

# mavi

## FY 2022 Results Presentation

March 14, 2023



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**We are deeply saddened by the earthquake that devastated eleven provinces of Turkey on February 6, 2023. We extend our condolences to the grieving families who lost their loved ones, including three of our beloved employees.**

**In this journey to full recovery we as Mavi will continue to stand in solidarity with our employees, business partners and the community in the effected regions.**





## 2022 Business Overview

# 2022 Business Overview

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## Consolidated Results

- › Strong **sales growth of 129%** was coupled with **significant margin improvement**
- › Sales growth was driven both by price and volume. All product categories grew in number of pieces. **Over 12.5 mn denim items** sold globally, 18% growth yoy
- › Strong brand strategy and demand creating newness supported by dynamic product mix and price planning resulted in **160 bps gross margin expansion**
- › Delivered **180 bps improvement in opex/sales ratio** through effective cost management
- › **Net cash position increased to 1,762 TRYm**

## Dividend Distribution

- › Board of Directors decided to issue 100% bonus share and to propose to the AGM cash distribution of 30% of total distributable profit to be paid on May 10, 2023
- › This implies a distribution of 4.32 TRY gross, 3.89 TRY net dividend per share

# 2022 Business Overview

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## Turkey Retail

- › Consumer demand was robust amid high inflation
- › With a right product - right price - high quality strategy continued to **gain market share in jeans, women and men lifestyle categories**
- › Following customer trends and preferences, **casual lifestyle categories expanded** with new product lines resulting with **non-denim categories share in total surpassing 60%**. Women's share in total sales increased to 36% in 2022
- › **Brand positioning elevated** through creative collaborations, new product lines, celebrity campaigns and influencer engagements
- › Acquired more than **1 million new customers** in 2022

## International & Online

- › International sales recorded **12% constant currency growth** in 2022 despite some macro-driven weakness in trading environment in the second half of the year
- › Online sales growth was equally driven by mavi.com and marketplace performance. **Revenue share through all digital channels is 9.0% in Turkey and 12.8% globally**



# Building Blocks For the Future



## Brand and Product Innovations

Continue to **gain market share and new customers**. Increase frequency by focusing on different customer segments with fresh products

Right quality, right pricing: **Monitor price shifts and customer demand closely** with category and digital data teams

**Elevate brand positioning with premium product segments and aspirational marketing**, Mavi Black, Mavi Icon, Mavi Pro, Repreve®

Growth in **casual lifestyle** with **product expansions** in activewear, sporty, logo and sweatshirt collections

**Strong customer engagement** through **celebrity** campaigns and **influencers**

Brand **collaborations** to reach **young and new customers**



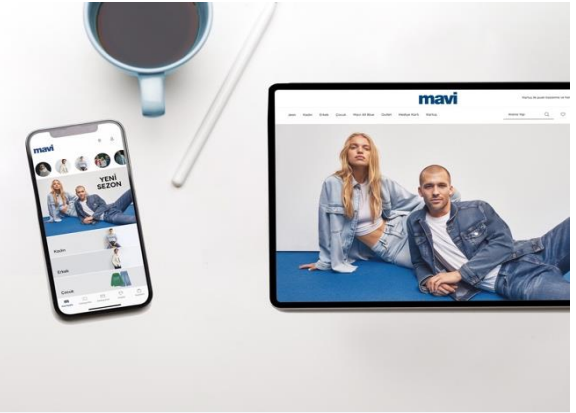
## Growing Retail

New **retail concepts (1000 m2)** to **improve the shopping experience** and grow customer frequency and conversion.

**Upgrade physical experience** to present Mavi's growing lifestyle categories

Manage **availability by analysing store clusters** to improve customer conversion and stock-turn

Investments in customer experience to **increase touchpoints with new and loyal customers**



## Online Investments

**Omnichannel launch:** Multi-team project

(Omni-channel initiatives : shared inventory availability across warehouse and stores, 2-hour last mile delivery in largest 3 cities)

**Enhanced online shopping experience** with AI based customer review analysis tools, IVR voice response systems in customer services, door-step returns

Integrating **new marketplaces** in order **to increase customer reach**

Localizing international platforms through **analyzing different market needs**

# Building Blocks For the Future



## Towards a more digital future

**Digitalization and CRM investments** at the core of our strategy

AI supported **analysis tools** to understand and **respond to customer and market** expectations

**Data analytics investments** to increase efficiency of processes

**SAP transformation** completed in USA and Canada offices



## All Blue. All Better. For All.

All-Blue **global strategy** to drive sustainable growth

**Responsible supply chain** management

**All Blue product shares grew** with **product innovations** in denim and non-denim

First and only apparel brand from Turkey to make **the CDP's Climate Change A List**

Mavi's emission reduction targets approved by **the Science Based Targets** initiative

Included in **BIST 25 Sustainability Index**

Recognized for the 4th time "**Best Sustainable Collection**" at the Rivet Awards



## People

Embracing a **people-oriented culture**

Commitment to **inclusiveness and diversity**

Social projects **empowering women and youth**

UN Target **Gender Equality** Program

**Mavi NextGen** initiative to train future leaders

**Women share** in total employees **58%**, manager level **52%**, top management **60%**



2022  
Highlights



# 2022 Highlights

- Consolidated revenue realized at 10,592 TRYm, growing 129% yoy
- EBITDA for the period is 2,491 TRYm resulting in 23.5% EBITDA margin
- Net income realized at 1,459 TRYm
- Net cash position increased 185% yoy to 1,762 TRYm
- Total number of monobrand stores<sup>2</sup> stands at 459
- Turkey retail sales increased by 144% and Turkey online sales increased by 88% in 2022
- Over 1 million new customers acquired

## GROUP HIGHLIGHTS<sup>1</sup>

10,592 TRYm Revenue	2,491 TRYm EBITDA
23.5% EBITDA Margin	1,459 TRYm Net Income
459 <sup>2</sup> Monobrand Stores	1,762 TRYm Net Cash

