

mavi

H1 2024 Results Presentation

September 17, 2024



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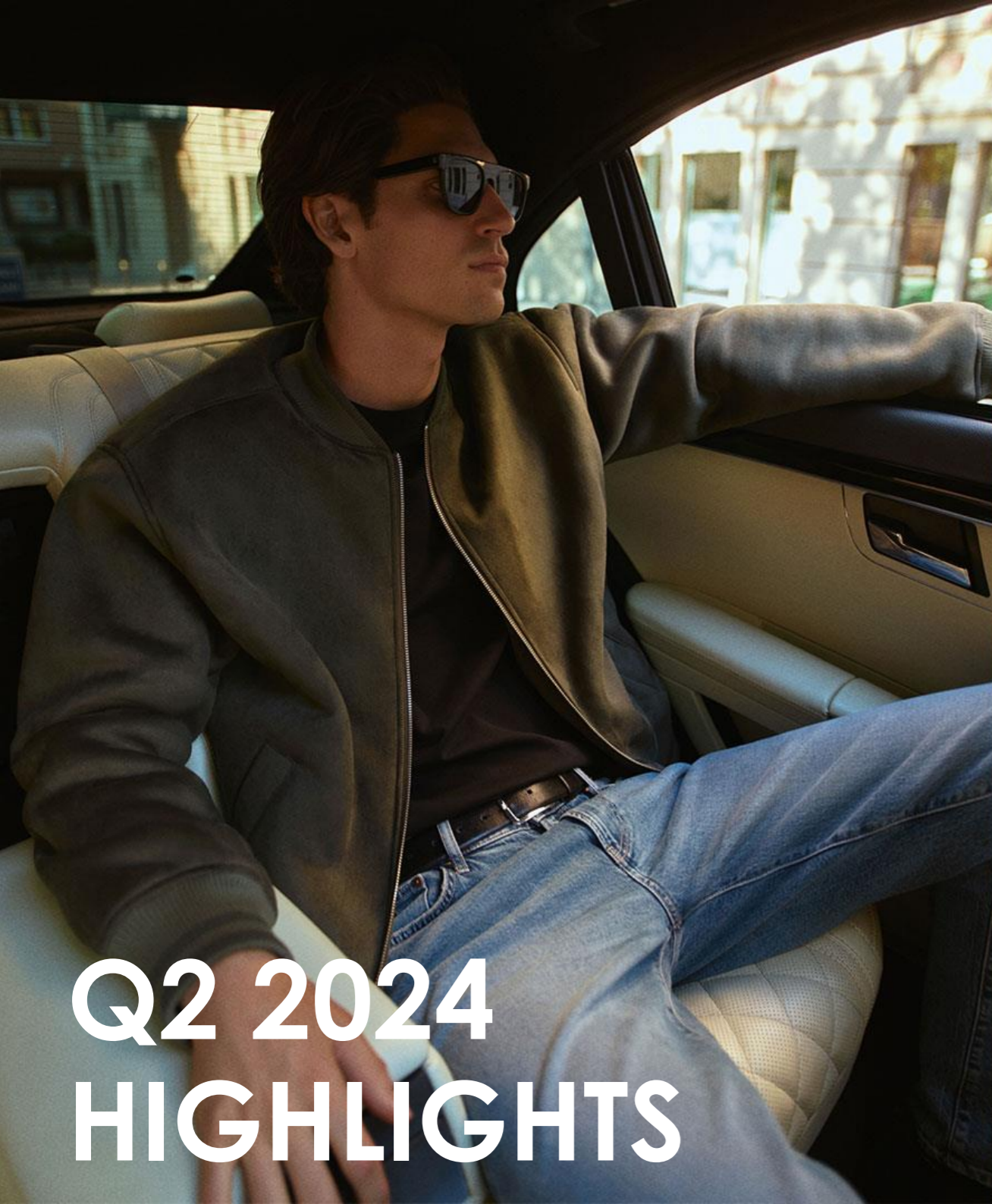
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With the Capital Markets Board of Turkey's Bulletin dated 28.12.2023 numbered 2023/81, CMB announced that issuers and capital market institutions shall prepare their annual financial statements ending on 31.12.2023 or later, in accordance with IAS29 inflationary accounting provisions. Accordingly, **this presentation on the financial results contain the Company's 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 our guidance was 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. The supplementary historical (non-inflationary) financial information is unaudited and is included in this presentation for informational purposes only.**



**Q2 2024
HIGHLIGHTS**



Q2 2024 Business Overview

Business Overview

- › Tackling macroeconomic challenges with strong brand strategy, continuous communication and dynamic product / price positioning yielding **healthy gross margin levels**
- › **468 TRYm net income**
- › Efficient **inventory and working capital** management
- › **Generated over 1.3 bn TRY operational cash** in Q2 2024

Türkiye

- › Macroeconomic challenges leading to reduced consumer demand kicked in within the quarter impacting sales across the market
- › Retail sales performance was resilient with **1.8% volume growth** achieved in Q2 2024 on a very strong base
- › **359K new customers acquired** in Q2 2024 in-line with management target
- › Online sales growth was **driven by mavi.com sales** which compensated the weak performance of marketplaces. Online sales **grew 4% in volumes**

International

- › International sales **declined 12% in constant currency** in Q2 2024 with North America being the only growth market this quarter. Both top-line and margins pressured with macro-economic challenges.

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H1 2024 HIGHLIGHTS



H1 2024 Highlights

- › Consolidated revenue realized at 16,399 TRYm, growing 6% yoy
- › EBITDA for the period is 3,371 TRYm resulting in 20.6% EBITDA margin
- › Net income grew 30% and realized at 1,519 TRYm with 9.3% net income margin
- › With a 99% cash conversion rate in H1 2024, period ended with 4.9 TRYbn net cash position
- › With six new store openings in Türkiye, total number of monobrand stores² stands at 475
- › Türkiye retail sales grew 11% and Türkiye online sales grew by 10% in H1 2024
- › In line with extended annual targets, 768 thousand new customers acquired in H1 2024. Active (1 year) loyalty card members in Türkiye stands at 5.7 million



GROUP HIGHLIGHTS¹

16,399 TRYm Revenue <small>(15,036 TRYm w/out- IAS29)</small>	3,371 TRYm EBITDA <small>(3,716 TRYm w/out- IAS29)</small>
20.6% EBITDA Margin <small>(24.7% w/out- IAS29)</small>	1,519 TRYm Net Income <small>(2,275 TRYm w/out- IAS29)</small>
475 Monobrand Stores²	4,863 TRYm Net Cash

TÜRKİYE HIGHLIGHTS

11% Retail Sales Growth	10% Online Sales Growth
 64% Men 36% Women	c.61% Lifestyle c.39% Denim All
5.7m Active Loyalty Card Members³	768K New Customers 

¹ Including IFRS16 and IAS29 impacts as reported unless otherwise stated

² Includes global franchise and owned stores

³ Active means that the member has made a purchase of Mavi product in the last 12 months

