

# mavi

# 3M

**Mavi Giyim Sanayi ve Ticaret A.Ş.**  
**Interim Report for the Three Months Period**  
February 1 – April 30, 2024



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# Corporate Information

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# 1 - Corporate Information

This Interim Report is the Report of the Board of Directors, prepared according to CMB Communiqué II, Numbered 14.1; related to the first three months of 2024, ended April 30, 2024. Throughout this report, the Company (Mavi Giyim Sanayi ve Tic. A.Ş.) and its subsidiaries will be defined as “Mavi”, “Company” or “Group”

## › **About Mavi**

Mavi Giyim San. ve Tic. A.Ş. was established in 1991 in Turkey. The registered address of the Company is Sultan Selim Mahallesi Eski Büyükdere Caddesi No:53 34418, Kağıthane, İstanbul.

Mavi engages in wholesale and retail sales of ready-to-wear denim apparel to local and international customers. The product range includes, denim products, knit and woven shirts, t-shirts, jackets, skirts, dresses and accessories for men, women and children. International sales operations started in 1994 and today has offices in Türkiye, USA, Canada, Germany and Russia. The company now has offices and showrooms in İstanbul, New York, Vancouver, Moscow, New Jersey, Los Angeles, Atlanta, Dallas, Toronto, Montreal, Düsseldorf, Munich, Hamburg, Leipzig, Heusenstamm, Zurich, Salzburg, Prague and Almere.

The Company is a member of Büyük Mükellefler Tax Office with tax id number 613 002 7985, and registered under İstanbul Trade Registry with registration number 309315.

Fiscal year of the Company is between February 1 – January 31 in line with the fashion apparel business seasons; and this interim report is regarding the first three months ending April 30, 2024.

Official company websites are [www.mavi.com](http://www.mavi.com) and [www.mavicompany.com](http://www.mavicompany.com)

## › **Capital Structure**

Company’s shared capital consist of 397,256,000 shares, all of which are issued, fully paid and have a nominal value of TRY 1.00 each at the date of April 30, 2024. Authorized share capital limit is TRY 4,000,000,000..

Capital structure of the Group as of April 30, 2024 is as follows;

	<b>%</b>	<b>30.04.2024</b>
Fatma Elif Akarlılar	9.06	36,000,000
Seyhan Akarlılar	9.06	36,000,000
Hayriye Fethiye Akarlılar	9.06	36,000,000
Blue International Holding B.V.	0.22	866,344
Public	72.60	288,389,656
	<b>100.00</b>	<b>397,256,000</b>

Blue International Holding B.V. whose 100% ownership is the Akarlılar Family has the Group A shares that are attributed with special rights by the Articles of Association of the Company. The effect of Akarlılar family members on the management of the Company remains through indirect shareholding.

### Direct and Indirect Subsidiaries

Direct and indirect subsidiaries of the Company as at April 30, 2024 are as follows;

Subsidiary	Country	Share
Mavi Europe AG	Germany	100.00%
Mavi Jeans LLC Limited	Russia	100.00%
Mavi Kazakhstan LLP	Kazakhstan	100.00%
Eflatun Giyim Yatırım Tic. A.Ş.	Turkey	51.00%
Mavi Jeans Canada	Canada	63.25%
Mavi Jeans Inc.	USA	47.69%

### › Structure and Composition of the Board of Directors

As of April 30, 2024 the Board of Directors is as follows:

