

**Mavi Giyim Sanayi ve Ticaret A.Ş.**  
**Interim Report for the Nine Months Period**  
February 1 – October 31, 2023



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# Corporate Information

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# 1 - Corporate Information

This Interim Report is the Report of the Board of Directors, prepared according to CMB Communiqué II, Numbered 14.1; related to the first nine months of 2023, ended October 31, 2023. Throughout this report, the Company (Mavi Giyim Sanayi ve Tic. A.Ş.) and its subsidiaries will be defined as “Mavi”, “Company” or “Group”

## › 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 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 nine months ending October 31, 2023.

Official company websites are [www.mavi.com](http://www.mavi.com) and [www.mavicompany.com](http://www.mavicompany.com)

## › Capital Structure

Company's shared capital consist of 198,628,000 shares, all of which are issued, fully paid and have a nominal value of TRY 1.00 each at the date of October 31, 2023. Authorized share capital limit is TRY 500,000,000.

Capital structure of the Group as of October 31, 2023 is as follows;

	%	31.10.2023
Fatma Elif Akarlılar	9.06	18,000,000
Seyhan Akarlılar	9.06	18,000,000
Hayriye Fethiye Akarlılar	9.06	18,000,000
Blue International Holding B.V.	0.22	433,172
Public	72.60	144,194,828
	<b>100.00</b>	<b>198,628,000</b>

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 through indirect shareholding.

The company's application to the Capital Markets Board regarding the increase of the issued capital of the Company from 99,314,000-TL to 198,628,000-TL by converting the amounts in the "Retained Earnings" account was approved as announced on CMB Bulletin dated 11.05.2023. The capital increase is in effect as of 16 May 2023.

#### › **Direct and Indirect Subsidiaries**

Direct and indirect subsidiaries of the Company as at October 31, 2023 are as follows:

<b>Subsidiary</b>	<b>Country</b>	<b>Share</b>
Mavi Europe AG	Germany	100.00%
Mavi Jeans LLC Limited	Russia	100.00%
Mavi Kazakhstan LLP	Kazakhstan	100.00%
Eflatun Giyim Yatırım Tic. A.Ş.	Turkey	51.00%
Mavi Jeans Canada	Canada	63.25%
Mavi Jeans Inc.	USA	47.69%

#### › **Structure and Composition of the Board of Directors**

As of October 31, 2023 the Board of Directors is as follows:

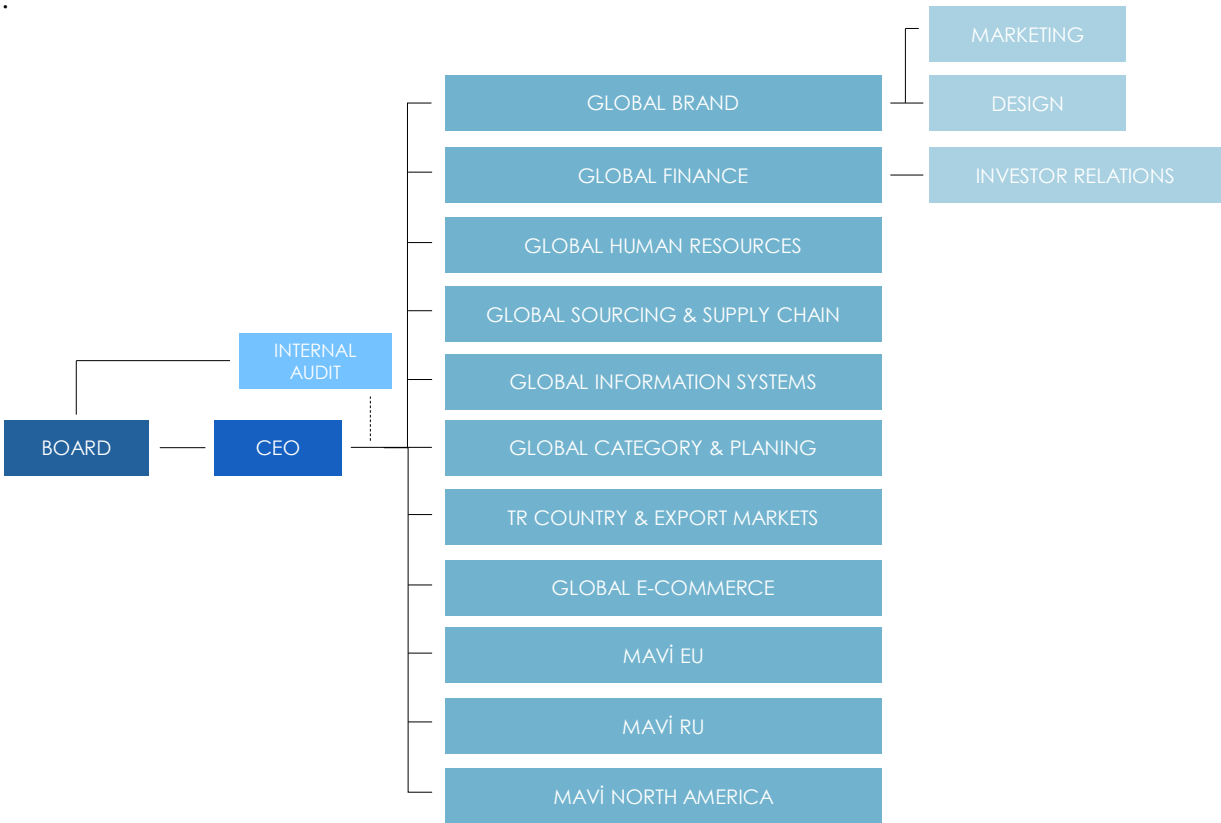
<b>Director</b>	<b>Role</b>	<b>Executive/Independent</b>
Ragıp Ersin Akarlılar	Chairman	Non-Executive
İbrahim Tamer Haşimoğlu	Vice Chairman	Independent
Fatma Elif Akarlılar	Member	Executive
Ahmet Cüneyt Yavuz	Member	Executive
Zeynep Yalım Uzun	Member	Independent
Nedim Nahmias	Member	Independent

