

# MAX

מַכְסָעָה בְּכָלְךָ



Investors Presentation  
March 2021

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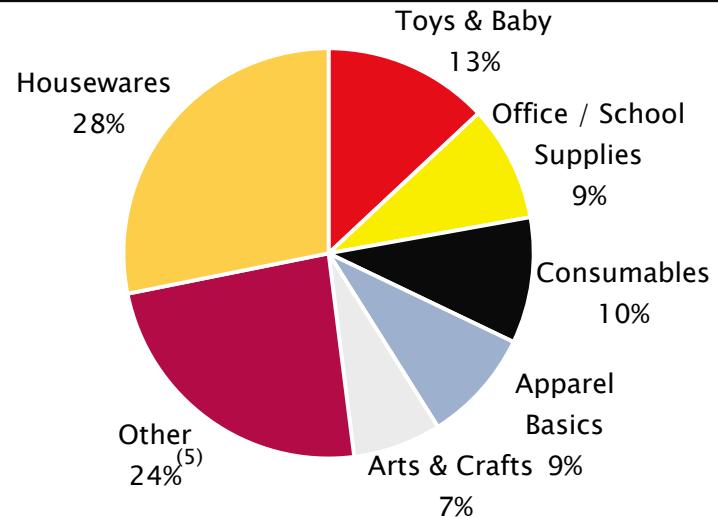
# The Value Leader of Israeli Retail



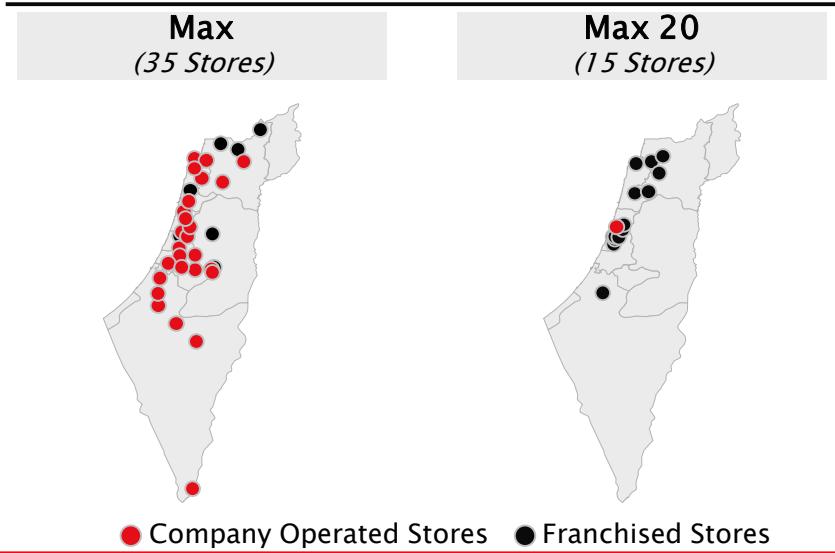
## Company Overview

- A leading extreme value retailer of everyday essential items in Israel.
  - Up to 50% lower prices than conventional retailers.
- Broad selection of merchandise across six major categories.
  - Known for exciting entry aisle of constantly rotating seasonal favorites.
- Operate 50 stores<sup>(1)</sup> across all market segments via dual format strategy
  - Max: Large format (average ~1,800 SqM / ~19,500 SqFt<sup>(2)</sup>) mostly company operated store in suburban markets.
  - Max 20: Smaller format (average ~200 SqM / ~2,150 SqFt) mostly franchised store in city centers; all products priced under NIS 20 (~\$6).
- “Partner” manager model drives superior store level execution.
- Attractive new store model supports compelling whitespace opportunity with ability to more than double store count in Israel<sup>(3)</sup>
- Deep and developed management team with collaborative culture.

## Broad Selection of Quality Products<sup>(4)</sup>



## 50 Locations Across Israel<sup>(1)</sup>



1) Operates 50 stores as of December 31, 2020.

2) Represents company owned stores.

3) Whitespace study per Geocartography Group and Company estimates.

4) Product mix representative of January–December 2020 figures.

5) Other comprised of over 25 subcategories with the largest being OTC Pharmaceutical, Candy, Tools/Hardware, Electronics, Winter Goods, Phone Accessories and Outdoors.

# Our Secret Sauce



Right Product,  
Right Price



Superior  
Customer Service



Energetic, Preferred  
Shopping  
Experience



Our Mission is to Help Customers  
“Dream Big, Pay Small” for Everyday Essentials

## Q4 2020 Situation

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- At the end of Q3, the Israeli government imposed restrictions that included a second lockdown. The lockdown was in effect September 18<sup>th</sup> until October 11<sup>th</sup>
- Limitations on commerce were in place for all retailers until November 7<sup>th</sup>, and on November 8<sup>th</sup> commerce was partially reopened (including shops with street access and open air malls up to 20 stores).
- On December 8<sup>th</sup>, all commerce was opened (under certain restrictions), including Malls, open markets etc.
- However, due to increased morbidity, on December 27<sup>th</sup> all commerce was closed again and a third lockdown began.
- During the fourth quarter, the Company's stores were open with no restrictions up until December 27<sup>th</sup> when the third lockdown started. At that time, the stores were limited to selling essential items only

## Q1 2021 Situation

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- On 21<sup>st</sup> of February the Israeli economy began to re-open and the company's stores returned to normal operations.
- Based Israeli Ministry of Health data, total of 5.2 million people in Israel out of the 16 years and older population of ~6.3 million received the first vaccinations, and 4.2 million received the second one. In addition, about 790k recovered from COVID-19

# 2020 Strong Performance



## Q4 2020 Vs Q4 2019

- Total revenue growth: 54%
- Same store sales growth: 43%
- Gross profit growth: 47%
- Adjusted EBITDA<sup>(2)</sup> growth (pre IFRS16): 108%
- Adjusted EPS growth<sup>(3)</sup>: 89%

## 2020 Vs 2019

- Total revenue growth: 36% (19% excluding onetime bulk operation)
- Same store sales growth: 11% (24%<sup>(1)</sup> excluding period that the stores were closed)
- Gross profit growth: 22% (17% excluding onetime bulk operation)
- Adjusted EBITDA<sup>(2)</sup> growth (pre IFRS16): 56% (42% excluding onetime bulk operation)
- Adjusted EPS growth<sup>(3)</sup> : 40.5%
- 3 stores opened in 2020
- Converted 1 store from company owned to a franchise model

(1) Stores were closed during part of March and April 2020 due to government Covid-related restrictions.

