

mavi

FY 2023
Results Presentation

March 14, 2024



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Disclaimer on Information excluding IAS29 Provisions

With the Capital Markets Board of Turkey's Bulletin dated 28.12.2023 numbered 2023/81, CMB announced that issuers and capital market institutions shall prepare their annual financial statements ending on 31.12.2023 or later, in accordance with IAS29 inflationary accounting provisions.

Accordingly, this presentation on the financial results of the special accounting period February 1, 2023 – January 31, 2024 (2023 year-end) contain the Company's audited financial information prepared according to Turkish Accounting/Financial Reporting Standards by application of IAS29 inflation accounting provisions, in accordance with CMB's decision dated 28.12.2023.

In addition to these, given that the guidance information and the 2023 interim financial results announced so far were presented without the application of inflation accounting, in order to enable investors and analysts to conduct a full-fledged analysis, supplementary historical information for selected key performance indicators used in prior periods' investor presentations were provided. Such **supplementary information is made available for this period, and contains unaudited financial information prepared for management reporting purposes.**

A man with short brown hair and a light beard stands on a red carpeted staircase. He is wearing a dark blue denim jacket over a black t-shirt and black trousers with a black belt. His hands are in his pockets, and he is looking directly at the camera. The background is dark with warm, glowing lights and red curtains.

2023 BUSINESS OVERVIEW



2023 Business Overview

Consolidated Results

- › Strong inflation adjusted **sales growth of 25% (91% pre-IAS29)**
- › Sales growth was driven by volume in all product categories and price growth in real terms. **Over 14 mn denim items were sold globally, growing 12% yoy**
- › Successful brand strategy, demand creating newness, dynamic price planning supported with a sourcing capability that enables effective product cost control resulted with **continued strong gross margins**
- › Through effective cost management, delivered **70 bps improvement in opex/sales ratio**
- › **Net cash position increased to 3,662 TRYm**

Dividend Distribution

- › **100% bonus share issue** proposal was approved by the Capital Markets Board on March 14, 2024
- › **Cash dividend distribution of 30% of pre- IAS29 profit**, (equivalent to 49% of distributable profit including IAS29) will be proposed to the AGM



2023 Business Overview

Turkiye

- › Consumer demand remained robust. **LFL retail store growth realised 31%** when adjusted for inflation, driven by both transaction and basket size growth
- › With a right product - right price - high quality strategy continued to **grow sales volumes in jeans, women and men lifestyle categories**. Women's share in total sales **increased to 37%** of total Turkey sales. Non-denim share increased to 62% of total Türkiye retail sales
- › Highest ever Kartuş Loyalty Card members reached as of end-2023 with **1.3 mn new customer acquisitions**
- › Türkiye online sales growth was **driven by mavi.com performance**

International

- › International sales recorded **4% constant currency growth** in 2023
- › Both international **top-line and margins pressured** with macro-driven demand weakness in most regions
- › **Online was the best performing channel** in international markets with growth mainly driven by direct-to-consumer channels

mavi



Mavi Building Blocks



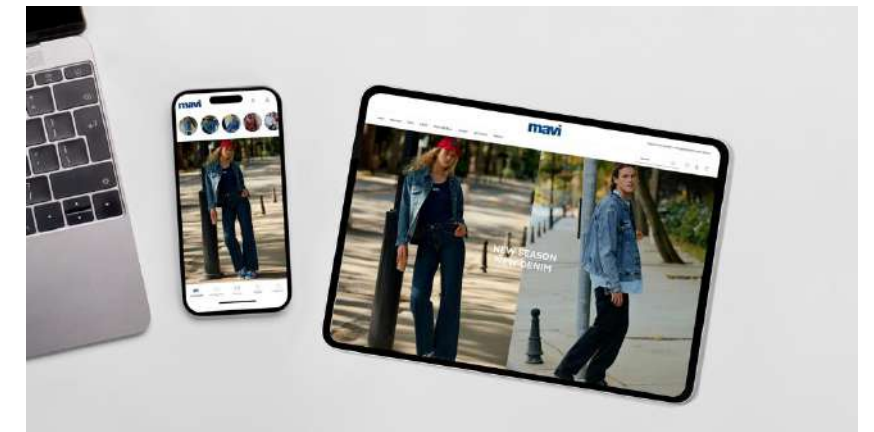
Brand and Product Innovations

- Mavi continues to gain market share and new customers while increasing frequency by focusing on different customer segments with fresh products
- In line with the right quality, right product and right pricing strategy, customer demand is closely monitored
- Brand positioning is elevated with premium product segments, special collections to present a total look: Mavi Lux Black, Mavi Icon, Mavi Studio, Mavi 100 and Alphabet collections
- Casual lifestyle is expanded with logo and sweatshirt and Maviterranean collections
- Aspirational marketing and strong customer engagement captured through celebrity campaigns and influencers
- Collaborative collections (Mavi Semt and Marche) with brands are effective in acquiring new and young customers and driving traffic



Customer Experience

- 'En Mutlu Mavi Musterisi' (The Happiest Mavi Customer) is at the center of our operations
- The physical store experience is enhanced to feature Mavi's growing lifestyle categories
- Product availability is improved in order to increase conversion and stockturn rates by analysing store clusters
- New service model and visual merchandising is effective in improving shopping experience
- A customer experience project was initiated to address touchpoints with new and loyal customers and lifecycles as a whole
- Video conference call center service initiated to enhance inclusiveness in communication with customers



Omnichannel: Growing Retail and Online

- Instore Sales launched allowing all Mavi stores to sell online inventory, resulting with improved stock availability, higher conversion and better customer experience
- 2-hour doorstep delivery service offered in four major cities
- Sap CX Commerce migration allowed Mavi.com to become more scalable and faster
- Geographical expansion of Mavi.com Turkey with new countries in GCC and Europe
- Expanded stores with new retail concept to improve shopping experience
- Continuous investment on employee training to increase unit per transaction and conversion
- Adapt new hardware and software solutions to facilitate faster check-out process in stores

Mavi Building Blocks



Towards a more digital future

- Digitalization and CRM investments are at the core of the company strategy
- New CRM segment analysis tools enables marketing and category teams to understand different customer groups and design effective campaigns and communication
- AI-driven analysis tools are developed to understand and respond to customer and market expectations
- Data analytics investments are accelerated to increase market know-how and planning efficiency



All Blue. Timeless Quality. For All.

- Global All Blue strategy continues to drive sustainable growth
- Responsible supply chain management remains a key focus area of sustainability
- All Blue product offerings continued to expand while All Blue sales reached 25% of total revenue and 51% of total denim revenue
- Mavi became the first and only Turkish apparel brand to make the A list in both the Climate Change and Water Security programs of CDP
- Joined the CEO Water Mandate
- Won the "Best Sustainable Collection" award for the fifth time at the Rivet x Project Awards



People Oriented Culture

- Average age of Mavi employees is 26 and 80% is below the age of 30
- Internal and global mobility is supported to foster career opportunities
- Joined the UN Target Gender Equality Program and became a part of "UN WEPs Program"
- Gender equality training programs continued in line with diversity & inclusivity commitment
- Supported social projects empowering women and youth.
- Mavi NextGen initiative to train future leaders is in its second successful year

2023 HIGHLIGHTS



2023 Highlights

- › Consolidated revenue realized at 26,293 TRYm, growing 25% yoy
- › EBITDA for the period is 4,959 TRYm resulting in 18.9% EBITDA margin
- › Net income realized at 1,757 TRYm
- › Total number of monobrand stores² stands at 471
- › Turkiye retail sales grew 31% and Turkiye online sales grew by 26% in 2023 after the inflationary accounting adjustments
- › With 1.3 million new customer acquisition, Turkey active loyalty card members reached 6.9 million



GROUP HIGHLIGHTS¹

26,293 TRYm Revenue (20,209 TRYm pre-IAS29)	4,959 TRYm EBITDA (4,870 TRYm pre-IAS29)
18.9% EBITDA Margin (24.1% pre- IAS29)	1,757 TRYm Net Income (2,865 TRYm pre- IAS29)
471 Monobrand Stores²	3,662 TRYm Net Cash

¹ Including IFRS16 and IAS29 impacts as reported unless otherwise stated

² Includes global franchise and owned stores

TURKIYE HIGHLIGHTS

31% Retail Sales Growth (99% pre-IAS29)	26% Online Sales Growth (94% pre-IAS29)
 63% Men 37% Women	c.62% Lifestyle c.38% Denim All
6.9m Active Loyalty Card Members³	1.3m New Customers 

³Active means that the member has made a purchase of Mavi product in the last two years. Total number of Kartus card holders is 9.2 mn

