has assessed, including on the basis of an opinion obtained from its legal counsel, that it is not possible to assess the prospects of the claim and the financial risk therein at this stage of the claim prior to concluding submission of the case's evidence.

3. Concurrently with the proceedings set forth above in paragraph "2" and as a corollary thereto, and further to that described in Note 15C to the annual consolidated financial statements regarding the submission of a claim by the Company to enforce a separation mechanism stipulated in the shareholders' agreement between the Company and the company controlled by the shareholder of the franchises, the affiants relevant to this action will also be examined on the dates stated above in paragraph "b". The Company has assessed, including on the basis of an opinion obtained from its legal counsel, that it is not yet possible to assess the prospects of the claim.

4. Further to that described in Note 15D to the annual consolidated financial statements regarding a motion to certify a claim as a class action against the Company, subsidiaries and franchisees with respect to the alleged failure to label user instructions and warnings in Hebrew, and the settlement agreement executed by the parties and approved by the court, by the end of Q2 2023 the Company had completed the actions required under the settlement agreement and the judgment and the case has been closed.

5. Further to that described in Note 15E to the annual consolidated financial statements regarding a motion to certify a class action submitted to the Magistrates Court in Netanya against the Company and nine of its subsidiaries and franchisees for an amount estimated at approximately ILS 2 million due to an alleged failure to label product pricing according to size units, on August 21, 2023, the court approved a settlement arrangement executed by the parties which included awarding financial compensation to the class for an amount totaling ILS 320 thousands by discounting eight different kinds of products. The court also reduced attorney fees from ILS 75 thousands to ILS 55 thousands, and similarly reduced the applicants' reward from ILS 10 thousands to ILS 5 thousands. The Company is preparing to implement the settlement arrangement as stipulated in the judgment.

6. Further to that described in Note 15F to the Company's annual consolidated financial statements, regarding the submission of a motion for discovery and production of documents prior to the submission of a derivative action against the Company in connection with transactions for the purchase and sale of personal protective equipment against COVID-19, performed by the Company during 2020, on August 16, 2023, the court rendered a ruling summarily dismissing the motion, without costs. The case has been closed.

7. Further to that described in Note 15G to the annual consolidated financial statements regarding a motion to certify a claim as a class action against the Company, three subsidiaries and their other shareholders with respect to sending text messages allegedly in breach of Section 30A of the Communications Law (Bezeq & Broadcasts), the parties were referred to mediation which failed. An evidentiary hearing at which both parties' deponents will be heard has been scheduled for February 19, 2024. At this preliminary stage the Company believes on the basis of an opinion obtained from its legal advisors that the chances that the motion will be dismissed are greater than the chances of it being accepted.

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

A. Amendment to Contingent Liabilities (Cont.)

8. Further to that described in Note 15H of the annual consolidated financial statements regarding a motion to certify a claim as a class action against the Company, subsidiaries and a franchisee with respect to an alleged failure to install water facilities, a pretrial hearing on the motion was scheduled for October 29, 2024, but was postponed to February 12, 2024, because of the "Swords of Iron" war. At this preliminary stage it is not yet possible to assess the prospects of the claim.

B. Declaring the distribution of dividends to minority shareholders

During the reported period, dividend distributions totaling approximately ILS 13,074 thousands were announced for minority shareholders of the subsidiaries of the Company.

After the date of the report of financial position, and as of the financial statement approval date, dividend distributions totaling approximately ILS 320 thousands were declared for minority shareholders of the Company's subsidiaries.

C. Establishment of a Max Stock store-chain in Portugal

Further to that described in Note 15 of the annual consolidated financial statements regarding the establishment of a Max Stock chain in Portugal, the first store was opened in Braga in May 2023, a second store was opened in June in the city of Porto and a third store was opened in the city of Matosinhos subsequent to the date of the report, in November.

The Chain's activities in Portugal are performed via a subsidiary - Max 10 LDA (hereinafter: the "**common company**") which is jointly owned by the Company (73.5%) and the local partner Fortera Properties LDA (24.5%). The common company is managed by a general manager appointed on behalf of the Company as well as employees of the common company in the fields of finance, trade, store management and more.