Short biographical information about the board members can be found on the company website [www.mavicompany.com](http://www.mavicompany.com).

Independent board members İbrahim Tamer Haşımoğlu and Nedim Nahmias are members of the Audit Committee; Chairman of the board Ragıp Ersin Akarlılar, independent board member Zeynep Yalım Uzun and Investor Relations Director Duygu Inceoz are members of the Corporate Governance Committee; Chairman of the board Ragıp Ersin Akarlılar, independent board member İbrahim Tamer Haşımoğlu and CFO Bige İşcan Aksaray are members of the Early Identification of Risks Committee.

› **Organization Structure and Management**

As of October 31, 2023 Group's total number of employees is 6,077 (5,731 in Turkey, 346 in International offices) Following charts show the Company's organization structure and management team.



	Position	Starting Date
Cüneyt Yavuz	CEO	2008
Bige İşcan Aksaray	CFO	2019
Elif Akarlılar	Chief Brand Officer	1991
Okan Gürsan	TR Country and Export Markets Director	2018



# Operational and Financial Information

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## 2 - Operational and Financial Information

### › Operational Developments

In the reporting period, the earthquake that devastated eleven provinces of Turkey on February 6, 2023, macroeconomic and political developments globally, high inflation environment and high consumer demand were effective on the business results.

In the first nine months of 2023, Mavi opened eight stores and closed five stores in Turkey. Including 332 monobrand retail stores and 69 franchise stores in Turkey, 22 retail stores and 42 franchise stores internationally Mavi meets its customers in 465 mono-brand stores and close to 4.000 sales points globally.

In the first nine months of 2023, Turkey retail sales grew 104% and Turkey like-for-like sales grew 101%. The traffic to the stores increased 10% on top of a high base, number of transactions grew 16% and basket size grew 73%.

In the reporting period, international sales grew 43% in TRY terms and 8% constant currency.

Online sales comprising of Mavi.com and marketplace channels recorded 104% growth in Turkey and 52% growth in the international markets in the nine months to October 31, 2023. Global e-commerce sales grew by 87% and constituted 9% of total sales in the reporting period.

### › Financial Developments

In the first nine months of 2023, total consolidated sales increased 94% year over year to 14 billion 189 million TRYm. Sales were realised with 53.2% gross margin, and 25.1% EBITDA margin.

In the reporting period, the company's net income realized at 2 billion 175 million TL with a net income margin of 15.3%.

Throughout the period, the company generated 1 billion 463 million TL operational cash resulting with a balance sheet net cash position of 2 billion 170 million TL. In the nine months to October 31, 2023, 344 million TL capex spending was made.

### › Managements Discussion and Analysis

Strong sales growth in 9M 2023 was driven both by price and volume. Almost all product categories continued to grow in number of pieces in Turkey. With a strong brand strategy, dynamic product-price planning, newness and variety in response to high consumer demand, effective sourcing and product cost management strong gross margin is achieved. With additional efficiency in opex management, the operating margins realised close to historic high figures of 2022. Management continues to prioritize brand and customer investments, dynamic supply chain management, efficient product planning and inventory management, strong balance sheet and zero fx positions for continued future success.