*Category and gender mix for Türkiye Retail only

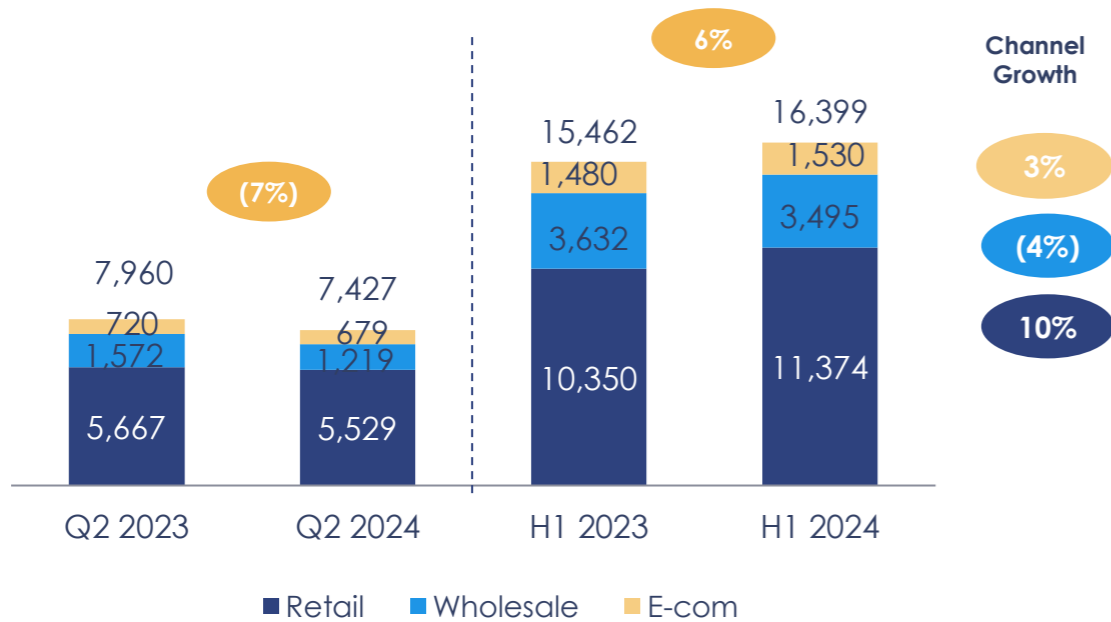


**SALES
CHANNELS**

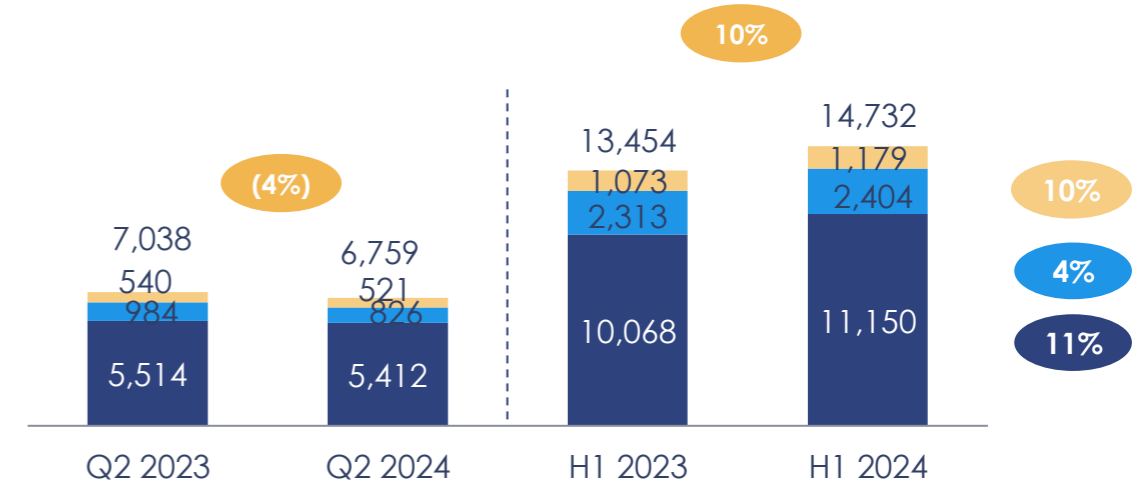


Revenue Evolution in Sales Channels

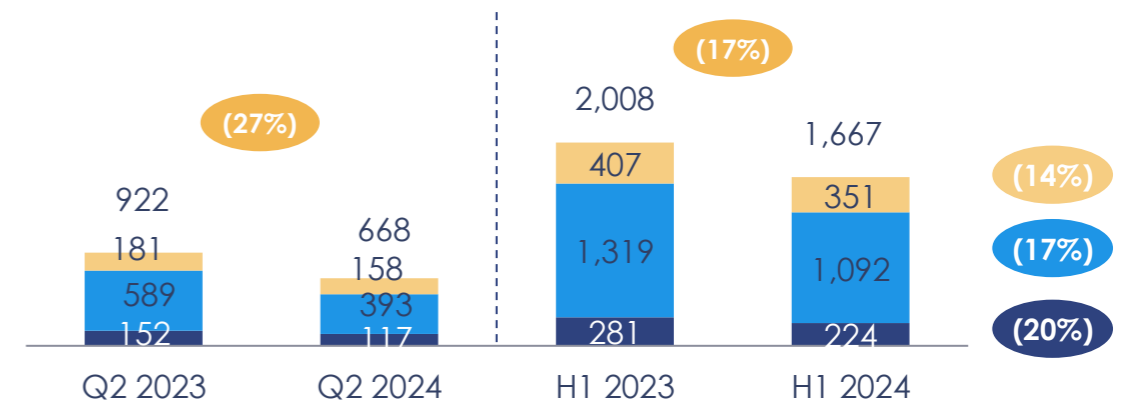
Global Revenue (TRYm)



Türkiye Revenue (TRYm)



International Revenue (TRYm)



- › Total revenue consists of 69.4% retail, 21.3% wholesale and 9.3% e-com
- › 90% of consolidated revenue is from Türkiye
- › International revenue declined 11.7% in Q2 2024 and 7.5% in H1 2024 in constant currency

