



mavi

**FY 2021
Results Presentation**

March 14, 2022

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Mavi's 30th year. 2021 Business Overview

- The emphasis we placed on **protecting our employees, customers and business partners** in 2020 paid off with a very strong recovery in 2021. As Mavi management, we thank our stakeholders who had significant role in this years' successful results
- In 2021, Turkey operated at normal trading hours since June and delivered 94% sales growth yoy and 59% versus 2019. **Customer traffic in retail stores in Turkey exceeded pre-pandemic levels on a comparable basis.** Meanwhile, **conversion rates, units per transaction and the average basket size are all higher than 2019**
- Sales volumes in **number of pieces grew in all categories.** We sold over 10 mn denim items in 2021
- We continued to **grow market share in jeans, women's and men. Women's share in total sales increased** to 35% from 33% in 2020. Following new customer trends and preferences new product categories emerged. Non-denim bottoms, knits, jerseys and jackets have higher share in retail sales
- **Brand investment and customer experience** has been a continuing priority. Brand positioning was elevated through **creative collaborations, new product lines, celebrity campaigns**, and **influencer engagements**
- International markets also returned to normal trading hours in spring. **All international markets delivered significant growth in local currency** terms resulting with 42% constant currency growth in total
- **Online sales remained strong** driven both by mavi.com business and marketplace performance. **Revenue through all digital channels is 11.2% in Turkey and 15.6% globally.**

Mavi's 30th year. 2021 Business Overview

Cost Management and Balance Sheet

- **Opex/sales ratio improved 510 bps** in 2021 with controlled expenses and leverage effect of robust sales
- **Dynamic supply chain management, product planning and inventory management** remain our key strengths for continued success
- Agile inventory and sell-through management capabilities resulted in **12% lower inventory levels** in number of pieces
- **Inventory turnover days improved** around 25 days vs 2019
- Strong operational cash generation resulted with a **net cash position of 618 TRYm**

Dividend Distribution

- Mavi Board of Directors decided to propose to the AGM, the **distribution of 30% of total distributable profit** to be paid in cash on August 16, 2022
- This implies a distribution of 2.43 TRY gross, 2.18 TRY net dividend per share

Future Ready Investments

Brand Investments

- **Elevate the brand positioning** with premium segments and aspirational marketing, **Mavi Black Pro, Mavi Icon, Mavi Pro Sport Repreve®**
- Grow casual lifestyle with **product expansions** in **sporty, logo and sweatshirt collections**
- Strong customer engagement through **celebrity campaigns and influencers**
- **Collaborations** that increase traffic through **new and young customers**

All Blue. All Better. For All.

- **First sustainability report issued** including strategy and long-term sustainability targets
- Mavi **included in BIST Sustainability Index**
- **CDP score : B above industry average**
- **All Blue product shares grew** with product innovations in denim and non-denim

Growing Retail

- New **store openings and m2 expansion** with "1000 m2", our multi-team project **to grow customer frequency and conversion**
- **Launch new store concepts.** Upgrade physical experience to present **Mavi's growing lifestyle categories**
- Manage availability by **analyzing store clusters to improve customer conversion and stock-turn**

Towards a more digital future

- **Digitalization and CRM investments** on the core of our strategy of winning
- **SAP transformation project completed** and live since August 2021
- **Mavi.com investments** : New design, Fit analytics, online gift card, easy returns, reviews and more
- **Global online strategy**: Localizing international platforms through analyzing different market needs

Mavi All Blue Strategy and Sustainability Targets



PEOPLE BETTER.EMPOWER



PLANET BETTER.PROTECT



DENIM BETTER.TRANSFORM



COMMUNITY BETTER.MOBILIZE

MAVI'S SUSTAINABILITY TARGETS

Having a fully inclusive and responsible value chain by 2030.

Becoming a climate-positive company by 2050.

Ensuring that the whole denim collection consists of sustainable All Blue products by 2030.

Driving an impact-focused and measurable social change.

MONITORING TARGETS

Keeping employee satisfaction and engagement scores over 70% every year.

Increasing female manager ratio to 50% and maintaining this balance by 2023.

Ensuring compliance of all main suppliers and their subcontractors with the Global Purchasing Principles and Supplier Code of Conduct by 2025.

Achieving 100% traceability in the supply chain by 2030.

Reducing Scope 1 + 2 GHG emissions 50% by 2030.

Reducing Scope 3 GHG emissions from purchased goods and services by 20% by 2030.

Becoming a carbon neutral company by 2040.

Continuing to procure all electricity for Mavi operations from renewable sources by 2030.

Conducting environmental audits at all critical suppliers and wet process sub-manufacturers by 2025.

Ensuring all strategic suppliers and wet process sub-manufacturers comply with the ZDHC MRSL¹ by 2030.

Ensuring that all label, cardboard, and paper packaging materials are FSC-certified² by 2025.

Sourcing 100% of the cotton used in denim products from sustainable resources³ by 2030.

Increasing the revenues of innovative products in the sustainable All Blue collection by 20% year on year through R&D activities and partnerships.

Keeping the social return of social investment programs at SROI⁴>1* levels.

Allocating 1% of EBITDA for social investments from 2025 onward.

Reaching 1 million people every year through sustainability awareness projects.



¹ ZDHC MRSL compliance: Zero Discharge of Hazardous Chemicals-ZDHC Manufacturing Restricted Substances List-MRSL.

² FSC: Forest Stewardship Council

³ Sustainable materials: Organic, recycled, BCI cotton, etc.

⁴ SROI>1: Social return on investment (SROI) higher than investment.