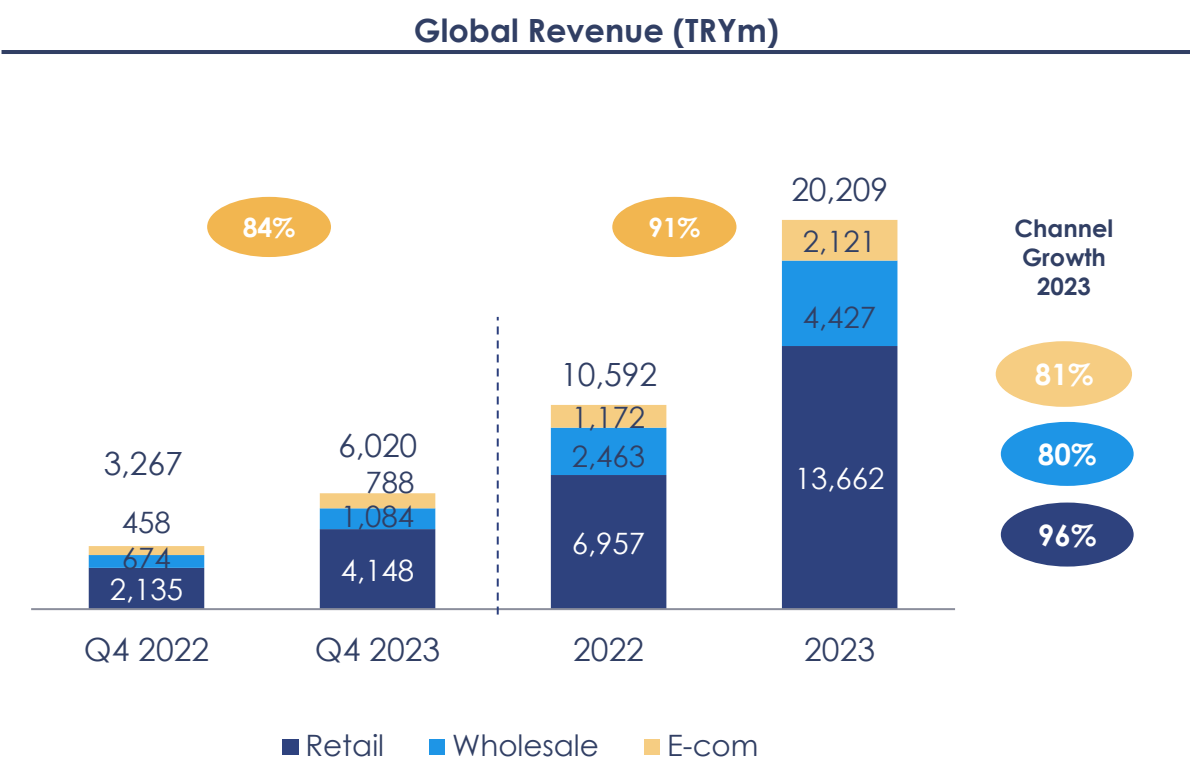
*Category and gender mix for Turkiye Retail only



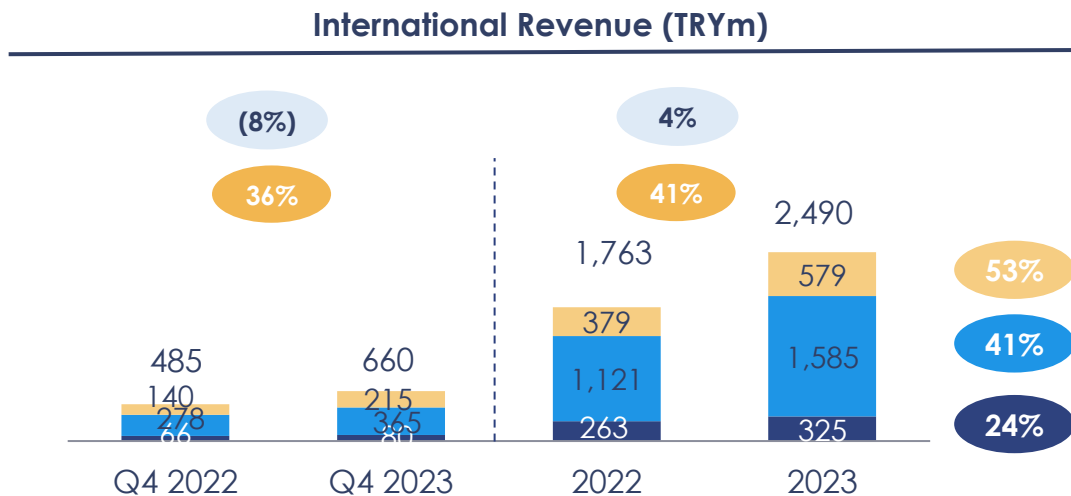
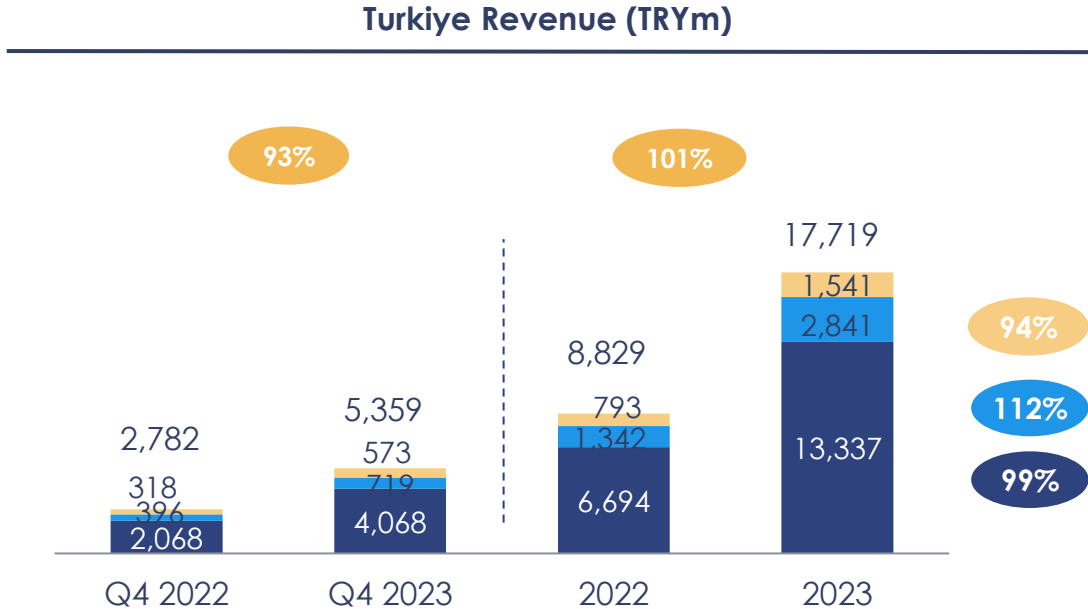
SALES
CHANNELS



Revenue Evolution in Sales Channels (pre-IAS29)



