



mavi

2023

ANNUAL REPORT

mavi

2023

ANNUAL
REPORT

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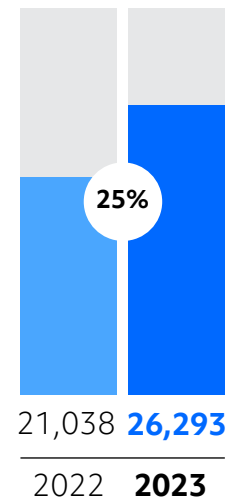
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01

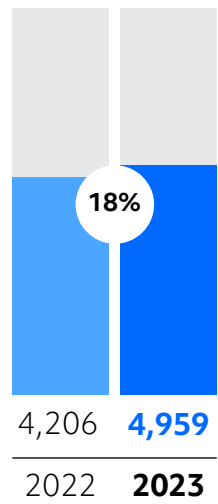
Key Financial Metrics

Financial Performance

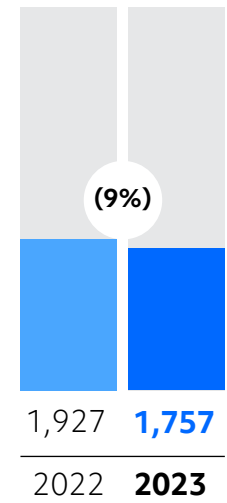
REVENUE (Million TL)



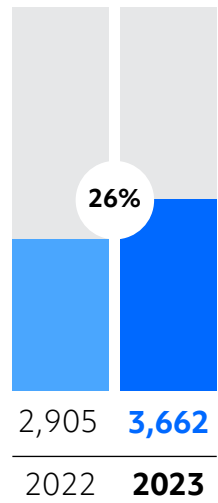
EBITDA (Million TL)



NET INCOME (Million TL)



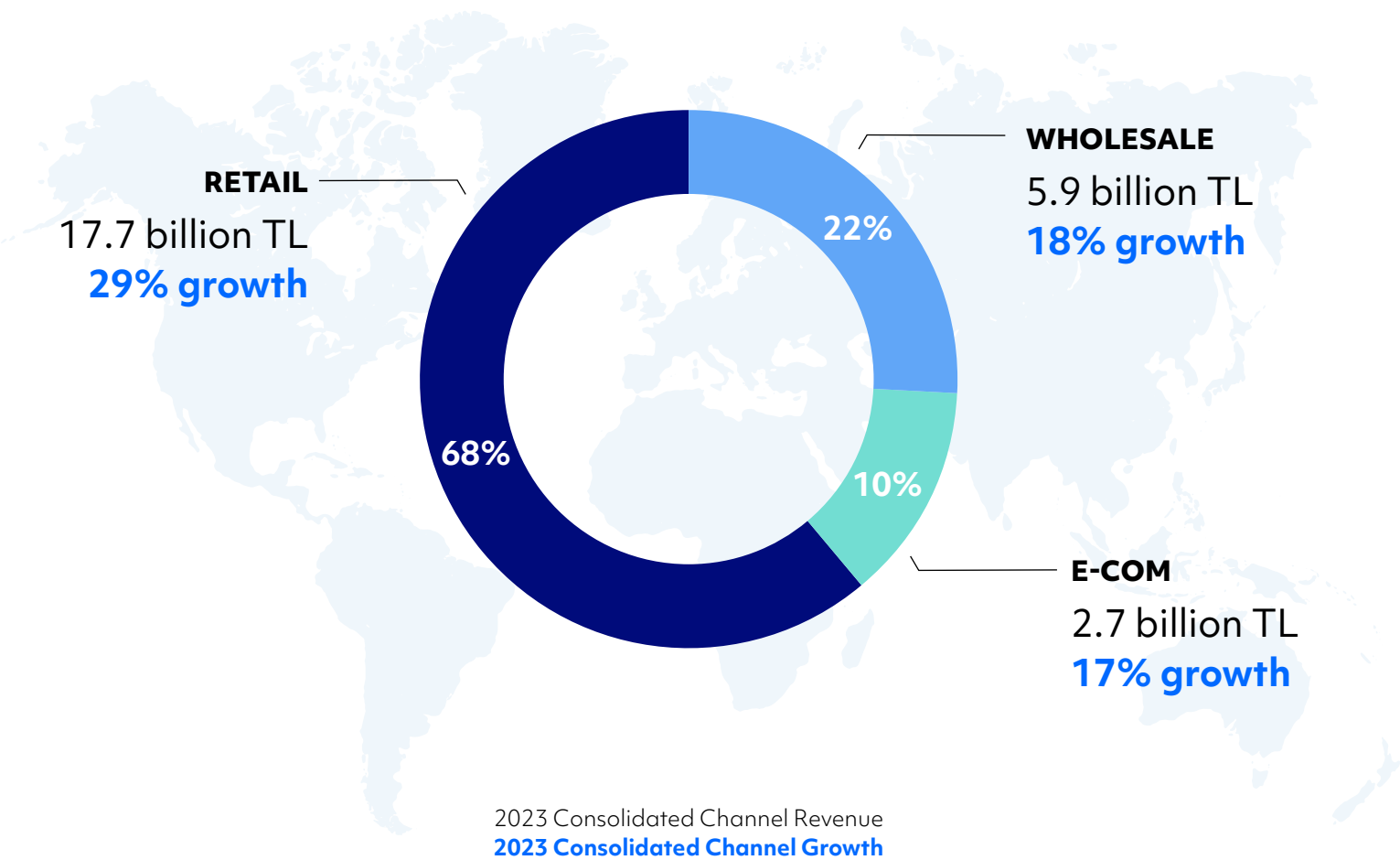
NET CASH (Million TL)



Audited financial information prepared according to Turkish Accounting/Financial Reporting Standards by application of IAS29 inflation accounting provisions.



Consolidated Global Figures



471

Mono-Brand
Stores
Global

405

Mono-Brand
Stores
Turkiye

66

Mono-Brand
Stores
International

~4,000

Points of
Sale
Global



TURKIYE

Retail stores: **336**
Average store size (sqm): **519**
Franchise stores: **69**
Wholesale doors: **536**
HQ and showroom: **1**
Warehouse: **(3rd party)**
Employees: **5,861**



EUROPE

Retail stores: **1**
Wholesale doors: **~800**
HQ: **1**
Showroom: **9**
Warehouse: **(3rd party)**
Employees: **51**



USA

Wholesale doors: **~1,150**
HQ: **1**
Showroom: **4**
Warehouse: **1**
Employees: **70**



CANADA

Retail stores: **4**
Wholesale doors: **~820**
HQ: **1**
Showroom: **4**
Warehouse: **1**
Employees: **80**



RUSSIA

Retail stores: **17**
Franchise stores: **17**
Wholesale doors: **195**
HQ and showroom: **1**
Warehouse: **(3rd party)**
Employees: **139**



REST OF THE WORLD

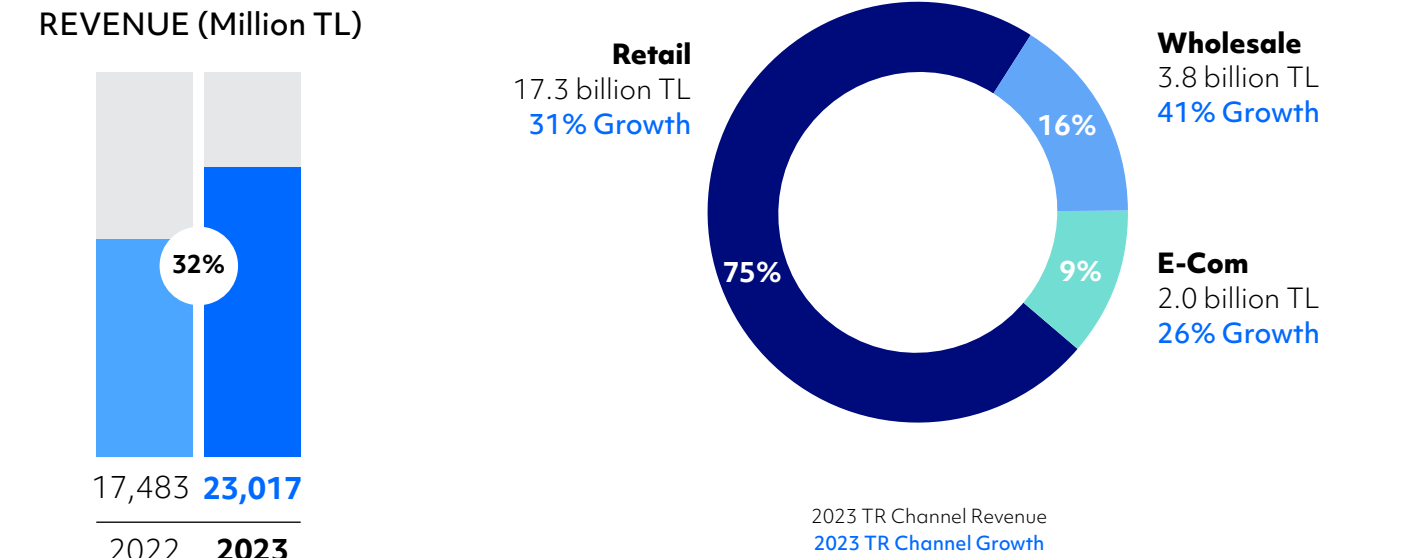
Franchise stores: **27**
Wholesale doors: **23**

Mavi At A Glance

Global

TOTAL REVENUES	26.3 Billion TL revenue	88% Turkiye revenue	12% International revenue
GLOBAL MARKET	37 Countries	471 Mono-brand stores	~4,000 Points of sale
RETAIL	29% Retail revenue growth	7 Net new store openings	
ONLINE	17% E-com revenue growth	10% E-com share in sales	
VOLUME	53+ Million (Total)	14 Million (Jeans)	
EMPLOYEES	6,201 Employees		
SUPPLIERS	~86% Local sourcing	120+ Global suppliers	

Turkiye



RETAIL	PRODUCT SALES DISTRIBUTION	CUSTOMERS
336 retail stores	<div><div>♀</div><div>♂</div></div>	9.2 million customers
69 franchise stores	37% women	6.9 million active for the last two years
536 wholesale doors	63% men	
7 net store openings	38% denim	~21%+ ¹ Turkiye's leading jeans brand with a market share of
5 retail store expansions	62% lifestyle	
174.5 thousand m ² total retail space		70% ² Top-of-mind jeans brand
519 m ² average space per store		Among top three brands in women's and men's apparel market

¹According to IPSOS data
² Future Bright

02

Chairman & CEO Letters

Letter from The Chairman



Ersin Akarlılar
CHAIRMAN

Mavi stands as a company built on a strong foundation, effective management, and solid financial structure. Our commitment to fostering trust-based relationships with our employees, customers, business associates, manufacturers, and shareholders strengthens our foundation, capable of to overcome the challenges amidst the uncertainties of our times.

