



# ICR 2023 - Max Stock Corporate Presentation

January 10, 2023

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# We are Israel's leading extreme value retailer

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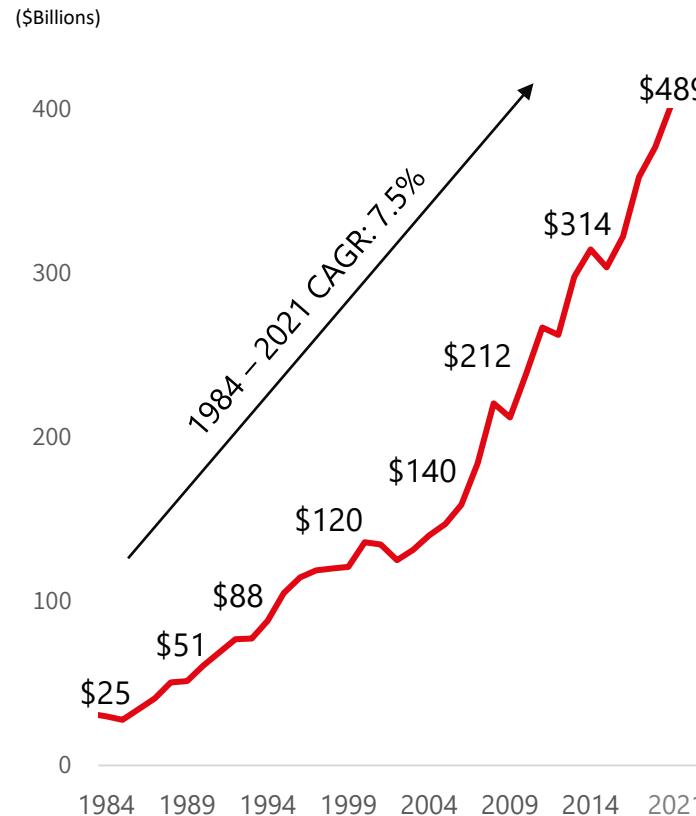
We offer a broad assortment of quality products for customers' everyday needs at affordable prices, helping customers "Dream Big, Pay Small"



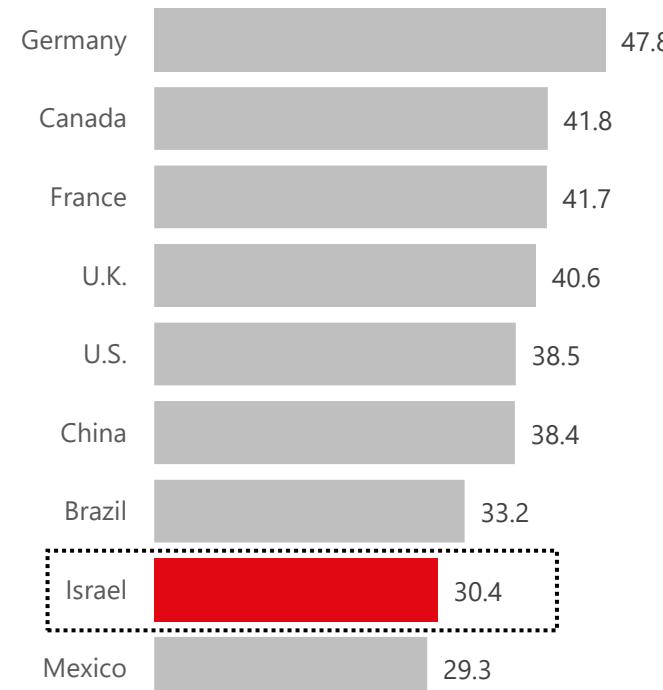
# Strong Underlying Israeli Macro Trends



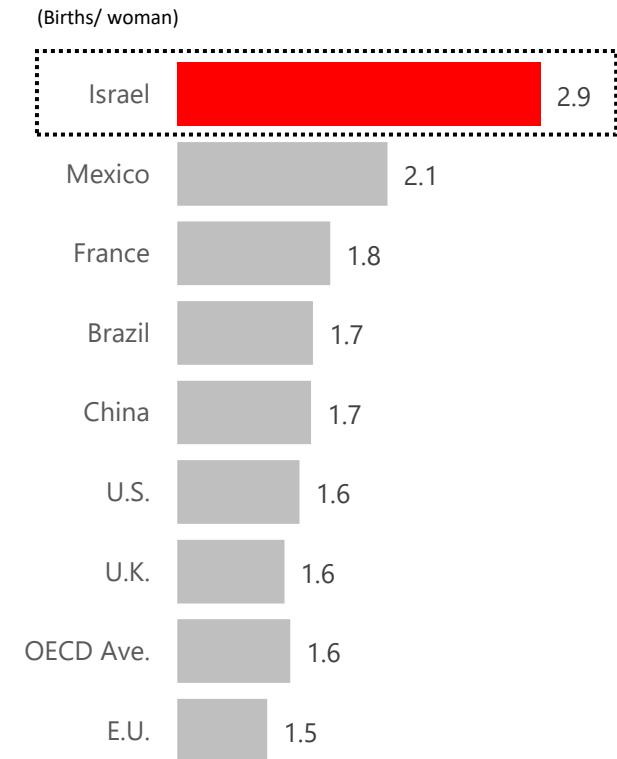
## Rapid Historical GDP Growth<sup>(1)</sup>



## Young Population With Median Age of 30<sup>(2)</sup>



## Highest Fertility Rate in the OECD<sup>(3)</sup>



1) Source: International Monetary Fund as of November, 2022

2) Source: CIA World Data – Latest available data.

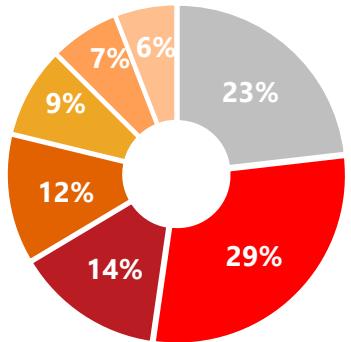
3) OECD comprised of 54 countries. 2020 data.

# Company Overview

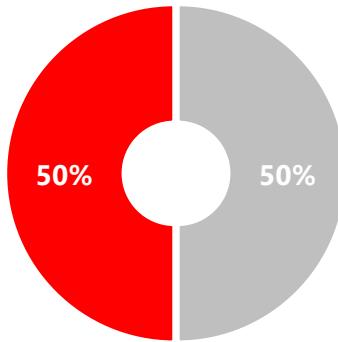
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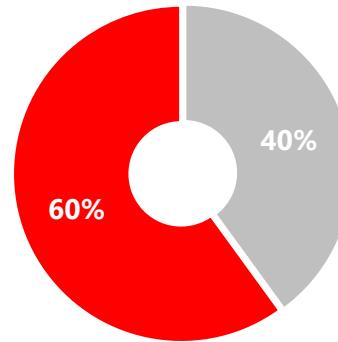
## Product Categories<sup>(1)(2)</sup>



## ~Product Sourcing Mix<sup>(1)</sup>



## ~Product Mix<sup>(1)</sup>



- Other
- Housewares
- Toys & Baby
- Consumables
- Office / School Supplies
- Apparel Basics
- Arts & Crafts

- Imported
- Locally Sourced

- Seasonal products
- Non-discretionary, everyday needs

over  
**NIS 1billion**  
LTM revenue<sup>(3)</sup>



**56**  
locations across Israel<sup>(4)</sup>



**58,500**  
Net SqM<sup>(5)</sup>



**3**  
Logistic centers



**~2,200**  
employees<sup>(1)</sup>



**MAXO**  
Publicly listed on TASE



1) Data for FY 2021.

2) Other comprised of over 25 subcategories with the largest being OTC Pharmaceutical, Candy, Electronics, Phone Accessories and Outdoors

3) Last twelve months ending September 2022

4) As of December 2022

5) Net SqM defined as commercial area in SqM excluding e.g., storage and office spaces. Data refer to owned stores only as of September 2022.