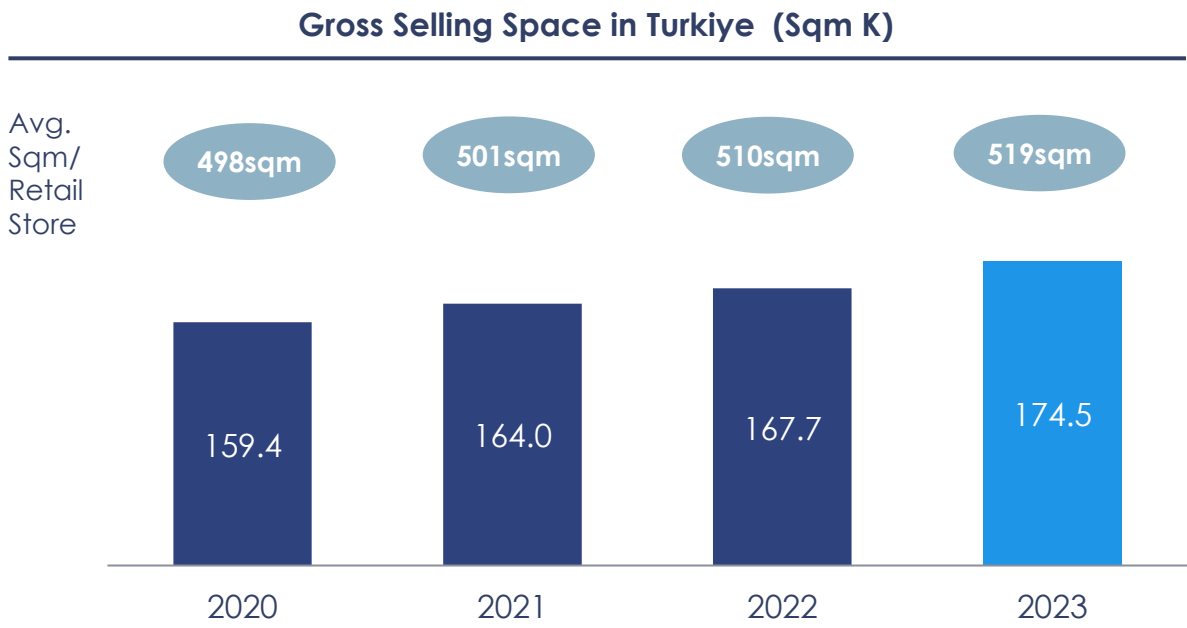
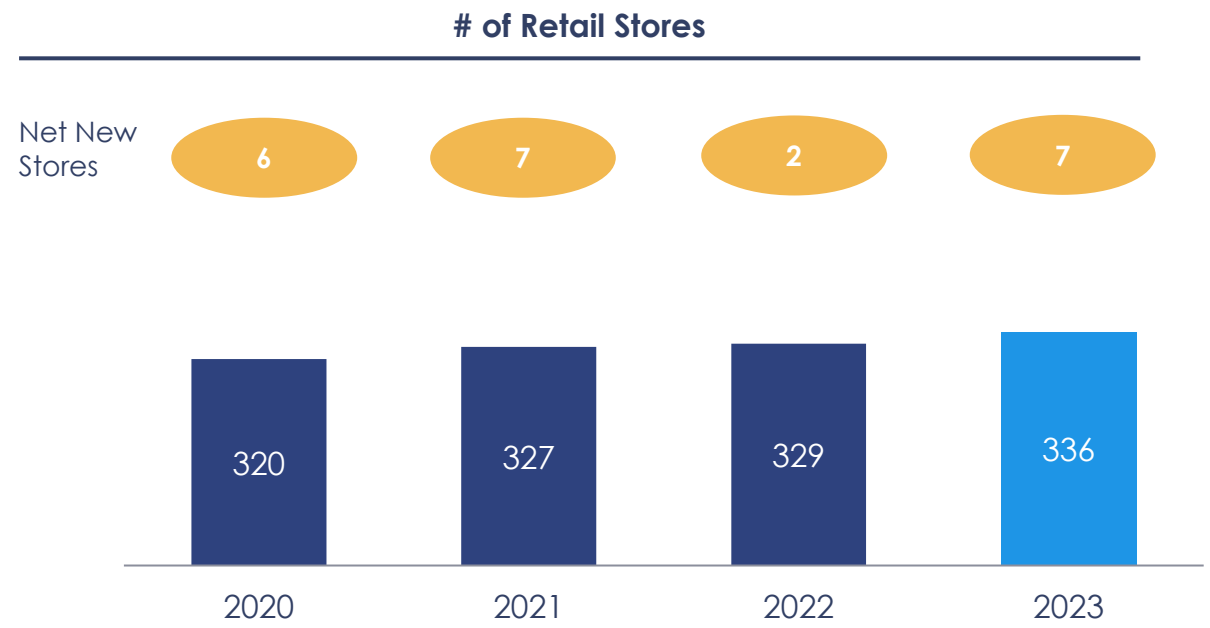
- › Total revenue consists of 68% retail, 22% wholesale and 10% e-com
- › 88% of consolidated revenue is from Türkiye
- › International revenue in constant currency increased 4% in 2023





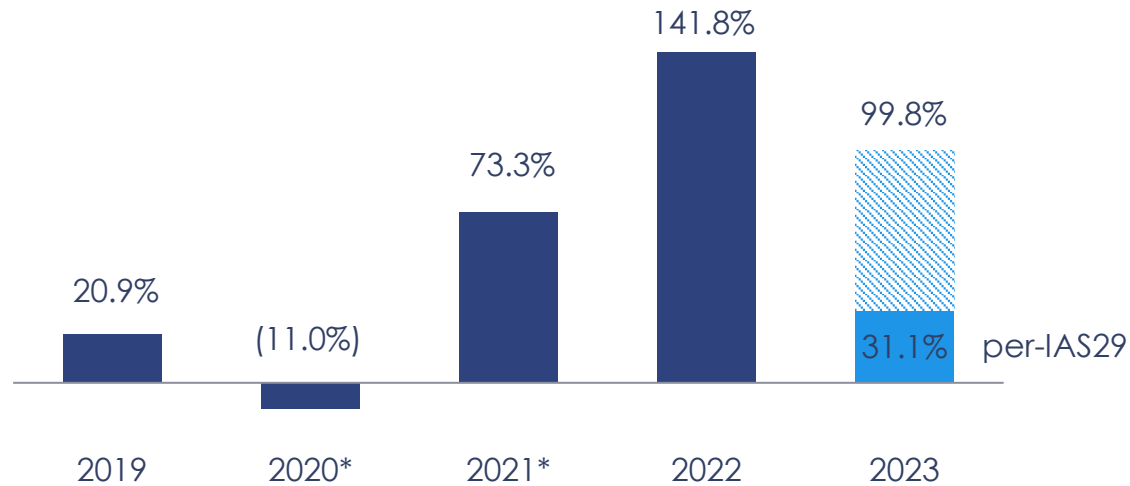
TURKIYE RETAIL

Turkiye Retail Operations

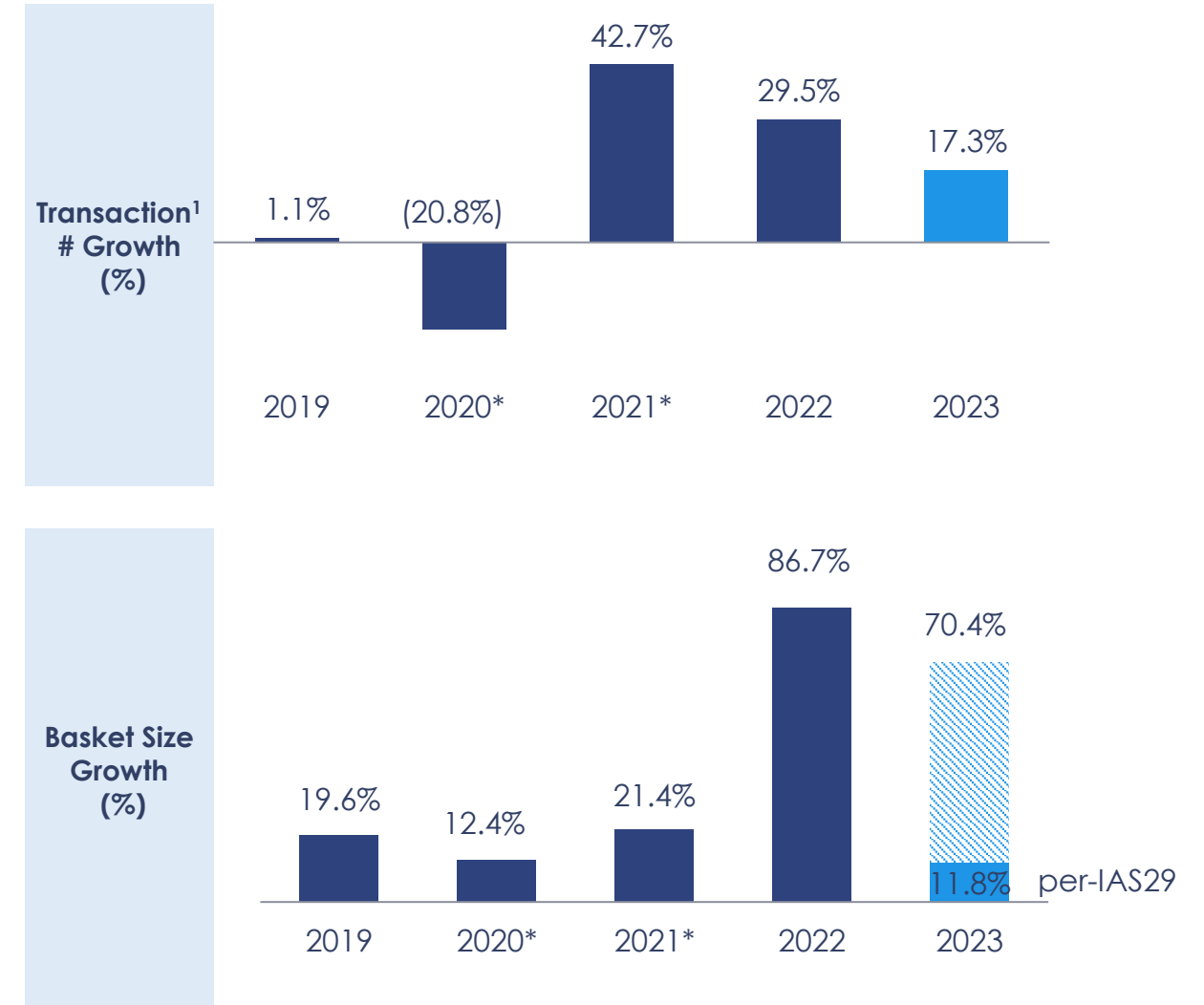


- › With 12 openings and five closures in 2023, number of retail stores in Turkiye stands at 336 as of end-January 2024
- › In 2023, five stores were expanded in sqms
- › Total selling space grew 4% in 2023 to reach 174.5K sqm with average sqm per store at 519

