



Max Stock Limited Reports Fiscal 2023 Full Year and Fourth Quarter Financial Results

Declares ILS 60 Million, ~0.43 per share One-Time Dividend

ISRAEL – March 26, 2024 – Max Stock Limited (TASE: MAXO) (the “Company”) today reported financial results for the year and fourth quarter ended December 31, 2023.

Fourth Quarter 2023 Summary Compared with Fourth Quarter 2022

- Revenue increased 8.2% to ILS 272.3 million
- Comparable store sales increased 2.6%
- GAAP net income (attributable to shareholders) increased 5.7% to ILS 20.4 million
- Adjusted EPS¹ (attributable to shareholders) increased 4.8% to ILS 0.15
- Adjusted EBITDA¹ increased 15.9% to ILS 39.3 million

2023 Full Year Summary Compared with 2022:

- Revenue increased 6.7% to ILS 1.12 billion
- Comparable store sales increased 2.4%
- GAAP net income (attributable to shareholders) increased 26.2% to ILS 81.0 million
- Adjusted EPS² (attributable to shareholders) increased 8.3% to ILS 0.58
- Adjusted EBITDA² increased 10.5% to ILS 151.4 million
- Inventories decreased 9.3% to ILS 144.6 million compared with ILS 159.4 million at the end fiscal 2022

Ori Max, Chief Executive Officer, stated, “The fourth quarter represents a strong finish to a very good year for Max Stock. Our merchandising expertise continues to drive positive same store sales gains while overall growth is also being fueled by our store expansion plans that included 5 new owned stores in 2023. At the same time, we achieved an even greater improvement in

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

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



profitability, with fourth quarter and full year adjusted EBITDA increasing in the mid-teens and low double digit and on a percentage basis, respectively. Along with strong management of our balance sheet, including reducing inventories by over 9%, we are able to return ILS 60 million through a special one-time dividend. We look forward to building on our current momentum in 2024 and continuing our track record of bringing great value to our customers and our shareholders.”

Fourth Quarter Results (2023 compared with 2022)

Revenue increased 8.2% to ILS 272.3 million in the fourth quarter 2023 as compared with revenue of ILS 251.7 million in the fourth quarter 2022. The increase over the same period last year was largely attributable to the opening of new branches combined with a 2.6% increase in comparable store sales driven by higher store traffic and an increase in seasonal sales compared to the year-ago period. October’s Sales were temporarily impacted by the Swords of Iron War, as the Company’s stores were closed at the outbreak of the war and then gradually reopened over approximately two weeks with a reduced time schedule. As a result, comparable store sales declined 16% in October 2023. From November 2023 through the end of the fourth quarter 2023, all but one owned and one franchised store returned to normal operations and sales subsequently rebounded, with strong comparable store sales growth of 11% for the months of November and December 2023.

Gross profit increased 12.5% to ILS 116.6 million in the fourth quarter 2023 from ILS 103.6 million in the fourth quarter 2022. Gross margin was 42.8% as compared to 41.2% in the last year period. The 160-basis point increase in gross margin over Q4 2022 was primarily attributable to a moderation in international freight costs and an improvement in inventory management.

Selling, general and administrative expenses increased to ILS 80.2 million in the fourth quarter 2023 from ILS 71.2 million in the fourth quarter 2022, primarily driven by an increase in advertising and marketing expenses, incremental expenses resulting from the addition of new right of use assets and higher salary and IT expenses. These increases were partially offset by compensation of ILS 2.2 million received from the State of Israel due to the Swords of Iron War.

Adjusted net income increased 0.6% to ILS 22.6 million in the fourth quarter of 2023, as compared with adjusted net income of ILS 22.5 million in the fourth quarter of 2022.

Adjusted EPS attributable to shareholders increased 4.8% to ILS 0.15 per share, in the fourth quarter of 2023, as compared with net income of ILS 0.14 per share, in the fourth quarter of 2022.

Adjusted EBITDA increased 15.9% to ILS 39.3 million in the fourth quarter of 2023 from ILS 33.9 million in the fourth quarter of 2022. Adjusted EBITDA margin increased to 14.4% in the fourth quarter of 2023 compared with 13.5% in the fourth quarter of 2022.



Full Year Results (2023 compared with 2022)

Revenue increased 6.7% to ILS 1.12 billion in fiscal 2023 as compared with revenue of ILS 1.05 billion in fiscal 2022. The year-over-year increase in revenue was driven by the addition of 5 new owned stores (3 owned stores, net) and 3 franchised stores in the 12-month period and a 2.4% increase in comparable store sales driven by higher store traffic and an increase in seasonal sales compared to the year-ago period. These factors were partially offset by a 3.5% decrease in comparable store average basket size that was largely driven by a reduction in the average price per item during the period.

Gross profit increased 11.9% to ILS 468.2 million in fiscal 2023 from ILS 418.3 million in fiscal 2022. Gross margin was 41.8% for fiscal 2023 as compared to 39.9% for fiscal 2022.

Selling, general and administrative expenses increased to ILS 319.8 million in 2023 from ILS 295.9 million in 2022. This increase was primarily driven by incremental expenses resulting from the addition of new right of use assets, an increase in expenses associated with new stores, higher advertising and marketing expenses and an increase in management fees.

Adjusted net income increased 2.8% to ILS 91.6 million in fiscal 2023, as compared with adjusted net income of ILS 89.1 million in fiscal 2022.

Adjusted EPS attributable to shareholders increased 8.3% to ILS 0.58 per share in fiscal 2023, as compared with ILS 0.53 per share in fiscal 2022.

Adjusted EBITDA (pre IFRS 16) increased 10.5% to ILS 151.4 million in fiscal 2023 as compared to ILS 137.0 million in fiscal 2022. Adjusted EBITDA margin increased to 13.5% in fiscal 2023 compared with 13.1% in fiscal 2022.

Balance Sheet and Cash Flow Highlights

The Company's cash and cash equivalents balance at December 31, 2023 was ILS 128.9 million compared with ILS 80.5 million at December 31, 2022. The Company ended the year with total debt of ILS 33.0 million compared with total debt of ILS 47.6 million at the end of fiscal 2022.

Inventories at the end fiscal 2023 decreased 9.3% to ILS 144.6 million compared with ILS 159.4 million at the end fiscal 2022.

Conference Call Information

The Company will host a conference call on March 26, 2024 at 8:30 a.m. Eastern Standard Time to discuss fourth quarter and full year fiscal 2023 results ([link](#)). The conference call will also be accessible at <https://ir.maxstock.co.il/en/event-en/>. There will be a slide presentation that accompanies the call. The slides will be accessible at <https://ir.maxstock.co.il/en/presentation-en/>. An archived webcast of the conference call will be available at <https://ir.maxstock.co.il/en/presentation-en/>.



About Max Stock

Max Stock is Israel's leading extreme value retailer, currently present in 65 locations throughout Israel and 2 locations in Portugal that opened in 2023. We offer a broad assortment of quality products for customers' everyday needs at affordable prices, helping customers "Dream Big, Pay Small". For more information, please visit <https://ir.maxstock.co.il>

Forward-Looking Statements

It should be emphasized that this report includes forward-looking information as defined under the Securities Law, 5728-1968. Forward-looking information is uncertain information regarding the future, including forecasts, projections, estimates or other information which refer to a future event or matter, the eventuation of which is uncertain and/or not within the Company's control. The forward-looking information included in this report is based on the current information held by the Company or its current assessments, as of the publication date of this report.

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