Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Financial Statements
As At and For The Year Ended
31 January 2023 and Independent Auditor's Report

(Convenience Translation of
the Report and the Consolidated
Financial Statements Originally Issued in Turkish)

14 March 2023

This report includes 7 pages of independent auditor's report and 85 pages of consolidated financial statements together with their explanatory notes.

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(Convenience Translation of the Report and the Consolidated Financial Statements Originally Issued in Turkish)

INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi A.Ş.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi A.Ş. (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 January 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 January 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRSs).

Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (“Code of Ethics”) published by the POA, together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How the matter was addressed in the audit**
Right of use assets amounting to TL 576,392 thousand and lease labilities amounting to 640,061 thousand TL were recognized in the consolidated financial statements as of 31 January 2023. The amounts recognized as a result of the application of TFRS 16 are significant in terms of consolidated financial statements and the issue of determining the accounting policies depends on the Group management's choices. In addition, the calculation of the right-of-use assets and related lease liabilities includes important estimates and assumptions of the management. The most important of these assumptions are the evaluation of the options for extending the lease terms, early termination, and interet rate. Considering the aforementioned reasons, the effects of the application of TFRS 16 on the consolidated financial statements and the notes related to the consolidated financial statements have been identified as an important issue for our audit. Please refer to notes 2.5, 5 and 14 to the consolidated financial statements for the relevant disclosures, including the accounting policy and related amounts.	We performed the following procedures in relation to TFRS 16 and evaluation of the significant estimates and assumptions: Understanding and evaluating the important processes affecting financial reporting regarding the TFRS 16 Standard, Testing the reports received from the system for the completeness of the contract lists, Recalculation of the right of use assets and lease liabilities, which are accounted for in the consolidated financial statements by taking into account the lease contracts within the scope of TFRS 16, Audit of the appropriateness of the rent increase rate, interest rates etc. used in these calculations, To check the appropriateness of the evaluation of the matters related to the duration of the lease contracts and the extension options used in these calculations by selecting the sample contracts subject to the calculation of the right-of-use assets and the lease liabilities, Through involvement of our internal TFRS 16 specialists, assessing the reasonableness of interest rates, extension options Testing of the disclosures in the consolidated financial statements in relation to TFRS 16 and and evaluating the adequacy of these disclosures for TFRS 16 requirements.

Key Audit Matters (Cont'd)

Key Audit Matter	**How the matter was addressed in the audit**
The key audit matter The Group's inventories include a risk of impairment due to changes in consumer demands and fashion trends. Calculation of the provision for inventory impairment involves significant management estimates and assumptions. These estimates and assumptions include determining the provision for the expected impairment in the value of non-moving inventories due to the decrease in customer demand and changing fashion trends. The provision for the impairment of inventories has been identified as one of the key audit matters since the inventory balance is significant in the consolidated financial statements and computation of inventory impairment provision involves management judgments and estimates.	Our audit procedures for testing the impairment on inventories included the following: Understanding and evaluating the reasonableness of the provisioning policy and the assessment of its compliance, lnquiry with the Group management about the risk of impairment as a result of changes in customer demands and fashion trends, Evaluation of adequacy of the provision for impairment on inventories through comparing with prior periods, Evaluation of the accuracy and completeness of the inventory reports which are used to calculate the provision for inventories, Testing the net selling prices used in the calculation of the net realizable value of inventories on a sample basis, Observation of obsolete, damaged and write off inventories during the inventory counts. The disclosures in the consolidated financial statements in relation to the inventory impairment provision is tested and the adequacy of such disclosures are evaluated.

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Other Information

Management is responsible for the other information. The other information comprises the Appendix I and Appendix 2 disclosed as "Other information" at the notes to the condensed consolidated interim financial statements but are not part of the condensed consolidated interim financial statements and of our auditor's report thereon

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the standards on auditing issued by Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the standards on auditing issued by Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 14 March 2023.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 Februay-31 January 2023 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Tolga Sirkecioğlu.

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Additional paragraph for convenience translation to English

In the accompanying consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Tolga Sirkecioğlu
Partner

İstanbul, 14 March 2023

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Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Financial Position

As of 31 January 2023

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

		Audited	Audited
	Note	**31 January 2023**	**31 January 2022**
ASSETS			
Current assets			
Cash and cash equivalents	*4*	3,244,612	1,481,617
Financial investments		58,150	27,024
Trade receivables		870,657	394,487
- Due from third parties	*7*	*870,657*	*394,487*
Other receivables		31,410	33,211
- Due from related parties	*6*	*12,216*	--
- Due from third parties	*8*	*19,194*	*33,211*
Inventories	*9*	2,307,586	751,398
Derivative instruments	*32*	--	28,882
Prepaid expenses	*10*	196,142	120,666
- Due from related parties	*6*	*82,365*	*86,982*
- Due from third parties		*113,777*	*33,684*
Current tax assets	*30*	32,987	7,453
Other current assets	*19*	43,204	11,445
Total current assets		**6,784,748**	**2,856,183**
Non-current assets			
Other receivables		10,575	6,354
- Due from third parties	*8*	*10,575*	*6,354*
Property, plant and equipment	*11*	395,452	258,987
Right-of-use assets	*14*	576,392	450,505
Intangible assets		662,644	473,907
- Other intangible asset	*12*	*185,268*	*130,889*
- Goodwill	*13*	*477,376*	*343,018*
Prepaid expenses		--	7
- Due from third parties	*10*	--	*7*
Deferred tax asset	*30*	212,933	49,361
Total non-current assets		**1,857,996**	**1,239,121**
TOTAL ASSETS		**8,642,744**	**4,095,304**

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Financial Position
As of 31 January 2023
(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Note	**Audited** **31 January 2023**	**Audited** **31 January 2022**
LIABILITIES			
Current liabilities			
Short-term borrowings	*5*	813,247	644,828
Short-term lease liabilities	*5*	350,245	229,295
- Due to related parties	*6*	*459*	*3,872*
- Due to third parties		*349,786*	*225,423*
Short-term portion of long-term borrowings	*5*	217,297	245,780
Short-term issued debt instruments	*5*	509,972	--
Trade payables		2,960,521	1,188,646
- Due to related parties	*6*	*323,941*	*212,803*
- Due to third parties	*7*	*2,636,580*	*975,843*
Payables related to employee benefits	*18*	203,020	100,056
Other payables		39,762	19,019
- Due to related parties	*6*	*41*	*41*
- Due to third parties	*8*	*39,721*	*18,978*
Deferred income	*10*	81,668	29,826
Short-term provisions		124,343	43,303
- Short-term provisions for employee benefits	*15*	*18,829*	*8,773*
- Other short-term provisions	*15*	*105,514*	*34,530*
Derivative instruments	*32*	*17,698*	--
Current tax liabilities	*30*	82,191	51,501
Other current liabilities	*19*	43,633	18,119
Total current liabilities		**5,443,597**	**2,570,373**
Non-current liabilities			
Long-term lease liabilities	*5*	289,816	276,630
- Due to related parties	*6*	--	*330*
- Due to third parties		*289,816*	*276,300*
Deferred income	*10*	34,009	730
Payables related to employee benefits		67,480	19,921
Long-term provisions		61,122	23,176
- Long-term provisions for employee benefits	*15,17*	*61,122*	*23,176*
Deferred tax liability	*30*	14,772	11,117
Total non-current liabilities		**467,199**	**331,574**
TOTAL LIABILITIES		**5,910,796**	**2,901,947**

The accompanying notes from an integral part of these financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Financial Position

As of 31 January 2023

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

		Audited	**Audited**
	Note	**31 January 2023**	**31 January 2022**
EQUITY			
Equity attributable to owners of the Company		**2,591,537**	**1,114,503**
Paid-in share capital	*20*	99,314	49,657
The effect of mergers involving undertakings or businesses under common control		(35,757)	(35,757)
Share based payment fund		945	--
Other comprehensive income or expenses not to be reclassified to profit or loss		(14,388)	(12,293)
Defined benefit plans remeasurement losses		*(14,388)*	*(12,293)*
Other comprehensive income or expenses to be reclassified to profit or loss		529,961	375,518
Foreign currency translation differences		*544,118*	*353,279*
Hedging gain / (losses)		*(14,157)*	*22,239*
Restricted reserves appropriated from profit		19,771	19,771
Retained earnings		552,316	317,166
Net profit for the period		1,439,375	400,441
Non-controlling interests		**140,411**	**78,854**
Total equity		**2,731,948**	**1,193,357**
TOTAL EQUITY AND LIABILITIES		**8,642,744**	**4,095,304**

The accompanying notes from an integral part of these financial statements

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 January 2023

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Note	Audited 1 February 2022 – 31 January 2023	Audited 1 February 2021 – 31 January 2022
Profit or loss			
Revenue	*21*	10,591,901	4,619,319
Cost of sales (-)	*22*	(4,989,794)	(2,247,656)
Gross profit		**5,602,107**	**2,371,663**
Administrative expenses (-)	*23*	(674,224)	(302,490)
Selling, marketing and distribution expenses (-)	*23*	(2,874,658)	(1,366,067)
Research and development expenses (-)	*24*	(75,714)	(45,065)
Other operating income	*25*	76,108	47,761
Other operating expenses (-)	*25*	(30,875)	(7,162)
Operating profit		**2,022,744**	**698,640**
Income from investment activities	*26*	14,455	158
Expenses from investment activities (-)	*26*	(685)	(12)
Operating profit before finance expense		**2,036,514**	**698,786**
Finance income	*28*	304,767	163,132
Finance costs (-)	*29*	(638,198)	(322,896)
Finance expenses, net		**(333,431)**	**(159,764)**
Profit before tax		**1,703,083**	**539,022**
Tax expense	***30***	**(243,939)**	**(116,004)**
- Tax expense for the period	*30*	(399,948)	(155,823)
- Deferred tax income	*30*	156,009	39,819
Net profit		**1,459,144**	**423,018**
Distribution of profit for the period			
Non-controlling interests		19,769	22,577
Owners of the Company		1,439,375	400,441
Earnings per share	***31***	**14.4932**	**4.0320**

The accompanying notes from an integral part of these financial statements

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 January 2023

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

	Note	**Audited** **1 February 2022 – 31 January 2023**	**Audited** **1 February 2021 – 31 January 2022**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement (losses) of defined benefit plans	17	(2,618)	(7,560)
Deferred tax income	30	523	1,512
Items that will be reclassified to profit or loss			
Foreign currency translation differences		225,269	243,606
Cash flow hedging gains		(46,580)	37,482
Deferred tax income/(expense)	30	10,184	(8,363)
Other comprehensive income		**186,778**	**266,677**
Total comprehensive income		**1,645,922**	**689,695**
Distribution of total comprehensive income			
Non-controlling interests		54,199	54,637
Owners of the Company		1,591,723	635,058

The accompanying notes from an integral part of these financial statements

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statement of Changes in Equity

For the Year Ended 31 January 2023

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

					Other comprehensive income that will not reclassified to profit or loss	Other comprehensive income that will reclassified to profit or loss		Retained earnings				
	Share capital	Legal reserves	Purchase of share of entities under common control	Share based payment fund	Remeasurement of defined benefit liability	Foreign currency translation reserve	Hedging reserve	Retained earnings	Net profit	Attributable to owners of the Company	Attributable to non-controlling interest	Total equity
Balance as at 1 February 2021	**49,657**	**19,771**	**(35,757)**	**--**	**(6,245)**	**141,733**	**(6,880)**	**342,930**	**4,583**	**509,792**	**24,217**	**534,009**
Transfers	--	--	--	--	--	--	--	4,583	(4,583)	--	--	--
Dividend payment	--	--	--	--	--	--	--	(30,347)	--	(30,347)	--	(30,347)
Total comprehensive income	--	--	--	--	(6,048)	211,546	29,119	--	400,441	635,058	54,637	689,695
Total balance as at 31 January 2022	**49,657**	**19,771**	**(35,757)**	**--**	**(12,293)**	**353,279**	**22,239**	**317,166**	**400,441**	**1,114,503**	**78,854**	**1,193,357**
Balance as at 1 February 2022	**49,657**	**19,771**	**(35,757)**	**--**	**(12,293)**	**353,279**	**22,239**	**317,166**	**400,441**	**1,114,503**	**78,854**	**1,193,357**
Transfers	49,657	--	--	--	--	--	--	350,784	(400,441)	--	--	--
Dividend payment	--	--	--	--	--	--	--	(120,429)	--	(120,429)	--	(120,429)
Increase (decrease) due to share-based transactions (Note 2.2c)	--	--	--	945	--	--	--	4,795	--	5,740	7,358	13,098
Total comprehensive income	--	--	--	--	(2,095)	190,839	(36,396)	--	1,439,375	1,591,723	54,199	1,645,922
Total balance as at 31 January 2023	**99,314**	**19,771**	**(35,757)**	**945**	**(14,388)**	**544,118**	**(14,157)**	**552,316**	**1,439,375**	**2,591,537**	**140,411**	**2,731,948**

The accompanying notes from an integral part of these financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Statement of Cash Flow

for the year ended 31 January 2023

(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)

		Audited	**Audited**
Cash flows from operating activities	***Note***	**31 January 2023**	**31 January 2022**
Net profit for the period		**1,459,144**	**423,018**
Adjustments for:			
Adjustments for depreciation and amortization expense	11,12,14,27	503,024	358,049
Adjustments for interest income	28	(272,650)	(134,294)
Adjustments for interest expense	29	633,538	298,560
Adjustments for provision for vacation	15	10,184	3,722
Adjustments for fair value losses / (gains) of financial assets		(13,087)	--
Adjustments for provision for employment termination benefit	17	54,961	19,996
Adjustments for impairment losses on trade receivables	34	3,407	147
Adjustments for rediscount interest expense/(income) on trade payables	25	(25,945)	(6,477)
Adjustments for share-based payments		945	--
Adjustments for expected credit losses	25	1,279	(1,248)
Adjustments for inventory impairment	9	90,857	20,572
Adjustments for provisions for short-term and long-term payables	15	62,408	10,006
Adjustments for (gains) / losses on disposal of property, plant and equipment	26	(683)	(146)
Adjustments for tax expense	30	243,939	116,004
Adjustments for unrealized foreign currency translation differences		161,954	192,298
		2,913,275	**1,300,207**
Changes in working capital:			
Change in trade receivables		(497,853)	(177,430)
Change in inventories		(1,654,872)	(218,098)
Change in prepaid expenses		(75,470)	(73,357)
Change in other receivables		9,796	(26,692)
Change in other current and non-current assets		(31,756)	12,610
Change in employee benefits liabilities		150,525	81,114
Change in trade payables		1,686,683	500,421
Change in payables to related parties		111,138	56,372
Change in deferred income		85,122	10,979
Change in other payables		20,744	15,107
Change in short-term and long-term provisions		(798)	(891)
Change in other liabilities		25,320	5,034
Cash flows used in operating activities		**2,741,854**	**1,485,376**
Employment termination benefits paid	15,17	(22,308)	(15,022)
Tax payments	30	(394,792)	(100,343)
A. Net cash from operating activities		**2,324,754**	**1,370,011**
Cash flows from investing activities			
Cash outflows from purchase of property, plant and equipment	11	(220,815)	(130,292)
Cash inflows from sale of property, plant and equipment and intangible assets		3,207	411
Cash inflows from purchase of funds		(357)	--
Cash outflows from purchase of intangible assets	12	(74,141)	(33,537)
Other investing activities		(18,112)	(27,024)
Interest received		254,158	83,683
B. Net cash flow used in investing activities		**(56,060)**	**(106,759)**
Cash inflows from borrowings	5	1,286,528	736,901
Cash outflows from payment of borrowings	5	(762,280)	(886,251)
Cash outflows from payments of lease contracts		(429,847)	(269,864)
Other financial cash outflows	29	(322,504)	(133,633)
Dividend paid		(120,429)	(30,347)
Interest paid		(175,659)	(91,324)
C. Net cash flow generated from/(used in) financing activities		**(524,191)**	**(674,518)**
Net increase in cash and cash equivalent (A+B+C)		**1,744,503**	**588,734**
Cash and cash equivalents at the beginning of the period		**1,478,609**	**889,875**
Cash and cash equivalents at the end of the period (A+B+C+D)	4	**3,223,112**	**1,478,609**

The accompanying notes from an integral part of these financial statements.

