

Mavi Giyim Sanayi ve Ticaret A.Ş.
Interim Report for the Six Months Period
February 1 – July 31, 2024



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Corporate Information

01



1 - Corporate Information

This Interim Report is the Report of the Board of Directors, prepared according to CMB Communique II, Numbered 14.1; related to the first six months of 2024, ended July 31, 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 six months ending July 31, 2024.

Official company websites are www.mavi.com and 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 July 31, 2024. Authorized share capital limit is TRY 4,000,000,000.

Capital structure of the Group as of July 31, 2024 is as follows;

	%	31.07.2024
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
	100.00	397,256,000

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 July 31, 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 July 31, 2024 the Board of Directors is as follows:

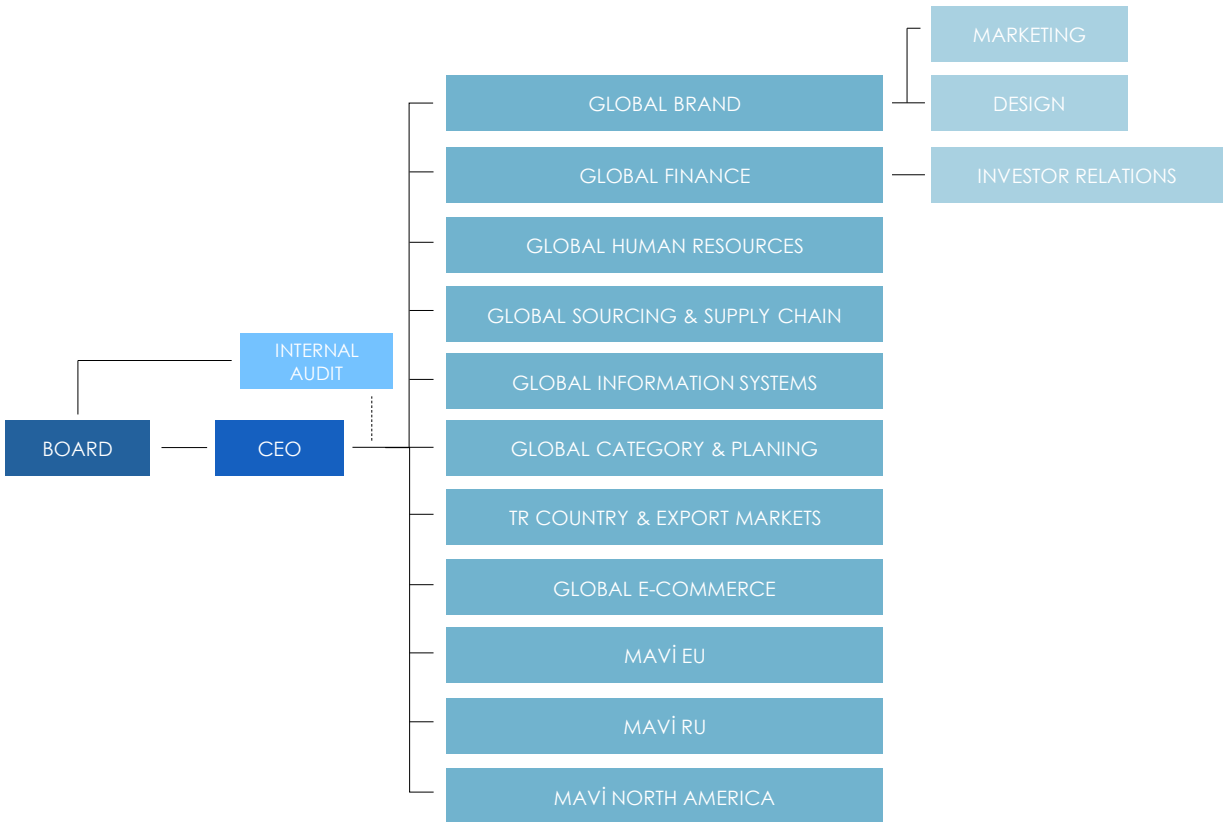
Director	Role	Executive/Independent
Ragıp Ersin Akarlılar	Chairman	Non-Executive
Ebru Dildar Edin	Vice Chairman	Independent
Fatma Elif Akarlılar	Member	Executive
Ahmet Cüneyt Yavuz	Member	Executive
Rina Onur Şirinoğlu	Member	Independent
Nedim Nahmias	Member	Independent

Short biographical information about the board members can be found on the company website www.mavicompany.com.

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 July 31, 2024 Group's total number of employees is 6,366 (6,006 in Türkiye, 360 in International offices) Following chart show the Company's organization structure:



› Management Team

As of July 31, 2024 Group's management team is as follows:

	Position	Starting Date
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 – July 31, 2024 (H1 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 half of 2024, Mavi opened six stores and expanded sales area of six stores in Turkiye. Including 411 monobrand retail stores in Turkiye and 64 monobrand stores internationally Mavi meets its customers in 475 mono-brand stores and close to 4.000 sales points globally.

In the first half of 2024, Turkiye retail sales grew 10% and Turkiye like-for-like sales grew 6.6%.

In the reporting period, international sales contracted 17% in inflation adjusted TRY terms and 7.5% constant currency.

Online sales comprising of Mavi.com and marketplace channels recorded 10% growth in Turkiye and 14% contraction in the international markets in the six months to July 31, 2024. Global e-commerce sales constituted 9.3% of total sales in the reporting period.