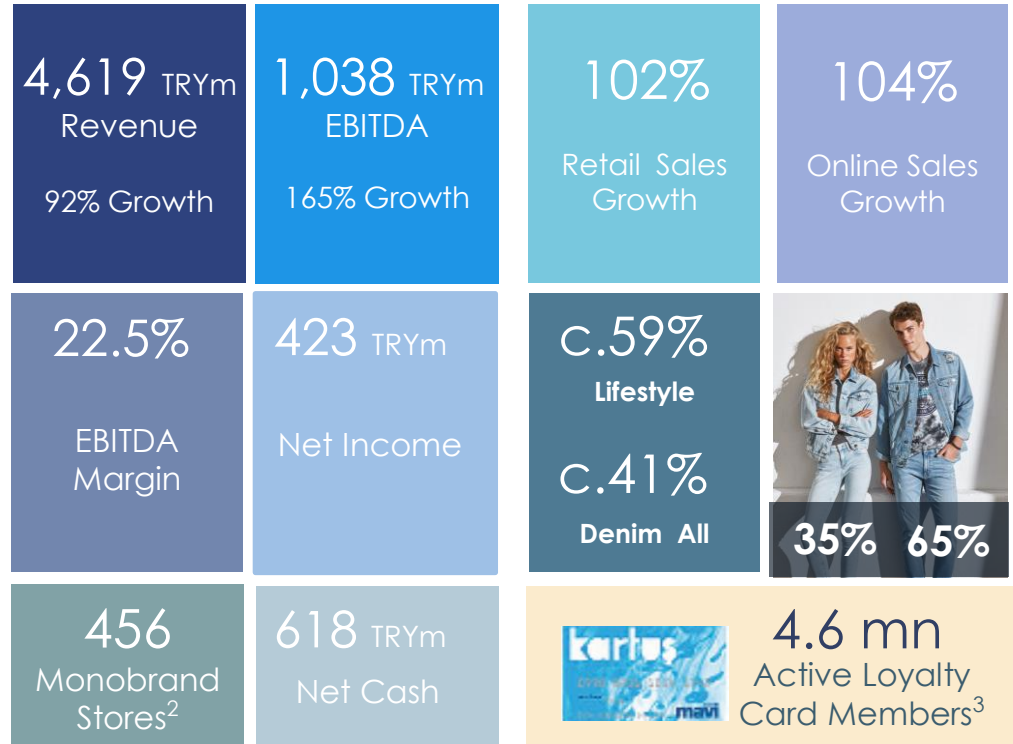
FY 2021 RESULTS OVERVIEW



FY 2021 Highlights

- Consolidated revenue realized at 4,619 TRYm, growing 92% versus 2020, 61% versus 2019
- EBITDA for the period is 1,038 TRYm resulting in 22.5% EBITDA margin
- Record high net income of 423 TRYm in 2021
- Total number of monobrand stores² increased to 456
- Balance sheet at net cash position of 618 TRYm
- Turkey online sales is 104% above 2020, five times more than 2019

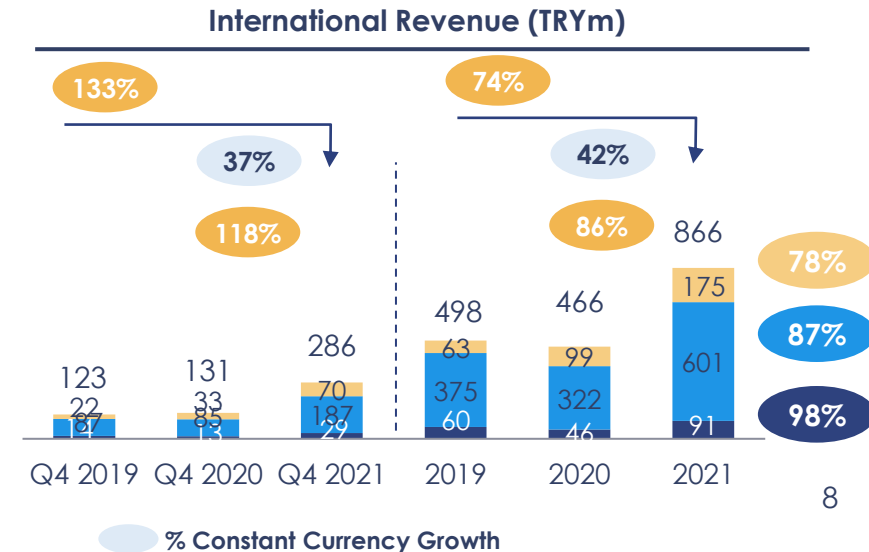
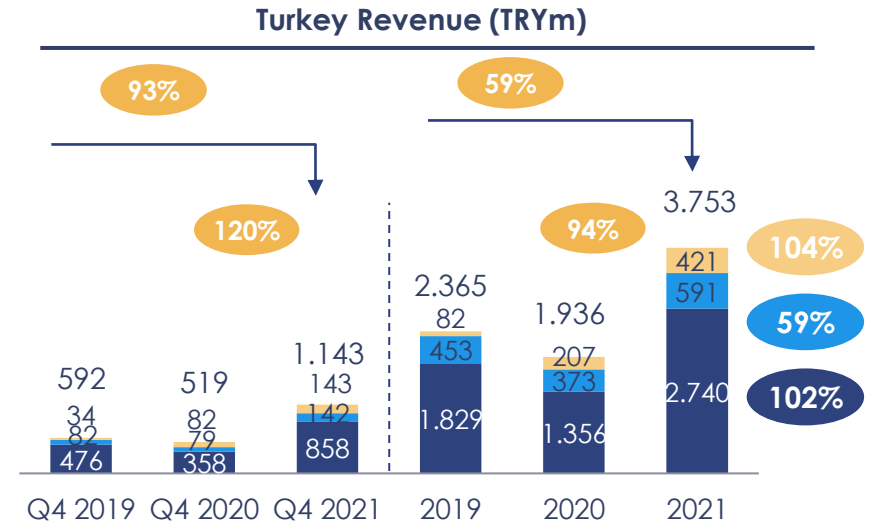
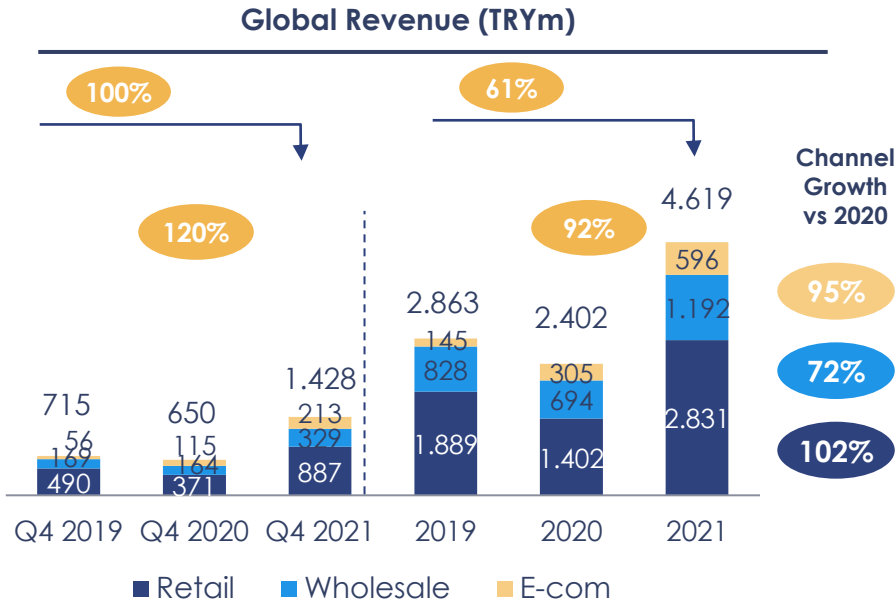
GROUP HIGHLIGHTS¹