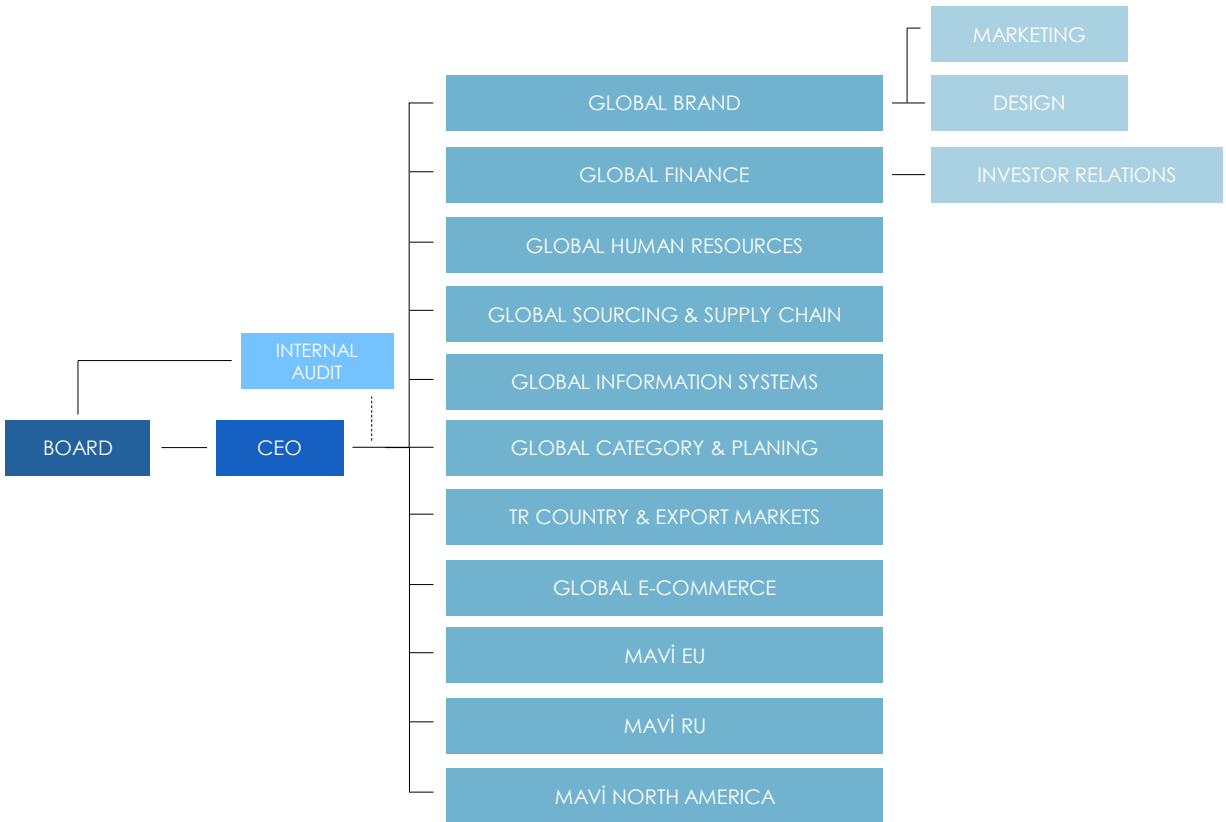
Director	Role	Executive/Independent
Ragıp Ersin Akarlılar	Chairman	Non-Executive
Ebru Dildar Edin	Vice Chairman	Independent
Fatma Elif Akarlılar	Member	Executive
Ahmet Cüneyt Yavuz	Member	Executive
Rina Onur Şirinoğlu	Member	Independent
Nedim Nahmias	Member	Independent

Short biographical information about the board members can be found on the company website [www.mavicompany.com](http://www.mavicompany.com).

Independent board members Ebru Dildar Edin and Nedim Nahmias are members of the Audit Committee; Chairman of the board Ragıp Ersin Akarlılar, independent board member Rina Onur Şirinoğlu and Investor Relations Director Duygu Inceoz are members of the Corporate Governance Committee; Chairman of the board Ragıp Ersin Akarlılar, independent board member Ebru Dildar Edin and CFO Bige İşcan Aksaray are members of the Early Identification of Risks Committee.