# Our Competitive Advantages

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## Strong brand

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#1 player in Israel and one of Israel's favorite brands

Growing organic and unpaid brand awareness led by word of mouth



## Differentiated sourcing model

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Proven track record and high expertise in sourcing inventory and understanding customer needs

Long standing relationships with leading Chinese, European and Israeli suppliers

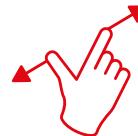


## Best price

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Low price leader with powerful value proposition

Everyday low prices from day one



## Breadth of selection

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Broad assortment of quality products

~60% non-discretionary, everyday needs



## Treasure hunt experience

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~40% exciting, constantly rotating seasonal favorites that capture seasonal shopping trends



## Passionate management team

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Founder-led management team with collaborative culture



## National & growing scale

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Growing presence across Israel, with significant whitespace opportunity to further expand footprint



## Broad customer base

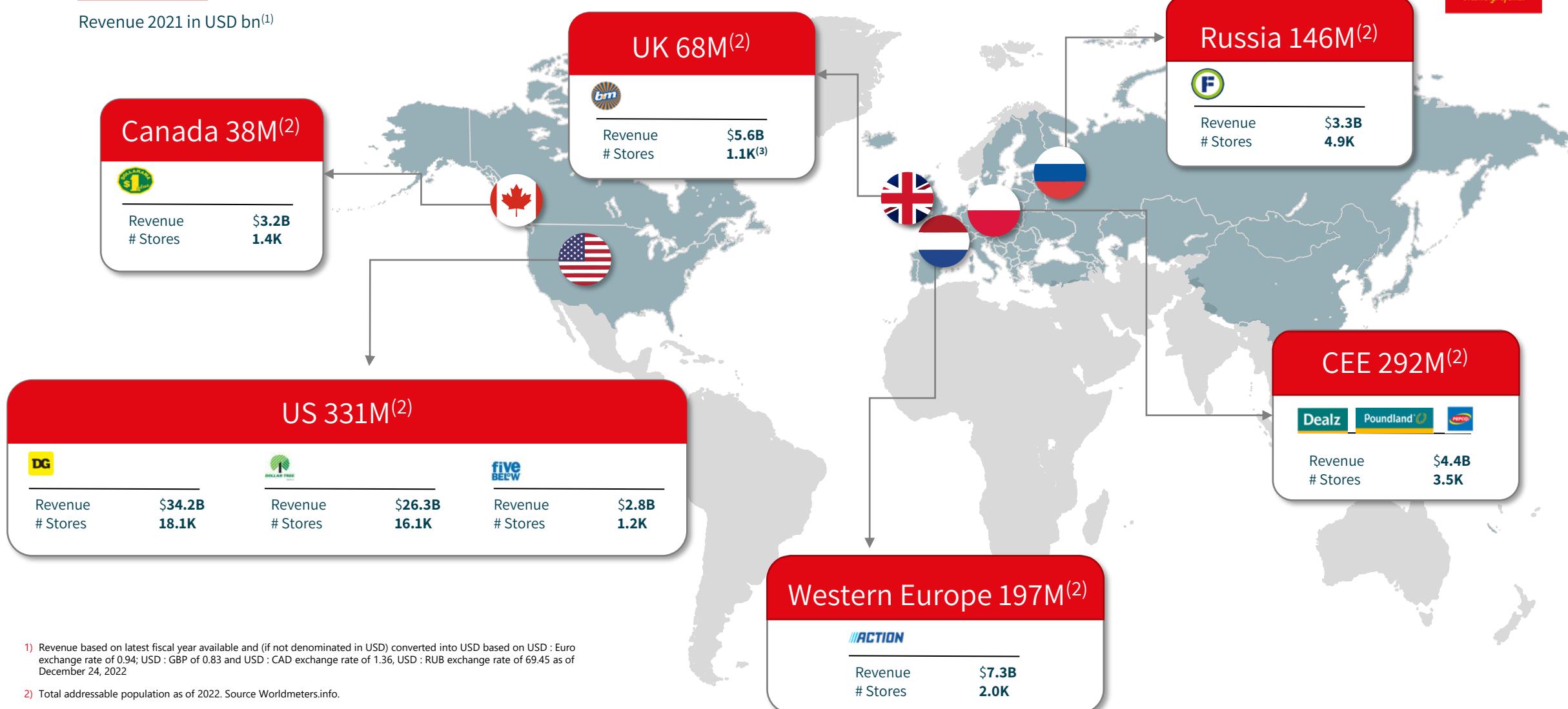
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Serving different demographics and income ranges in Israel, appealing to a broad range of consumer profiles

# Examples of Best-in-Class Value Retailers



Revenue 2021 in USD bn<sup>(1)</sup>



<sup>(1)</sup> Revenue based on latest fiscal year available and (if not denominated in USD) converted into USD based on USD : Euro exchange rate of 0.94; USD : GBP of 0.83 and USD : CAD exchange rate of 1.36, USD : RUB exchange rate of 69.45 as of December 24, 2022

<sup>(2)</sup> Total addressable population as of 2022. Source Worldometers.info.

<sup>(3)</sup> Of which 0.7k are B&M UK stores (vs. Heron and France stores)

# We Capture all Elements of Best-in-Class Concepts

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## Best Price

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## Treasure Hunt

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## Breadth of Selection

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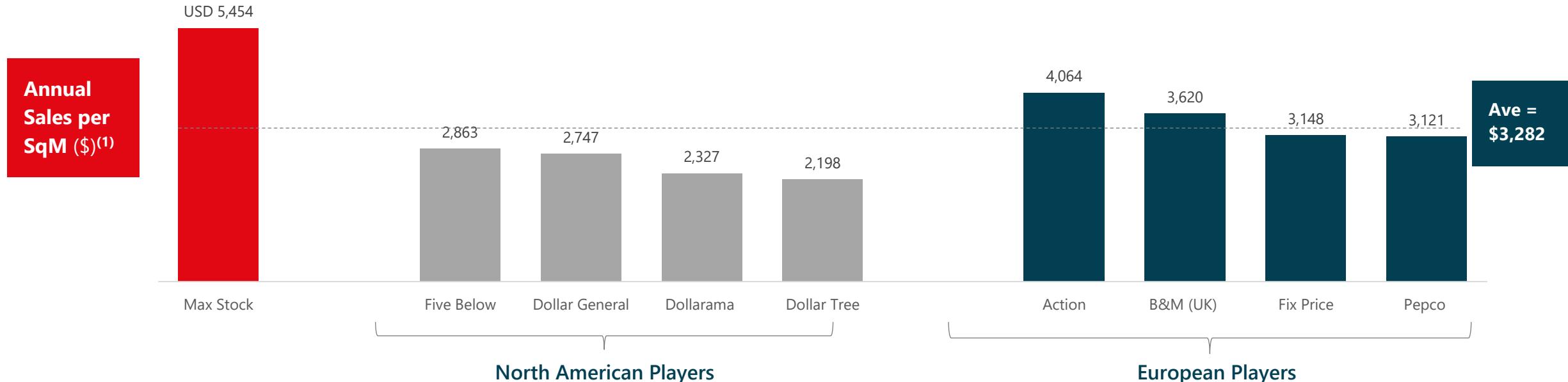


## Energetic, Preferred Shopping Experience

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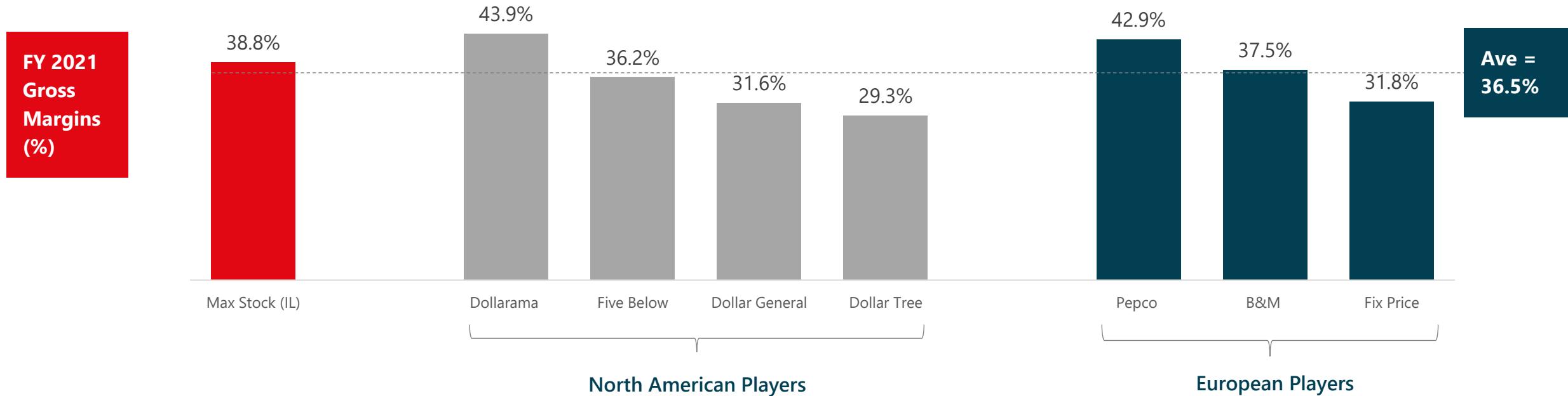
# We are Best-in-Class in Sales per SqM



Source: FactSet, public filings and MAXO estimates. Max Stock annual sales per SqM based on reported NIS 19.1k. All other players based on FY 2021 annual revenue divided by EoY SqM. Revenue based on latest fiscal year available and (if not denominated in USD) converted into USD based on USD : Euro exchange rate of 0.94; USD : GBP of 0.83 and USD : CAD exchange rate of 1.36, USD : RUB exchange rate of 69.45, as of December 24, 2022.

