



Mavi Giyim Sanayi ve Ticaret A.Ş.

("Mavi", the "Company" or the "Group")

13 August 2020

Mavi Q2 2020 Trading Update

Mavi Giyim will announce its first-half results covering the period February 1 to July 31, 2020, after the market close on September 14, 2020. The earnings call regarding the results will take place on the next day, September 15, at 4 pm Istanbul time with Mavi CEO Cuneyt Yavuz.

Given the global dynamic macro environment, we would like to provide a trading update for the second quarter of 2020 ahead of half-year results.

We have been managing the various challenges brought forward by the Covid-19 pandemic since March. We have adopted all measures recommended by the local and global health authorities in all our markets. The stores that were temporarily closed in this context started re-opening in the second quarter.

Stores in Turkey started re-opening gradually on May 12, 2020, and all stores are open since June 1, 2020. Including 5 new openings and 3 closures in the second quarter, we now have 313 own-operated retail stores and 66 franchise stores in Turkey. Internationally, stores in Germany and Canada re-opened in May, and stores in Russia started re-opening in June with one store still being closed. Mavi.com, marketplace, and wholesale e-com channels remained open throughout the second quarter.

Our Turkey retail business in Q2, performed better than our initial expectations pointing to a speedy recovery. Same stores sales grew 13% compared to last year, including only open days and adjusting for holiday calendar shifts. Despite an average of 30% decline in traffic, higher conversion rates led to a 6% contraction in the number of transactions, while the basket size grew by 20%. Our agile product planning and speed to shelf capabilities played an important role in delivering increased units per transaction, enabling us to continuously keep fresh and relevant inventory across our stores and other sales channels. As at the end of July, 90% of Turkey retail inventory consists of season products, an improved ratio compared to same time last year.

Mavi, with its strong brand awareness and positioning, is able to establish a continuous relationship with a wide range of customer segments. Our core product categories of denim and t-shirts are performing strong, showcasing the advantage of being a seasonless and comfortable casual wear brand. Along with new product launches, celebrity campaigns, and special collaborations, we are focusing on the customer experience. We will continue with our communication plans to increase the frequency of customer engagement through offline and online mediums.

Online sales comprising of mavi.com and marketplace channels continue to perform very strong, with more than 300% growth in Turkey and 61% growth in the international markets in the second quarter. We are continuously improving our online infrastructure, and remain confident that we will continue to deliver sustainable, profitable growth in our e-com business for many years.

In terms of op-ex management, we continue to strive for additional cost savings and efficiencies. We have received an additional 6.2 mn TL of wage subsidy in Turkey in Q2. We are on a full-time working schedule as of June 1, 2020. In Turkey, we were able to agree with our landlords for no rent payments for the duration of when stores were closed, and since getting back to normal working hours, we are continuing to negotiate for better rent terms daily. Despite the lock down period we do not expect a deterioration in our rent/revenue ratio for FY 2020.

During this period, we deferred and scaled back investments and expanded credit facilities extensively to secure all obligations, and solidly managed our liquidity. Our low indebtedness level played an essential role in managing liquidity risks in this period and improved our stance as a trusted employer and business partner. We have also made use of the low interest rate environment in Q2, refinancing all our previous debt.

Given the current macro developments, it is important to note that, all borrowing in Mavi is either done in local currencies or within natural hedge limits, eliminating currency risks. We have no open FX position on our balance sheet. We are also fully hedged for all product imports for the rest of the year.

We are proud to report that our IT and digital investments and the ERP (SAP) transformation projects are continuing uninterrupted. We will deliver set goals in line with set time schedules. Mavi remains committed to remaining the best in class data-driven retail company.

Mavi's ability to manage change rapidly and effectively has served as the basis for its sustainable success for almost thirty years. We are confident that our strong risk management capability and healthy balance sheet, topped with our focus on operational excellence, flexible inventory planning, and a portfolio of quality products, will enable us to overcome the current interim business challenges.