

**Mavi Giyim Sanayi ve Ticaret  
Anonim Şirketi and  
Its Subsidiaries**

**Condensed Consolidated Interim Financial Statements  
As At and For The Six Months Period Ended  
31 July 2023**

(Convenience Translation of Financial Statements Originally Issued in  
Turkish)

19 September 2023

This report includes 3 pages of review report, 37 pages of condensed consolidated financial statements and explanatory notes to the consolidated financial statements.



DRT Bağımsız Denetim ve  
Serbest Muhasebeci  
Mali Müşavirlik A.Ş.  
Maslak No1 Plaza  
Eski Büyükdere Caddesi  
Maslak Mahallesi No:1  
Maslak, Sarıyer 34485  
İstanbul, Türkiye

Tel: +90 (212) 366 60 00  
Fax: +90 (212) 366 60 10  
[www.deloitte.com.tr](http://www.deloitte.com.tr)

Mersis No :0291001097600016  
Ticari Sicil No: 304099

**(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION ORIGINALLY  
ISSUED IN TURKISH)**

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM  
FINANCIAL INFORMATION**

To the Board of Directors of  
Mavi Giyim Sanayi ve Ticaret A.Ş.

*Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Mavi Giyim Sanayi ve Ticaret A.Ş. (“the Company”) and its subsidiaries (together will be referred as “the Group”) as of 31 July 2023, and the related condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows and other explanatory notes for the six-month period then ended (“condensed consolidated interim financial information”). Group management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

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## *Scope of Review*

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## *Conclusion*

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 “Interim Financial Reporting”.

## *Other Information*

Management is responsible for the other information. The other information comprises the Appendix 1 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 conclusion on the condensed consolidated interim financial statements does not cover the other information and we do not express any form of assurance thereon.

In connection with our review of the condensed consolidated interim financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the condensed consolidated interim financial statements or our knowledge obtained in the review 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.

*Additional paragraph for convenience translation to English*

In the accompanying interim condensed 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 interim condensed 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, SMMM  
Partner

İstanbul, 19 September 2023

## Table of Contents

Condensed Consolidated Interim Statement of Financial Position	1-3
Condensed Consolidated Interim Profit or Loss and Other Comprehensive Income	4-5
Condensed Consolidated Interim Statement of Changes in Equity	6
Condensed Consolidated Interim Statement of Cash Flows	7

<b>Notes to the Condensed Consolidated Interim Financial Statements</b>	<b>8-37</b>
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<b>Note</b>	<b>Disclosure</b>	<b>Page</b>
1	Organisation and operations of the Group	8
2	Basis of presentation of financial statements	9-14
3	Seasonality of operations	14
4	Segment reporting	15
5	Cash and cash equivalents	16
6	Financial borrowings	16-17
7	Related party disclosures	18-19
8	Trade receivables and payables	19-20
9	Inventories	21
10	Property, plant and equipment and intangible assets	21
11	Goodwill	21
12	Right-of-use assets	22
13	Provisions, contingent assets and liabilities	23-24
14	Commitments	25-27
15	Share capital, reserves and other equity items	27
16	Selling, marketing and distribution expenses	28
17	Other operating income and expenses	28
18	Gains and losses from investment activities	29
19	Finance income	29
20	Finance expenses	29
21	Income taxes	30
22	Earnings per share	30
23	Derivative instruments	30
24	Nature and level of risks related to financial instruments	31-35
25	Financial instruments (fair value disclosures and disclosures under hedge accounting)	36-37
26	Subsequent events	37

## Other Information

Appendix 1	Ebitda Reconciliation	38
Appendix 2	Effect of TFRS 16 on Consolidated Financial Statements	38

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Financial Position**  
**As at 31 July 2023**

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

		<b>Reviewed</b>	<b>Audited</b>
	<i>Notes</i>	<b>31 July 2023</b>	<b>31 January 2023</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	3,145,902	3,244,612
Financial investments		54,492	58,150
Trade receivables		1,173,233	870,657
<i>Due from third parties</i>	8	<i>1,173,233</i>	<i>870,657</i>
Other receivables		13,618	31,410
<i>Due from related parties</i>		<i>--</i>	<i>12,216</i>
<i>Due from third parties</i>		<i>13,618</i>	<i>19,194</i>
Inventories	9	2,994,119	2,307,586
Derivative instruments	23	218,567	--
Prepaid expenses		231,029	196,142
<i>Due from related parties</i>	7	<i>96,994</i>	<i>82,365</i>
<i>Due from third parties</i>		<i>134,035</i>	<i>113,777</i>
Current tax assets		19,449	32,987
Other current assets		7,230	43,204
<b>Total current assets</b>		<b>7,857,639</b>	<b>6,784,748</b>
<b>Non-current assets</b>			
Other receivables		12,021	10,575
<i>Due from third parties</i>		<i>12,021</i>	<i>10,575</i>
Property, plant and equipment		482,140	395,452
Right-of-use assets	12	691,876	576,392
Intangible assets		918,710	662,644
<i>Other intangible assets</i>		<i>235,361</i>	<i>185,268</i>
<i>Goodwill</i>	11	<i>683,349</i>	<i>477,376</i>
Deferred tax assets		277,438	212,933
<b>Total non-current assets</b>		<b>2,382,185</b>	<b>1,857,996</b>
<b>TOTAL ASSETS</b>		<b>10,239,824</b>	<b>8,642,744</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Financial Position**  
**As at 31 July 2023**

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

		<b>Reviewed</b>	<b>Audited</b>
	<i>Notes</i>	<b>31 July 2023</b>	<b>31 January 2023</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term financial borrowings	6	358,151	813,247
Short-term lease liabilities	6	446,081	350,245
<i>Due to related parties</i>	7	1,667	459
<i>Due to third parties</i>		444,414	349,786
Short-term portion of long-term borrowings	6	330,926	217,297
Short-term issued debt instruments	6	588,352	509,972
Trade payables		3,018,528	2,960,521
<i>Due to related parties</i>	7	451,535	323,941
<i>Due to third parties</i>	8	2,566,993	2,636,580
Payables related to employee benefits		305,016	203,020
Other payables		42,176	39,762
<i>Due to related parties</i>	7	41	41
<i>Due to third parties</i>		42,135	39,721
Deferred income		115,690	81,668
Short-term provisions		169,551	124,343
<i>Short-term provisions for employee benefits</i>	13	31,197	18,829
<i>Other short-term provisions</i>	13	138,354	105,514
Derivative instruments		--	17,698
Current tax liabilities		266,112	82,191
Other current liabilities		65,097	43,633
<b>Total current liabilities</b>		<b>5,705,680</b>	<b>5,443,597</b>
<b>Non-current liabilities</b>			
Long-term borrowings	6	9,701	--
Long-term lease liabilities	6	335,083	289,816
<i>Due to third parties</i>		335,083	289,816
Deferred income		23,834	34,009
Payables related to employee benefits		52,263	67,480
Long-term provisions		68,427	61,122
<i>Long-term provisions for employee benefits</i>	13	68,427	61,122
Deferred tax liabilities		19,404	14,772
<b>Total non-current liabilities</b>		<b>508,712</b>	<b>467,199</b>
<b>TOTAL LIABILITIES</b>		<b>6,214,392</b>	<b>5,910,796</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Financial Position**  
**As at 31 July 2023**

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

		<b>Reviewed</b>	<b>Audited</b>
	<i>Notes</i>	<b>31 July 2023</b>	<b>31 January 2023</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>		<b>3,842,428</b>	<b>2,591,537</b>
Paid-in share capital	15	198,628	99,314
The effect of mergers involving undertakings or businesses under common control		(35,757)	(35,757)
Share based payment fund		7,325	945
Other comprehensive expense not to be reclassified to profit or loss		(14,388)	(14,388)
<i>Defined benefit plans remeasurement losses</i>		<i>(14,388)</i>	<i>(14,388)</i>
Other comprehensive income to be reclassified to profit or loss		1,048,180	529,961
<i>Foreign currency translation differences</i>		<i>884,255</i>	<i>544,118</i>
<i>Hedging gains / (losses)</i>		<i>163,925</i>	<i>(14,157)</i>
Restricted reserves	15	19,771	19,771
Retained earnings		1,462,922	552,316
Net profit for the period		1,155,747	1,439,375
<b>Non-controlling interests</b>		<b>183,004</b>	<b>140,411</b>
<b>Total equity</b>		<b>4,025,432</b>	<b>2,731,948</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,239,824</b>	<b>8,642,744</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.