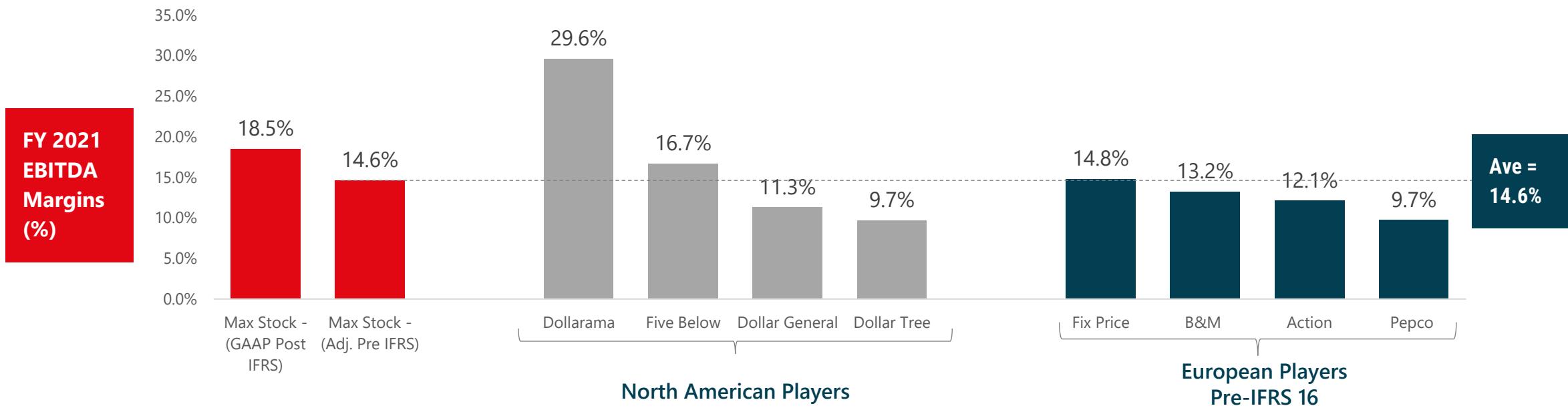


# ...with One of the Highest Gross Margins in the Space



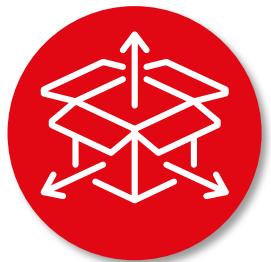
Source: FactSet, public filings and MAXO estimates for latest fiscal year available. Action GMs not available.

# ...and Robust EBITDA Margins



# Our Secret Sauce

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Right Product



Right Price



Right Experience



# Revenue Contribution and Growth, per Category



% of Sep'22 YTD NIS Revenue and YoY growth



29%



13%



13%



11%



6%



5%

Housewares

Toys & Baby

Consumables

Office & School  
Supplies

Arts & Crafts

Apparel Basics

YoY Growth

+6.4%

+1.5%

+20.9%

+25.4%

+16.4%

+18.2%

Our addressable Israeli market is constantly **growing**, as we expand our assortment of quality products and add more categories

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## Product Mix

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**60%**

Broad assortment of quality products  
for customers' everyday needs

**40%**

Ever-changing products that  
capture Seasonal shopping trends

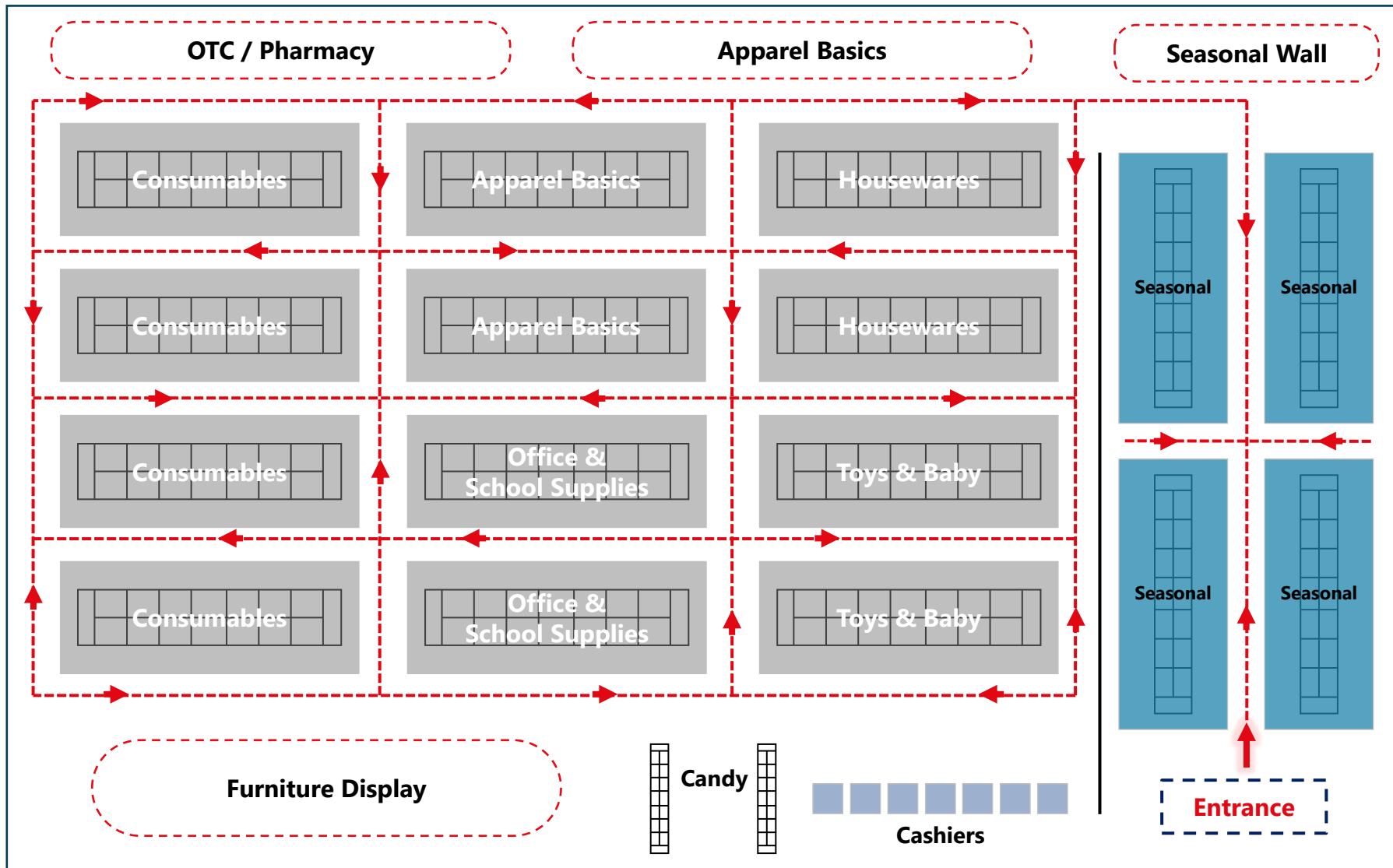


40% Ever-changing products that capture seasonal shopping trends

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# Easy-to-Navigate Store Layout