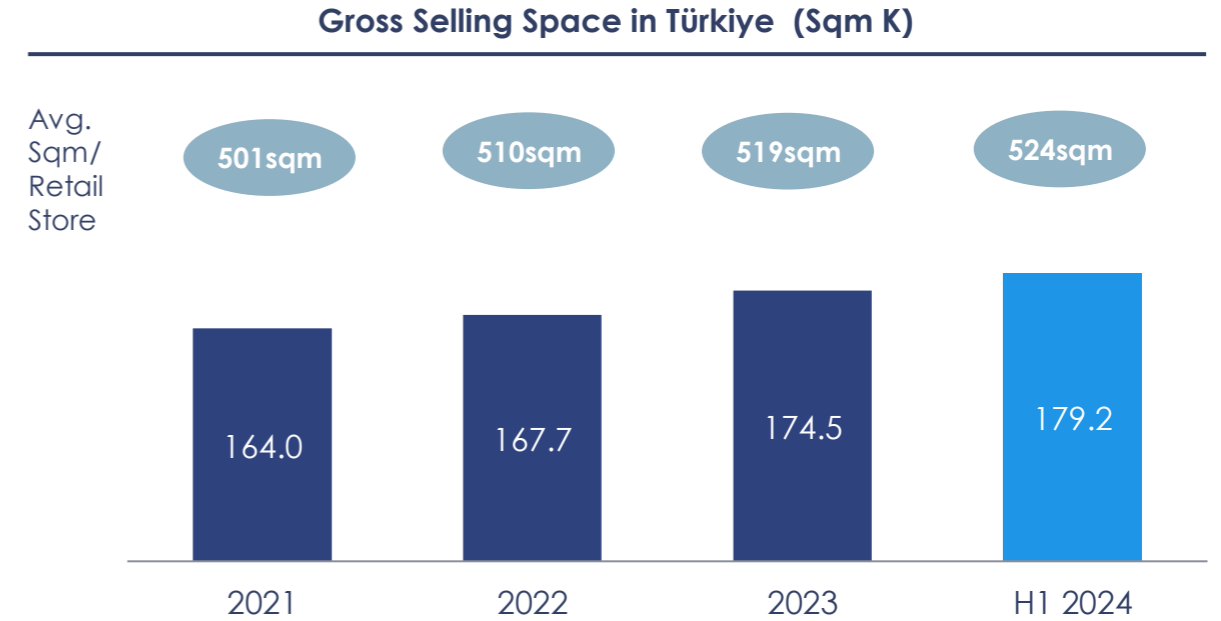
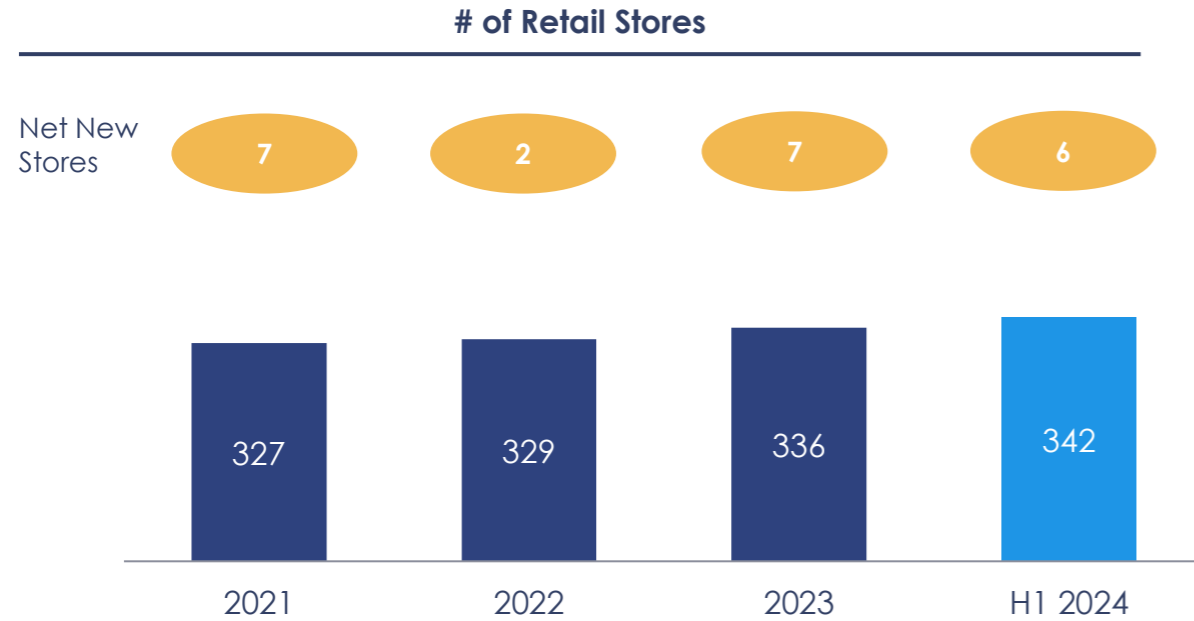
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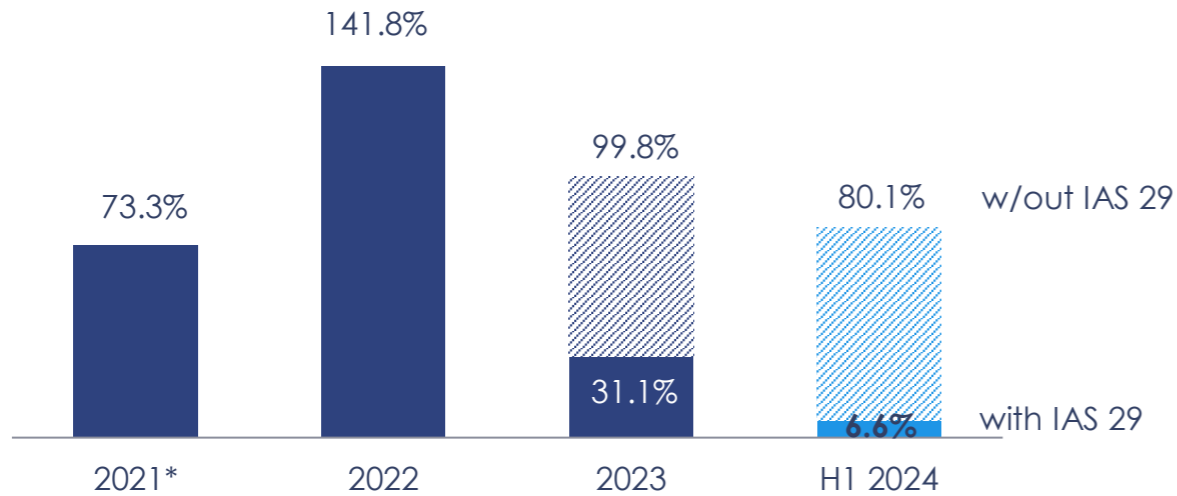
TÜRKİYE RETAIL

Türkiye Retail Operations

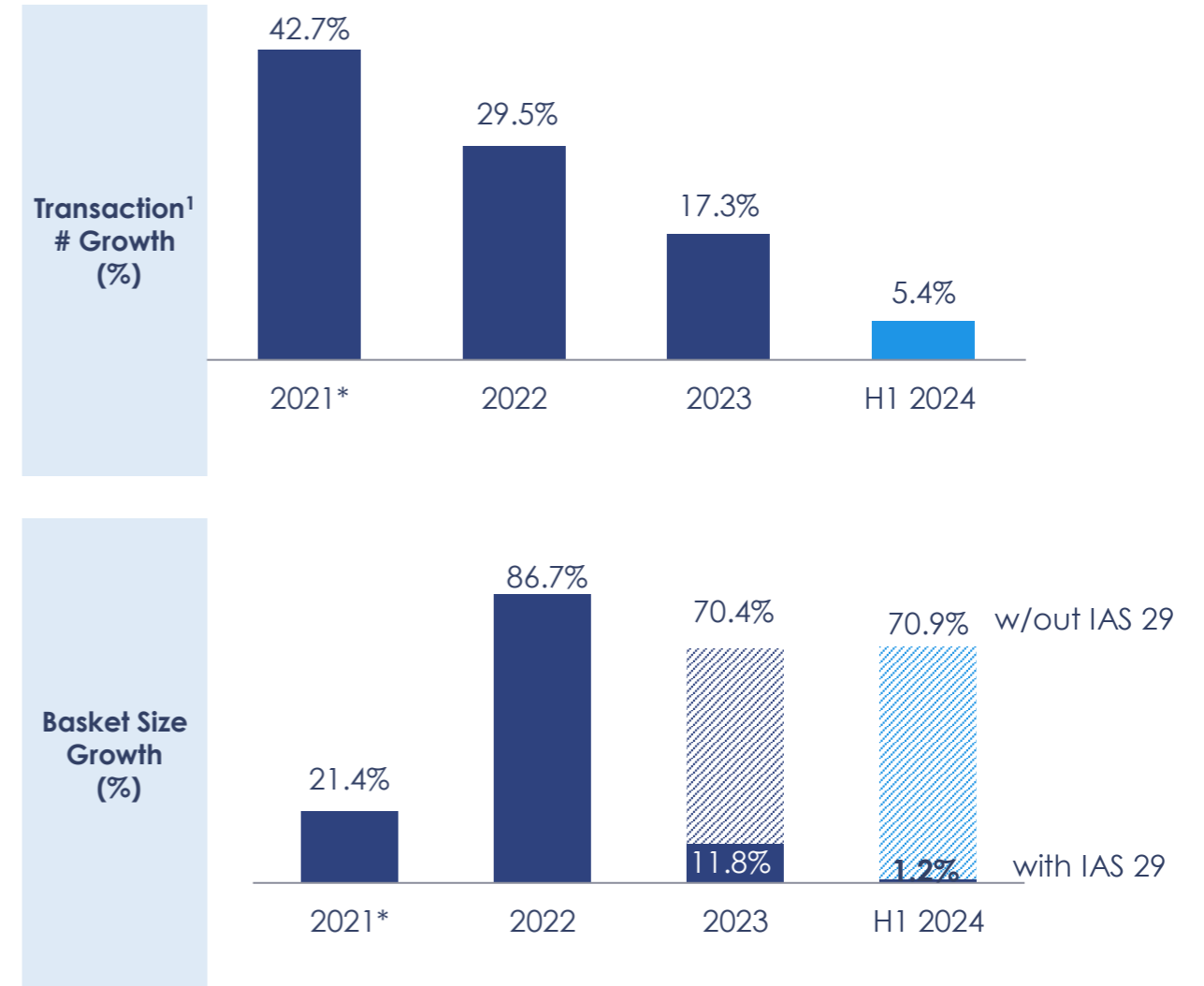


- › With 6 openings in H1 2024, number of retail stores in Türkiye stands at 342 as of end-July 2024
- › In H1 2024, six stores were expanded in sqms
- › Total selling space reached 179.2K sqm growing 6% yoy with average sqm per store at 524

