



Transcription for Q1 2026 Financial Results Webcast
June 10TH, 2026



Duygu Inceoz:

Hello everyone, Welcome to Mavi's First Quarter 2026 Earnings Webcast. Before we begin, a brief reminder regarding inflation accounting. As in previous quarters, our financial statements are prepared in accordance with IAS 29, Financial Reporting in Hyperinflationary Economies, and are presented in terms of the purchasing power of the Turkish lira as of April 30, 2026. For selected KPIs, historical figures are also provided for reference purposes. Please note that this webcast is being recorded. We kindly ask you to review the disclaimer and take into consideration the forward-looking statements and comments included in this presentation. Our CEO, Cuneyt Yavuz, will now present the first quarter results, followed by a Q&A session. As a reminder, please keep your microphones muted throughout the presentation. With that, I will now hand over to Cuneyt Yavuz.

Cuneyt Yavuz:

Hello everyone! Thank you all for joining us again in this first webcast meeting of 2026 regarding the financial results of the first quarter. Before turning to the results, I would like to share a few observations on the operating environment during the quarter.

As you all know, the first quarter was marked by heightened global geopolitical tensions, which put pressure on energy and commodity prices and contributed to renewed inflationary pressures in Türkiye. At the same time, the ongoing disinflation program and tight monetary conditions continued to weigh on consumer demand. We entered the year expecting inflation in Türkiye to ease gradually and built our plans and forecasts accordingly. However, the first three months brought a significantly more uncertain operating environment than initially anticipated, with increased volatility across both global and local markets. Our top-line performance during the quarter was also affected by cooler-than-average weather conditions, which as you have witnessed many times before, impacts seasonal demand patterns.

In this environment, we remained firmly focused on the factors within our control. We are pleased to see once again that this disciplined approach enables us to navigate this challenging and uncertain backdrop effectively. Through the strength of our brand, agile product and pricing strategies, flexible sourcing capabilities, and disciplined inventory and working capital management, we further improved our already strong gross margin while successfully protecting our healthy operating profitability. Importantly, our business continued to generate strong cash flow, allowing us to maintain a solid balance sheet and a resilient financial position. These results reinforce our confidence in the strength of our business model and our ability to adapt to changing market conditions while continuing to create value for our stakeholders.



The changing conditions has not changed our investment plans for the year. Focused on our long-term sustainable growth targets, we will continue our retail investments with dedication. In Türkiye, we plan to open net 15 new stores, expand 15 existing retail locations and upgrade 30 stores to the new store format, which has proved to enhance customer experience and increase sales potential. We will also be adding a total of 6 new stores in the US by year-end.

In the first quarter, we maintained our long-standing denim leadership in Türkiye and our position among the top three brands in the overall apparel market, remaining the first choice for casual wear. Embracing our 'Mavi for All' approach, we reached new customer segments and engaged more closely with our existing base, supported by a diverse, versatile product portfolio that appeals to every age, size, lifestyle, and style preference. Driven by the energy and dynamism of youth, we grew our Kartuş Genç program to nearly half a million members. Building on our best-in-class CRM program, we leveraged data-driven methods to advance our personalization capabilities and deliver excellent customer experience. Being Mavi's 35th year in 2026, we intend to further increase our marketing and brand investments. Together with our long-standing brand ambassadors Kivanç Tatlıtuğ and Serenay Sarıkaya, we elevated Mavi's premium brand image, bringing fresh narratives to our iconic jeans and brand story. We further deepened our connection with youth by partnering with star athletes who embody our brand values and inspire the next generation. Following our partnership with Zeynep Sönmez, who represents a new era in Turkish tennis through her determination, resilience and inspiring presence, we recently welcomed Kenan Yıldız to our family of brand ambassadors with the powerful "Çok Mu Çok Yıldız" (What a Star) campaign, at a time when football is once again emerging as a universal language that brings the world together. Beyond his exceptional performance on the field, Kenan has become a compelling role model for the new generation through his natural charisma, self-confidence, strong character, work ethic, and personal style. We are confident that these collaborations are a natural fit for our brand story and will help us reach wider audiences and grow together.

Another important side note : As you can recall, in line with our commitment to protecting the interests of all stakeholders and supporting a healthy and stable valuation of our company share, our Board of Directors initiated share buyback transactions last year in June. I would like to announce that upon reaching the maximum duration, the program has been terminated as of today. We have repurchased a total of 14 million 512 thousand shares, corresponding to approximately 1.83% of our share capital, all of which will be cancelled through capital reduction procedures. Looking ahead, the Board will continue to evaluate capital allocation alternatives, in light of market conditions, the Company's financial position, and shareholder interests. However, no decision has been made regarding any future buyback program at this stage.