 Denotes aisle space

# Growth Strategies

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*Looking Forward*

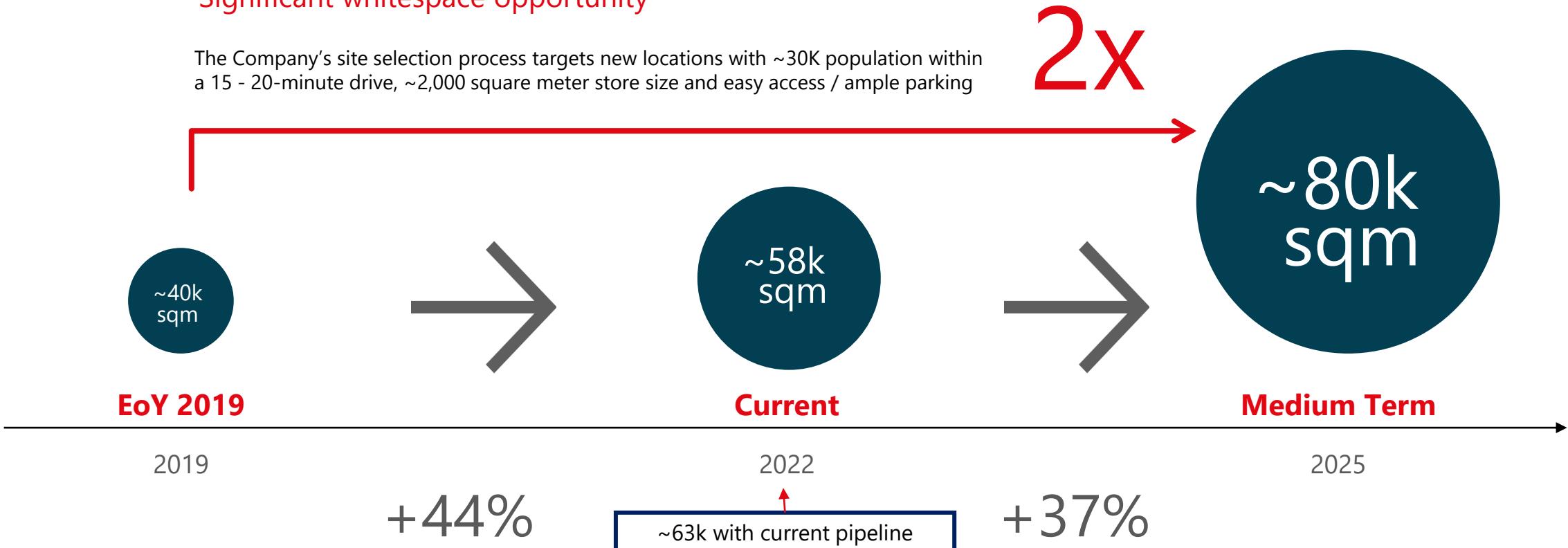


# Looking Forward: **Double** Net SqM vs. 2019



## Significant whitespace opportunity

The Company's site selection process targets new locations with ~30K population within a 15 - 20-minute drive, ~2,000 square meter store size and easy access / ample parking



# Dual Format Store Strategy for All Real Estate Markets

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## Max (Big Box Format)

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- Located in suburban markets with ample parking
- Average store sizes of ~1,800 SqM /~19,500 sq. ft.<sup>(1)</sup>
- Full assortment of merchandise
- Mostly majority owned:  
40 stores (31 are majority owned; 9 are franchised)
- Main format priority for current expansion

## Mini Max (Small Box Format)

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- Located in city centers
- Average store sizes of ~200 SqM /~2,150 sq. ft.
- Typically, lower ticket prices
- Mostly franchised concept:  
16 stores (15 are franchised; 1 is majority owned)
- Second priority growth engine



<sup>1</sup>. Represents Company owned stores

# Portugal & Spain

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Updates



# Collaboration for Creating a Max Stock Chain in Portugal

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- Joint Venture held 75% the Company/ 25% by Fortera
- JV will initially operate in Portugal and may subsequently also expand into Spain
- Initial financing: up to EUR 5 million
- MAXO has control over the jointly-owned company, with a majority on its board of directors and the right to appoint the General Manager
- Mr. Roy Ben-Nun, who serves as the Company's Chief Overseas Operations, is anticipated to serve as General Manager of the jointly-owned company

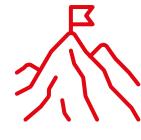


# Why Portugal?

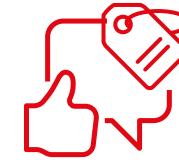
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Estimated  
€12bn. relevant  
market size<sup>(1)</sup>



Underpenetrated  
discount market



High consumer  
demand for low cost



Synergetic  
sourcing model



Strong local  
partners



E-Commerce  
still nascent



Potential expansion  
into Spain as a 2<sup>nd</sup> step



# Financial Highlights and KPIs

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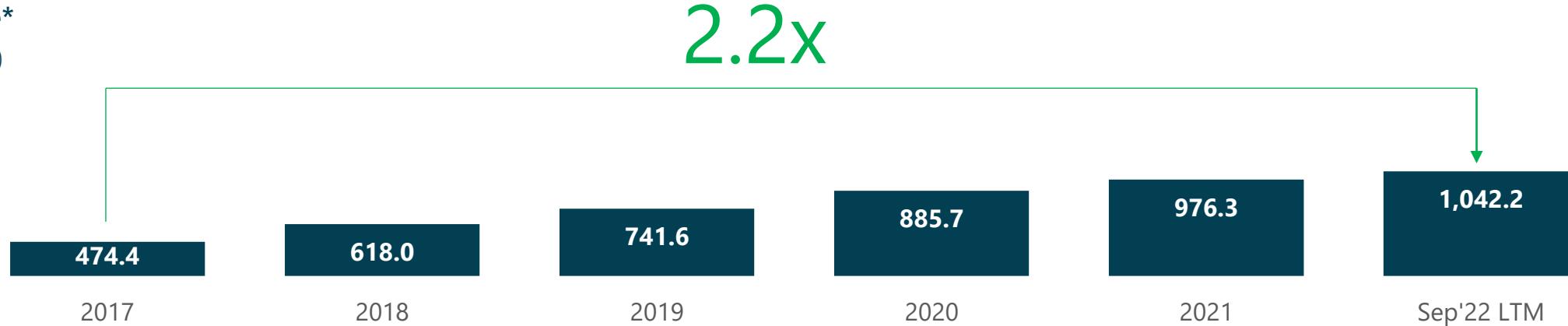
Updates



# Annual and LTM Financial Highlights

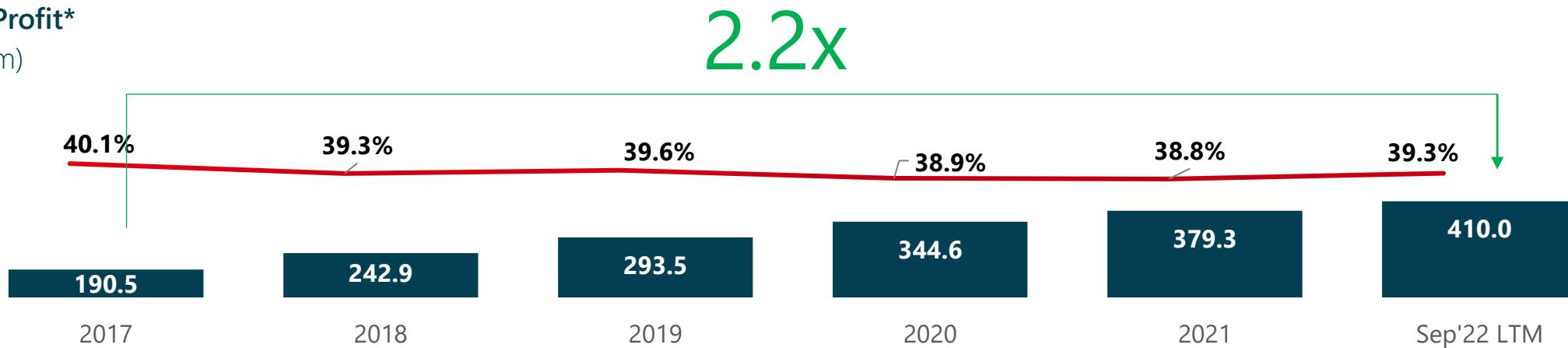


Revenue\*  
(NIS mm)



2.2x

Gross Profit\*  
(NIS mm)