The year we left behind was marked by the centennial of the Republic of Turkey that we celebrated with great pride and joy. During this landmark moment in our country's history, we remained committed to progress, guided by the ideals of Mustafa Kemal Atatürk, while we passionately embraced the philosophy of "Mavi growing with Turkey". For 33 years, our brand, bearing a Turkish name, has been a symbol of excellence, always prioritizing people and quality in every endeavor and proudly representing our country across the world.

Mavi stands as a company built on a strong foundation, effective management, and solid financial structure. Our commitment to fostering trust-based relationships with our employees, customers, business associates, manufacturers, and shareholders strengthens our foundation, capable of to overcome the challenges amidst the uncertainties of our times. We remain dedicated to our approach of offering the right product at the right price with the best quality under all circumstances. As the Turkish apparel and denim industry continues to develop with increasing dynamism and momentum,

our market share expands year on year. Empowered by a largely local sourcing network, quality focus, and agility, we move forward with confident steps.

I am pleased to report that over the past three years, we have consistently delivered outstanding financial performance. We are entering a new era, guided by our brand vision shaping our future. On the path toward becoming a billion-dollar company, we are proud to introduce Mavi NEXT, our new strategy built on three pillars.

1- Mavi is driven by passion for excellence in all its endeavors

- As an iconic jeans brand, Mavi is positioned as a leader in Turkey with high recognition and market share, while also influencing denim trends worldwide. As we remain focused on innovation, quality, and performance in jeans, we claim fashion, shaped around denim and complemented by an expanding product range in non-denim categories, as driving our sales.
- We leverage data-driven decision-making to create the happiest Mavi customers and aim to provide the best experience. An impressive 7 million active users registered in our best-in-class CRM program, our ability to interpret available data, and our investments in this field, allow us to truly understand our customers.
- As the brand for every age, size, lifestyle, and clothing preference, Mavi enjoys a unique position in Turkey. Last year, we were named Turkey's most trusted brand in Future Bright's trust link index survey, a recognition that we proudly strive to reinforce further.

2- Mavi grows efficiently and profitably through strategic new investments

We have already identified our potential growth areas and shaped our investment plans accordingly.

- Mavi's success in retail serves as a benchmark for our industry. We have now deepened our plans to open new, larger stores, while also expanding our existing locations.
- Our online channels continue to be managed with profitability in mind, as we also endeavor to extend our global reach through investments. Elevating the customer experience to the next level by investing in omnichannel remains a top priority for us.
- In response to higher customer demand, we are reinforcing our systems to further enhance our speed, while ensuring that we consistently maintain the signature Mavi quality. Through strategic investments in technology, logistics, and sourcing, we will accommodate and manage larger capacities with a data-driven approach.

Letter from The Chairman

Ersin Akarlılar
CHAIRMAN

3- Mavi is always youthful with a sustainability-focused culture

Recognizing our responsibilities as a leading brand, we are committed to protecting the environment and serving our communities.

- Through our responsible, in-depth efforts in sustainability, we solidified our position among global climate leaders in 2023. We became the first and only Turkish apparel company to make the A list of CDP, the world's largest environmental disclosure platform, with a double A score with our Climate Change and Water Security reporting. As a result, we ranked among the 2% included in the Global A list out of the 21 thousand companies worldwide reporting to CDP.
- We aim to elevate our corporate governance practices, as a key indicator of sustainability, to exemplary levels worldwide.
- At Mavi, we lead the diversity and empowerment of youth and women, both within our organization and in society at large. With women comprising 60% of our workforce, we proudly declare, "Women embody the strength of Mavi."
- We recognize the importance of nurturing our human resource and prioritize young customer acquisition to drive our growth, while always remaining youthful. Reflecting this approach, the average age of Mavi employees is under 30. We see young people as potential future leaders and foster their dynamism through an effective organizational structure. We stand as a brand that influences societal and cultural norms for our young customers. The fact that the majority of our 1.3 million new customers annually are young individuals gives us a great sense of hope for the future.

In closing, I extend my deepest gratitude to all our colleagues, business associates, and investors for their contributions to Mavi's performance to date. I also express my sincere appreciation to our entire leadership team, starting with our CEO, Cüneyt Yavuz, for meticulously designing our Mavi NEXT strategy, which will pave the path to our future, and every individual who has extended their support.

At Mavi, we are on the verge of a new era, ready to elevate our company to new heights as we step into the second century of our Republic.

May the year 2024 bring health, peace, and prosperity for the entire world.

Letter from The CEO



Cüneyt Yavuz
CEO

At Mavi, we now have even bolder aspirations. Our goal is to tap into Mavi’s growth potential on the way to becoming a billion-dollar company. For this purpose, we designed Mavi’s ambitious NEXT strategy, which outlines how we will forge this path, as a result of our teams’ meticulous in-depth work. On this journey, we are empowered by a passion for excellence, growth focus, and a sustainable culture and ecosystem.

As we bid farewell to a year marked by the joyous celebrations of our Republic’s centennial, I am pleased to report that Mavi charged ahead at full steam, embracing its responsibilities as a leading brand. Amidst global uncertainties, we remained committed to driving our company, industry, and country forward, empowered and inspired by the legacy of our Republic.

According to the financial statements for the fiscal year 2023, adjusted to inflation accounting, our consolidated revenues increased by 25% year on year, reaching TL 26 billion 293 million. With this strong performance, we posted TL 1 billion 757 million in net profits, closing the year with TL 4 billion 959 million in EBITDA and an EBITDA margin of 18.9%.

Continuing to generate cash from our operations, we increased our net cash position to TL 3 billion 662 million. Based on the indicators of the third quarter, we had revised our year-end 2023 revenue growth guidance upward to exceed 85%. According to data before IAS 29 inflation adjustments, we surpassed this guidance, capturing a 91% growth in consolidated revenues year on year.

At Mavi, we are growing together with our customers, employees, business partners, and our country. Always maintaining our youthful spirit and keeping up with the dynamism of the times, we focus on sustainable growth with predictable profitability. A flexible supply chain, precise planning, inventory and cash flow management, supported by data-driven decision-making, underpin our success in managing change. Every step we take for the next year ensures that we keep driving Mavi further into the future in alignment with our commitments and aspirations.

As a people-oriented company with prudent management and financial strength, we have successfully navigated through crises and the pandemic. By offering apparel of high quality at fair prices and delivering exceptional shopping experiences, we fulfill a real need for our customers. Our capability to consistently generate cash from our operations empowers us to look to the future with confidence thanks to our own resources even in today’s challenging financial landscape.

Record-breaking 1.3 million new customers acquired

At Mavi, we address two key criteria in evaluating our growth: Are we acquiring new customers and are we selling more products to our existing customers? I am proud to note that the answer to both is - once again - “yes.” In 2023, we surpassed our target of acquiring 1 million new customers annually, reaching a resounding 1.3 million new customers. This milestone achievement has led us to permanently elevate our annual new customer acquisition target to 1.3 million. In addition, the shopping frequency and basket size continue to grow. While LFL (like-for-like) sales increased by 31% in 2023, a 17% rise in the number of transactions and a 12% in basket size contributed to this growth.

Through strategies designed to engage existing and prospective customer segments, our CRM system, Kartuş, reached 7 million active registered users in 2023. Notably, 70% of our new customers are under the age of 35, a testament to our success in acquiring younger audiences.

Our customers trust us to deliver the perfect mix of product, price, and high quality

In 2023, we sold an 14 million pairs of jeans, with a 12% increase year on year, which translates to a pair of jeans sold every two seconds. In addition to utilizing AI-driven trend analyses, we also leverage high-performing innovative product lines such as Mavi Black, PRO, and Gold series, along with different fits and washes, and our sustainable All Blue collection, which accounts for 51% of total denim sales, always keeping the customers’ interest alive. While leading the Turkish denim market with a 21% share, we boasted even higher brand recognition: Mavi is the top-of-mind jeans brand at 70%.

In a large and competitive market like Turkey, we rank among the top three apparel brands. Building on our denim-centric approach, we successfully created a fashion brand in “Mavi style.” Last year, we sold 53 million items, a testament to our customers’ continued interest in our

non-denim categories as well. Mavi is the brand of choice across age groups, body types, and lifestyles, and our customers trust us to deliver the perfect mix of product, price, and high quality. As a result, we find a place in everyone’s wardrobes.