(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)

1 Organization and Operations of the Group

Mavi Giyim Sanayi ve Ticaret A.Ş. (the “Company” or “Mavi Giyim”), established in 1991, engages in wholesale and retail sales of ready-to-wear denim apparel. The product range includes knit and woven shirts, t-shirts, sweaters, jackets, skirts, dresses, accessories and denim bottoms for men, women and children. The Company’s registered office is Sultan Selim Mahallesi, Eski Büyükdere Caddesi, No. 53, 34418 Kağıthane Istanbul/Turkey.

Export sales operations started in 1994. Mavi Giyim has offices and showrooms in New York, Vancouver, Moscow, New Jersey, Los Angeles, Atlanta, Dallas, Toronto, Montreal, Düsseldorf, Munich, Hamburg, Leipzig, Sindelfingen, Heusenstamm, Zurich, Salzburg, Prague, Brussels and Almere.

Shares of the Company has been traded at Borsa Istanbul (“BIST”) since 15 June 2017. As of 31 January 2023, the Company's main shareholders are Blue International Holding B.V., which owns 0.22% of the Company's share capital, and Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar, each of whom own 9.062% of the Company's share capital (31 January 2022: Blue International Holding B.V., which owns 0.22% of the Company's share capital, and Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar, each of whom own 9.062% of the Company's share capital). Blue International Holding B.V. is controlled by Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar.

The consolidated financial statements as at 31 January 2023 include financial position and the results of Mavi Giyim, Mavi Europe AG (“Mavi Europe”) and Mavi LLC (“Mavi Russia”), Eflatun Giyim Yatırım Ticaret Anonim Şirketi (“Eflatun Giyim”), Mavi Jeans Incorporated (“Mavi Canada”), Mavi Jeans Incorporated (“Mavi United States of America (“USA”), Mavi Kazakhstan LLP and its subsidiaries are referred here as the “Group” and individually “the Group entity” in this report. The ownership interest of and voting power held by the Company as at and for the years ended 31 January 2023 and 31 January 2022 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Ownership interest and voting rights	
			31 January 2023	31 January 2022
Mavi Europe	Germanya	Wholesale and retail sales of apparel	100.00	100.00
Mavi Russia	Russia	Wholesale and retail sales of apparel	100.00	100.00
Eflatun Giyim	Turkey	Holding	51.00	51.00
Mavi USA(1)	USA	Wholesale and retail sales of apparel	47.69	51.00
Mavi Canada	Canada	Wholesale and retail sales of apparel	63.25	63.25
Mavi Kazakhstan (2)	Kazakhstan	Retail sales of apparel	100.00	100.00

(1)Change in Mavi USA ownership interest is explained in note 2.2c .

(2)Mavi Kazakhstan is in the liquidation process and does no longer proceed any operations as of 31 October 2015. Financial statements of Mavi Kazakhstan have not been consolidated since its operations insignificant in terms of consolidated financial statements, as of 31 January 2023.

As of 31 January 2023, Group’s total number of employees is 5,670 (31 January 2022: 5,111).

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

2 Basis of presentation of financial statements

2.1 Basis of presentation of consolidated financial statements

(a) Statement of compliance to Turkish Financial Reporting Standarts ("TFRSs")

The accompanying consolidated financial statements have been prepared in line with Capital Markets Board ("CMB"), Communiqué Serial: II, No. 14.1 on "Principles on Financial Reporting in Capital Market" ("the Communiqué"), promulgated in Official Gazette No. 28676 dated 13 June 2013. TFRSs include Standards and Interpretations published by POA under the names of Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations.

The consolidated financial statements are presented in accordance with TFRS Taxonomy developed based on the "Financial Statement Examples and User Guide" announced by the POA published in the Offical Gazette dated 7 June 2019 and numbered 30794.

Approval of consolidated financial statements:

The consolidated financial statements were approved by the Board of Directors of the Company on 14 March 2023. The General Assembly of the Company has the right to amend and the related regulatory authorities have the right to demand the amendment of these consolidated financial statements.

(b) Functional and presentation currency

Except for its subsidiaries established abroad, the functional currency of the companies included in the consolidation is Turkish Lira ("TL") and they keep their accounting records in TL in accordance with the commercial legislation, financial legislation and Uniform Chart of Accounts published by the Ministry of Finance.

Consolidated financial statements and notes are based on the legal records of the Group companies and are presented in TL unless otherwise stated and it has been prepared by subjecting some adjustments and classification changes in order to present adequately the status of the Group in accordance with the Turkish Accounting Standards published by KGK. All other foreign currency amounts are shown in Thousand Turkish Lira ("TL") unless otherwise stated.

The table below summarises functional currencies of the Group entities.

Company	Functional currency
Mavi Giyim	TL
Mavi Europe	Euro ("EUR")
Mavi Russia	Rouble ("RUB")
Eflatun Giyim	TL
Mavi USA	US Dollars ("USD")
Mavi Canada	Canada Dollars ("CAD")

(c) Basis of measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

The methods used to measure fair values are discussed further in Note 2.5(q).

2 Basis of presentation of financial statements (continued)

2.1 Basis of presentation of consolidated financial statements (continued)

<u>Restatement of financial statements during periods of high inflation</u>

POA made an announcement on 20 January 2022 regarding the application of TAS 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") for entities adopting Turkish Financial Reporting Standards ("TFRS") for the year ended 31 December 2021. The announcement stated that, entities that apply TFRS should not adjust their financial statements in accordance with TAS 29 for the year ended 31 December 2021. As of the date of this report, POA has not made any further announcements regarding the scope and application of TAS 29. As a result, no inflation adjustment was made to the accompanying consolidated financial statements as of 31 December 2022 in accordance with TAS 29.

2.2 Basis of consolidation

Consolidated financial statements include the financial statements of the Company and its subsidiaries controlled by the Company. Control is exercised by an entity having power over its financial and operational policies in order to derive benefits from its activities. The financial statements of the companies included in the consolidation have been prepared as of the same date as the consolidated financial statements.

(a) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 2.5 (f)). Transactions costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

2 Basis of presentation of financial statements (continued)

2.2 Basis of consolidation (continued)

(c) Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's share in subsidiaries that do not result in loss of control are accounted for as equity transactions.

Eflatun Giyim, 51% subsidiary of the Group, has transferred 6.5% of its Mavi Jeans Inc. ("Mavi USA") shares to one of its personnel in accordance with the 6-year contract signed on 30 December 2022. The Group accounted for the transaction in accordance with TFRS 2 share-based payments standard and recorded a share based payment fund amounting to TL 945.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(e) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparative periods are restated. The restatement does not extend to periods during which the entities were not under common control. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Company's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Company equity and any gain/loss arising is recognised directly in equity.

(f) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated via monthly average exchange rates.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

2 Basis of presentation of financial statements (continued)

2.2 Basis of consolidation (continued)

(f) Foreign currency (continued)

ii) Foreign operations (continued)

Foreign currency differences are recognised in other comprehensive income and accumulated into the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes off only part of its investment in an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The Group and subsidiaries use either TL, EUR, RUB, USD or CAD as functional currencies since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group and subsidiaries and reflect the economic substance of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies. The Group uses TL as the reporting currency.

The financial statements of subsidiaries that reported in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated in terms of the measuring unit current at the reporting dates as the reporting currency. Since the inflation acoounting practises are decided to be ended on 31 December 2005, TL has been evaluated as the currency of a non-hyperinflationary economy as of 1 January 2005.

The foreign currency exchange rates as at balance sheet date of the related periods are as follows:

	31 January 2023	31 January 2022
TL / EUR	20.4525	14.9676
TL / USD	18.7876	13.4015
TL / RUB	0.2684	0.1719
TL / CAD	14.0723	10.5121

The foreign average currency exchange rates for the related periods are as follows:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
TL / EUR	17.7789	10.9760
TL / USD	16.9962	9.3764
TL / RUB	0.2573	0.1262
TL / CAD	12.9552	7.4663

2 Basis of presentation of financial statements (continued)

2.3 Change in significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements. Material changes in accounting policies and material accounting errors are adjusted retrospectively and prior period's consolidated financial statements are restated.

2.4 Changes in accounting estimates and errors

Changes in accounting policies or accounting errors are applied retrospectively and the consolidated financial statements of the previous periods are restated. If estimated changes in accounting policies are for only one period, changes are applied on the current year but if the estimated changes effect the following periods, changes are applied both on the current and following years prospectively. When a significant accounting error is identified, it is corrected retrospectively and the prior year consolidated financial statements are restated.

Comparative information and restatement of prior period financial statements
The consolidated financial statements of the Group are prepared in comparison with the prior period in order to allow the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when deemed necessary. In the current period, the Group has made some reclassifications in its prior period financial statements. The nature, reason and amounts of the classifications are explained below:

- Fx protected deposit amounting to TL 27,024, which was accounted as time deposit in the consolidated statement of financial position for the accounting period ending on 31 January 2022, is reclassified to "financial investment" in comparative financial statements.

The reclassification has no impact on the profit for the period ended on 31 January 2022.

2.5 Summary of significant accounting policies

Accounting policies have been applied consistently by the Group in all periods presented in the consolidated financial statements. If changes in accounting estimates and errors are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively.

There has been no significant change in the accounting estimates of the Company as of 31 January 2023.

(a) Leases

The Group has applied TFRS 16 as of 1 February 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under TAS 17 and TFRS Interpretation 4. The details of accounting policies under TAS 17 and TFRS Interpretation 4 are disclosed separately.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.
This policy is applied to contracts entered into, on or after 1 February 2019.

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(a) Leases (continued)

As a lessee

At the actual commencement date of the lease or at the date of the change in the contract containing the lease component, the Group allocates to each lease component based on the relative stand-alone price of the lease component and the total stand-alone price of the non-lease components.

The Group has chosen not to separate the non-lease components from the lease components, but instead to account for each lease component and its associated non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right to use asset is first recognized by the cost method and includes the following:·

- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease,
- All initial direct costs incurred by the Group
- An estimate of costs to be incurred by the Group in restoring the underlying asset to the condition required by the terms and conditions of the lease

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In other circumstances, the right of use asset is subjected to depreciation according to the shorter of the useful life of the aforementioned asset or the leasing period, starting from the date when the leasing has actually started. In addition, the value of the right of use asset is periodically reduced by also deducting the impairment losses if any and adjusted in accordance with the re-measurement of the leasing liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The Group determines the alternative borrowing interest rate by taking into account the interest rates it will pay for the debts to be used from various external financing sources and makes some adjustments to reflect the lease terms and the type of the leased asset.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(a) Leases (continued)

As a lessee (continued)

The lease payments which are included in the measurement of the leasing liability, consist of the following:

- Fixed payments (including the fixed payments by their essence);
- Amounts expected to be paid by the lessee within the scope of residual value undertakings

Right-of-use asset is initially measured at cost and after the lease actually commenced, it is measured at fair value in accordance with the Group's accounting policies.

Leasing liability is measured by reducing the lease payments with a discount rate. In case, as a result of a change in an index or rate used in determination of the lease payments in the future, a change occurs in these payments and in the amounts expected to be paid within the scope of residual value undertaking, the Group considers the options of renewal, termination and purchasing.

In case the leasing liability is remeasured, it is reflected into the financial statements as an adjustment in the right of use asset in accordance with the newly determined debt. However, in case the book value of the right of use asset is reduced down to zero and the measurement of the leasing liability involves more reduction, the remaining re-measurement amount is reflected into profit or loss.

Right-of-use assets or liabilities related to performance-based contracts have not been created with all of the rent. Rental prices are created by taking into account the minimum payment amount and the right-of-use asset and lease liability minimum values for rental agreements based on sales performance.

(b) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost including borrowing costs-less accumulated depreciation and any accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss and presendet under "gains/(losses) from investment activities".

ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

iii) Depreciation

Property, plant and equipment are depreciated from the date they are available for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(b) Property, plant and equipment (continued)

***iii) Depreciation** (continued)*

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of lease term. Land is not subject to depreciation.

The estimated useful lives for the current and comparative periods are as follows:

• Vehicles	(5) years
• Furniture and fixtures	(3 – 15) years
• Leasehold improvements	shorter of (1 – 10) years or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(c) Intangible assets and goodwill

i) Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated [statement of profit or loss/statement of profit or loss and other comprehensive income]. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets recognised in a business combination

Customer relationships arising from the business acquisitions were recognized at their fair values.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

ii) Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

iii) Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

• Trademark	(15) years
• Licenses	(3–5) years
• Customer relationships	(9-15) years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(d) Inventories

Inventories are measured at the lower of cost or net realizable value.

The cost of inventories is based on first-in first-out principle, and includes expenditure incurred for the purchase and bringing the items to their current condition. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs of completion and estimated costs to sell. Net realizable value write-downs are evaluated in product groups and for particular seasons such as fall/winter and spring/summer.

(e) Financial instruments

(i) Recognition and initial measurement

The Group's trade receivables and debt instruments are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

Financial assets – Evaluation of the business model

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

2 Basis of presentation of financial statements*(continued)*

2.5 Summary of significant accounting policies*(continued)*

(e) Financial instruments*(continued)*

(ii) Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. For derivatives identified as a hedging tool, see section (v) below.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

2 Basis of presentation of financial statements*(continued)*

2.5 Summary of significant accounting policies*(continued)*

(e) Financial instruments*(continued)*

(ii) Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. For derivatives identified as a hedging tool, see section (v) below.

(iii) Derecognition

Finansal assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting of financial asset and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Derivative financial instrument and hedge accounting

The Group uses derivative financial instruments for the purpose of hedging foreign currency and interest rate risk.

2 Basis of presentation of financial statements*(continued)*

2.5 Summary of significant accounting policies*(continued)*

(e) Financial instruments*(continued)*

(v) Derivative financial instrument and hedge accounting (continued)

Derivatives are initially recognized at fair value. Subsequent to initial recognition of derivative instruments, changes in fair value are recognized in profit or loss.

The Group defines certain derivatives as hedging instruments in order to maintain the variability in the cash flows related to the high probability of realization arising from the changes in exchange rates and interest rates. The Group defines certain derivatives and non-derivative financial liabilities as hedging instruments for net investment in foreign operations.

At the beginning of the hedge relationship, the Group makes a certification regarding the risk management purpose and strategy that causes the hedging relationship and the operation of the enterprise. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and the hedging means are expected to offset each other.