As of September 30, 2023, the Company has provided a loan totaling approximately ILS 1,419 thousands to the local partner for its share in the financing of the common company.

D. Dividend declared

On March 19, 2023, the Company's board of directors approved the distribution of a dividend totaling ILS 60,000 thousands (approximately ILS 0.43 per share), which was paid on April 3, 2023.

E. Reduction of management fees for a controlling shareholder company

On February 8, 2023, a controlling shareholder company (hereinafter: the "**Controlling Shareholder**") informed the Company that it is unilaterally and irrevocably waiving half of the management fees it is entitled to under the management agreement, whereby, commencing as of January 1, 2023, the Controlling Shareholder shall be entitled to quarterly management fees totaling ILS 250 thousands per calendar quarter *in lieu* of ILS 500 thousands. The other terms of the management agreement remain unchanged.
The Controlling Shareholder clarified to the Company that its unilateral waiver of management fees was, among other things, made in light of the scope of management services provided by it as of the date of the report.

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

F. Payments to relatives of interested parties employed by the Company

On August 14, 2023, in accordance with the provisions of Section 1B(a)(4) of the Companies Regulations (Reliefs for Interested Party Transactions), 2000, the Company's remuneration committee and board of directors approved the continued engagement of a subsidiary with a sister of one of the Company's controlling shareholders with respect to the employment of the sister of Mr. Ori Max, one of the Company's controlling shareholders and the Company's CEO and one of its directors. The employment of the sister by the subsidiary is in accordance with the Company's customary terms and conditions and in immaterial amounts, and without any change to her previous terms and conditions which do not exceed the average salary in the market, and which are reasonable in light of the scope of her employment, the nature of the role and her skill-set.

G. Amendment of management fee agreement with a controlling shareholder company

On September 19, 2023, the Company's general meeting approved amending the Company's management agreement dated July 20, 2017, with a wholly owned company belonging to Mr. Ori Max, one of the Company's controlling shareholders, who serves as the Company's CEO and as one of its directors. According to the approval of the Company's general meeting, the monthly management fees shall remain unchanged at ILS 200 thousands, but shall be linked to the consumer price index as of October 1, 2023, in addition to ILS 6.5 thousands for expenses, plus VAT. Additionally, the calculation of the annual bonus shall change and shall be based on the increase in the Company's net profit relative to the previous year (rather than on growth in adjusted EBITDA).

H. Agreement for the construction and lease of a logistics center in southern Israel

On November 29, 2023, the Company signed a lease agreement with a company in the Mega Or Holdings Ltd. corporate group (in partnership with Kibbutz Shomria) (hereinafter: the "**Lessor**") for the construction of a project in Kibbutz Shomria with an area of approximately 31,000 sqm, which shall serve as a consolidated logistics center for the Company's operations (hereinafter: the "**consolidated logistics center**"), which is currently fulfilled through three logistic centers and external suppliers.

Presented below is a description of the key provisions of the agreement:

Period of the lease: 10 years from the date of possession upon completion of construction of the consolidated logistics center by the Lessor which is anticipated for May 2024 (the "**lease period**"). The lease period will automatically be extended for two additional periods of 5 years each, and an additional period of 4 years and 11 months, subject to meeting the terms and conditions stipulated in the lease agreement (the "**additional lease periods**"), including a 5% increase in the real rental fees at the start of each of the additional lease periods .

Primary securities: To secure its undertakings in the lease agreement, at signing of the agreement the Company shall provide a bank guarantee in favor of the Lessor guaranteeing approximately one month of rent (plus VAT and linkage), and on the date of possession the security will guarantee an amount equal to 3 months of rent (plus VAT and linkage).