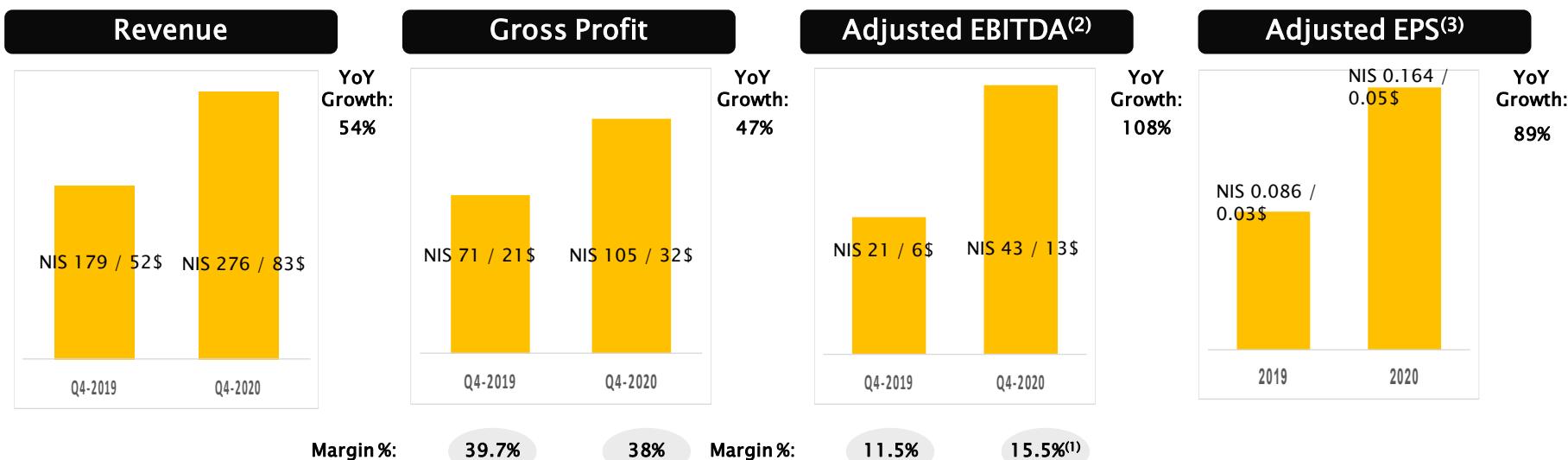
(2) Adjusted EBITDA defined as Net Income + Income Tax Expenses + Net Interest Expenses + D&A + Other Expenses – the impact of IFRS 16 + Share-based payment; see appendix for a reconciliation.

# Q4 2020 Financial Summary



(NIS / USD Millions)

- Total revenue growth of 54% in Q4 2020 vs. Q4 2019 driven by same store sales growth and new store openings
- Comparable store sales increased 43% in Q4 2020 driven by a larger basket size
- Adjusted EBITDA and Adjusted EPS in Q4 2020 grew by 108% and 89%, respectively, vs. Q4 2019 driven by revenue growth and operating leverage



## Strong Q4 2020 Financial Performance

Note: Financials presented on a post-IFRS 16 basis; see appendix for a reconciliation to post-IFRS 16. Israeli Shekels converted to U.S. Dollars by the average exchange rate: 10-12/2019 - 0.29 10-12/2020 - 0.3.

(1) 2020 margins exclude impact of Share-based payment.

(2) Adjusted EBITDA defined as Net Income + Income Tax Expenses + Net Interest Expenses + D&A + Other Expenses – the impact of IFRS 16 + Share-based payment; see appendix for a reconciliation.

(3) See Adjusted EPS reconciliation in appendix.