Empowered by our success in retail, we expand the scope and profitability of e-commerce

Reaching a total of 175 thousand square meters in retail space, our stores generated 68% of our revenues in 2023. As a successful retailer, we recognize that stores will be a key driver for companies with sound financial, business, and cost management practices. Therefore, we plan to open larger new stores, expand our existing locations, and invest in new experiences with a new store concept in 2024. Moreover, we are expanding the scope and increasing the profitability of our global e-commerce business through mavi.com as our largest store and the Mavi App, offering 24/7 shopping to 5.7 million users. Online-only products, premium services such as 2-hour delivery, and continuous investments in experience and omnichannel applications contribute significantly to the company’s revenues.

The first and only Turkish apparel company in CDP’s A list

We continue to make strides in our sustainability journey driven by our All Blue strategy, focused on growth through quality. With our Climate Change and Water Security reporting, we became the first and only Turkish apparel company to make the A list of CDP, the world’s largest environmental disclosure platform, with a double A score, reinforcing Mavi’s place among global climate leaders. Looking ahead, we aim to transition our entire denim collection to environmentally friendly All Blue products by 2030.

We now have even bolder aspirations

At Mavi, we now have even bolder aspirations. Our goal is to tap into Mavi’s growth potential on the way to becoming a billion-dollar company. For this purpose, we designed Mavi’s ambitious NEXT strategy, which outlines how we will forge this path, as a result of our teams’ meticulous in-depth work. On this journey, we are empowered by a passion for excellence, growth focus, and a sustainable culture and ecosystem. Our plans include substantial investments in retail, online platforms, innovative logistics systems, and cutting-edge technology, with a primary focus on expanding globally, particularly targeting markets in North America and Germany.

As we move ahead on this journey, we will need to grow into a data-driven company beyond a fashion brand. Mavi boasts a very intelligent machine running behind our strong brand and the trust we elicit from the customers. We are creating a next-generation ecosystem that will accommodate higher capacities with fast, efficient, and smarter systems.

Leveraging our NextGen young talent program, we are taking these data-driven models to the future. To nurture young talent, we impart Mavi’s corporate values and experience, contributing to the development of future leaders. Understanding the needs and expectations of our employees, providing a space conducive to development, and always maintaining a youthful spirit are crucial for us as a brand and an employer of choice.

As we created our roadmap for the next three years, the developments in 2023 provided inspiration, while we envision 2024 to be a year of growth for Mavi. I extend my heartfelt gratitude to our dedicated team for their boundless enthusiasm for elevating Mavi to even greater heights and our esteemed business partners, investors, and loyal customers for their invaluable contributions to our successful performance.

03

Mavi Brand Highlights

- 3.1 About Mavi
 - 3.2 Sustainable Growth Strategy
 - 3.3 Growth In Each Category
 - 3.4 Diversified and Reliable Sourcing Model
 - 3.5 Multi-Channel Execution with Retail, International Markets and Online
 - 3.6 Brand Priorities and Cornerstones of the Future
-

3.1 About Mavi

Mavi, incorporated in 1991 in Istanbul, is recognized as a highly successful global lifestyle brand, rooted in 33 years of denim expertise. Mavi has been publicly traded since 2017 and has a presence in 37 countries, including Türkiye, the USA, Canada, Germany, and Russia, selling its products through approximately ~4,000 points, including 471 Mavi shops.

Mavi, recognized as a trusted brand with high quality and right price positioning, is established in the apparel market between the high-end and premium segments. Perfect Fit philosophy guides Mavi in designing jeans that perfectly fit its customers' lifestyles, body types, and quality expectations. Mavi ranks among the world's leading premium denim brands and stands apart as the preferred lifestyle brand across female and male consumer segments.

The loyalty program Kartuş, recognized as Türkiye's best-in-class with more than 9 million members, serves as a key tool for Mavi to analyze and leverage customer data. Mavi has a unique brand position with fashion-savvy young adults and continues to gain 1 million new customers every year with its vision of creating the Happiest Mavi Customers.

In line with its global strategy, All Blue, built on sustainable growth through quality, the company integrates sustainability into its corporate culture, vision, products, and growth targets. A global team of 6,201 employees, whose hearts beat with denim, work passionately to develop the world's best and most innovative jeans, driving Mavi to the future on a path focused on people, planet, denim, and community.



3.2 Mavi’s People-Oriented Sustainable Growth Strategy

01

Aspirational denim-centric lifestyle brand positioning, inspiring the customer, employees, and business partners.

06

Innovative and creative collaborations differentiating the brand, communication and growing market share driven by sustainable products and projects.

02

Strong brand commitment to superior quality, the happiest Mavi customer, and sustainability, maintaining the customer’s trust across all touchpoints, from product and service approach to marketing and communications.

07

Strong retail network in Turkiye, international presence, and global e-commerce and omnichannel sales operations. Online experience in Turkiye and international markets, digital strategy to drive growth.

03

Global Perfect Fit strategy and the right fit, right product, and right price approach to address different customer groups and maintain growth. Brand and product strategy driving price positioning and category expansion.

08

Strong and sustainable financial performance.

04

Organizational structure that manages innovation and profitability with digital data, consumer insights and market knowledge.

09

Mavi All Blue strategy built on ‘sustainable growth through quality’ and incorporated into the global brand culture, product structure, and company goals. Responsibility with all employees for achieving sustainability goals with the ‘All Blue. All Better. For All.’ narrative.

05

Managing the quality and efficiency with a focus on sustainability and innovation as a priority. Effective supply chain and flexible product planning, leveraging proximity to local manufacturers.

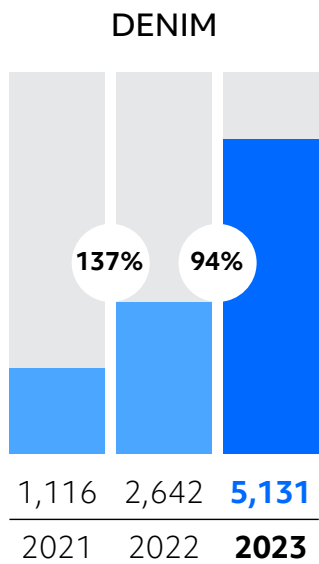
10

Experienced management team, agile and result-oriented organizational structure. Corporate culture, focused on reaching common goals, embracing diversity, and responding to change while earning the trust of the customers and business partners.

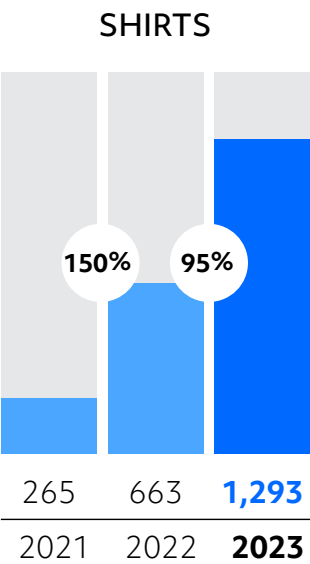
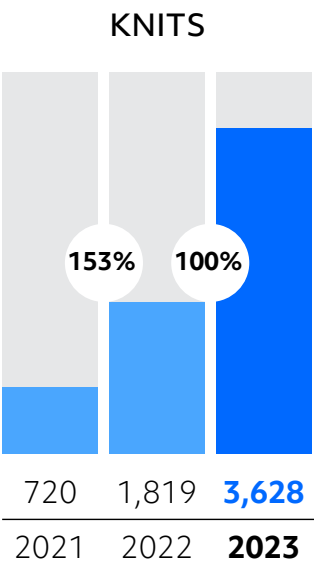


3.3 Growth in Each Category

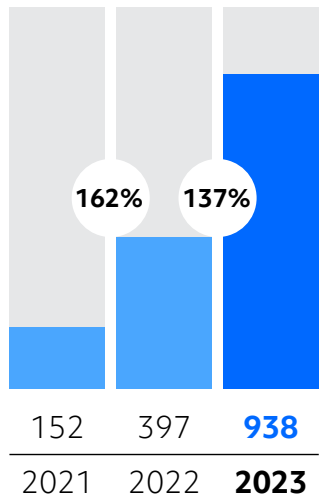
Denim Products (Million TL)



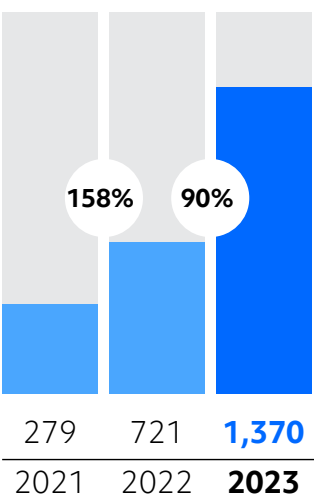
Lifestyle Products (Million TL)



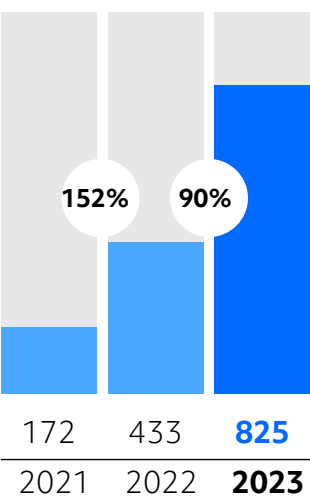
NON-DENIM BOTTOMS



JACKETS



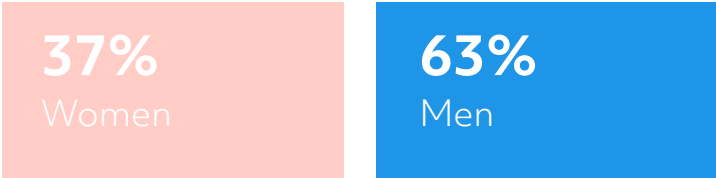
ACCESSORIES



Figures do not include IAS 29 impact.