<sup>1</sup> Including IFRS 16 impacts as reported

<sup>2</sup> Includes global franchise and owned stores

## TURKEY HIGHLIGHTS

144% Retail Sales Growth	88% Online Sales Growth
c.61% Lifestyle	
c.39% Denim All	
5.7m Active Loyalty Card Members <sup>3</sup>	1m+ New Customers 

<sup>3</sup>Active means that the member has made a purchase of Mavi product in the last two years. Total number of Kartuş card holders is 8.4 mn

\*Category and gender mix for Turkey Retail only



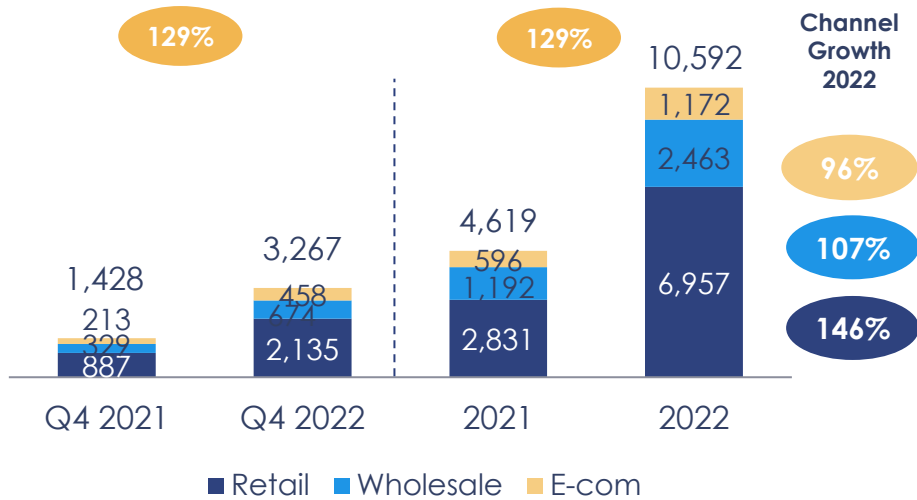


Sales  
Channels

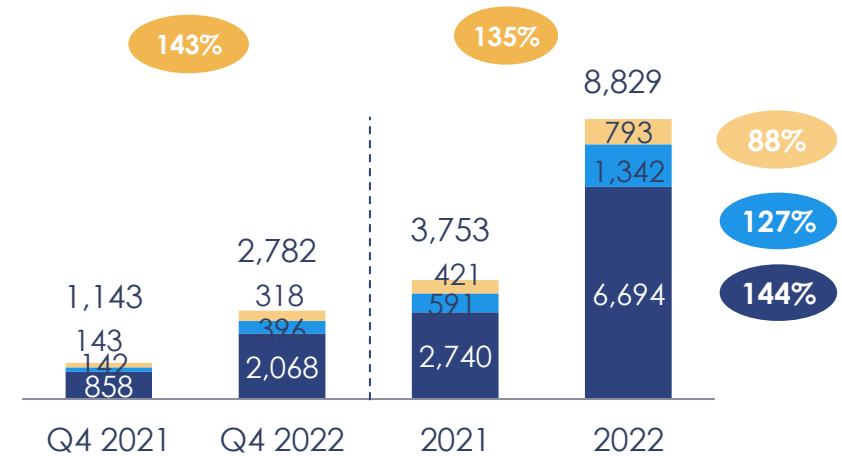


# Revenue Evolution in Sales Channels

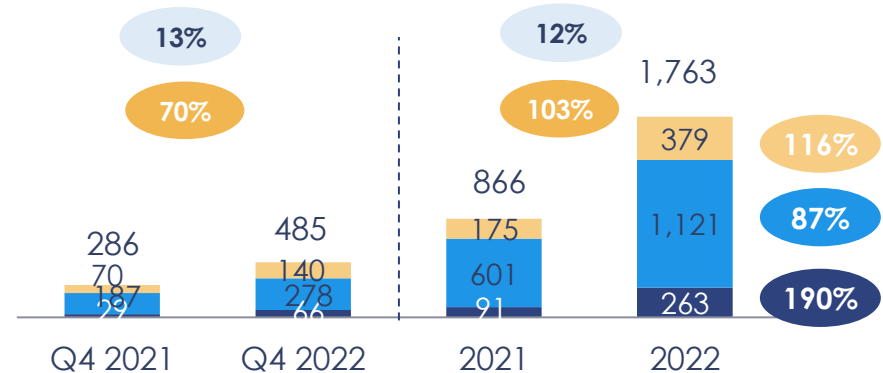
## Global Revenue (TRYm)



## Turkey Revenue (TRYm)



## International Revenue (TRYm)



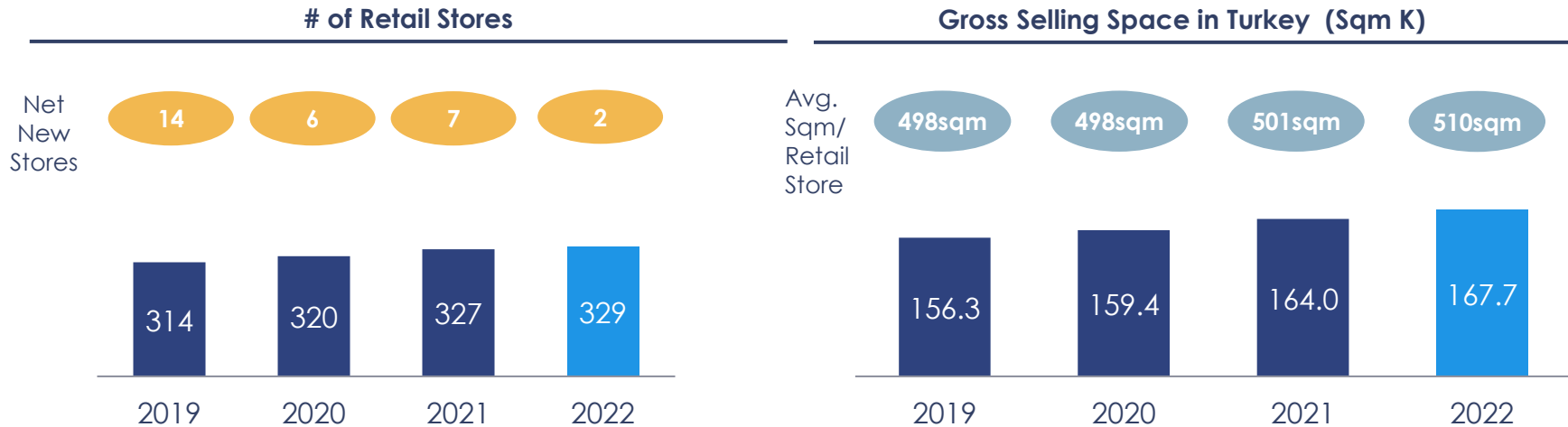
- Total revenue consists of 66% retail, 23% wholesale and 11% e-com in 2022
- 83% of consolidated revenue is from Turkey
- International revenue in constant currency increased 13% in Q4'22, resulting in 12% growth in FY2022