**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income**  
**For the Six Months Period Ended 31 July 2023**

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

		Reviewed	Not reviewed	Reviewed	Not reviewed
	Notes	1 February – 31 July 2023	1 May – 31 July 2023	1 February – 31 July 2022	1 May – 31 July 2022
<b>Profit or loss</b>					
Revenue		8,414,879	4,468,326	4,123,520	2,236,270
Cost of sales (-)		(4,123,775)	(2,139,132)	(1,814,717)	(993,711)
<b>Gross profit</b>		<b>4,291,104</b>	<b>2,329,194</b>	<b>2,308,803</b>	<b>1,242,559</b>
General administrative expenses (-)		(523,475)	(303,037)	(247,758)	(141,676)
Selling, marketing and distribution expenses (-)	16	(2,195,476)	(1,221,560)	(1,156,464)	(658,102)
Research and development expenses (-)		(74,802)	(41,636)	(31,766)	(16,922)
Other operating income	17	62,544	50,144	49,177	31,069
Other operating expenses (-)	17	(50,230)	(33,510)	(9,306)	(5,796)
<b>Operating profit</b>		<b>1,509,665</b>	<b>779,595</b>	<b>912,686</b>	<b>451,132</b>
Gains from investment activities	18	15,762	14,400	8,841	8,841
Losses from investment activities (-)	18	(717)	(130)	(180)	497
<b>Operating profit before financial income</b>		<b>1,524,710</b>	<b>793,865</b>	<b>921,347</b>	<b>460,470</b>
Finance income	19	348,163	217,363	119,216	73,616
Finance expenses (-)	20	(495,649)	(257,149)	(252,830)	(140,037)
<b>Finance expenses, net</b>		<b>(147,486)</b>	<b>(39,786)</b>	<b>(133,614)</b>	<b>(66,421)</b>
<b>Profit before tax from continuing operations</b>		<b>1,377,224</b>	<b>754,079</b>	<b>787,733</b>	<b>394,049</b>
<b>Tax income / (expense) from continuing operations</b>		<b>(237,781)</b>	<b>(129,670)</b>	<b>(83,342)</b>	<b>8,451</b>
Tax expense for the period		(356,981)	(229,271)	(205,307)	(108,289)
Deferred tax income		119,200	99,601	121,965	116,740
<b>Profit for the period from continuing operations</b>		<b>1,139,443</b>	<b>624,409</b>	<b>704,391</b>	<b>402,500</b>
<b>Net income / (loss)</b>		<b>1,139,443</b>	<b>624,409</b>	<b>704,391</b>	<b>402,500</b>
Non-controlling interests		(16,304)	(19,251)	8,268	(4,753)
Owners of the Company		1,155,747	643,660	696,123	407,253
<b>Earnings per share</b>	22	<b>5.8187</b>	<b>3.2405</b>	<b>3.5047</b>	<b>2.0503</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income**  
**For the Six Months Period Ended 31 July 2023**

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

	<b>Reviewed</b>	<b>Not reviewed</b>	<b>Reviewed</b>	<b>Not reviewed</b>
	<b>1 February –</b>	<b>1 May –</b>	<b>1 February –</b>	<b>1 May –</b>
<i>Notes</i>	<b>31 July 2023</b>	<b>31 July 2023</b>	<b>31 July 2022</b>	<b>31 July 2022</b>
<b>Other comprehensive income</b>				
<b>Items to be reclassified to profit or loss</b>				
Foreign currency translation differences	399,034	362,035	173,879	123,597
Cash flow hedging gains / (losses)	236,263	191,804	74,874	65,214
Deferred tax income / (expense)	(58,181)	(49,289)	(17,221)	(14,999)
<b>Other comprehensive income</b>	<b>577,116</b>	<b>504,550</b>	<b>231,532</b>	<b>173,812</b>
<b>Total comprehensive income</b>	<b>1,716,559</b>	<b>1,128,959</b>	<b>935,923</b>	<b>576,312</b>
<b>Total comprehensive income attributable to:</b>				
Non-controlling interests	42,593	35,392	37,740	16,248
Owners of the Company	1,673,966	1,093,567	898,183	560,064

The accompanying notes form an integral part of these condensed consolidated interim financial statements

## Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

### Condensed Consolidated Interim Statement of Changes In Equity

As at and for the six months period ended 31 July 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
<b>Balance as at 1 February 2022</b>	<b>49,657</b>	<b>19,771</b>	<b>(35,757)</b>	<b>--</b>	<b>(12,293)</b>	<b>353,279</b>	<b>22,239</b>	<b>317,166</b>	<b>400,441</b>	<b>1,114,503</b>	<b>78,854</b>	<b>1,193,357</b>
Transfers	49,657	--	--	--	--	--	--	350,784	(400,441)	--	--	--
Dividend payment	--	--	--	--	--	--	--	(120,429)	--	(120,429)	--	(120,429)
Total comprehensive income	--	--	--	--	--	144,407	57,653	--	696,123	898,183	37,740	935,923
<b>Total balance as at 31 July 2022</b>	<b>99,314</b>	<b>19,771</b>	<b>(35,757)</b>	<b>--</b>	<b>(12,293)</b>	<b>497,686</b>	<b>79,892</b>	<b>547,521</b>	<b>696,123</b>	<b>1,892,257</b>	<b>116,594</b>	<b>2,008,851</b>
<b>Balance as at 1 February 2023</b>	<b>99,314</b>	<b>19,771</b>	<b>(35,757)</b>	<b>945</b>	<b>(14,388)</b>	<b>544,118</b>	<b>(14,157)</b>	<b>552,316</b>	<b>1,439,375</b>	<b>2,591,537</b>	<b>140,411</b>	<b>2,731,948</b>
Transfers	99,314	--	--	--	--	--	--	1,340,061	(1,439,375)	--	--	--
Dividend payment	--	--	--	--	--	--	--	(429,455)	--	(429,455)	--	(429,455)
Increase (decrease) due to share- based transactions	--	--	--	6,380	--	--	--	--	--	6,380	--	6,380
Total comprehensive income	--	--	--	--	--	340,137	178,082	--	1,155,747	1,673,966	42,593	1,716,559
<b>Total balance as at 31 July 2023</b>	<b>198,628</b>	<b>19,771</b>	<b>(35,757)</b>	<b>7,325</b>	<b>(14,388)</b>	<b>884,255</b>	<b>163,925</b>	<b>1,462,922</b>	<b>1,155,747</b>	<b>3,842,428</b>	<b>183,004</b>	<b>4,025,432</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Cash Flows**  
**As at and for the six months period ended 31 July 2023**  
*(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)*

		<b>Reviewed</b>	<b>Reviewed</b>
		<b>1 February –</b>	<b>1 February –</b>
		<b>31 July 2023</b>	<b>31 July 2022</b>
<b>Cash flow from operating activities</b>	<i>Notes</i>		
<b>Net profit for the period</b>		<b>1,139,443</b>	<b>704,391</b>
<b>Adjustments for:</b>			
Adjustments for depreciation and amortization expense	10,12	356,126	225,431
Adjustments for finance income	19	(276,419)	(95,877)
Adjustments for finance cost	20	493,897	246,093
Adjustments for unused vacation provision	13	14,638	7,399
Adjustments for fair value losses / (gains) of financial assets	18	(15,012)	(8,841)
Adjustments for employment termination benefits	13	38,220	15,647
Adjustments for impairment (reversal) of trade receivables		(1,947)	(277)
Adjustments for rediscount interest on trade payables	17	(18,024)	(3,243)
Adjustments for share-based payments		6,379	--
Adjustments for expected credit losses	17	(2,331)	214
Adjustments for inventory impairment (reversal)	9	(18,048)	22,131
Adjustments for short-term provisions	13	18,418	36,601
Adjustments for loss on disposal of property and equipment	18	(33)	180
Adjustments for tax expense		237,781	83,342
Unrealized currency translation difference		271,076	119,971
		<b>2,244,164</b>	<b>1,353,162</b>
<b>Changes in working capital:</b>			
Change in trade receivables		(317,962)	(214,364)
Change in inventory		(688,541)	(550,153)
Change in prepaid expenses		(34,886)	(174,352)
Change in other receivables		16,346	(2,989)
Change in other current and non-current assets		35,971	563
Change in employee benefits liabilities		86,779	56,071
Change in trade payables		57,304	317,886
Change in payables to related parties		18,724	53,099
Change in deferred income		23,846	10,052
Change in other payables		2,414	6,357
Change in short-term and long-term provisions		(563)	(364)
Change in other liabilities		22,016	7,151
<b>Cash flows used in operating activities</b>		<b>1,465,612</b>	<b>862,119</b>
Employment termination benefits paid	13	(36,099)	(4,776)
Tax payment		(159,524)	(164,716)
<b>A. Net cash from operating activities</b>		<b>1,269,989</b>	<b>692,627</b>
<b>Cash flows from investing activities</b>			
Cash outflows from purchases of property, plant and equipment	10	(132,214)	(89,736)
Cash inflows from the sale of property, plant and equipment		4,921	1,284
Cash outflows from purchases of intangible asset	10	(53,626)	(28,187)
Other investing activities		18,670	--
Interest received		285,982	91,745
<b>B. Net cash used in investing activities</b>		<b>123,733</b>	<b>(24,894)</b>
Cash inflows from borrowings		322,813	545,665
Cash outflows from repayments of borrowings		(691,149)	(431,592)
Cash outflows from payments of contractual lease liabilities		(300,836)	(188,888)
Other financial cash outflows		(271,375)	(105,213)
Dividend paid	15	(429,455)	--
Interest paid		(112,867)	(63,203)
<b>C. Net cash received/(used) from financing activities</b>		<b>(1,482,869)</b>	<b>(243,231)</b>
<b>Net change in cash and cash equivalent (A+B+C)</b>		<b>(89,147)</b>	<b>424,502</b>
<b>D. Cash and cash equivalents at the beginning of the period</b>	<b>5</b>	<b>3,223,112</b>	<b>1,478,609</b>
<b>Cash and cash equivalents at the end of the period (A+B+C+D)</b>	<b>5</b>	<b>3,133,965</b>	<b>1,903,111</b>

