



ML FASHION LLC

2026–2029 Development Strategy Summary

CONTENTS

Institutional Profile and Governance	2
Current Brand Portfolio and Footprint	2
Development Priorities.....	2
Macroeconomic and Demographic Validation	3
Digital Sovereignty and Omnichannel Priorities	4
Payment Solutions and Customer Privileges.....	4
IT Infrastructure and Development Vision	4
Financial Outlook and Engineering.....	5
Key Financial Indicators.....	5
ESG, Circularity and Compliance Roadmap.....	6
SWOT Analysis and Risk Mitigation	6
Key Conclusions.....	8

Institutional Profile and Governance

ML Fashion LLC (hereinafter: the Company) is a premier Armenian fashion company operating since 2017 in the importation and retail sale of clothing and accessories. The Company's mission is to enrich the Armenian and regional South Caucasus markets with recognized international fashion brands, while developing a modern, high-quality, and customer-focused retail ecosystem.

The Company possesses a robust corporate governance structure that combines clear sole ownership, Board-level strategic oversight, and elite executive management. Liana Martirosyan, the Company's sole shareholder and Executive Director, possesses more than 25 years of retail leadership experience. She is supported by a Board of Directors that provides strategic supervision and strengthens decision-making around regional scaling, corporate financing, risk management, and brand development. The Board consists of a Board Chair and Board members with long-standing international business and management experience. Day-to-day operations are led by the Executive Director, supported by a centralized finance function and specialized operational departments.

The Company has a proven, highly successful track record of launching and scaling international brands locally. Having introduced the Zarina brand in 2018, ML Fashion LLC has scaled the brand to a robust 12-store network by 2026, which strategically covers both the high-density Yerevan market and regional cities (Gyumri, Vanadzor, and Echmiatsin). Furthermore, the Spanish brand Punt Roma, introduced by the Company in 2025, quickly established its presence and already operates two active stores in Yerevan as of 2026. Together, these brands provide the Company with a highly productive 14-store operational base, establishing its local capability in brand execution, cross-border logistics, and customer lifetime value development.

Current Brand Portfolio and Footprint

Brand Component	Status in 2026	Geographic Distribution	Strategic Role
Zarina Woman	12 stores	National (Armenia)	Core revenue driver; proven market scale
Punt Roma	2 stores	Yerevan	Mid-market anchor; rapid market entry success
Zarina Man	1 store	Yerevan	Assortment broadening and niche capture
Gerry Weber	Launching 2026	Georgia	Regional scaling anchor; South Caucasus hub

Development Priorities

The Company's current strategic cycle focuses on geographical scaling, product diversification, and a comprehensive digital transformation of the sales funnel:

- **Geographic Expansion:** Enter the Georgian market through the launch of Zarina, Punt Roma, and Gerry Weber stores, establishing a highly integrated Armenia-Georgia retail cluster.
- **Product Diversification:** Broaden the product assortment of existing Armenian stores by introducing the Zarina Men's clothing line to capture underserved menswear segments.
- **Digital Sovereignty:** Develop advanced omnichannel sales through the Company's proprietary e-commerce website and integrated local digital marketplaces.
- **Portfolio Enrichment:** Align with Tier-1 global retailers to introduce major international brands into the South Caucasus market.

Enriching the brand portfolio is a strategic imperative for regional dominance. By selecting target brands that cover distinct market segments – ranging from functional daily basics and fast fashion to budget-friendly family assortments – the Company will build a highly competitive regional offering, capture extensive customer demographics, and establish multi-market leadership.

Macroeconomic and Demographic Validation

The retail landscape of the South Caucasus in 2026 is undergoing a profound structural transition, moving from a fragmented, wholesale-dependent trade model to a sophisticated, consumer-centric ecosystem characterized by high growth and rapid technological integration. Armenia, in particular, represents a high-performance market; in the first two months of 2026, total retail trade in Armenia grew by 8.1% year-on-year, significantly outperforming the broader economic trade turnover.

Consumer conditions are highly supportive of retail expansion. In January 2026, average monthly nominal wages in Armenia grew by 5.4% year-on-year, while inflation remained stable at 3.8%. Crucially, the annual price growth in the clothing and footwear category was suppressed at a remarkable 0.4%. Controlled inflation, combined with rising disposable incomes and available consumer credit, supports discretionary purchasing power and creates a highly predictable financial environment for global brands.

Furthermore, tourism serves as a structural demand multiplier. In 2025, leisure and entertainment accounted for 56.2% of all tourist visits to Armenia, ensuring a consistent seasonal influx of high-disposable-income consumers who are already loyal to global apparel logos.

The operational viability of organized global retail is strongly validated by the high-performing regional presence of Inditex (operated by Cenomi Retail), where Armenia and

Georgia contribute 12% and 35% respectively to international retail revenues¹. While local, unorganized boutique brands face severe production bottlenecks and struggle with scalability, global brands enjoy immediate, massive consumer trust in Yerevan's leading trade centers.