# Market Information

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### 3 - Market Information

According to Turkstat, Turkey has a population of 85.3 mn as of the end of 2022 with men constituting 50.1% and women 49.9% and with median age of 33.5. Considering Mavi's loyal customer base whose core segment consists of young, fashion-conscious men and women under the age of 35, Turkey's young population is a positive catalyst in realising its growth targets.

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 18.5% market share in 14+ age denim market and is among the top three apparel brands in both men and women.

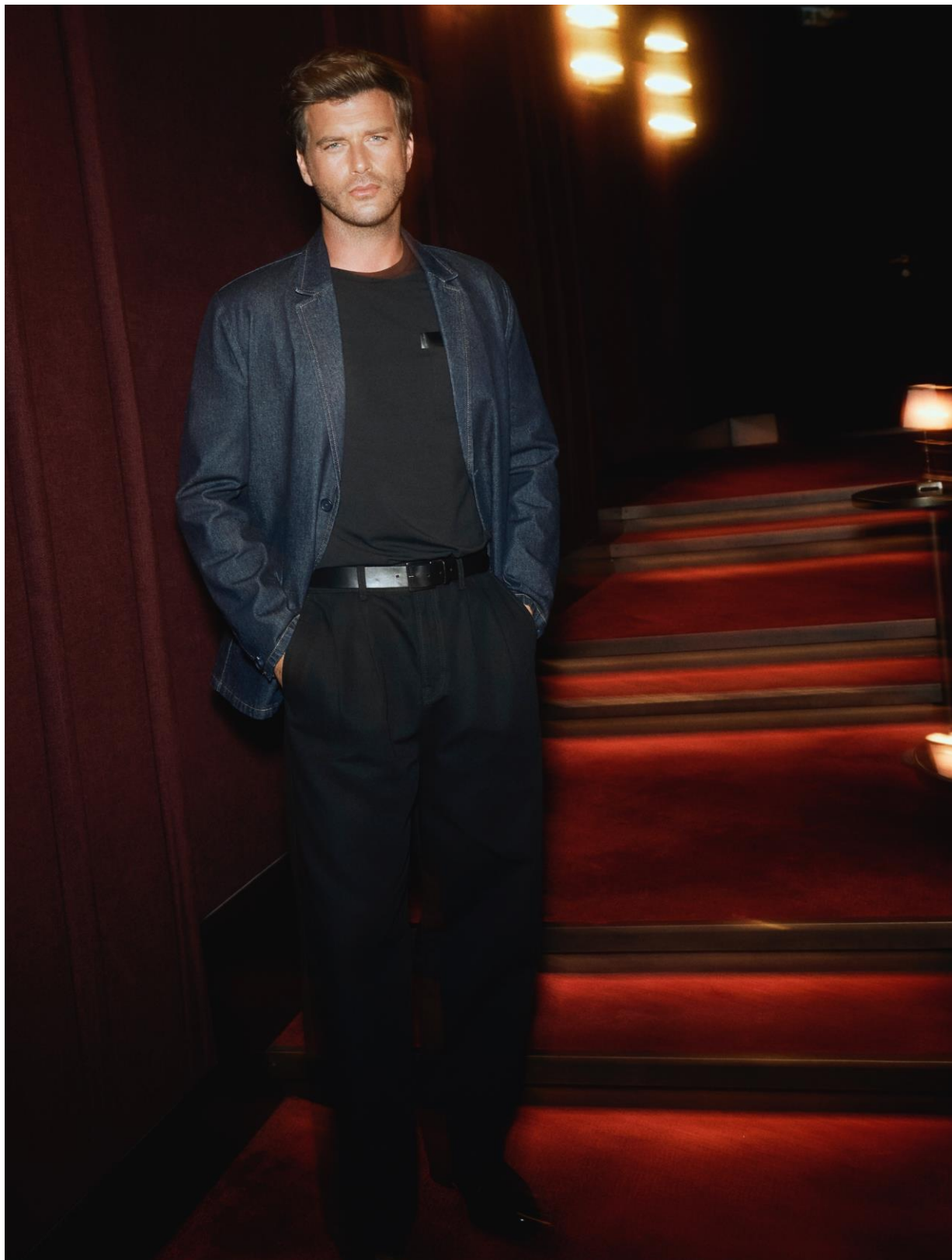
Mavi is a brand focused on core to premium in Turkish apparel market. Internationally, Mavi is positioned as a lifestyle aspirational brand with a product strategy built around the pillars of Perfect Fit approach, high quality for the price and customer-centric products.