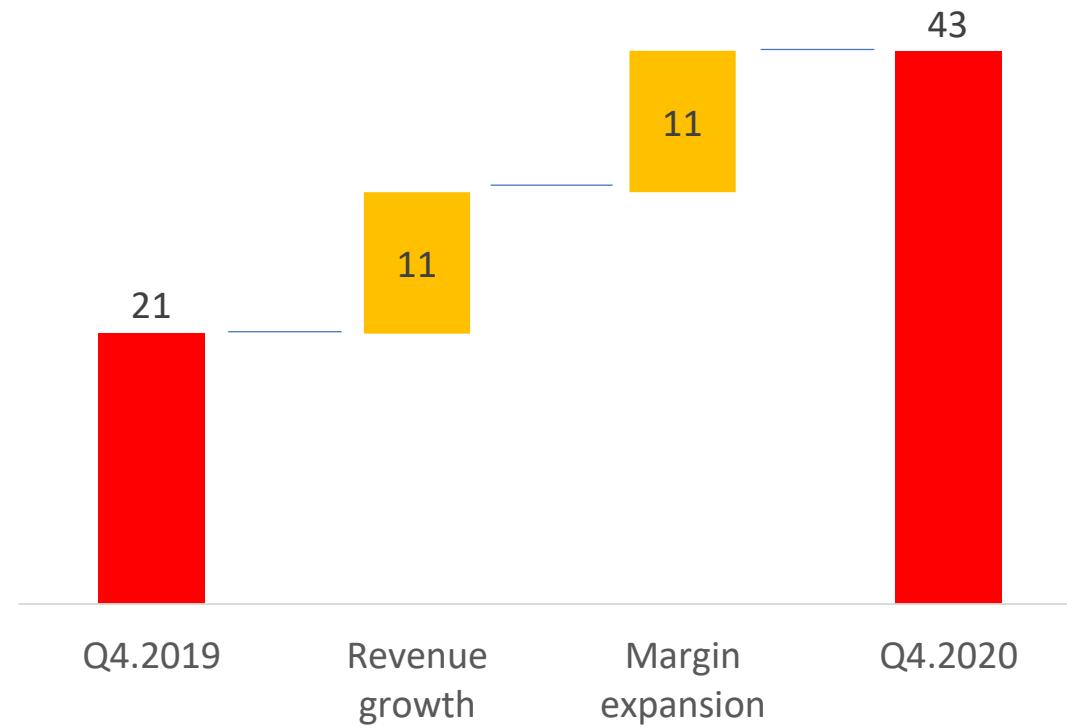
# Revenue Bridge Q4

## Multiple drivers of growth



# Adjusted EBITDA Bridge Q4 Multiple driver of growth (Pre IFRS16)

Q4-2020 Vs Q4-2019



# Summary P&L Q4-2020

|  | Q4-2020 vs Q4-2019 |                |              |
|--|--------------------|----------------|--------------|
|  | Q4-2019            | Q4-2020        | % Change     |
| Revenue from sales                                   | 177,796            | 273,973        | 54.1%        |
| Revenue from commissions / fees                      | 1,546              | 2,111          | 36.5%        |
| <b>Total revenue</b>                                 | <b>179,342</b>     | <b>276,084</b> | <b>53.9%</b> |
| Gross profit   | 71,482             | 105,226        | 47.2%        |
| % of Sales   | 39.8%              | 38.1%          |              |
| SG&A   | 50,116             | 65,702         | 31.1%        |
| % of Sales   | 27.9%              | 23.8%          |              |
| Other income   | -264               | -126           |              |
| Other expenses                                       | 308                | 199            |              |
| <b>EBIT</b>  | <b>21,322</b>      | <b>39,451</b>  | <b>85%</b>   |
| <b>% of Sales</b>                                    | <b>11.9%</b>       | <b>14.3%</b>   |              |
| Interest expenses, net                               | 2,461              | 7,545          | 206.6%       |
| <b>EBT</b>   | <b>18,861</b>      | <b>31,906</b>  | <b>69.2%</b> |
| Taxes  | 3,946              | 8,429          | 113.6%       |
| <b>Net Income</b>                                    | <b>14,915</b>      | <b>23,477</b>  | <b>57.4%</b> |
| <b>% of Sales</b>                                    | <b>8.3%</b>        | <b>8.5%</b>    |              |
| Net income attributable to shareholders              | 12,411             | 19,457         | 56.8%        |
| Net income attributable to non-controlling interests | 2,504              | 4,020          | 60.5%        |
| <b>EPS</b>   | <b>0.09</b>        | <b>0.14</b>    | <b>55.6%</b> |
| <b>Adjusted EPS<sup>(2)</sup> (diluted)</b>          | <b>0.086</b>       | <b>0.164</b>   | <b>89%</b>   |
| <b>EBITDA Post IFRS 16</b>                           | <b>31,575</b>      | <b>53,167</b>  | <b>68.4%</b> |
| % of Sales   | 17.6%              | 19.3%          |              |
| <b>Adjusted EBITDA<sup>(1,2)</sup></b>               | <b>20,632</b>      | <b>42,922</b>  | <b>108%</b>  |
| % of Sales   | 11.5%              | 15.5%          |              |

(1) Adjusted EBITDA defined as Net Income + Income Tax Expenses + Net Interest Expenses + D&A + Other Expenses – the impact of IFRS 16 + Share-based payment; see appendix for a reconciliation.

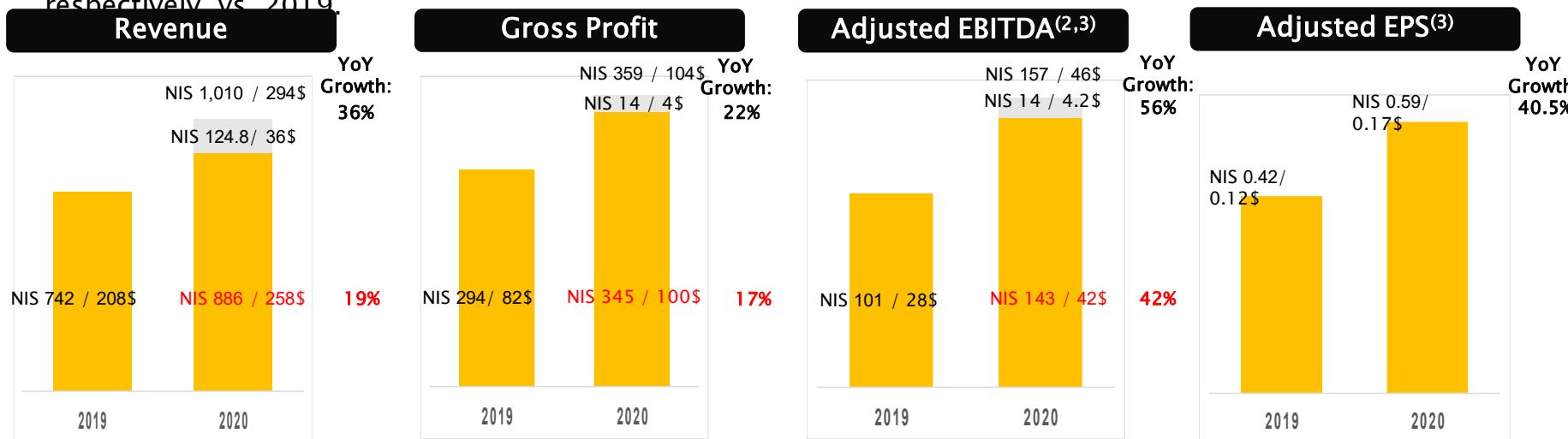
(2) See Adjusted EPS and Adjusted EBITDA reconciliation in appendix.