› Financial Developments

In the first half of 2024, total consolidated sales increased 6% year over year to 16 billion 399 million TRYm. Sales were realised with 51.8% gross margin, and 20.6% EBITDA margin.

In the reporting period, the company's net income realized at 1 billion 519 million TL with a net income margin of 9.3%.

Throughout the period, the company generated over 3 billion TL operational cash resulting with a balance sheet net cash position of 4 billion 863 million TL. In the first six months to July 31, 2024, 507 million TL capex spending was made.

› Managements Discussion and Analysis

Strong sales growth in the first quarter was driven both by price and volume. Almost all product categories continued to grow in number of pieces in Turkiye. In the second quarter, macroeconomic challenges leading to reduced consumer purchasing power and lower demand came in effect and resulted in slowdown in sales performance. With a strong brand strategy, continuous communication, dynamic product-price planning and effective sourcing and product cost management, healthy gross margin levels were maintained. Deterioration in opex/sales ratio resulting from sales slowdown negatively impacted EBITDA in the second quarter. 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 132nd 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 26th among "Türkiye's Most Valuable Brands" survey and 6th in "Türkiye's Top 10 Powerful Brands" list by Brand Finance

Future Expectations

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4 - Future Expectations

The macroeconomic pressures started earlier than initially anticipated and are expected to remain in the second half of the year. Nevertheless, as of this date, the management targets to remain within the initial guidance brackets.

The official management guidance excluding the impact of IAS 29 inflationary accounting provisions announced on the public disclosure platform on March 14, 2024 was 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.

In June 2024, JCR Eurasia Rating evaluated the Company in the very high investment level category and affirmed the Long Term National Issuer Credit Rating as "AA+ (tr)" and the Short Term National Issuer Credit Rating as "J1+ (tr) with "Stable" outlook. The Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of the Republic of Turkey.

Summary Financial Tables



6 - Summary Financial Tables

› Summary Balance Sheet

TRYm	31 January 2024	31 July 2024	Change (%)
Assets			
Current Assets			
Cash and Cash Equivalents	5,858	6,227	6%
Financial Investments	76	1	(98%)
Trade Receivables	1,583	1,603	1%
Inventories	4,355	4,690	8%
Other Current Assets	370	637	72%
Total Current Assets	12,243	13,159	7%
Property and Equipment	1,464	1,585	8%
Right of Use Assets	1,634	1,516	(7%)
Intangible Assets	1,342	1,276	(5%)
Other Non-Current Assets	88	84	(5%)
Total Non-Current Assets	4,528	4,461	(1%)
Total Assets	16,770	17,620	5%
Short-Term Financial Liabilities	1,090	1,017	(7%)
Short-Term Contractual Lease Liabilities	602	632	5%
Trade Payables	4,101	5,062	23%
Other Current Liabilities	1,599	1,370	(14%)
Total Current Liabilities	7,392	8,081	9%
Long-Term Financial Liabilities	424	349	(18%)
Long-Term Contractual Lease Liabilities	697	618	(11%)
Other Non-Current Liabilities	211	236	12%
Total Non-Current Liabilities	1,332	1,203	(10%)
Total Liabilities	8,724	9,284	6%
Total Equity	8,046	8,336	4%
Total Equity & Liabilities	16,770	17,620	5%

› Summary P&L

TRYm	H1 2023	H1 2024	Change (%)
Revenue	15,462	16,399	6%
Cost of Sales	(8,116)	(7,900)	(3%)
Gross Profit	7,346	8,499	16%
Gross Margin	47.5%	51.8%	
Administrative Expenses	(987)	(1,054)	7%
Selling and Marketing Expenses	(4,277)	(4,901)	15%
R&D Expenses	(158)	(206)	30%
Other Income / (Expenses), net	48	146	201%
Operating Profit	1,973	2,483	26%
Profit/(Loss) from Investment Activities	26	5	(81%)
Operating Profit before Financial Income	1,999	2,488	24%
Operating Margin	12.9%	15.2%	
Financial Expenses, Net	(302)	(460)	52%
Monetary Gain/(Loss), Net	26	63	n.a.
Profit Before Tax	1,723	2,091	21%
Income Tax Expense	(556)	(572)	3%
Profit	1,167	1,519	30%
Profit Margin	7.5%	9.3%	
EBITDA	2,964	3,371	14%
EBITDA Margin	19.2%	20.6%	

› Summary Cash Flow Statement

TRYm	H1 2023	H1 2024
Profit ¹	1,167	1,519
Adjustments	2,539	2,537
Cash Flow from Operating Activities	3,706	4,056
Δ in Net Working Capital ²	(1,318)	(26)
Income Tax Paid	(119)	(605)
Net Cash from Operating Activities	2,269	3,425
Capex	(289)	(507)
Other Investing Cash Flow ³	458	977
Net Cash Flow Used in Investing Activities	169	469
Debt Issued / (Repaid)	(578)	86
Payment of Contractual Lease Liabilities	(487)	(518)
Other Financial Payments ⁴	(497)	(959)
Dividend Paid	(791)	(887)
Interest Paid	(222)	(269)
Net Cash Flows Used in Financing Activities	(2,574)	(2,547)
Net Cash Flow	(136)	1,348
Adjustments for Monetary Gain/Loss	(1,205)	(1,003)
Cash and Cash Equivalents at the Beginning of the Period ⁵	6,412	5,832
Cash and Cash Equivalents at the End of the Period ⁵	5,070	6,176

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 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..

Disclaimer on Market Data and Forward Looking Statements

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