Digital Sovereignty and Omnichannel Priorities

Armenia's digital market in 2026 is highly mature, with e-commerce serving as the core foundation of retail marketing strategies. There are 2.36 million active internet users in Armenia (an 80.0% penetration rate) and 1.65 million active social media user identities (representing 72.7% of the adult population)². This digital connectivity supports a consumer model where customers research styles, compare prices, and engage with brands online before purchasing either digitally or in physical stores.

To capitalize on these mobile-first shopping behaviors, ML Fashion LLC is launching a fully integrated omnichannel model in the third quarter of 2026. In addition to its proprietary website, the Company is implementing full integration with leading local e-commerce channels, buy.am and Bidygo. This unified digital ecosystem will feature a seamless, real-time Single View of Inventory (SVI), automated store-to-online stock coordination, and a highly optimized sales funnel that leverages cross-channel analytics and first-party data capture.

Payment Solutions and Customer Privileges

Shopping at the Company's retail chain is now even more convenient and flexible! The customers can purchase their favorite products instantly, using international bank cards as well as leading digital tools and applications for payment. The Company's system is integrated with Rocket Line (Idram & IDBank), Pay Later (InecoMobile), My Pay (MyAmeria), and Tellcell Wallet, thus allowing customers to choose their preferred payment method.

Furthermore, the Company proudly partners with the "Yerevan City" loyalty program and the "Lady Zone" fitness club chain, offering customers exclusive additional discounts and privileges during their shopping experience.

IT Infrastructure and Development Vision

The Company has implemented comprehensive IT infrastructure modernization and digital transformation measures aimed at enhancing business process efficiency, ensuring data security, and establishing the technological foundation required for future growth.

Among most recent improvements of the IT infrastructure, hardware and software across the entire retail network have been upgraded; all branches and retail stores have been interconnected through a unified, secure IPSec VPN tunnel network; video surveillance and

¹ https://ir.cenomiretail.com/media/zpmpblqa/investor-presentation_q2-2025.pdf?utm

² <https://datareportal.com/reports/digital-2026-armenia>

security systems have been modernized; next-generation licensed FortiGate 40F Firewall solution has been deployed and commissioned, data backup and disaster recovery mechanisms have been improved; and the Task Management System has been upgraded.

The Company is dedicated to further technology development and digital transformation by implementing modern technological solutions, expanding the use of automation, and further strengthening information security. Planned initiatives include enhancement of data analytics and reporting systems, expansion of API integrations, introduction of new digital services, further modernization of IT infrastructure, and ensuring the scalability of the IT environment in line with the Company’s growing operational needs and long-term development strategy.

Financial Outlook and Engineering

The Company’s financial strategy projects a rapid transition from high-leverage growth to capital-stable, high-margin market leadership. By 2029, the Company's balance sheet will be exceptionally strong, with the borrowed funds-to-equity ratio projected to fall from 3.6x in 2025 to a highly conservative 0.04x.

To accelerate this strategic expansion, the Company is issuing an AMD 500 million nominal coupon bond in the second quarter of 2026. The proceeds will be strategically deployed to fund the regional rollout, secure prime real estate leases, and finance the initial inventory requirements for incoming international brands.

By 2029, total assets are projected to reach EUR 6,577 thousand and equity will rise to EUR 4,097 thousand, with bank loans and short-term debt instruments successfully repaid. Driven by cost-optimization measures, streamlined logistics, and the high margins of Tier-1 brands, operating profit is planned to increase from EUR 474.4 thousand in 2025 to EUR 2,249.4 thousand by 2029. This represents a significant operating margin expansion from 10.12% to 18.07%. EBITDA is projected to grow by 178.64%³ up to EUR 3,107.9 thousand, while the borrowed funds-to-EBITDA ratio drops to a microscopic 5.00%, proving outstanding debt-service capacity.

Key Financial Indicators

Key financial indicators for 2025 (factual) and 2029 (projected) are summarized below:

Indicator	2025 Factual ⁴		2029 Forecast	
	AMD million	EUR thousand	AMD million	EUR thousand ⁵
Revenue	2,091.4	4,689.2	4,207.7	12,448.9

³ Calculation of the EBITDA growth is based on indicators denominated in AMD to ensure accuracy and consistency, given the variance in foreign exchange rates between the periods.