# Full Year 2020 Financial Summary



(NIS / USD Millions)

- Due to COVID-19, on March 15<sup>th</sup>, 2020, the Israeli government began to restrict travel and retail operations, resulting in business disruptions and store closures for Max until May 1<sup>st</sup>, 2020 and to a lesser extent in the last few days of 2020
- Despite temporary store closures due to COVID-19, Max saw 36% year-over-year sales growth in 2020 including sales of COVID-19 related goods to businesses and government entities. These bulk operations were one time in nature.
- Comparable store sales increased 11% in 2020 driven by growth in volume activity (24% excluding the period during which stores were closed due to government restrictions).
- Despite store closures in March and April and restrictions at the end of December, and excluding one-time COVID-19 related goods sales, Max grew Adjusted EBITDA and Adjusted EPS in 2020 by 56% and 40.5%, respectively, vs. 2019.



## Excluding bulk operations

### Margin %:

39.6%

38.9%(1)

### Margin %

13.6%

16.1%<sup>(1)</sup>

## Strong 2020 Financial Performance Despite Store Closures for ~1.5 months

Note: Financials presented on a post-IFRS 16 basis; see appendix for a reconciliation to post-IFRS 16. Israeli Shekels converted to U.S. Dollars by the average exchange rate: 2020 - 0.29.. 2019 - 0.28

NOTE: Financials presented on a post-IFRS 16 basis; see appendix for a reconciliation to post-IFRS 16. Israeli 3 (1) 2020 margins exclude impact of sales from personal protection equipment and Share-based payment.

(2) Adjusted EBITDA defined as **Net Income + Income Tax Expenses + Net Interest Expenses + D&A + Other Expenses** – the impact of IFRS 16 + Share-based payment.

(2) Adjusted EBITDA defined as Net income + Income Tax Expenses +  
(3) See Adjusted EPS and Adjusted EBITDA reconciliation in appendix.

