

MAX STOCK

Q1'24 Earnings Conference Call

22 May 2024



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Q1 2024 RESULTS

Strong growth to start 2024 across key metrics

REVENUE

NIS 313.2M

+12.0% vs. Q1'23

SSSG

4.0%

Jan.-April 2024 SSSG = +10.3%

GROSS MARGIN

42.3%

+ 90 BPS vs. Q1'23

Adj. EBITDA*

NIS 42.9M

13.7% of revenue; +60 BPS vs. Q1'23

Adj. NET INCOME**

NIS 26.0M

+24.1% vs. Q1'23

Adjusted EPS**

NIS 0.19

+23.8% vs. Q1'23

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

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

** Net Income and EPS attributable to shareholders adjusted for stock-based compensation (SBC)

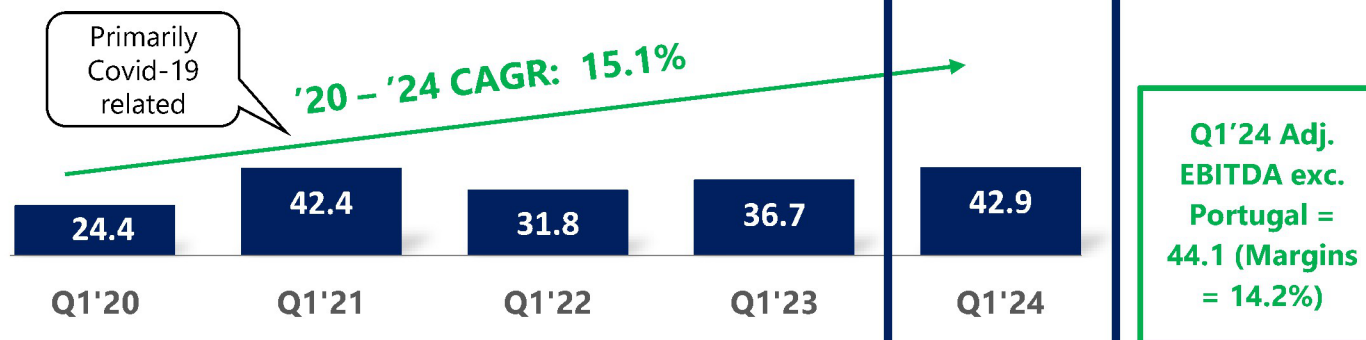


Q1 Financial Highlights



	Q1'20	Q1'21	Q1'22	Q1'23	Q1'24	'20 - '24 CAGR
Revenue (NIS M)*	173.5	252.0	250.9	279.6	313.2	15.9%
Gross Margins (%)*	40.2%	39.6%	39.0%	41.4%	42.3%	
Pre IFRS 16 Adjusted EBITDA Margins (%)	14.1%	16.8%	12.7%	13.1%	13.7%	

Pre IFRS 16 Adjusted EBITDA (NIS M)



Adjusted Net Income Attributable to Shareholders (NIS M)	15.3	26.3	17.8	20.9	26.0	14.1%
Margins (%)	8.8%	10.4%	7.1%	7.5%	8.3%	
Adjusted EPS Attributable to Shareholders (NIS)	0.11	0.18	0.13	0.15	0.19	14.7%

* Excluding one-time bulk operations in 2020

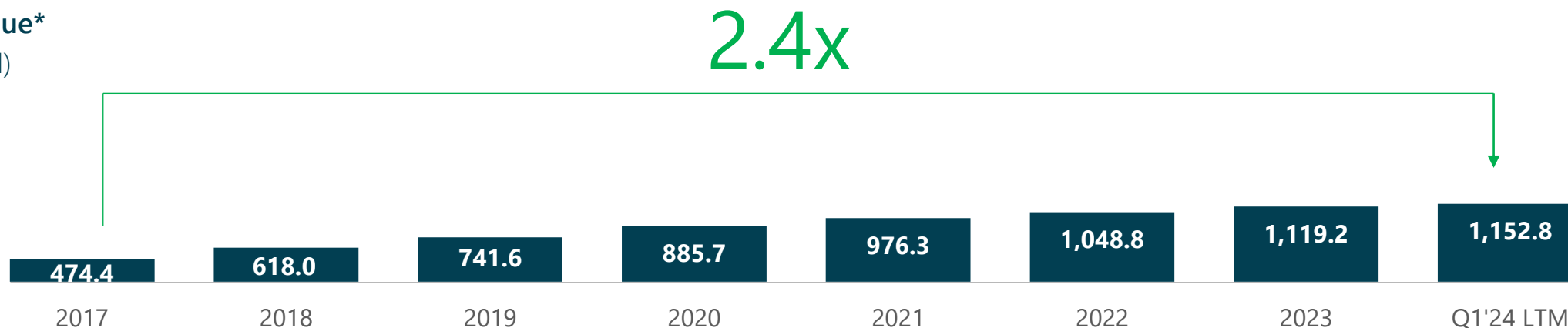
Note: Totals may be slightly impacted by minor rounding differences.