### › Organization Structure

As of April 30, 2024 Group's total number of employees is 6,427 (6,061 in Türkiye, 366 in International offices) Following chart show the Company's organization structure:



## › Management Team

As of April 30, 2024 Group's management team is as follows:

	<b>Position</b>	<b>Starting Date</b>
Cüneyt Yavuz	CEO	2008
Bige İşcan Aksaray	CFO	2019
Elif Akarlılar	Chief Brand Officer	1991
Okan Gürsan	Chief Operations Officer, TR, Exports, Russia, Europe	2018
Can Yılmaz	CHRO	2008
Serpil Berkan	CMO	2017
Sinan Sefai	Chief Sourcing & Supply Chain Officer	2016
Ekrem Güney Oktar	Chief Design Officer	2017
Barış Akyürek	Chief E-com Officer	2017
Bülent Dursun	Chief Information Officer	2019
Onur Karnabat	Chief Category & Planning Officer	2019
Burak Övünç	CEO Mavi NA	2023

# Operational and Financial Information

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## 2 - Operational and Financial Information

This report on the financial results of the special accounting period February 1, 2024 – April 30, 2024 (Q1 2024) 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.**

### › Operational Developments

In the first three months of 2024, Mavi opened two stores and expanded sales area of three stores in Turkiye. Including 339 monobrand retail stores and 69 franchise stores in Turkiye, 22 retail stores and 46 franchise stores internationally Mavi meets its customers in 475 mono-brand stores and close to 4.000 sales points globally.

In the first three months of 2023, Turkiye retail sales grew 26% and Turkiye like-for-like sales grew 20%.

In the reporting period, international sales contracted 8% in inflation adjusted TRY terms and 5% constant currency.

Online sales comprising of Mavi.com and marketplace channels recorded 23% growth in Turkiye and 15% contraction in the international markets in the three months to April 30, 2024. Global e-commerce sales grew by 12% and constituted 10% of total sales in the reporting period.

### › Financial Developments

In the first three months of 2024, total consolidated sales increased 20% year over year to 8 billion 273 million TRYm. Sales were realised with 52.5% gross margin, and 24.0% EBITDA margin.

In the reporting period, the company's net income realized at 969 million TL with a net income margin of 11.7%.

Throughout the period, the company generated 2 billion 76 million TL operational cash resulting with a balance sheet net cash position of 5 billion 266 million TL. In the first three months to April 30, 2024, 220 million TL capex spending was made.

### › Managements Discussion and Analysis

Strong sales growth in 3M 2024 was driven both by price and volume. Almost all product categories continued to grow in number of pieces in Turkiye. With a strong brand strategy, dynamic product-price planning, newness and variety in response to high consumer demand, effective sourcing and product cost management strong gross margin is achieved. Management continues to prioritize brand and customer investments, dynamic supply chain management, efficient product planning and inventory management, strong balance sheet and zero fx positions for continued future success.

# Market Information

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### 3 - Market Information

According to Turkstat, Türkiye has a population of 85.4 mn as of the end of 2023 with men constituting 50.1% and women 49.9% and with median age of 34. Considering Mavi's loyal customer base whose core segment consists of young, fashion-conscious men and women under the age of 35, Türkiye's young population is a positive catalyst in realising its growth targets.

From a competition standpoint, the Turkish apparel market includes a mix of local and international players. According to Ipsos Mavi is the market leader with 21% market share in 14+ age denim market and is among the top three apparel brands in both men and women.

Mavi is a brand focused on core to premium in Turkish apparel market. Internationally, Mavi is positioned as a lifestyle aspirational brand with a product strategy built around the pillars of Perfect Fit approach, high quality for the price and customer-centric products.