2.2x

\* Excluding one-time bulk operations in 2020

# Annual and LTM Financial Highlights (cont'd)



## Adjusted EBITDA Pre IFRS 16 <sup>(1)</sup> (NIS mm)

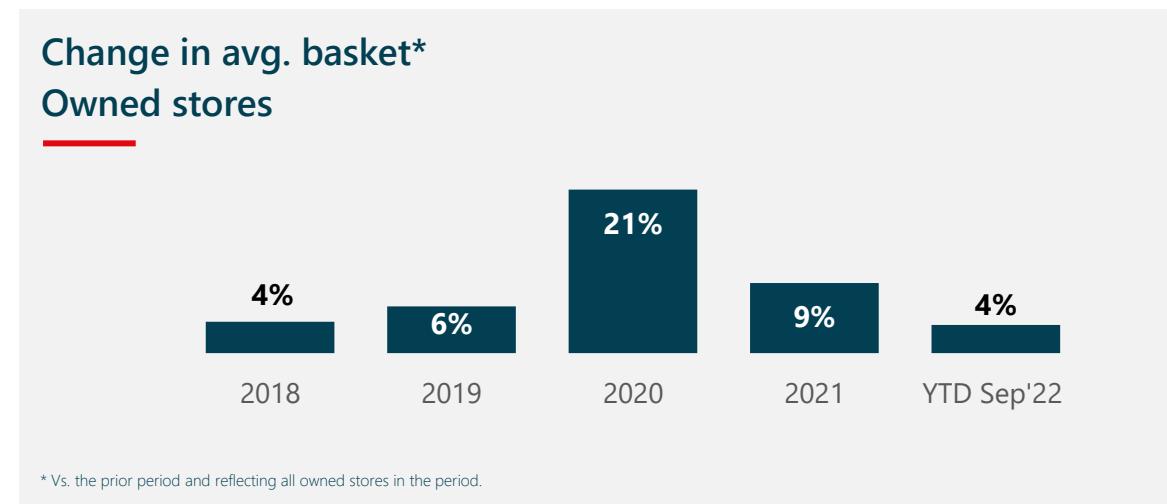
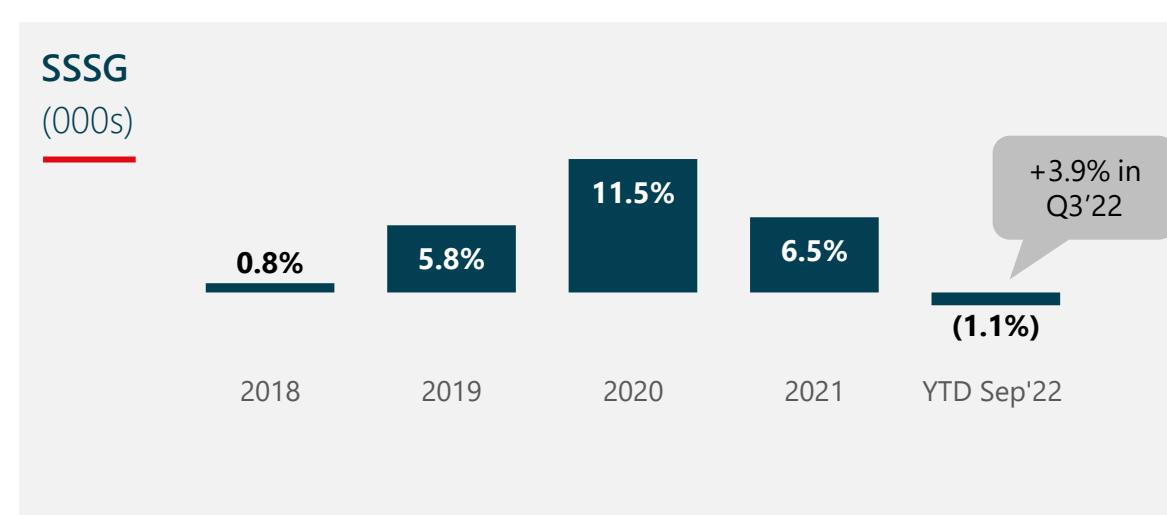


## Adjusted EPS Attributable to Shareholders and NI margin <sup>(2)</sup> (NIS)



- (1) Adjusted EBITDA pre IFRS 16 = EBIT + D&A + other costs (including IPO costs in 2020) + stock-based compensation (SBC) + one-time bulk operation (in 2020) - the impact of IFRS 16
- (2) Net Income (NI) and EPS (both attributable to shareholders) adjusted for stock-based compensation (SBC), one-time bulk operation in 2020 and IPO costs in 2020

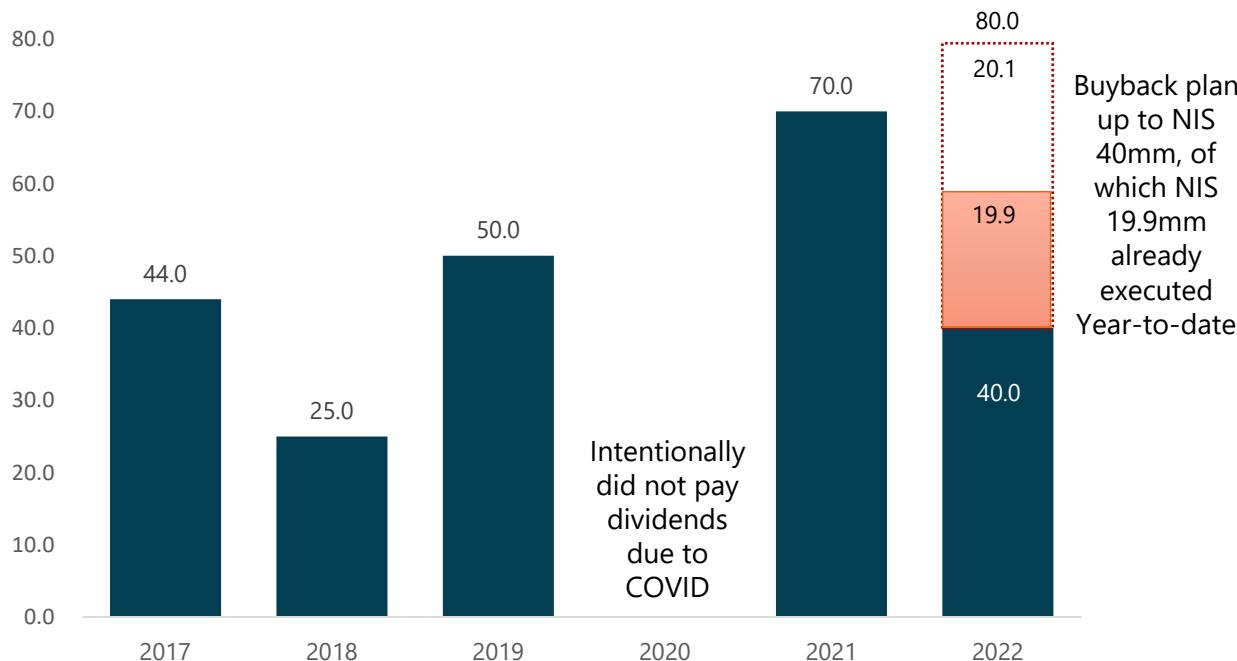
# Our KPIs



# Liquidity, Cash Flows and Capital Deployment



## Annual Dividends and Share Buyback (NIS M)



**Ample liquidity** and conservative debt on Balance Sheet to ensure financial flexibility

Cash Position<sup>(1)</sup>:  
**NIS 82.6M**

Net Cash Position<sup>(1)(2)</sup>  
**NIS 34.0M**

*Typically, modest capital expenditures and working capital needs*

<sup>1</sup>As of Sep 30, 2022

<sup>2</sup>Net Cash = Debt minus Cash

## Talia Sessler

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Chief Corporate  
Development & IR  
Officer

[talia@maxstock.co.il](mailto:talia@maxstock.co.il)  
+972-50-7000155



# Q3 Financial Highlights



## Revenue\*

(NIS mm)

**+39.7%**



YoY Growth

+24.7%

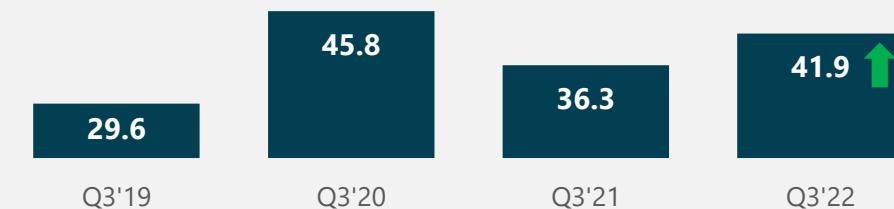
(2.4%)

**+14.8%**

## Adjusted EBITDA Pre IFRS 16<sup>(1)</sup>

(NIS mm)

**+41.6%**



YoY Growth

+54.8%

(20.8%)

**15.4%**

% of Revenue

14.1%

17.5%

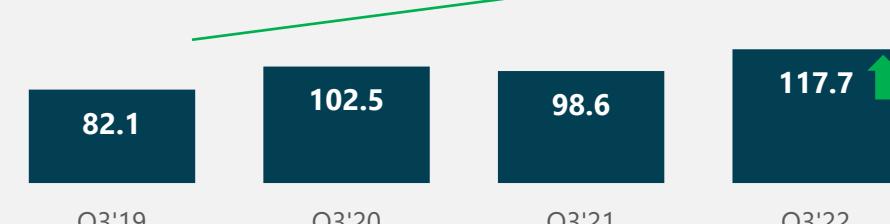
14.2%

**14.3%**

## Gross Profit\*

(NIS mm)

**+43.4%**



YoY Growth

+24.8%

(3.8%)

**19.4%**

Gross Margins

39.1%

39.1%

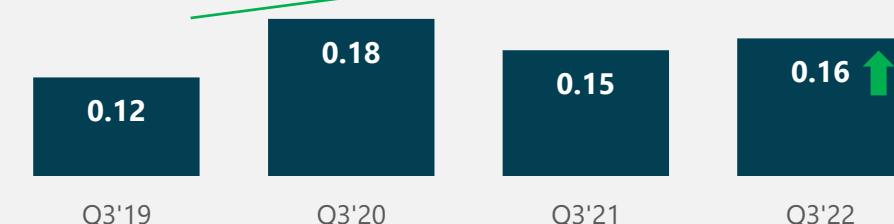
38.6%

**40.1%**

## Adjusted EPS Attributable to Shareholders<sup>(2)</sup>

(NIS)

**+40.1%**



YoY Growth

+59.4%

(20.0%)

**+9.9%**

NI<sup>(2)</sup> (% of Revenue)