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

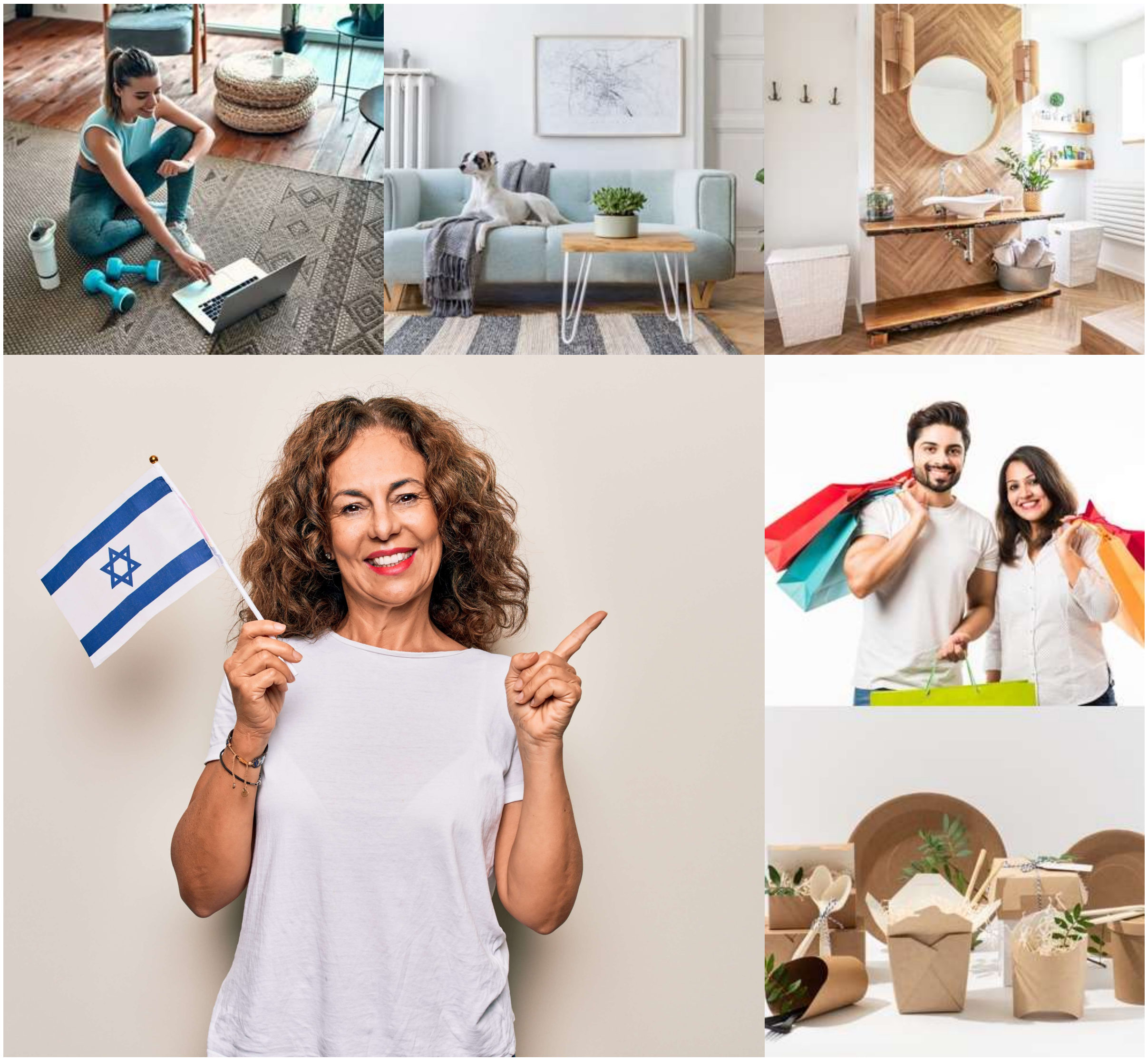
H. Agreement for the construction and lease of a logistics center in southern Israel (Cont.)

Additional area: Under the lease agreement, the Lessor shall act to submit an application to change the city building plan zoning designation for an additional area of 10,000 sqm adjoined to the premises, and after obtaining approval, it will act to construct an additional building on this area (the "**additional building**"), whereby, subject to approval of the city building plan and completing construction, the Company shall have possession of a consolidated logistics center with a total area of approximately 40,000 sqm. The Lessor is required to act to publish the city building plan within 4 years from the execution date of the lease agreement, and if said city building plan is not published in the official gazette then the Company may give notice of termination of the lease agreement upon the conclusion of 5 years from the commencement of the lease period. The Company will be obligated to lease the additional building if the city building plan is published as required and if a building permit is obtained within two years from when the city building plan is published. The Company may give notice that it will not lease the additional building if the building permit is not obtained by said date .