- 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
- 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

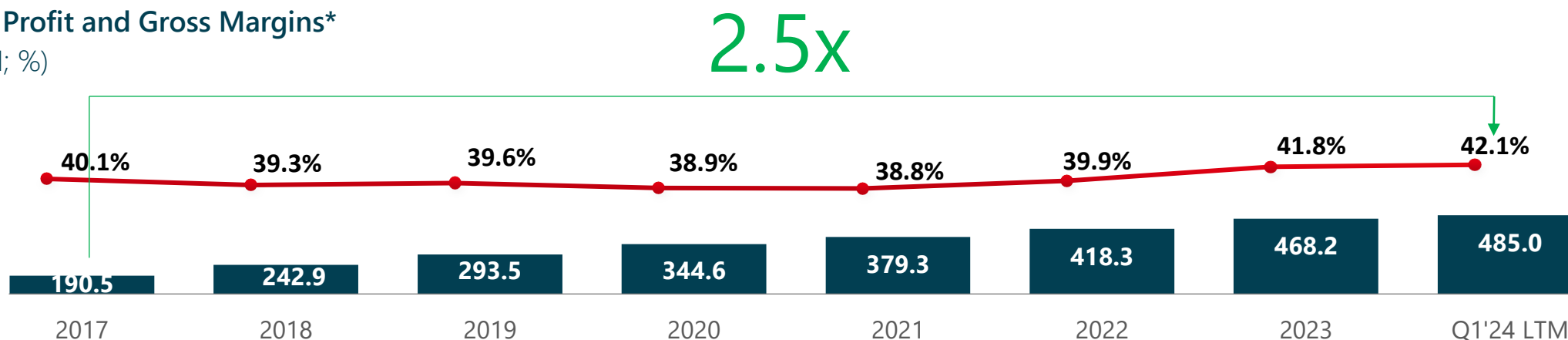
Annual Financial Highlights



Revenue* (NIS M)



Gross Profit and Gross Margins* (NIS M; %)



Note: Totals may be slightly impacted by minor rounding differences. LTM = Last twelve months

* Excluding one-time bulk operations in 2020

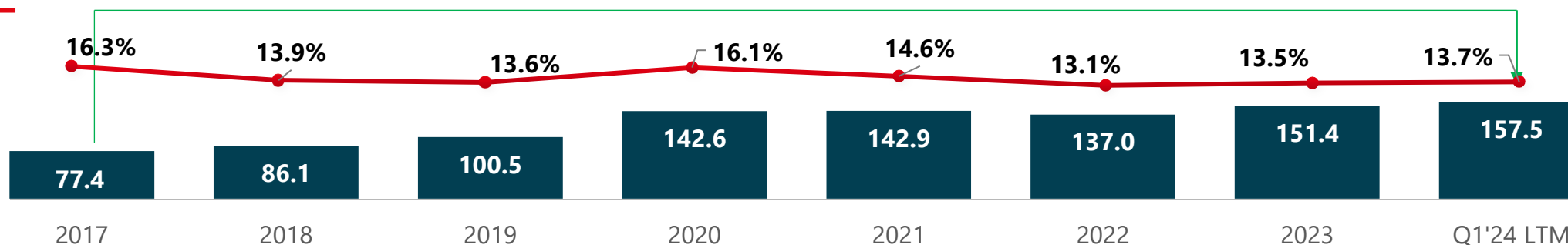
Annual Financial Highlights (cont'd)



Adjusted EBITDA Pre IFRS 16 ⁽¹⁾

(NIS M; % of Revenue)

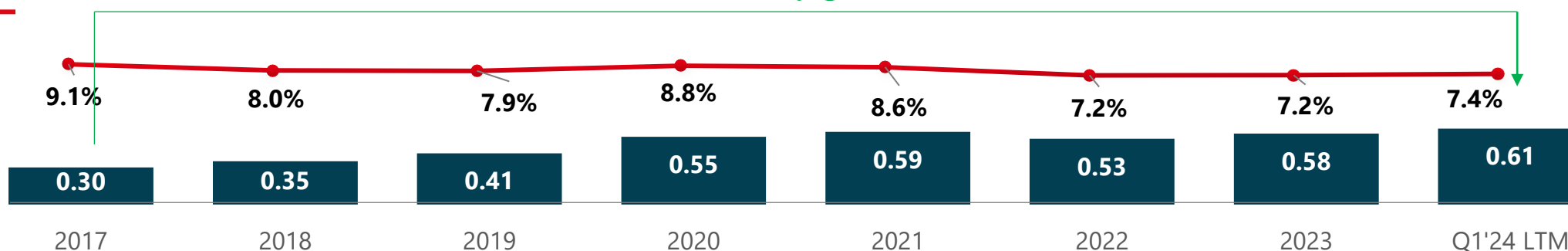
2.0x



Adjusted EPS Attributable to Shareholders and NI margin ⁽²⁾

(NIS; %)