○ % Constant Currency Growth



Turkey  
Retail

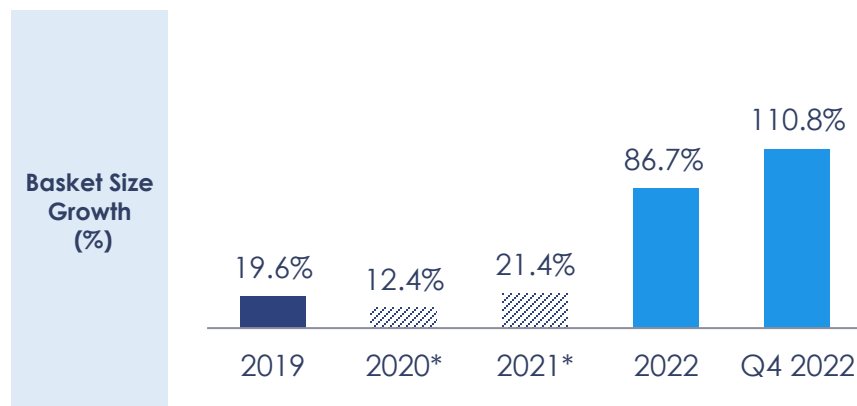
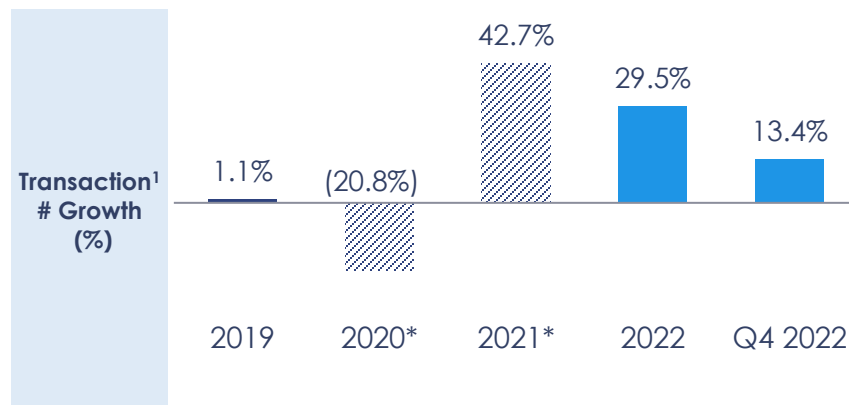
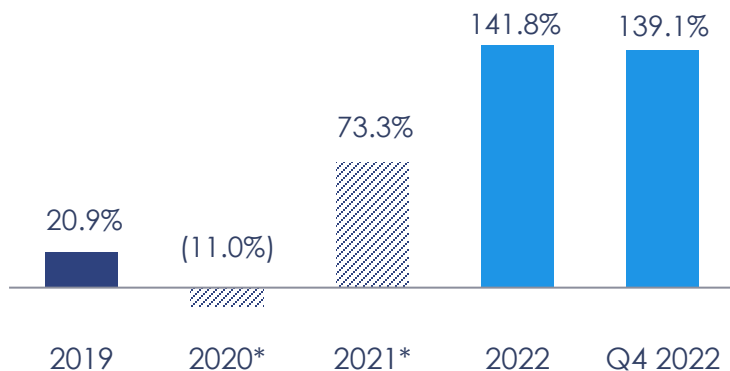
# Turkey Retail Operations



- With seven openings and five closures in 2022, number of retail stores in Turkey stands at 329 as of end-January 2023
- 12 store sqm expansions in 2022
- Total selling space stands at 167.7K sqm with average sqm per store increasing to 510