¹ Including IFRS 16 impacts as reported ²Includes global franchise and owned stores

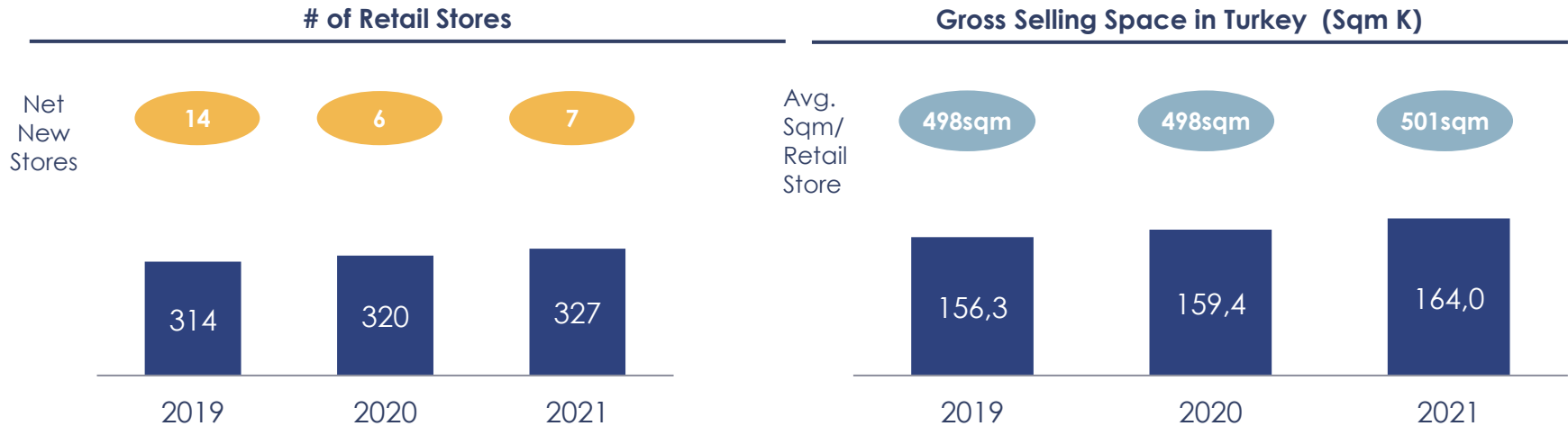
³Active means that the member has made a purchase of Mavi product in the last two years. Total number of Kartus card holders is 8.1 mn *Category and gender mix for Turkey Retail only

Revenue Growth in Sales Channels



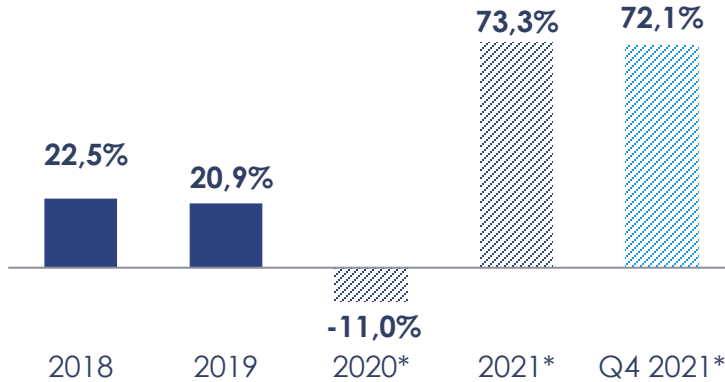
- Total revenue consisted of 61% retail, 26% wholesale and **13% e-com** in 2021
- 81% of consolidated revenue is from Turkey
- International revenue grew 37% in Q4'21 and 42% in 2021 in constant currency terms