Hedge accounting

If a derivative instrument is designed as a cash flow hedge hedging instrument, the effective portion of the change in the fair value of the derivative instrument is recognized in other comprehensive income and presented under equity in the hedging reserve. The ineffective portion of the change in the fair value of the derivative is recognized directly in profit or loss. The effective portion of the change in the fair value of the derivative instrument determined on the present value basis from the beginning of the hedging relationship recognized in other comprehensive income is limited to the cumulative effect of the change in the fair value of the hedging instrument.

The Group identifies only the change in value in the spot element of the forward contract as the hedging instrument in the cash flow hedging relationship.

The Group enters into forward contracts in order to hedge the foreign currency risk on product imports arising from the foreign currency differences between the purchase order date and arrival date.

The change in the FV of the forward value of forward foreign currency contracts ("forward element") is accounted for as a hedge fund as a separate component in equity as the cost of hedging.

If a hedged forecast transaction results in the subsequent recognition of a non-financial asset or liability, the amount accumulated in the hedge fund and the cost of the hedge are included directly in the initial cost of the non-financial asset or liability.

For all other hedge transactions, the hedging reserve and the hedging cost are classified in profit or loss in the hedging reserve in the period or periods when the estimated future cash flows are affected by profit or loss.

The hedge accounting is discontinued in case the hedging relationship (or part of it) no longer meets the required criteria, the hedging instrument is expired or sold, terminated or used.

2 Basis of presentation of financial statements*(continued)*

2.5 Summary of significant accounting policies*(continued)*

(e) Financial instruments*(continued)*

(v) Derivative financial instrument and hedge accounting (continued)

Hedge accounting (continued)

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(f) Impairment of assets

Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

12-month expected credit losses are that result from possible default events within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls.

ECLs are discounted at the effective interest rate of the financial asset.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies *(continued)*

(f) Impairment of assets *(continued)*

Non-derivative financial assets (continued)

Measurement of ECLs (continued)

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses prescribed in TFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables (TFRS 9 requires lifetime expected credit losses to be used for all trade receivables). The Group performed the calculation of ECL rates separately for individual, corporate, public and wholesale customers. The ECLs were calculated based on actual credit loss experience over the past years.

ECLs are a probability-weighted estimate of credit losses. In other words, it is the credit losses that are measured on the present value of all the cash deficits (for example, the difference between the cash inflows to the entity and the cash flows expected by the entity to be collected based on the contract).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are creditimpaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs ("Cash Generating Unit"). Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination.

2 Basis of presentation of financial statements*(continued)*

2.5 Summary of significant accounting policies*(continued)*

(f) Impairment of assets *(continued)*

Non-financial assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset of CGU.

An impairment loss is recognised if the carrying amount of an asset of CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

i) Long-term employee benefits

<u>*Provision for employee termination benefits*</u>

In accordance with existing social legislation in Turkey, the Company is required to make lump-sum payments to employees whose employment is terminated without due cause, called up for military service, death or retirement. TAS 19 "Employee Benefits" requires actuarial valuation method to be developed to estimate the enterprise's obligation under defined benefit plans. Consequently, in the accompanying consolidated financial statements, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employee. Severance payment provisions are not subject to legal funding.

In accordance with the Russian Labor Law (the Article 178 "Dismissal allowances", Chapter 27, Section VII "Guarantees and compensations"), when the Group company unilaterally terminates the employment agreement, employer should inform the employee two months before position cancelling date. After two months, at the date of dismissal, employer is required to pay the employee a dismissal compensation at the amount of one-month average wage. In case the employee can not find an employment during two preceding months after the dismissal date, employee has right to request.

The Group has not recorded any reserve for employee severance payments for its employees in foreign subsidiaries, except Russia since only under very specific circumstances a company is liable to pay a severance according to labour laws of the foreign entities.

ii) Short-term employee benefits

Short-term employee benefit obligations are consisting of reserve for the vacation pay liability due to the earned and unused vacation rights of its employees. The Group is obliged to make payments for unused vacation days in the amount of the employment contract is terminated on the date of the daily gross wage and contract related interests on the total payment. The Group provides reserve for the vacation pay liability due to the earned and unused vacation rights of its employees. Vacation pay liability is measured on an undiscounted basis and is recognised in profit or loss as the related service is provided.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies (continued)

(h) Provisions; contingent liabilities and contingent assets

In cases where there is a present legal or contractual obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will arise to settle the obligation, and the amount of the obligation can be reliably estimated, Group management allocates a provision for the amount of the obligation in the accompanying consolidated financial statements. Provisions are calculated based on the Group management's best estimate of the expenditure to be made to settle the obligation as of the balance sheet date and are discounted to present value where the effect of time value of money is material. It is defined as a current liability that will result in an outflow of resources resulting from past events and which, in case of fulfillment, will contain economic benefits.

Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote such contingent liabilities are disclosed in the notes to the consolidated financial statements.

If the entry of the economic benefit to the Group is possible, explanations are included in the disclosures of the consolidated financial statements about the contingent asset if the entry of economic benefit is certain, the asset and its related income changes are included in the consolidated financial statements at the date that they occurred.

(i) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

a) A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control of the reporting entity;
ii. has significant influence over the reporting entity; or
iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
iii. Both entities are joint ventures of the same third party.
iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vi. The entity is controlled or jointly controlled by a person identified in (a).
vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

2 Basis of presentation of financial statements*(continued)*

2.5 Summary of significant accounting policies (continued)

(j) Revenue

(j) General model for accounting of revenue

In accordance with TFRS 15, a five-step model is followed in recognizing revenue for all contacts with customers.

Step 1: Identify the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

Step 2: Identify the performance obligations

The Group defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as:

(a) a performance obligation either a good or service that is distinct; or
(b) or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The Group describes a good or service specified in the contract as a different good or service, if it can describe them separately from the other undertakings in the contract and ensures that the customer can use the said good or service solely or together with other resources made available to it. A contract may contain an undertaking to provide a series of different goods or services which are essentially the same. At the beginning of the contract, a business determines whether a series of goods or services is a single performance obligation.

Step 3: Determine the transaction price

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies (continued)

(j) Revenue (continued)

(j) General model for accounting of revenue (continued)

Variable cost

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocate the transaction price

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Stage 5: Revenue recognition

The Group recognizes revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- The customer controls the asset as the entity creates or enhances it, or
- Group's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably.

If a performance obligation is not satisfied over time, then the Group recognize revenue at the point in time at which it transfers control of the good or service to the customer.

The Group recognizes a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies (continued)

(j) Revenue (continued)

Goods sold

In overall, the Group has wholesale, retail and e-commerce business. Retail sales represent sales to consumers at mono-brand Mavi stores that the Group operates. Revenue is recognized when the control is transferred to the buyer. Revenue from the sale of goods through retail business in the course of ordinary activities is measured at the fair value of the consideration received in cash or credit card. The discount is recognized as a reduction of revenue as the sales are recognized.

Wholesale sales are to third-party retailers that then on-sell to consumers. The wholesale channel includes Mavi mono-brand stores operated by franchisees, department store chains, corner shops, and third-party online channels. The Group signs franchise agreements with franchises. However, the Group does not send consignment inventory to these franchises nor does the Group earn franchise fees on these agreements. The Group recognizes revenues from franchisees on a principal basis as gross when the control has been transferred to the franchisees.

In addition, the Group has consignments in certain department stores. Revenue from these consignments is recognized only after they are sold to the end customer as defined above. E-commerce represents direct sales that the Group makes to consumers on own mavi.com websites. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If a rebate is likely to be granted and the amount can be reliably measured, the deduction amount is deducted from revenue at the time revenue is recorded.

The Group also generates revenue in the form of royalty fees.

Corporate cards given to customers during the reporting period are valid until a specific maturity date. Unused balance of the corporate cards are recognized as revenue following the expiration date.

Loyalty programme

For customer loyalty programmes, the fair value of the consideration receivable in respect of the initial sale is allocated to the "Kartuş Card Points". The present fair value of the Kartuş Card Points, which can be redeemed as discount against future purchases by customers, is estimated by taking into account the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and revenue is recognized only when the points are redeemed and the Group has fulfilled its obligations to supply the discounted products. The amount of revenue recognized in those circumstances is based on the number of points that have been redeemed in exchange for discounted products, relative to the total number of points that is expected to be redeemed.

2 Basis of presentation of financial statements*(continued)*

2.5 Summary of significant accounting policies (continued)

(k) Income from investing activities and expenses from investing activities

Income from investment activities includes income from sales of property, plant and equipment and scrap.

Expenses from investment activities include expenses incurred by sales of property, plant and equipment.

(l) Earnings per share

Earnings per shares is calculated by dividing the consolidated profit/(loss) for the period attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the period.

(m) Research and development expenses

The Group has a separate department which operates to research and develop new fabric and design. As a result of these operations of the department, sample productions are made including new collections' desgins. Costs incurred on development projects are recognised as intangible assets only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs that have been capitalised are amortised on a straight-line basis over their estimated useful lives (1 year).

(n) Finance income and finance cost

Finance costs comprise interest expense on borrowings, impairment losses recognised on financial assets, (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities (other than trade receivables and payables) are reported on a gross basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position. Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(o) Tax

Tax expense comprises of current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

2 Basis of presentation of financial statements*(continued)*

2.5 Summary of significant accounting policies (continued)

(o) Tax (continued)

ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit,
- differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future,
- taxable temporary differences related to initial recognition of goodwill.

Deferred tax assets are recognized if it is probable that taxable profits will be sufficient to offset unused prior year tax losses, tax benefits and deductible temporary differences in the future. Taxable profit is determined according to the business plans of each subsidiary in the Group. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that is probable that future taxable profits will available against which they can be utilised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company and its consolidated subsidiaries have reflected their deferred tax assets and liabilities in their financial statements, but there has been no netting on a consolidated basis.

iii) Tax risk

The Group takes into account whether the Group has the uncertain tax position and the surcharge has to be paid and the tax liability while it determines the current tax expense and delayed tax expense. The assessment might include judgments about future events and is based on estimates and assumptions. In case there exists new information about the adequacy of the Group's current tax liability which will cause a change in the professional judgment; this change will affect the period which the situation emerges.

iv) Transfer pricing

The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of "disguised profit distribution via transfer pricing". The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets details about implementation.

If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm's length basis, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

2 Basis of presentation of financial statements*(continued)*

2.5 Summary of significant accounting policies (continued)

(p) Government grants

The Group obtains government incentives under the Turquality program from Turkish Republic Ministry of Economy. The Group is initially recongnises government grants related to trade mark developments in international markets in profit or loss as deduction of relevant selling, marketing and distribution expenses at fair value when there is reasonable assurance that the incentives will be received.

(q) Measurement of fair value

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies (continued)

(q) Measurement of fair value (continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

• Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
• Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

• Level 3: inputs for the asset or liability that are not based on observable market data.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(i) Financial assets

Cash and cash equivalents are presented on cost basis and are assumed to reflect their fair values as they are liquid and classified as current assets.

Trade receivables are presented netted off related doubtful portion of the receivable and are assumed to reflect their fair value.

Derivative financial instruments reflect their fair value as they include hedging transactions. The classification of derivative financial instruments for fair value measurement is Level 2.

ii) Other non-derivative financial liabilities

Forward exchange contracts

The fair values of forward exchange contracts are based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

iii) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

2 Basis of presentation of financial statements *(continued)*

2.5 Summary of significant accounting policies (continued)

(q) Measurement of fair value (continued)

iv) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

The fair value of customer relationships acquired in a business combination are determined according to the income approach.

2.6 Use of accounting judgements and estimates

In preparing these consolidated financial statements management has made judgements, estimates, and assumptions that affects the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about assumptions and estimation uncertainties that have a risk of resulting in a material adjustment is included in the following notes:

- Note 7 Trade receivables: Allowance for doubtful receivables, Expected credit losses.
- Note 9 Inventory: Allowance for inventory impairment.
- Note 10 Deferred income: Estimation of loyalty credits that can be redeemed in the next years.
- Note 11 and 12 Property equipment and and intangibles: Useful lives.
- Note 12 and 13 Impairment of intangible assets including goodwill: Key assumptions, underlying recoverable amounts.
- Note 15 and 17 Provision for employee termination benefits: Key actuarial assumptions.
- Note 15 Provisions for sales returns: Estimation of return, provision for upcoming months using the historical data.
- Note 30 Deferred tax asset: Estimation of recoverability.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

2 Basis of presentation of financial statements *(continued)*

2.7 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2022

Amendments to TFRS 3	*Reference to the Conceptual Framework*
Amendments to TAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to TAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to TFRS Standards 2018-2020	*Amendments to TFRS 1, TFRS 9 and TAS 41*
Amendments to TFRS 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*

Amendments to TFRS 3 *Reference to the Conceptual Framework*

The amendments update an outdated reference to the Conceptual Framework in TFRS 3 without significantly changing the requirements in the standard.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated *Conceptual Framework*) at the same time or earlier.

Amendments to TAS 16 *Proceeds before Intended Use*

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract or an allocation of other costs that relate directly to fulfilling contracts.

The amendments published today are effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Annual Improvements to TFRS Standards 2018-2020 Cycle

Amendments to TFRS 1 *First time adoption of International Financial Reporting Standards*

The amendment permits a subsidiary that applies paragraph D16(a) of TFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to TFRSs.

2 Basis of presentation of financial statements *(continued)*

2.7 New and Amended Turkish Financial Reporting Standards (continued)

a) Amendments that are mandatorily effective from 2022 (continued)

Amendments to TFRS 9 *Financial Instruments*

The amendment clarifies which fees an entity includes in assessing whether to derecognize a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

Amendments to TAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of TAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This will ensure consistency with the requirements in TFRS 13.

The amendments to TFRS 1, TFRS 9, and TAS 41 are all effective for annual periods beginning on or after 1 January 2022. Early application is permitted.

Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021*

Public Oversight Accounting and Auditing Standards Authority ("POA") has published Amendments to TFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* that extends, by one year, the June 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19 related rent concession is a lease modification.

On issuance, the practical expedient was limited to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2021. Since lessors continue to grant COVID-19 related rent concessions to lessees and since the effects of the COVID-19 pandemic are ongoing and significant, the POA decided to extend the time period over which the practical expedient is available for use.

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

The Group assessed that the adoption of these amendments that are effective from 2022 do not have any effect on the Group's consolidated financial statements.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

2 Basis of presentation of financial statements *(continued)*

2.7 New and Amended Turkish Financial Reporting Standards (continued)

b) New and revised TFRSs in issue but not yet effective

The Group has not yet adopted the following standards and amendments and interpretations to the existing standards:

TFRS 17	*Insurance Contracts*
Amendments to TAS 1	*Classification of Liabilities as Current or Non-Current*
Amendments to TFRS 4	*Extension of the Temporary Exemption from Applying TFRS 9*
Amendments to TAS 1	*Disclosure of Accounting Policies*
Amendments to TAS 8	*Definition of Accounting Estimates*
Amendments to TAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
Amendments to TFRS 17	*Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)*
Amendments to TFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to TAS 1	*Non-current Liabilities with Covenants*

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2023.

Amendments to TAS 1 *Classification of Liabilities as Current or Non-Current*

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 4 *Extension of the Temporary Exemption from Applying TFRS 9*

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that entities would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2023 with the deferral of the effective date of TFRS 17.

Amendments to TAS 1 *Disclosure of Accounting Policies*

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies.