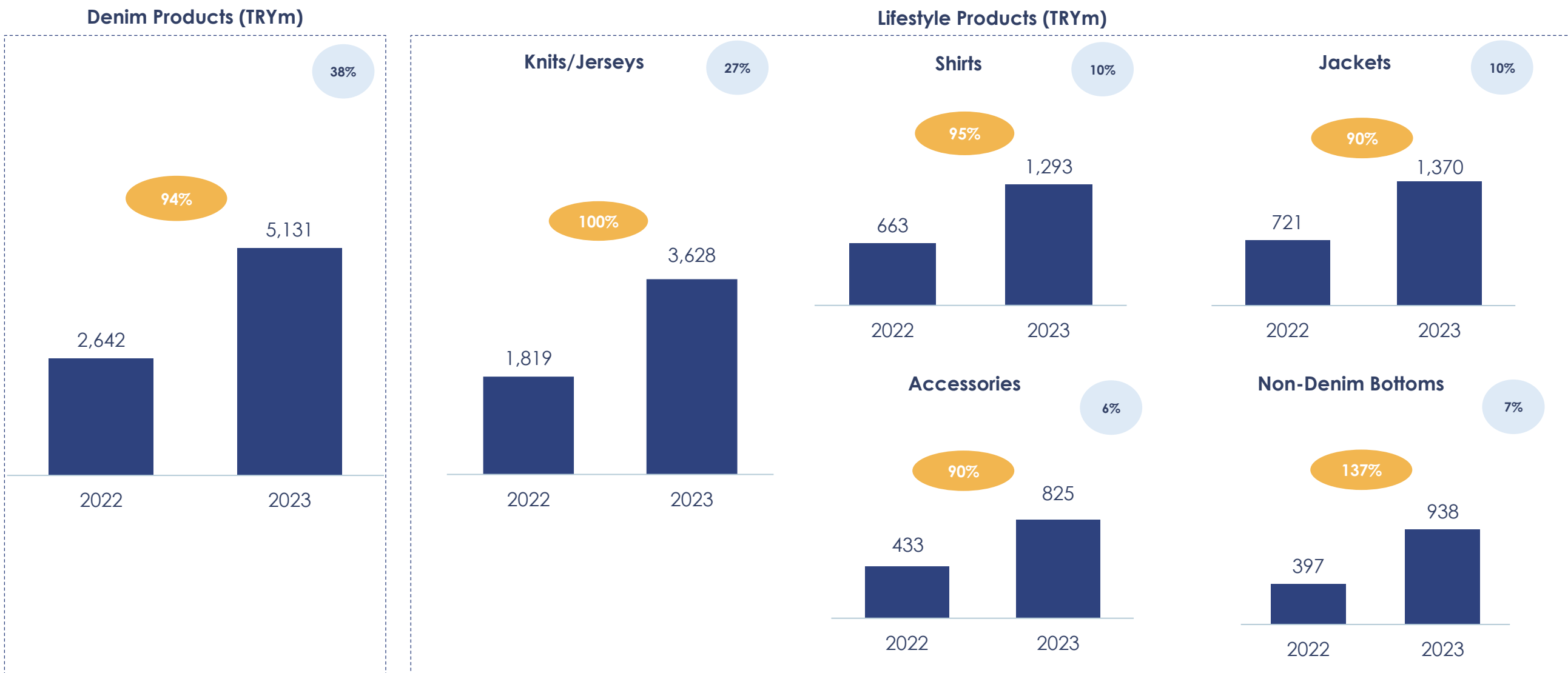
Like-for-Like Stores Sales Performance (pre-IAS29)

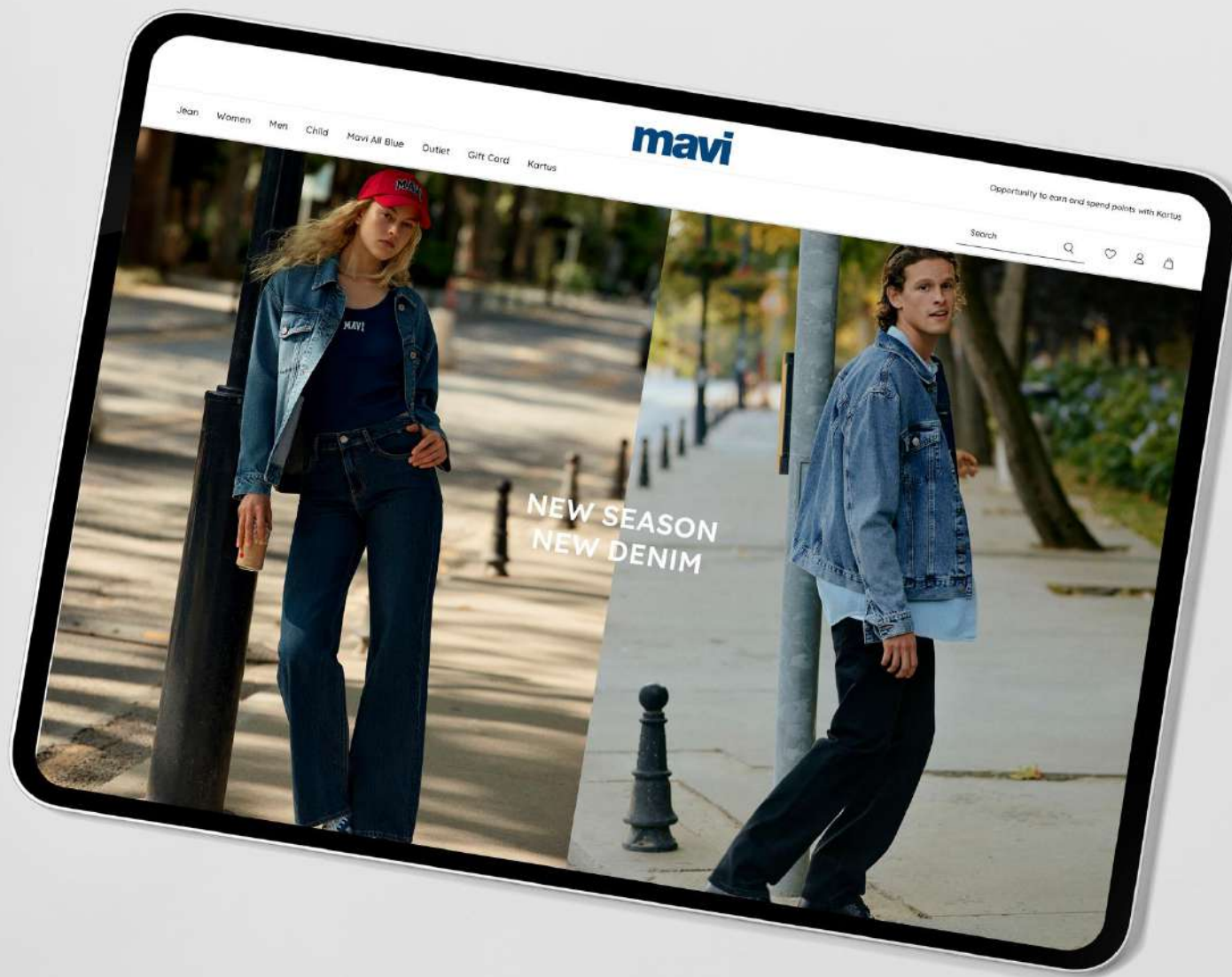


- › In 2023, traffic to stores grew 7% showcasing strong consumer demand
- › With 27% growth in Q4, LFL stores grew 18.5% in number of pieces in 2023
- › Adjusted for inflationary accounting LFL sales grew 31.1%
- › Right product mix, newness in offering and dynamic pricing strategy enabled basket size growth of 11.8% beyond inflation