Product Portfolio And Category Shares

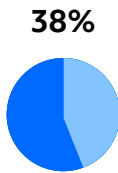
Turkiye Retail Net Sales



Turkiye Retail Net Sales



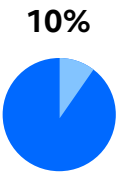
Product Category Shares in Sales



DENIM

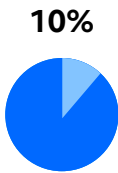


KNITS

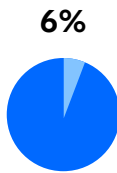


SHIRTS

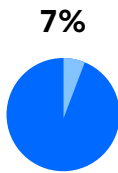
Product Category Shares in Sales



JACKETS



ACCESSORIES



NON-DENIM BOTTOMS

WOMEN



MEN



Share in 2023 Türkiye retail net sales.

Monetary Value

3.4 Diversified and Reliable Sourcing Model

As a denim-centric apparel company, Mavi does not engage directly in any production activities. Mavi works with over 120 suppliers that manufacture at world standards through its global purchasing network.

Quality-Driven Efficient Sourcing Structure

38% Denim

62% Lifestyle

- Turkiye Retail Net Sales Split
- Denim-lifestyle balance of sales

~86%

Produced in Turkiye

100%

of denim production by local manufacturers

- Quality textile ecosystem
- Proximity improving speed and RFT

~14%

Imported

- Mainly outerwear and accessories
- 33 suppliers in 9 countries

+120

responsible suppliers

(18 strategic, 38 critical)

489

sub-manufacturers

- Well-established, long term relationships
- Internal audit team ensuring social compliance

Mavi Denim Business

50% of Product Cost

Owned by Mavi		Controlled by Mavi
<div><div>Design & Development</div><ul style="list-style-type: none">Multinational denim design & development teamFit blocks are created and owned by MaviWash recipes and development managed by Mavi</div>	<div><div>Fabric & Raw Materials</div><ul style="list-style-type: none">Direct relationship with denim fabric millsFabric selection and management are handled by Mavi teamsWorking with top-quality mills in Turkiye that manufacture for premium global denim brandsFabric R&D, exclusive development and innovation bring distinguished quality and look</div>	<div><div>Manufacturing (Cutting, Sewing and Washing)</div><div><ul style="list-style-type: none">Cutting, sewing & washing~55% from ERAKFour manufacturers tendered for best price/qualitySustainable process and production</div><div><ul style="list-style-type: none">ERAKBest-in-class production facilitySourcing to top global brandsAdvantage on delivery times and manufacturing capacityCompetent cooperation in sustainability and innovation projectsImproved energy & water efficiency</div></div>

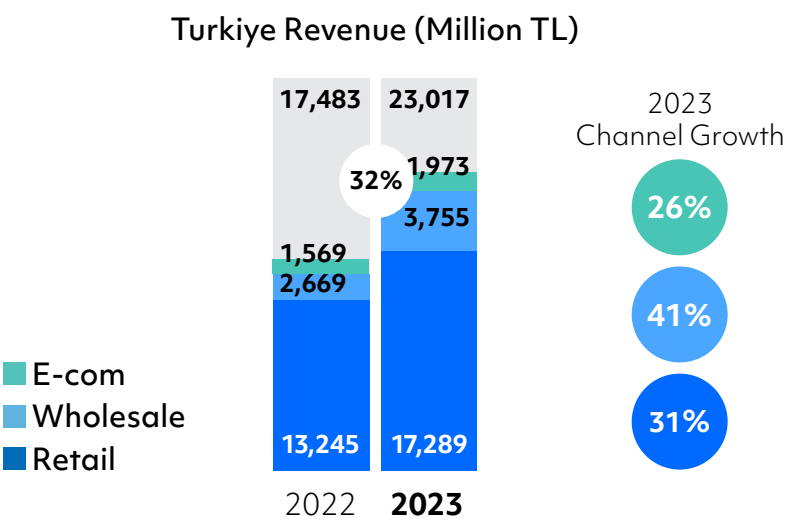




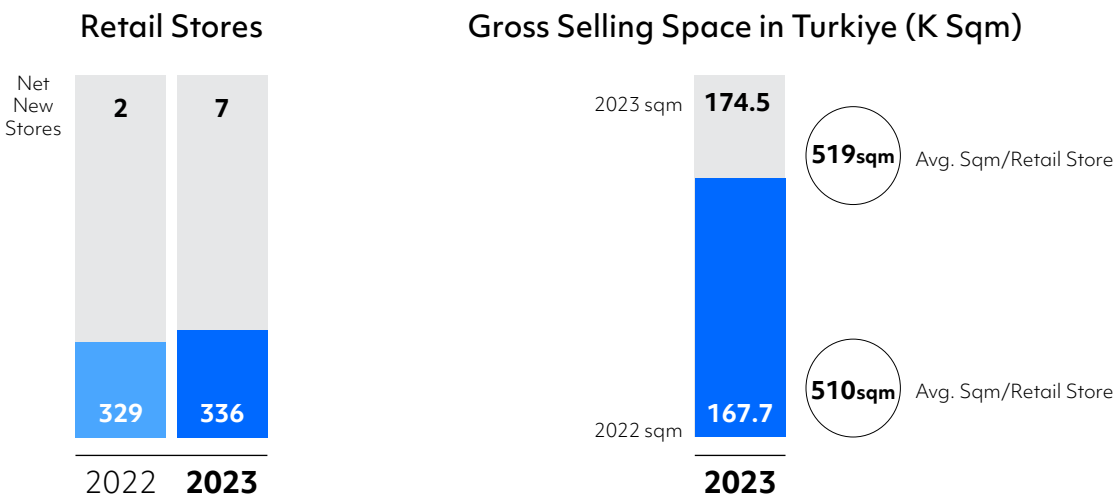
3.5 Multi-Channel Execution With Retail, International Markets And Online

Sustainable and Efficient Growth in Turkiye

Mavi's sales operations in Turkiye consist of 75% retail, 16% wholesale, and 9% e-commerce.



Expanding Retail and New Stores



Complementary Wholesale Growth and Growing Multi-Channel Execution

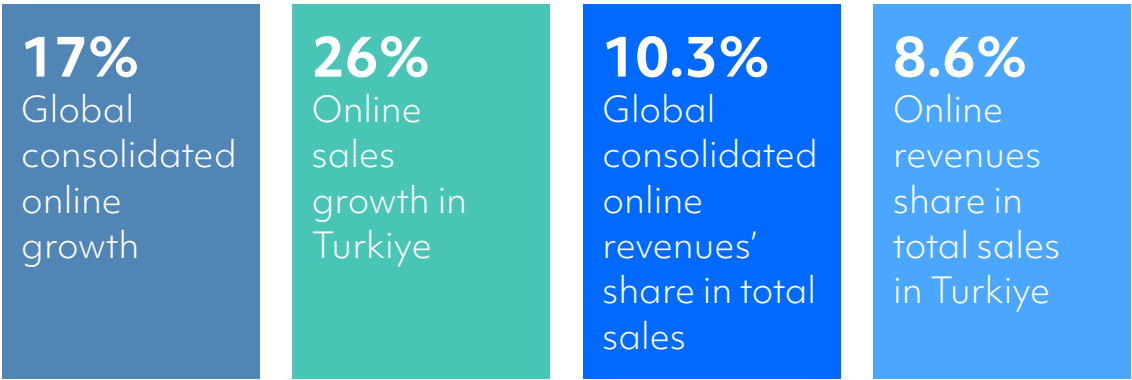


Investing in Online Platform and Growth Strategy

Mavi’s revenues in owned e-commerce channels (including mavi.com and marketplaces), which promise strong growth potential in global markets and in Türkiye, increased by 17%. Mavi’s owned mavi.com e-commerce site in Türkiye, the US, Canada, Germany and Russia alongside marketplaces accounted for 10.3% of total sales. With wholesale online channels included, the online revenues’ share in total sales stood at 11.5%. In addition to achieving growth, Mavi also continued to steadily enhance the online infrastructure and made further investments in marketplace integrations to create an even better user experience.

In the reporting period, mavi.com Türkiye, combined with direct marketplace sales to the customers, grew by 26% year-on-year, accounting for 8.6% of Turkish revenues. Investments in the Mavi app, which also includes the Kartuş loyalty program, steadily increased. As a result, the number of users with mobile applications on their devices reached 5.7 million, while the share of online sales via the Mavi app rose to 58%.