2.0x



Note: Totals may be slightly impacted by minor rounding differences. . LTM = Last twelve months.

- 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
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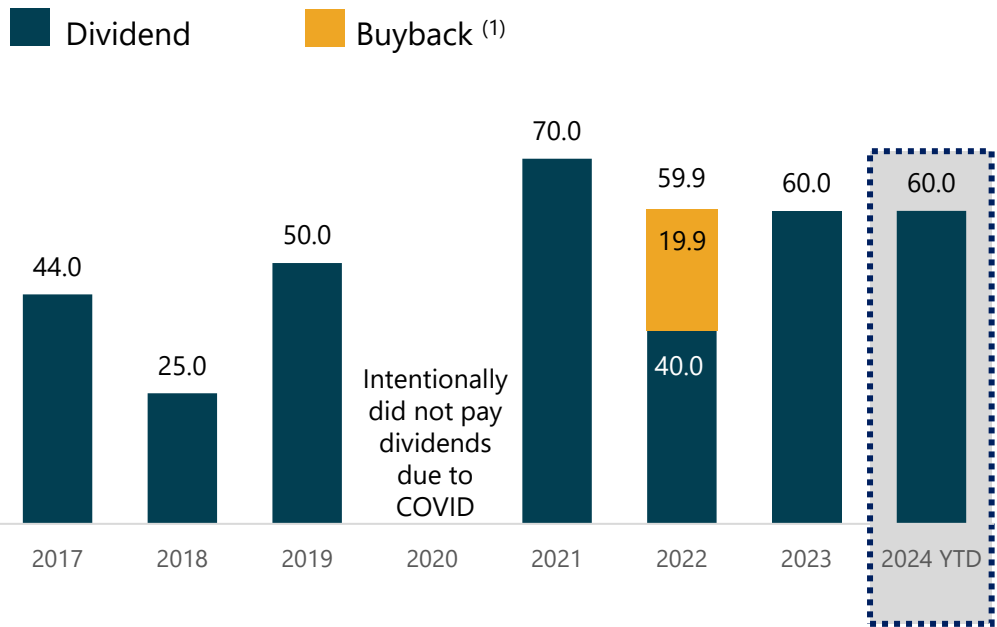
Capital Deployment and Capital Structure

Total of NIS ~369M returned to shareholders since 2017 while increasing our liquidity and financial flexibility