# Revenue Bridge Full Year 2020

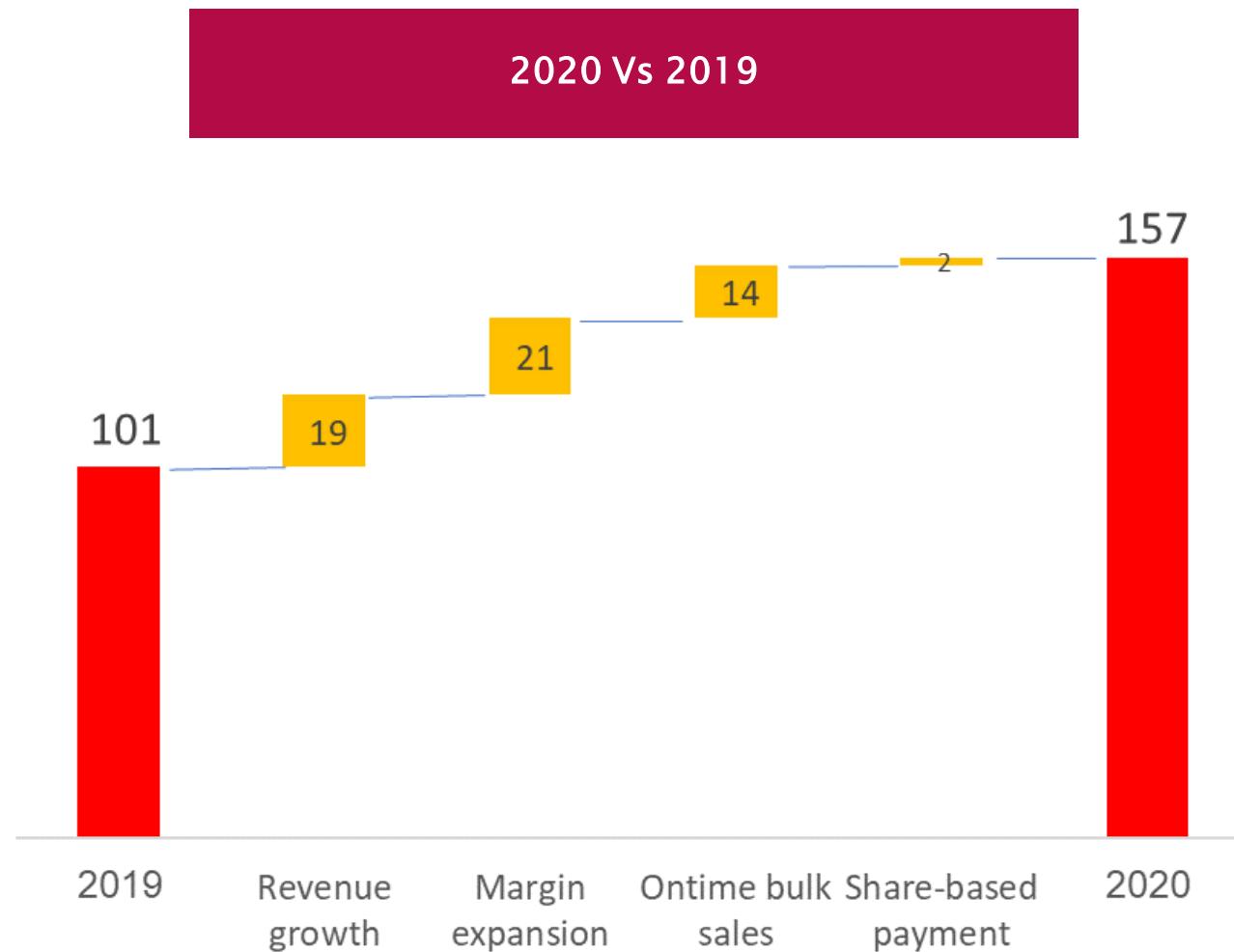
## Multiple drivers of growth

### 2020 Vs 2019



# Adjusted EBITDA Bridge Full Year 2020

## Multiple driver of growth (Pre IFRS16)



# Summary P&L 2020

|  | 2020 vs 2019   |                  |              |
|--|----------------|------------------|--------------|
|  | 2019           | 2020             | % Change     |
| Revenue from sales                                   | 735,582        | 879,214          | 19.5%        |
| Revenue from commissions / fees                      | 5,968          | 6,481            | 8.6%         |
| Revenue from onetime bulk operation                  | -              | 124,800          |              |
| <b>Total revenue</b>                                 | <b>741,550</b> | <b>1,010,495</b> | <b>36.3%</b> |
| Gross profit (Excluding onetime bulk operation)      | 293,547        | 344,589          | 17.4%        |
| % of Sales   | 39.6%          | 34.1%            |              |
| Gross profit onetime bulk operation                  | -              | 14,344           | 100%         |
| % of Sales   |                | 11.5%            |              |
| SG&A   | 191,249        | 203,949          | 6.6%         |
| % of Sales   | 25.8%          | 20.1%            |              |
| Other income   | -733           | -1,224           |              |
| Other expenses                                       | 1,499          | 5,479            |              |
| <b>EBIT</b>  | <b>101,532</b> | <b>150,729</b>   | <b>48.5%</b> |
| <b>% of Sales</b>                                    | <b>13.7%</b>   | <b>14.9%</b>     |              |
| Interest expenses, net                               | 10,397         | 19,282           | 85.5%        |
| Interest expenses onetime bulk operation             | -              | 13,276           |              |
| <b>EBT</b>   | <b>91,135</b>  | <b>118,171</b>   | <b>29.7%</b> |
| Taxes  | 20,861         | 30,542           | 46.4%        |
| <b>Net Income</b>                                    | <b>70,274</b>  | <b>87,629</b>    | <b>24.7%</b> |
| <b>% of Sales</b>                                    | <b>9.5%</b>    | <b>8.7%</b>      |              |
| Net income attributable to shareholders              | 58,614         | 72,615           | 24%          |
| Net income attributable to non-controlling interests | 11,382         | 14,982           | 32%          |
| <b>EPS</b>   | <b>0.41</b>    | <b>0.51</b>      | <b>24%</b>   |
| <b>Adjusted EPS<sup>(2)</sup>(diluted)</b>           | <b>0.42</b>    | <b>0.59</b>      | <b>40.5%</b> |
| <b>EBITDA Post IFRS 16</b>                           | <b>141,189</b> | <b>200,331</b>   | <b>41.9%</b> |
| % of Sales   | 19.0%          | 19.8%            |              |
| <b>Adjusted EBITDA<sup>(1,2)</sup></b>               | <b>100,527</b> | <b>156,996</b>   | <b>56.2%</b> |
| % of Sales   | 13.6%          | 15.5%            |              |

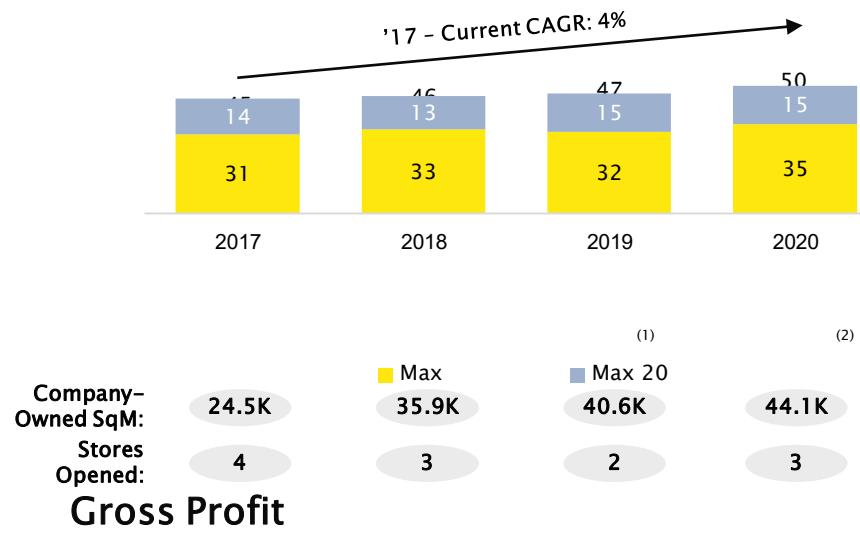
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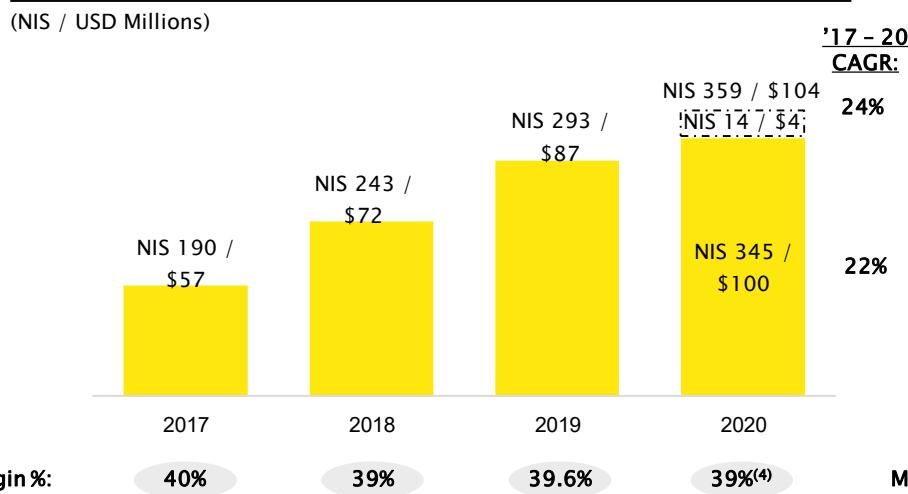
# Historical Financial Performance