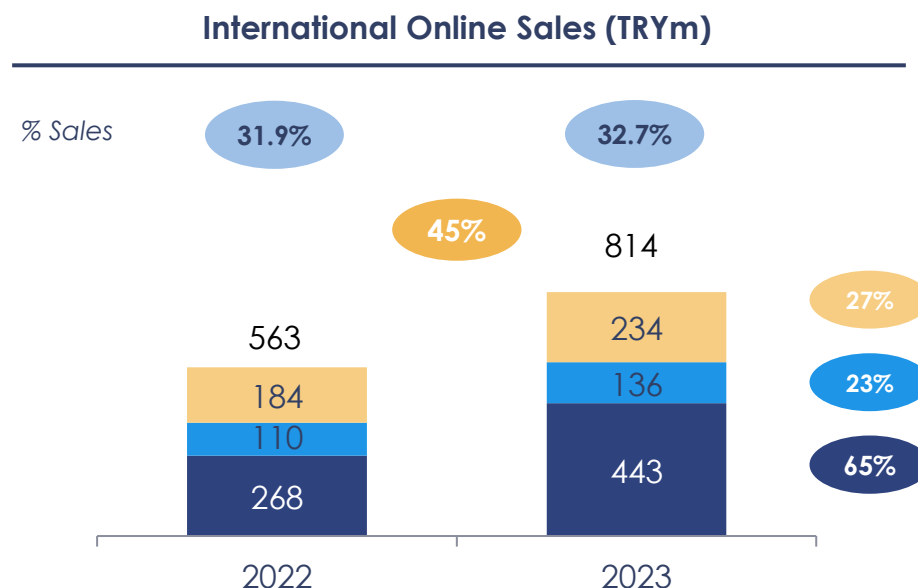
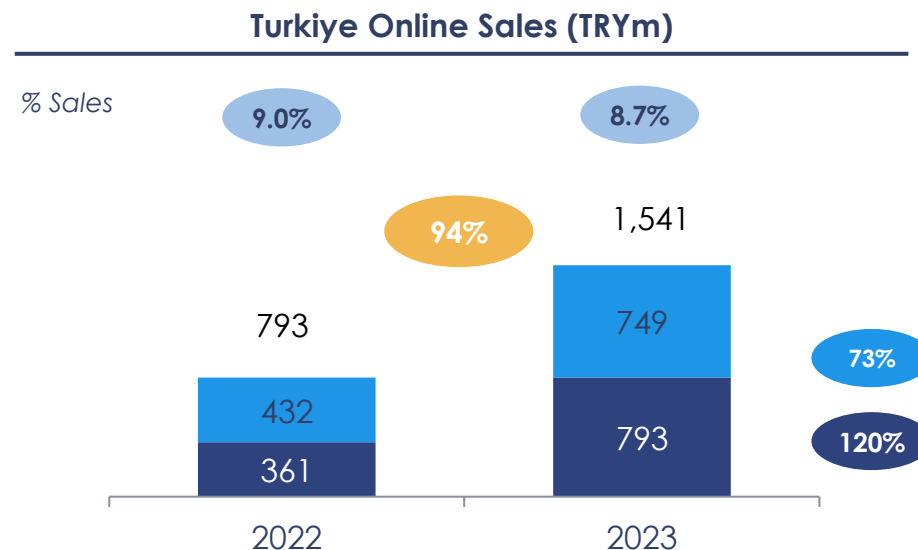
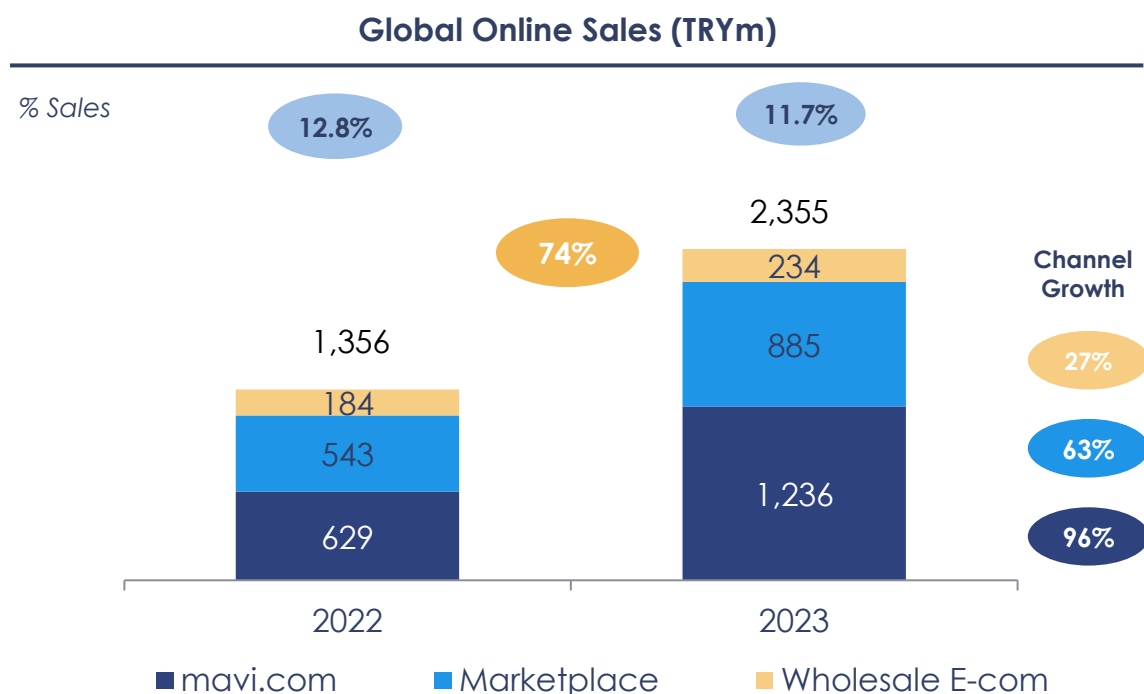
Sales in Denim & Lifestyle Categories (pre-IAS 29)





ONLINE BUSINESS

Online Sales Growth inc. Wholesale Partners (pre-IAS29)



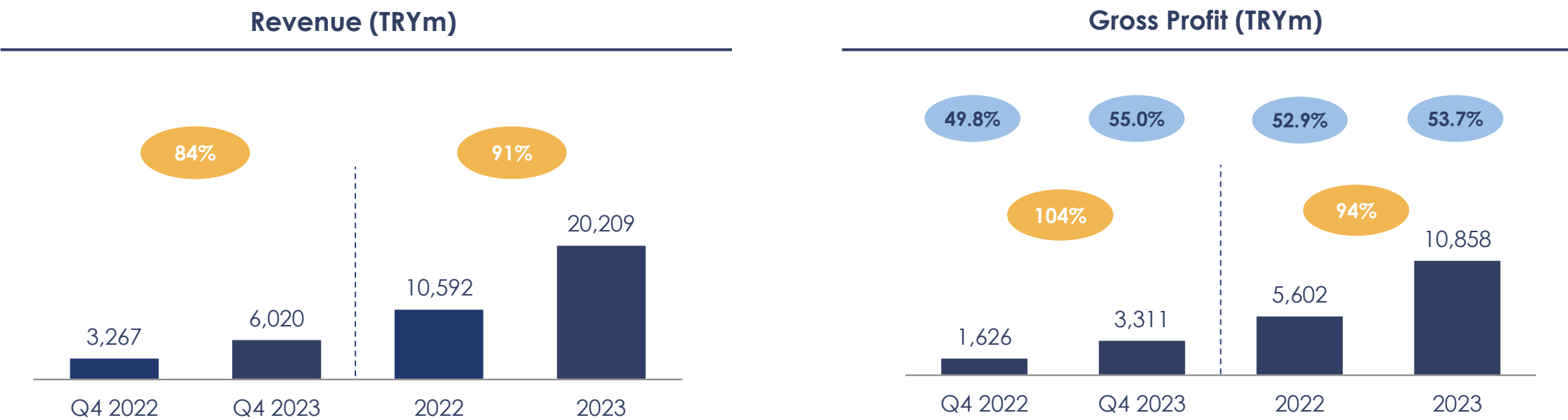
- › Growth driven by mavi.com performance globally
- › Investments in digital systems and online customers continue. Integrated omni channel initiatives increase shopping experience across channels
- › Full-price channel strategy across all categories with positive contribution to margins