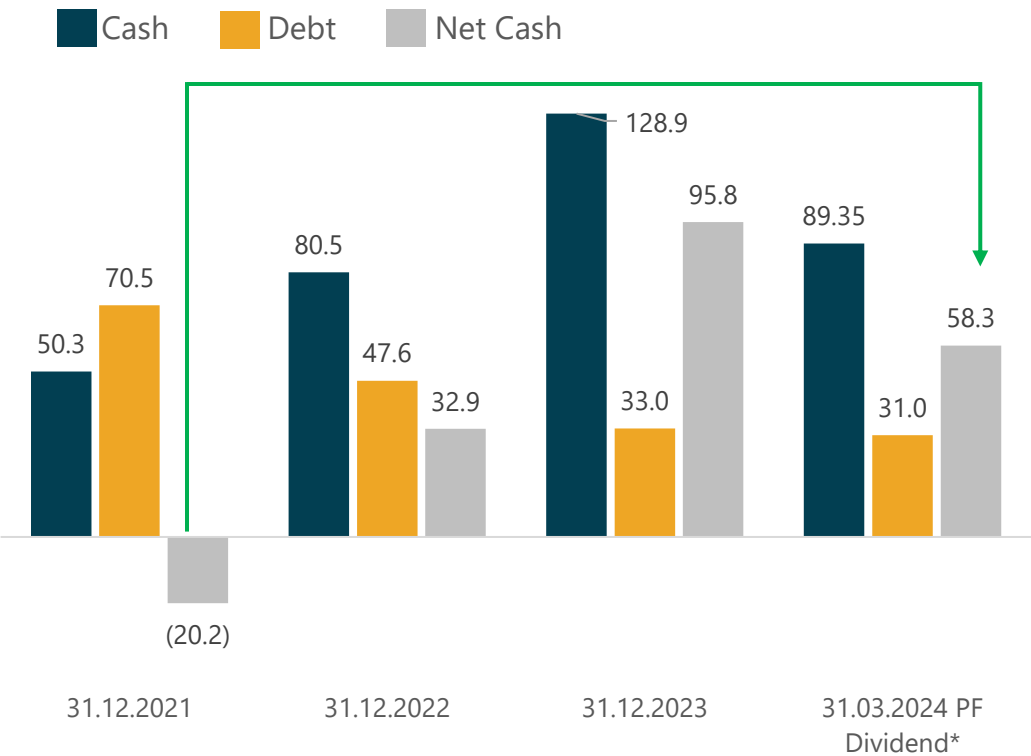


LTM DIVIDED YIELD OF ~ 5%

Annual Dividends and Share Buyback (NIS M)



Capital Structure (NIS M)



* Cash balance as of March 31st, 2024 Pro-forma for dividend distribution of NIS 60M that occurred on April 16th 2024. Note: Totals may be slightly impacted by minor rounding differences.

(1) Buyback plan expired on June 18, 2023, and was up to NIS 40M. NIS 19.9M was executed in 2022.

Growth Strategies

Looking Forward





New Logistic & Distribution Center

Progressing as planned

1.5x the aggregate size of our 3 current distribution centers at roughly the same logistic costs

Rationale	Lessor	Key Attributes	Terms	Capex
<ul style="list-style-type: none"> Support future growth in Israel, as currently, all growth is directed to TPLs Assist in extracting operational efficiencies: <ul style="list-style-type: none"> Eliminates the need for TPLs in the next years Consolidates 3 logistic centers into one 	<ul style="list-style-type: none"> A JV jointly held by Mega Or (TASE: MGOR) and Kibbutz Shomria 	<ul style="list-style-type: none"> Located in Shomriya, ~100km South-East to Tel Aviv / 30km North-East to Be'er Sheba Size: ~31k SqM + 10k SqM in the future, subject to the agreement terms and completion of construction by the lessor Current aggregate size of our distribution centers is ~20k SqM 	<ul style="list-style-type: none"> Expected rental start date: May 2024 Total of ~25 years <ul style="list-style-type: none"> 10+5+5+4 11/12 Base rent of ~NIS 1M per month 	<ul style="list-style-type: none"> Estimates of NIS 30M for necessary capex investments

Five New Owned Stores since end of Q1 2023

+ One Store that was re-opened ⁽¹⁾



Q2-Q4 2023			2024		
Be'erot Yitzhak	Bat Yam	Kiryat Gat	Yavne	Kiryat Yam	Nesher (re-opened)
Opened August 31, 2023	Opened November 20, 2023	Opened December 17, 2023	Opened February 5, 2024	Opened March 5, 2024	Opened April 7, 2024
3,300 gross / 1,900 net	1,250 gross / 1,000 net	1,900 gross / 1200 net	3,000 gross / 2,200 net	1,800 gross / 1,200 net	1,800 gross / 1,300 net
<div>Total of ~13k gross / 8.8k net</div>					

Note: Net SqM defined as commercial area in SqM excluding e.g., storage and office spaces

1. Gross additions of stores. During the 12-month period, closed one owned store in Jerusalem and sold one owned Mini Max store that is now franchised (the two stores reduced net SqM by ~1.5k). Also closed a franchised store in Romema, Jerusalem in Q1'24. Old store in Nesher was ~800 net SqM