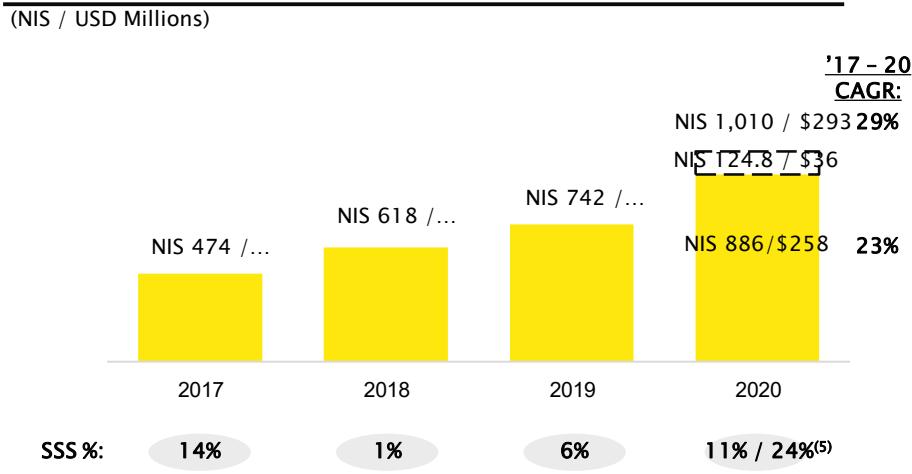
## Number of Stores and SqM



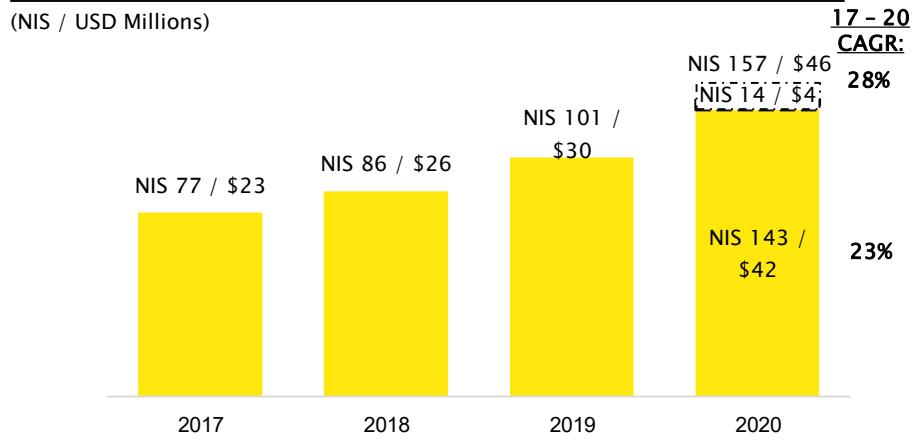
## Gross Profit



## Revenue



## Adjusted EBITDA<sup>(6)</sup>



Note: Financials presented are on a pre-IFRS 16 basis; see appendix for a reconciliation to post-IFRS 16. Comparable store sales figures represent sales of company-owned stores in Israel. Sales are converted to U.S. Dollars by the average exchange rate: 2020 - 0.29.

1) 2019 "Max" store decline due to conversion of two stores to a "Max 20" format; Max has never closed a company-owned store.

2) Operates 50 stores as of December 31, 2020.

3) Company saw increased margin pressure from rapid company expansion.

2020 data is preliminary. Max 20 is a new format of company-owned stores in Israel. Sales are converted to U.S. Dollars by the average exchange rate: 2020 - 0.29.

11% represents actual 2020 comparable store sales for the entire year while 24% represents comparable store sales excluding days when the stores were closed due to Covid-19 restrictions.

6) Adjusted EBITDA defined as Net Income + Income Tax Expenses + Net Interest Expenses + D&A + Other Expenses - the impact of IFRS 16 + Share-based payment; see appendix for reconciliation.

# Balance Sheet Update



## Key Points

- Max has ample liquidity and strong free cash flow generation to support future growth.
- Conservative debt on the balance sheet to ensure financial flexibility.
- Modest capital expenditures and working capital needs.