Like-for-Like Stores Sales Performance

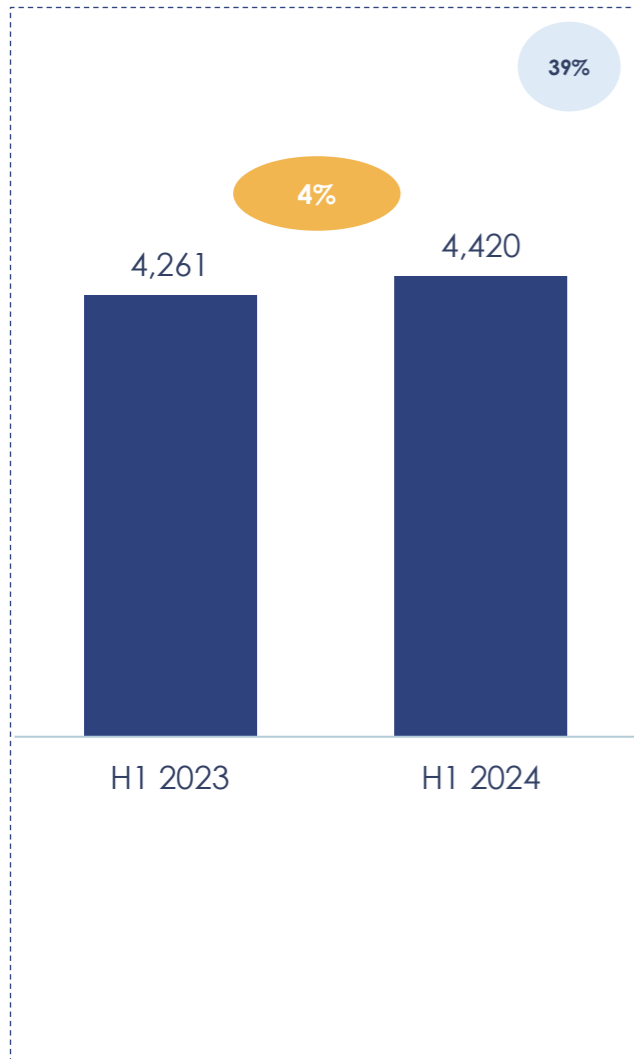


- › In Q2 2024, LFL sales **contracted 4.4% in TRY terms and 1% in volume**. Including the new store sales, 1.8% volume growth was achieved
- › **Basket size grew 1.4% (73.5% in nominal terms)** in Q2 2024 reflecting effective pricing and increased units per transaction (UPT)
- › **LFL sales grew 10.5% in volumes in H1 2024**