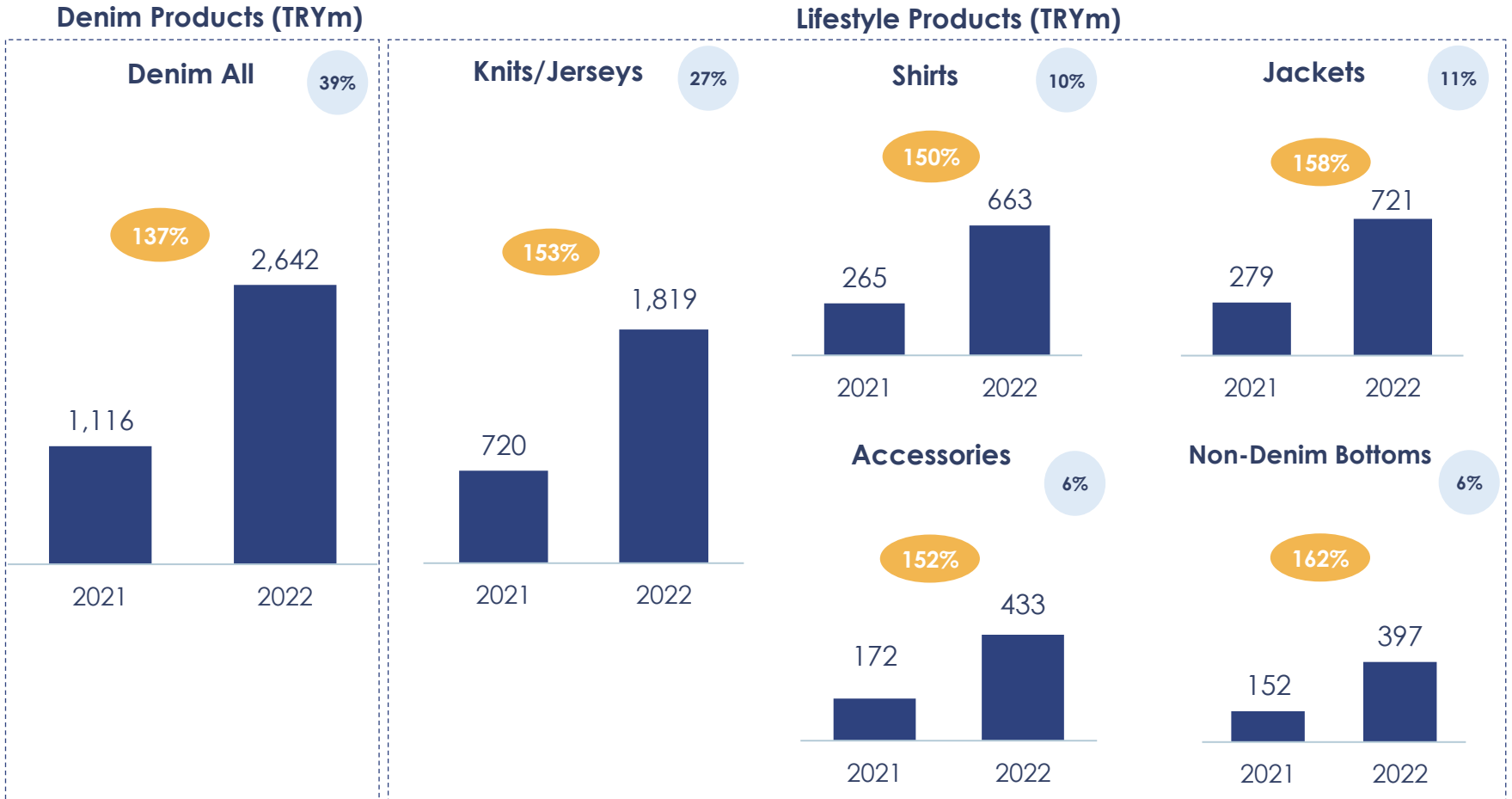
# Same Store Sales Performance



- Traffic growth of 38% in 2022 and 21% in Q4 2022 on a high base, displays strong consumer demand in a high inflation environment
- Relevant product mix driven by newness and dynamic pricing strategy enable basket size growth
- 21% volume growth in 2022 is in-line with Mavi's sustainable growth targets

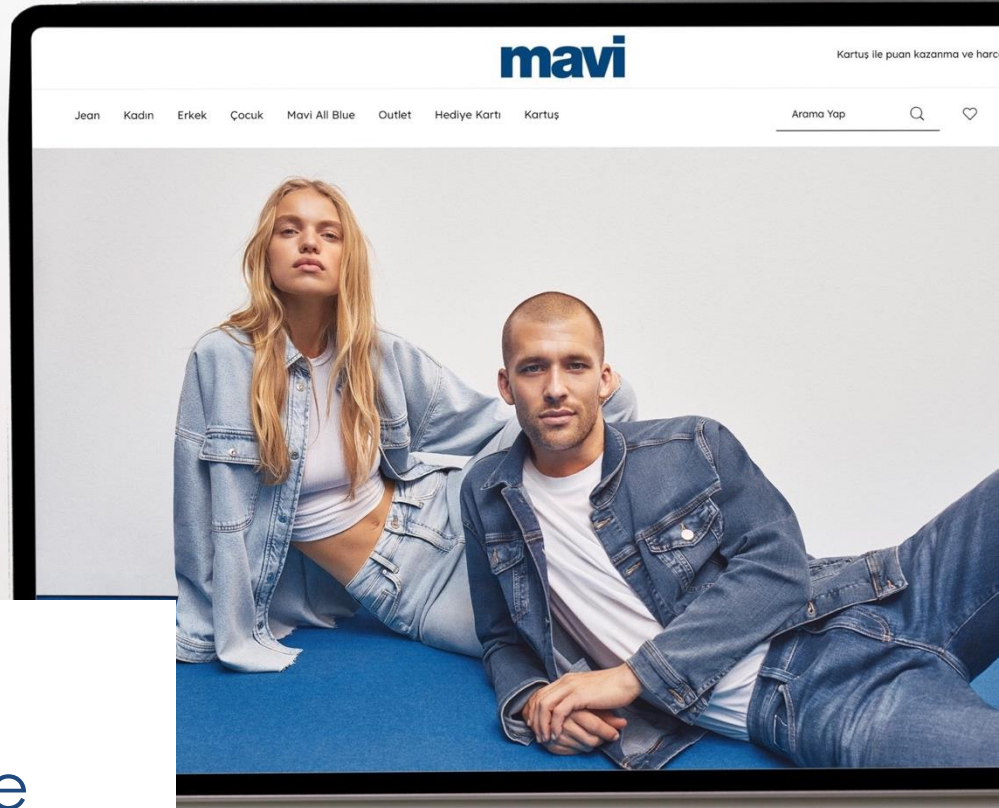
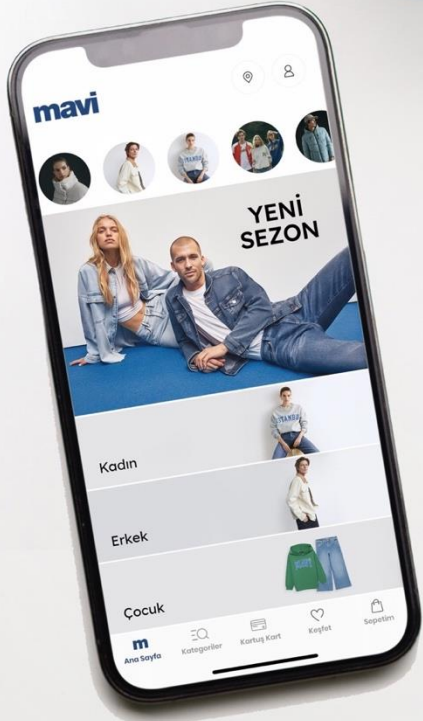
Turkey retail only, <sup>1</sup>Number of transactions refers to number of issued invoices. (\*): includes only open days sales performance versus same period previous year.