The accompanying notes form an integral part of these condensed consolidated interim financial statements.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 1 Organisation 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. 53/2, 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 July 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 2023: 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 condensed consolidated interim financial statements for the six months period ended as at 31 July 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 Giyim and its subsidiaries are referred here as the "Group" and individually "the Group entity" in this report.

The ownership interest and voting rights of the subsidiaries as of 31 July 2023 and 31 January 2023 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Ownership interest and voting rights	
			31 July 2023	31 January 2023
Mavi Europe	Germany	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 company	51.00	51.00
Mavi USA	USA	Wholesale and retail sales of apparel	47.69	47.69
Mavi Canada	Canada	Wholesale and retail sales of apparel	63.25	63.25
Mavi Kazakhstan <sup>(1)</sup>	Kazakhstan	Retail sales of apparel	100.00	100.00

<sup>(1)</sup> Mavi Kazakhstan is in the liquidation process and does no longer proceed any operations as of 31 October 2015. Mavi Kazakhstan financials have not been consolidated since its operations insignificant in terms of condensed consolidated interim financial statements, as of 31 July 2023.

As of 31 July 2023, Group's total number of employees is 5,801 (31 January 2023: 5,670).

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at and for the six months period ended 31 July 2023**  
*(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)*

**2 Basis of presentation of financial statements**

**2.1 Basis for the presentation of interim condensed consolidated financial statements**

**(a) Statement of compliance to TFRS**

The accompanying condensed consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards and interpretations (“TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”). 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.

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”) in the 2021 financial reporting period. The announcement stated that, entities that apply TFRS should not adjust financial statements for 2021 in accordance with TAS 29. 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 in accordance with TAS 29 as of 31 July 2023.

Condensed consolidated financial statements of the Group for the six-months interim accounting period ending on 31 July 2023 have been prepared in accordance with TAS 34 “Interim Financial Reporting”. Interim condensed consolidated financial statements do not contain all the information and explanations required in the annual financial statements and should be read together with the consolidated financial statements of the Group as of 31 January 2023.

**(b) Preparation of financial statements**

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 19 September 2023. The General Assembly of the Company has the right to amend and the related regulatory authorities have the right to demand the amendments in the consolidated interim financial statements.

**(c) Functional and presentation currency**

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

Consolidated financial statements and footnotes are based on the legal records of the Group companies and are presented in thousands of TL unless otherwise stated, and have been prepared, subject to some corrections and classification changes, in order to adequately present the status of the Group in accordance with the Turkish Accounting Standards published by Public Oversight Accounting and Auditing Standards Authority (the “POA”). All other foreign currency amounts are shown in Thousand Turkish Lira (“TL”) unless otherwise stated.

The table below summarizes functional currencies of the Group entities.

<b>Company</b>	<b>Functional currency</b>
Mavi Giyim	TL
Mavi Europe	Euro (“EUR”)
Mavi Russia	Rouble (“RUB”)
Mavi USA	US Dollars (“USD”)
Mavi Canada	Canada Dollars (“CAD”)
Eflatun Giyim	TL

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at and for the six months period ended 31 July 2023**  
*(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)*

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

**2.1 Basis for the presentation of interim condensed consolidated financial statements (continued)**

**(d) Basis of measurement**

Interim condensed consolidated financial statements have been prepared at historical costs, excluding derivative financial instruments, which are measured at fair value. Historical cost is generally based on the fair value of the consideration given for goods and services. The methods used in fair value measurement are specified in note 2.1 (f).

**(e) Significant accounting judgments, estimates and assumptions**

Preparation of condensed consolidated financial statements requires the usage of management estimations 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 in accounting estimates are recorded in the period when the revision is made and in the future periods affected by these revisions.

Although these estimates are based on management's best estimates based on current events and actions, actual results may differ from estimates. Assumptions and estimates that are complex and require further interpretation may have a significant impact on the financial statements. As of 31 July 2023, the assumptions and significant accounting estimates used in the preparation of the six-month interim condensed consolidated financial statements have not changed compared to those used in the prior year.

**(f) Measurement of fair value**

The Group's various accounting policies and disclosures require determining the fair values of both financial and non-financial assets and liabilities. Fair values are determined by the following methods for measurement and disclosure purposes. If applicable, additional information on the assumptions used in determining fair values is presented in the asset or notes specific for liabilities.

**(i) Trade and other receivables**

Short term trade and other receivables are measured at the original invoice amount since the promised amount of consideration does not include an effect of significant financing component and the period between the entity transfers a promised good or service to a customer and the customer pays for that good or service is less than one year. This fair value is determined at the initial recognition and the end of each reporting period for disclosure purposes.

**(ii) Forward exchange contracts**

The fair value of forward contracts and exchange transactions is determined 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 value represents the credit risk of the instrument and includes adjustments related to the credit risk of both the Group and the counterparty.

**(iii) Other non-derivative financial liabilities**

Fair value of other non-derivative financial liabilities is determined during the initial recognition and for disclosure purposes at the end of each period. Fair values are calculated as reduction of present values of prospective principal and interest cash flows with market interest rate at the measurement date. Fair values of current non-derivative financial liabilities are accepted same as their carrying values.

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at and for the six months period ended 31 July 2023**  
*(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)*

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

**2.1 Basis for the presentation of interim condensed consolidated financial statements (continued)**

**(f) Measurement of fair values (continued)**

**(iv) Property, plant and equipment**

The fair value of the property, plant and equipment resulting from business combinations is the price that would arise when a willing buyer and a voluntary seller acted with knowledge, prudence and without any pressure on the date of purchase, in a transaction under market conditions. The fair values of plant, equipment and fixtures are determined based on the market price and replacement cost of similar items, if any. The amortized replacement cost reflects adjustments for functional and economic obsolescence as well as physical deterioration.

**(v) 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 excess earnings methods and replacement cost approach.

**2.2 New and Amended Turkish Financial Reporting Standards**

**(a) Amendments that are mandatorily effective from 2023**

Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>

**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.

**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.



**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at and for the six months period ended 31 July 2023**  
*(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)*

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

**2.2 New and Amended Turkish Financial Reporting Standards (continued)**

**(a) Amendments that are mandatorily effective from 2023 (continued)**

**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.

**(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	<i>Insurance Contracts</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>

**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 2024 for insurance and reinsurance and pension companies.

**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 insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

**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 2024 and earlier application is permitted.

**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.

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at and for the six months period ended 31 July 2023**  
*(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)*

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

**2.2 New and Amended Turkish Financial Reporting Standards (continued)**

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

**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.

**2.3 Significant accounting policies**

Condensed consolidated financial statements as of and for the six-months interim period ended 31 July 2023 have been prepared by the Group by applying the accounting policies consistent with the accounting policies applied during the preparation of the consolidated financial statements for the year ended 31 January 2023.

The financial statements in the condensed consolidated interim financial statements for the six-months period ended on 31 July 2023 must be evaluated together with the consolidated financial statements for the year ended 31 January 2023.

**TFRS 16 Leases**

**Leases**

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

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 has not recognised a right of use asset and liability for lease contracts where rent amount is solely dependent on a performance obligation. In case such contracts include a minimum guaranteed rent payment along with a sales performance obligation, the Group has recognized a right of use asset and liability based on minimum guaranteed rent amount.