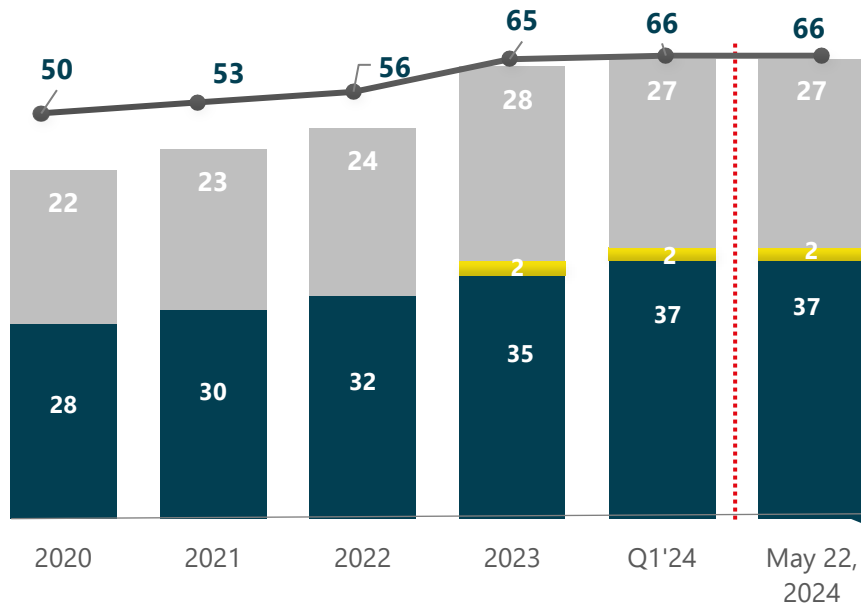
STORE COUNT AND OWNED NET SQM

(End-of-Period)



of Stores (end-of-period)

(Owned vs. Franchised)

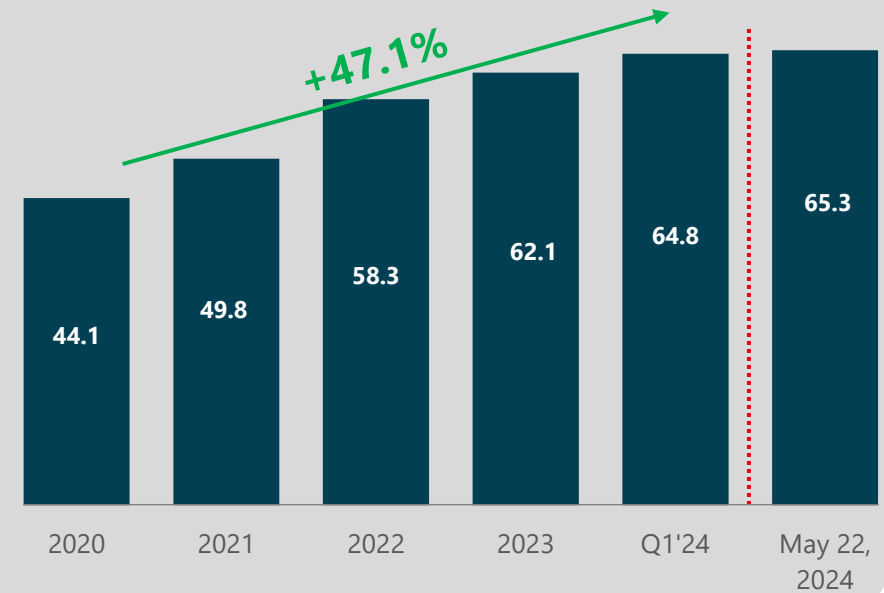


■ Owned (IL) ■ Owned (PT) ■ Franchised

Over 90%
of
Revenue

Owned Net SqM in Israel

(End-of-period; 000s)



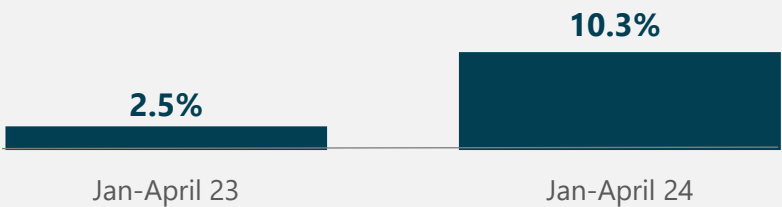
Note: # of stores and owned net square meter include an owned store in Nesher that was closed in March 2024 and was reopened in an adjacent location in April 2024.

Main KPIs



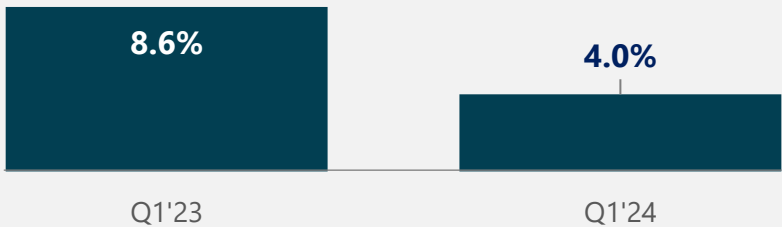
January – April SSSG

(no impact from the timing of the Jewish holidays; %)



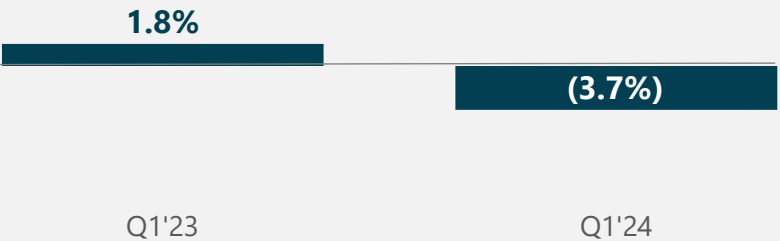
Q1 SSSG

(%)