7.8%

10.0%

8.2%

**7.8%**

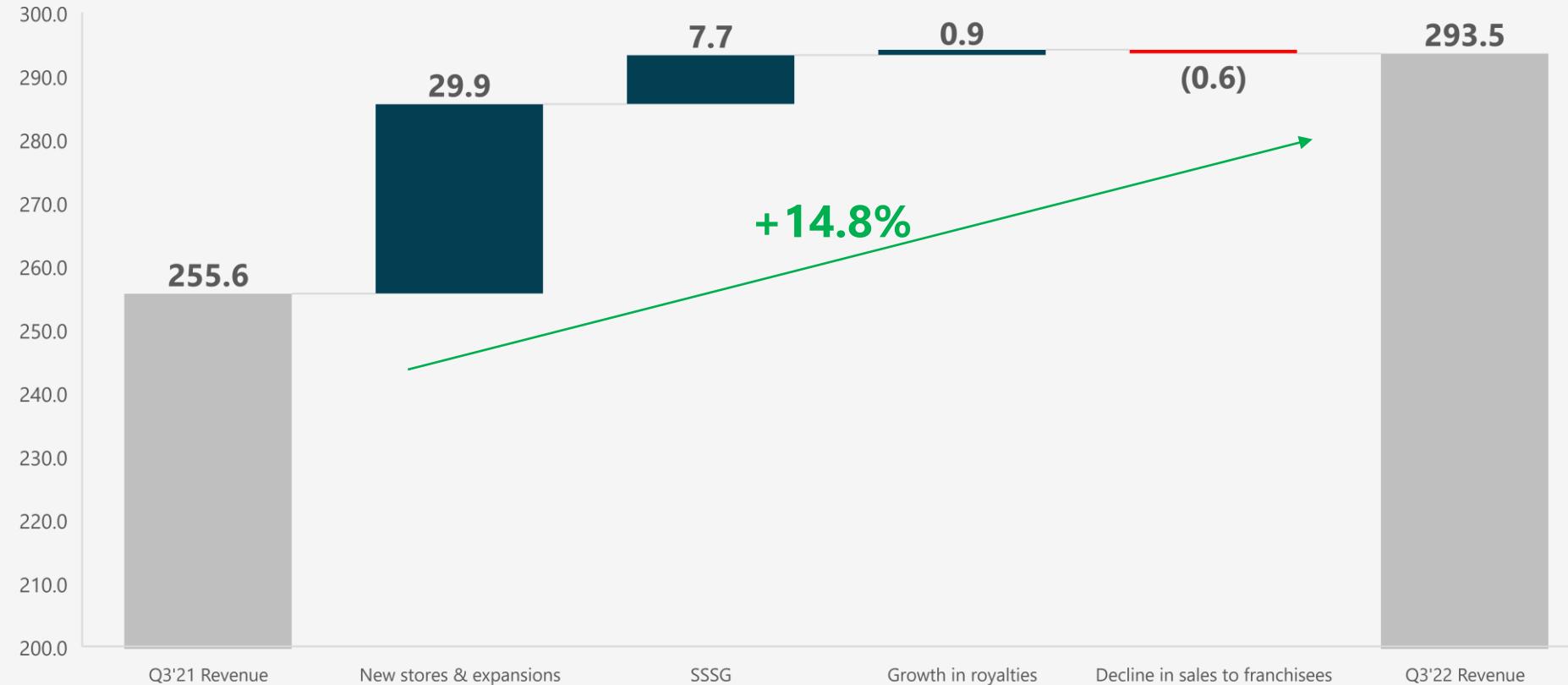
\* Excluding one-time bulk operations in 2020

(1) Adjusted EBITDA pre IFRS 16 = EBIT + D&A + other costs (including IPO costs in 2020) + stock-based compensation (SBC) + one-time bulk operation (in 2020) - the impact of IFRS 16

(2) Net Income (NI) and EPS (both attributable to shareholders) adjusted for stock-based compensation (SBC), one-time bulk operation in 2020 and IPO costs in 2020

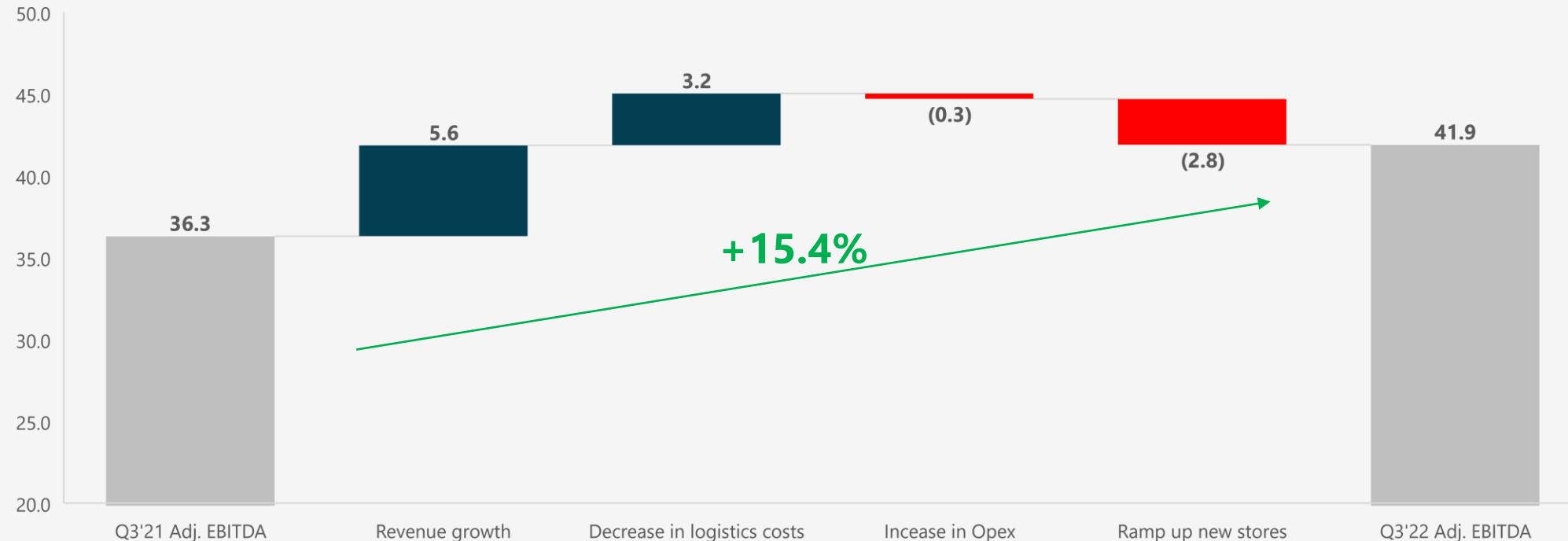
# Revenue Bridge

(Q3'21 to Q3'22; NIS M)



# Adjusted EBITDA Bridge

(Q3'21 to Q3'22; NIS M)



Adjusted EBITDA pre IFRS 16 = EBIT + D&A + other costs + stock-based compensation (SBC) - the impact of IFRS 16

Note: Totals may be slightly impacted by minor rounding differences.

# Historical Quarterly P&L

NIS M



	Q3 2019	Q3 2020	Q3 2021	Q3 2022
Revenue from sales	210.1	260.0	253.6	289.4
Revenue from commissions / fees	0.0	1.9	2.0	4.1
<b>Total Revenue</b>	<b>210.1</b>	<b>262.0</b>	<b>255.6</b>	<b>293.5</b>
<b><i>YoY growth</i></b>		<b>24.7%</b>	<b>-2.4%</b>	<b>14.8%</b>
Gross profit, excluding onetime bulk operation	82.1	102.5	98.6	117.7
<b><i>% of Revenue</i></b>	<b>39.1%</b>	<b>39.1%</b>	<b>38.6%</b>	<b>40.1%</b>
S&M	44.9	48.2	53.8	66.5
G&A	6.9	8.2	10.9	13.7
Total SG&A	51.8	56.4	64.7	80.2
Less: SBC	0.0	0.0	(3.9)	(3.4)
SG&A excluding SBC	51.8	56.4	60.8	76.8
<b><i>% of Revenue</i></b>	<b>24.7%</b>	<b>21.5%</b>	<b>23.8%</b>	<b>26.2%</b>
Other income	(0.1)	(0.6)	0.0	0.0
Other expenses	1.2	5.3	0.0	0.4
GAAP EBIT	29.2	41.4	33.9	37.2
<b><i>% of Revenue</i></b>	<b>13.9%</b>	<b>15.8%</b>	<b>13.3%</b>	<b>12.7%</b>
Adj. EBIT (exc. SBC, onetime and other)	30.3	46.0	37.8	40.9
<b><i>% of Revenue</i></b>	<b>14.4%</b>	<b>17.6%</b>	<b>14.8%</b>	<b>13.9%</b>

Note: Totals may be slightly impacted by minor rounding differences.