**Right-of-use assets**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability.

The right of use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's accounting policies.

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at and for the six months period ended 31 July 2023**  
*(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)*

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

**2.3 Significant accounting policies (*continued*)**

**IFRS 16 Leases (*continued*)**

**Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured if there is a change in these payments as a result of a change in the lease term and index or rate.

**3 Seasonality of operations**

The condensed consolidated interim financial statements of the Group also comprise the effects of seasonality. Therefore, the six months operating results for the period ended 31 July 2023 are not indicative of the results for the financial year.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 4 Segment Reporting

	1 February- 31 July 2023			1 May - 31 July 2023			1 February- 31 July 2022			1 May - 31 July 2022		
	Reportable segment			Reportable segment			Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total	Turkey	International	Total	Turkey	International	Total
Segment revenue <sup>(1)</sup>	7,327,698	1,087,181	8,414,879	3,949,145	519,181	4,468,326	3,346,069	777,451	4,123,520	1,838,289	397,981	2,236,270
-Retail	5,495,286	153,453	5,648,739	3,094,295	85,602	3,179,897	2,572,188	120,020	2,692,208	1,476,938	80,659	1,557,597
-Wholesale	1,249,309	713,974	1,963,283	552,398	332,469	884,867	475,157	509,569	984,726	216,641	241,429	458,070
-E-commerce	583,103	219,754	802,857	302,452	101,110	403,562	298,724	147,862	446,586	144,710	75,893	220,603
Segment profit before tax	1,408,283	(31,059)	1,377,224	810,897	(56,818)	754,079	727,322	60,411	787,733	392,148	1,901	394,049

	31 July 2023			31 January 2023		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Total segment assets	8,202,709	2,037,115	10,239,824	7,261,292	1,381,452	8,642,744
Total segment liabilities	5,345,947	868,445	6,214,392	5,301,859	608,937	5,910,796

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 based on the geographical areas where sales are generated. These segments are managed separately because they require different trading and marketing strategies. International segment comprises Europe, USA, Canada, Russia and rest of the world.

<sup>(1)</sup> Segment revenue comprised of third party sales after elimination between consolidated subsidiaries.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 5 Cash and cash equivalents

As of 31 July 2023 and 31 January 2023, the details of cash and cash equivalents are as follows:

	31 July 2023	31 January 2023
Cash on hand	10,564	6,535
Cash at banks	2,503,179	2,722,275
- Demand deposits	266,817	136,294
- Time deposits	2,236,362	2,585,981
Other cash and cash equivalents	620,222	494,302
<b>Cash and cash equivalents in the statement of cash flow</b>	<b>3,133,965</b>	<b>3,223,112</b>
Time deposit interest accrual	11,937	21,500
	<b>3,145,902</b>	<b>3,244,612</b>

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

As of 31 July 2023 and 31 January 2023, the details of the maturity dates and interest rates of the Group's time deposits are as follows:

	Maturity	Interest rate	31 July 2023
TL	1-28 August 2023	30%-37.50%	2,058,820
USD	1 August 2023	0.50%	149,244
EUR	1 August 2023	0.40%	28,298
			<b>2,236,362</b>

	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
			<b>2,585,981</b>

As of 31 July 2023 and 31 January 2023, there is no restriction or blockage on cash and cash equivalents. The Group's currency risk and sensitivity analyses are disclosed in Note 24.

### 6 Financial borrowings

As of 31 July 2023 and 31 January 2023, financial borrowings are as follows:

	31 July 2023	31 January 2023
<b><u>Current liabilities</u></b>		
Unsecured bank loans	358,151	813,247
Current portion of unsecured bank loans	330,926	217,297
Issued debt instruments	588,352	509,972
Lease liabilities	446,081	350,245
	<b>1,723,510</b>	<b>1,890,761</b>
<b><u>Non-current liabilities</u></b>		
Unsecured bank loans	9,701	--
Lease liabilities	335,083	289,816
	<b>344,784</b>	<b>289,816</b>

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at and for the six months period ended 31 July 2023**

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

**6 Financial borrowings (continued)**

As of 31 July 2023 and 31 January 2023, the Group's total bank loans are as follows:

	<b>31 July 2023</b>	<b>31 January 2023</b>
Bank loans	698,778	1,030,544
Issued debt instruments	588,352	509,972
Lease liabilities	781,164	640,061
	<b>2,068,294</b>	<b>2,180,577</b>

As of 31 July 2023 and 31 January 2023, the repayments of loan agreements according to the original maturities are as follows:

	<b>31 July 2023</b>	<b>31 January 2023</b>
Less than one year	1,277,429	1,540,516
One to two years	5,817	--
Two to three years	3,884	--
	<b>1,287,130</b>	<b>1,540,516</b>

As of 31 July 2023 and 31 January 2023, maturities and conditions of outstanding loans comprised the following:

	<b>31 July 2023</b>			<b>Nominal value</b>	<b>Carrying amount</b>
	<b>Currency</b>	<b>Nominal interest rate%</b>	<b>Maturity</b>		
Unsecured bank loans	TL	14.12%-26.21%	2023	429,000	453,932
Unsecured bank loans	USD	7.43%	2023	20,205	20,205
Unsecured bank loans	RUB	12.50%-13.50%	2024	117,936	120,029
Unsecured bank loans	CAD	6.95%-7.30%	2023-2026	104,612	104,612
Issued debt instruments	TL	35.18%	2024	500,000	588,352
				<b>1,171,753</b>	<b>1,287,130</b>

	<b>31 January 2023</b>			<b>Nominal value</b>	<b>Carrying amount</b>
	<b>Currency</b>	<b>Nominal interest rate%</b>	<b>Maturity</b>		
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	35.18%	2024	500,000	509,972
				<b>1,475,262</b>	<b>1,540,516</b>

Currency risk and sensitivity analysis regarding the Group's financial liabilities are presented in Note 24.

<b>Short term portion of long term lease liabilities</b>	<b>31 July 2023</b>	<b>31 January 2023</b>
Lease liabilities	512,830	409,849
Deferred lease borrowing costs (-)	(66,749)	(59,604)
	<b>446,081</b>	<b>350,245</b>
<b>Long term lease liabilities</b>		
Leases liabilities	399,708	346,321
Deferred lease borrowing costs (-)	(64,625)	(56,505)
	<b>335,083</b>	<b>289,816</b>
<b>Total lease liabilities</b>	<b>781,164</b>	<b>640,061</b>

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 7 Related party disclosures

Related parties in condensed consolidated interim 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 July 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

Advances given to related parties as of 31 July 2023 and 31 January 2023 are as follows:

	31 July 2023	31 January 2023
Erak Giyim Sanayi Tic. A.Ş. ("Erak") <sup>(1)</sup>	96,994	82,365
	<b>96,994</b>	<b>82,365</b>

<sup>(1)</sup> 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 July 2023 and 31 January 2023 is as follows:

	31 July 2023	31 January 2023
<b>Trade payables to related parties</b>		
Erak <sup>(1)</sup>	351,223	193,311
Akay Lelmalabis Elgazhizah LLC ("Akay") <sup>(2)</sup>	100,312	130,630
	<b>451,535</b>	<b>323,941</b>

<sup>(1)</sup> 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 without guarantee and non-interest bearing. Purchases from Erak have 90 days repayment date.

<sup>(2)</sup> Payables to Akay, Erak's subsidiary located in Egypt, are due to inventory purchases. Amounts are non-interest bearing and have 90 days repayment date.

As at 31 July 2023 and 31 January 2023, other receivables from related parties comprised the following:

	31 July 2023	31 January 2023
<b>Other receivables from related parties</b>		
Mavi USA shareholders	--	12,216
	--	<b>12,216</b>

As of 31 July 2023 and 31 January 2023, other short-term payables to related parties are as follows:

	31 July 2023	31 January 2023
<b>Short-term other payables to related parties</b>		
Eflatun Giyim Shareholders	41	41
	<b>41</b>	<b>41</b>

As of 31 July 2023 and 31 January 2023, balances due to lease liabilities to related parties are as follows:

	31 July 2023	31 January 2023
<b>Short-term lease liabilities to related parties</b>		
Sylvia House Inc.	1,667	184
Mavi Jeans Holding Inc.	--	275
	<b>1,667</b>	<b>459</b>

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at and for the six months period ended 31 July 2023**  
*(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)*

**7 Related party disclosures(continued)**

**(b) Related party transactions**

For the six months period ended 31 July 2023 and 2022, product purchases from related parties of the Group are as follows:

	<b>1 February – 31 July 2023</b>	<b>1 May – 31 July 2023</b>	<b>1 February – 31 July 2022</b>	<b>1 May – 31 July 2022</b>
<b>Product purchase from related parties</b>				
Erak	1,142,011	625,722	676,910	338,375
Akay	180,621	102,803	119,132	63,352
	<b>1,322,632</b>	<b>728,525</b>	<b>796,042</b>	<b>401,727</b>

For the six months period ended 31 July 2023 and 2022, the services from related parties of the Group are as follows:

	<b>1 February – 31 July 2023</b>	<b>1 May – 31 July 2023</b>	<b>1 February – 31 July 2022</b>	<b>1 May – 31 July 2022</b>
<b>Services from related parties</b>				
Erak <sup>(1)</sup>	3,637	2,649	1,478	1,119
Mavi Jeans Holding Inc. <sup>(2)</sup>	448	--	1,525	819
Sylvia House Inc. <sup>(3)</sup>	1,526	843	1,173	626
	<b>5,611</b>	<b>3,492</b>	<b>4,176</b>	<b>2,564</b>

<sup>(1)</sup> The Group rented Çerkezköy and Bayrampaşa retail stores from Erak.