CONSOLIDATED FINANCIAL RESULTS

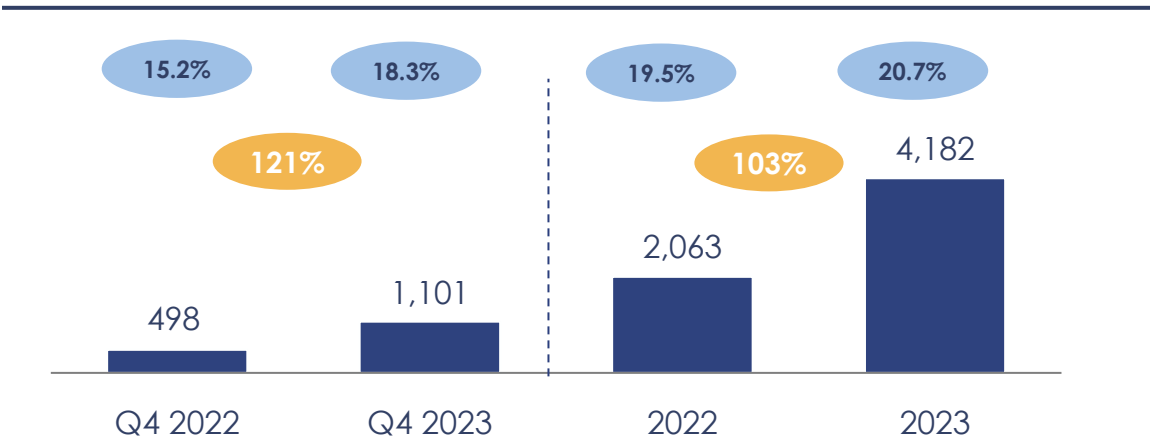


Consolidated Gross Margins (pre-IAS29)

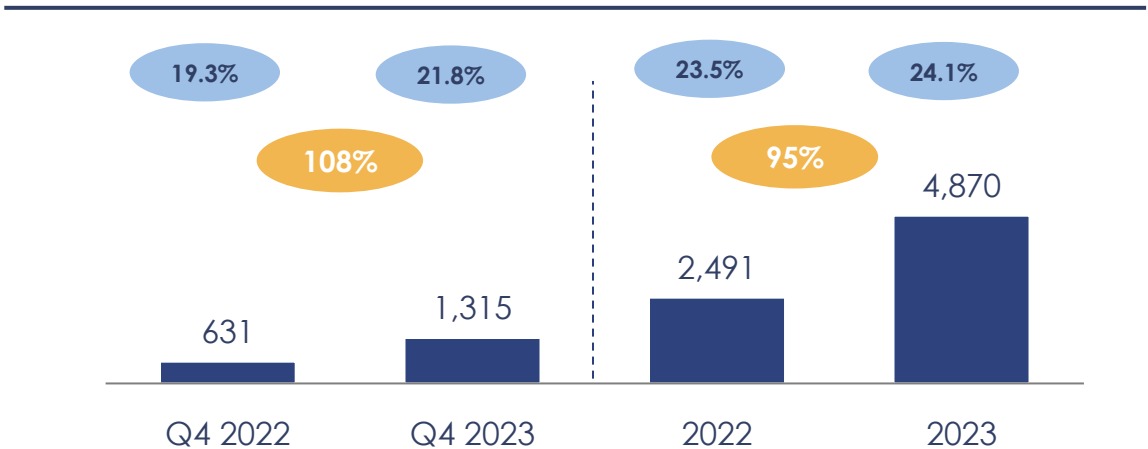


Consolidated EBITDA and Net Income (pre-IAS29)

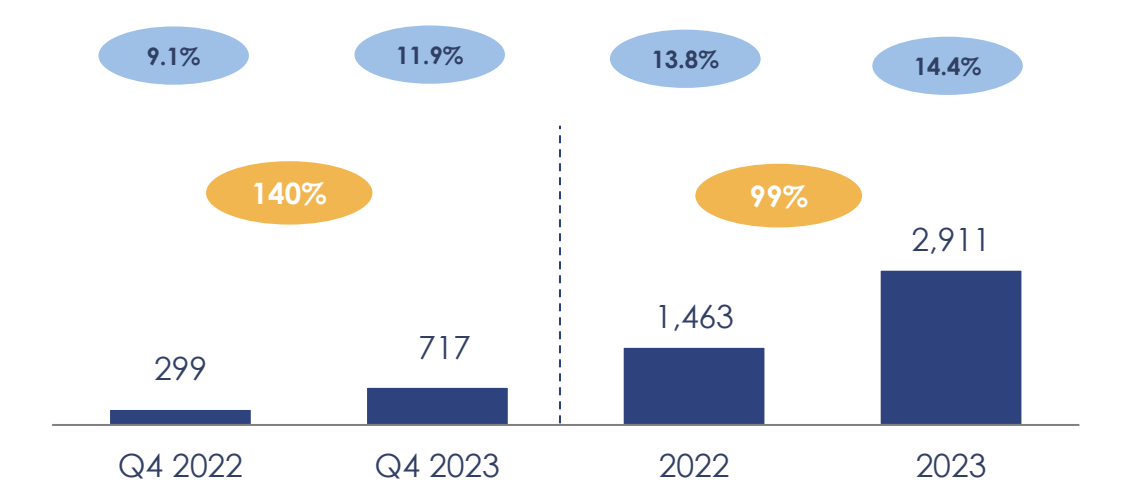
EBITDA exc. IFRS16 (TRYm)



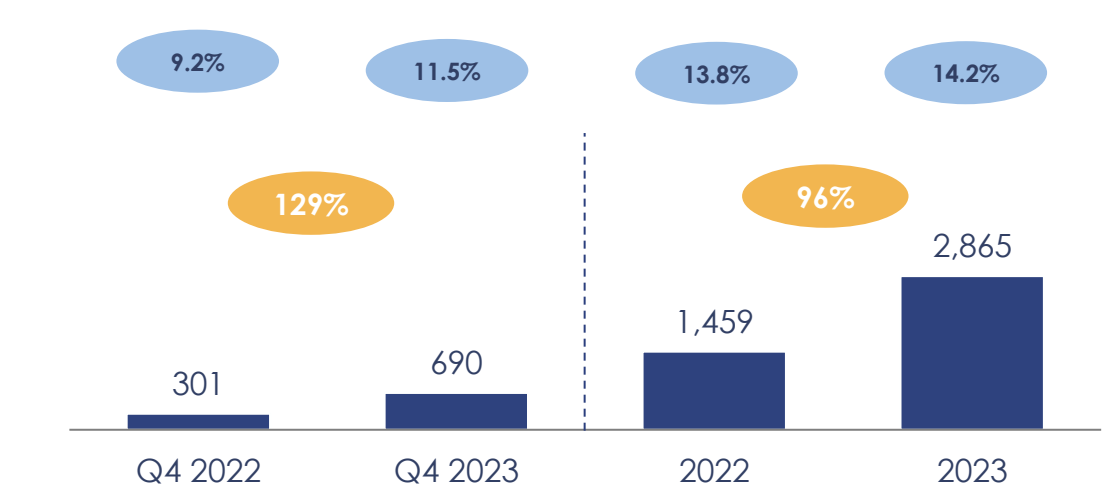
EBITDA inc. IFRS16 (TRYm)



Net Income exc. IFRS16 (TRYm)

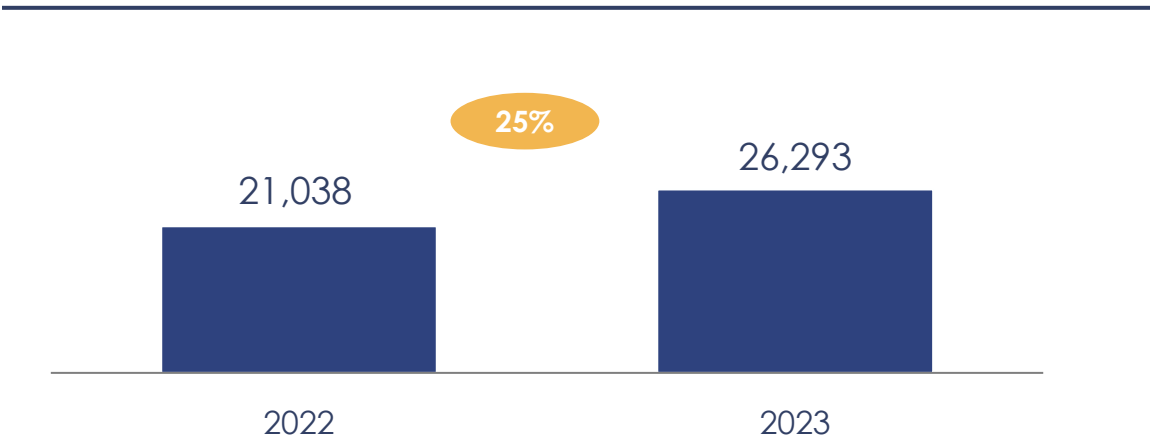


Net Income inc. IFRS16 (TRYm)