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

2 Basis of presentation of financial statements *(continued)*

2.7 New and Amended Turkish Financial Reporting Standards (continued)

b) New and revised TFRSs in issue but not yet effective (continued)

Amendments to TAS 8 *Definition of Accounting Estimates*

With this amendment, the definition of "a change in accounting estimates" has been replaced with the definition of "an accounting estimate", sample and explanatory paragraphs regarding estimates have been added, and the differences between application of an estimate prospectively and correction of errors retrospectively have been clarified.

Amendments to TAS 8 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

Amendments to TFRS 17 *Insurance Contracts* and *Initial Application of TFRS 17 and TFRS 9 — Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application.

The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before.

Amendments are effective with the first application of TFRS 17.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

The Group evaluates the effects of these standards, amendments and improvements on the consolidated financial statements.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

3 Segment reporting

	1 February 2022- 31 January 2023			1 February 2021- 31 January 2022		
	Reportable segment			Reportable segment		
	Turkey	**International**	**Total**	**Turkey**	**International**	**Total**
Segment revenue [1]	**8,829,288**	**1,762,613**	**10,591,901**	**3,752,851**	**866,468**	**4,619,319**
-Retail	6,694,253	262,688	6,956,941	2,740,432	90,526	2,830,958
-Wholesale	1,341,962	1,121,202	2,463,164	591,437	600,586	1,192,023
-E-commerce	793,073	378,723	1,171,796	420,982	175,356	596,338
Segment profit / (loss) before tax	**1,654,222**	**48,861**	**1,703,083**	**459,786**	**79,236**	**539,022**

	31 January 2023			31 January 2022		
	Reportable segment			Reportable segment		
	Turkey	**International**	**Total**	**Turkey**	**International**	**Total**
Total segment assets	**7,261,292**	**1,381,452**	**8,642,744**	**3,185,132**	**910,172**	**4,095,304**
Total segment liabilities	**5,301,859**	**608,937**	**5,910,796**	**2,455,586**	**446,361**	**2,901,947**

The Group applies TFRS 8 and operating segments are determined based on internal reports that are regularly reviewed by the Group's decision maker. The Group has 2 strategic operating segments as Turkey and International based on the geographical areas where sales are generated. These divisions are managed separately because they require different trading and marketing strategies. International segment comprises Europe, USA, Canada, Russia and rest of the world.

[1] Segment revenue comprised of third-party sales after elimination between consolidated entities.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

4 Cash and cash equivalents

As of 31 January 2023 and 31 January 2022 cash and cash equivalents comprises the following:

	31 January 2023	31 January 2022
Cash on hand	6,535	2,974
Cash at banks	2,722,275	1,210,973
Demand deposits	*136,294*	*91,449*
Time deposits	*2,585,981*	*1,119,524*
Other cash and cash equivalents	494,302	264,662
Cash and cash equivalents in the statement of cash flow	**3,223,112**	**1,478,609**
Time deposit interest accrual	21,500	3,008
	3,244,612	**1,481,617**

As at 31 January 2023 and 31 January 2022, other cash and cash equivalents consist of credit card receivables with maturities less than 3 months.

As at 31 January 2023 and 31 January 2022, the details of time deposits based on maturity dates and interest rates of the Groups are as below:

	Maturity	Interest rate	31 January 2023
TL	1 February -3 March 2023	11.00%-29.75%	2,506,440
USD	1 February 2023	0.50%	71,769
EUR	1 February 2023	0.50%	7,772
			2,585,981

	Maturity	Interest rate	31 January 2022
TL	1 February -1 March 2022	14.5%-20.5%	1,065,935
USD	1 February 2022	0.50%	33,132
EUR	1 February 2022	0.25%	20,457
			1,119,524

As of 31 January 2023 and 31 January 2022, there is no restriction or blockage on cash and cash equivalents. The Group's exposure to foreign currency credit risk, interest rate risk and related sensitivity analyses are disclosed in Note 34.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

5 Financial borrowings

As at 31 January 2023 and 31 January 2022, financial borrowings comprise the following:

	31 January 2023	31 January 2022
Current liabilities		
Unsecured bank loans	813,247	644,828
Current portion of unsecured bank loans	217,297	245,780
Issued debt ınstruments	509,972	--
Lease liabilities	350,245	229,295
	1,890,761	**1,119,903**
Non-current liabilities		
Lease liabilities	289,816	276,630
	289,816	**276,630**

As of 31 January 2023 and 31 January 2022, the Group's total bank borrowings and lease payables are as follows:

	31 January 2023	31 January 2022
Bank loans(1)	1,030,544	890,608
Issued debt instruments	509,972	--
Lease liabilities	640,061	505,925
	2,180,577	**1,396,533**

(1) Bank loans comprise financial liabilities to participation banks amounting to TL 187,769 (31 January 2022: TL 86,846).

As of 31 January 2023 and 31 January 2022 the repayments of bank loan agreements according to the original maturities comprised the following:

	31 January 2023	31 January 2022
Less than one year	1,540,516	890,608
	1,540,516	**890,608**

As of 31 January 2023 and 31 January 2022 maturities and conditions of outstanding bank loans comprised the following:

	31 January 2023				
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	TL	16.50%-28.00%	2023	894,000	948,588
Unsecured bank loans	USD	6.89%	2023	16,909	16,909
Unsecured bank loans	RUB	13.50%	2023	13,419	13,830
Unsecured bank loans	CAD	7.20%	2023	50,934	51,217
Issued debt instruments	TL	33.50%-35.18%	2024	500,000	509,972
				1,475,262	**1,540,516**

	31 January 2022				
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	EUR	0.70%	2022	60,614	60,828
Unsecured bank loans	TL	8.72%-25.20%	2022-2023	682,234	692,835
Unsecured bank loans	USD	2.00%-3.26%	2022	40,205	40,524
Unsecured bank loans	RUB	9.50%-12.00%	2022-2023	91,134	91,891
Unsecured bank loans	CAD	2.95%	2022	4,530	4,530
				878,717	**890,608**

The Group's exposure to liquidity, foreign currency and interest rate risk as well as related sensitivity analyses for financial liabilities are disclosed in Note 34.

(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)

5 Financial borrowings (continued)

The movement of borrowings for the year ended 31 January 2023 and 31 January 2022 is as follows:

	31 January 2023	31 January 2022
1 February balance	**890,608**	**926,541**
Proceeds from borrowings	1,286,528	736,901
Repayment of borrowings	(762,280)	(886,251)
Interest accrual	51,978	2,893
Currency translation differences	69,248	86,993
Change in exchange rates	4,434	23,531
31 January balance	**1,540,516**	**890,608**

The movement of lease liabilities for the year ended 31 January 2023 and 31 January 2022 is as follows:

	31 January 2023	31 January 2022
1 February balance	**505,925**	**478,618**
Payments of lease liabilities	(429,847)	(269,864)
Covid discount (Note 28)	--	(51,211)
Lease modifications	351,367	168,248
Interest on lease liabilities	83,397	70,711
New lease contracts	80,113	43,830
Currency translation differences	60,423	71,077
Change in exchange rates	(458)	610
Terminations	(10,859)	(6,094)
31 January balance	**640,061**	**505,925**

Short-term portion of long-term liabilities	**31 January 2023**	**31 January 2022**
Lesase liabilities	409,849	273,248
Deferred lease borrowing cost (-)	(59,604)	(43,953)
	350,245	**229,295**
Long-term lease liabilities		
Leases liabilities	346,321	334,258
Deferred lease borrowing costs (-)	(56,505)	(57,628)
	289,816	**276,630**
Total contractual lease liabilities	**640,061**	**505,925**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

6 Related party disclosures

Related parties in consolidated financial statements are determined as key management personnel, board of directors, family members, subsidiaries controlled by the Company. Several related party transactions are carried out during ordinary course of the business.

As of 31 January 2023, the members of the Akarlılar Family (Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar) are the controlling shareholders of the Group with a total ownership interest of 27.41% where 27.19% is the direct ownership interest and 0.22% is the indirect ownership interest through Blue International Holding B.V.

(a) Related party balances

As of 31 January 2023, there are no short-term trade receivables from related parties (31 January 2022: None).

Advances given to related parties	**31 January 2023**	**31 January 2022**
Erak Giyim Sanayi Ticaret A.Ş. ("Erak")[1]	82,365	86,982
	82,365	**86,982**

[1] Advances given to Erak is related to fabric purchases and are tracked in prepaid expenses.

The balance of trade payables to related parties for the periods ended 31 January 2023 and 31 January 2022 is as follows.

	31 January 2023	**31 January 2022**
Trade payables to related parties		
Erak[1]	193,311	144,281
Akay Lelmalabis Elgazhizah LLC ("Akay") [2]	130,630	68,522
	323,941	**212,803**

[1] Amounts due to Erak, a company controlled by immediate family members of the shareholder of the parent company, are for purchases of inventory. Amounts are non-interest bearing and have 90 days repayment date.

[2] Amount comprise of inventory purchases to subsidiary Akay situated in Egypt. Amounts are non-interest bearing and have 90 days repayment date.

As at 31 January 2023 and 31 January 2022, Other receivable to related parties comprised the following:

	31 January 2023	**31 January 2022**
Other receivables from related parties		
Mavi USA shareholders	12,216	**--**
	12,216	**--**

As at 31 January 2023 and 31 January 2022, other short-term payables to related parties comprised the following:

	31 January 2023	**31 January 2022**
Other payables to related parties		
Eflatun Giyim shareholders	41	41
Short-term other payables to related parties	**41**	**41**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

6 Related party disclosures (continued)

(a) Related party balances (continued)

As at 31 January 2023 and 31 January 2022, lease liabilities to related parties comprised the following:

	31 January 2023	31 January 2022
Short-term lease liabilities to related parties		
Sylvia House Inc.	184	1,464
Mavi Jeans Holding Inc.	275	2,408
	459	**3,872**

	31 January 2023	31 January 2022
Long-term lease liabilities to related parties		
Sylvia House Inc.	--	133
Mavi Jeans Holding Inc.	--	197
	--	**330**

The balance of trade payables to related parties for the periods ended 31 January 2023 and 31 January 2022 is as follows.

(b) Related party transactions

For the years ended 31 January 2023 and 2022, purchases from related parties of the Group comprised the following:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Product purchase from related parties		
Erak	1,906,959	730,510
Akay	309,149	110,200
	2,216,108	**840,710**

Purchases from related parties comprise approximately one third of total purchases.

As of 31 January 2023 and 31 January 2022, the services from related parties of the Group comprised the following:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Services from related parties		
Erak (1)	4,370	2,255
Mavi Jeans Holding Inc.(2)	3,433	1,799
Sylvia House Inc.(3)	2,495	1,442
	10,298	**5,496**

(1) The Group rented Çerkezköy and Bayrampaşa retail stores from Erak.

(2) Mavi Canada rented its Office and warehouse from Mavi Jeans Holding Inc.

(3) Mavi Canada rented its office in Yaletown, Vancouver from Sylvia House Inc.

(c) Information regarding benefits provided to the Group's key management

For the year ended 31 January 2023, short-term (salaries and wages, attendance fee, bonus, holiday overtime, severance payment, premium, and other benefits) and long-term benefits provided to senior management and board of directors amounted to TL 294,656 (31 January 2022: TL 121,538).

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

7 Trade receivables and payables

Short-term trade receivables

As at 31 January 2023 and 31 January 2022, short-term trade receivables are as follows:

	31 January 2023	31 January 2022
Trade receivables from third parties	870,657	394,487
	870,657	**394,487**

As at 31 January 2023 and 31 January 2022, trade receivables from third parties are as follows:

	31 January 2023	31 January 2022
Receivables	754,730	344,531
Post-dated cheques	7,483	5,322
Endorsed cheques	20,702	6,179
Notes receivables	91,917	40,622
Expected credit losses (-)	(4,175)	(2,167)
Doubtful receivables	53,262	37,265
Allowance for doubtful receivables (-)	(53,262)	(37,265)
	870,657	**394,487**

The provision for the doubtful receivables is determined based on the past experience of non-collectible receivables.

Details related to Group's exposure to credit and foreign currency risk and impairment losses for short-term trade receivables is disclosed in Note 34.

Short-term trade payables

As at 31 January 2023 and 31 January 2022, short-term trade payables of the Group are as follows:

	31 January 2023	31 January 2022
Trade payables to third parties	2,636,580	975,843
Trade payables to related parties (Note 6)	323,941	212,803
	2,960,521	**1,188,646**

Trade payables mainly include outstanding amounts arising from trade purchases and ongoing expenditures. Currency and liquidity risk related to the Group's short-term trade payables are explained in Note 34. As of 31 January 2023 and 31 January 2022, the Group's short-term trade payables to third parties are as follows:

	31 January 2023	31 January 2022
Trade payables (1)	2,538,840	932,373
Expense accruals	97,740	43,470
	2,636,580	**975,843**

TL 458,511 (31 January 2022: TL 243,372) of trade payables consists of import factoring payables and TL 892,744 (31 January 2022: TL 278,358) consists of supplier financing payables. The Company carries out import factoring for its goods purchases from abroad. Within the scope of import factoring, foreign suppliers transfer their receivables from the Company to the financial institutions they work with, with the Company's confirmation of assignment. Within the scope of supplier financing, domestic suppliers transfer their receivables from the Company to the financial institutions with which the Company works with confirmation of assignment.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

8 Other receivables and payables

Other short-term trade receivables

As at 31 January 2023 and 31 January 2022, short-term other receivables of the Group are as follows:

	31 January 2023	31 January 2022
Other receivables from third parties	19,194	33,211
	19,194	**33,211**

As at 31 January 2023 and 31 January 2022, short-term other receivables from third parties of the Group are as follows:

	31 January 2023	31 January 2022
Receivables from public institutions (1)	1,952	5,394
Other short-term receivables	17,242	27,817
	19,194	**33,211**

(1) Receivables from public institutions consist of the Group's receivables related to Turquality incentive program amounting to TL 62 (31 January 2022: TL 76) and value added tax receivables amounting to TL 870 (31 January 2022: TL 4,300).

The Group's exposure to credit and foreign currency risk for short-term other receivables are disclosed in Note 34.

Long-term other receivables

As at 31 January 2023 and 2022, long-term other receivables of the Group are as follows:

	31 January 2023	31 January 2022
Other receivables from third parties	10,575	6,354
	10,575	**6,354**

The Group's exposure to credit and foreign currency risk for long-term other receivables are disclosed in Note 34.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

8 Other receivables and payables (continued)

Short-term other payables

As at 31 January 2023 and 31 January 2022, short-term other payables of the Group are as follows:

	31 January 2023	31 January 2022
Other payables to third parties	39,721	18,978
Other payables to related parties (Note 6)	41	41
	39,762	**19,019**

As at 31 January 2023 and 31 January 2022, other payables to third parties of the Group are as follows:

	31 January 2023	31 January 2022
Taxes and duties payable	32,375	18,401
Other payables	7,346	577
	39,721	**18,978**

The Group's exposure to foreign currency and liquidity risk for other short-term payables is disclosed in Note 34.

9 Inventories

As at 31 January 2023 and 2022, inventories are as follows:

	31 January 2023	31 January 2022
Trade goods	2,257,791	737,768
Consignment trade goods	152,511	41,290
Goods in transit	5,472	5,265
Provision for impairment on inventory (-)	(108,188)	(32,925)
	2,307,586	**751,398**

As at 31 January 2023 there is no restriction/ pledge on inventories (31 January 2022: none).