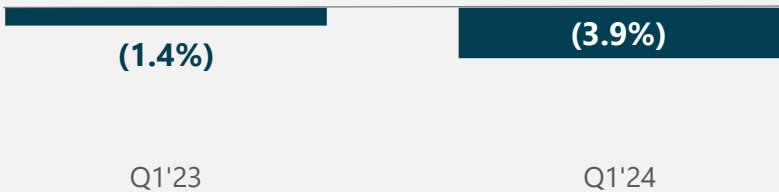
Q1 Change in Avg. Basket*

All Owned Stores in the Period; (%)



Q1 Change in Avg. Basket*

Same Stores; (%)



* Vs. the prior period and reflecting all owned stores in the period.

Pipeline

- Expected to add ~9k gross SqM / ~6k net SqM
- 2024
 - (1) Expansion of Max Tiberias Store; (2) Gedera (H2'24)
 - Adding together ~3.0k gross SqM
- 2025 - 2026
 - (1) Gan Yavne; (2) Beer Sheba; (3) Beer Tuvia (Ad Halom)
 - Adding together ~6k gross SqM

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

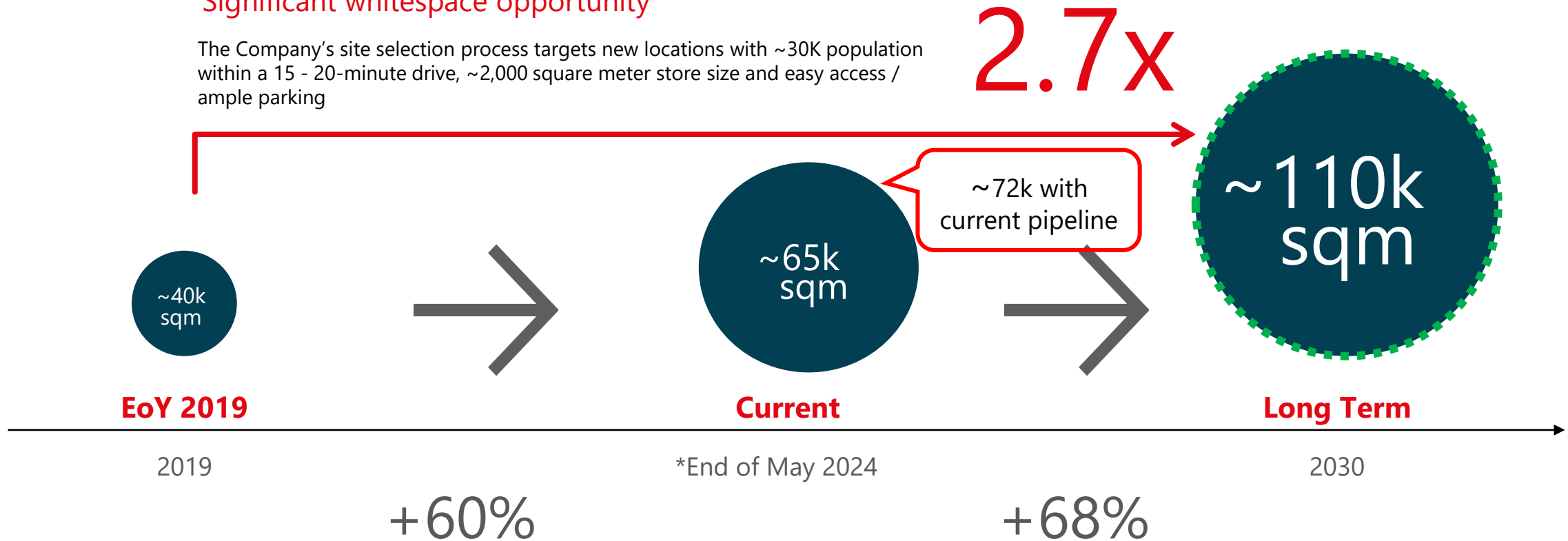


Looking Forward: Add ~45k of owned net SqM in Israel by 2030



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



Note: Net SqM defined as commercial area in SqM excluding e.g., storage and office spaces. Totals may be slightly impacted by minor rounding differences.