Turkey Retail Operations

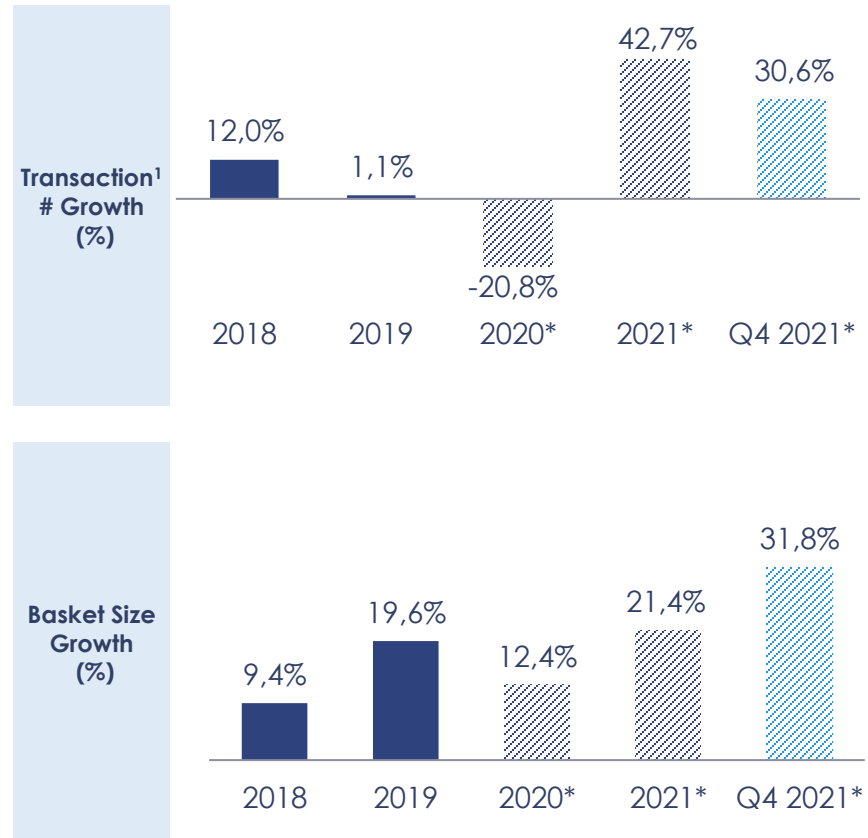


- With 13 openings and 6 closures in 2021, number of retail stores in Turkey stands at 327
- 8 store sqm expansions in 2021
- Total selling space stands at 164K sqm with average 501 sqm per store

Same Store Sales Performance



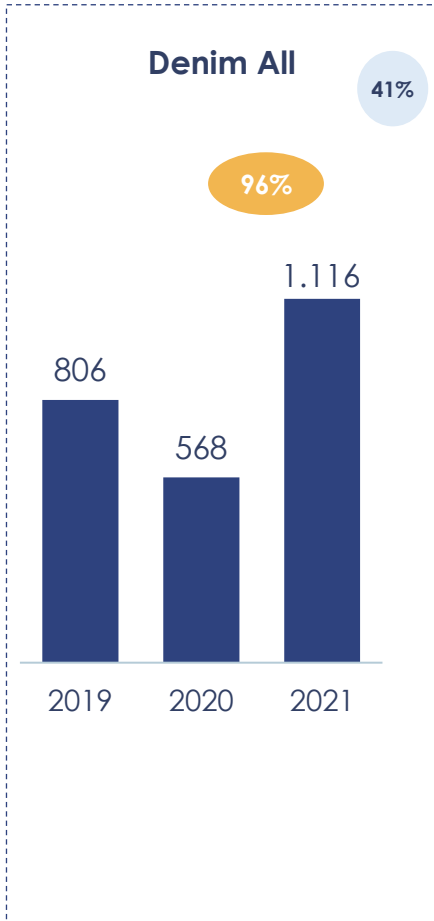
- Traffic to stores on the open days was 58% higher in than 2020
- Conversion rate and unit per transaction is still above pre-pandemic levels



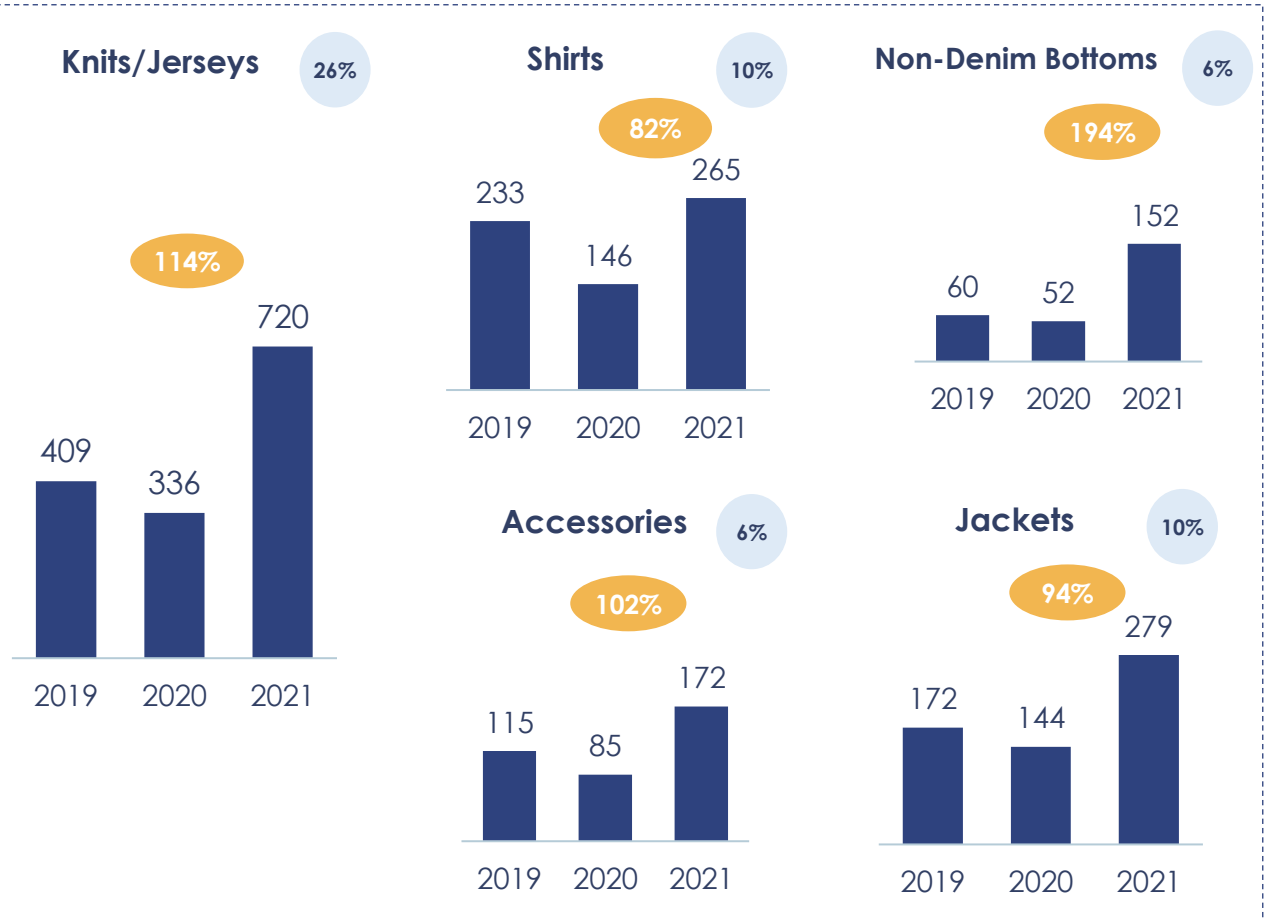
Turkey retail only, ¹Number of transactions refers to number of issued invoices. (*): includes only open days sales performance versus same period previous year.