As at 31 January 2023 and 31 January 2022, movement of the provision for inventory impairment is as follows:

	31 January 2023	31 January 2022
Opening balance	**32,925**	**26,222**
Provision for the year	90,857	20,572
Foreign currency translation effect	7,827	6,212
Write-off	(23,421)	(20,081)
Closing balance	**108,188**	**32,925**

As of the year ending on 31 January 2023, inventories of TL 90,857 (31 January 2022: TL 20,572) were recognised as an expense for slow moving inventory and net realizable value assessment in accordance with Group policies of provision for impairment on inventory during the year and included in "cost of sales". In addition, for the year ended on 31 January 2023, inventories of TL 23,421 (31 January 2022; TL 20,081) were disposed and written off.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

10 Prepaid expenses and deferred incomes

Short and long-term prepaid expenses

As at 31 January 2023 and 31 January 2022, the remaining balance of prepaid expenses under current and non-current assets is as follows:

	31 January 2023	31 January 2022
Advances given[1]	131,305	90,731
Prepaid sales marketing and advertising expenses	20,222	10,080
Prepaid license expenses	7,192	3,347
Prepaid general administrative expenses	5,890	4,563
Prepaid insurance expenses	4,710	1,789
Prepaid rent expenses	2,068	5,653
Prepaid stamp tax and duties expenses	861	274
Other prepaid expenses	23,894	4,236
Total prepaid expenses	**196,142**	**120,673**
Long-term prepaid expenses	**--**	**7**
Short-term prepaid expenses	**196,142**	**120,666**

[1]Advances given mainly comprise of advances given to producers and service providers including fabric advances given to Erak (Note 6).

Deferred income

As at 31 January 2023 and 31 January 2022, deferred income of the Group are as follows:

	31 January 2023	31 January 2022
Customer loyalty programme[1]	46,128	19,159
Salary protocol	54,237	1,318
Corporate sales [2]	14,258	8,835
Rental support income	1,054	1,244
Total deferred income	**115,677**	**30,556**
Short-term deferred income	**81,668**	**29,826**
Long-term deferred income	**34,009**	**730**

[1] The deferred income related to loyalty credits granted has been estimated with reference to the past usage rates.
[2] Corporate sales consist of prepaid cards which are given to corporate firms.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

11 Property, plant and equipment

The movement of property, plant and equipment for the year ended 31 January 2023 and 31 January 2022 is as follows:

	Vehicles	**Furniture and fixtures**	**Leasehold improvements**	**Construction in progress**	**Total**
Cost					
1 February 2021 opening balance	**186**	**318,091**	**238,169**	**16,243**	**572,689**
Additions	--	58,179	40,971	31,142	130,292
Disposals	(41)	(1,724)	(2,067)	--	(3,832)
Foreign currency translation effect	--	34,469	25,862	2,460	62,791
Transfers[(1)]	--	6,036	7,524	(40,973)	(27,413)
31 January 2022 closing balance	**145**	**415,051**	**310,459**	**8,872**	**734,527**
1 February 2022 opening balance	**145**	**415,051**	**310,459**	**8,872**	**734,527**
Additions	--	112,581	91,346	16,888	220,815
Disposals	--	(14,214)	(10,390)	--	(24,604)
Foreign currency translation effect	--	41,211	22,543	1,750	65,504
Transfers[(1)]	--	4,678	3,858	(21,511)	(12,975)
31 January 2023 closing balance	**145**	**559,307**	**417,816**	**5,999**	**983,267**

[(1)] Transfers of TL 12,975 as of 31 January 2023, and TL 27,413 as of 31 January 2022 are related to transfers to intangible assets.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

11 Property, plant and equipment *(continued)*

The movement of property and equipment for the year ended 31 January 2023 and 2022 is as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Accumulated Depreciation					
1 February 2021 opening balance	**186**	**211,053**	**163,771**	**--**	**375,010**
Foreign currency translation effect	--	24,358	17,736	--	42,094
Depreciation for the year	--	34,036	27,970	--	62,006
Disposals	(41)	(1,641)	(1,888)	--	(3,570)
31 January 2022 closing balance	**145**	**267,806**	**207,589**	**--**	**475,540**
1 February 2022 opening balance	**145**	**267,806**	**207,589**	**--**	**475,540**
Foreign currency translation effect	--	27,125	15,806	--	42,931
Depreciation for the year	--	52,174	39,250	--	91,424
Disposals	--	(13,294)	(8,786)	--	(22,080)
31 January 2023 closing balance	**145**	**333,811**	**253,859**	**--**	**587,815**
Net book value					
31 January 2022 balance	**--**	**147,245**	**102,870**	**8,872**	**258,987**
31 January 2023 balance	**--**	**225,496**	**163,957**	**5,999**	**395,452**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

11 Property, plant and equipment *(continued)*

For the year ended 31 January 2023, TL 19,976 (31 January 2022: TL 10,501) of depreciation expenses are included under administrative expenses, TL 71,194 (31 January 2022: TL 51,457) under selling, marketing and distribution expenses and TL 254 (31 January 2022: TL 48) under research and development expenses.

As of 31 January 2023, there is no pledge on property, plant and equipment (31 January 2022: nil).

As at 31 January 2023 the amount of insurance on property, plant and equipment is TL 1,593,295 (31 January 2022: TL 472,454).

12 Intangible assets

The movement of intangible assets As of 31 January 2023 and 31 January 2022 are as follows:

	Licenses	**Customer relationships**	**Brand**	**Development Costs[1]**	**Total**
Cost					
1 February 2021 balance	**74,637**	**82,244**	**923**	**29,712**	**187,516**
Additions[2]	15,546	--	--	18,109	33,655
Transfer from property, plant and equipment	9,599	65,788	--	--	75,387
Foreign currency translation effect	27,413	--	--	--	27,413
Disposals	(17)	--	--	--	(17)
31 January 2022 balance	**127,178**	**148,032**	**923**	**47,821**	**323,954**
1 February 2022 balance	**127,178**	**148,032**	**923**	**47,821**	**323,954**
Additions[2]	40,599	--	--	34,737	75,336
Transfer from property, plant and equipment	12,975	--	--	--	12,975
Foreign currency translation effect	13,411	56,878	--	--	70,289
Disposals	(1,552)	--	--	--	(1,552)
31 January 2023 balance	**192,611**	**204,910**	**923**	**82,558**	**481,002**

[1]Consist of capitalized design and development expensesin accordance with incentive programme.

[2]Development costs consist TL 1,195 capitalized amortisation expenses (31 January 2022: TL 118).

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

12 Intangible assets *(continued)*

	Licenses	Customer relationships	Brand	Development Costs	Total
Amortisation					
1 February 2021 balance	**56,836**	**39,973**	**384**	**16,550**	**113,743**
Foreign currency translation effect	6,865	35,529	--	--	42,394
Current year amortization	13,556	10,645	43	12,698	36,942
Disposals	(14)	--	--	--	(14)
31 January 2022 balance	**77,243**	**86,147**	**427**	**29,248**	**193,065**
1 February 2022 balance	**77,243**	**86,147**	**427**	**29,248**	**193,065**
Foreign currency translation effect	7,494	34,539	--	--	42,033
Current year amortization	23,594	19,188	49	19,357	62,188
Disposals	(1,552)	--	--	--	(1,552)
31 January 2023 balance	**106,779**	**139,874**	**476**	**48,605**	**295,734**
Carrying amount					
31 January 2022 balance	**49,935**	**61,885**	**496**	**18,573**	**130,889**
31 January 2023 balance	**85,832**	**65,036**	**447**	**33,953**	**185,268**

For the year ended 31 January 2023, TL 31,285 (31 January 2022: TL 18,465) of amortisation expenses are included under general administrative expenses and TL 13,650 (31 January 2022: TL 7,979) under selling, marketing and distribution expenses, and TL 16,058 (31 January 2022: TL 10,380) under research and development expenses.

The depreciation charge of TL 1,195 for the period ended 31 Januray 2023 is capitalized in accordance with incentive program. (31 January 2022: TL 118).

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

13 Goodwill

The movement of goodwill As at 31 January 2023 and 2022 is as follows:

Cost	**31 January 2023**	**31 January 2022**
As of 1 February	**344,315**	**190,242**
Foreign currency translation effect	134,358	154,073
As of 31 January	**478,673**	**344,315**
Impairment loss		
As of 1 February	**(1,297)**	**(1,297)**
Impairment loss	--	--
As of 31 January	**(1,297)**	**(1,297)**
Net book value		
As of 31 January	**477,376**	**343,018**

Impairment test for cash generating units with allocated goodwill

Goodwill is allocated to cash generating units for impairment test purposes. As of 31 January 2023 and 31 January 2022, details of cash generating units related to goodwill are as follows. The carrying amount of goodwill allocated to each cash generating unit are as follows;

	31 January 2023	**31 January 2022**
Mavi America	431,283	307,641
Mavi Canada	42,360	31,644
Other	3,733	3,733
	477,376	**343,018**

As of 31 January 2023, the increase in goodwill is related to foreign currency translation differences on goodwill recognized at foreign subsidiaries.

Goodwill is primarily attributable to the synergies expected to be derived from the integration of Mavi America and Mavi Canada into the Group's existing business.

Impairment testing for CGUs containing goodwill

A valuation of the fair value of CGU of Mavi USA and Mavi Canada as two separate CGU's was performed by the Company management As of 31 January 2023 and 2022. The income approach (discounted cash flow method) is used to determine the fair value of CGUs of Mavi USA and Mavi Canada.

The Group used 5 years business plans prepared by the Company management for the valuation of CGUs. The growth of business plans of Mavi USA and Mavi Canada is associated with an increase in the number of customers and growth in the market.

As of 31 January 2023, the impairment test performed on CGU based is resulted with no impairment loss to be recorded for Mavi USA and Mavi Canada. The discount rate and the final growth rate, which are two important assumptions used in the impairment test, were taken as 10% above or below the management estimates, and sensitivity analysis is performed and no impairment is detected.

13 Goodwill *(continued)*

Key assumptions used in discounted cash flow projections

Key assumptions used in the calculation of the recoverable amount of Mavi USA are discount rates, terminal value growth rates, and EBITDA margin at terminal value. These assumptions are %12.7; %2.0; %16.0 (31 January 2022:10.9%, 2.0%, 18.9%) respectively. The values assigned to the key assumptions represent management's assessment of future trends in ground handling industry and are based on both external sources and internal sources.

Key assumptions used in the calculation of the recoverable amount of Mavi Canada are discount rates, terminal value growth rates, and EBITDA margin at terminal value. These assumptions are %11.6; %1.9; %10.5 (31 January 2022:10.7%, 1.7%, 13.0%) respectively. The values assigned to the key assumptions represent management's assessment of future trends in ground handling industry and are based on both external sources and internal sources.

Discount Rate

The discount rate is for Mavi USA estimated based on the company specific weighted cost of capital. Value in use is determined by applying post tax discount rate of 12.7% (31 January 2022:10.9%).

The discount rate is for Mavi Canada estimated based on the company specific average weighted cost of capital. Value in use is determined by applying post tax discount rate of 11.6% (31 January 2022:10.7%).

Growth rate

The discounted cash flow models of Mavi USA and Mavi Canada are based on the cash flows projected fro the following five years. A long-term growth rate has been determined as the lower of nominal GDP rates for USA and Canada and long-term compound annual growth rate in EBITDA estimated by management.

Income approach

Discounted cash flow methodology is used under the income approach. In this method, the cash flow available for distribution after funding internal needs of the Company is forecasted for the determined period of years. Beyond such determined period, a terminal value is developed by capitalising an assumed stabilised cash flow figure. Then, the determined period cash flows and terminal value are discounted to present value.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

14 Right-of-use assets

The movement of right-of-use assets for the years ended 31 January 2023 and 31 January 2022 is as follows:

Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2022 balance	**113,923**	**947,587**	**27,107**	**47,476**	**1,136,093**
Additions	589	19,919	21,378	38,227	**80,113**
Modification	9,301	338,404	1,922	1,740	**351,367**
Disposals	(1,880)	(48,697)	(8,225)	--	**(58,802)**
Foreign currency translation effect	29,203	63,741	3,030	21,362	**117,336**
31 January 2023 balance	**151,136**	**1,320,954**	**45,212**	**108,805**	**1,626,107**

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2022 balance	**70,333**	**591,648**	**13,667**	**9,940**	**685,588**
Charge for the period	38,195	295,020	9,115	8,277	**350,607**
Disposals	(1,883)	(38,291)	(8,114)	--	**(48,288)**
Foreign currency translation effect	22,456	32,906	2,043	4,403	**61,808**
31 January 2023 balance	**129,101**	**881,283**	**16,711**	**22,620**	**1,049,715**
31 January 2023 net book value	**22,035**	**439,671**	**28,501**	**86,185**	**576,392**

Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2021 balance	**78,936**	**716,742**	**18,115**	**26,217**	**840,010**
Additions	--	36,509	7,321	--	**43,830**
Modification	4,250	163,045	871	82	**168,248**
Disposals	(1,741)	(26,300)	(2,126)	--	**(30,167)**
Foreign currency translation effect	32,478	57,591	2,926	21,177	**114,172**
31 January 2022 balance	**113,923**	**947,587**	**27,107**	**47,476**	**1,136,093**

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2021 balance	**31,629**	**363,050**	**7,545**	**2,767**	**404,991**
Charge for the year	21,901	227,299	6,302	3,717	**259,219**
Disposals	(1,740)	(20,762)	(2,126)	--	**(24,628)**
Foreign currency translation effect	18,543	22,061	1,946	3,456	**46,006**
31 January 2022 balance	**70,333**	**591,648**	**13,667**	**9,940**	**685,588**
31 January 2022 net book value	**43,590**	**355,939**	**13,440**	**37,536**	**450,505**

For the year ended 31 January 2023 TL 17,838 (31 January 2022 : TL 13,706) of amortisation expenses are included under general administrative expenses and TL 332.253 (31 January 2022 : TL 244,467)under selling, marketing and distribution expenses, and TL 516 (31 January 2022 : TL 1.046) under research and development expenses.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

15 Provisions, contingent assets and liabilities

Short-term provisions

As at 31 January 2023 and 31 January 2022, short-term provisions are as follows:

	31 January 2023	31 January 2022
Short-term provisions for employee benefits	18,829	8,773
Other short-term provisions	105,514	34,530
	124,343	**43,303**

Short-term provision for employee benefits consists of provision for vacation pay liability. For the years ended 31 January 2023 and 2022, the movement of provision for vacation liability is as follows:

	1 February 2022– 31 January 2023	1 February 2021 – 31 January 2022
1 February balance	**8,773**	**4,144**
Current period provision	10,184	3,722
Foreign currency translation differences	1,735	1,815
Payments	(1,863)	(908)
31 January balance	**18,829**	**8,773**

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term vacation pay liability if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

In accordance with the existing labour law in Group, the Company is required to pay to the employee, whose employment is terminated due to any reasons, the wage of the deserved and unused vacation days over the gross prevailing wage and other benefits subject to contract at the date the contract is terminated. Vacation pay liability is the total undiscounted liability of the deserved and unused vacation days of all employees.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

15 Provisions, contingent assets and liabilities (continued)

Short-term provisions (continued)

For the years ended 31 January 2023 and 31 January 2022, the movement of other short-term provisions is as follows:

	31 January 2023	31 January 2022
Sales return provision	91,646	27,183
Legal provision [1]	5,751	4,098
Other provisions	8,117	3,249
	105,514	**34,530**

[1]Legal provisions mainly comprise of labor lawsuits.