# Sales in Denim & Lifestyle Categories



% Share in 2022 Turkey retail net sales

Note: Total growth in Lifestyle Category is 153% Remaining 1% consists of skirts, dresses, active wear and kids

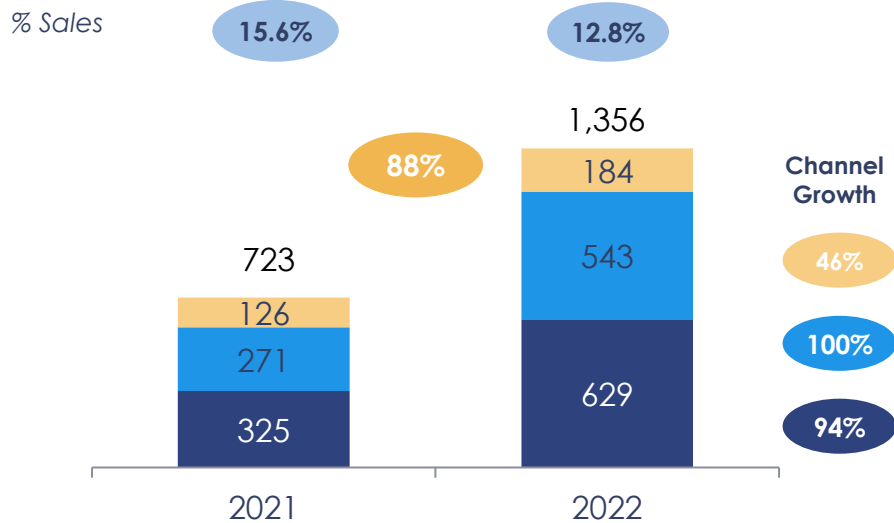


Online  
Business

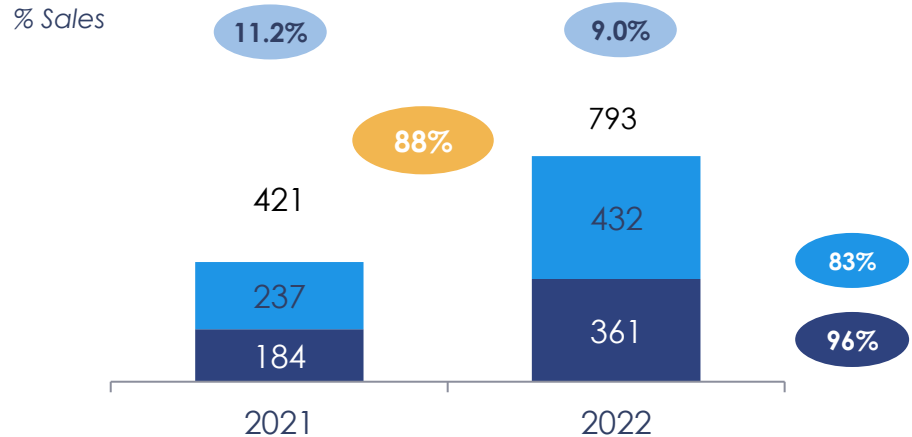


# Online Sales Growth (inc. wholesale partners)

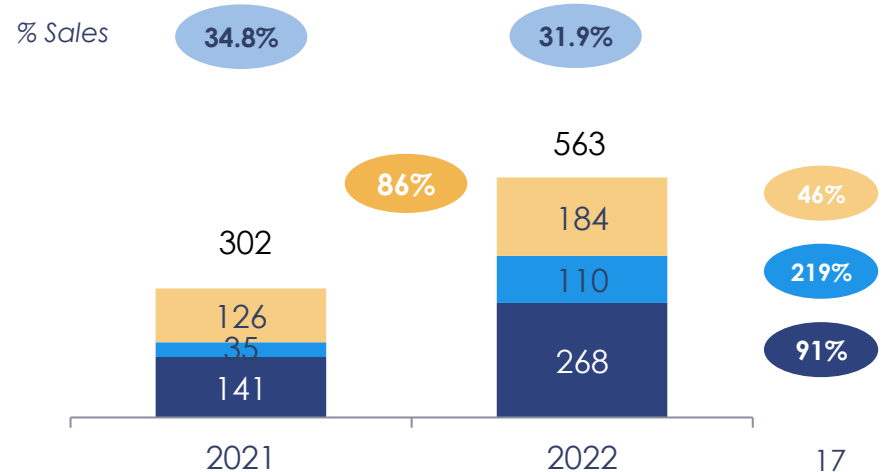
## Global Online Sales (TRYm)