In the "Fortune 500" survey, Mavi is ranked 123rd among the largest 500 enterprises in Turkey, and second among apparel, underwear, and sportswear brands. Some of the recent recognitions for the brand is as follows:

- Leader of the apparel industry in Fast Company's "Customer Experience" survey
- Winner of the "Best Sustainable Collection" category for the All Blue collection at the Rivet x Project Awards, which recognize the brands bringing newness and creativity to the global denim market, marking its 5th title
- Hands down the most preferred denim brand of all generations according to Marketing Türkiye's "Apparel Brand Choices by Generations" survey
- Top brand in consumers' apparel loyalty according to Marketing Türkiye's "Loyalty Brands of Turkey" survey
- Gold medal in the casualwear category in Social Brands Data Analytics at the Brandverse Social Media Awards (SMAT)

# Future Expectations

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## 4 - Future Expectations

The management announced its official guidance for 2023 on the public disclosure platform in June 8, 2023, provided a first revision on September 19, 2023 and is again revising it upwards as of the reporting date:

- › Consolidated sales growth of 80% + is revised to 85%+
- › 8 net openings and 7 expansions plan for the full year is unchanged
- › EBITDA margin 19%±0.5% exc. TFRS16 and 22.5%±0.5% inc. TFRS16 is revised as 20%±0.5% exc. TFRS16 and 23.5%±0.5% inc. TFRS16
- › Net cash position (exc. TFRS16) to be maintained
- › Capex to consolidated sales ratio of 3% unchanged



# Other Developments

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## 5 - Other Developments

Ordinary General Assembly Meeting for the financial period of 1 February 2022 – 31 January 2023 was held on April 27, 2023. The general assembly resolutions have been registered under the Istanbul Trade Registry and published on the Turkish trade Registry Gazette on May 12, 2023.

In the Ordinary General Assembly Meeting held on 27 April 2023, it was resolved to approve the cash payment of gross TRY 429,455,142.31 in dividend distribution proposal of the Board of Directors and to start the dividend payments on May 10th 2023.

On 14 March 2023, the Board of Directors resolved within the registered capital ceiling of 500,000,000-TRY , the issued capital increase of the Company from 99,314,000 TRY to 198,628,000-TRY by converting the amounts in the "Retained Earnings" account into share capital. The decision was approved by the Capital Markets Board as announced on CMB Bulletin dated 11.05.2023. The capital increase is in effect as of May 16th 2023.

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 Zeynep Yalim Uzun 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.

In line with its All Blue sustainability strategy and its goal of becoming a climate-positive company by 2050 Mavi filed an application for a call letter within the framework of the "Regulation on Unlicensed Electricity Generation in the Electricity Market" ("Regulation") to build a Solar Power Plant for the purpose of meeting the power requirements of the head office building and high street stores, whose electricity meters are owned by the company, from sustainable sources. TEİAŞ has formed a negative opinion regarding the connection of the unlicensed electricity generation plant, for which the application was filed within the framework of the Regulation, on the grounds that the relative transformer station had exceeded its capacity; and the application was rejected without going through the technical assessment process.

JCR Eurasia Rating has evaluated our Company in the very high investment level category and affirmed the Long Term National Issuer Credit Rating as "AA+ (tr)" and the Short Term National Issuer Credit Rating as "J1+ (tr) with "Stable" outlook. The Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Negative' as parallel to international ratings and outlooks of the Republic of Turkey.

Within the framework of the provision "Have not been a member of the board of directors of the company for more than six years in the last ten years" in Article 4.3.6 - g of the Corporate Governance Communiqué (II – 17.1) published by the Capital Markets Board, Independent Board Members Mr. Ahmet Fadil Ashaboğlu and Mr. Nevzat Aydın lost their independence as of 17.07.2023 and therefore resigned from their posts. With the approval of Capital Markets Board, Mr. İbrahim Tamer Haşımoğlu and Mr. Nedim NAHMİAS have been appointed as independent members of the board of directors to be submitted to the approval of the shareholders at the meeting.

## 5 - Other Developments

Board of Directors has resolved to appoint Ragıp Ersin Akarlılar as the Chairman of the Board, İbrahim Tamer Haşımoğlu as the Vice Chairman of the Board, Independent Board Members Nedim Nahmias ve İbrahim Tamer Haşımoğlu as members of the Audit Committee with İbrahim Tamer Haşımoğlu as the chairman of the committee; Independent Board Member İbrahim Tamer Haşımoğlu as a member of the Early Identification of Risks Committee and as the chairman of the committee.