Sales in Denim & Lifestyle Categories

Denim Products (TRYm)



Lifestyle Products (TRYm)

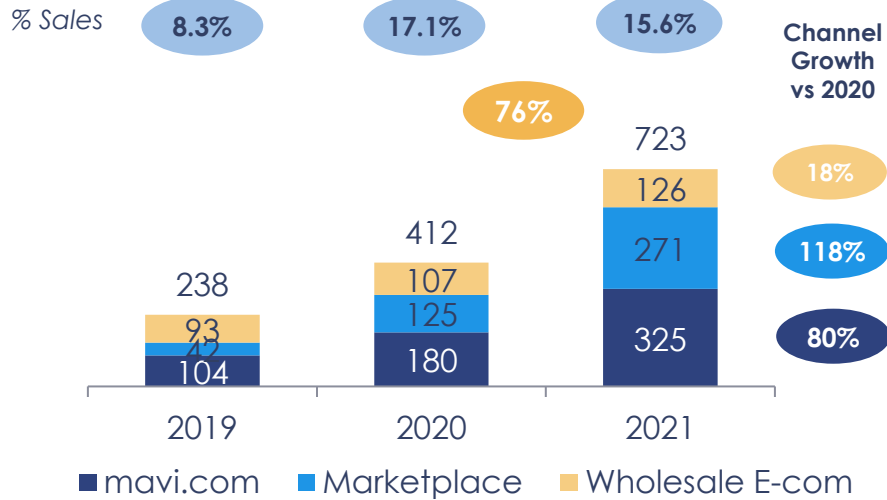


% Share in 2021 Turkey retail net sales

Note: Total Growth in Lifestyle Category is 108% vs 2020 and 59% vs 2019. Remaining 1% consists of skirts, dresses and kids which grew 96% yoy.

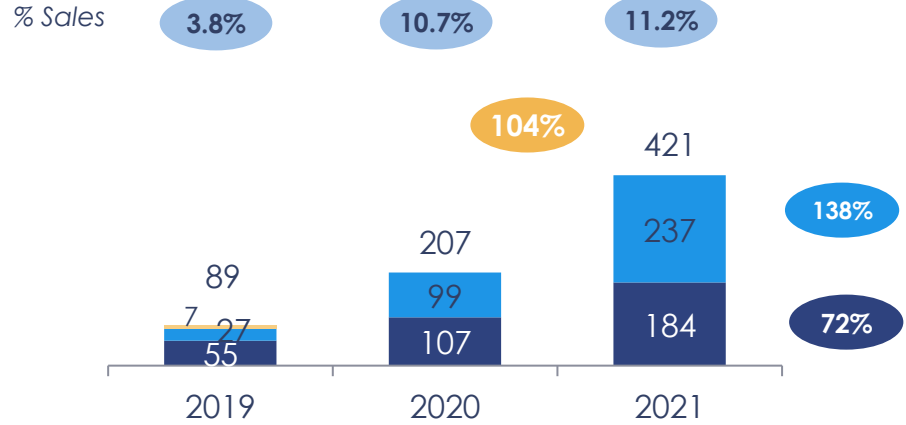
Online Sales Channel Performance

Global Online Sales (TRYm)

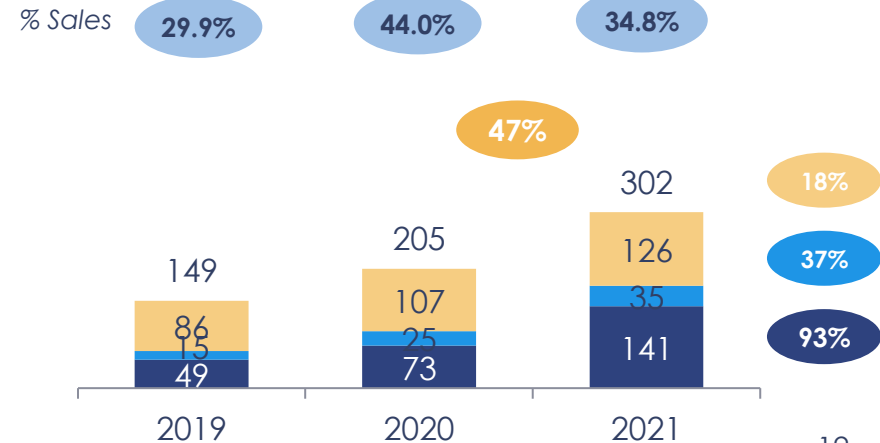


- Direct to consumer e-com include mavi.com and marketplaces, constituting 13% of total sales. Including wholesale to digital partners, total online is 15.6% of sales
- Full-price channel strategy across all categories with continued and increasing positive contribution to margins
- Continuous investments in digital systems and online customers