<sup>(2)</sup> Mavi Canada rented its office and warehouse from Mavi Jeans Holding Inc.

<sup>(3)</sup> 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 six months period ended 31 July 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 188,858 (31 July 2022: TL 113,318).

As of 31 July 2023, the Group does not have any payables to key management personnel.

**8 Trade receivables and payables**

**Short-term trade receivables**

As of 31 July 2023 and 31 January 2023, the Group's short term trade receivables are as follows:

	<b>31 July 2023</b>	<b>31 January 2023</b>
Trade receivables from third parties	1,173,233	870,657
	<b>1,173,233</b>	<b>870,657</b>



# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 8 Trade receivables and payables (continued)

#### Short-term trade receivables (continued)

As at 31 July 2023 and 31 January 2023, short-term trade receivables from third parties are as follows:

	31 July 2023	31 January 2023
Receivables	982,545	807,992
Post-dated cheques	39,600	7,483
Endorsed cheques	28,371	20,702
Notes receivables	196,835	91,917
Expected credit losses (-)	(3,136)	(4,175)
Allowance for doubtful receivables (-)	(70,982)	(53,262)
	<b>1,173,233</b>	<b>870,657</b>

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

The details of the exchange rate risk and sensitivity analysis of the Group's short-term trade receivables are disclosed in Note 24.

#### Short-term trade payables

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

	31 July 2023	31 January 2023
Trade payables to third parties	2,566,993	2,636,580
Trade payables to related parties (Note 7)	451,535	323,941
	<b>3,018,528</b>	<b>2,960,521</b>

Trade payables mainly consist of unpaid amounts of trade purchases and ongoing expenditures.

Details related to Group's exposure to foreign currency risk for short-term trade payables is disclosed in Note 24.

As of 31 July 2023 and 31 January 2023, the Group's short-term trade payables to third parties are as follows:

	31 July 2023	31 January 2023
Trade payables <sup>(1)</sup>	2,482,968	2,538,840
Expense accruals	84,025	97,740
	<b>2,566,993</b>	<b>2,636,580</b>

- (1) Trade payables to third parties comprise import factoring payables amounting TL 68,983 (31 January 2023: TL 458,511) and supplier financing payables amounting TL 633,958 (31 January 2023: TL 892,744). The Company performs import factoring for the purchases of good from abroad. Within the scope of import factoring, foreign suppliers transfer their receivables from the Company to the financial institutions where the Company works with confirmation of assignment. Within the scope of supplier financing, domestic suppliers transfer their receivables from the Company to the financial institutions where the Company works with confirmation of assignment.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 9 Inventories

As of 31 July 2023 and 31 January 2023, inventories are as follows:

	31 July 2023	31 January 2023
Trade goods	2,748,601	2,257,791
Consignment goods	147,791	152,511
Goods in transit	207,902	5,472
Provision for impairment on inventory (-)	(110,175)	(108,188)
	<b>2,994,119</b>	<b>2,307,586</b>

As of 31 July 2023 there is no restriction/ pledge on inventories (31 January 2023: nil).

As of 31 July 2023 and 2022, the provision for impairment on inventory is as follows:

	31 July 2023	31 July 2022
Opening balance	<b>108,188</b>	<b>32,925</b>
Provision for the period	27,063	22,131
Foreign currency translation effect	20,035	3,277
Disposals	(45,111)	--
Closing balance	<b>110,175</b>	<b>58,333</b>

In the interim period ended on 31 July 2023, inventories of TL 27,063 (31 July 2022: TL 22,131) 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 period and included in "cost of sales". For the six months period ended on 31 July 2023 inventories of TL 45,111 (31 July 2023: nil) were disposed and written off.

### 10 Property, plant and equipment and intangible assets

The amount of property, plant and equipment and intangible assets purchased during the six months period ended 31 July 2023 is TL 186,442 (31 July 2022: TL 118,056).

Net book value of property, plant and equipment and intangible assets sold during the six months period ended 31 July 2023 amounted to TL 4,888 (31 July 2022: TL 1,464).

The depreciation and amortization charge for the six months period ended 31 July 2023 is TL 100,968 (31 July 2022: TL 68,879). The depreciation charge of TL 602 for the six months period ended 31 July 2023 is capitalized in accordance with incentive program. (31 July 2022: TL 133).

### 11 Goodwill

As at 31 July 2023 and 31 January 2023, the carrying amount of goodwill allocated to each cash generating unit is as follows;

	31 July 2023	31 January 2023
Mavi USA	618,414	431,283
Mavi Canada	61,202	42,360
Other	3,733	3,733
	<b>683,349</b>	<b>477,376</b>

As of 31 July 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

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 12 Right-of-use assets

For the period ended 31 July 2023 and 2022 the movement of right-of-use assets is as follows:

Cost	Buildings	Store	Vehicles	Warehouse	Total
<b>1 February 2023 opening balance</b>	<b>151,136</b>	<b>1,320,954</b>	<b>45,212</b>	<b>108,805</b>	<b>1,626,107</b>
Additions	--	12,087	8,782	--	<b>20,869</b>
Modification	17,901	282,789	455	--	<b>301,145</b>
Disposals	--	(16,737)	(2,094)	(16,960)	<b>(35,791)</b>
Currency translation differences	46,425	36,109	4,081	40,414	<b>127,029</b>
<b>Closing balance as of 31 July 2023</b>	<b>215,462</b>	<b>1,635,202</b>	<b>56,436</b>	<b>132,259</b>	<b>2,039,359</b>

Accumulated Depreciation	Buildings	Store	Vehicles	Warehouse	Total
<b>1 February 2023 opening balance</b>	<b>129,101</b>	<b>881,283</b>	<b>16,711</b>	<b>22,620</b>	<b>1,049,715</b>
Charge for the period	21,935	210,559	10,045	13,221	<b>255,760</b>
Disposals	--	(15,521)	(2,094)	(16,917)	<b>(34,532)</b>
Currency translation differences	41,598	23,857	2,726	8,359	<b>76,540</b>
<b>Closing balance as of 31 July 2023</b>	<b>192,634</b>	<b>1,100,178</b>	<b>27,388</b>	<b>27,283</b>	<b>1,347,483</b>

<b>Net carrying value as of 31 July 2023</b>	<b>22,828</b>	<b>535,024</b>	<b>29,048</b>	<b>104,976</b>	<b>691,876</b>
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Cost	Buildings	Store	Vehicles	Warehouse	Total
<b>1 February 2022 opening balance</b>	<b>113,923</b>	<b>947,587</b>	<b>27,107</b>	<b>47,476</b>	<b>1,136,093</b>
Additions	--	9,155	697	2,787	<b>12,639</b>
Modification	6,221	135,334	1,803	--	<b>143,358</b>
Disposals	(149)	(37,678)	(911)	--	<b>(38,738)</b>
Currency translation differences	23,313	65,500	2,615	15,560	<b>106,988</b>
<b>Closing balance as of 31 July 2022</b>	<b>143,308</b>	<b>1,119,898</b>	<b>31,311</b>	<b>65,823</b>	<b>1,360,340</b>

Accumulated Depreciation	Buildings	Store	Vehicles	Warehouse	Total
<b>1 February 2022 opening balance</b>	<b>70,333</b>	<b>591,648</b>	<b>13,667</b>	<b>9,940</b>	<b>685,588</b>
Charge for the period	16,729	133,377	4,046	2,533	<b>156,685</b>
Disposals	(149)	(31,945)	(911)	--	<b>(33,005)</b>
Currency translation differences	17,498	33,651	1,577	3,434	<b>56,160</b>
<b>Closing balance as of 31 July 2022</b>	<b>104,411</b>	<b>726,731</b>	<b>18,379</b>	<b>15,907</b>	<b>865,428</b>