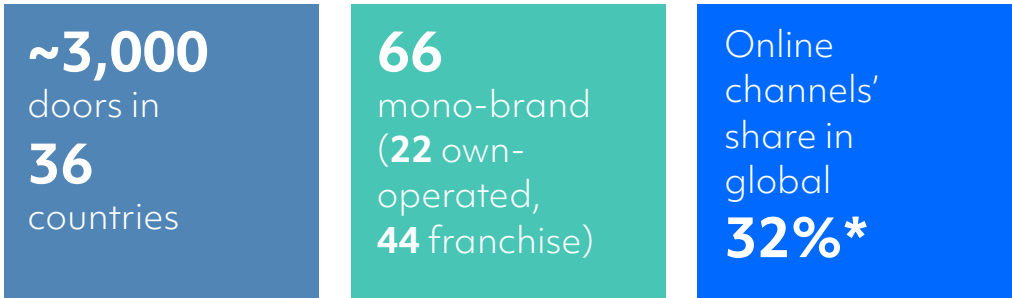
Aiming to provide Mavi customers with the most extensive array of products through various channels, the initiative of “online sales from the store,” which aims to provide Mavi customers with the most extensive array of products through various channels and was piloted in select locations last year, has now been implemented across all stores. Furthermore, the availability of online stock for purchase at the stores expanded year on year. The two-hour delivery service for orders placed through mavi.com and the Mavi app was introduced in four cities to enhance convenience for customers. Emphasizing customer experience as the foremost priority, Mavi.com was migrated to a faster and more flexible e-commerce platform, upgrading to SAP CX Commerce. Demonstrating a commitment to inclusivity and envisioning better accessibility for all, Mavi launched a video call system within its call center to better serve hearing-impaired customers and partnered with Blindlook to assist those with visual impairments. Expanding its online-only collections to cater to the preferences of digital customers, particularly growing the kids’ category to its widest-ever selection, Mavi broadened its product offerings. The completion of new local and international marketplace integrations ensures the availability of products in Mavi quality across all channels.



International Growth and Profitability

Mavi’s international operations are focused on the United States, Canada, European countries, with Germany as base, and Russia. The global distribution network spanning 36 countries consists of 66 mono-brand stores, nearly 3,000 doors and mavi.com as well as wholesale and e-commerce partners, including the likes of Bloomingdale’s, Nordstrom, Zappos.com, Amazon, Simons, and Zalando.com.

In addition to the four main international markets, Mavi also operates in the neighboring regions and in 27 mono-brand and through 23 multi-brand franchise stores in 24 countries. The operations in these countries, mainly in the Middle East, North Africa, Balkan and Caucasus countries, are managed as wholesale channels completely from the Istanbul head office.

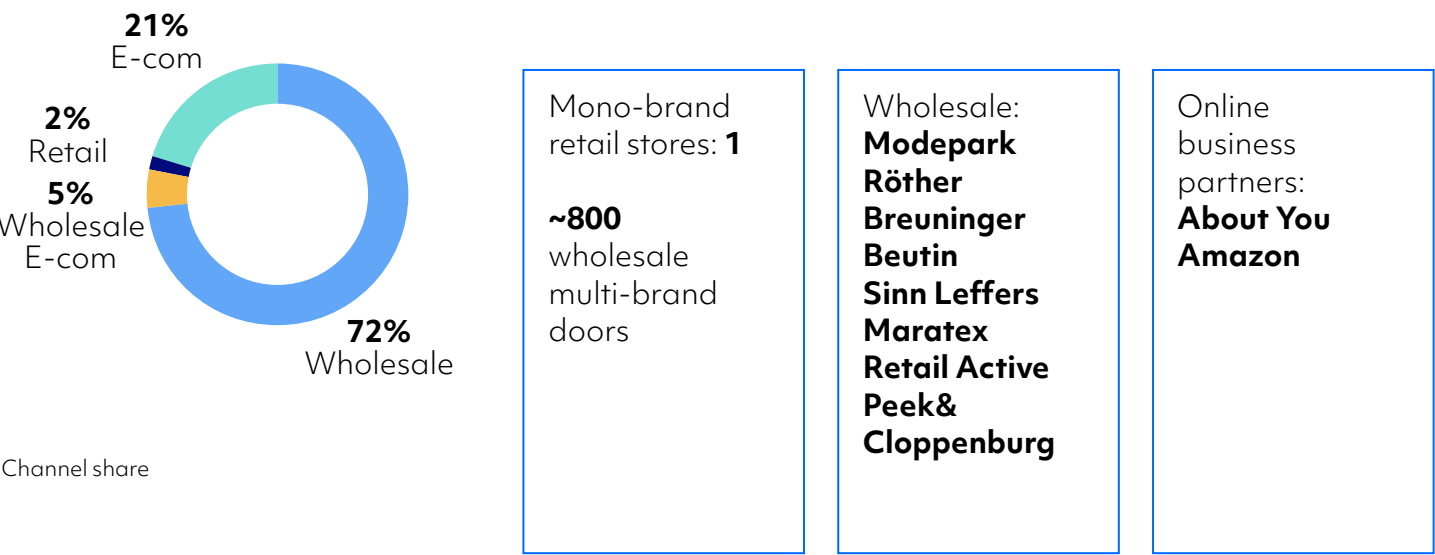


*Wholesale included

USA Operation



Europe Operation



Canada Operation



Russia Operation



3.6 Brand Priorities and Cornerstones of The Future



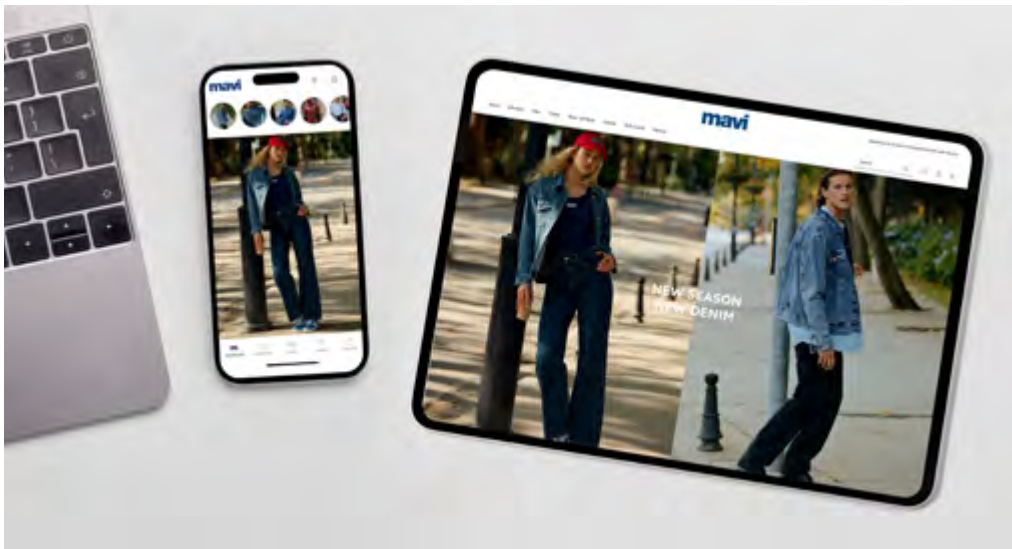
BRAND AND PRODUCT INNOVATIONS

- Mavi continues to gain market share and new customers while increasing frequency by focusing on different customer segments with fresh products.
- In line with the right quality, right product and right pricing strategy, customer demand is closely monitored.
- Brand positioning is elevated with premium product segments, special collections to present a total look: Mavi Lux Black, Mavi Icon, Mavi Studio, Mavi 100, and Alphabet collections.
- Casual lifestyle is expanded with logo and sweatshirt and Maviterranean collections.
- Aspirational marketing and strong customer engagement captured through celebrity campaigns and influencers.
- Collaborative collections (Mavi Semt and Marche) with brands are effective in acquiring new and young customers and driving traffic.



CUSTOMER EXPERIENCE

- ‘En Mutlu Mavi Müşterisi’ (The Happiest Mavi Customer) is at the center of our operations.
- The physical store experience is enhanced to feature Mavi’s growing lifestyle categories.
- Product availability is improved in order to increase conversion and stockturn rates by analyzing store clusters.
- New service model and visual merchandising is effective in improving shopping experience.
- A customer experience project was initiated to address touchpoints with new and loyal customers and lifecycles as a whole.
- Video conference call center service initiated to enhance inclusiveness in communication with customers.



OMNICHANNEL: GROWING RETAIL AND ONLINE

- Instore Sales launched allowing all Mavi stores to sell online inventory, resulting in improved stock availability, higher conversion and better customer experience.
- 2-hour doorstep delivery service offered in four major cities.
- Sap CX Commerce migration allowed mavi.com to become more scalable and faster.
- Geographical expansion of mavi.com Türkiye with new countries in GCC and Europe.
- Expanded stores with new retail concept to improve shopping experience.
- Continuous investment on employee training to increase unit per transaction and conversion.
- Adapt new hardware and software solutions to facilitate faster check-out process in stores.



TOWARDS A MORE DIGITAL FUTURE

- Digitalization and CRM investments are at the core of the company strategy.
- New CRM segment analysis tools enables marketing and category teams to understand different customer groups and design effective campaigns and communication.
- AI-driven analysis tools are developed to understand and respond to customer and market expectations.
- Data analytics investments are accelerated to increase market know-how and planning efficiency.



MAVI ALL BLUE

- Global All Blue strategy continues to drive sustainable growth.
- Responsible supply chain management remains a key focus area of sustainability.
- All Blue product offerings continued to expand while All Blue sales reached 25% of total revenue and 51% of total denim revenue.
- Mavi became the first and only Turkish apparel brand to make the A list in both the Climate Change and Water Security programs of CDP.
- All Blue collection won the “Best Sustainable Collection” award for the fifth time at the Rivet x Project Awards.



PEOPLE ORIENTED CULTURE

- Average age of Mavi employees is 26 and 80% are below the age of 30.
- Internal and global mobility is supported to foster career opportunities.
- Joined the UN Target Gender Equality Program and became a part of UN WEPs Program.
- Gender equality training programs continued in line with diversity & inclusivity commitment.
- Supported social projects empowering women and youth.
- Mavi NextGen initiative to train future leaders is in its second successful year.