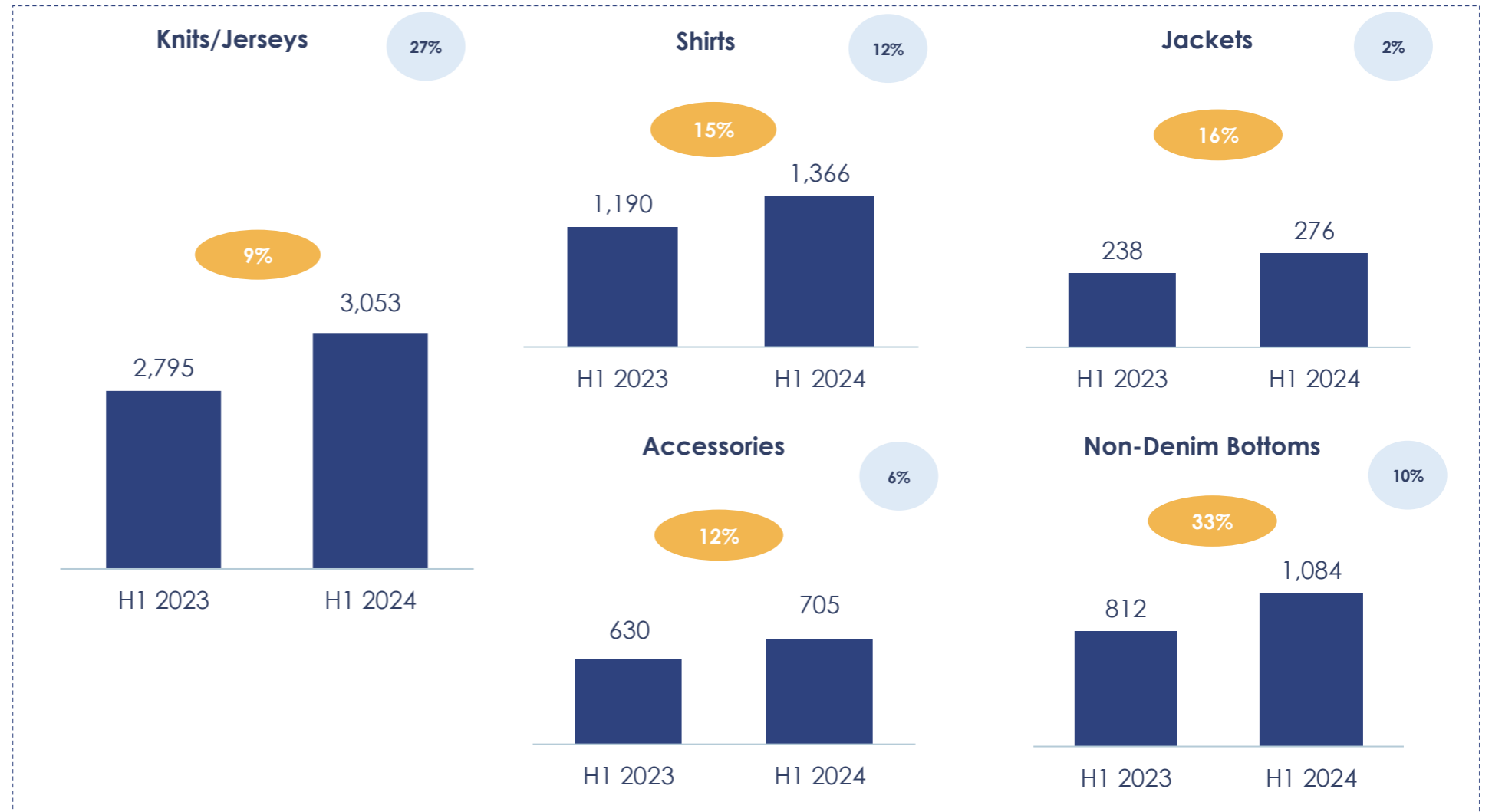


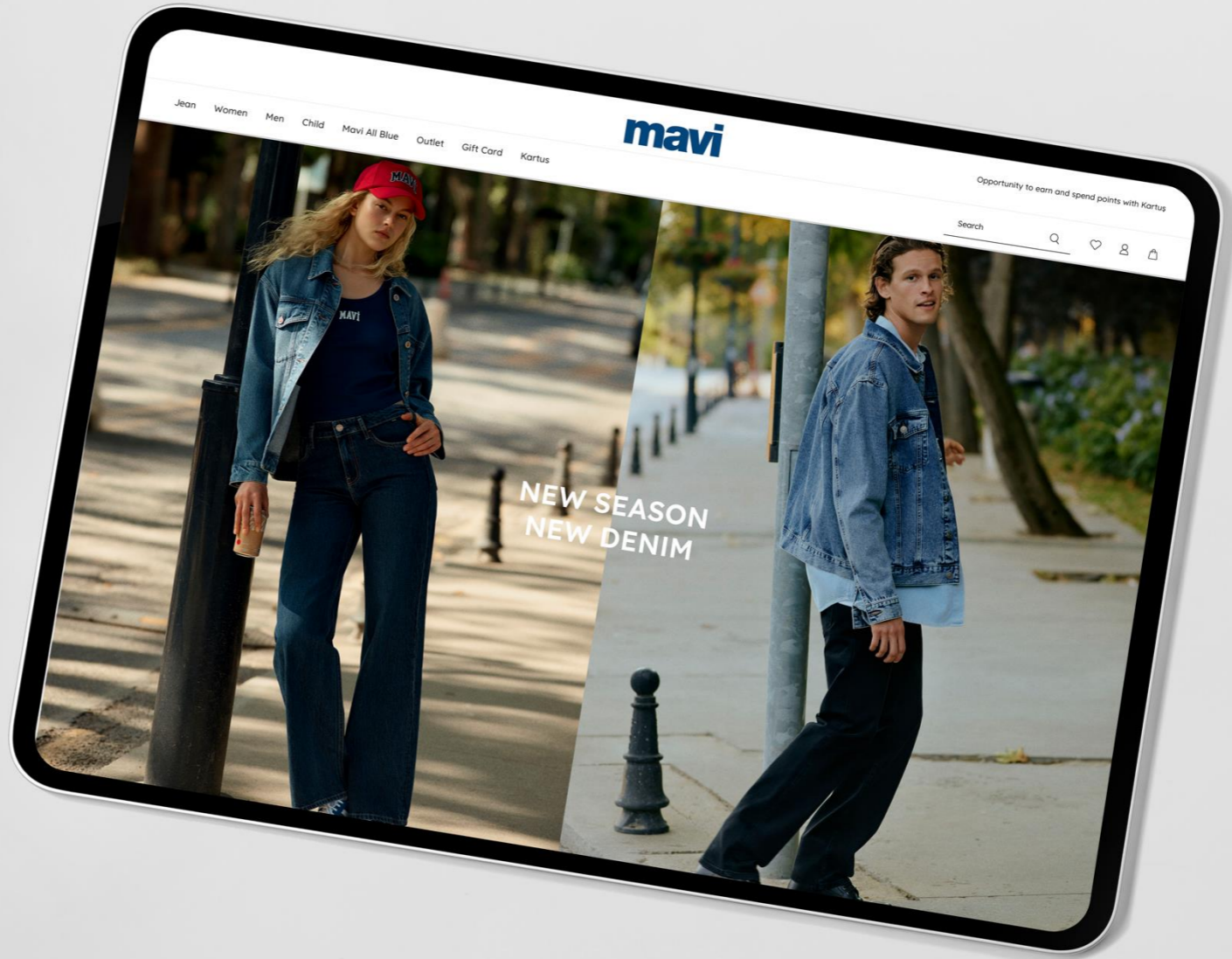
Sales in Denim & Lifestyle Categories

Denim Products (TRYm)



Lifestyle Products (TRYm)

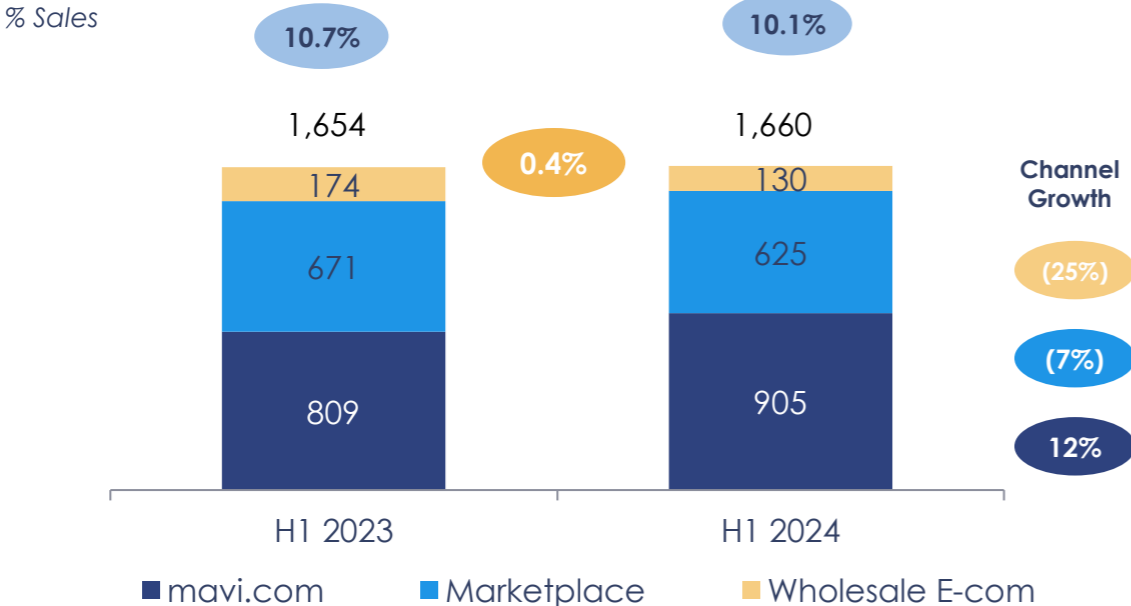




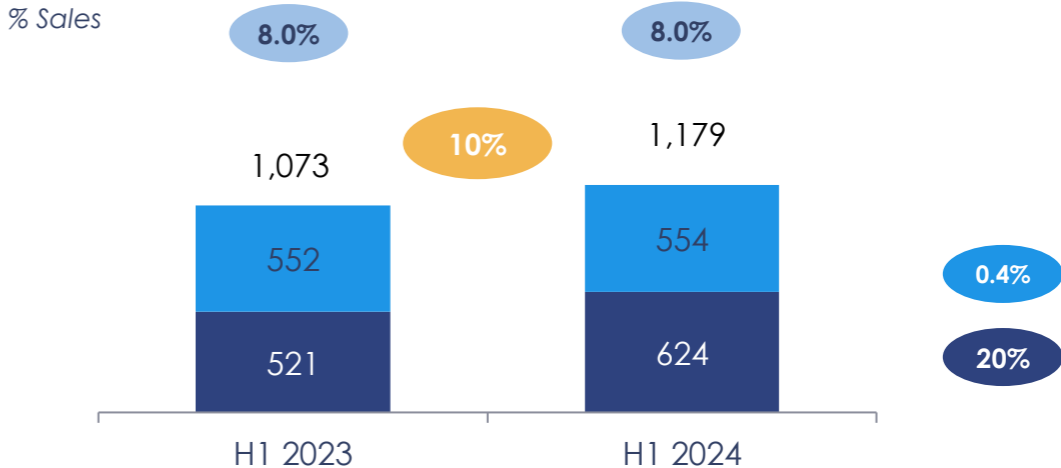
ONLINE BUSINESS

Online Sales Growth inc. Wholesale Partners

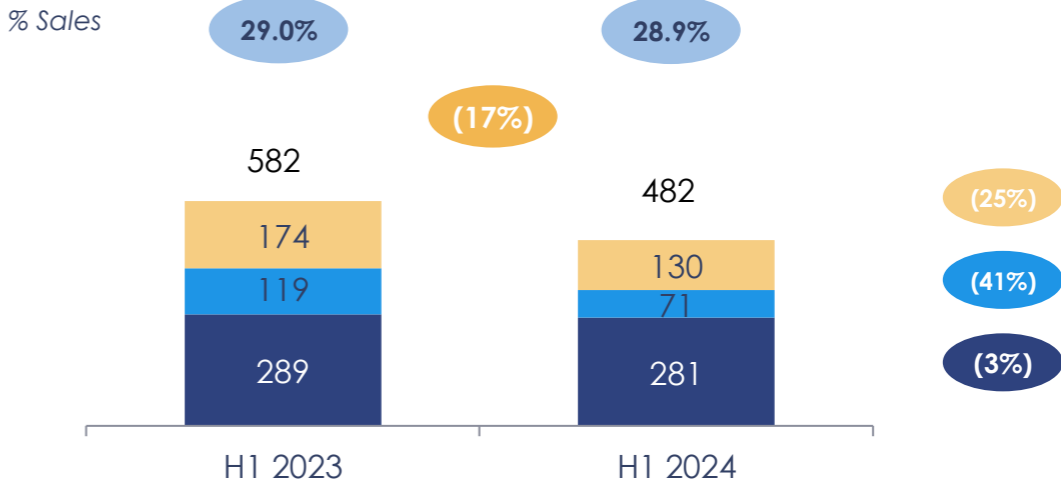
Global Online Sales (TRYm)



Türkiye Online Sales (TRYm)



International Online Sales (TRYm)