With this, lets quickly review our results for Q1 2026 before starting the Q&A session:

Consolidated revenue declined 1.9% yoy in Q1 2026 and realized at 12 billion 701 million TL. Türkiye retail sales declined 0.8% and Türkiye online sales declined by 4.3% in the same period. Our EBITDA in Q1 2026 is 2 billion 500 million TL resulting in a healthy 19.7% EBITDA margin. We recorded 543 million TL net income this quarter. With continued positive cash generation, our net cash position surpassed 7 billion TL. With 344 thousand new customer acquisitions in the first 3 months of 2026, the number of active loyalty card members reached 6.2 million.

Moving on to review our channel performance on Slide 6 :

With all the underlying reasons we mentioned, total Türkiye sales was 1.4% lower than last year same quarter, with retail contracting 0.8%, wholesale 2.2% and e-com 4.3%. Cooler and rainier than expected weather conditions mostly impacted t-shirt sales which is an important category in e-com, resulting in softer channel performance. Total international revenue, constituting 9% of total consolidated sales, was flat year on year in constant currency in the first quarter with US sales recording 12% growth in dollar terms.

Looking into our Turkiye retail business in more detail:

We are committed to strengthening our physical presence in Turkiye and providing elevated customer experience across our locations. We take a disciplined approach to retail investments, focusing on robust feasibility studies and short payback periods. All the new stores opened over the past two year have delivered positive store contributions and all the expansions and renovations have proven to improve all store level KPIs such as traffic, conversion, upt and basket while also enhancing customer experience.

We have a busy retail development pipeline for 2026, with most of the activity planned for the second half of the year. As of the end of April, we had completed no new store openings, alongside three closures, three expansions, and seven store renovations.

That said, there was considerably more activity underway during the quarter than these figures may suggest, with several projects being completed shortly after quarter-end. As of mid-June, we have already reached three new store openings, three closures, six expansions, and eleven store renovations and upgrades.



Lets briefly elaborate on the like for like store performance on the next page:

In Q1 2026, like-for-like sales grew by 28.6% in nominal terms, translating into a 2.1% decline in real TRY terms. Looking at the underlying drivers of like-for-like performance, the pressure on consumer demand was reflected in a 3.7% decline in transaction volumes, while basket size increased by 1.7% in real terms, supported by higher units per transaction.

Our category mix management and pricing strategy remained effective in maintaining strong profitability while protecting market share. Like-for-like sales volumes declined by 1.5%; however, supported by new selling space, total Türkiye retail sales volumes were broadly stable year-on-year. Moving on to slide 10 to review category-based developments in Türkiye retail:

Category performance varied during the quarter, reflecting both category-specific dynamics and external factors.

Denim performed broadly in line with the overall business, declining by 2% versus the same period last year. The decline was mainly attributable to denim tops, while jeans remained relatively resilient. Cooler and rainier weather conditions weighed on seasonal demand, particularly in T-shirts, leading to a 12% decline in the knits category. Jacket sales were down 10%, primarily due to a strong comparable base from the same quarter last year. Encouragingly, our non-denim categories continued to perform well, with shirts growing 6%, accessories 8%, and non-denim bottoms 11% in real terms, supporting both category diversification, profitability and new customer acquisition.

Going forward to review our online sales performance on page 12:

Global online sales, including sales generated through our wholesale partners' online channels, represented 10.3% of consolidated revenues in Q1 2026.

In Türkiye, with 5.5 million active Mavi app users, mavi.com continued to outperform other online channels. Revenue declined by 1.5% on mavi.com, compared to a 7.6% decline on marketplace platforms. Our Türkiye online business consists entirely of direct-to-consumer channels and accounted for 8.2% of total sales during the quarter.

International online sales declined by 6.7% in inflation-adjusted real TRY terms, primarily due to a significant contraction in the wholesale channel. Excluding wholesale, however, mavi.com continued to perform well, delivering 1.2% growth in real TRY terms and 10.6% growth in constant currency. Overall, online sales represented 32.4% of total international revenues.

Let's move on to review our consolidated financial results:



Against a backdrop of heightened global economic uncertainty and a continued challenging demand environment in Türkiye, we are pleased to have improved our underlying gross margin by 210 basis points in the first quarter. This performance reflects the strength of our product planning capabilities, our flexible and agile sourcing model, and the effectiveness of our pricing and category management strategies. Reported gross margin reached 53.3%, despite a 100 basis point headwind from lower imputed interest income compared to the prior-year period.

Moving on to slide 15 to review our EBITDA performance.

In the first quarter of 2026, our EBITDA margin declined by 90 basis points, primarily due to a 250 basis point increase in the operating expenses-to-sales ratio. This increase was largely driven by lower sales volume, which reduced operating leverage. Despite the softer top-line performance, both gross margin and EBITDA margin came in ahead of our initial expectations.

On Slide 16, we look into our net income margin performance:

As you all know, inflation accounting has a more pronounced impact on companies such as Mavi that operate with an asset-light business model and a strong equity position. Following the discontinuation of inflation accounting in statutory financial statements at the end of 2025, this effect is expected to become more visible through a significantly higher effective tax rate. In the first quarter, our effective tax rate increased to 57%, compared to 27% in the prior-year period. We would like to highlight this development as an important modeling consideration for analysts and investors covering the Company.