In the "Fortune 500" survey, Mavi is ranked 132<sup>nd</sup> among the largest 500 enterprises in Türkiye, and third among apparel, underwear, and sportswear brands. Some of the recent recognitions for the brand is as follows:

- The most trusted brand in Türkiye according to Future Bright's trust link index survey
- Leader of the jeans category in the "CoolBrands" survey of Marketing Türkiye
- Winner of the "Best Sustainable Collection" category for the All Blue collection at the Rivet x Project Awards, which recognize the brands bringing newness and creativity to the global denim market, marking its 5th title
- Among the most relatable brands in the "Brands Understanding Gen Y" survey by Marketing Türkiye
- Ranking 26<sup>th</sup> among "Türkiye's Most Valuable Brands" survey and 6<sup>th</sup> in "Türkiye's Top 10 Powerful Brands" list by Brand Finance

# Future Expectations

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## 4 - Future Expectations

The management announced its official guidance for 2024 excluding the impact of IAS 29 inflationary accounting provisions on the public disclosure platform on March 14, 2024 as follows:

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

# Other Developments

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## 5 - Other Developments

Ordinary General Assembly Meeting for the financial period of 1 February 2023 – 31 January 2024 was held on April 25, 2024. The general assembly resolutions have been registered under the Istanbul Trade Registry and published on the Turkish trade Registry Gazette on May 22, 2024.

In the Ordinary General Assembly Meeting it was resolved to elect Ragıp Ersin Akarlılar, Ahmet Cüneyt Yavuz and Fatma Elif Akarlılar as members of the Board of Directors; and Ebru Dildar Edin, Nedim Nahmias and Rina Azaduhi Onur Şirinoğlu as independent members of Board of Directors to serve for a term of 3 (three) years.

In the Ordinary General Assembly Meeting held on 25 April 2024, it was resolved to approve the Board of Directors' dividend payment proposal on distribution of TRY 844.944.770,18 gross dividend to shareholders in cash starting from 6 May 2024 and the distribution has been made as of the date of this report.

The proposal of the Board of Directors regarding the increase of the registered capital ceiling of our Company from TRY 500,000,000.- (five hundred million Turkish Liras) to TRY 4,000,000,000.- (four billion Turkish Liras), determination of the validity period of the registered capital ceiling of our Company as 2024-2028 and amendment of Article 6 titled "Capital and Shares" of the Articles of Association of our Company was approved. The capital increase is in effect as of May 22th 2024.

# Summary Financial Tables

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## 6 - Summary Financial Tables

### › Summary Balance Sheet

TRYm	31 January 2024	30 April 2024	Change (%)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5,401	6,527	21%
Financial Investments	70	68	(3%)
Trade Receivables	1,460	2,250	54%
Inventories	4,016	3,749	(7%)
Other Current Assets	341	472	38%
<b>Total Current Assets</b>	<b>11,288</b>	<b>13,066</b>	<b>16%</b>
Property and Equipment	1,350	1,375	2%
Right of Use Assets	1,507	1,540	2%
Intangible Assets	1,237	1,234	(0%)
Other Non-Current Assets	81	40	(50%)
<b>Total Non-Current Assets</b>	<b>4,175</b>	<b>4,189</b>	<b>0%</b>
<b>Total Assets</b>	<b>15,463</b>	<b>17,255</b>	<b>12%</b>
Short-Term Financial Liabilities	1,005	980	(3%)
Short-Term Contractual Lease Liabilities	555	620	12%
Trade Payables	3,781	4,438	17%
Other Current Liabilities	1,475	1,826	24%
<b>Total Current Liabilities</b>	<b>6,816</b>	<b>7,865</b>	<b>15%</b>
Long-Term Financial Liabilities	391	350	(11%)
Long-Term Contractual Lease Liabilities	642	627	(2%)
Other Non-Current Liabilities	194	185	(5%)
<b>Total Non-Current Liabilities</b>	<b>1,228</b>	<b>1,162</b>	<b>(5%)</b>
<b>Total Liabilities</b>	<b>8,044</b>	<b>9,026</b>	<b>12%</b>
<b>Total Equity</b>	<b>7,419</b>	<b>8,229</b>	<b>11%</b>
<b>Total Equity &amp; Liabilities</b>	<b>15,463</b>	<b>17,255</b>	<b>12%</b>