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



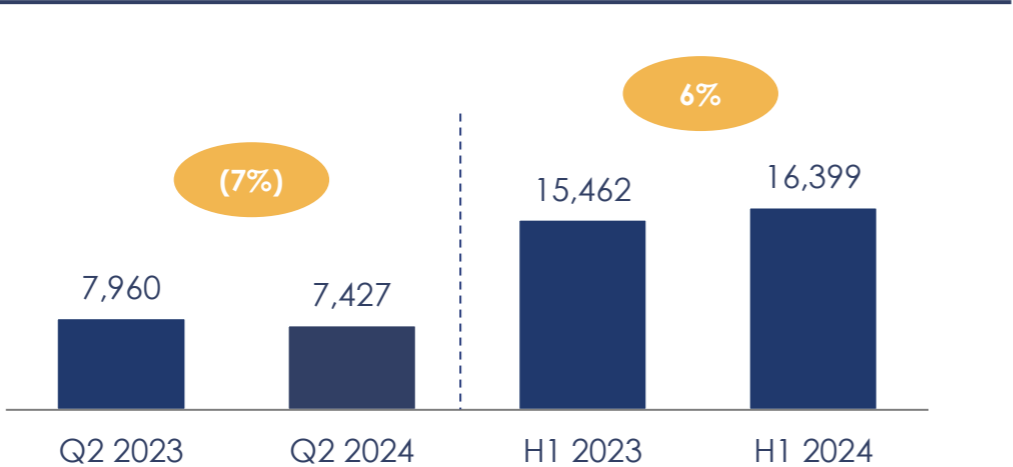
CONSOLIDATED
FINANCIAL RESULTS



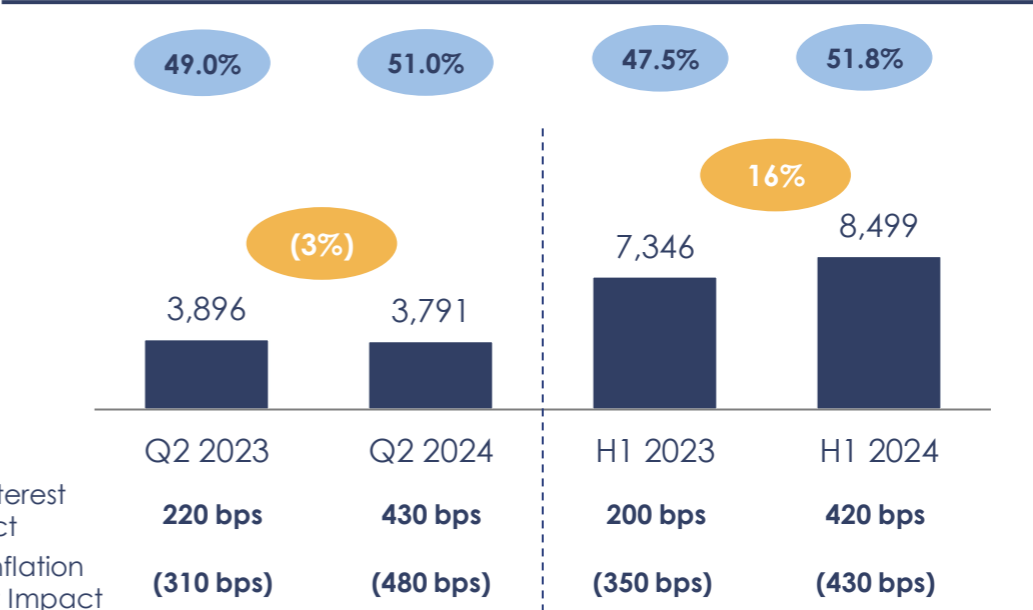
Consolidated Revenue Growth and Gross Margin

With IAS 29
Inflation Accounting

Revenue (TRYm)

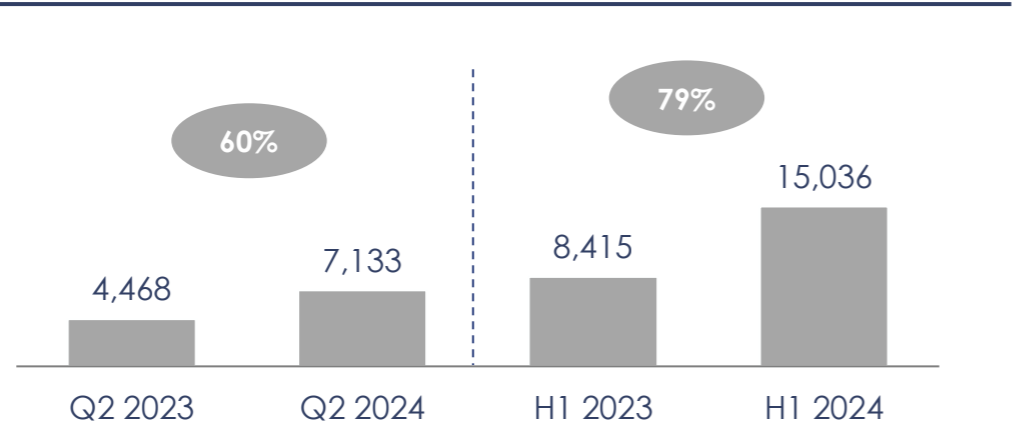


Gross Profit (TRYm)

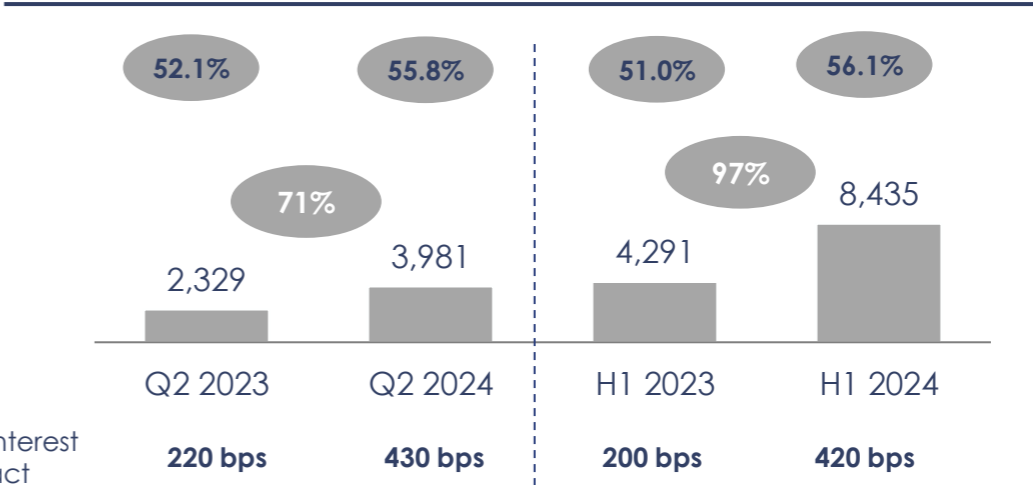


Without IAS 29
Inflation Accounting

Revenue (TRYm)



Gross Profit (TRYm)

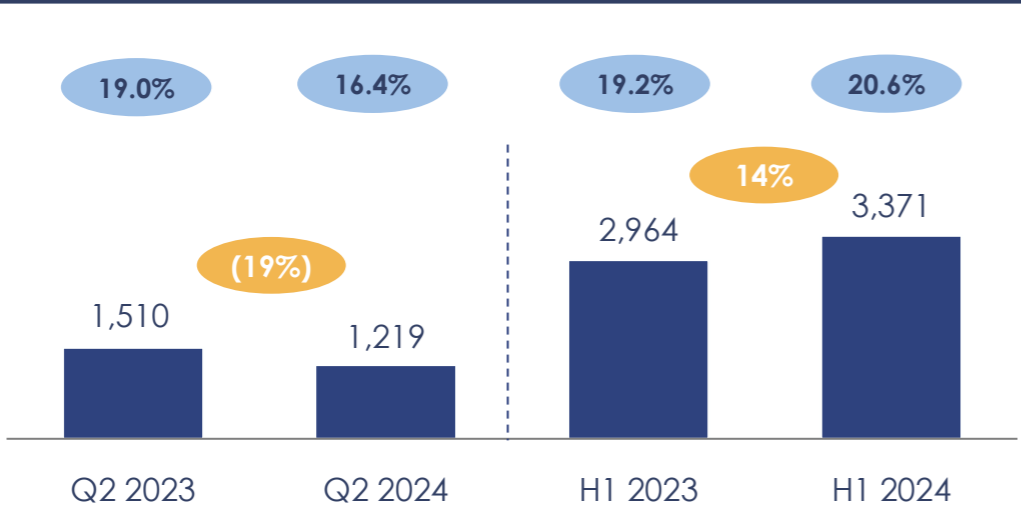


Legend: % Growth (Orange), % Margin (Blue)

