

March 23, 2022

Maytronics closes 2021 with Revenues of NIS 1.4 billion, reflecting 30.9% growth, and net profit of NIS 240.2 million, up 42.6%

**Significant growth across all key regions:
Europe – 34%, North America – 31%, and Oceania – 23%**

Residential robotic pool cleaner sales totaled NIS 1.19 billion, an increase of 30.8%

Commercial robotic pool cleaner sales totaled NIS 76.5 million, an increase of 18.5%

Pool safety products and related products sales totaled NIS 140.7 million, an increase of 39.3%

**Operating profit totaled NIS 277.7 million, an increase of 33.4%;
operating margin rose to 19.7% compared to 19.3% last year**

EBITDA amounted to NIS 333.9 million, up 30.9%

Net profit amounted to NIS 240.2 million, up 42.6%

**On December 31, 2021, backlog orders for residential pool cleaners for
delivery in Q1 2022 totaled NIS 456 million, an increase of 68%
compared to backlog in the corresponding period last year**

**The Board of Directors decided on a dividend distribution of NIS 60
million; combined with the dividend of NIS 75 million paid in
September 2021, the Company paid a total dividend of NIS 135 million
in respect of 2021 earnings**

**The Company Expects over 17% growth in 2022 revenues, largely
based on growth in the residential pool cleaner segment, and has
updated its long-term targets for 2025 upward, placing revenues at
NIS 2.5 billion with an operating profit margin of 17%-20%**

Yonatan Bassi, Chairman of the Board: “We are wrapping up another year of stellar results thanks to strong demand for the Company’s products, successful strategy implementation, the commitment of our employees and exceptional performance by our management team.

“Management presented the board with a comprehensive review of alternatives for increasing production capacity to satisfy demand for the Company’s products, and a decision has been made to set up a third production site in Israel. The new site is expected to become operational in 2024. This decision is the most efficient and economically feasible, but we are especially proud and delighted at the prospect of creating several hundred more jobs in Israel’s periphery in the future.

“In view of the strong growth achieved in 2021 and the forecast for 2022, we are revising the long-term goals we set for 2025, placing sales at NIS 2.5 billion and the operating margin at 17%-20%.”

Sharon Goldenberg, CEO: “2021 was another year of exceptional demand in the pool industry, alongside significant operational challenges in supply chain management.

“Maytronics continues to lead the robotic pool cleaning market, holding approximately 48% of the global market share for residential pools. Growth of the global robotics market is reflected in the increase in market share held by robotic cleaners at the expense of other pool cleaning methods. Robotics’ share of the pool cleaning market has risen to 19%.

“The results for 2021 reflect sales that have surpassed forecasts and were achieved thanks to the commitment of all of the Company’s employees in Israel and around the world, notably our production, operations and global supply chain people.

“Maytronics continues to work purposefully to capitalize on the huge potential in all markets, including the North American market, where we grew by 40% this year in dollar terms. Growth was supported by strong collaborations, by expanding our presence and business in the Sun Belt, and by the capabilities we have built in the online channel.

“The Company is investing in the expansion and automation of its manufacturing and operational arrays to increase capacity and operational effectiveness with the aim of supporting sustained growth. In 2021 we doubled manufacturing and warehouse space at the Dalton site, including the operation of a new production line that completed a pilot run in the past quarter. We are continuing to invest in the IT infrastructure and human capital which will support the expansion of our digital marketing capabilities, implementation of the roadmap for future robots, and development of the Insight system for pool water monitoring and control, which, combined with robotics, will deliver solutions and meaningful value propositions to our customers.

“The beginning of 2022 saw pleasing demand for residential robotic cleaners, the public pool market is on the road to recovery, and all in all, our forecasts for 2022 are above 17% growth in the Company’s revenue.”

Business results for 2021

Sales grew 30.9% and amounted to NIS 1,409.4 million, compared to NIS 1,076.9 million last year.

The Company’s revenue from sales of residential robotic pool cleaners was NIS 1,192.1 million, an increase of 30.8% compared to last year. The pandemic caused many pool owners in all markets to stay at home, thus making more use of their pools and increasing the need for maintenance in the period, which led to heightened demand for residential pool robot cleaners in all key regions and to accelerated growth in online sales.

The Company’s sales in the commercial (public) pool robot segment totaled NIS 76.5 million, an increase of 18.5%. The pandemic led to the partial closure of the hotel and spa industry due to the restrictions on gatherings imposed in different parts of the world, and as a result, beginning in the second quarter of 2020 the Company’s sales to this segment were negatively impacted. In the third and fourth quarters of 2021 there was a certain recovery, mainly in the hotel industry in the US, which contributed to 35.3% growth in segment sales in the second half of 2021.

Revenue from safety products and related pool products amounted to NIS 140.7 million, an increase of 39.3% compared to last year. Sales growth in this segment is due to the contribution of sales of related pool products by BF following its first-time consolidation in the third quarter last year, and an increase in sales of automatic covers and water treatment products.

Europe sales grew by 34% (35% in local currency) and amounted to NIS 618.9 million, accounting for 44% of the Company's sales.

North America sales grew by 31% (40% in local currency) and amounted to NIS 574.1 million, accounting for 41% of sales.

Oceania sales grew by 23% (23% in local currency) and amounted to NIS 157.5 million, accounting for 11% of sales.

RoW sales grew by 18% and amounted to NIS 58.8 million, accounting for 4% of sales.