Marketing Communications 2023 – Collaborative Collections With Brands And Designers



MAVİ X SEMT – SS23 & FW23

- Mavi partnered with visual artist Oğuzcan Pelit, the name behind several album covers and images designed for famous rap, pop and indie artists and known for bringing street culture to music, for the collaborative MAVİ X S.E.M.T. collection.
- Mavi X S.E.M.T. collection featured graphics such as “No More Nazar,” “500T,” “Derdo Club,” “Hayırlısı,” “Hüzünlü Karışık”, and “Kader Kısmet,” echoing street jargon and cultural references, and appealed to all customers, especially the young men and women under 25.
- The images that complement the powerful graphics on the T-shirts, sweatshirts and accessories were integrated into the online and offline communications.
- The T-shirt with the “No More Nazar” graphic was positioned as a hero item, anticipated to become a cult piece among youth.



MARCHE X MAVİ – SS23

- MARCHE X Mavi Collection, born from the unique collaboration of two brands known for embracing Istanbul as an inspiration, was also a nod to Mavi’s Mediterranean spirit, its colors, textures and designs.
- Offered in sizes for every occasion and every moment of daily life, MARCHE’s iconic bag designs were reinterpreted with Mavi’s denim touches, while the micro designed exclusively for this collection reflected the seasonal trends.
- The collection stole the hearts of urban women of all ages who love to incorporate cosmopolitan styles into their looks.

Marketing Communications 2023 – Collaborative Collections With Brands And Designers



SERENAY X MAVI ICON – SS23

- Mavi celebrated the 10th season of the Serenay X Mavi Icon collection, inspired by Serenay’s iconic style, with modern and sophisticated denim looks.
- The collection, aspiring to connect with women who have room for powerful stories in their wardrobes, featured head-to-toe denim looks, along with suits and tops in neutral tones and satin-finish fabrics.
- In addition to monochromatic combinations of black and white, the Serenay x Mavi Icon also introduced mix-and-match pieces and complementary accessories in the collection’s signature style. Appealing to the 25+ female customers looking for premium and chic styles, the collection epitomized the “Fashion is Mavi” narrative.



MAVI ARCHIVE UPCYCLE – FW23

- This unique collection, blending Mavi’s denim expertise and innovative design approach with creative upcycling and recycling techniques, combined patchwork and vintage styles, emphasizing sustainable design.
- To create the Mavi Archive Upcycle Collection, 3,000 pieces were gathered from our 33-year archive. Each piece was stripped of all metal hardware and prepared for upcycling, resulting in 17,756 meters of reusable fabric for the collection.
- With meticulous attention to detail, our designers crafted 7,138 products across four distinct models.
- Every element, from the woven labels inside the waistbands, back labels, buttons and rivets, was made from recycled materials, while the hanging labels were produced from packaging waste.
- Our brand face, Serenay Sarıkaya, introduced the collection.

Marketing Communications 2023 – Collaborative Collections With Brands And Designers



NATURAL DYE – SS23

- Drawing from creative ideas and driven by innovation and technology, Mavi continues to expand the sustainable All Blue product range every season, most recently launching the Natural Dye collection made from natural clay dyed fabrics.
- Clay is a naturally occurring material in unique earth tones. As a non-toxic material with antibacterial properties, clay used for dyeing the fabrics makes the Natural Dye collection kind to the skin.
- The Natural Dye collection features bio-based back labels using olive seeds and buttons crafted from nut shells, eliminating metal buttons and rivets in the jeans.
- Recycled materials were preferred in all woven labels, threads and cardboard labels.
- Embracing sustainable practices further, Mavi placed plantable basil seeds inside the cardboard labels, enhancing the customer experience after the purchase.
- The Natural Dye collection was named the “Best Sustainable Collection” at The Rivet x Project Awards.



MAVI RECYCLED BLUE - FW23

- Recycled Blue by Mavi is a denim collection made entirely from bio-based or non-petroleum materials, utilizing the revolutionary REFIBRA™ technology from TENCEL™ brand fibers.
- In early 2023, this exclusive collection was named the “Best Sustainable Collection” by The Rivet x Project Awards, which recognize the brands bringing newness and creativity to the global denim market, marking Mavi’s fifth achievement in this category.
- This exclusive collection, made with TENCEL™ Lyocell fibers, features a three-piece suit for women, consisting of tailored denim pants, a denim vest and a denim blazer with a vintage look. TENCEL™ Lyocell is a product of Lenzing’s innovative technology, which blends wood pulp sourced from certified forests with pre-consumer cotton waste from apparel production.
- REFIBRA™ technology involves an award-winning closed loop production process that yields a 100% bio-based fiber material, drastically reducing environmental impact by consuming 95% less water compared to traditional cotton production methods.
- TENCEL™ Lyocell fibers infused with REFIBRA™ technology offer unparalleled comfort and softness against the skin and also regulate body temperature through their moisture-wicking properties. These durable fibers retain their quality, ensuring long years of use for the wearers.

Marketing Communications 2023 – Collaborative Collections With Brands And Designers



MAVi COLLEGE – FW23

- The Mavi logo T-shirts and sweatshirts have become a wardrobe staple for people of all ages and styles since their launch, driving sales in men’s and women’s sweatshirts. The popular Mavi logo, Mavi College, was extensively used on the jeans and jackets in the Back To School period, symbolizing a return to the city and the school.
- The collection featured pieces with the Mavi College logo, adapted and applied in a different color for Mavi’s jean fits, particularly popular with the youth, and styles that complete the look, targeting the younger men and women under 25.



Together, We Are Beautiful, United,
We Celebrate Better

mavi
100.YIL



MAVİ 100 COLLECTION

- Mavi proudly designed the Mavi 100 collection to commemorate the centennial of the Republic of Türkiye. Drawing from our rich heritage and redefining denim with contemporary urban chic codes, the Mavi 100 collection brings modern, clean and tailored looks to jeans. The collection consists of 100 styles, each piece combining superior quality with innovative techniques and sustainable materials.
- Blending into life, bringing style to the streets, and designed with a contemporary look in mind, Mavi 100 epitomized modern denim aesthetics.

MAVİ 100 ALFABE COLLECTION – FW23

- Mavi started to launch special projects, designed for the centennial of the Republic of Türkiye, with the Mavi 100 I ALFABE collection.
- This exclusive collection, dedicated to the Letter Reform, a cornerstone of the Republic of Türkiye, was created by the Mavi design team with inspiration from the iconic moment when Atatürk taught the new alphabet by drawing it on the blackboard during his Letter Reform trip.
- With the project marking the centennial, Mavi supported the U17 Water Polo National Teams and proudly celebrated their success, while their youthful energy was captured during a photo shoot for the collection.



EBRAR Mavi

- Mavi teamed up with the national volleyball player Ebrar Karakurt for Marie Claire magazine's special centennial edition in October 2023.
- During the photo shoot for the special edition, Ebrar Karakurt posed for the cameras in pieces from the Mavi 100 collection, designed for the centennial of the Republic of Türkiye.

2023 Ad Campaigns



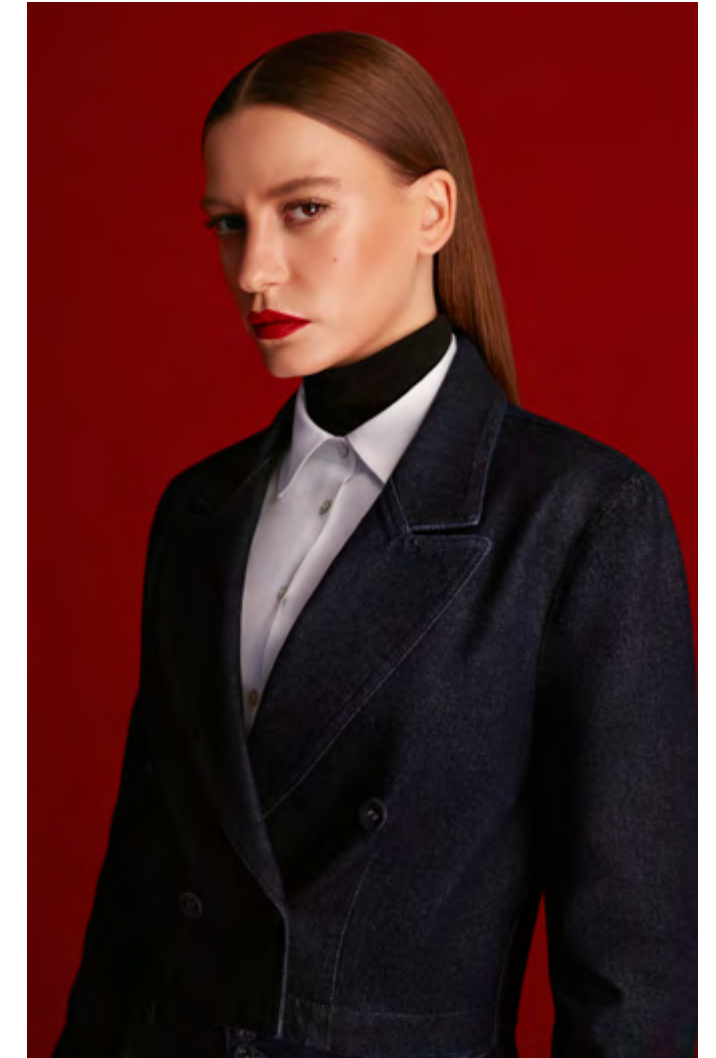
AD CAMPAIGN WITH KIVANÇ AND SERENAY: “MAVİ PRESENTS. JEAN. A LEGEND. AN ICON.” – FW23

- Mavi’s long-time brand faces, Kivanç Tatlıtuğ (13 years) and Serenay Sarıkaya (10 years), came together for the first time in the ad campaign, ‘Jean. A legend. An icon.’
- The star of the ‘Jean. A legend. An icon.’ commercial was the Mavi 100 Jeans Collection for men and women. Drawing from our rich heritage and redefining denim with contemporary urban chic codes, the collection proudly celebrated the centennial of the Republic of Türkiye.