## Turkey Online Sales (TRYm)



## International Online Sales (TRYm)

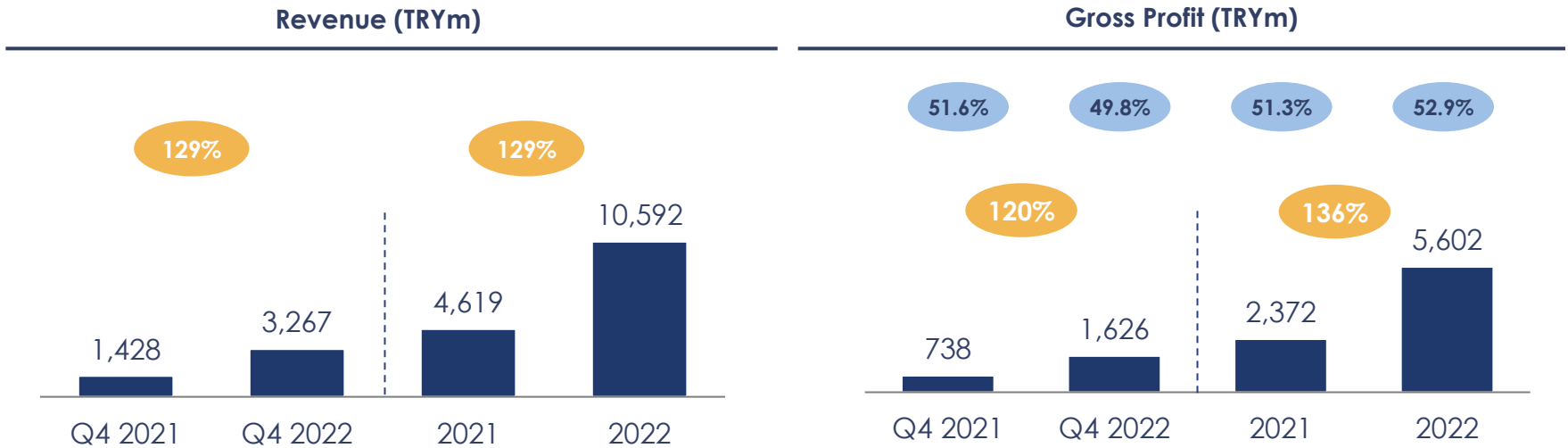


- Growth driven by direct-to-consumer channels
- Investments in digital systems and online customers continue. Integrated omni channel initiatives increase shopping experience across channels
- Full-price channel strategy across all categories with positive contribution to margins



## Consolidated Financial Results

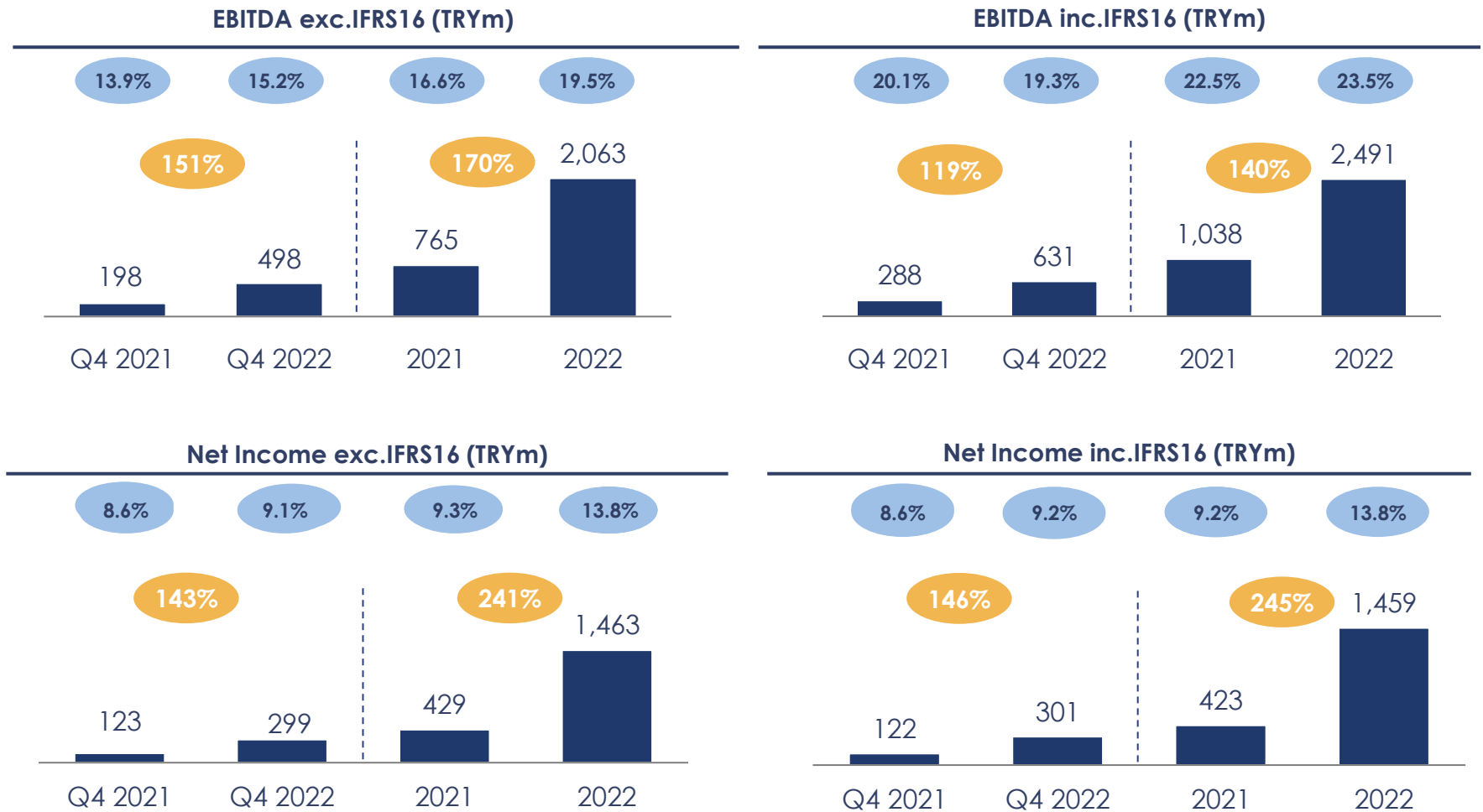
# Consolidated Gross Margins



- Meeting high consumer demand with newness, variety and the right product/price positioning supported cost mitigation
- Effective campaign and mark-down management resulted in gross margin improvement of 160bps\* in 2022
- In Q4 2022, experiencing the highest product cost inflation in the year gross margin is 240 bps\* lower versus same quarter last year