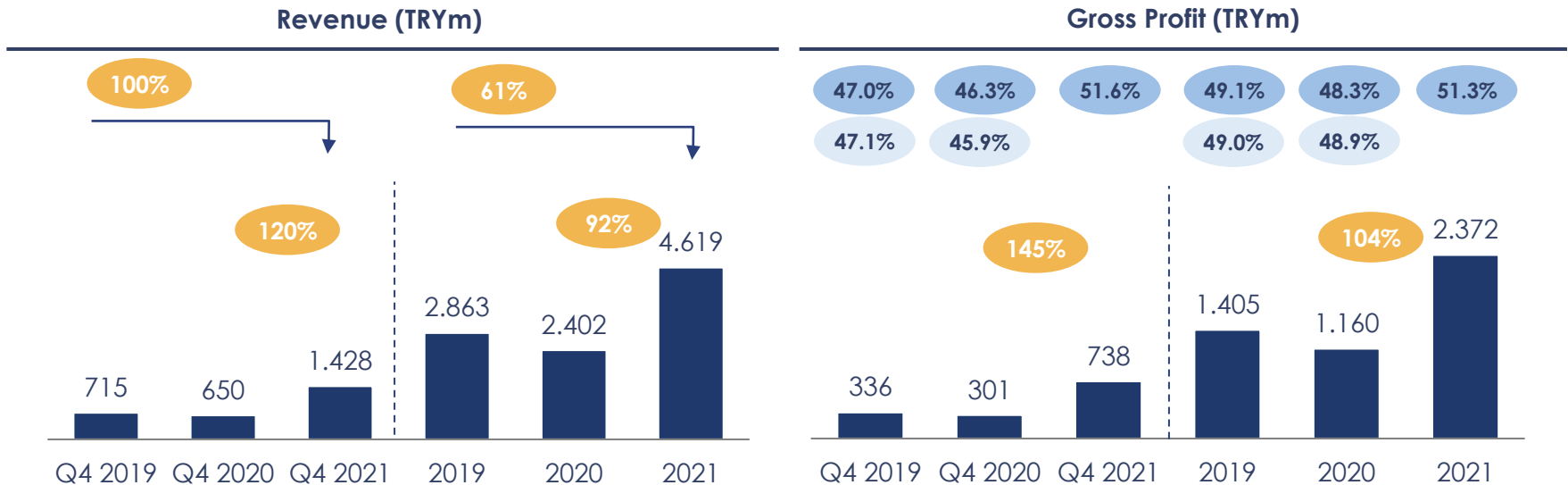
Turkey Online Sales (TRYm)



International Online Sales (TRYm)



Consolidated Gross Margins

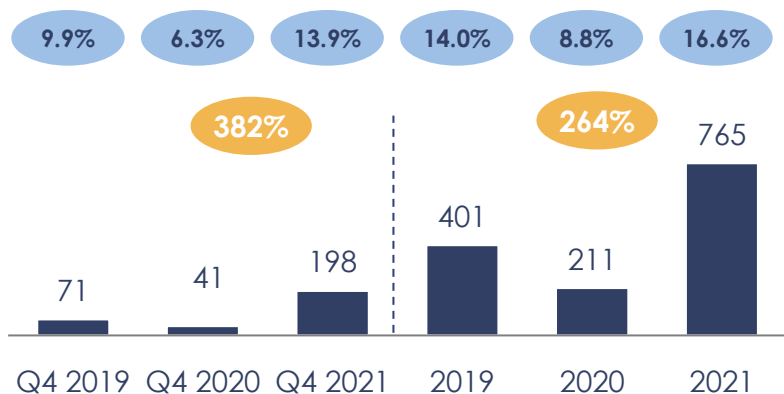


- Gross margins **improved 570 bps in Q4 2021** despite all cost pressures resulting with **240 bps** improvement in 2021 versus previous year and **230 bps** improvement versus 2019
- Strong brand positioning, constant product newness driving frequency and conversion and efficient product-price planning resulted with lower markdown spending

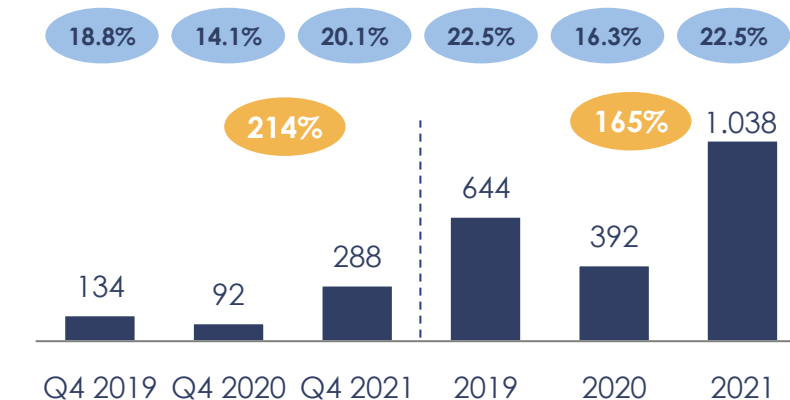
● % Growth
 ● % Margin
 ● % Normalized Margin¹