- To create the Mavi 100 collection, the design team drew from the brand’s denim expertise to always keep jeans relevant, enhance their quality, and re-imagine the styles to ensure that they comfortably blend into life in the city. The collection, infused with a dominance of denim, brings modern, clean and tailored looks to jeans. Each piece in the collection combines superior quality with innovative techniques, sustainable materials and carefully-considered contemporary details, appealing to customers of all ages.

- Mavi’s signature details and labels were replaced by crimson red, while the styles were named Pera, Harbiye, Çankaya, Heybeli, İstiklal, Yıldız, Ulus and Balat as a nod to landmark locations.
- The commercial emphasized the jeans’ adventurous, surprising, always stylish, always free spirit, and versatility to blend perfectly into any occasion.





Mavi App

Take your Mavi store anywhere!



Download and start shopping now.



Customer Loyalty Program: Kartuş

Customer data and product strategy form the cornerstone of the brand's communication activities, supported by the loyalty program (Kartuş) boasting 9.2 million members. The Kartuş loyalty program, with approximately ~6.9 million members active for the last two years, is a card and a mobile app, with ~5.7 million downloads and used extensively in retail transactions in Türkiye.

Customer data derived largely from Mavi's best-in-class loyalty program (Kartuş) since 2007 is central to the brand strategy. The loyalty card/program is widely used in shopping, accounting for 79% of retail revenues and serving as an exceptional tool to provide the marketing team with invaluable data and insights for in-depth analysis of Mavi customers.

Mavi utilizes CRM data effectively to tailor offers and promotions in response to customer expectations and needs, and runs personalized campaigns and communications to drive customer frequency, basket size and lifetime value. Comprehensive analyses of customer purchases from a holistic perspective alongside segmentations based on behavior, value and product preference criteria inform segment-specific roadmaps for marketing strategies. A complete 360-degree view of customer insights, including shopping data derived from all channels, is key to the success of these CRM applications.

Mavi continues to deepen its CRM-driven strategy, bolstered by new projects for marketing automation, advanced data analytics, and sophisticated campaign management. The technical and process enhancements in CRM applications lend to a sustainable and continuously learning system. With all these efforts, Mavi aims to design its marketing communications with a personalized approach throughout the customer lifecycle and to improve the customer experience across all touchpoints.

Effective CRM analyses guide the brand and product strategies. Mavi draws from customer insights and leverages technology to create innovative products. CRM data offers significant advantages in new product development through analysis of customer profiles and by matching products to identify potential areas.

9.2 million
loyalty card members

79%
of retail revenues

~6.9 million
members active for
the last two years

~5.7 million
mobile app
downloads

1.3 million
new Kartuş loyalty
card members
in 2023

Young Generation Driving Rapid Growth

70%
of new customers
under 35

37%
of customers
under 25

AA! PROUD TO EARN
TOP SCORES!



Mavi is the first Turkish apparel company to make the CDP's* 2023 A list, earning a double A score with its Climate Change and Water Security reporting.

mavi



* Carbon Disclosure Project

2023 Awards and Recognitions



Leading denim brand with ~21%+ market share ranking among the top 3 womenswear and menswear brands in Türkiye according to IPSOS data.



The most trusted brand in Türkiye according to Future Bright's trust link index survey.



132nd among Türkiye's largest enterprises and 3rd among apparel, underwear and sportswear brands in the Fortune 500 survey.



Leader of the jeans category in the "Cool Brands" survey of Marketing Türkiye.



Silver Effie in the Fashion category with the "We are Beautiful Together" campaign at the Effie Awards, one of the most prestigious awards of the advertising world.



Winner of the Best Sustainable Collection category with the All Blue Recycled Blue collection at the Rivet x Project Awards, which recognize the brands bringing newness and creativity to the global denim market.



Ranking 26th among "Türkiye's Most Valuable Brands" survey and 6th in "Türkiye's Top 10 Powerful Brands" list by Brand Finance.



Recognized among the "Brands Reflecting the Republic's Values" on the centennial of the Republic.



Second most admired apparel brand in Capital's Most Admired Companies Survey.



The most reputable jeans brand in Beykoz University's Reputation Index Survey.



Among the most relatable brands in the "Brands Understanding Gen Y" survey by Marketing Türkiye.



Second among the most popular menswear brands and the leader among the most preferred brands expected to maintain its position in five years according to the "Brands of the Future" survey by Marketing Türkiye.



Kıvanç Tatlıtuğ named the most reputable brand face with the Mavi commercial at The ONE Award Integrated Marketing Awards presented by Marketing Türkiye.



Bronze medal in the casualwear category in Social Brands Data Analytics at the Brandverse Awards.



"Best Use of Segmentation with CRM and Online Data" award at the Insider's #LIFTAWARDS23 Gala.



Bronze medal in the apparel category at the 8th A.C.E. Awards presented by Şikayetvar.



Most Admired Brand in the casual sportswear category in AYD's "Number One Brands" survey.



Among top brands in the Retail Employer of Choice, Best Commercial, and Best Company in Sustainability Activities categories at the Youth Awards.



Mavi's Young Talent Internship Program is the winner of the retail & sales category in Toptalent.co's "TOP100 Talent Program" competition.



Ranking 36th among the top 100 brands in Capital's "Women-Friendly Companies" survey.

04

Mavi's Sustainability Evolution

- 4.1 Strategy: Mavi All Blue. All Better. For All.
 - 4.2 Sustainability Goals
 - 4.3 Sustainability Management
 - 4.4 Material Sustainability Issues
 - 4.5 People–Better.Empower
 - 4.6 Planet–Better.Protect
 - 4.7 Denim–Better.Transform
 - 4.8 Community–Better.Mobilize
 - 4.9 Sustainability Journey
 - 4.10 Performance Indicators, GRI Index and Tables
-

About The Sustainability Section

The Sustainability Section in the Mavi 2023 Annual Report is based on the sustainability performance data of Mavi Giyim Sanayi ve Ticaret A.Ş. in the fiscal year from February 1, 2023 to January 31, 2024. This section provides information on the company’s environmental, social, and governance activities in alignment with Mavi’s sustainability strategy “All Blue” and the progress achieved in these areas.

This section has been prepared in accordance with the Global Reporting Initiative (GRI) Standards. In addition to providing details about the company’s contribution to the United Nations Sustainable Development Goals (SDGs), this section also includes information on the company’s activities in alignment with UN Global Compact (UNGC) and Women’s Empowerment Principles (WEPs), both of which Mavi is a signatory.

For all your questions, comments, and suggestions related to this section, please contact us at: sustainability@mavi.com.

Mavi’s Sustainability Evolution

As Türkiye’s leading jeans and apparel brand, Mavi has accelerated its sustainability efforts starting from 2020 to drive its vision of industry leadership to encompass sustainability. Grounded in strategic priorities, Mavi’s sustainability strategy has been developed to respond to the global trends that guide the textiles industry and to contribute to the United Nations Sustainable Development Goals (SDGs). The company’s All Blue sustainability strategy defines the areas where Mavi creates value and its related goals.

Sustainability Reporting
Imnera Sustainability Consulting
www.imnera.com
info@imnera.com
+90 212 843 40 22



4.1 The All Blue Strategy: Mavi All Blue. All Better. For All

The company believes that a better world is possible with a better Mavi. Mavi quality remains at the heart of all the activities. Empowered by every individual touched in the process, particularly its employees, Mavi recognizes that each step and action taken will bring about massive transformations and commits to explore and innovate for a brighter future.

Mavi cares about today and takes action for tomorrow now.

The company grows with people who inspire each other and share similar aspirations.

All Blue.
All Better.
For All.