# Historical Quarterly P&L and Net Income Reconciliations

NIS M



	Q3 2019	Q3 2020	Q3 2021	Q3 2022
Interest expenses, net	3.0	3.8	4.4	4.8
Interest expenses onetime bulk operation	0.0	1.4	0.0	0.0
EBT	26.1	36.1	29.6	32.4
Adj. EBT (exc. SBC, onetime and other)	27.2	42.2	33.5	36.1
Taxes	6.1	9.9	8.6	8.4
GAAP Net Income	20.0	26.2	20.9	24.0
<b>% of Revenue</b>	<b>9.5%</b>	<b>10.0%</b>	<b>8.2%</b>	<b>8.2%</b>
Adj. Net Income (exc. SBC, one-time bulk	20.0	31.8	24.8	27.4
<b>% of Revenue</b>	<b>9.5%</b>	<b>12.1%</b>	<b>9.7%</b>	<b>9.3%</b>
Net income attributable to shareholders	16.5	20.7	17.1	19.6
Net income attributable to non-controlling interests	3.5	5.5	3.8	4.4
	<b>20.0</b>	<b>26.2</b>	<b>20.9</b>	<b>24.0</b>
Net Income Adjustments:				
SBC	0.0	0.0	3.9	3.4
Onetime bulk operation, net of taxes	0.0	1.1	0.0	0.0
Issuance Costs / IPO Expenses	0.0	4.5	0.0	0.0
Total Net Income Adjustments	<b>0.0</b>	<b>5.6</b>	<b>3.9</b>	<b>3.4</b>
Adjusted Net Income - Attributable to shareholders	16.5	26.3	21.0	23.0
Adjusted Net Income - Attributable to non-controlling interests	3.5	5.5	3.8	4.4
<b>Adjusted Net Income</b>	<b>20.0</b>	<b>31.8</b>	<b>24.8</b>	<b>27.4</b>
Basic Shares O/S (000s)	142.3	142.3	142.3	141.7
EPS, attributable to shareholders	0.12	0.15	0.12	0.14
<b>Adj. EPS attributable to shareholders</b>	<b>0.12</b>	<b>0.18</b>	<b>0.15</b>	<b>0.16</b>

Note: Totals may be slightly impacted by minor rounding differences.

# Historical Quarterly EBITDA Reconciliations

NIS M

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	Q3 2019	Q3 2020	Q3 2021	Q3 2022
Net Income	20.0	26.2	20.9	24.0
Plus Interest Expense, net	3.0	5.3	4.4	4.8
Plus Income Taxes	6.1	9.9	8.6	8.4
Plus D&A	9.5	11.8	12.8	16.4
Plus Other Expense	1.1	4.7	0.0	0.4
<b>EBITDA Post IFRS 16 (exc. Other Expenses)</b>	<b>39.8</b>	<b>57.8</b>	<b>46.8</b>	<b>53.9</b>
Plus SBC		0.0	3.9	3.4
Minus IFRS 16	(10.2)	(12.0)	(14.4)	(15.4)
<b>Adjusted EBITDA Pre IFRS 16 (exc. SBC and Other Expenses)</b>	<b>29.6</b>	<b>45.8</b>	<b>36.3</b>	<b>41.9</b>
Onetime bulk operation	0.0	0.0	0.0	0.0
<b>Adjusted EBITDA Pre IFRS 16, excluding onetime bulk operation</b>	<b>29.6</b>	<b>45.8</b>	<b>36.3</b>	<b>41.9</b>
<b>% of Revenue</b>	<b>14.1%</b>	<b>17.5%</b>	<b>14.2%</b>	<b>14.3%</b>

# YTD Sep'22 Financial Highlights



## Revenue\*

(NIS mm)

+41.8%

562.2

609.6

731.2

797.1

YTD Sep'19

YTD Sep'20

YTD Sep'21

YTD Sep'22

YoY Growth

+8.4%

+19.9%

+9.0%

## Adjusted EBITDA Pre IFRS 16 <sup>(1)</sup>

(NIS mm)

+29.0%

79.9

99.7

109.5

103.1

YTD Sep'19

YTD Sep'20

YTD Sep'21

YTD Sep'22

YoY Growth

+24.8%

+9.8%

(5.9%)

% of Revenue

14.2%

16.4%

15.0%

12.9%

## Gross Profit\*

(NIS mm)

+41.7%

222.1

239.4

284.0

314.7

YTD Sep'19

YTD Sep'20

YTD Sep'21

YTD Sep'22

YoY Growth

+7.8%

+18.6%

10.8%

Gross Margins

39.5%

39.3%

38.8%

39.5%

## Adjusted EPS Attributable to Shareholders <sup>(2)</sup>

(NIS)

+20.6%

0.33

0.40

0.46

0.39

YTD Sep'19

YTD Sep'20

YTD Sep'21

YTD Sep'22

YoY Growth

+22.3%

+16.2%

(15.1%)

NI <sup>(2)</sup> (% of Revenue)

8.3%

9.3%

9.0%

7.0%

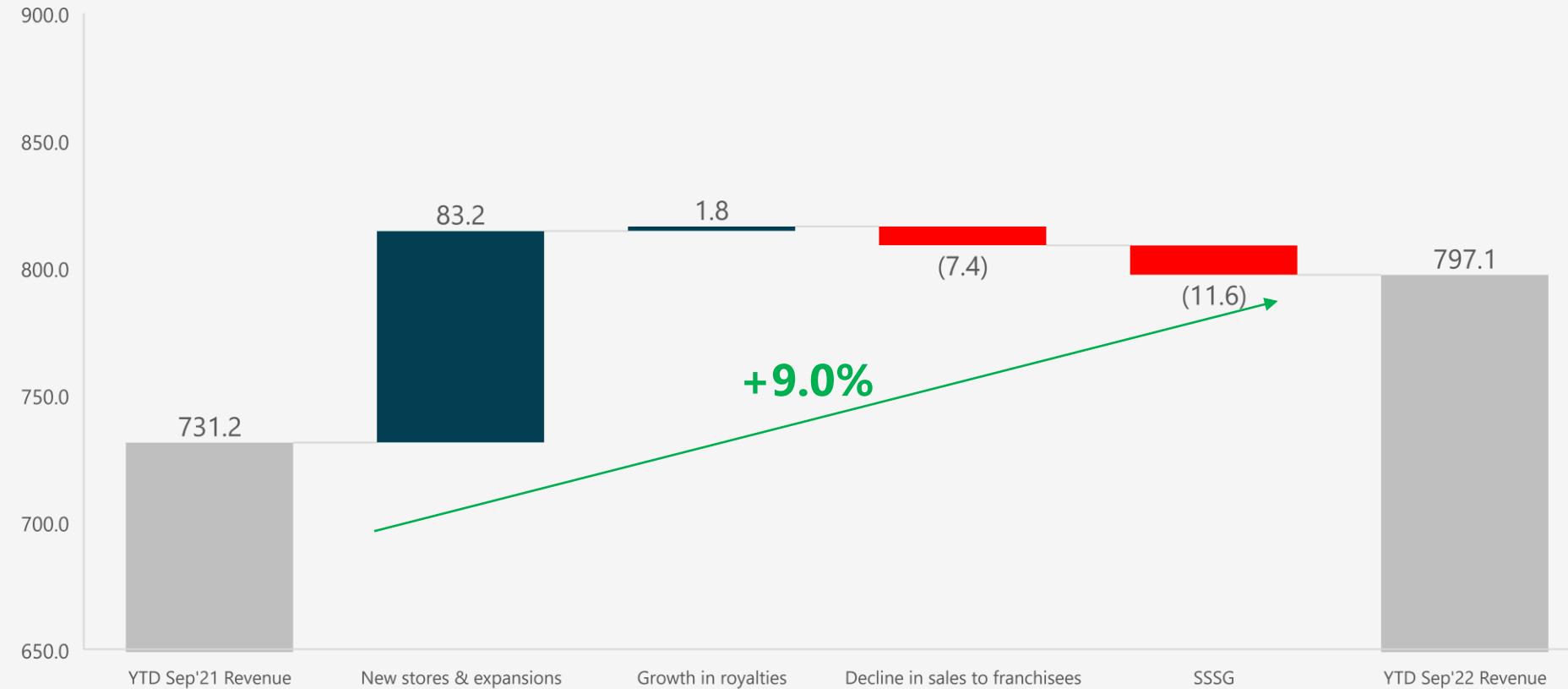
\* Excluding one-time bulk operations in 2020

• (1) Adjusted EBITDA pre IFRS 16 = EBIT + D&A + other costs (including IPO costs in 2020) + stock-based compensation (SBC) + one-time bulk operation (in 2020) - the impact of IFRS 16

• (2) Net Income (NI) and EPS (both attributable to shareholders) adjusted for stock-based compensation (SBC), one-time bulk operation in 2020 and IPO costs in 2020