Consolidated EBITDA and Net Income

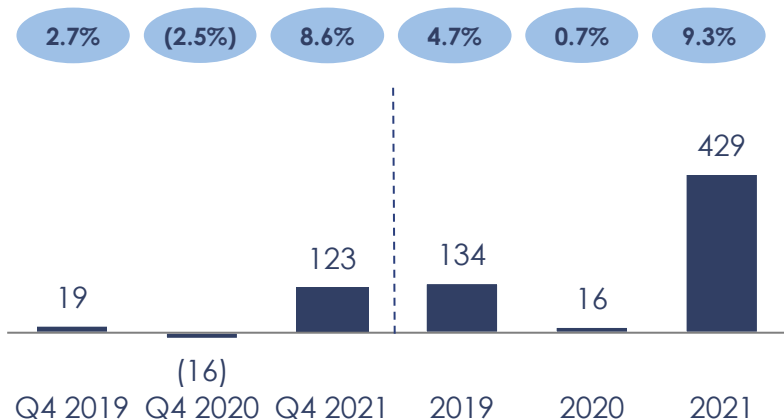
EBITDA exc. IFRS16 (TRYm)



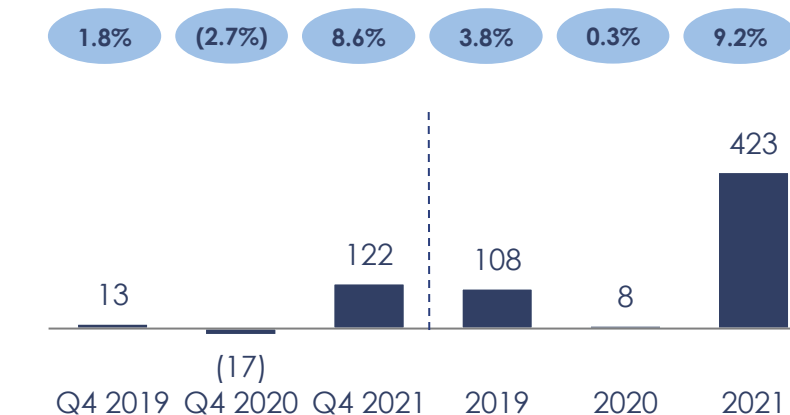
EBITDA inc. IFRS16 (TRYm)



Net Income exc. IFRS16 (TRYm)



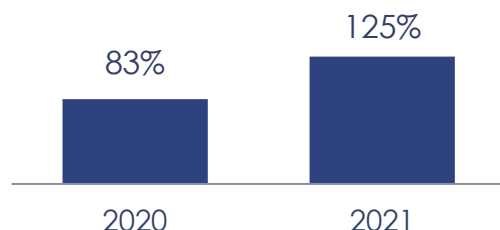
Net Income inc. IFRS16 (TRYm)



● % Margin

Operational Cash Flow and Working Capital Management

Cash Conversion (exc.IFRS16)



TRYm	2020	2021
EBITDA	211	765
Δ in NWC ¹	(35)	190
Operating Cash Flow	176	956

Main Working Capital Items

TRYm	2019	2020	2021
Trade & Other Receivables	252	248	434
% LTM Sales	8.8%	10.3%	9.4%
Inventories	496	560	751
% LTM COGS	34.0%	45.1%	33.4%
Trade & Other Payables	604	642	1,208
% LTM COGS	41.4%	51.7%	53.7%
Main NWC	144	166	(22)
% Sales	5.0%	6.9%	(0.5%)

- Including 331 TRYm in Q4 2021, total operational cash generation resulted 956 TRYm in 2021
- Strong sell-through throughout the year resulted with favorable inventory levels. Inventory in number of pieces in Turkey is down 12% compared to end-2020
- Turkey retail inventory turnover days reduced from 115 in 2019 to around 90 in 2021

Capex and Leverage Ratios

CAPEX (TRYm)

% Sales

4.2%

3.5%

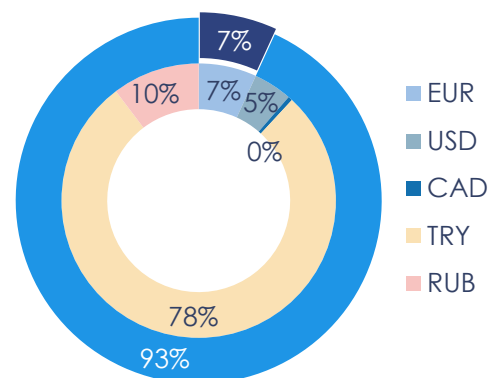
101

164

2020

2021

Debt Breakdown (31 January 2022)



■ Local Currency
■ Foreign Currency

Average Cost of Debt

TRY	20.1%
EUR	0.7%
USD	2.2%
RUB	10.1%
CAD	3.0%
Blended	16.9%

Net Cash (Debt) exc. IFRS16 (TRYm)

ND/
EBITDA
(exIFRS16)

0.16x

618

(33)

31 Jan. 2021

31 Jan. 2022

- 15% of total consolidated debt is carried by Mavi US, Mavi CA and Mavi RU - all denominated in their local currencies, hence is not exposed to currency risk
- Keeping no FX position is a strategic priority

Beat Guidance in 2021

	Latest Guidance	Actual
Consolidated Revenue Growth	80-85%	92%
Turkey Retail Stores Openings	7 net new stores 9 store expansions	7 net new stores 8 store expansions
EBITDA Margin	14.5-15.0%(exc. IFRS16) 20.5-21.0% (inc. IFRS16)	16.6%(exc. IFRS16) 22.5% (inc. IFRS16)
Net Debt/EBITDA	Net Cash Position (exc. IFRS16)	618 TRYm Net Cash
CAPEX	3.5% of consolidated sales	3.5% of consolidated sales

Outlook into 2022

Management Business Priorities for 2022

- Best-practice, agile organization led by our mission: “**Embracing a people-oriented culture** that focuses on sustainability, ensures our employees’ trust, customers’ loyalty, and business associates’ commitment”
- Prioritizing **customer traffic, new customer acquisition**, and **volume growth** while **maintaining profitable growth**. Branding, product innovation, and customer communication investments targeted at **gaining market share and elevating the brand positioning**
- Focusing on supply chain and product engineering to **mitigate cost pressures** and to **plan sourcing capacity**
- **Innovation** in **design and product quality**, supported by **efficient inventory management**, that will further drive **responsiveness** to consumer demand and **speed to shelf**
- **New store openings, online investments and international growth** initiatives to continue. Investing in shopping experience through new retail and online concepts to grow conversion and frequency
- **Utilizing data, CRM, and digital** tools to analyze customer segments, product categories and competition and react even faster to market dynamics, price changes and customer demands
- Integrating **All Blue strategy and sustainability targets** globally

Guidance Note

Due to recent changes in macroeconomic variables, we are reviewing our plans, mainly for the second half of the year. We will be able to provide our official guidance for 2022 along with our first quarter results.

