



mavi

Mavi Giyim Sanayi ve Ticaret A.Ş.
Interim Report for the Three Months Period
February 1 – April 30, 2021

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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 three months of 2021, ended April 30, 2021. Throughout this report, the Company (Mavi Giyim Sanayi ve Tic. A.Ş.) and its subsidiaries will be defined as "Mavi", "Company" or "Group"

i. 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 Turkey, USA, Canada, Germany and Russia. The company now has showrooms in ayrıca İstanbul, New York, Vancouver, Frankfurt, Berlin, Moscow, New Jersey, Los Angeles, Atlanta, Dallas, Toronto, Montreal, Dusseldorf, München, Hamburg, Leipzig, Sindelfingen, Heusenstamm, Zurich, Salzburg, Prague, Brussels 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, 2021.

Official company websites are www.mavi.com and www.mavicompany.com

ii. Capital Structure

Company's shared capital consist of 49,657,000 shares, all of which are issued, fully paid and have a nominal value of TRY 1.00 each at the date of April 30, 2021. Authorized share capital limit is TRY 245,000,000.

Capital structure of the Group as of April 30, 2021 is as follows;

	%	30.04.2021
Fatma Elif Akarlılar	9.06	4,500,000
Seyhan Akarlılar	9.06	4,500,000
Hayriye Fethiye Akarlılar	9.06	4,500,000
Blue International Holding B.V.	0.22	108,293
Public	72.60	36,048,707
	100.00	49,657,000

Group A shares are held by Blue International Holding B.V. and 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 unchanged through indirect shareholding.

iii. Direct and Indirect Subsidiaries

Direct and indirect subsidiaries of the Company as at April 30, 2021 are as follows;

Subsidiary	Country	Share
Mavi Europe AG	Germany	100.00%
Mavi Jeans Nederland BV	Netherlands	100.00%
Mavi Jeans LLC Limited	Russia	100.00%
Mavi Kazakhstan LLP	Kazakhstan	100.00%
Eflatun Giyim Yatırım Tic. A.Ş.	Turkey	51.00%
<i>Mavi Jeans Canada</i>	<i>Canada</i>	<i>63.25%</i>
<i>Mavi Jeans Inc.</i>	<i>USA</i>	<i>51.00%</i>

iv. Structure and Composition of the Board of Directors

As of April 30, 2021 the Board of Directors is as follows:

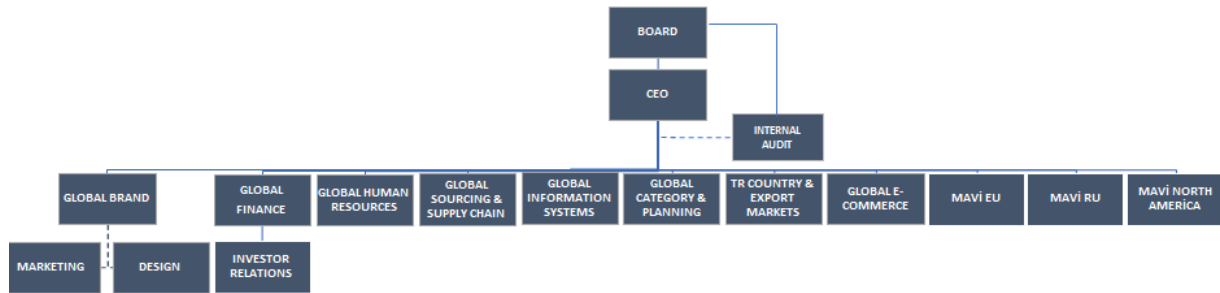
Director	Role	Executive/Independent
Ragıp Ersin Akarlılar	Chairman	Non-Executive
Ahmet F. Ashaboğlu	Vice Chairman	Independent
Fatma Elif Akarlılar	Member	Executive
Ahmet Cüneyt Yavuz	Member	Executive
Yonca Dervişoğlu	Member	Independent
Nevzat Aydın	Member	Independent

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

Independent board members Ahmet F. Ashabođlu and Nevzat Aydın are members of the Audit Committee; Chairman of the board Ragıp Ersin Akarlılar, independent board member Yonca Derviřođlu and Investor Relations Director Duygu Inceoz are members of the Corporate Governance Committee; Chairman of the board Ragıp Ersin Akarlılar, independent board member Ahmet F. Ashabođlu and CFO Bige İřcan Aksaray are members of the Early Identification of Risks Committee.

v. Organization Structure and Management

As of April 30, 2021 Group's total number of employees is 3,996 (3,667 in Turkey, 329 in International offices) Following charts show the Company's organisation structure and management team.



	Position	Starting Date
Cüneyt Yavuz	CEO	2008
Bige İřcan Aksaray	CFO	2019
Elif Akarlılar	Chief Brand Officer	1991

2 – Operational and Financial Information

i. Operational Developments

Global measures and restrictions related to the Covid-19 outbreak, which was declared a pandemic by the World Health Organization on March 12, 2020, continued to be in effect in the first quarter of 2021. Turkey operations experienced weekend and weekday evening lock-downs for most of the quarter resulting in 38% decline in total trading hours (vs 47% decline in Q1 2020) In our international markets, most of the Covid related restrictions have been gradually lifted throughout the quarter. As of this report date, weekend curfew in Turkey continues but is limited to Sundays. There are various limited restrictions in some of the other countries operated.