## › Summary P&L

TRYm	Q1 2023	Q1 2024	Change (%)
Revenue	6,918	8,273	20%
Cost of Sales	(3,737)	(3,932)	5%
<b>Gross Profit</b>	<b>3,181</b>	<b>4,341</b>	<b>36%</b>
<b>Gross Margin</b>	<b>46.0%</b>	<b>52.5%</b>	
Administrative Expenses	(400)	(482)	20%
Selling and Marketing Expenses	(1,828)	(2,239)	22%
R&D Expenses	(68)	(93)	37%
Other Income / (Expenses), net	(8)	129	n.m.
<b>Operating Profit</b>	<b>877</b>	<b>1,657</b>	<b>89%</b>
Profit/(Loss) from Investment Activities	1	7	399%
Operating Profit before Financial Income	878	1,663	89%
Operating Margin	12.7%	20.1%	
Financial Expenses, Net	(189)	(288)	52%
Monetary Gain/(Loss), Net	(4)	75	n.m.
Profit Before Tax	685	1,451	112%
Income Tax Expense	(258)	(481)	87%
<b>Profit</b>	<b>427</b>	<b>969</b>	<b>127%</b>
<b>Profit Margin</b>	<b>6.2%</b>	<b>11.7%</b>	
<b>EBITDA</b>	<b>1,334</b>	<b>1,984</b>	<b>49%</b>
<b>EBITDA Margin</b>	<b>19.3%</b>	<b>24.0%</b>	

## › Summary Cash Flow Statement

TRYm	Q1 2023	Q1 2024
Profit <sup>1</sup>	427	969
Adjustments	1,205	1,072
<b>Cash Flow from Operating Activities</b>	<b>1,631</b>	<b>2,041</b>
Δ in Net Working Capital <sup>2</sup>	(912)	92
Income Tax Paid	38	164
<b>Net Cash from Operating Activities</b>	<b>758</b>	<b>2,298</b>
Capex	(134)	(220)
Other Investing Cash Flow <sup>3</sup>	151	320
<b>Net Cash Flow Used in Investing Activities</b>	<b>17</b>	<b>100</b>
Debt Issued / (Repaid)	(50)	68
Payment of Contractual Lease Liabilities	(241)	(254)
Other Financial Payments <sup>4</sup>	(214)	(468)
Interest Paid	(131)	(129)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(636)</b>	<b>(783)</b>
<b>Net Cash Flow</b>	<b>138</b>	<b>1,615</b>
Adjustments for Monetary Gain/Loss	(442)	(547)
Cash and Cash Equivalents at the Beginning of the Period <sup>5</sup>	5,912	5,377
Cash and Cash Equivalents at the End of the Period <sup>5</sup>	5,608	6,445

<sup>1</sup>Pre non-controlling interest. <sup>2</sup>Working Capital includes main working capital items and employee benefits paid as well as deferred revenues. <sup>3</sup>Other Investing Cash Flow includes proceeds from sale of tangible assets and interest received. <sup>4</sup>Other Financial Payments include proceeds from derivatives, imputed interest and financial commissions. <sup>5</sup>Cash 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..

## Disclaimer on Market Data and Forward Looking Statements

This Report is prepared in accordance with the legal requirements only to provide information and it is not intended to form the basis of any investment decision. The industry, market and competitive position data contained in this report come from official or third-party sources. Although the company believes the information provided by third party industry publications and market research studies to be from reliable sources, it has not, however, independently verified the information contained therein. This report includes forward-looking statements. Forward looking statements involve risks, uncertainties and other important factors over which the company may have limited or no control. These factors could cause the actual results, performance or achievements to differ materially from any future circumstances, results, performance or achievements expressed or implied by such statements. The forward-looking statements included in this report represent the Company's views as of the date of this report. All information contained in this Report was believed to be accurate at the time of publication. The company accepts no responsibility for any spelling or printing errors that may occur during the Report's preparation