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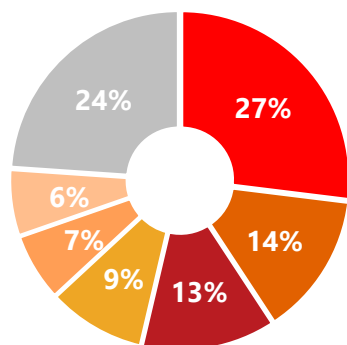


Company Overview



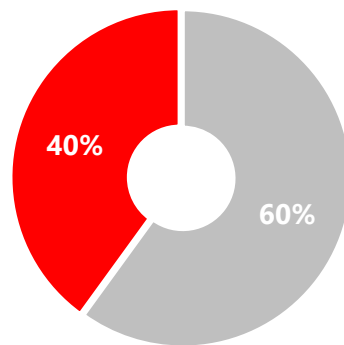
FY 2023

Product Categories⁽²⁾



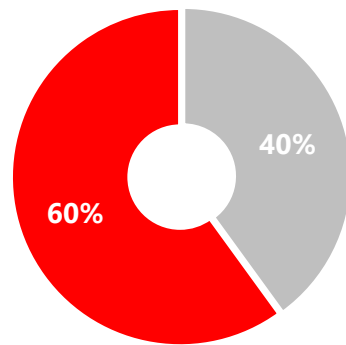
- Housewares
- Party Supplies, Storage and Consumables
- Toys & Baby
- Office / School Supplies
- Apparel Basics
- Arts & Crafts

~Product Sourcing Mix⁽¹⁾



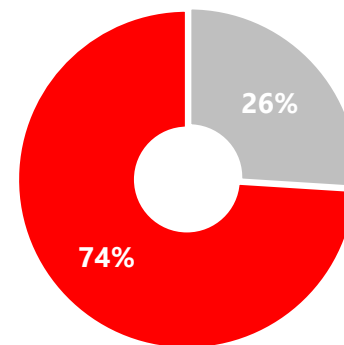
- Imported
- Locally Sourced

~Product Mix ⁽¹⁾



- Seasonal products
- Non-discretionary, everyday needs

~Product Mix by Price (inc. VAT)⁽¹⁾



- Above NIS 10
- NIS 10 and below

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

1) Based on volume sold.

2) Other comprised of over 26 subcategories with the largest being OTC Pharmaceutical, Electronics, Phone Accessories and Outdoors

3) As of May 22, 2024. Includes owned net SqM in Israel (65.3k) and owned net SqM in Portugal (2.3k)

4) Net SqM defined as commercial area in SqM excluding e.g., storage and office spaces. Data refer to owned/ majority owned stores only

5) As of March 26, 2024



NIS 1.2 billion
Q1'24 LTM revenue



64
locations across Israel⁽³⁾
+2 in Portugal



67.6k
Total Net SqM⁽³⁾⁽⁴⁾



3
Logistic centers



~2,200
employees⁽⁵⁾



MAXO
Publicly listed on TASE

Dual Format Store Strategy for Suburban and Urban Markets in Israel

Max



Located in suburban markets with ample parking



Average store sizes of ~1,750 net SqM
/~18,800 sq. ft.⁽¹⁾



Full assortment of merchandise



Mostly majority owned:
45 stores (37 are majority owned)⁽²⁾



Main format priority for current expansion

Mini Max



Located in city centers



Average store sizes of ~200 SqM
/~2,150 sq. ft.



Typically, lower ticket prices



Mostly franchised concept:
19 stores (all are franchised)



Second priority growth engine



1. Net SqM defined as commercial area in SqM excluding e.g., storage and office spaces. Represents Company owned stores
2. As of May 22, 2024.

IFRS 16 Reconciliations

NIS M



	Q1/2023		Q1/2024	
	GAAP	Pre IFRS 16	GAAP	Pre IFRS 16
EBIT	37.1	33.7	43.0	38.8
Interest expenses, net	5.4	0.0	4.9	(1.0)
EBT	31.7	33.7	38.1	39.8
Taxes	7.6	8.1	9.4	9.8
GAAP Net Income	24.1	25.6	28.7	30.0
EBITDA	54.5	36.7	62.8	42.8
Plus: SBC	0.0	0.0	0.1	0.1
EBITDA exc. SBC	54.6	36.7	62.8	42.9