In the first quarter of 2021, Mavi opened three stores and closed one store in Turkey. Including 322 monobrand retail stores and 65 franchise stores in Turkey, 22 retail stores and 33 franchise stores internationally Mavi meets its customers in 341 mono-brand stores and more than 4.500 sales points globally.

Considering only the open days of the first quarter of 2021, same store sales grew 41.4% compared to 2019. The 11% traffic decline was partially copensated by by high conversion rates to result in 11.7% increase in the number of transactions and the basket size grew by 26.6%.

Online sales comprising of Mavi.com and marketplace channels continued to perform strong and recorded 258% growth in Turkey and 93% growth in the international markets in the three months to April 30, 2021.

ii. Financial Developments

TRYm	Q1 2020	Q1 2021	Change (%)
Revenue	387.1	758.8	96%
Cost of Sales	(211.4)	(383.7)	82%
Gross Profit	175.8	375.1	113%
Gross Margin	45.4%	49.4%	
Profit	(51.6)	36.5	n.m.
Profit Margin	(13%)	4.8%	
EBITDA	20.1	141.5	603%
EBITDA Margin	5.2%	18.7%	

In the first quarter of 2021, total consolidated sales increased 96% year over year to 759 TRYm give the low base of 2020 which experined close to 1,5 months of closure. Sales were realised with 49.4% gross margin, and 18.7% EBITDA margin.

In the reporting period, Turkey sales grew by 88% and international sales grew by 126% compared to the same period last year.

Global e-commerce sales, which continued its strong performance, grew by 186% and constituted 15% of total sales in the reporting period.

iii. Financial Overview of the Management

Restrictons regarding the Covid19 pandemic continued into the first quarter of 2021 and resulted in 38% decline in total trading hours in Turkey. However, consumer shopping habbits have mainly adaped to the new conditions and derived better sales perfomance on the available store operating hours.

Parallel to these circumstances in Q1 2021;

- Group's Consolidated Revenue increased by 96% to 759 TRYm compared to the same period of the previous year.
- EBITDA was realised at 142 TRYm with a margin of 18.7%. In the reporting period, a net profit of 36 TRYm was recorded.
- Net Debt increased seasonally to 100 TRYm as at the end of April from 37 TRYm at the end of January, given the borrowing aimed at securing liquidity in the period. As a result net debt/LTM EBITDA multiple is 0.30x.
- 33 TRYm capital expenditure was spent including the investments made for scheduled new store openings and digital investments.

3 – Market Information

According to Turkstat, Turkey has a population of 83.6 mn as of the end of 2020 with men constituting 50.1% and women 49.9% and with median age of 33. Considering Mavi's loyal customer base whose core segment consists of young, fashion-conscious men and women under the age of 34, Turkey's young population is a positive catalyst in realising its growth targets.

According to Euromonitor, the total market for apparel and accessories in Turkey was approximately USD 25 billion in 2019 and is expected to grow 6.8% CAGR and reach USD 53 billion by 2030.

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 20% market share in 14+ age denim market and is among the top four apparel brands in both men and women.

Mavi is a brand focused on core to premium in Turkish apparel market. Internationally, we are positioned as lifestyle aspirational brand with a product strategy built around the pillars of our Perfect Fit approach, high quality for the price and customer-centric products. We compete at the upper end of the core jeans market, and are able to offer premium products to reinforce and grow our market position and pricing power.

Mavi is the the number one "top of mind" Jeans brand in Turkey with 60+% according to the 2019 brand perception study of Future Bright.

Mavi has been ranked among the top 3 apparel brands in the "Good Life Brands" survey in 2020, named the most robust brand in the textiles and apparel industry in 2019 and was awarded the leader in the jeans category in "Turkeys Coolest Brands" survey in 2017 and 2018 by Marketing Turkey. Mavi stood on top of the industry with second ranking in "Turkey's Most Admired Brands" survey by Capital Magazine and ranked among "Most Valuable and Strongest Brands in Turkey" according to Brand Finance's report, both in 2020. It is also named the best looking, most trusted, highest quality jeans brands with the most options by Marketing Turkey.

4 - Future Expectations

As Covid19 related uncertainties prevail, no guidance have been disclosed as of this report for the financial year 2021.