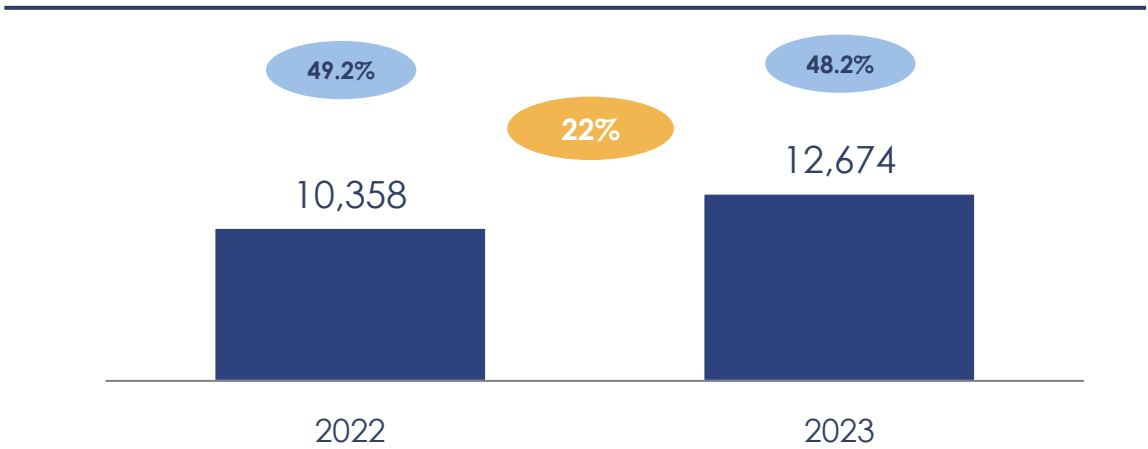


Consolidated Audited Financial Results (Per-IAS29 as Reported)

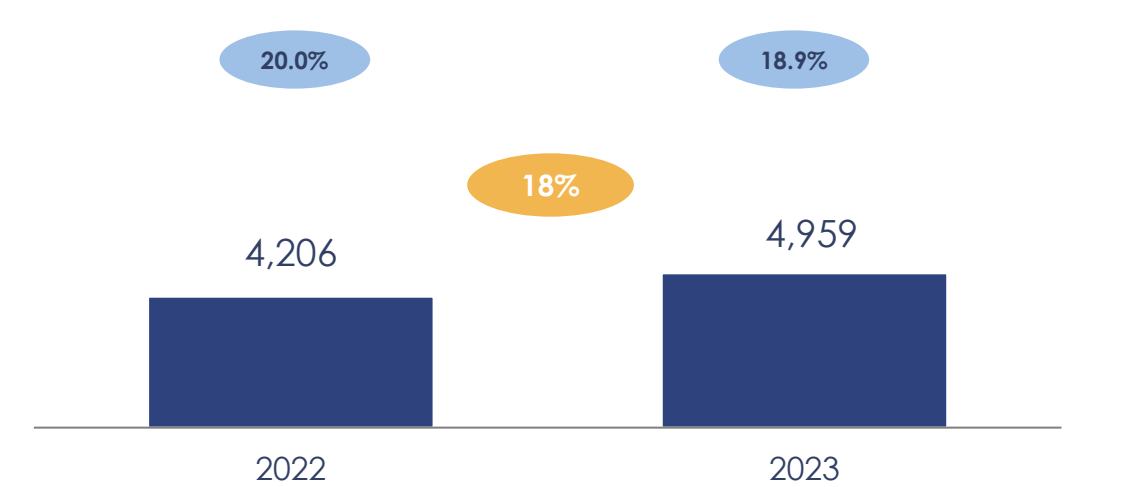
Revenue (TRYm)



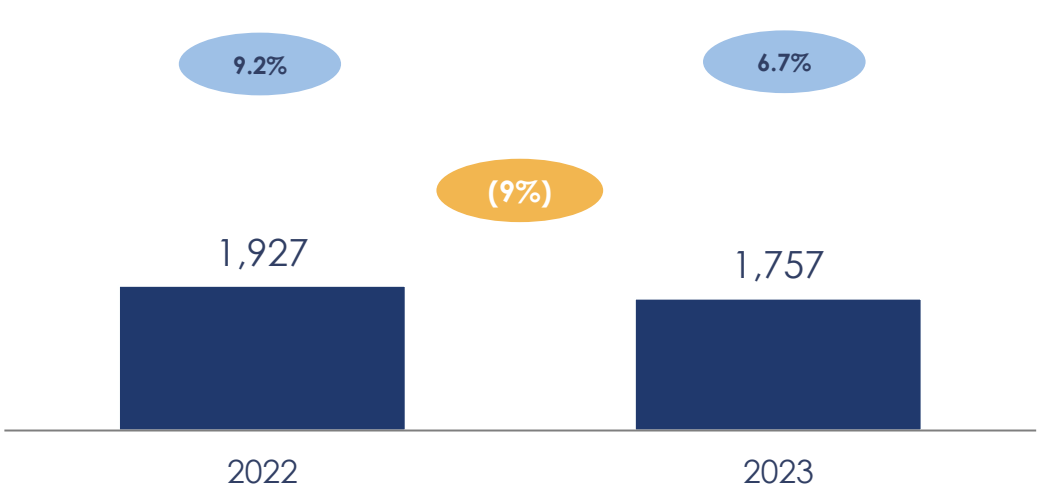
Gross Margin (TRYm)



EBITDA (TRYm)



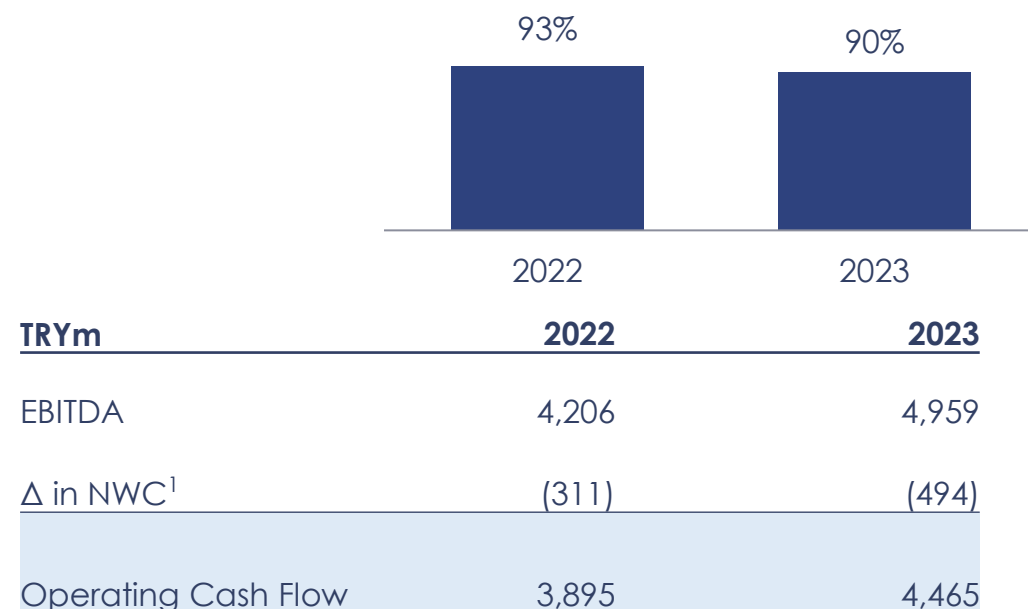
Net Income (TRYm)



Note: Net Income attributable to owners of the company is 1,784 TRYm in 2023

Operational Cash Flow and Working Capital Management*

Cash Conversion & Operational Cash Flow



¹ Working Capital as per the cash flow statement, include main working capital items as well as deferred revenues and employee benefits paid among others

Main Working Capital Items

TRYm	2022	2023
Trade & Other Receivables	1,505	1,338
% Sales	7.2%	5.1%
Inventories	4,005	3,609
% COGS	37.5%	26.5%
Trade & Other Payables	4,946	3,545
% COGS	46.3%	26.0%
Main NWC	564	1,402
% Sales	2.7%	5.3%