Consolidated EBITDA

With IAS 29
Inflation Accounting

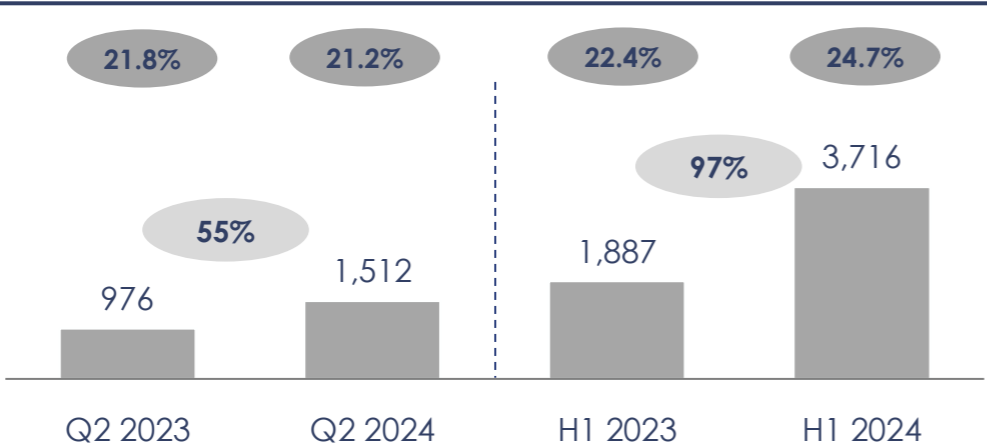
EBITDA (TRYm)



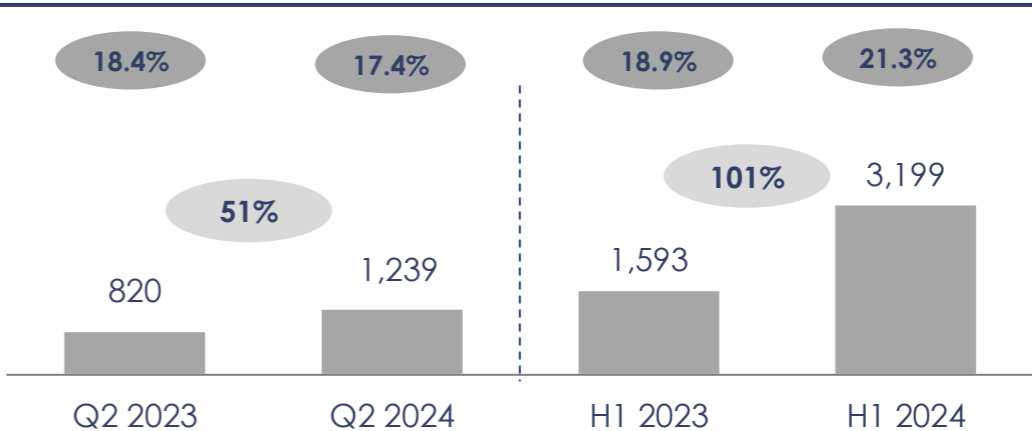
- › 260 bps decline in EBITDA margin in Q2 2024 is mainly driven by **440 bps deterioration in opex/sales ratio** (exc. Depreciation & Amortisation) resulting from lower leverage impact of sales
- › EBITDA margin includes **210 bps positive impact of imputed interest** in Q2 2024 and 220 bps in H1 2024 compared to same periods last year

Without IAS 29
Inflation Accounting

EBITDA (TRYm)

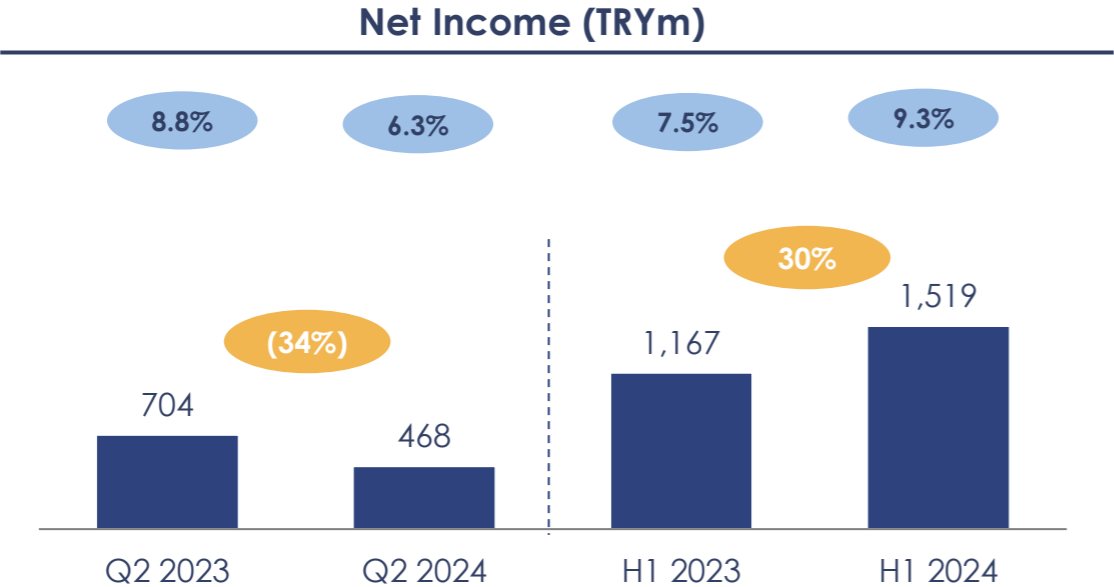


EBITDA exc.IFRS16 (TRYm)



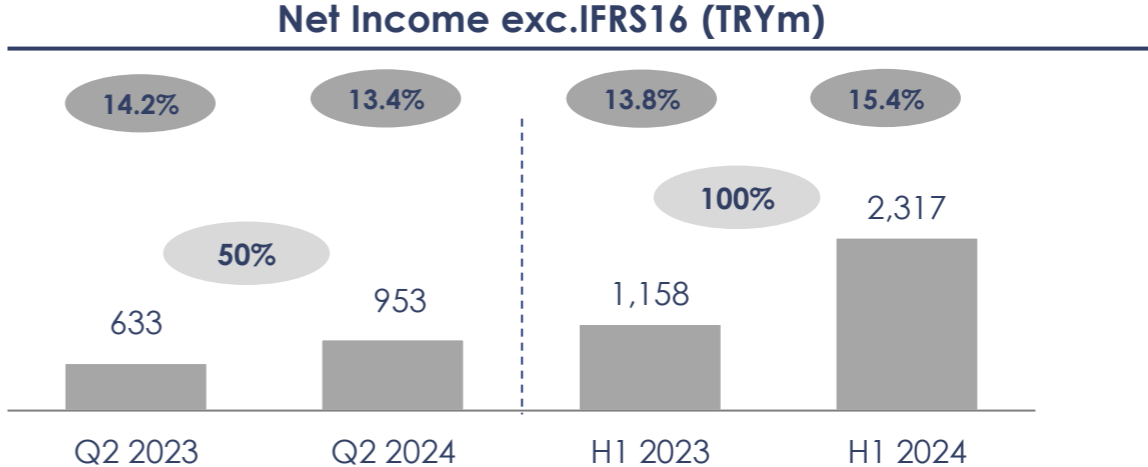
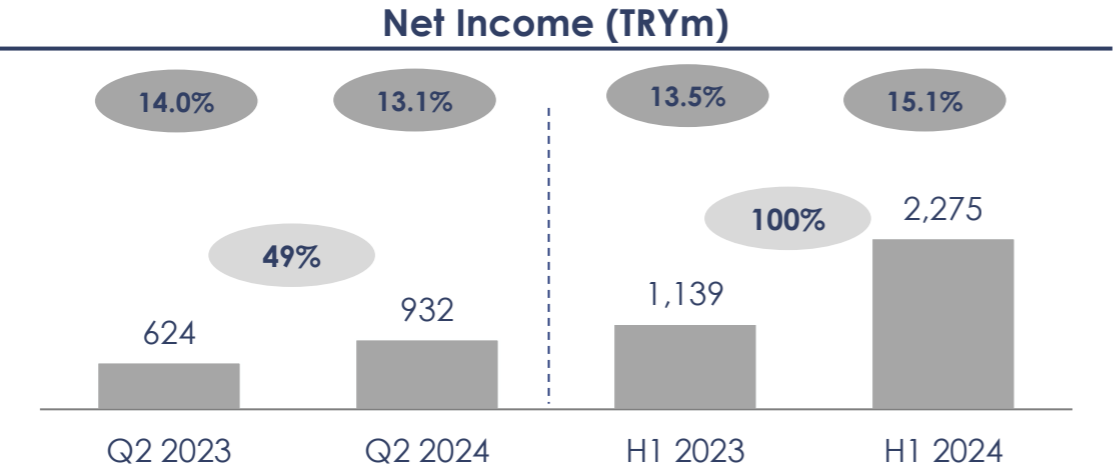
Consolidated Net Income