Rent: The Company assesses that the monthly rent is anticipated to total approximately ILS 1 million (plus VAT and CPI linkage as established in the lease agreement). The rent will likely increase in the additional periods according to the provisions of the agreement and as a result of renting the additional area.

Investment in the construction and customization of the consolidated logistics center: The Company assesses that the customization works of the consolidated logistics center for its needs will cost approximately ILS 30 million.

Based on milestones, the consolidated logistics center will replace the logistic centers currently used by the Company. The transition to the consolidated logistics center is intended to support the Company's expansion and growth plan in Israel in the upcoming years, and the Company assesses that this will assist in cutting down on logistics costs.



Chapter D

MANAGERS' DECLARATIONS ON FINANCIAL REPORTING AND DISCLOSURE AS OF SEPTEMBER 30, 2023

Attached hereto is the Q3 2023 report on the effectiveness of internal control over financial reporting and disclosure pursuant to Regulation 38C(a) of the Securities Regulations (Periodic and Immediate Reports), 1970:

The management, under the supervision of the board of directors of Max Stock Ltd. (the "**Company**"), is responsible for establishing and maintaining adequate internal control over the Company's financial reporting and disclosure.

For this purpose, the senior officers as of September 30, 2023 are:

1. Ori Max, CEO & Director;
2. Shlomo Cohen, Deputy CEO;
3. Nir Dagan, Deputy CEO & Head of Finance;
4. Ifat Nir-Katz, Chief Legal Officer & Corporate Secretary;
5. Elik Kaplan, Chief Supply Chain Officer and Logistics;
6. Ofir Edri, Chief Chain Stores Officer;
7. Shahar Kanizo, VP Trade;

Internal control over the financial reporting and disclosure includes existing Company controls and procedures which were designed by the CEO and the Company's CFO or by anyone under their supervision, or by persons actually performing the above functions, under the supervision of the Company's board of directors, designed to provide reasonable assurance regarding the reliability of the financial reporting and the preparation of the financial statements according to the provisions of applicable law, and to ensure that information that the Company is obligated to disclose in reports published by it under applicable law is collected, processed, summarized and reported in a timely manner and in the format established by law.

The internal control includes, *inter alia*, controls and procedures designed to ensure that information that the Company is required to disclose as aforesaid, is accumulated and forwarded to Company's management, including the Company's CEO and the Company's CFO or anyone actually performing the above functions, to enable timely decision-making concerning disclosure requirements.

Due to its inherent limitations, internal control over the financial reporting and disclosure is not intended to provide absolute assurance that an erroneous presentation or omission of information in the reports will be prevented or detected.

In the quarterly report regarding effectiveness of the internal control of financial reporting and disclosure that is attached to the quarterly report for the period ending on June 30, 2023 (hereinafter - the latest quarterly report regarding internal control), the board of directors and management have assessed the Company’s internal control. Based on the aforesaid assessment, the board of directors and management of the Company have concluded that said control, as of June 30, 2023, is effective.

As of the date of the report, the board of directors and management have not learned of any event or matter that may change the assessment of effectiveness of the internal control, as determined in the latest quarterly report regarding internal control.

As of the date of the report, based on an assessment of the effectiveness of the internal control in the latest quarterly report regarding internal control, and based on information of which the management and board of directors has been made aware as stated above, the internal control is effective.

November 29, 2023

Managers' Declarations

CEO's Declaration According to Regulation 38C(d)(1) of the Securities Regulations (Periodic and Immediate Reports), 1970:

I, **Ori Max**, declare that:

(1) I have reviewed the quarterly report of Max Stock Ltd. (the "**Company**") for Q3 2023 (the "**Reports**");

(2) To the best of my knowledge, the Reports do not include any misrepresentation of material fact and did not omit any representation of material fact that is essential in order for the representations included therein, in light of the circumstances in which the same representations are included, to not be misleading with respect to the period of the Reports;

(3) To the best of my knowledge, the financial reports and any other financial information included in the Reports properly reflect, in all material respects, the financial position, the operating results and cash flows of the Company for the dates and periods referred to in the Reports;