The effect of changes in exchange rates on sales compared to last year amounted to a decrease of NIS 30 million, largely due to the weakening of the US dollar against the shekel by an average of 4.5%,

Gross profit amounted to NIS 593.2 million, an increase of 31.4% compared to last year. The gross margin rose to 42.1% compared to 41.9% in the corresponding period and was largely affected by price increases in the 2021 season. Additionally, the sharp increase in sales contributed to and was reflected in economies of scale in production. These effects were offset mainly by rising raw material prices and increased labor costs (due in part to the adjustment of working conditions to accommodate the impacts of the pandemic).

R&D expenses amounted to NIS 46.6 million, an increase of 43.6% compared to last year. Most of the increase in expenses is the result of additional hiring for the development and quality control departments to support further development of new robot lines and development of the pool water monitoring, control and treatment segment, which totaled NIS 13 million in the period compared to NIS 10.4 million last year.

Selling and marketing expenses amounted to NIS 155.4 million, an increase of 28% compared to last year. The increase is largely due to workforce growth in most regions, a rise in shipping costs to customers and digital marketing costs.

Nevertheless, the selling and marketing expenses to sales ratio dropped to 11% compared to 11.3% of sales last year.

General and administrative expenses amounted to NIS 113.5 million, reflecting an increase of NIS 24 million, largely attributed to an increase in workforce in the management departments and mainly in IT due to the accelerated growth of the Company's business and to support the "Maytronics 2025" strategy, due to the retirement expenses of the outgoing CEO, to a rise in the costs of corporate events (which were very limited in 2020), as well as general expenses impacted by business growth (e.g., local taxes and depreciation).

Total operating expenses in the period dropped to 22.4%, compared to 22.6% of sales last year.

Operating profit amounted to NIS 277.7 million, an increase of 33.4% compared to last year. The operating profit margin rose to 19.7%, compared to 19.3% of sales last year.

Excluding foreign currency effects, operating profit rose by 36.8%, and the operating margin rose to 19.8% of sales.

EBITDA amounted to NIS 333.9 million, an increase of 30.9%.

Finance income amounted to NIS 4.2 million, compared to finance expenses of NIS 13.4 million last year. In 2021 the Company recorded finance income of NIS 33.9 million from foreign currency hedging transactions, which was offset mainly by currency exchange differences of NIS 21.8 million and expenses in respect of interest and commissions. In 2020, expenses of NIS 3.5 million were recorded mainly on foreign currency transactions, as well as interest and commission expenses.

Income tax expenses were NIS 41.6 million, an increase of 57.8% compared to last year. The effective tax rate rose from 13.5% last year to 14.8% as a result of tax income in respect of prior years that was recorded last year, a change in the profit mix, and a provision for income tax in respect of the dividend declared in August 2021 in light of Amendment 74 to the Encouragement of Capital Investments Law. Additionally, the Company recorded a tax benefit of NIS 8 million in the fourth quarter on the recognition of the Yizre'el Industrial Park as Development Area A.

Net profit amounted to NIS 240.2 million, an increase of 42.6%.

Cash flows from operating activities amounted to NIS 132 million compared to NIS 245 million last year. The decrease is largely the result of the Company's need to build inventory, which offset the growth in the Company's earnings.

Operating working capital rose to NIS 164.2 million and financed sales growth of NIS 332.5 million (49.4%).

- An increase of NIS 203.4 million (62%) in **inventory balance**, largely due to growth in the Company's business and a decision by the Company, in view of supply chain challenges, to make advance purchases of components and raw materials to ensure supply and maintain manufacturing continuity to the greatest extent possible. As a result, the value of raw material inventory rose significantly. Finished goods inventory also increased due to shipping goods to the subsidiaries to prepare for early sales at the start of the season in the Northern Hemisphere in the first quarter of 2022. Average days in inventory for the year in the period are similar at 177 days compared to 178 days last year.
- An increase of NIS 33.9 million in the **balance of trade receivables** following NIS 48.4 million sales growth in the fourth quarter of 2021 compared to the corresponding period in 2020. Average customer days for the year decreased to 65 days compared to 71 days last year.
- An increase of NIS 42.7 million in the **other receivables and debit balances** item, largely due to an increase in advances to suppliers, an increase in VAT receivable balances and an increase in the

valuation of foreign currency transactions due to a material drop in the exchange rates of the euro and Australian dollar as of December 31, 2021.

- An increase of NIS 91.6 million in the **balance of trade payables** due to business growth and inventory build-up. Average supplier days for the year rose to 83 days compared to 72 days last year.

Cash flows used in investing activities amounted to NIS 108.6 million, compared to NIS 78.7 million consumed last year.

The Company made investments in 2021, which include expansion of manufacturing and operational space at the production sites in Yizre'el and Dalton, a new production line in Dalton, and capitalization of intangible assets at an amount of NIS 39.6 million compared to NIS 33.8 million last year.

In 2022, the Company intends to continue to invest in development costs in Israel at an estimated total of NIS 100 million. Part of said amount will be recognized in the statement of income and the rest will be recognized as an intangible asset. In the pool water monitoring and control segment, the Company estimates that in 2022, segment costs will amount to NIS 19 million in net R&D expenses and NIS 19 million in capitalized investments and costs (not including M&A), while continuing to accomplish significant progress.

On December 31, 2021, the Company's **equity** attributable to shareholders amounted to NIS 547 million, constituting 38% of total assets on the statement of financial position.

For more information, please contact:

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