With IAS 29
Inflation Accounting



Note: Net Income attributable to owners of the company is **512 TRYm** in Q2 2024 and **1,553 TRYm** in H1 2024

Without IAS 29
Inflation Accounting



Operational Cash Flow and Working Capital Management

Cash Conversion & Operational Cash Flow

TRYm	H1 2023	H1 2024
EBITDA	2,964	3,371
Δ in NWC ¹	(1,318)	(26)
Operating Cash Flow	1,646	3,345

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

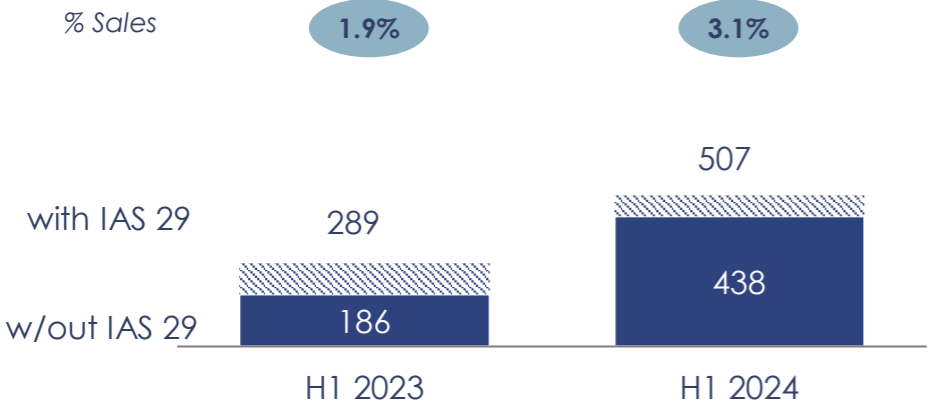
Main Working Capital Items

TRYm	2023	H1 2024
Trade & Other Receivables	1,615	1,637
% LTM Sales	5.1%	5.0%
Inventories	4,355	4,690
% LTM COGS	26.5%	28.9%
Trade & Other Payables	4,278	5,175
% LTM COGS	26.0%	31.9%
Main Net Working Capital	1,692	1,152
% LTM Sales	5.3%	3.5%

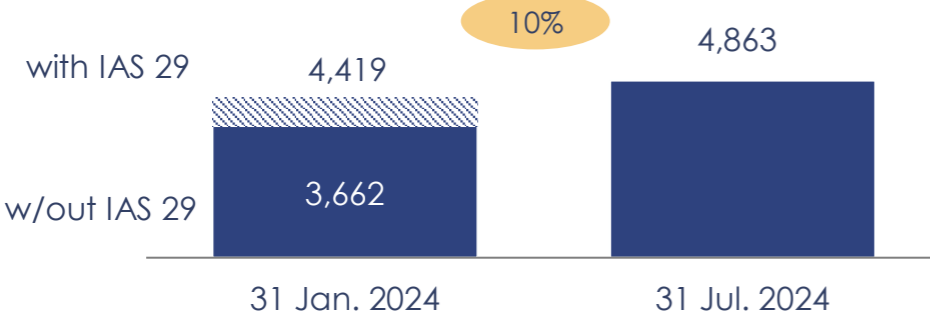
- › **Inventory and working capital managed efficiently** with dynamic product planning and flexible sourcing capability
- › Inventory in number of pieces in Türkiye is **slightly higher** than same period last year and comprises of **all fresh, new season products**
- › **Operational cash generation has doubled in 2024 with 99% cash conversion ratio**

Capex and Leverage Ratios

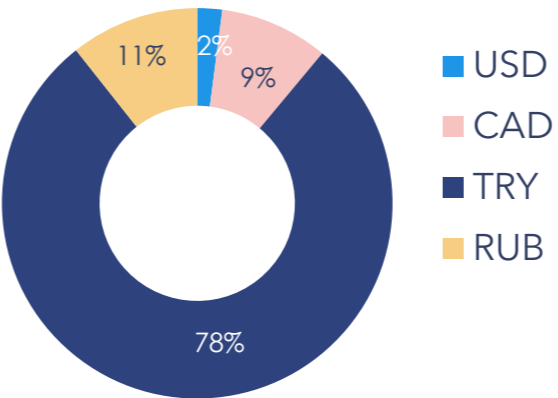
CAPEX (TRYm)



Net Cash exc.IFRS16 (TRYm)



Debt Breakdown (31 July 2024)



Average Cost of Debt	
TRY	46.0%
RUB	18.4%
USD	7.7%
CAD	7.0%
Blended	38.8%

- › All of non-TRY debt (22% of total) is carried by Mavi US, Mavi CA and Mavi RU – all denominated in their local currencies
- › There is no foreign currency debt as of end-July 2024
- › Keeping no FX position is management priority

FY2024 Guidance

The macroeconomic pressures started to impact consumer spending and we expect this trend to continue in the second half of the year. **At this moment**, Mavi management targets to **keep the initial guidance brackets**.

FY2024 Guidance **without IAS 29**:

- › Total consolidated sales growth of **70% ± 5%**
- › Türkiye 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)

Trading Update for Q3 2024 (without IAS 29)

- › In August 2024, Türkiye retail sales grew 53% and online sales grew 63%
- › The first 15 days of September shows 57% growth in Türkiye retail and 64% growth in Türkiye online





THANK YOU !

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Financial Statements

Income Statement

TRYm	Q2 2023	Q2 2024	Change (%)	H1 2023	H1 2024	Change (%)
Revenue	7,960	7,427	(7%)	15,462	16,399	6%
Cost of Sales	(4,063)	(3,636)	(11%)	(8,116)	(7,900)	(3%)
Gross Profit	3,896	3,791	(3%)	7,346	8,499	16%
Gross Margin	49.0%	51.0%		47.5%	51.8%	
Administrative Expenses	(553)	(532)	(4%)	(987)	(1,054)	7%
Selling and Marketing Expenses	(2,295)	(2,473)	8%	(4,277)	(4,901)	15%
R&D Expenses	(84)	(105)	25%	(158)	(206)	30%
Other Income / (Expenses), net	51	6	(88%)	48	146	201%
Operating Profit	1,015	686	(32%)	1,973	2,483	26%
Profit/(Loss) from Investment Activities	25	(2)	(110%)	26	5	(81%)
Operating Profit before Financial Income	1,040	684	(34%)	1,999	2,488	24%
Operating Margin	13.1%	9.2%		12.9%	15.2%	
Financial Expenses, Net	(90)	(148)	64%	(302)	(460)	52%
Monetary Gain/(Loss), Net	31	(18)	n.m.	26	63	138%
Profit Before Tax	981	518	(47%)	1,723	2,091	21%
Income Tax Expense	(277)	(50)	(82%)	(556)	(572)	3%
Profit	704	468	(34%)	1,167	1,519	30%
Profit Margin	8.8%	6.3%		7.5%	9.3%	
EBITDA	1,510	1,219	(19%)	2,964	3,371	14%
EBITDA Margin	19.0%	16.4%		19.2%	20.6%	

Financial Statements 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%

Financial Statements

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, 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 July 2024



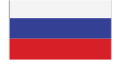
TÜRKİYE

Retail stores: 342
Franchise stores: 69
Wholesale doors: 552
Employees: 6.006



EUROPE

Retail stores: 1
Wholesale doors: ~800
Employees: 52



RUSSIA

Retail stores: 16
Franchise stores: 17
Wholesale doors: 190
Employees: 143



US

Wholesale doors: ~1.150
Employees: 82



CANADA

Retail stores: 4
Wholesale doors: ~820
Employees: 83



OTHER COUNTRIES

Franchise stores: 26
Wholesale doors: 25