Q1 2022 Turkey Business Update:

In the period February 1- March 13, 2022,

- same store sales in Turkey increased 136% yoy
- online sales in Turkey grew 90 % yoy

Note on Russia:

Mavi Russia operations are mainly located in and around Moscow and St. Petersburg constituting 2.2% of our total consolidated revenue, having almost no share in EBITDA. Mavi retail stores in Russia delivered strong LFL sales growth in March after the events started. (1-13 March LFL 123% in local currency) We do not expect the latest developments to have a material impact on our consolidated business



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Financial Statements

Income Statement (inc. IFRS 16)

TRYm	Q4 2020	Q4 2021	Change (%)	2020	2021	Change (%)
Revenue	650	1,428	120%	2,402	4,619	92%
Cost of Sales	(349)	(691)	98%	(1,242)	(2,248)	81%
Gross Profit	301	738	145%	1,160	2,372	104%
Gross Margin	46.3%	51.6%		48.3%	51.3%	
Administrative Expenses	(52)	(121)	133%	(173)	(302)	75%
Selling and Marketing Expenses	(232)	(425)	83%	(880)	(1,366)	55%
R&D Expenses	(9)	(9)	3%	(34)	(45)	34%
Other Income / (Expenses), net	(2)	12	n.m.	18	41	130%
Operating Profit	5	193	3932%	91	699	671%
Profit/(Loss) from Investment Activities	(0)	0	n.m.	(1)	0	n.m.
Operating Profit before Financial Income	5	194	4152%	89	699	683%
Operating Margin	0.7%	13.6%		3.7%	15.1%	
Financial Expenses, Net	(24)	(48)	104%	(77)	(160)	108%
Profit Before Tax	(19)	146	n.m.	12	539	4220%
Income Tax Expense	2	(23)	n.m.	(4)	(116)	2516%
Profit	(17)	122	n.m.	8	423	5159%
Profit Margin	(2.7%)	8.6%		0.3%	9.2%	
EBITDA	92	288	214%	392	1,038	165%
EBITDA Margin	14.1%	20.1%		16.3%	22.5%	
EBITDA ex IFRS 16	41	198	382%	211	765	264%
Profit ex IFRS 16	(16)	123	n.m.	16	429	2604%

Financial Statements

Balance Sheet (inc. IFRS 16)

TRYm	31 January 2021	31 January 2022	Change (%)
Assets			
Current Assets			
Cash and Cash Equivalents	893	1,509	69%
Trade Receivables	231	394	70%
Inventories	560	751	34%
Other Current Assets	102	202	98%
Total Current Assets	1,787	2,856	60%
Property and Equipment	198	259	31%
Right of Use Assets	435	451	4%
Intangible Assets	263	474	80%
Other Non-Current Assets	26	56	118%
Total Non-Current Assets	921	1,239	35%
Total Assets	2,708	4,095	51%
Short-Term Financial Liabilities	821	891	8%
Short-Term Contractual Lease Liabilities	219	229	5%
Trade Payables	638	1,189	86%
Other Current Liabilities	108	262	142%
Total Current Liabilities	1,786	2,570	44%
Long-Term Financial Liabilities	106	-	(100%)
Long-Term Contractual Lease Liabilities	260	277	6%
Other non-current Liabilities	22	55	148%
Total Non-Current Liabilities	388	332	(14%)
Total Liabilities	2,174	2,902	34%
Total Equity	534	1,193	123%
Total Equity & Liabilities	2,708	4,095	51%

Financial Statements

Cash Flow Statement (inc. IFRS 16)

	2020	2021
Profit ¹	8	423
Adjustments	441	857
Cash Flow from Operating Activities	449	1,280
Δ in Net Working Capital ²	(35)	190
Income Tax Paid	(25)	(100)
Net Cash from Operating Activities	389	1,370
Capex	(101)	(164)
Other Investing Cash Flow ³	57	84
Net Cash Flow Used in Investing Activities	(44)	(80)
Debt Issued / (Repaid)	564	(149)
Payment of Contractual Lease Liabilities	(181)	(270)
Other Financial Payments ⁴	(67)	(164)
Interest Paid	(83)	(91)
Net Cash Flows Used in Financing Activities	234	(675)
Net Cash Flow	579	616
Cash and Cash Equivalents at the Beginning of the Period	311	890
Cash and Cash Equivalents at the End of the Period	890	1,506

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

Effect of IFRS 16 on Financial Statements

	31/01/2022 (exc. IFRS16)	IFRS 16 Effect	31/01/2022 (inc. IFRS16)
Current assets	2,858	(2)	2,856
Non-current assets	781	458	1,239
Current liabilities	2,341	229	2,570
Non-current liabilities	59	273	332
Equity	1,239	(46)	1,193

	2021 (exc. IFRS16)	IFRS 16 Effect	2021 (inc. IFRS16)
Operating profit / (loss)	685	13	699
Operating profit / (loss) before finance costs	686	13	699
Finance income	112	51	163
Finance expense	(252)	(71)	(323)
Profit / (loss) before tax	546	(7)	539
Net profit / (loss)	429	(6)	423
EBITDA	765	272	1,038

Global Footprint as of 31 January 2022