<b>Net carrying value as of 31 July 2022</b>	<b>38,897</b>	<b>393,167</b>	<b>12,932</b>	<b>49,916</b>	<b>494,912</b>
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For the six months period ended 31 July 2023, TL 15,303 (31 July 2022: TL 7,470) of amortisation expenses are included under general administrative expenses and TL 239,326 (31 July 2022: TL 148,896) under selling and marketing expenses, and TL 1,131 (31 July 2022: TL 319) under research and development expenses.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 13 Provisions, contingent assets and liabilities

#### Short-term provisions

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

	31 July 2023	31 January 2023
Short-term provisions for employee benefits	31,197	18,829
Other short-term provisions	138,354	105,514
	<b>169,551</b>	<b>124,343</b>

Short-term provision for employee benefits consists of provision for vacation pay liability. The movement of provision for vacation liability for the six-months period ending on 31 July 2023 and 2022 is as follows:

	2023	2022
<b>1 February balance</b>	<b>18,829</b>	<b>8,773</b>
Current period provision	14,638	7,399
Currency translation differences	2,578	2,570
Payments	(4,848)	(1,006)
<b>31 July balance</b>	<b>31,197</b>	<b>17,736</b>

#### *Provision for vacation pay liability*

Vacation pay liability is calculated by remaining number of unused vacation days and average daily salary.

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.

#### *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 recognized 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 Turkey, 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. Vacation pay liability is calculated by remaining number of unused vacation days and average daily salary.

As of 31 July 2023 and 31 January 2023, details of other short-term provisions are as follows:

	31 July 2023	31 January 2023
Sales return provision	119,099	91,646
Legal provision <sup>(1)</sup>	8,067	5,751
Other provisions	11,188	8,117
	<b>138,354</b>	<b>105,514</b>

<sup>(1)</sup> Legal provision mainly comprised of labour lawsuits.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 13 Provisions, contingent assets and liabilities (continued)

#### Short-term provisions (continued)

The movement of provisions for the six-months interim period ending on 31 July 2023 and 2022 is as follows:

	Legal provision	Return provisions	Other provisions	Total
<b>1 February 2023 balance</b>	<b>5,751</b>	<b>91,646</b>	<b>8,117</b>	<b>105,514</b>
Current year provision	2,954	15,933	658	19,545
Currency translation differences	--	11,520	3,465	14,985
Provisions used	(563)	--	--	(563)
Provisions cancelled	(75)	--	(1,052)	(1,127)
<b>31 July 2023 balance</b>	<b>8,067</b>	<b>119,099</b>	<b>11,188</b>	<b>138,354</b>

	Legal provision	Return provisions	Other provisions	Total
<b>1 February 2022 balance</b>	<b>4,098</b>	<b>27,183</b>	<b>3,249</b>	<b>34,530</b>
Current year provision	1,528	35,745	1,014	38,287
Currency translation differences	--	7,669	713	8,382
Provisions used	(366)	--	--	(366)
Provisions cancelled	(300)	(352)	(1,034)	(1,686)
<b>31 July 2022 balance</b>	<b>4,960</b>	<b>70,245</b>	<b>3,942</b>	<b>79,147</b>

#### Long-term provisions

As at 31 July 2023 and 31 January 2023, long term provisions which consist of severance pay liabilities are as follows:

	31 July 2023	31 January 2023
Long-term provisions for employee benefits	68,427	61,122
	<b>68,427</b>	<b>61,122</b>

For the period ended 31 July 2023 and 2022 the movement of provision for employment termination benefits is as follows:

	1 February 2023 – 31 July 2023	1 February 2022 – 31 July 2022
<b>As of February 1</b>	<b>61,122</b>	<b>23,176</b>
Interest cost	1,300	543
Service cost	36,920	15,104
Paid benefits	(31,251)	(3,770)
Currency translation differences	336	942
<b>As of the end of the period</b>	<b>68,427</b>	<b>35,995</b>

## Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

### Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

## 14 Commitments

### (a) Guaranties, pledges and mortgages

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

	31 July 2023					
	TL Equivalent	TL	EUR	RUB	USD	CAD
<b>A. On behalf of its own legal personality of the total amount of GPMs</b>	<b>175,033</b>	<b>110,479</b>	<b>1,444</b>	<b>13,531</b>	<b>664</b>	<b>--</b>
Guarantee	175,033	110,479	1,444	13,531	664	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries</b>	<b>84,915</b>	<b>--</b>	<b>53</b>	<b>--</b>	<b>75</b>	<b>4,000</b>
Guarantee	84,915	--	53	--	75	4,000
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>C. Total amount of GPM given to conduct other 3<sup>rd</sup> parties to guarantee the depts.</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>D. Total amount of other GPM</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
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	--	--	--	--	--	--
<b>Total GPM</b>	<b>259,948</b>	<b>110,479</b>	<b>1,497</b>	<b>13,531</b>	<b>739</b>	<b>4,000</b>

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

14

### Commitments (continued)

#### (a) Guaranties, pledges and mortgages (continued)

	31 January 2023					
	TL Equivalent	TL	EUR	RUB	USD	CAD
<b>A. On behalf of its own legal personality of the total amount of GPMs</b>	<b>161,233</b>	<b>75,028</b>	<b>3,218</b>	<b>3,619</b>	<b>1,033</b>	<b>--</b>
Guarantee	161,233	75,028	3,218	3,619	1,033	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries</b>	<b>59,898</b>	<b>--</b>	<b>53</b>	<b>4,159</b>	<b>75</b>	<b>4,000</b>
Guarantee	59,898	--	53	4,159	75	4,000
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>C. Total amount of GPM given to conduct other 3<sup>rd</sup> parties to guarantee the depts.</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>D. Total amount of other GPM</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
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	--	--	--	--	--	--
<b>Total GPM</b>	<b>221,131</b>	<b>75,028</b>	<b>3,271</b>	<b>7,778</b>	<b>1,108</b>	<b>4,000</b>

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

### As at and for the six months period ended 31 July 2023

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

#### 14 Commitments (continued)

##### (a) Guaranties, pledges and mortgages (continued)

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

The Group has purchase commitments related to inventory amounting to TL 3,669,427 as of 31 July 2023 (31 January 2023: TL 3,618,520).

##### (b) Guarantees received

As of 31 July 2023, Group has received letter of guarantees for the amount of TL 241,792 as in the form of security from wholesale customers (31 January 2023: TL 176,570).

#### 15 Share capital, reserves and other equity items

##### Paid-in capital

The capital structure as of 31 July 2023 and 31 January 2023 is as follows:

	%	31 July 2023	%	31 January 2023
Akarlılar Family	27.19	54,000	27.19	27,000
Blue International	0.22	432	0.22	216
Public Part	72.60	144,196	72.60	72,098
	<b>100.00</b>	<b>198,628</b>	<b>100.00</b>	<b>99,314</b>

With the decision of the board of directors dated 14 March 2023, the transactions regarding the increase of Company's issued capital from 99,314- TL to 198,628- TL by covering the whole of the "Retained Earnings" account were registered on 22 May 2023.

As a result of the capital increase transaction registered on 22 May 2023, the Company's capital was issued as of 31 July 2023 and consists of 198,628,000 shares (31 January 2023: 99,314,000 shares), each with a nominal value of 1 full TL (31 January 2023: 1 full TL).

##### Legal reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 1/10 of all cash dividend distributions exceeding 5% of the company's capital in cases where profit distribution is made according to CMB regulations, and in cases where dividends are distributed according to legal records, it is appropriated at the rate of 1/11 per annum of all cash distributions in excess of 5% of the historical paid-in share capital. The legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted. As of 31 July 2023 the Group's total legal reserves are TL 19,771 (31 January 2023: TL 19,771).

##### Hedging reserve

The hedging reserve consists of the effective portion of the cumulative net change in fair value of the hedged item until the hedging instrument is subsequently accounted for.

##### Dividend Payment

At the Ordinary General Assembly meeting held at 27 April 2023, dividend distribution of TL 429,455 (dividend per gross share : TL4.32) from 2022 and previous years' distributable net income was approved unanimously. The dividend is paid on 10 – 12 May 2023.