Despite these accounting-related impacts, we delivered 543 million TL of net income in Q1 2026, corresponding to a net margin of 4.3%. Excluding the inflation accounting impact, the decline in net income margin is a direct result of slightly softer operational margin.

On slide 17, we will review our operational cash flow and working capital performance:

Through dynamic product planning and a flexible sourcing strategy, we continue to efficiently manage inventory and working capital, ensuring operational agility. I am pleased to share that our inventory levels remain exceptionally healthy, 7% lower in number of items compared to same period last year and comprises mostly of fresh Spring-Summer season products.

We generated 1.8 billion TL cash from our operations in Q1 2026, with a cash conversion ratio of 73%.



Moving on to the next slide:

In the first quarter, we invested 669 million TL in capital expenditure, resulting in a Capex-to-sales ratio of 5.3%. Türkiye retail investments, including store openings, expansions, renovations, as well as projects that were underway as of the end of April and completed shortly thereafter in May, accounted for 55% of total capital expenditures. Approximately 23% was related to investments in our U.S. retail operations, while 12% was allocated to R&D and 7% to digital initiatives.

At the same time, our net cash position exceeded TL 7 billion as of the end of April, demonstrating the continued strength of our balance sheet and cash generation capabilities.

As always, the foreign currency debt reflected in our consolidated financial statements relates exclusively to our international subsidiaries, which borrow in their respective local currencies. As a result, these borrowings do not create a material foreign exchange risk at the consolidated level.

Before concluding, I would like to comment on our outlook for the remainder of the year.

At this point, we are maintaining our full-year guidance unchanged. While some of the underlying assumptions behind our initial outlook, most notably inflation expectations, have changed significantly since the beginning of the year, we believe it is prudent to assess the performance of the important summer season before considering any adjustments to our guidance. We will continue to closely monitor market conditions and provide updates as appropriate.

As we look ahead, while macroeconomic and consumer demand conditions remain uncertain, we are encouraged by the resilience of our business model, the strength of our brand, and our ability to adapt quickly to changing market conditions. We remain committed to investing in sustainable long-term growth. We will continue to increase our investments in retail space, brand-building, digital capabilities, and customer experience to further strengthen our competitive position.

Our priorities remain unchanged: to outperform the apparel market, deepen customer engagement and loyalty, gain market share, and deliver profitable growth while maintaining operational excellence and a strong balance sheet.

Before opening the line for questions, I would also like to provide some early observations on the second quarter. We delivered a strong Eid holiday trading period, with Türkiye retail sales growing 40% and sales volumes increasing 15% compared to the comparable holiday period last year.

Momentum was beyond the holiday period. Between May 1 and June 7, 2026, Türkiye retail sales grew by 37.5%, while online sales increased by 31%, with both channels delivering double-digit volume growth.



While it is still early in the quarter, we are encouraged by these trends and believe they represent a positive start to the second quarter.

I am happy to take your questions at this point.

Duygu Inceoz :

Ladies and Gentleman, if you wish to ask a question, please raise your hand and we will call your name. If you prefer to type your questions you may use the chat screen. For those of you who have dialed-in via audio, we will take your questions last, when there are no more questions left on the platform.

We have a question on the chat screen from Mikhel Valja: Could you please comment on the effective tax rate. Is this higher level new normal now?

Cuneyt Yavuz:

Unfortunately yes. And this is something what we are calling out for, as I did in my comments. Due to the current inflationary reporting procedures that we are following through, our end result of how we end up paying taxes as a percentage of what we used to pay is now going to be higher as we continue to perform better. We will also be in a way quote and quote punished by higher effective tax rates. Yeah, so the answer is unfortunately yes.

Duygu Inceoz:

We can also add, this is true for almost all companies who have a negative impact on the net income due to inflation accounting. So if you look at a lot of other retail companies, you will see that they all have higher than 40% effective tax rates, and this will continue throughout the year.

And there is a follow-up question : Any plans to have new share buyback programs as well?

Cuneyt Yavuz:

This is something the board will assess, as we have just ended the program today. I think we have our next upcoming board meeting in July. So I think by that time, myself and my CFO and Duygu, we will be presenting to the board our perspective on how this program turned out. And also we will touch base with our valued investors to get a feel for what the sentiment is. Then we may or we may not decide to come back with a buyback plan. But at this point, I cannot say either way. So, no comment at this point in time.



Duygu Inceoz:

It seems like we don't have any more questions. Do you have any questions, ladies and gentlemen? Okay, thank you for your attendance. We will see you next time in our second quarter results.

Cuneyt Yavuz:

Thank you, everybody. Thanks for being with us, and we look forward to being in touch. And if you have any questions, as always, we are not your service and disposable to myself and my finance team. Have a great summer. And see you soon with great results, hopefully in the coming next month. Bye-bye.