For the years ended 31 January 2023 and 31 January 2022, the movement of short-term provisions is as follows:

	Legal provision[1]	Return Provision	Other provision	Total
1 February 2021 balance	**2,843**	**10,947**	**1,879**	**15,669**
Current year provision	2,269	10,211	1,251	13,731
Foreign currency translation differences	--	8,334	1,412	9,746
Provisions used during year	(891)	--	--	(891)
Provisions reversed	(123)	(2,309)	(1,293)	(3,725)
31 January 2022 balance	**4,098**	**27,183**	**3,249**	**34,530**
1 February 2022 balance	**4,098**	**27,183**	**3,249**	**34,530**
Current year provision	2,779	56,774	3,898	63,451
Foreign currency translation differences	--	7,689	1,684	9,373
Provisions used during year	(797)	--	--	(797)
Provisions reversed	(329)	--	(714)	(1,043)
31 January 2023 balance	**5,751**	**91,646**	**8,117**	**105,514**

[1] Litigation provisions mainly consist of workers' lawsuits.

Long-term provisions

As of 31 January 2023 and 31 January 2022, the movement of long-term provisions is as follows:

	31 January 2023	31 January 2022
Long-term provisions for employee benefits	61,122	23,176
	61,122	**23,176**

Long-term employee benefits consist of severance pay liabilities. The details of severance pay liability are disclosed in Note 17.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

16 Commitments

(a) Guarantees, pledges and mortgages

As of 31 January 2023 and 2022, the Group's guarantee / pledge / mortgage ("GPM") position statement is as follows:

	31 January 2023					
	TL Equivalent	**TL**	**EUR**	**RUB**	**USD**	**CAD**
A. On behalf of its own legal personality of the total amount of GPMs	**161,233**	**75,028**	**3,218**	**3,619**	**1,033**	**--**
Guarantee	161,233	75,028	3,218	3,619	1,033	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	**59,898**	**--**	**53**	**4,159**	**75**	**4,000**
Guarantee	59,898	--	53	4,159	75	4,000
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	**--**	**--**	**--**	**--**	**--**	**--**
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	**--**	**--**	**--**	**--**	**--**	**--**
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	**221,131**	**75,028**	**3,271**	**7,778**	**1,108**	**4,000**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

16 Commitments *(continued)*

(a) Guarantees, pledges and mortgages *(continued)*

	31 January 2022					
	TL Equivalent	**TL**	**EUR**	**RUB**	**USD**	**CAD**
A. On behalf of its own legal personality of the total amount of GPMs	**190,152**	**51,842**	**8,122**	**--**	**1,249**	**--**
Guarantee	190,152	51,842	8,122	--	1,249	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	**47,644**	**--**	**156**	**13,131**	**75**	**4,000**
Guarantee	47,644	--	156	13,131	75	4,000
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	**--**	**--**	**--**	**--**	**--**	**--**
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	**--**	**--**	**--**	**--**	**--**	**--**
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	**237,796**	**51,842**	**8,278**	**13,131**	**1,324**	**4,000**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

16 Commitments *(continued)*

(a) Guarantees, pledges and mortgages *(continued)*

As of 31 January 2023, ratio of other GPM given by the Group to equity was 0% (31 January 2022: 0%).

As of 31 January 2023, l there are no letters of guarantee given to Eximbank. (31 January 2022: TL 67,349).

The Group has purchase commitments related to inventory amounting to TL 3,618,520 as of 31 January 2023 (31 January 2022: TL 1,852,521).

(b) Guarantees received

As of 31 January 2023, Group has received letter of guarantees for the amount of TL 176,570 as in the form of security (31 January 2022: TL 16,827).

17 Employee benefits

Provision for employment termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Due to changes in legislation as of 8 September 1999, there are certain transitional obligations related to the retirement age.

Severance payments are calculated on the basis of 30 days' pay, limited to a maximum of TL 19,983 at 31 January 2023 (31 January 2022: TL 10,849) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the accompanying financial statements on a current basis. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel. The calculation was based upon the retirement pay ceiling announced by the Government.

The liability is calculated by estimating the present value of the future probable obligation of the Company arising from retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans.

As basic assumption, maximum liability is correspondingly increased with inflation for every year. Therefore, discounted rate refers to estimated real interest rate after correction of the effects of future inflation. To conclude, As at 31 January 2023 and 2022, liabilities in integral part of consolidated financial statements, are calculated by the way of estimating the fair value of the liability caused by possible retirement of employees Accordingly, the liability is calculated using the following actuarial assumptions.

	31 January 2023	31 January 2022
Discount rate (%)	2.50	3.83
Estimated inflation (%)	19.12	17.50

All actuarial gain and losses are recognized in other comprehensive income.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

17 Employee benefits *(continued)*

Provision for employment termination benefits *(continued)*

For the years ended 31 January 2023 and 31 January 2022 the movement of provision for severance pay liability is as follows:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
As of 1 February	**23,176**	**9,081**
Interest cost	832	401
Service cost	54,129	19,595
Paid benefits	(20,445)	(14,114)
Effect of movements in exchange rates	812	653
Actuarial difference	2,618	7,560
As of the end of the period	**61,122**	**23,176**

18 Payables related to employee benefits

As at 31 January 2023 and 31 January 2022 payables to employees are as follows:

	31 January 2023	31 January 2022
Payables to personnel[(1)]	170,709	88,184
Social security premiums payable	32,311	11,872
	203,020	**100,056**

[(1)] Payables to personnel consist of the salary and wages to be paid in the following month.

19 Other asset and liabilities

Other current assets

As at 31 January 2023 and 31 January 2022, other current assets are as follows:

	31 January 2023	31 January 2022
Transferred and deducted value added tax ("VAT")	43,204	11,445
	43,204	**11,445**

Other current liabilities

As at 31 January 2023 and 31 January 2022, other current liabilities are as follows:

	31 January 2023	31 January 2022
Advances received	43,633	18,119
	43,633	**18,119**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

20 Capital, reserves and other capital reserves

Paid-in capital

As at 31 January 2023 and 31 January 2022, paid capital is as follows:

	%	31 January 2023	%	31 January 2022
Akarlılar Ailesi	27.19	27,000	27.19	13,500
Blue International	0.22	216	0.22	108
Publicly held	72.60	72,098	72.60	36,049
	100.00	**99,314**	**100.00**	**49,657**

Increasing the registered capital ceiling from TL 245,000,000 to TL 500,000,000, which was approved at the Ordinary General Assembly Meeting held on 27 April 2022 and the transactions regarding the increase of Company's issued capital from 49,657,000 TL to 99,314,000 TL by covering the whole of the "Retained Earnings" account were registered on 13 May 2022. As a result of the capital increase transaction registered on 13 May 2022, the Company's capital was issued as of 31 January 2023 and consists of 99,314,000 shares (31 January 2022: 49.657,000 shares), each with a nominal value of 1 full TL (31 January 2022: 1 full TL).

The Company comprises of A and B group shares.

-As long as Blue International Holding B.V., its shareholders and/or affiliates and subsidiaries hold at least 20% of the capital or voting rights of the Company (aggregate Class A and Class B shares), half of the members of the Company's Board of Directors shall be elected from among the persons to be nominated by Class A shareholders. The Board of Directors members to be elected from among the nominees of the Class A shareholders shall be members other than the independent members stipulated under the Corporate Governance Principles of the Capital Markets Board.

-Provided that the quorums stipulated under the Capital Markets Law and the Turkish Commercial Code are reserved, in order for the Company's General Assembly to pass a resolution on the matters listed below and on amendments to these Articles of Association on any of such matters ("Matters Requiring Increased General Assembly Resolution Quorum"), the affirmative votes of all of the Class A Shareholders shall also be required:

- Changing the Company's field of operation, entering into new lines of business or abandoning existing lines of business.
- Capital increases of the Company other than those to be effected within the registered capital system, liquidation or dissolution of the Company, any capital decrease, change of legal form of the Company.
- Filings for bankruptcy, concordat, financial restructuring, adjournment of bankruptcy.
- Transfer of all or a substantial part of the Company's commercial enterprise.
- Changes to the privilige of Class A Shareholders to nominate Board Members, or to the structure of the Board of Directors.
- Changes to the meeting and resolution quorums of the Board of Directors and committees of the Company.
- Approval of the annual activity report, the profit and loss statement and the balance sheet, and release of the Board members from liability.

If, following the public offering, Blue International Holding B.V., its shareholders and/or affiliates and subsidiaries do not hold at least 20% of the capital or voting rights of the Company (aggregate Class A and Class B shares), the increased quorum stated above for the Matters Requiring Increased General Assembly Resolution Quorum shall authomatically cease to be effective, without the possibility of being rejuvenated at a later date. The Company has adopted the registered capital system under the provisions of the Capital Markets Law, and has initiated the registered capital system based on the permission of the Capital Markets Board dated 3 March 2017 No.9/332. The upper limit of the Company's registered capital is TL 245,000,000 , which is divided into 245,000,000 registered shares, each with a nominal value of TL 1 (one Turkish Lira).

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

20 Capital, reserves and other capital reserves *(continued)*

Remeasurement loss on defined benefit plans

Amounts include actuarial gains and losses recognized in other comprehensive income.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted. As at 31 January 2023, the Company's legal reserves are amounting to TL 19,771 (31 January 2022: TL 19,771).

Dividend distribution

At the Ordinary General Assembly meeting held at 27 April 2022, dividend distribution of TL 120,429 (dividend per gross share : TL2.43) from 2021 and previous years' distributable net income was approved unanimously. Entire dividend payment has been completed as of reporting date.

Financial hedging reserve

The hedging reserve consists of the effective part of the accumulated net change in its fair value from cash flow hedging to the subsequent recognition of instruments for hedging purposes.

Purchase of share of entities under common control

On 2 December 2011 the Company merged with Mavi Grup Giyim Ticaret A.Ş. ("Mavi Grup"). Mavi Grup had owned the Company's shares in amount of 99.9% until the date of this merger. The difference between investment and share capital of the Company amounting to TL 35,757 has been recognized as an equity transaction as purchase of share of entities under common control.

21 Revenue

For the years ended 31 January 2023 and 2022, revenue comprised the following:

	1 February 2022 – 31 January 2023	**1 February 2021 – 31 January 2022**
Goods and service sales		
-Retail	6,956,941	2,830,958
-Wholesale	2,463,164	1,192,023
-E-commerce	1,171,796	596,338
	10,591,901	**4,619,319**

The Group derives its revenue from the transfer of goods and services over time and at a point in time. This is consistent with the revenue information that is disclosed for each reportable segment under TFRS 8 (Note 4).

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

22 Cost of sales

For the years ended 31 January 2023 and 31 January 2022, cost of sales comprised the following:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Cost of trade goods sold	4,989,794	2,247,656
	4,989,794	**2,247,656**

23 Administrative expenses, selling, marketing and distribution expenses

For the years ended 31 January 2023 and 31 January 2022, administrative expenses comprised the following:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Personnel expenses	458,449	202,543
Depreciation and amortization expenses (Note 11, 12,14)	69,099	42,672
Consultancy expenses	47,109	14,212
Office materials expenses	27,885	11,381
General office expenses	12,182	3,942
Rent expenses (1)	7,342	2,374
Travel expenses	8,102	2,123
Other	44,056	23,243
	674,224	**302,490**

For the years ended 31 January 2023 and 31 January 2022, selling, marketing and distribution expenses comprised the following:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Personnel expenses	996,992	447,052
Rent expenses (1)	532,961	171,328
Depreciation and amortization expenses (Note 11, 12,14)	417,097	303,903
Freight-out expenses	191,780	75,436
Outsourced logistics expenses	146,065	89,355
Advertising expenses	146,240	77,230
Consultancy expenses	55,301	20,834
Shopping bag expenses	43,394	21,175
Travel expenses	29,093	9,603
Other	315,735	150,151
	2,874,658	**1,366,067**

(1) Rent expenses covers rent payments calculated on turnover, building management and utilities.

24 Research and development expenses

For the years ended 31 January 2023 and 2022, research and development expenses comprised the following:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Personnel expenses	53,094	31,191
Depreciation and amortization expenses (Note 11,12,14)	16,828	11,474
Travel expenses	2,745	692
Other	3,047	1,708
	75,714	**45,065**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

25 Other operating income and expense

For the years ended 31 January 2023 and 31 January 2022, other operating income comprised the following:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Rediscount interest income on trade payables, net	25,945	6,477
Foreign exchange gain on trade receivables and payables, net	14,206	16,116
Salary protocol income	8,098	1,977
Covid 19 incentive income	5,282	10,337
Invesment support income	2,550	4,762
Reversal of expected credit loss	393	1,585
Income from lease contract terminations	--	434
Other	19,634	6,073
	76,108	**47,761**

For the years ended 31 January 2023 and 31 January 2022, other expenses comprised the following:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Foreign exchange gain and loss, net	5,029	3,498
Expected credit losses	1,672	337
Non-deductible tax expense related with previous period	--	505
Other	24,174	2,822
	30,875	**7,162**

26 Gains and losses from investment activities

As of 31 January 2023 and 31 January 2022, gains from investment activities comprised the following:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Fx protected deposit income	13,087	--
Gains on sale of fixed assets	1,368	158
	14,455	**158**

As of 31 January 2023 and 31 January 2022, losses from investment activities comprised the following:

	1 February 2022– 31 January 2023	1 February 2021– 31 January 2022
Losses on sale of fixed assets	685	12
	685	**12**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

27 Expenses by nature

For the years ended 31 January 2023 and 31 January 2022, expenses by nature are as follows:

Depreciation and amortization expenses

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Selling, marketing expenses (Note 23)	417,097	303,903
Administrative expenses (Note 23)	69,099	42,672
Research and development expenses (Note 24)	16,828	11,474
	503,024	**358,049**

Expenses related to personnel

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Selling, marketing and distribution expenses (Note 23)	996,992	447,052
Administrative expense (Note 23)	458,449	202,543
Research and development expenses (Note 24)	53,094	31,191
	1,508,535	**680,786**

As of 31 January 2023 and 31 January 2022, the details of expenses related to personnel are as follows:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Wages and salaries	710,466	351,903
Bonus expense	409,168	166,627
Social security premiums	136,804	64,437
Meal expenses	79,881	28,658
Employment termination benefit expenses	70,523	28,228
Overtime expenses	30,167	9,843
Personnel travel expenses	17,076	7,397
Other	54,450	23,693
	1,508,535	**680,786**

Fees for services received from independent auditor / independent audit firm

The Group's explanation regarding the fees for the services received from the independet auditor, which is based on the letter of POA dated 19 August 2021, the preparation principles of which are based on the Board decision published at offical gazette on 30 March 2021, are as follows :

	2022	2021
Independent audit fee for the reporting period	866	1,359
Other asuurance services fee	5	5
Other service fees other than independent audit service	125	173
	996	**1,537**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

28 Finance income

For the years ended 31 January 2023 and 31 January 2022, finance income comprised the following:

	1 February 2022 – 31 January 2023	**1 February 2021 – 31 January 2022**
Interest income on time deposits	272,650	83,083
Foreign exchange gain	32,117	28,838
Other [1]	--	51,211
	304,767	**163,132**

[1] Other finance income mainly consists of discounts related with rent payments due to Covid-19 pandemic (31 January 2022: TL 51,211).