**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at and for the six months period ended 31 July 2023**

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

**16 Selling, marketing and distribution expenses**

For the six months period ended 31 July 2023 and 2022, selling, marketing and distribution expenses comprised the following:

	<b>1 February – 31 July 2023</b>	<b>1 May – 31 July 2023</b>	<b>1 February – 31 July 2022</b>	<b>1 May – 31 July 2022</b>
Personnel expenses	840,757	470,657	402,136	234,969
Rent expenses <sup>(1)</sup>	408,361	228,432	192,116	116,257
Depreciation and amortization expenses	292,505	151,862	188,355	102,203
Freight-out expenses	140,381	73,222	74,078	38,122
Outsourced logistics expenses	129,005	70,964	65,927	35,354
Advertising expenses	82,908	46,114	57,758	29,204
Professional fees	33,841	18,994	18,340	10,759
Shopping bags expenses	21,584	11,476	19,828	11,705
Travel expenses	16,574	9,988	10,426	6,219
Other	229,560	139,851	127,500	73,310
	<b>2,195,476</b>	<b>1,221,560</b>	<b>1,156,464</b>	<b>658,102</b>

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

**17 Other operating income and expenses**

Other operating income for the six-months interim period ended on 31 July 2023 and 2022 is as follows:

	<b>1 February – 31 July 2023</b>	<b>1 May – 31 July 2023</b>	<b>1 February – 31 July 2022</b>	<b>1 May – 31 July 2022</b>
Rediscount interest income on trade payables, net	18,024	15,992	3,243	2,654
Salary protocol income	10,169	5,084	989	495
Foreign exchange gain, net	5,917	5,826	31,079	21,854
Investment support income	5,625	5,625	1,150	650
Reversal of expected credit loss	2,407	418	344	(51)
Covid 19 incentive	--	--	5,282	2,203
Other	20,402	17,199	7,090	3,264
	<b>62,544</b>	<b>50,144</b>	<b>49,177</b>	<b>31,069</b>

Other operating expenses for the six-months interim period ended on 31 July 2023 and 2022 are as follows:

	<b>1 February – 31 July 2023</b>	<b>1 May – 31 July 2023</b>	<b>1 February – 31 July 2022</b>	<b>1 May – 31 July 2022</b>
Foreign exchange loss related with receivables and payables, net	45,113	31,692	5,145	3,457
Expected credit loss	76	76	558	465
Other	5,041	1,742	3,603	1,874
	<b>50,230</b>	<b>33,510</b>	<b>9,306</b>	<b>5,796</b>

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at and for the six months period ended 31 July 2023**

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

**18 Gains and losses from investment activities**

Gains from investment activities for the six-months interim periods ended on 31 July 2023 and 2022 are as follows:

	<b>1 February – 31 July 2023</b>	<b>1 May – 31 July 2023</b>	<b>1 February – 31 July 2022</b>	<b>1 May – 31 July 2022</b>
Fx protected deposit income	15,012	13,764	8,841	8,841
Gain on sale of fixed assets	750	636	--	--
	<b>15,762</b>	<b>14,400</b>	<b>8,841</b>	<b>8,841</b>

Losses from investment activities for the six-months interim periods ended on 31 July 2023 and 2022 are as follows:

	<b>1 February – 31 July 2023</b>	<b>1 May – 31 July 2023</b>	<b>1 February – 31 July 2022</b>	<b>1 May – 31 July 2022</b>
Losses on sale of fixed assets	717	130	180	(497)
	<b>717</b>	<b>130</b>	<b>180</b>	<b>(497)</b>

**19 Finance income**

Finance income for the six-month interim periods ending on 31 July 2023 and 2022 is as follows:

	<b>1 February – 31 July 2023</b>	<b>1 May – 31 July 2023</b>	<b>1 February – 31 July 2022</b>	<b>1 May – 31 July 2022</b>
Interest income on time deposits	276,419	152,136	95,877	56,525
Foreign exchange gain	71,744	65,227	23,339	17,091
	<b>348,163</b>	<b>217,363</b>	<b>119,216</b>	<b>73,616</b>

**20 Finance expenses**

Finance expenses for the six-month interim periods ending on 31 July 2023 and 2022 are as follows:

	<b>1 February – 31 July 2023</b>	<b>1 May – 31 July 2023</b>	<b>1 February – 31 July 2022</b>	<b>1 May – 31 July 2022</b>
Discount interest on purchases of goods	166,322	99,414	66,322	48,598
Interest expenses on financial liabilities	162,957	75,500	103,193	60,912
Credit card commission expenses	64,408	36,647	21,489	15,271
Interest expenses on lease liabilities	59,565	31,846	37,687	8,482
Import financing expenses	35,431	10,752	13,998	4,844
Foreign exchange loss	1,752	346	6,737	11
Other	5,214	2,644	3,404	1,919
	<b>495,649</b>	<b>257,149</b>	<b>252,830</b>	<b>140,037</b>

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at and for the six months period ended 31 July 2023**

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

**21 Income taxes**

Corporate tax rate of Turkey is 25% (31 July 2022 :23%). For the six months interim period ended 31 July 2023, Group's effective tax rate is 17.3%. (31 July 2022 :11%).

**22 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. Earnings per share for the six-months interim periods ending on 31 July 2023 and 2022 are as follows:

	<b>1 February – 31 July 2023</b>	<b>1 May – 31 July 2023</b>	<b>Restated 1 February – 31 July 2022</b>	<b>Restated 1 May – 31 July 2022</b>
Net profit for the year attributable to owners of the Company	1,155,747	643,660	696,123	407,253
Weighted average number of ordinary shares	198,628,000	198,628,000	198,628,000	198,628,000
<b>Earnings per share</b>	<b>5.8187</b>	<b>3.2405</b>	<b>3.5047</b>	<b>2.0503</b>

**23 Derivative Instruments**

As of 31 July 2023 and 31 January 2023, short-term derivative liabilities are as follows:

	<b>31 July 2023</b>	<b>31 January 2023</b>
Financial assets arising from forward contracts for hedging purposes	218,567	--
Financial liabilities arising from forward contracts for hedging purposes	--	(17,698)
	<b>218,567</b>	<b>(17,698)</b>

As of 31 July 2023, the Group has open forward exchange contracts to hedge the foreign currency risk on inventory purchases in amount of USD 41,441 thousand in equivalent of TL 914,342. By applying hedge accounting, the fair value difference of TL 218,567, resulting from such forward transactions, is recognized in other comprehensive income.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

### As at and for the six months period ended 31 July 2023

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

## 24 Nature and level of risks related to financial instruments

### 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 main currencies used in these transactions are EUR, USD, CAD and RUB.

The Group uses derivative financial instruments such as short-term forward foreign exchange contracts to hedge currency risk.

### Interest rate risk

Since the Group does not use floating interest loans, it is not exposed to the risk of fluctuations in interest rates.

### Capital Management

The Board'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.

### Currency Risk

The foreign currency exchange rates are as follows as of the end of the reporting period:

	<u>31 July 2023</u>	<u>31 January 2023</u>
TL / EUR	29.5700	20.4525
TL / USD	26.9394	18.7876
TL / RUB	0.2948	0.2684
TL / CAD	20.3319	14.0723

The average of foreign exchange rates as of the end of the reporting period is as follows:

	<u>1 February – 31 July 2023</u>	<u>1 February – 31 July 2022</u>
TL / EUR	22.9635	16.6213
TL / USD	21.1315	15.4959
TL / RUB	0.2602	0.2212
TL / CAD	15.7246	12.1184

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 24 Nature and level of risks related to financial instruments (continued)

**Market risk** (continued)

**Currency risk** (continued)

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

	TL Equivalent	USD	EUR	Other foreign currency TL equivalent
1. Trade receivables	32,105	1,039	--	4,115
2a. Monetary financial assets (including cash, bank accounts)	240,586	6,477	1,101	33,543
2b. Non-monetary financial assets	--	--	--	--
3. Other	412,750	15,282	36	--
<b>4. Current assets (1+2+3)</b>	<b>685,441</b>	<b>22,798</b>	<b>1,137</b>	<b>37,658</b>
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
<b>8. Non-current assets (5+6+7)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total assets (4+8)</b>	<b>685,441</b>	<b>22,798</b>	<b>1,137</b>	<b>37,658</b>
10. Trade payables	290,807	10,330	391	968
11. Financial liabilities	10,589	289	95	--
12a. Other Monetary liabilities	--	--	(1)	44
12b. Other non-monetary liabilities	--	--	--	--
<b>13. Short term liabilities (10+11+12)</b>	<b>301,396</b>	<b>10,619</b>	<b>485</b>	<b>1,012</b>
14. Trade payables	--	--	--	--
15. Financial liabilities	4,859	24	143	--
16a. Other monetary liabilities	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--
<b>17. Long term liabilities (14+15+16)</b>	<b>4,859</b>	<b>24</b>	<b>143</b>	<b>--</b>
<b>18. Total liabilities (13+17)</b>	<b>306,255</b>	<b>10,643</b>	<b>628</b>	<b>1,012</b>
<b>19. Net asset/ (liability) position of off-balance sheet derivative instruments (19a-19b)</b>	<b>1,116,391</b>	<b>41,441</b>	<b>--</b>	<b>--</b>
<b>19a. Hedged total asset</b>	<b>1,116,391</b>	<b>41,441</b>	<b>--</b>	<b>--</b>
<b>19b. Hedged total liabilities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>20. Position of net foreign currency assets/liabilities (9+18-19)</b>	<b>1,495,577</b>	<b>53,596</b>	<b>509</b>	<b>36,646</b>
<b>21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(33,564)</b>	<b>(3,127)</b>	<b>473</b>	<b>36,646</b>