## Summary Balance Sheet

(NIS Thousands)

| Balance Sheet as of                 | 12/31/2020     | 12/31/2019     |
|-------------------------------------|----------------|----------------|
| Current Assets                      | 362,973        | 217,777        |
| Right of Use Assets                 | 511,704        | 370,165        |
| Other Non-Current Assets            | 58,047         | 44,955         |
| <b>Total Assets</b>                 | <b>932,724</b> | <b>632,897</b> |
| Short-Term Lease Liabilities        | 53,830         | 47,216         |
| Other Current Liabilities           | 174,618        | 100,204        |
| Long-Term Lease Liabilities         | 486,126        | 344,162        |
| Other Non-Current Liabilities       | 22,558         | 21,259         |
| <b>Total Liabilities</b>            | <b>737,132</b> | <b>512,841</b> |
| Equity                              | 195,592        | 120,056        |
| <b>Total Liabilities and Equity</b> | <b>932,724</b> | <b>632,897</b> |

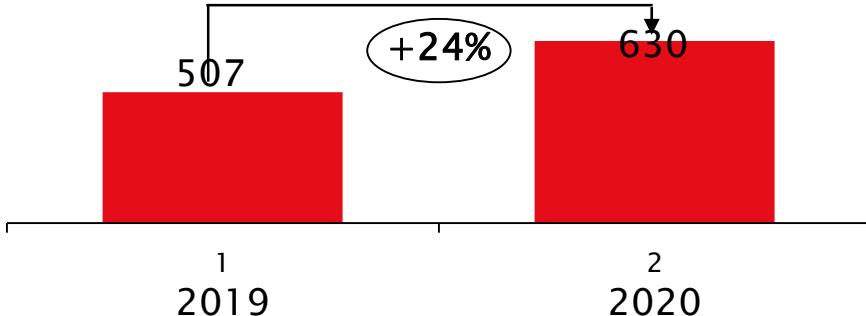
## Cash position

(NIS / USD Thousands)

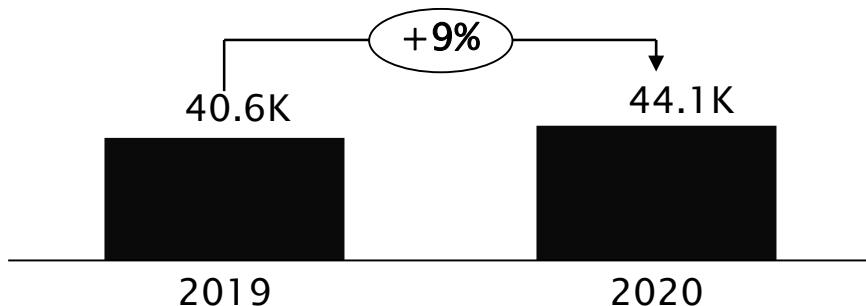
| Capitalization as of      | 12/31/2020                     |             | 12/31/2019                    |             |
|---------------------------|--------------------------------|-------------|-------------------------------|-------------|
|                           | Balance (NIS / \$)             |             | Balance (NIS / \$)            |             |
| Cash and Cash Equivalents | NIS 142,763                    | / \$ 44,405 | NIS 46,057                    | / \$ 13,328 |
| Short-Term Debt           | NIS 15,432                     | / \$ 4,800  | NIS 17,251                    | / \$ 4,992  |
| Long-Term Debt            | NIS 20,622                     | / \$ 6,414  | NIS 19,295                    | / \$ 5,583  |
| <b>Total Debt</b>         | <b>NIS 36,054 / \$ 11,214</b>  |             | <b>NIS 36,546 / \$ 10,575</b> |             |
| <b>Net Cash (Debt)</b>    | <b>NIS 106,709 / \$ 33,191</b> |             | <b>NIS 9,511 / \$ 2,752</b>   |             |

# Bottom line: delivering on our growth strategy

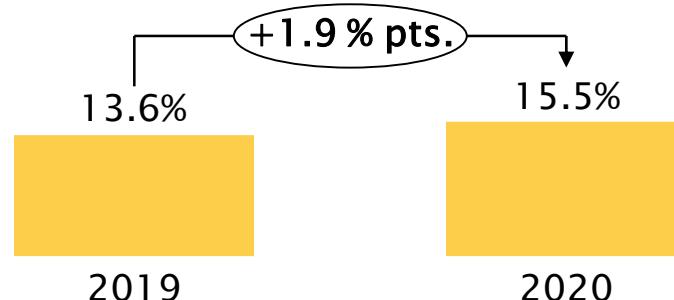
## Drive Comparable Store Sales<sup>1</sup>



## Grow Store Base – SQM



## Adj EBITDA Margin



(1) Exclude period that stores were closed due to government Covid-related restrictions.

# Summary Cash Flow



|  | 2019         | 2020                   |
|--|--------------|------------------------|
| Cash flows deriving from current operation   | 96,612       | 159,999                |
| Cash flows used for investment activities    | -10,672      | -41,357 <sup>(1)</sup> |
| Cash flows used for financing activities     | -83,623      | -46,436                |
| <b>Increase in cash and cash equivalents</b> | <b>2,317</b> | <b>72,206</b>          |

(1) Including Investment in short term deposit of NIS 24.5 million.

# Long-Term Financial Targets



## Metric

## Long-Term Target

Unit Growth

**3 – 5 New Max Stores Annually**  
*(Potential to Double Store Count Long-Term)*

Annual Revenue Growth

Low-to-Mid Teens

Annual SSS

3%

Adjusted EBITDA  
Margin Expansion

~200bps

Annual Net Income Growth

18% – 20%

**MAX**  
כאן דוקים בכם



# Appendix



# Adjusted EBITDA Reconciliation



## Reconciliation of Net Income to Adjusted EBITDA

(NIS Thousands)

|                                       | 2017          | 2018          | 2019           | 2020           |
|---------------------------------------|---------------|---------------|----------------|----------------|
| <b>Net Income</b>                     | <b>53,621</b> | <b>58,814</b> | <b>70,274</b>  | <b>87,629</b>  |
| (+) Interest Expenses, Net            | 1,728         | 1,676         | 10,397         | 32,558         |
| (+) Income Tax Expense                | 17,836        | 19,414        | 20,861         | 30,542         |
| (+) Depreciation and Amortization     | 2,667         | 4,554         | 38,891         | 45,347         |
| (+) Other Expenses <sup>(1)</sup>     | 1,573         | 1,682         | 766            | 4,255          |
| (-) IFRS 16 Adjustment                | NA            | NA            | -40,662        | -45,680        |
| (+) Share-based payment               | NA            | NA            | NA             | 2,345          |
| <b>Adjusted EBITDA (Pre-IFRS 16)</b>  | <b>77,425</b> | <b>86,140</b> | <b>100,527</b> | <b>156,996</b> |
| (+) IFRS 16 Adjustment                | NA            | NA            | 40,662         | 45,680         |
| <b>Adjusted EBITDA (Post-IFRS 16)</b> | <b>NA</b>     | <b>NA</b>     | <b>141,189</b> | <b>202,676</b> |