5 - Other Developments

- Ordinary General Assembly Meeting for the financial period of 1 February 2020 – 31 January 2021 was held on April 28, 2021. The general assembly resolutions have been registered under the Istanbul Trade Registry and published on the Turkish trade Registry Gazette on May 20, 2021.
- In the Ordinary General Assembly Meeting held on 28 April 2021, it was resolved to approve the cash payment of 30.347.418,72 TRY in dividend distribution proposal of the Board of Directors prepared in accordance with Article 15 of the Company's Articles of Association and Dividend Distribution Policy and to start the dividend payments on 30 July 2021.
- In the Ordinary General Assembly Meeting held on 28 April 2021, Ragıp Ersin Akarlılar, Fatma Elif Akarlılar and Ahmet Cüneyt Yavuz has ben elected as board members and Ahmet F. Ashaboğlu, Nevzat Aydın ve Yonca Dervişoğlu has been elected as independent board members for a 3 year period.
- Independent board members Ahmet F. Ashaboğlu and Nevzat Aydın has been appointed as members of the Audit Committee, chairman of the board Ragıp Ersin Akarlılar, independent board member Yonca Dervişoğlu and investor relations director Duygu Inceoz has been appointed as members of Corporate Governance Committee, chairman of the board Ragıp Ersin Akarlılar, independent board member Ahmet F. Ashaboğlu and CFO Bige İşcan Aksaray has been appointed as members of the Early Identification of Risks Committee.
- Credit rating agency Saha Kurumsal Yönetim ve Kredi Derecelendirme Hizmetleri A.Ş. has affirmed Mavi's long-term (National) credit rating as (TR) AA-, short-term (National) credit rating as (TR) A1+ and the outlook as stable.

6 – Summary Financial Tables (Inc. IFRS 16)

Summary Balance Sheet

TRYm	31 January 2021	30 April 2021	Change (%)
Assets			
Current Assets			
Cash and Cash Equivalents	889.9	769.7	(14%)
Trade Receivables	231.4	332.0	43%
Inventories	560.1	659.3	18%
Other Current Assets	105.4	117.6	12%
Total Current Assets	1,786.7	1,878.6	5%
Property and Equipment	197.7	208.3	5%
Right of Use Assets	435.0	425.1	(2%)
Intangible Assets	262.7	293.2	12%
Other Non-Current Assets	25.6	28.6	12%
Total Non-Current Assets	921.0	955.2	4%
Total Assets	2,707.8	2,833.8	5%
Short-Term Financial Liabilities	821.0	791.0	(4%)
Short-Term Contractual Lease Liabilities	218.6	222.3	2%
Trade Payables	638.2	737.3	16%
Other Current Liabilities	108.3	115.4	7%
Total Current Liabilities	1,786.0	1,865.9	4%
Long-Term Financial Liabilities	105.6	78.4	(26%)
Long-Term Contractual Lease Liabilities	260.0	249.2	(4%)
Other non-current Liabilities	22.1	22.7	2%
Total Non-Current Liabilities	387.7	350.2	(10%)
Total Liabilities	2,173.7	2,216.1	2%
Total Equity	534.0	617.8	16%
Total Equity & Liabilities	2,707.8	2,833.8	5%

Summary P&L

TRYm	Q1 2020	Q1 2021	Change (%)
Revenue	387.1	758.8	96%
Cost of Sales	(211.4)	(383.7)	82%
Gross Profit	175.8	375.1	113%
Gross Margin	45.4%	49.4%	
Administrative Expenses	(39.2)	(49.9)	27%
Selling and Marketing Expenses	(181.3)	(256.7)	42%
R&D Expenses	(7.9)	(10.4)	32%
Other Income / (Expenses), net	4.0	7.9	96%
Operating Profit	(48.6)	65.9	n.m.
Profit/(Loss) from Investment Activities	(0.4)	(0.1)	(75%)
Operating Profit before Financial Income	(49.0)	65.8	n.m.
Operating Margin	(13%)	8.7%	
Financial Expenses, Net	(18.2)	(21.0)	16%
Profit Before Tax	(67.1)	44.8	n.m.
Income Tax Expense	15.5	(8.3)	n.m.
Profit	(51.6)	36.5	n.m.
Profit Margin	(13%)	4.8%	
EBITDA	20.1	141.5	603%
EBITDA Margin	5.2%	18.7%	
EBITDA exc. IFRS 16	(26.6)	94.3	n.m.
Profit exc. IFRS 16	(51.6)	39.6	n.m.

Summary Cash Flow Statement

TRYm	Q1 2020	Q1 2021
Profit ¹	(51.6)	36.5
Adjustments	98.9	144.9
Cash Flow from Operating Activities	47.2	181.4
Δ in Net Working Capital ²	(132.8)	(118.0)
Income Tax Paid	(6.6)	(1.1)
Net Cash from Operating Activities	(92.1)	62.3
Capex	(31.9)	(32.9)
Other Investing Cash Flow ³	5.8	20.6
Net Cash Flow Used in Investing Activities	(26.1)	(12.3)
Debt Issued / (Repaid)	635.6	(71.5)
Payment of Contractual Lease Liabilities	(46.4)	(49.3)
Other Financial Payments ⁴	(11.1)	(24.4)
Interest Paid	(14.3)	(24.9)
Net Cash Flows Used in Financing Activities	563.7	(170.2)
Net Cash Flow	445.5	(120.1)
Cash and Cash Equivalents at the Beginning of the Period ⁵	310.8	889.9
Cash and Cash Equivalents at the End of the Period ⁵	756.4	769.7

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 Cash Flow Statement includes Bank Overdraft as negative cash. Excluding Bank Overdraft, 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