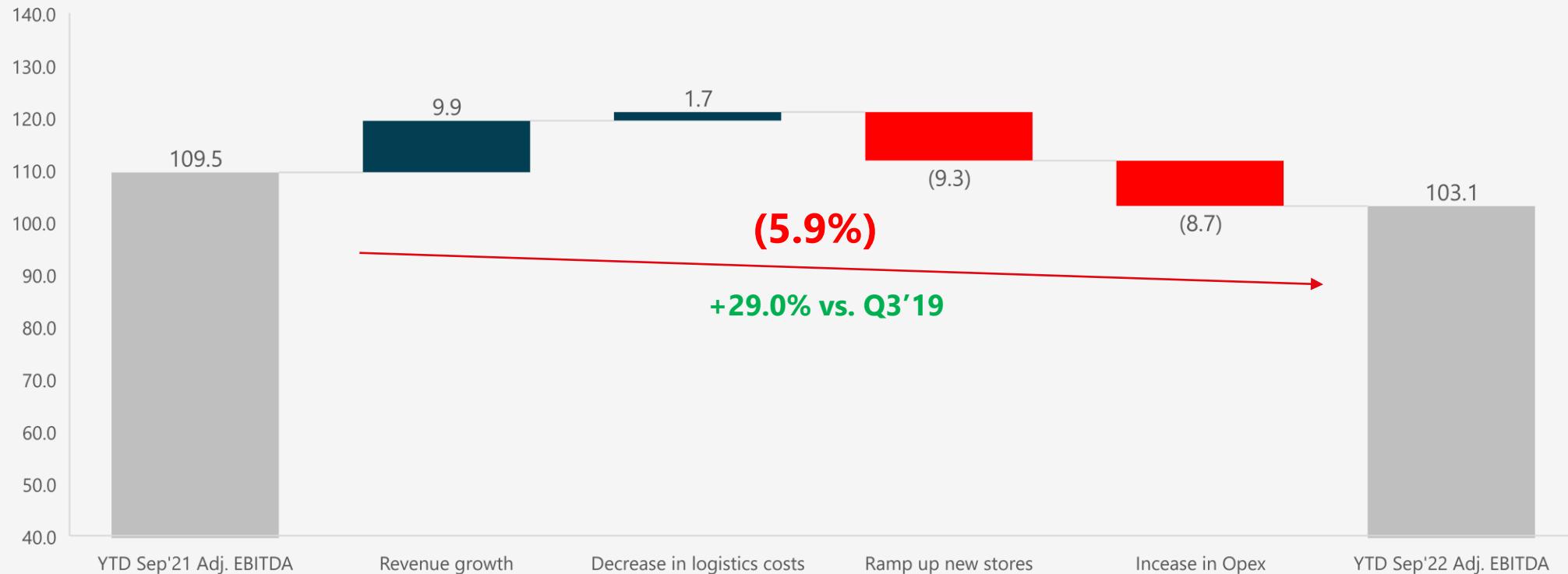
# Revenue Bridge

(YTD Sep'21 to YTD Sep'22; NIS M)



# Adjusted EBITDA Bridge

(YTD Sep'21 to YTD Sep'22; NIS M)



Adjusted EBITDA pre IFRS 16 = EBIT + D&A + other costs + stock-based compensation (SBC) - the impact of IFRS 16

Note: Totals may be slightly impacted by minor rounding differences.

# Historical Sep'22 YTD P&L

NIS M



	YTD Q3 2019	YTD Q3 2020	YTD Q3 2021	YTD Q3 2022
Revenue from sales	562.2	605.2	724.9	785.8
Revenue from commissions / fees	0.0	4.4	6.3	11.3
<b>Total Revenue, excluding onetime bulk operation</b>	<b>562.2</b>	<b>609.6</b>	<b>731.2</b>	<b>797.1</b>
<i>YoY growth</i>		<b>8.4%</b>	<b>19.9%</b>	<b>9.0%</b>
Revenue from onetime bulk operation		124.8	0.0	0.0
<b>Total Revenue</b>	<b>562.2</b>	<b>734.4</b>	<b>731.2</b>	<b>797.1</b>
<i>YoY growth</i>		<b>30.6%</b>	<b>-0.4%</b>	<b>9.0%</b>
Gross profit (excluding onetime bulk operation)	222.1	239.4	284.0	314.7
<b>% of Revenue (excluding onetime bulk operation)</b>	<b>39.5%</b>	<b>39.3%</b>	<b>38.8%</b>	<b>39.5%</b>
Gross profit onetime bulk operation		14.3		
<b>% of Revenue</b>		<b>11.5%</b>		
S&M	123.1	118.1	149.6	185.2
G&A	18.0	20.2	32.8	39.6
Total SG&A	141.1	138.2	182.4	224.8
Less: SBC		0.0	(11.6)	(11.1)
SG&A excluding SBC	141.1	138.2	170.8	213.7
<b>% of Revenue, excluding onetime bulk operation</b>	<b>25.1%</b>	<b>22.7%</b>	<b>23.4%</b>	<b>26.8%</b>
<b>% of Revenue</b>	<b>25.1%</b>	<b>18.8%</b>	<b>23.4%</b>	<b>26.8%</b>

# Historical Sep'22 YTD P&L and Net Income Reconciliations

NIS M



	YTD Q3 2019	YTD Q3 2020	YTD Q3 2021	YTD Q3 2022
Interest expenses, net	7.9	11.7	11.9	13.8
Interest expenses onetime bulk operation		13.3		
EBT	72	86.3	91.2	75.9
Adj. EBT (exc. SBC, onetime and other)	73	89.4	101.2	87.2
Taxes	16.9	22.1	24.9	20.4
GAAP Net Income	55	64.2	66.3	55.5
<b>% of Revenue</b>	<b>9.8%</b>	<b>8.7%</b>	<b>9.1%</b>	<b>7.0%</b>
Adj. Net Income (exc. SBC, one-time bulk	55	68	78	67
<b>% of Revenue, excluding onetime bulk operation</b>	<b>9.8%</b>	<b>11.1%</b>	<b>10.7%</b>	<b>8.4%</b>
Net Income - Attributable to shareholders	46.5	53.2	54.4	44.9
Net Income - Attributable to non-controlling interest	8.9	11.0	11.9	10.6
<b>GAAP Net Income</b>	<b>55.4</b>	<b>64.2</b>	<b>66.3</b>	<b>55.5</b>
<b>Net Income Adjustments:</b>				
Total net income adjustments, net of taxes - one-time bulk operation		(0.8)		
SBC			11.6	11.1
Issuance costs / IPO expenses		4.5		
<b>Total Net Income Adjustments:</b>	<b>0.0</b>	<b>3.7</b>	<b>11.6</b>	<b>11.1</b>
Adjusted Net Income - Attributable to shareholders	46.5	56.8	66.0	56.0
Adjusted Net Income - Attributable to non-controlling interests	8.9	11.0	11.9	10.6
<b>Adjusted Net Income</b>	<b>55.4</b>	<b>67.8</b>	<b>77.9</b>	<b>66.6</b>
Basic Shares O/S	142.3	142.3	142.3	142.1
EPS, attributable to shareholders	0.33	0.37	0.38	0.32
<b>Adj. EPS attributable to shareholders</b>	<b>0.33</b>	<b>0.40</b>	<b>0.46</b>	<b>0.39</b>

Note: Totals may be slightly impacted by minor rounding differences.

# Historical Sep'22 YTD EBITDA Reconciliations

NIS M



	YTD Q3 2019	YTD Q3 2020	YTD Q3 2021	YTD Q3 2022
Net Income	55.4	64.2	66.3	55.5
Plus Interest Expense, net	7.9	25.0	11.9	13.8
Plus Income Taxes	16.9	22.1	24.9	20.4
Plus D&A	28.7	31.7	37.8	47.7
Plus Other Expense	0.7	4.2	(1.6)	0.2
<b>EBITDA Post IFRS 16 (exc. Other Expenses)</b>	<b>109.6</b>	<b>147.2</b>	<b>139.4</b>	<b>137.7</b>
Plus SBC		0.0	11.6	11.1
Minus IFRS 16	(29.7)	(33.1)	(41.5)	(45.7)
<b>Adjusted EBITDA Pre IFRS 16 (exc. SBC and Other Expenses)</b>	<b>79.9</b>	<b>114.1</b>	<b>109.5</b>	<b>103.1</b>
Onetime bulk operation	0.0	(14.4)	0.0	0.0
<b>Adjusted EBITDA Pre IFRS 16 (exc. Onetime bulk operation, SBC and Other Expenses)</b>	<b>79.9</b>	<b>99.7</b>	<b>109.5</b>	<b>103.1</b>
<b>% of Revenue, excluding onetime bulk operation</b>	<b>14.2%</b>	<b>16.4%</b>	<b>15.0%</b>	<b>12.9%</b>