- › When adjusted for inflation, **inventory level improved significantly in 2023** both in nominal terms and as percentage of COGS largely driven by strong performance of Türkiye retail operations
- › Inventory in number of pieces in Türkiye is 4% lower compared to same period last year and comprises of **all fresh, new season products**
- › Increase in working capital requirements was mainly driven by higher product costs and **actions to mitigate cost pressures** such as cash payments to manufacturers (clearly reflected on trade payables levels)

Capex and Leverage Ratios*

CAPEX (TRYm)

% Sales

2.8%

2.3%

580

596

2022

2023

Net Cash exc. IFRS16 (TRYm)

26%

2,905

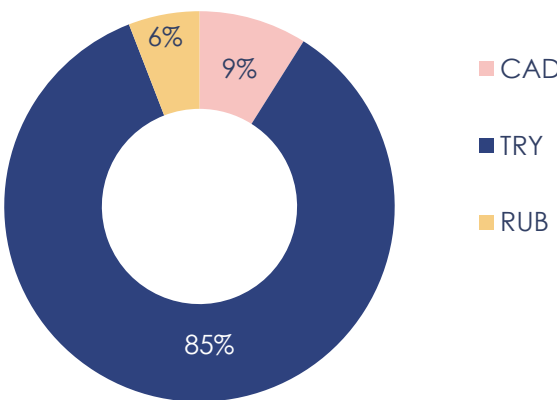
1,762

3,662

31 Jan. 2023

31 Jan. 2024

Debt Breakdown (31 January 2024)



Average Cost of Debt

TRY	46.0%
RUB	21.0%
CAD	7.4%
Blended	41.1%

- › All of non-TRY debt (15% of total) is carried by Mavi CA and Mavi RU – both denominated in their local currencies
- › There is no foreign currency debt as of 2023 period end
- › Keeping no FX position is management priority

FY2023 Guidance vs Results (pre-IAS29)

	Previous (08.06.2023)	Revised (19.09.2023)	Revised (11.12.2023)	Actual Results (pre-IAS29)
Consolidated Revenue Growth	75% ± 5%	80% +	85% +	91%
Turkiye Retail Stores	5 net new stores 7 store expansions	8 net new stores 7 store expansions	Confirmed	7 net new stores 5 store expansions
EBITDA Margin	18% ± 0.5% (exc. IFRS16) 22% ± 0.5% (inc. IFRS16)	19% ± 0.5% (exc. IFRS16) 22.5% ± 0.5% (inc. IFRS16)	20% ± 0.5% (exc. IFRS16) 23.5% ± 0.5% (inc. IFRS16)	20.7% (exc. IFRS16) 24.1% (inc. IFRS16)
Net Debt/EBITDA	Net Cash Position (exc. IFRS16)	Confirmed	Confirmed	3,662 TRYm net cash
CAPEX	3% of consolidated sales	Confirmed	Confirmed	2.3% of consolidated sales

FY2024 Management Guidance (pre-IAS29)

- › Total consolidated sales growth of **70% ± 5% (pre-IAS29)**
- › Turkiye retail stores : **Net 15 openings and 10 expansions**
- › EBITDA margin : **20% ±0,5% exc. IFRS16 and 23.5% ±0,5% inc. IFRS16 (pre-IAS29)**
- › **Net cash** position increased
- › **Capex to sales** ratio of **5% (including investment for new headquarters offices)**

Note : Our next guidance revision will include the possible impact of IAS29 on expected 2024 results

Trading Update for Q1 2024 (pre-IAS29)

- › Turkiye retail sales grew 131% in February and 91% in the first 13 days of March
- › Online sales in Turkiye grew 150% in February and 70% in the first 13 days of March

February figures reflect the low base effect related to the earthquake last year





Mavi once again named a global climate leader!

Mavi becomes the first and only Turkish apparel company to achieve **double A Rating for Climate Change and Water Security by CDP**

THANK YOU !

Contact : investorrelations@mavi.com
duygu.inceoz@mavi.com

Audited Financial Statements

Income Statement

TRYm	2022	2023	Change (%)
Revenue	21,038	26,293	25%
Cost of Sales	(10,680)	(13,620)	28%
Gross Profit	10,358	12,674	22%
Gross Margin	49.2%	48.2%	
Administrative Expenses	(1,364)	(1,733)	27%
Selling and Marketing Expenses	(6,153)	(7,403)	20%
R&D Expenses	(179)	(294)	64%
Other Income / (Expenses), net	97	205	111%
Operating Profit	2,760	3,449	25%
Profit/(Loss) from Investment Activities	29	31	5%
Operating Profit before Financial Income	2,789	3,479	25%
Operating Margin	13.3%	13.2%	
Financial Expenses, Net	(666)	(674)	1%
Monetary Gain/(Loss), Net	279	(136)	n.a.
Profit Before Tax	2,402	2,669	11%
Income Tax Expense	(475)	(913)	92%
Profit	1,927	1,757	(9%)
Profit Margin	9.2%	6.7%	
EBITDA	4,206	4,959	18%
EBITDA Margin	20.0%	18.9%	

Audited Financial Statements

Balance Sheet

TRYm	31 January 2023	31 January 2024	Change (%)
Assets			
Current Assets			
Cash and Cash Equivalents	5,349	4,854	(9%)
Financial Investments	96	63	(34%)
Trade Receivables	1,435	1,312	(9%)
Inventories	4,005	3,609	(10%)
Other Current Assets	511	307	(40%)
Total Current Assets	11,396	10,146	(11%)
Property and Equipment	1,051	1,213	15%
Right of Use Assets	1,363	1,355	(1%)
Intangible Assets	1,214	1,112	(8%)
Other Non-Current Assets	140	73	(48%)
Total Non-Current Assets	3,767	3,752	(0%)
Total Assets	15,163	13,898	(8%)
Short-Term Financial Liabilities	2,540	904	(64%)
Short-Term Contractual Lease Liabilities	577	499	(14%)
Trade Payables	4,881	3,398	(30%)
Other Current Liabilities	976	1,325	36%
Total Current Liabilities	8,974	6,126	(32%)
Long-Term Financial Liabilities	-	352	n.m.
Long-Term Contractual Lease Liabilities	478	577	21%
Other Non-Current Liabilities	292	175	(40%)
Total Non-Current Liabilities	770	1,104	43%
Total Liabilities	9,744	7,230	(26%)
Total Equity	5,419	6,668	23%
Total Equity & Liabilities	15,163	13,898	(8%)

Audited Financial Statements

Cash Flow Statement

TRYm	2022	2023
Profit ¹	1,927	1,757
Adjustments	1,939	3,759
Cash Flow from Operating Activities	3,866	5,516
Δ in Net Working Capital ²	(311)	(494)
Income Tax Paid	(669)	(719)
Net Cash from Operating Activities	2,887	4,304
Capex	(580)	(596)
Other Investing Cash Flow ³	445	1,024
Net Cash Flow Used in Investing Activities	(135)	429
Debt Issued / (Repaid)	864	(381)
Payment of Contractual Lease Liabilities	(709)	(723)
Other Financial Payments ⁴	(631)	(983)
Dividend Paid	(199)	(429)
Interest Paid	(370)	(591)
Net Cash Flows Used in Financing Activities	(1,043)	(3,109)
Net Cash Flow	1,708	1,624
Adjustments for Monetary Gain/Loss	(309)	(2,104)
Cash and Cash Equivalents at the Beginning of the Period ⁵	3,914	5,314
Cash and Cash Equivalents at the End of the Period ⁵	5,314	4,833

¹Pre non-controlling interest. ²Working Capital includes main working capital items and employee benefits paid as well as deferred revenues. ³Other Investing Cash Flow includes proceeds from sale of tangible assets, other investing activities and interest received. ⁴Other Financial Payments include proceeds from derivatives, imputed interest and financial commissions. ⁵Cash and Cash Equivalents in the Balance Sheet includes interest income accruals as cash. Excluding interest income accruals net cash at the end of the period is equal to Cash and Cash Equivalents on the Balance Sheet for the same fiscal year.

Global Operations as of 31 January 2024



TURKEY

Retail stores: 336
Franchise stores: 69
Wholesale doors: 536
Employees: 5.861



US

Wholesale doors: ~1.150
Employees: 70



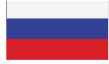
EUROPE

Retail stores: 1
Wholesale doors: ~800
Employees: 51



CANADA

Retail stores: 4
Wholesale doors: ~820
Employees: 80



RUSSIA

Retail stores: 17
Franchise stores: 17
Wholesale doors: 195
Employees: 139



OTHER COUNTRIES

Franchise stores: 27
Wholesale doors: 23