(4) I have disclosed to the Company's auditor, to the board of directors and to the audit committee of the Company's board of directors, based on my most recent assessment on the internal control over the financial reporting and disclosure:

a. All significant deficiencies and material weaknesses in the establishment or exercise of the internal control over the financial reporting and disclosure which may reasonably have an adverse effect on the Company's ability to collect, process, summarize or report on financial information in a manner which casts doubt on the reliability of financial reporting and preparation of the financial reports pursuant to the provisions of the law; and

b. Any fraud, either material or immaterial, in which the CEO or anyone directly subordinated to him is involved or any other employee holding a significant position in the internal control over the financial reporting and disclosure is involved;

(5) I, alone or together with others in the Company:

a. Established controls and procedures or ensured that controls and procedures are established and maintained under my supervision, which are designed to ensure that material information concerning the Company, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Company and in the consolidated companies, particularly during the Reports' preparation period; and

b. Established controls and procedures or ascertained that controls and procedures are established and maintained under our supervision, which are designed to provide reasonable assurance regarding the reliability of the financial reporting and preparation of the financial reports pursuant to the provisions of any law, including according to generally accepted accounting principles;

c. No event or matter was brought to my attention which occurred during the period between the latest report (the quarterly report as of June 30, 2023) and the date of this report, which is sufficient to change the conclusion arrived at by the board of directors and management regarding the Company's effectiveness of internal control on financial reporting and disclosure.

Nothing stated above derogates from my responsibility or from the responsibility of any other person, pursuant to any law.

Date: November 29, 2023	Ori Max, CEO & Director

<u>CFO's Declaration According to Regulation 38C(d)(2) of the Securities Regulations (Periodic and Immediate Reports), 1970:</u>

I, **Nir Dagan**, declare that:

(1) I have reviewed the interim financial statements and other financial information included in the interim periodic reports of Max Stock Ltd. (the "**Company**") for Q3 2023 (the "**Reports**" or the "**Interim Reports**");

(2) To the best of my knowledge, the interim financial statements and the other financial information included in the Interim Reports do not include any misrepresentation of material fact and did not omit any representation of material fact that is essential in order for the representations included therein, in light of the circumstances in which the same representations are included, to not be misleading with respect to the period of the Reports;

(3) To the best of my knowledge, the interim financial reports and any other financial information included in the Reports for the interim period properly reflect, in all material respects, the financial position, the operating results and cash flows of the Company for the dates and periods referred to in the Reports;

(4) I have disclosed to the Company's auditor, to the board of directors and to the audit committee of the Company's board of directors, based on my most recent assessment on the internal control over the financial reporting and disclosure:

a. All significant deficiencies and material weaknesses in the establishment or exercise of the internal control over the financial reporting and disclosure to the extent that it refers to the interim financial statements and the other financial information included in the Interim Reports which may reasonably have an adverse effect on the Company's ability to collect, process, summarize or report on financial information in a manner which casts doubt on the reliability of financial reporting and preparation of the financial reports pursuant to the provisions of the law; and -

b. Any fraud, either material or immaterial, in which the CEO or anyone directly subordinated to him is involved or any other employee holding a significant position in the internal control over the financial reporting and disclosure is involved;

(5) I, alone or together with others in the Company:

a. Established controls and procedures or ensured that controls and procedures are established and maintained under my supervision, which are designed to ensure that material information concerning the Company, including its consolidated companies as defined in the Securities Regulations (Annual Financial Statements), 2010, is brought to my attention by others in the Company and in the consolidated companies, particularly during the Reports' preparation period; and

b. Established controls and procedures or ascertained that controls and procedures are established and maintained under my supervision, which are designed to provide reasonable assurance regarding the reliability of the financial reporting and preparation of the financial reports pursuant to the provisions of any law, including according to generally accepted accounting principles;

c. No event or matter was brought to my attention which occurred during the period between the latest report (the quarterly report as of June 30, 2023) and the date of this report, referring to the interim financial reports and any other financial information included in the Interim Reports which is sufficient, in my assessment, to change the conclusion arrived at by the board of directors and management regarding the Company's effectiveness of internal control on financial reporting and disclosure.

Nothing stated above derogates from my responsibility or from the responsibility of any other person, pursuant to any law.

Date: November 29, 2023	Nir Dagan, Deputy CEO & Head of Finance