⁴ EUR/ AMD exchange rate is 446; Central Bank of Armenia, <https://www.cba.am/en/statistics/exchange-rate/284>

⁵ EUR/ AMD exchange rate forecast is 338; Traders Union, <https://tradersunion.com/currencies/forecast/eur-amd/long-term-forecast/>; Gov Capital, <https://gov.capital/forex-forecast/eur-amd/>

Operating profit	211.6	474.4	760.3	2,249.4
Operating margin	10.12%		18.07%	
EBITDA	377.0	845.2	1,050.5	3,107.9
Net profit	75.9	170.2	498.7	1,475.3
Total assets	1,176.0	2,636.8	2,223.2	6,577.6
Equity	61.5	138.0	1,384.8	4,097.0
Liabilities	1,114.5	2,498.8	838.5	2,480.6
Borrowed funds / equity	3.6x		0.04x	
Borrowed funds / EBITDA	59.00%		5.00%	

ESG, Circularity and Compliance Roadmap

ML Fashion LLC is fully committed to responsible retail operations. The Company's supply chain is anchored on transparent import documentation, verified product traceability, and ethical sourcing procedures across all corporate departments.

To align with European compliance standards and support its prospective international partners, the Company is actively preparing for the 2027 EU Digital Product Passport (DPP) mandate by establishing fully traceable, tech-enabled supply chain and inventory tracking systems. Furthermore, the Company's operational procedures are designed to meet the rigorous human rights and environmental auditing requirements of the German Supply Chain Due Diligence Act (LkSG), removing compliance friction for European brand headquarters.

As the next stage of its ESG roadmap, the Company is deploying localized circularity initiatives. In-store clothing donation bins and garment repair partnerships – highly valued by modern, socially conscious consumers – are scheduled to launch in flagship locations, replicating relevant global sustainability initiatives.

SWOT Analysis and Risk Mitigation

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> Operating since 2017 in multicultural retail environments Established 14-store operating platform across urban areas Robust customer database to guide localized brand buying Proven omnichannel roadmap and local platform integrations Nominal coupon bond financing securing capital for growth 	<ul style="list-style-type: none"> Dependence on imported products Exposure to foreign exchange fluctuations (AMD/EUR/USD) Exposure to international logistics disruptions and freight costs High initial CAPEX and fit-out costs for large-scale physical stores

Opportunities	Threats
<ul style="list-style-type: none"> • Rapid growth of organized retail trade in Armenia (up 8.1%) • Evolving consumer behaviors shifting toward digital discovery 	<ul style="list-style-type: none"> • Intense competition from established global fashion groups • Geopolitical instability disrupting traditional transit corridors

Practical Risk Mitigation Measures

Potential Risk	Practical Mitigation Measures
Import dependency and supply disruption	<ul style="list-style-type: none"> • Maintain a minimum safety stock of 15% to 20% for best-selling basics and core sizes. • To bypass Middle East logistical bottlenecks, reroute imports through Georgian Black Sea ports (Poti/ Batumi) overland to Yerevan via a highly efficient 700 km road corridor. • For European stock, utilize direct land transport via Balkan highway corridors, securing fast transit times of 10–14 days from Central European logistics hubs.
Foreign exchange fluctuations	<ul style="list-style-type: none"> • Regularly monitor EUR/AMD and USD/AMD currency movements. • Implement rolling hedging contracts and adjust pricing structures, order volumes, or category mixes to protect gross profit margins.
High rent and store fit-out costs	<ul style="list-style-type: none"> • Deploy a phased store rollout strategy instead of opening multiple locations simultaneously. • Prioritize one high-performing flagship location first, optimize its unit economics, and validate localized demand before committing to secondary locations.
Fashion trend risk	<ul style="list-style-type: none"> • Review sell-through rates weekly using real-time POS data. • Apply early markdowns to slow-moving styles within 3 to 4 weeks, matching global fast-fashion cycles. • Utilize conservative initial buying volumes for trendy items, relying on highly responsive replenishment pipelines for proven basics.
Changing consumer price sensitivity	<ul style="list-style-type: none"> • Continuously track transaction values, conversion rates, and markdown sensitivities. • Utilize targeted loyalty campaigns, bundled offerings, and personalized digital promotions through the e-commerce app to drive sales without broad, margin-eroding discounting.
Customs and regulatory changes	<ul style="list-style-type: none"> • Establish a brand-specific import compliance checklist covering HS code classification, certificates of origin, and labeling standards. • Utilize pre-shipment customs compliance audits with experienced brokers before dispatch. • Leverage the newly established joint customs checkpoints between Georgia and Armenia to reduce cross-border transit times and transaction costs.

Key Conclusions

The development strategy of ML Fashion LLC presents a grounded, realistic, and highly lucrative path toward becoming the dominant international fashion retail platform in the South Caucasus. Backed by an established 14-store infrastructure, an experienced leadership team, and a solid financial turnaround that prioritizes de-leveraging and corporate transparency, the Company possesses all the required capabilities to successfully manage and scale global brand portfolios.

By aligning with leading global brands under a tailored partnership model, ML Fashion LLC will effectively capture regional market share, diversify its customer base, and drive sustainable growth. For global retail leaders, partnering with ML Fashion LLC represents an outstanding strategic opportunity to capture a high-potential, underserved consumer market and secure a powerful, first-mover regional advantage in the emerging Eurasian transport corridor.