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

Historical Quarterly P&L

NIS M



	Q1-2020	Q1-2021	Q1-2022	Q1-2023	Q1-2024
Revenue from sales	172.3	249.6	247.2	274.5	307.8
Revenue from commissions / fees	1.2	2.4	3.7	5.1	5.4
Total Revenue	173.5	252.0	250.9	279.6	313.2
YoY growth	(0.3%)	45.3%	(0.4%)	11.5%	12.0%
Revenue from onetime bulk operation	12.6	0.0	0.0	0.0	0.0
Total Revenue	186.1	252.0	250.9	279.6	313.2
YoY growth	6.9%	35.4%	-0.4%	11.5%	12.0%
Gross profit, excluding onetime bulk operation	69.8	99.8	97.8	115.8	132.5
% of Revenue	40.2%	39.6%	39.0%	41.4%	42.3%
Gross profit onetime bulk operation	4.7				
% of onetime bulk operation	37.0%				
S&M	39.0	48.5	57.6	65.3	73.8
G&A	5.9	12.3	12.5	13.4	15.9
Total SG&A	44.9	60.8	70.1	78.7	89.7
Less: SBC	0.0	(3.8)	(3.9)	(0.0)	(0.1)
SG&A excluding SBC	44.9	56.9	66.3	78.7	89.6
% of Revenue, excluding onetime bulk operation	25.9%	22.6%	26.4%	28.1%	28.6%
% of Revenue	24.1%	22.6%	26.4%	28.1%	28.6%
Other income	(0.0)	0.0	(0.3)	0.0	(0.2)
Other expenses	0.0	0.0	0.1	0.0	0.1
GAAP EBIT	29.5	39.0	27.9	37.1	43.0
% of Revenue	15.9%	15.5%	11.1%	13.3%	13.7%
Adj. EBIT (exc. SBC, onetime and other)	24.8	42.9	31.6	37.1	42.9
% of Revenue, excluding onetime bulk operation	14.3%	17.0%	12.6%	13.3%	13.7%

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

Historical Quarterly P&L and Net Income Reconciliations

NIS M



	Q1-2020	Q1-2021	Q1-2022	Q1-2023	Q1-2024
Interest expenses, net	2.2	2.9	4.4	5.4	4.9
Interest expenses onetime bulk operation	3.5		0.0		
EBT	23.9	36.2	23.4	31.7	38.1
Adj. EBT (exc. SBC, onetime and other)	22.7	40.0	27.1	31.7	38.0
Taxes	5.8	9.2	6.4	7.6	9.4
GAAP Net Income	18.1	27.0	17.0	24.1	28.7
% of Revenue	9.7%	10.7%	6.8%	8.6%	9.2%
Adj. Net Income (exc. SBC, one-time bulk operation in 2020 and one-time IPO costs in 2020)	17.1	30.8	20.9	24.1	28.7
% of Revenue	9.9%	12.2%	8.3%	8.6%	9.2%
Net income attributable to shareholders	16.3	22.4	14.0	20.9	25.9
Net income attributable to non-controlling interests	1.8	4.6	3.1	3.2	2.8
Total GAAP Net Income	18.1	27.0	17.0	24.1	28.7
Net Income Adjustments:					
SBC	0.0	3.8	3.9	0.0	0.1
Onetime bulk operation, net of taxes	(0.9)	0.0	0.0	0.0	0.0
Issuance Costs / IPO Expenses	0.0	0.0	0.0	0.0	0.0
Total Net Income Adjustments	(0.9)	3.8	3.9	0.0	0.1
Adjusted Net Income - Attributable to shareholders	15.3	26.3	17.8	20.9	26.0
Adjusted Net Income - Attributable to non-controlling interests	1.8	4.6	3.1	3.2	2.7
Adjusted Net Income	17.1	30.8	20.9	24.1	28.7
Basic Shares O/S (000s)	142.3	142.3	142.3	139.0	139.4
EPS, attributable to shareholders	0.11	0.16	0.10	0.15	0.19
Adj. EPS attributable to shareholders	0.11	0.18	0.13	0.15	0.19

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

Historical Quarterly EBITDA Reconciliations

NIS M



	Q1-2020	Q1-2021	Q1-2022	Q1-2023	Q1-2024
Net Income	18.1	27.0	17.0	24.1	28.7
Plus Interest Expense, net	5.6	2.9	4.4	5.4	4.9
Plus Income Taxes	5.8	9.2	6.4	7.6	9.4
Plus D&A	10.5	12.4	15.0	17.5	19.9
Plus Other Expense, net	(0.0)	0.0	(0.2)	0.0	(0.1)
EBITDA Post IFRS 16 (exc. Other Expenses)	40.0	51.4	42.7	54.5	62.8
Plus SBC	0.0	3.8	3.9	0.0	0.1
Minus IFRS 16	(10.9)	(12.8)	(14.7)	(17.8)	(19.9)
Adjusted EBITDA Pre IFRS 16 (exc. SBC and Other Expenses)	29.1	42.4	31.8	36.7	42.9
Onetime bulk operation	(4.7)	0.0	0.0	0.0	0.0
Adjusted EBITDA Pre IFRS 16, excluding onetime bulk operation	24.4	42.4	31.8	36.7	42.9
% of Revenue	14.1%	16.8%	12.7%	13.1%	13.7%

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