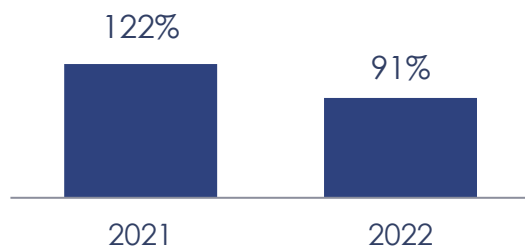
# Consolidated EBITDA and Net Income



Note: Net Income attributable to owners of the company is 295 TRYm in Q4 2022 and 1,439 TRYm in 2022 inc. IFRS16

# Operational Cash Flow and Working Capital Management

## Cash Conversion & Operational Cash Flow (exc.IFRS16)



TRYm	2021	2022
EBITDA	765	2,063
Δ in NWC <sup>1</sup>	170	(194)
Operating Cash Flow	935	1,869

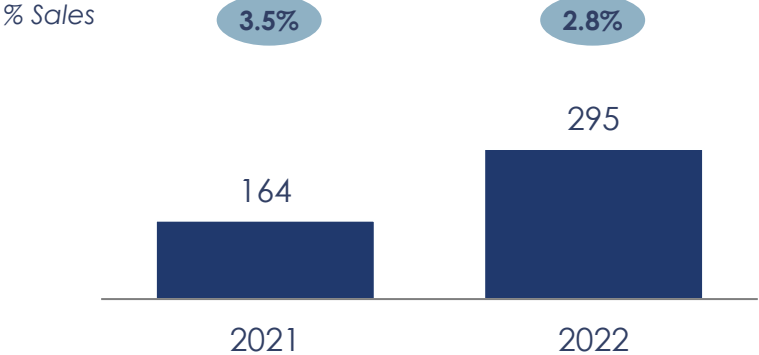
## Main Working Capital Items

TRYm	2021	2022
Trade & Other Receivables	434	913
% LTM Sales	9.4%	8.6%
Inventories	751	2,308
% LTM COGS	33.4%	46.2%
Trade & Other Payables	1,208	3,000
% LTM COGS	53.7%	60.1%
Main NWC	(22)	220
% Sales	(0,5%)	2.1%

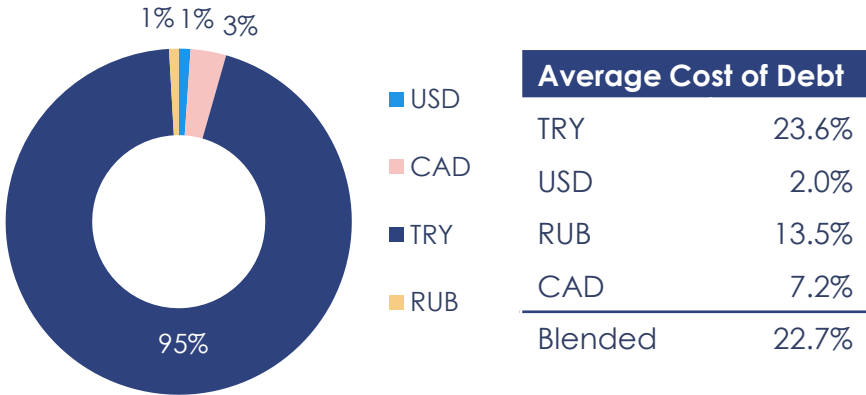
- The increase in inventory level (207%) is largely driven by product cost inflation in Turkey (143% yoy)
- Inventory in number of pieces in Turkey is 39% higher compared to the low base of 2021 year-end. Inventory comprises of all fresh, mainly SS23 season products and is in line with business plans
- Working capital requirements in 2022 was mainly driven by higher product costs and actions to mitigate cost pressures

# Capex and Leverage Ratios

CAPEX (TRYm)



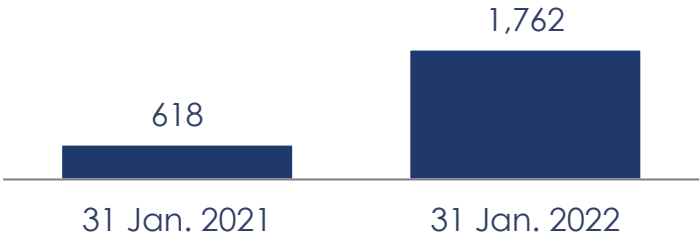
Debt Breakdown (31 January 2023)



Average Cost of Debt

TRY	23.6%
USD	2.0%
RUB	13.5%
CAD	7.2%
Blended	22.7%

Net Cash exc. IFRS16 (TRYm)



- All of non-TRY debt (5% 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 2022 year-end
- Keeping no FX position is management priority

# Outlook into 2023

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## Management Business Priorities for 2023

- Brand, product innovation, category expansion and customer communication investments targeted at gaining market share and elevating the brand positioning
- Growing customer traffic, new customer acquisition and volume growth. New store openings, online investments and international growth initiatives to continue
- Focusing on the 'happiness of our customers'. Investing in customer experience through new retail and online concepts to grow conversion and frequency
- Focusing on supply chain capabilities and product engineering to mitigate margin pressures rising from high base in Turkey and stable currency internationally
- Efficient product planning and inventory management are as always key elements for continued success
- Integrating All Blue strategy and sustainability targets globally is an all-time priority
- Continuing to embrace a people-oriented culture. Attracting and retaining the best people

## Trading Update for Q1 2023

- Turkey retail sales increased **98% in February** and **154% yoy in the first 12 days of March**
- Online sales in Turkey grew **27% in February** and **157% yoy in the first 12 days of March**

**Guidance Note :** Due to uncertainties in macroeconomic variables, we will be able to provide our official guidance for 2023 along with our first quarter results in June