29 Finance expenses

For the years ended 31 January 2023 and 31 January 2022, finance costs comprised the following:

	1 February 2022 – 31 January 2023	**1 February 2021 – 31 January 2022**
Interest expense on financial liabilities	227,637	94,216
Discount interest on purchases of goods	173,461	77,858
Interest expenses on lease liabilities	83,397	70,711
Credit card commission expenses	72,129	18,248
Import financing expenses	69,815	32,495
Foreign exchange loss	4,660	24,336
Other	7,099	5,032
	638,198	**322,896**

30 Income taxes

Corporate tax

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods. Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.
Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2022 is 23% (after 2022 corporate tax rate will be 20%) (31 January 2022: 25%).

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

According to the Law No. 7352 Amendments to the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation accounting in the financial statements based on the Tax Procedure Law was postponed to 31 December 2023.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

30 Income taxes *(continued)*

Corporate tax *(continued)*

Tax rate used in the calculation of deferred tax assets and liabilities was %20 over temporary timing differences expected to be reversed in 2023 (31 January 2022: 23%), and %20 over temporary timing differences expected to be reversed in 2024 and the following years (31 January 2022: 25%).

As of 31 January 2023 and 31 January 2022 tax rates used in deferred tax calculation according to the tax laws of the countries except Turkey is as follows:

Country	31 January 2023	31 January 2022
Russia	20%	20%
Germany	28.9%	28.9%
America	21%	23.25%
Canada	26.88%	26.88%

Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the year.

In Turkey, advance tax returns are filed on a quarterly basis. Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate (Between 1^{st} -25^{th} days of the fourth month following the closing of the period for those with special accounting periods). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Foreign subsidiaries are subject to the tax legislation in the respective countries and necessary provisions for tax expense have been reflected in the financial statements.

Under the Turkish taxation system, 75% of profit gained from sale of property, plant and equipment of subsidiaries owned at least 2 years can be recognized as exempt income on condition that would be added to equity in following five years. The remaining 25% is subject to corporate tax.

The tax legislation in Turkey does not allow the parent company and its subsidiaries to issue a consolidated tax declaration. For this reason, the tax provisions reflected in the consolidated financial statements are separately calculated for each company subject to consolidation.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings.

USA

The United States imposes a tax on the profits of US resident corporation at a rate of 21%. Taxable corporate profits are equal to a corporation's receipts less allowable deductions including the cost of goods sold, wages and other employee compensation expenses, interest, nonfederal taxes, depreciation, and advertising. US-based corporations owned by foreign multinational companies generally face the same US corporate tax rules on their profits from US business activities, as do US-owned corporations. In addition to the federal taxes, US income can be taxed at the state and local government levels as well. State tax rates vary from 0% to 13%, and the state income tax paid is deductible for federal income tax purposes.

30 Income taxes *(continued)*

Corporate tax *(continued)*

USA (continued)
U.S.-based companies owned by foreign multinational corporations are generally subject to the same U.S. corporate tax rules regarding earnings from U.S. business activities as U.S. corporations. In addition to federal taxes, U.S. income can be taxed at the state and local government levels.
State tax rates range from 0% to 13%, and state income tax paid is deductible from federal income tax.

Russia
In Russia, the tax system has a legislative nature that is often changed by the authorities. 20%. Tax authorities and "delay penalties" may be subject to investigation and investigation by competent authorities. A tax year is the primary consolidation that follows up to be examined by tax authorities. The recent events in Russia show that they are more stable in the interpretation and implementation of tax legislation. Financial losses can be carried for a period of three years to be deducted from the profit of the institution.

Germany
Germany's effective corporate tax rate, including trade tax and solidarity tax is about 28.9%. Germany's overall income tax rate for corporations includes corporate income tax at a rate of 15%, solidarity surcharge at a rate of 0.825% (5.5 %of the corporate income tax) and municipal trade tax which varies between 7% and 17.64%. Losses can be carried forward for offset against future taxable income indefinitely.

However, the offset is limited: losses may be offset against profits up to EUR 1,000 thousand without restriction, but only 60% of income exceeding EUR 1,000 thousand may be offset against loss carry forwards.

Canada

Canada's federal-provincial general corporate income tax rate is 26.88%. Tax losses can be carried forward for 20 years.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

30 Income taxes *(continued)*

Withholding income tax

Except for the dividends paid to non-resident corporations which have a representative office in Turkey or resident corporations, dividends are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Tax Expense (continued)

For the years ended 31 January 2023 and 31 January 2022, tax expense recognized in profit loss comprised the following:

	1 February 2022– 31 January 2023	1 February 2021 – 31 January 2022
Tax expense:		
Current year tax expense	(396,507)	(153,666)
Revaluation tax expense	(3,441)	(2,157)
	(399,948)	**(155,823)**
Deferred tax income:		
Deferred tax income/(expense) on temporary differences	156,009	39,819
Total tax expense	**(243,939)**	**(116,004)**

For the years ended 31 January 2023 and 31 January 2022, tax income recognized in other comprehensive income the following:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Tax income/(expense), net:		
Deferred tax income/(expense) on remeasurement of the defined benefit liability, net	523	1,512
Deferred tax income/(expense) on cash flow hedge gains, net	10,184	(8,363)

As of 31 January, the details of the current tax assets/liabilities is as follows:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Related to prior year's tax (receivables)/payables	44,048	(11,432)
Tax expense	399,948	155,823
Corporate taxes paid	(394,792)	(100,343)
Total tax (asset)/liability, net	**49,204**	**44,048**
Current tax asset	(32,987)	(7,453)
Current tax liabilities	82,191	51,501

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

30 Income taxes *(continued)*

Reconciliation of effective tax rate

The reported taxation charge For the years ended 31 January 2023 and 31 January 2022 are different than the amounts computed by applying the statutory tax rate to profit before tax as shown in the following reconciliation:

	%	1 February 2022 – 31 January 2023	%	1 February 2021 – 31 January 2022
Profit for the period		1,459,144		423,018
Total income tax expense		(243,939)		(116,004)
Profit before tax		1,703,083		539,022
Tax calculated with the Company's statutory tax rate	(23.0)	(391,709)	(25.0)	(134,756)
Effect of tax rates in foreign jurisdictions	0.1	2,418	0.2	1,320
Non-deductible expenses(1)	(1.4)	(24,479)	(1.5)	(7,878)
Tax effect of exempt income	0.7	12,689	1.0	5,389
Impact of change in tax rate	(0.1)	(1,958)	(1.3)	6,947
Impact of revaluation reserve(2)	9.0	153,981	2.9	15,843
Effect of other adjustments	(0.3)	5,119	(0.5)	(2,869)
Current tax expense	**(14.3)**	**(243,939)**	**(21.5)**	**(116,004)**

(1) For the year ended 31 January 2023 tax effect of non-deductible expenses mainly consists of inventory counting differences amounting to TL 39,785 (31 January 2022: TL 12,955).
(2) Provisional Article 32 of the Tax Procedure Law and repeated Article 298-ç; taxpayers are allowed to revaluate their depreciable economic assets and immovables with tax as of 31 January 2023 and taxfree in the following period, respectively. In this framework, a revaluation has been made in the legal financial statements, and as a result of the revaluation, a deferred tax asset of TL 153,981 has been recorded in the consolidated financial statements.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

30 Income taxes *(continued)*

Recognized deferred tax assets and liabilities

As of 31 January 2023 and 31 January 2022, the items attributable to deferred tax assets and deferred tax liabilities consist of the following:

	31 January 2023		
	Assets	**Liabilities**	**Net amount**
Property, plant and equipment	94,888	(3,902)	90,986
Intangible assets	18,207	(16,357)	1,850
Right-of-use asstes	--	(82,918)	(82,918)
Inventories	35,447	(2,195)	33,252
Due from related parties	--	(2,832)	(2,832)
Trade and other receivables	13,874	(1,516)	12,358
Derivative instruments	3,541	--	3,541
Trade and other payables	21,827	(1,033)	20,794
Lease liabilities	91,312	--	91,312
Provisions	14,248	(1,183)	13,065
Employee benefits	13,695	--	13,695
Financial borrowings	--	(1,156)	(1,156)
Other temporary differences	4,230	(16)	4,214
Total	**311,269**	**(113,108)**	**198,161**
Offset	**(98,336)**	**98,336**	
	212,933	**(14,772)**	

	31 January 2022		
	Assets	**Liabilities**	**Net amount**
Property, plant and equipment	12,969	(2,821)	10,148
Intangible assets	1,081	(14,949)	(13,868)
Right-of-use asstes	--	(64,049)	(64,049)
Inventories	15,497	(967)	14,530
Due from related parties	1	(401)	(400)
Trade receivables	5,527	(655)	4,872
Derivative instruments	--	(6,643)	(6,643)
Trade and other payables	11,482	(668)	10,814
Provisions	5,305	--	5,305
Employee benefits	4,142	--	4,142
Financial borrowings	--	(38)	(38)
Lease liabilities	71,932	--	71,932
Other temporary differences	1,627	(128)	1,499
Total	**129,563**	**(91,319)**	**38,244**
Offset	**(80,202)**	**80,202**	
	49,361	**(11,117)**	

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

30 Income taxes *(continued)*

Deferred tax assets and deferred tax liabilities are attributable to the items detailed in the table below:

	1 February 2022	Current period deferred tax income / (expense)	Recognised in comprehensive income	Foreign currency translation differences	31 January 2023
Property, plant and equipment	10,148	81,563	--	(725)	90,986
Intangible assets	(13,868)	21,546	--	(5,828)	1,850
Inventories	14,529	18,203	--	520	33,252
Due from related parties	(400)	(2,209)	--	(223)	(2,832)
Trade and other receivables	4,872	7,197	--	289	12,358
Derivative instruments	(6,643)	--	10,184	--	3,541
Right-of-use assets	(64,049)	(18,863)	--	(6)	(82,918)
Trade and other payables	10,814	10,351	--	(371)	20,794
Lease liabilities	71,932	19,380	--	--	91,312
Provisions	5,305	6,851	--	909	13,065
Employee benefits	4,142	8,303	523	727	13,695
Financial borrowings	(38)	(1,118)	--	--	(1,156)
Other temporary differences	1,500	4,805	--	(2,091)	4,214
	38,244	**156,009**	**10,707**	**(6,799)**	**198,161**

	1 February 2021	Current period deferred tax income / (expense)	Recognised in comprehensive income	Foreign currency translation differences	31 January 2022
Property, plant and equipment	33,117	(23,338)	--	369	10,148
Intangible assets	(43,174)	37,587	--	(8,281)	(13,868)
Inventories	6,450	7,216	--	863	14,529
Due from related parties	(221)	1	--	(180)	(400)
Trade and other receivables	927	3,434	--	511	4,872
Derivative instruments	1,720	--	(8,363)	--	(6,643)
Right-of-use assets	(72,101)	9,037	--	(985)	(64,049)
Trade and other payables	(936)	12,049	--	(299)	10,814
Lease liabilities	78,229	(6,297)	--	--	71,932
Provisions	2,650	2,526	--	129	5,305
Employee benefits	2,344	(85)	1,512	371	4,142
Financial borrowings	(35)	(3)	--	--	(38)
Other temporary differences	1,665	(2,308)	--	2,143	1,500
	10,635	**39,819**	**(6,851)**	**(5,359)**	**38,244**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

31 Earnings per share

The amount of earnings per share is calculated by dividing the net period profit attributable to the owners of the Company shares by the weighted average share of the company's shares during the period. The calculation of earnings per share for the years ended 31 January 2023 and 31 January 2022 is as follows:

	31 January 2023	**Restated 31 January 2022**
Net profit for the year attributable to owners of the Company	1,439,375	400,441
Weighted average number of ordinary shares	99,314,000	99,314,000
Earnings per share	**14.4932**	**4.0320**

32 Derivative instruments

As at 31 January 2023 and 31 January 2022, short-term derivatives are as follows:

	31 January 2023	**31 January 2022**
Financial liabilities arising from forward contracts for hedging purposes	(17,698)	--
Financial assets arising from forward contracts for hedging purposes	--	28,882
	(17,698)	**28,882**

As of 31 January 2023, the Group has open forward exchange contracts to hedge the foreign currency risk on inventory purchases in amount of USD 42,522 thousand in equivalent of TL 890,938. By applying hedge accounting, the fair value difference of TL 17,698, resulting from such forward transactions, is recognized in other comprehensive income.

33 Financial instruments

Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management of framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

33 Financial instruments *(continued)*

Credit risk *(continued)*

The companies operating under these segments have set a credit policy under which each new customer is analysed individually for the creditworthiness before each company's standard payment and delivery terms and conditions are offered.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts receivable. The allowance is provided for receivables that are legally insolvent.
The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The Group exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer. The Group closely monitors its customers and the risks are monitored by limiting the aggregate risk to any individual counterparty. The Group secures a portion of its receivables through the use of the Direct Debiting System ("DDS") and the use of credit cards by customers. In Turkey, the banks provide credit limits for the Group's customers through DDS and credit cards and the Group collects its receivables from the banks when due. As of 31 January 2023, the DDS limit of the Company is amounting TL 579,471 thousand (31 January 2022: 237,066 thousand). The Company also obtains guarantees from its customers as another means of securing its receivables.

Management believes that the unimpaired amounts that are pass due by more than 30 days are still collectable in full, based on the historical behavior and analysis of customer credit risk.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Currency risk
The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The functional currencies of Group entities are CAD, USD, EUR and RUB. The Group uses derivative financial instruments such as short-term forward foreign exchange contracts to hedge currency risk.

33 Financial instruments *(continued)*

Financial risk management (devamı)

Market risk *(continued)*

Currency risk (continued)
The interest on the loans received is based on the exchange rate of the loan. Loans received are mainly in TL, and are generally at rates that match the cash flows generated as a result of the group's operations. This provides economic hedging from financial risk without the need for derivative transactions.

Interest rate risk
The Group is not exposed to the risk of interest rate since the Group does not have any variable interest rate barrowings.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence; to sustain future development of the business and to maintain an optimal capital structure in order to reduce the cost of capital.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

34 Nature and level of risks related to financial instruments

Credit risk

The carrying amounts of financial assets shows the maximum credit risk exposure. As of the reporting date, the maximum exposure to credit risk is as follows:

31 January 2023	Receivables				
	Trade receivables		Other receivables		
	Related party	Other	Related party	Other [(1)]	Cash and cash equivalents [(2)]
The maximum exposure to credit risk as financial instruments (A+B+C+D)	**--**	**870,657**	**12,216**	**29,769**	**3,238,077**
- Portion of maximum risk covered by guarantees	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	--	817,928	12,216	29,769	3,238,077
B. Net book value of financial assets which are overdue, but not impaired	--	52,729	--	--	--
C. Net book value of impaired assets	--	--	--	--	--
- Overdue (gross book value)	--	53,262	--	--	--
- Impairment (-)	--	(53,262)	--	--	--
-Secured portion of net amount by guarantees	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Secured portion of net amount by guarantees	--	--	--	--	--
D. Elements including credit risk on off consolidated statement of financial position	--	--	--	--	--

31 January 2023	Receivables	
	Trade receivables	Other receivables
Past due between 1-30 days	28,686	
Past due between 1-3 months	9,434	
Past due between 3-12 months	14,609	
Total past due	**52,729**	

(1) Other receivables from third parties excludes deposits and guarantees given.