As of 31 July 2023, Mavi Turkey has trade receivables amounting to TL 81,375 from consolidated subsidiaries which comprise; USD 272, CAD 379, EUR 305 and RUB 255,501. Considering the eliminated amounts, the Group's monetary items net foreign currency asset position amounts to TL 44,743. The Group has fx protected deposits amounting USD 2,000 as of the balance sheet date.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 24 Nature and level of risks related to financial instruments (continued)

**Market risk** (continued)

**Currency risk** (continued)

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

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

As at 31 January 2023, Mavi Turkey has trade receivables amounting to TL 176,719 from consolidated subsidiaries which comprise; USD 554, CAD 462, EUR 1.598 and RUB 473,714. 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 as of the balance sheet date.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 24 Nature and level of risks related to financial instruments (continued)

#### Market risk (continued)

#### Currency risk (continued)

#### Sensitivity analysis

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 July 2023				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
<b>10% change of the USD against TL</b>				
1- Net USD denominated asset/liability	(8,421)	8,421	(8,421)	8,421
2- Hedged portion of TL against USD risk(-)	--	--	111,639	(111,639)
<b>3- Net effect of USD (1+2)</b>	<b>(8,421)</b>	<b>8,421</b>	<b>103,218</b>	<b>(103,218)</b>
<b>10% change of the EURO against TL</b>				
4- Net EURO denominated asset/liability	1,400	(1,400)	1,400	(1,400)
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
<b>6- Net effect of EURO (4+5)</b>	<b>1,400</b>	<b>(1,400)</b>	<b>1,400</b>	<b>(1,400)</b>
<b>10% change of other against TL</b>				
7- Net other denominated asset/liability	3,665	(3,665)	3,665	(3,665)
8- Hedged portion of TL against other risk(-)	--	--	--	--
<b>9- Net effect of other (7+8)</b>	<b>3,665</b>	<b>(3,665)</b>	<b>3,665</b>	<b>(3,665)</b>
<b>Total (3+6+9)</b>	<b>(3,356)</b>	<b>3,356</b>	<b>108,283</b>	<b>(108,283)</b>

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 24 Nature and level of risks related to financial instruments (continued)

Market risk (continued)

Currency risk (continued)

Foreign Currency Sensitivity Analysis				
31 January 2023				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
<b>10% change of the USD against TL</b>				
1- Net USD denominated asset/liability	3,830	(3,830)	3,830	(3,830)
2- Hedged portion of TL against USD risk(-)	--	--	79,945	(79,945)
<b>3- Net effect of USD (1+2)</b>	<b>3,830</b>	<b>(3,830)</b>	<b>83,775</b>	<b>(83,775)</b>
<b>10% change of the EURO against TL</b>				
4- Net EURO denominated asset/liability	(1,224)	1,224	(1,224)	1,224
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
<b>6- Net effect of EURO (4+5)</b>	<b>(1,224)</b>	<b>1,224</b>	<b>(1,224)</b>	<b>1,224</b>
<b>10% change of other against TL</b>				
7- Net other denominated asset/liability	1,902	(1,902)	1,902	(1,902)
8- Hedged portion of TL against other risk(-)	--	--	--	--
<b>9- Net effect of other (7+8)</b>	<b>1,902</b>	<b>(1,902)</b>	<b>1,902</b>	<b>(1,902)</b>
<b>Total (3+6+9)</b>	<b>4,508</b>	<b>(4,508)</b>	<b>84,453</b>	<b>(84,453)</b>



## Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

### Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

#### 25 Financial instruments (fair value disclosures and disclosures under hedge accounting)

##### Fair values

The table below presents fair values and carrying amounts of financial assets and liabilities along with their amounts measured at fair value. If the carrying amount is an approximate assumption of the fair value, the table below does not include the fair value information of assets and liabilities not measured at fair value.

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>31 July 2023</b>							
<b>Financial assets measured at fair value</b>							
Derivative financial instruments	218,567	--	218,567	--	218,567	--	218,567
<b>Total</b>	<b>218,567</b>	<b>--</b>	<b>218,567</b>	<b>--</b>	<b>218,567</b>	<b>--</b>	<b>218,567</b>
	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>31 January 2023</b>							
<b>Financial liabilities measured at fair value</b>							
Derivative financial instrument	(17,698)	--	(17,698)	--	(17,698)	--	(17,698)
<b>Total</b>	<b>(17,698)</b>	<b>--</b>	<b>(17,698)</b>	<b>--</b>	<b>(17,698)</b>	<b>--</b>	<b>(17,698)</b>

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2023

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

### 25 Financial instruments (fair value disclosures and disclosures under hedge accounting) (continued)

#### Fair values (continued)

The Group has determined the estimated fair values of financial instruments using readily available market information and appropriate valuation methods.

The Group uses market observable information when measuring the fair value of an asset or liability. Fair valuations are categorized into different levels in the fair valuation hierarchy, which are determined based on the information used in the valuation techniques specified below:

- Level 1: registered (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: Data that can be directly (through prices) or indirectly (derived from prices) observable in terms of assets or liabilities, other than recorded prices in the 1st rank;
- Level 3: Data on assets or liabilities that are not based on observable market data (non-observable data).

#### Financial assets measured at fair value

Type	Valuation technique	Significant unobservable information	Intra-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: Fair value was determined using forward exchange rate and present value calculations based on high credit quality yield curves in the relevant currency.	Not applicable.	Not applicable.

#### Financial instruments not measured at fair value

Other financial liabilities <sup>(1)</sup>	Discounted cash flows: The valuation model is considered by discounting the present value of the expected payment using the adjusted discounted rate of risk.
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<sup>(1)</sup>Other financial liabilities consist of bank loans.

### 26 Subsequent events

None.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Unaudited Supplementary Information

As at and for the six months period ended 31 July 2023

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

### APPENDIX 1 Ebitda reconciliation

EBITDA is not a defined performance measure in TFRS. EBITDA reconciliation for the six months period ended 31 July 2023 and 2022 are as follows:

	Note	1 February – 31 July 2023	1 May – 31 July 2023	1 February – 31 July 2022	1 May – 31 July 2022
Profit		1,139,443	624,409	704,391	402,500
Tax (income) / expense		237,781	129,670	83,342	(8,451)
<b>Profit before tax</b>		<b>1,377,224</b>	<b>754,079</b>	<b>787,733</b>	<b>394,049</b>
- Fx protected deposit income	18	(15,012)	(13,764)	(8,841)	(8,841)
- Net finance costs		147,486	39,786	133,614	66,421
- Rediscount interest on trade receivables and payables, net	17	(18,024)	(15,992)	(3,243)	(2,654)
- Currency translation differences on trade receivables and payables, net	17	39,196	25,866	(25,934)	(18,397)
- Depreciation and amortization	10-12	356,126	185,623	225,431	122,199
<b>EBITDA</b>		<b>1,886,996</b>	<b>975,598</b>	<b>1,108,760</b>	<b>552,777</b>

As of 31 July 2023, TFRS 16 has an impact of TL 294,209 on EBITDA. (31 July 2022: TL 186,849)

### APPENDIX 2 Effect of TFRS 16 on Financial Statements

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

	31 July 2023	TFRS 16 Effect	After TFRS 16
Current assets	7,867,162	(9,523)	7,857,639
Non-current assets	1,668,085	714,100	2,382,185
Current liabilities	5,259,599	446,081	5,705,680
Non-current liabilities	173,629	335,083	508,712
Equity	4,102,019	(76,587)	4,025,432

	1 February – 31 July 2023	TFRS 16 Effect	After TFRS 16
Operating profit	1,471,217	38,448	1,509,665
Operating profit before finance costs	1,486,262	38,448	1,524,710
Finance income	348,163	--	348,163
Finance expense	(432,256)	(63,393)	(495,649)
Profit before tax	1,402,169	(24,945)	1,377,224
Net profit	1,157,731	(18,288)	1,139,443
EBITDA	1,592,787	294,209	1,886,996