We're delighted to be named on CDP's 2022 Climate Change **Global "A" List!**

# Financial Statements

## *Income Statement (inc. IFRS 16)*

TRYm	Q4 2021	Q4 2022	Change (%)	2021	2022	Change (%)
Revenue	1,428	3,267	129%	4,619	10,592	129%
Cost of Sales	(691)	(1,641)	138%	(2,248)	(4,990)	122%
Gross Profit	738	1,626	120%	2,372	5,602	136%
Gross Margin	51.6%	49.8%		51.3%	52.9%	
Administrative Expenses	(121)	(207)	71%	(302)	(674)	123%
Selling and Marketing Expenses	(425)	(908)	114%	(1,366)	(2,875)	110%
R&D Expenses	(9)	(24)	159%	(45)	(76)	68%
Other Income / (Expenses), net	12	(21)	(282%)	41	45	11%
Operating Profit	193	466	141%	699	2,023	190%
Profit/(Loss) from Investment Activities	0	3	n.m.	0	14	n.m.
Operating Profit before Financial Income	194	469	142%	699	2,037	191%
Operating Margin	13.6%	14.3%		15.1%	19.2%	
Financial Expenses, Net	(48)	(94)	97%	(160)	(333)	109%
Profit Before Tax	146	374	157%	539	1,703	216%
Income Tax Expense	(23)	(73)	212%	(116)	(244)	110%
Profit	122	301	146%	423	1,459	245%
Profit Margin	8.6%	9.2%		9.2%	13.8%	
EBITDA	288	631	119%	1,038	2,491	140%
EBITDA Margin	20.1%	19.3%		22.5%	23.5%	
EBITDA ex IFRS 16	198	498	151%	765	2,063	170%
Profit ex IFRS 16	123	299	143%	429	1,463	241%

# Financial Statements

## *Balance Sheet (inc. IFRS 16)*

TRYm	31 January 2022	31 January 2023	Change (%)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	1,482	3,245	119%
Financial Investments	27	58	115%
Trade Receivables	394	871	121%
Inventories	751	2,308	207%
Other Current Assets	202	304	51%
<b>Total Current Assets</b>	<b>2,856</b>	<b>6,785</b>	<b>138%</b>
Property and Equipment	259	395	53%
Right of Use Assets	451	576	28%
Intangible Assets	474	663	40%
Other Non-Current Assets	56	224	301%
<b>Total Non-Current Assets</b>	<b>1,239</b>	<b>1,858</b>	<b>50%</b>
<b>Total Assets</b>	<b>4,095</b>	<b>8,643</b>	<b>111%</b>
Short-Term Financial Liabilities	891	1,541	73%
Short-Term Contractual Lease Liabilities	229	350	53%
Trade Payables	1,189	2,961	149%
Other Current Liabilities	262	592	126%
<b>Total Current Liabilities</b>	<b>2,570</b>	<b>5,444</b>	<b>112%</b>
Long-Term Financial Liabilities	-	-	n.m.
Long-Term Contractual Lease Liabilities	277	290	5%
Other non-current Liabilities	55	177	223%
<b>Total Non-Current Liabilities</b>	<b>332</b>	<b>467</b>	<b>41%</b>
<b>Total Liabilities</b>	<b>2,902</b>	<b>5,911</b>	<b>104%</b>
<b>Total Equity</b>	<b>1,193</b>	<b>2,732</b>	<b>129%</b>
<b>Total Equity &amp; Liabilities</b>	<b>4,095</b>	<b>8,643</b>	<b>111%</b>

# Financial Statements

## Cash Flow Statement (inc. IFRS 16)

TRYm	2021	2022
Profit <sup>1</sup>	423	1,459
Adjustments	877	1,454
<b>Cash Flow from Operating Activities</b>	<b>1,300</b>	<b>2,913</b>
Δ in Net Working Capital <sup>2</sup>	170	(194)
Income Tax Paid	(100)	(395)
<b>Net Cash from Operating Activities</b>	<b>1,370</b>	<b>2,325</b>
Capex	(164)	(295)
Other Investing Cash Flow <sup>3</sup>	57	239
<b>Net Cash Flow Used in Investing Activities</b>	<b>(107)</b>	<b>(56)</b>
Debt Issued / (Repaid)	(149)	524
Payment of Contractual Lease Liabilities	(270)	(430)
Other Financial Payments <sup>4</sup>	(134)	(323)
Dividends Paid	(30)	(120)
Interest Paid	(91)	(176)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(675)</b>	<b>(524)</b>
<b>Net Cash Flow</b>	<b>589</b>	<b>1,745</b>
Cash and Cash Equivalents at the Beginning of the Period <sup>5</sup>	890	1,479
Cash and Cash Equivalents at the End of the Period <sup>5</sup>	1,479	3,223

<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.



# Effects of IFRS 16 on Financial Statements

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	<b>31 Jan. 2023</b>	<b>IFRS 16 Effect</b>	<b>After IFRS 16</b>
Dönen varlıklar	6,788	(3)	6,785
Duran varlıklar	1,268	590	1,858
Kısa vadeli yükümlülükler	5,093	350	5,444
Uzun vadeli yükümlülükler	177	290	467
Özkaynaklar	2,785	(53)	2,732

	<b>9M'22</b>	<b>IFRS 16 Effect</b>	<b>After IFRS 16</b>
Faaliyet karı	1,945	78	2,023
Finansman gideri öncesi faaliyet karı	1,959	78	2,037
Finansman gelirleri	305		305
Finansman giderleri	(556)	(82)	(638)
Vergi öncesi kar	1,707	(4)	1,703
Dönem karı	1,463	(4)	1,459
FAVÖK	2,063	429	2,491

# Global Footprint as of 31 January 2023



## TURKEY

Retail stores: 329  
Franchise stores: 67  
Wholesale doors: ~520  
Employees: 5.312



## EUROPE

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



## US

Wholesale doors: ~1.150  
Employees: 80



## CANADA

Retail stores: 4  
Wholesale doors: ~900  
Employees: 81



## RUSSIA

Retail stores: 17  
Franchise stores: 17  
Wholesale doors: 150  
Employees: 145



## OTHER COUNTRIES

Franchise stores: 24  
Wholesale doors: 23