The Company completed the sale of a TL 500,000,000 corporate bond with fixed interest rate, 3 months coupon payments and with a maturity of 366 days to qualified domestic investors and the sale of a TL 500,000,000 corporate bond with fixed interest rate, 3 months coupon payments and with a maturity of 735 days to qualified domestic investors on September 6, 2023.

# Summary Financial Tables

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## 6 - Summary Financial Tables (Inc. TFRS 16)

### › Summary Balance Sheet

TRYm	31 January 2023	31 October 2023	Change (%)
<b>Assets</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	3,245	4,273	32%
Financial Investments	58	59	2%
Trade Receivables	871	1,588	82%
Inventories	2,308	3,291	43%
Other Current Assets	304	399	31%
<b>Total Current Assets</b>	<b>6,785</b>	<b>9,611</b>	<b>42%</b>
Property and Equipment	395	569	44%
Right of Use Assets	576	666	16%
Intangible Assets	663	964	45%
Other Non-Current Assets	224	368	65%
<b>Total Non-Current Assets</b>	<b>1,858</b>	<b>2,567</b>	<b>38%</b>
<b>Total Assets</b>	<b>8,643</b>	<b>12,178</b>	<b>41%</b>
Short-Term Financial Liabilities	1,541	1,811	18%
Short-Term Contractual Lease Liabilities	350	448	28%
Trade Payables	2,961	2,766	(7%)
Other Current Liabilities	592	1,335	125%
<b>Total Current Liabilities</b>	<b>5,444</b>	<b>6,359</b>	<b>17%</b>
Long-Term Financial Liabilities	-	351	n.m.
Long-Term Contractual Lease Liabilities	290	314	8%
Other Non-Current Liabilities	177	179	1%
<b>Total Non-Current Liabilities</b>	<b>467</b>	<b>844</b>	<b>81%</b>
<b>Total Liabilities</b>	<b>5,911</b>	<b>7,203</b>	<b>22%</b>
<b>Total Equity</b>	<b>2,732</b>	<b>4,975</b>	<b>82%</b>
<b>Total Equity &amp; Liabilities</b>	<b>8,643</b>	<b>12,178</b>	<b>41%</b>

## › Summary P&L

TRYm	9M 2022	9M 2023	Change (%)
Revenue	7,325	14,189	94%
Cost of Sales	(3,349)	(6,643)	98%
Gross Profit	3,976	7,546	90%
Gross Margin	54.3%	53.2%	
Administrative Expenses	(467)	(837)	79%
Selling and Marketing Expenses	(1,967)	(3,652)	86%
R&D Expenses	(51)	(122)	138%
Other Income / (Expenses), net	66	113	71%
Operating Profit	1,557	3,049	96%
Profit/(Loss) from Investment Activities	11	21	91%
Operating Profit before Financial Income	1,568	3,070	96%
Operating Margin	21.4%	21.6%	
Financial Expenses, Net	(239)	(358)	50%
Profit Before Tax	1,329	2,712	104%
Income Tax Expense	(171)	(537)	214%
Profit	1,158	2,175	88%
Profit Margin	15.8%	15.3%	
EBITDA	1,860	3,561	91%
EBITDA Margin	25.4%	25.1%	
EBITDA ex IFRS 16	1,565	3,082	97%
Profit ex IFRS 16	1,164	2,194	88%



## › Summary Cash Flow Statement

TRYm	9M 2022	9M 2023
Profit <sup>1</sup>	1,158	2,175
Adjustments	1,013	1,840
<b>Cash Flow from Operating Activities</b>	<b>2,171</b>	<b>4,015</b>
Δ in Net Working Capital <sup>2</sup>	(513)	(1,618)
Income Tax Paid	(267)	(335)
<b>Net Cash from Operating Activities</b>	<b>1,391</b>	<b>2,062</b>
Capex	(192)	(344)
Other Investing Cash Flow <sup>3</sup>	137	453
<b>Net Cash Flow Used in Investing Activities</b>	<b>(55)</b>	<b>109</b>
Debt Issued / (Repaid)	163	397
Payment of Contractual Lease Liabilities	(296)	(481)
Other Financial Payments <sup>4</sup>	(205)	(494)
Dividend Paid	(120)	(429)
Interest Paid	(102)	(148)
<b>Net Cash Flows Used in Financing Activities</b>	<b>(560)</b>	<b>(1,156)</b>
<b>Net Cash Flow</b>	<b>776</b>	<b>1,015</b>
Cash and Cash Equivalents at the Beginning of the Period <sup>5</sup>	1,479	3,223
Cash and Cash Equivalents at the End of the Period <sup>5</sup>	2,255	4,238

<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..

## 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