(1) Other expenses include losses on sales of fixed assets.+IPO Expenses (2020)

# Application of IFRS 16

## Impact of IFRS 16 on the Q4-2019 Income Statement

(NIS Thousands)

| Section           | Before Application of IFRS 16 | Effect of IFRS 16 | After Application of IFRS 16 | After Application of IFRS 16 (Excl. PPE) |
|-------------------|-------------------------------|-------------------|------------------------------|--|
| Gross Profit      | 71,149                        | -333              | 71,482                       | 71,482                                   |
| Adjusted EBITDA   | 20,632                        | 10,943            | 31,575                       | 31,575                                   |
| Operating Profit  | 19,011                        | 2,311             | 21,322                       | 21,322                                   |
| Profit Before Tax | 18,642                        | 219               | 18,861                       | 18,861                                   |
| <b>Net Income</b> | <b>14,745</b>                 | <b>170</b>        | <b>14,915</b>                | <b>14,915</b>                            |

## Impact of IFRS 16 on the Q4-2020 Income Statement

(NIS Thousands)

| Section           | Before Application of IFRS 16 | Effect of IFRS 16 + Share-based payment | After Application of IFRS 16 | After Application of IFRS 16 (Excl. PPE) |
|-------------------|-------------------------------|---|------------------------------|--|
| Gross Profit      | 105,369                       | -143                                    | 105,226                      | 105,226                                  |
| Adjusted EBITDA   | 42,922                        | 10,245                                  | 53,167                       | 53,167                                   |
| Operating Profit  | 38,190                        | 1,261                                   | 39,451                       | 39,451                                   |
| Profit Before Tax | 33,318                        | 1,412                                   | 31,906                       | 31,906                                   |
| <b>Net Income</b> | <b>24,564</b>                 | <b>-1,087</b>                           | <b>23,477</b>                | <b>23,477</b>                            |

# Application of IFRS 16

## Impact of IFRS 16 on the 2019 Income Statement

(NIS Thousands)

| Section           | Before Application of IFRS 16 | Effect of IFRS 16 | After Application of IFRS 16 | After Application of IFRS 16 (Excl. PPE) |
|-------------------|-------------------------------|-------------------|------------------------------|--|
| Gross Profit      | 292,669                       | 878               | 293,547                      | 293,547                                  |
| Adjusted EBITDA   | 100,527                       | 40,662            | 141,189                      | 141,189                                  |
| Operating Profit  | 93,933                        | 7,599             | 101,532                      | 101,532                                  |
| Profit Before Tax | 93,246                        | -2,111            | 91,135                       | 91,135                                   |
| <b>Net Income</b> | <b>71,898</b>                 | <b>-1,624</b>     | <b>70,274</b>                | <b>70,274</b>                            |

## Impact of IFRS 16 on the 2020 Income Statement

(NIS Thousands)

| Section           | Before Application of IFRS 16 | Effect of IFRS 16 + Share-based payment | After Application of IFRS 16 | After Application of IFRS 16 (Excl. PPE) |
|-------------------|-------------------------------|---|------------------------------|--|
| Gross Profit      | 357,578                       | 1,355                                   | 358,933                      | 344,589                                  |
| Adjusted EBITDA   | 156,996                       | 43,335                                  | 200,331                      | 185,987                                  |
| Operating Profit  | 142,357                       | 8,372                                   | 150,729                      | 136,385                                  |
| Profit Before Tax | 125,210                       | -7,039                                  | 118,171                      | 117,103                                  |
| <b>Net Income</b> | <b>93,049</b>                 | <b>-5,420</b>                           | <b>87,629</b>                | <b>86,807</b>                            |

# Adjusted EPS Reconciliation



## Reconciliation of Net Income to Adjusted Net Income

(NIS Thousands)

|                            | Q4-2019         | Q4-2020         |
|----------------------------|-----------------|-----------------|
| <b>Net Income</b>          | <b>14,915</b>   | <b>23,477</b>   |
| (+) IFRS 16 Adjustment     | (170)           | 1,087           |
| (+) Share-based payment    | –               | 1,806           |
| (+) Other Expenses         | –               | 1,822           |
| <b>Adjusted Net Income</b> | <b>14,745</b>   | <b>28,192</b>   |
| <b>Adjusted EPS</b>        | <b>NIS 0.09</b> | <b>NIS 0.16</b> |

# Adjusted EPS Reconciliation



## Reconciliation of Net Income to Adjusted Net Income

(NIS Thousands)

|                                       | 2019            | 2020            |
|---------------------------------------|-----------------|-----------------|
| <b>Net Income</b>                     | <b>70,274</b>   | <b>87,629</b>   |
| (+) IFRS 16 Adjustment                | 1,624           | 5,420           |
| (-) Onetime bulk operation Net Income | –               | 1,068           |
| (+) IPO Expenses                      | –               | 4,613           |
| (+) Share-based payment               | –               | 1,806           |
| (+) Other Expenses                    | –               | 2,741           |
| <b>Adjusted Net Income</b>            | <b>71,898</b>   | <b>101,141</b>  |
| <b>Adjusted EPS</b>                   | <b>NIS 0.42</b> | <b>NIS 0.59</b> |