(2) Cash and cash equivalents exclude cash on hand.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

34 Nature and level of risks related to financial instruments *(continued)*

Credit risk *(continued)*

31 January 2022	Receivables				
	Trade receivables		Other receivables		
	Related party	Other	Related party	Other (1)	Cash and cash equivalents (2)
The maximum exposure to credit risk as financial instruments (A+B+C+D)	**--**	**394,487**	**--**	**33,211**	**1,505,667**
- Portion of maximum risk covered by guarantees	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	--	355,638	--	33,211	1,505,667
B. Net book value of financial assets which are overdue, but not impaired	--	38,849	--	--	--
C. Net book value of impaired assets	--	--	--	--	--
- Overdue (gross book value)	--	37,265	--	--	--
- Impairment (-)	--	(37,265)	--	--	--
-Secured portion of net amount by guarantees	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Secured portion of net amount by guarantees	--	--	--	--	--
D. Elements including credit risk on off consolidated statement of financial position	--	--	--	--	--

31 January 2022	Receivables	
	Trade receivables	Other receivables
Past due between 1-30 days	22,780	--
Past due between 1-3 months	13,816	--
Past due between 3-12 months	2,253	--
Total past due	**38,849**	**--**

(1) Other receivables from third parties excludes deposits and guarantees given.

(2) Cash and cash equivalents exclude cash on hand.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

34 Nature and level of risks related to financial instruments *(continued)*

Credit risk *(continued)*

Impairment

For the years ended 31 January 2023 and 31 January 2022, movement of the provision for doubtful receivables is as follows:

	1 February 2022 – 31 January 2023	1 February 2021 – 31 January 2022
Balance as of the beginning of the period	**37,265**	**22,175**
Current year provision	3,974	1,561
Provisions released	(567)	(1,414)
Write-offs	(4,412)	(479)
Effect of exchange rates	17,002	15,422
Balance as of the end of the period	**53,262**	**37,265**

The Group monitors the collectability of its trade receivables periodically and records provision for potential losses on doubtful receivables based on historical collection rates. Subsequent to recognition of allowance for doubtful receivables, partial or full recovery of doubtful receivables will be recorded under profit or loss with an offset to provision for doubtful receivables.

Liquidity risk

As at 31 January 2023 and 31 January 2022, maturities of financial liabilities including estimated interest payments based on repayment schedules are included below:

31 January 2023	Note	Carrying amount	Contractual cash flow	3 month or less	3-12 months	1-5 year	5 year than more
Non-derivative financial liabilities							
Bank loans	5	1,540,516	1,807,815	99,719	1,708,096	--	--
Lease liabilities	5	640,061	756,108	163,682	246,167	317,533	28,726
Trade payables to third parties	7	2,636,580	2,645,566	1,426,877	1,217,929	760	--
Trade payables to related parties	6	323,941	330,526	61,821	268,705	--	--
Other payables to related parties	6	41	41	41	--	--	--
Total		**5,141,139**	**5,540,056**	**1,752,140**	**3,440,897**	**318,293**	**28,726**

31 January 2022	Note	Carrying amount	Contractual cash flow	3 month or less	3-12 months	1-5 year	5 year than more
Non-derivative financial liabilities							
Bank loans	5	890,608	958,680	279,507	679,173	--	--
Contractual lease liabilities	5	505,925	607,506	108,199	165,049	301,234	33,024
Trade payables to third parties	7	975,843	979,457	786,429	193,028	--	--
Trade payables to related parties	6	212,803	214,489	206,008	8,481	--	--
Other payables to related parties	6	41	41	41	--	--	--
Total		**2,585,220**	**2,760,173**	**1,380,184**	**1,045,731**	**301,234**	**33,024**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

34 Nature and level of risks related to financial instruments *(continued)*

Market risk

Currency risk

As of 31 January 2023 the Group's foreign currency position specified in the following table arises from foreign currency is denominated as assets and liabilities.

	TL Equivalent	USD	Euro	Other
1. Trade receivables	21,140	781	--	6,467
2a. Monetary financial assets (including cash. banks)	100,737	4,053	548	13,375
2b. Non-monetary financial assets	--	--	--	--
3. Other	29,872	1,581	8	--
4. Current assets (1+2+3)	**151,749**	**6,415**	**556**	**19,842**
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	--	--	--	--
9. Total assets (4+8)	**151,749**	**6,415**	**556**	**19,842**
10. Trade payables	59,739	2,268	797	823
11. Financial liabilities	8,714	286	164	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Current liabilities (10+11+12)	**68,453**	**2,554**	**961**	**823**
14. Trade payables	--	--	--	--
15. Financial liabilities	8,346	242	186	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Non-current liabilities (14+15+16)	**8,346**	**242**	**186**	**--**
18. Total liabilities (13+17)	**76,799**	**2,796**	**1,147**	**823**
19. Net asset/(liability) position of derivative instruments (19a-19b)	**(799,452)**	**(42,552)**	**--**	**--**
19a. Hedged total asset	**--**	**--**	**--**	**--**
19b. Hedged total liabilities	**799,452**	**42,552**	**--**	**--**
20. Position of net foreign currency assets/liabilities (9-18+19)	**(724,502)**	**(38,933)**	**(591)**	**19,019**
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	**45,078**	**2,038**	**(599)**	**19,019**

As at 31 January 2023, Mavi Turkey has trade receivables amounting to TL 176,719 from consolidated subsidiaries which comprise; USD 554 thousand, CAD 462 thousand EUR 1.598 thousand and RUB 473,714 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 221,798. The Group has fx protected deposits amounting USD 3,000 thousand as of the balance sheet date.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

34 Nature and level of risks related to financial instruments *(continued)*

Market risk *(continued)*

Currency risk *(continued)*

As of 31 January 2022 the Group's foreign currency position specified in the following table arises from foreign currency is denominated as assets and liabilities.

	TL Equivalent	USD	Euro	Other
1. Trade receivables	12,962	582	--	5,162
2a. Monetary financial assets (including cash. banks)	65,150	2,645	1,511	7,087
2b. Non-monetary financial assets	--	--	--	--
3. Other	13,924	1,039	--	--
4. Current assets (1+2+3)	**92,036**	**4,266**	**1,511**	**12,249**
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	**--**	**--**	**--**	**--**
9. Total assets (4+8)	**92,036**	**4,266**	**1,511**	**12,249**
10. Trade payables	21,264	1,001	509	239
11. Financial liabilities	67,751	340	4,222	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Current liabilities (10+11+12)	**89,015**	**1,341**	**4,731**	**239**
14. Trade payables	--	--	--	--
15. Financial liabilities	12,373	505	376	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Non-current liabilities (14+15+16)	**12,373**	**505**	**376**	**--**
18. Total liabilities (13+17)	**101,388**	**1,846**	**5,107**	**239**
19. Net asset/(liability) position of derivative instruments (19a-19b)	**(134,385)**	**(10,028)**	**--**	**--**
19a. Hedged total asset	**--**	**--**	**--**	**--**
19b. Hedged total liabilities	**134,385**	**10,028**	**--**	**--**
20. Position of net foreign currency assets/liabilities (9-18+19)	**(143,737)**	**(7,608)**	**(3,596)**	**12,010**
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	**(23,276)**	**1,381**	**(3,596)**	**12,010**

As at 31 January 2022, Mavi Turkey has trade receivables amounting to TL 23,261 from consolidated subsidiaries which comprise; USD 81 thousand, CAD 143 thousand EUR (112) thousand and RUB 127,618 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 16. The Group has fx protected deposits amounting USD 2,000 thousand as of the balance sheet date.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

34 Nature and level of risks related to financial instruments *(continued)*

Market risk *(continued)*

Currency risk *(continued)*

Sensitivity analysis

T The Group's foreign exchange risk consists of movements of TL against Euro, US Dollar and Rouble and Australia Dollar.

The basis for performing sensitivity analysis to measure foreign exchange risk is to disclose total currency position of the Company. Total foreign currency position consists of all purchase/sales agreements in foreign currency and all assets and liabilities. Analysis does not include net foreign currency investments.

The Group's short-term and long-term borrowings are carried out in balance under pooling/portfolio model.

Foreign Currency Sensitivity Analysis				
31 January 2023				
	Profit/Loss		**Equity**	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation/depreciation of US Dollar				
1- USD net asset/liability	3,830	(3,830)	3,830	(3,830)
2- Hedged portion of USD (-)	--	--	79,945	(79,945)
3- Net effect of USD (1+2)	**3,830**	**(3,830)**	**83,775**	**(83,775)**
In case of 10% appreciation/ depreciation of EUR				
4- EURO net asset/liability	(1,224)	1,224	(1,224)	1,224
5- Hedged portion of EURO (-)	--	--	--	--
6- Net effect of EURO (4+5)	**(1,224)**	**1,224**	**(1,224)**	**1,224**
In case of 10% appreciation/ depreciation of other				
7- Other currency net asset/liability	1,902	(1,902)	1,902	(1,902)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	**1,902**	**(1,902)**	**1,902**	**(1,902)**
Total (3+6+9)	**4,508**	**(4,508)**	**84,453**	**(84,453)**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

34 Nature and level of risks related to financial instruments *(continued)*

Market risk *(continued)*

Currency risk *(continued)*

Foreign Currency Sensitivity Analysis				
31 January 2022				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation/depreciation of US Dollar				
1- USD net asset/liability	1,851	(1,851)	1,851	(1,851)
2- Hedged portion of USD (-)	--	--	13,439	(13,439)
3- Net effect of USD (1+2)	**1,851**	**(1,851)**	**15,290**	**(15,290)**
In case of 10% appreciation/ depreciation of EUR				
4- EURO net asset/liability	(5,380)	5,380	(5,380)	5,380
5- Hedged portion of EURO (-)	--	--	--	--
6- Net effect of EURO (4+5)	**(5,380)**	**5,380**	**(5,380)**	**5,380**
In case of 10% appreciation/ depreciation of other				
7- Other currency net asset/liability	1,201	(1,201)	1,201	(1,201)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	**1,201**	**(1,201)**	**1,201**	**(1,201)**
Total (3+6+9)	**(2,328)**	**2,328**	**11,111**	**(11,111)**

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

34 Nature and level of risks related to financial instruments *(continued)*

Market risk *(continued)*

Interest rate risk

Profile

The interest rate profile of the Group's interest-bearing financial instruments is:

	31 January 2023	31 January 2022
Fixed interest rate items		
Financial assets	2,607,481	1,122,532
Financial liabilities	(2,180,577)	(1,396,533)

The fair value of fixed rate instruments risk:

The Group does not have any derivative instruments (interest rate swaps) accounted under fair value hedge accounting model or financial assets or liabilities for which fair values are recorded in profit or loss. Therefore, any changes in interest rates during the reporting period will not have an impact on profit or loss.

The fair value of variable rate instruments risk:

As the Group does not have any variable rate borrowings, changes in interest rates as of the reporting period will not have an impact on profit or loss.

Capital risk management

The Group's objectives when managing capital are to safeguard and provide benefits to other stakeholders in order to reduce the cost of capital in order to maintain and protect the optimal capital structure of the Group.

To maintain or adjust the capital structure, the Group determines the amount of dividends paid to shareholders, issue new shares or may sell assets to reduce debt.

Group capital and net financial debt/equity ratio is followed using net financial debt less cash and cash equivalents; total financial debt is calculated by deducting from that amount.

As at 31 January 2023 and 31 January 2022, net debt / equity ratios are as follows:

	31 January 2023	31 January 2022
Loans and borrowings (Note 5) [1]	2,180,577	1,396,533
Cash and cash equivalents (Note 4)	(3,244,612)	(1,481,617)
Net financial liabilities	(1,064,035)	(85,084)
Equity	2,731,948	1,193,357
Net financial liabilities / equities rate	**(0.39)**	**(0.07)**

[1] Lease liabilities are included arising from TFRS 16.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

35 Financial instruments (fair value disclosures and disclosures under hedge accounting)

Fair values

The table below shows the fair value and book value of financial assets and liabilities, including their fair value levels. If the carrying amount is a reasonable estimate of fair value, the following table does not contain fair value information about financial receivables and liabilities that are not measured at fair value:

	Carrying amount			Fair value			
31 January 2023	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities measured at fair value							
Derivative financial instrument	(17,698)	--	(17,698)	--	(17,698)	--	(17,698)
Total	**(17,698)**	**--**	**(17,698)**	**--**	**(17,698)**	**--**	**(17,698)**

31 January 2022	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value							
Derivative financial instrument	28,882	--	28,882	--	28,882	--	28,882
Total	**28,882**	**--**	**28,882**	**--**	**28,882**	**--**	**28,882**

Fair value disclosures

The Group estimates the fair values of financial instruments based on market information readily available and proper valuation approaches. The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

When measuring fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data.

36 Subsequent events

The Group evaluated possible impacts of earthquake that took place in Kahramanmaraş on 6 February 2023 on the consolidated financial statements and reviewed the estimates and assumptions used in preparation of the consolidated financial statements. The Group management assessed that the earthquake does not have any significant effect on the consolidated financial statements as of 31 January 2023.

The Law numbered 7438 on Social Security and General Health Insurance and the Law on the Amendment of the Decree Law numbered 375, which includes the regulation on the Retirement Age Victims (EYT), entered into force after being published in the Official Gazette No. 32121, dated 3 March 2023. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, studies on measuring the impact on the operations and financial position of the Group are still in progress.

Pursuant to the "Law on Restructuring of Certain Receivables and Amending Certain Laws" published in the Official Gazette dated 12 March 2023 and numbered 32130, by showing in the corporate tax return for 2022, it is ensured that a one-time additional tax of 10% is charged on the exemptions and deductions made from corporate income, and on the tax bases subject to reduced corporate tax, without being associated with the period's income. Although this issue is considered as a non-adjusting event after the reporting period within the scope of TAS 10 Events After the Reporting Period, the Group assessed that related amendments do not have any significant effect on the Group's consolidated financial statements as of 31 January 2023.

(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

APPENDIX 1 Ebitda reconciliation

EBITDA is not a defined performance measure under TFRS. Reconciliation of EBITDA For the years ended 31 January 2023 and 31 January 2022 are as follows:

	Note	31 January 2023	31 January 2022
Profit		1,459,144	423,018
Tax expense	*30*	243,939	116,004
Profit before tax		**1,703,083**	**539,022**
- Fx protected deposit income		(13,087)	--
-Net finance costs		333,431	159,764
-Rediscount interest on trade payables, net		(25,945)	(6,477)
-Exchange difference on trade receivables and payables, net		(9,177)	(12,618)
-Depreciation and amortisation	*27*	503,024	358,049
EBITDA		**2,491,329**	**1,037,740**

As of 31 January 2023 TFRS 16 has an impact of TL 428,503 (31 January 2022 : TL 272,409) on EBITDA.

APPENDIX 2 Effect of TFRS 16 on Financial Statements

The effects of TFRS 16 lease standard on the Group's financial statements are presented below:

	31 January 2023	**TFRS 16 Effect**	**After TFRS 16**
Current assets	6,788,195	(3,447)	6,784,748
Non-current assets	1,267,919	590,077	1,857,996
Short-term liabilities	5,093,352	350,245	5,443,597
Long-term liabilities	177,383	289,816	467,199
Equity	2,785,379	(53,431)	2,731,948
	1 February – 31 January 2023	**TFRS 16 Effect**	**After TFRS 16**
Operating profit	1,944,848	77,896	2,022,744
Operating profit before finance costs	1,958,618	77,896	2,036,514
Finance income	304,767	--	304,767
Finance expense	(555,902)	(82,296)	(638,198)
Profit before tax	1,707,483	(4,400)	1,703,083
Net profit	1,462,768	(3,624)	1,459,144
EBITDA	2,062,826	428,503	2,491,329