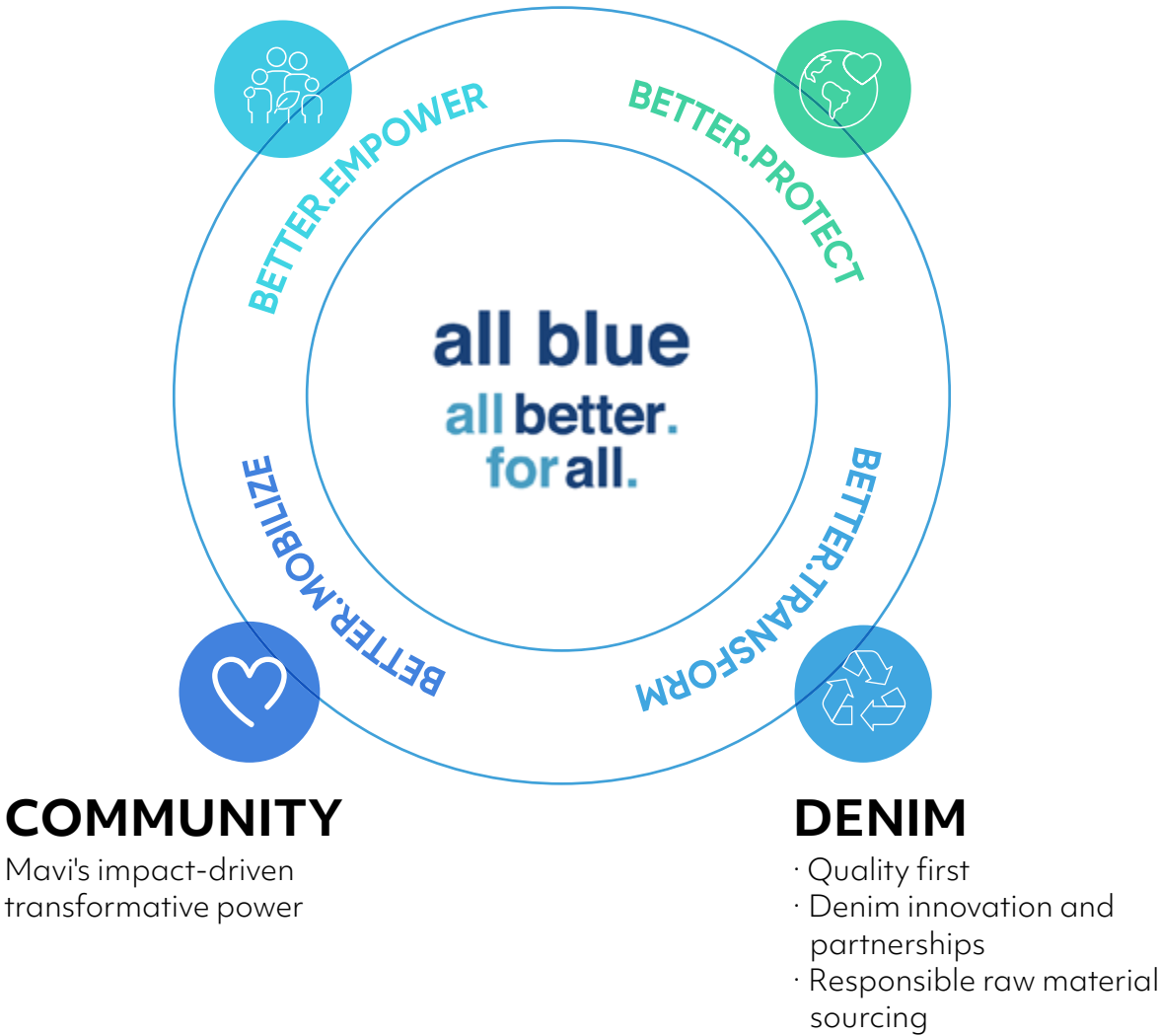
As part of its sustainability strategy and driven by its core values focused on people, planet, denim, and community, Mavi will:
Better.Empower, Better.Protect, Better.Transform and Better.Mobilize.

PEOPLE

- People-oriented Mavi culture
- Inclusive business model and responsible value chain

PLANET

- Tackling climate crisis
- Ecosystem restoration



BETTER.EMPOWER

Driven by the people-oriented Mavi culture, transformation for a better future starts with the value chain. Mavi fulfills its responsibility to provide fair living and working conditions for its employees, suppliers and business partners, and strengthens with them by supporting their development.

PEOPLE-ORIENTED MAVI CULTURE

Mavi's work culture is focused on people. In the company culture, Mavi upholds human rights, respects the diversity and differences of its employees, and promotes gender equality. Accordingly, practices are implemented to support the professional development of the employees across their career journey at Mavi.

INCLUSIVE BUSINESS MODEL AND RESPONSIBLE VALUE CHAIN

Mavi develops practices for an equitable, accessible and inclusive business model to make sure its products and services are available to all. Ensuring that environmental, social, and governance principles and standards are applied across the value chain is important to Mavi. Therefore, the company has adopted an inclusive business model that aims to improve sustainability performances of all suppliers and support their development. The company conducts supplier audits to achieve full traceability and conformity with applicable standards across the entire supply chain.





BETTER.PROTECT

As a denim-centric brand, Mavi regards the conservation and restoration of what nature offers as a fundamental responsibility. Accordingly, Mavi promotes a net-zero business model by tackling the climate crisis to conserve natural resources and restore the ecosystem.

TACKLING CLIMATE CRISIS

The textile industry is responsible for generating significant greenhouse gas emissions across the value chain, from cotton grown in the fields to the end products purchased by the consumers. Mavi focuses on reducing its carbon footprint along the entire value chain to tackle the global climate crisis. For this purpose, the company brings its suppliers into the process and encourages them to reduce their environmental impact caused by production. In addition to designing collections with innovative and sustainable materials, Mavi also aims to gradually increase the share of these products in its sales revenues. As more investment is made in sourcing renewable energy, Mavi continues to launch pioneering projects such as energy efficient M30 and eco-stores to pave the way for the industry.

ECOSYSTEM RESTORATION

Reducing its impact on nature is one of Mavi's key priorities. Therefore, the company focuses on areas such as effective use of water resources, controlled use of chemicals, packaging and waste management, and biodiversity across the supply chain. To protect the health of manufacturers and consumers, and minimize environmental impact, Mavi strives to reduce the consumption of chemicals and comply with the Zero Discharge of Hazardous Chemicals (ZDHC) criteria. Furthermore, the company aims to use only FSC-certified (Forest Stewardship Council) packaging, making sure that all packaging materials are recycled. Adopting the circular economy approach to waste management, the company works to reintroduce the scraps and other excess materials into the system. Mavi also develops and launches projects to raise social awareness about conserving biodiversity.

BETTER.TRANSFORM

Mavi transforms denim with unique, innovative ideas and the power of technology. The customers are included in the sustainability transformation with high quality and sustainable products. Mavi designs products that observe the principles of circular economy and have a lower environmental impact than conventional Mavi products. This perspective is nurtured through innovation collaborations and partnerships aimed at shaping the future of sustainable fashion. With All Blue products, certifications, and sustainable raw material initiatives, this transformation extends to every part of the value chain, from the raw material producer in the field to the end consumer.

QUALITY FIRST

Since the very beginning, the Perfect Fit philosophy has guided Mavi in meeting customer expectations with the right price-quality balance. Taking this ethos further, Mavi now aims to make quality and sustainable products accessible to all its customers.

DENIM INNOVATION

As the company's R&D and product development investments steadily rise, Mavi continues to lead the industry in denim innovation, driven by its sustainable All Blue collection.

INNOVATION PARTNERSHIPS

Partnerships play a key role in the industry's sustainability transformation and driving innovation. Recognizing this, Mavi engages in innovative partnerships with various other brands, designers, and universities to expand its positive impact and inspire the industry.

RESPONSIBLE RAW MATERIAL SOURCING

Responsible behavior is exercised in raw material selection, with the aim of continuously increasing the proportions of sustainable materials (organic, recycled, and Better Cotton certified cotton, recycled metal, etc.) within the components that make up Mavi products.





BETTER.MOBILIZE

Aiming to create shared values in the community, Mavi uses its transformative and mobilizing brand power to achieve better. Therefore, the company particularly focuses on empowering young people and women for social development so that no one is left behind. Customers who choose Mavi and other stakeholders are also included in the mobilization efforts.

MAVI'S IMPACT-DRIVEN TRANSFORMATIVE POWER

Mavi intends to mobilize its stakeholders, starting with the customers, by leveraging its brand power. Therefore, impact-driven and measurable social projects that involve customers, employees, suppliers, universities and non-governmental organizations (NGOs) are launched.

4.2 Sustainability Targets and Progress in 2023



PEOPLE
BETTER.EMPOWER



Increased
progress



Achieved
interim target



Achieved
yearly target



Target
achieved








Progress
maintained










MAVI'S SUSTAINABILITY TARGETS

Having a fully inclusive and responsible value chain by 2030.

MONITORED TARGETS	PROGRESS IN 2023	STATUS	RELATED MATERIAL ISSUE
Keeping employee satisfaction and engagement scores over 70% every year.	▶ According to the results of the 2023 survey, employee satisfaction was measured as 86% among store staff and 79% among head office employees. The company will continue to work toward elevating employee satisfaction and loyalty through focus group studies in 2024.	▶ 	▶ 18. Employee loyalty and satisfaction
Maintaining female manager ratio of 50% in 2024.	▶ As of 2023, female employment ratio at Mavi was 60% and female manager ratio 53%.	▶ 	▶ 23. Equal opportunity and diversity
Maintaining female membership ratio of 1/3 on the Board in 2024.	▶ The Board of Directors is structured to reflect this target, with women constituting one-third as of 2023.	▶ 	▶ 23. Equal opportunity and diversity
Ensuring compliance of all main suppliers and their subcontractors with the Global Purchasing Principles and Supplier Code of Conduct by 2025.	▶ Environmental compliance topics have been added to the Global Purchasing Principles and the Supplier Code of Conduct. Environmental and social compliance audits will be conducted to ensure the suppliers' compliance with the principles.	▶ 	▶ 12. Supply chain management
Achieving 100% traceability across the supply chain by 2030.	▶ In addition to social compliance audits, environmental audits have been initiated. Designed for this purpose, Supplier Portal Quartz, features logistics, foreign trade and product testing modules along with supplier and sub-manufacturer approval and audit monitoring screens and production tracking screens to achieve end-to-end traceability across the supply chain. Moreover, a special internal tool has been developed to enhance the effectiveness of environmental compliance audits, thereby optimizing and completing the relevant processes more efficiently.	▶ 	▶ 12. Supply chain management

MAVI'S SUSTAINABILITY TARGETS

Becoming a climate-positive company by 2050.

MONITORED TARGETS	PROGRESS IN 2023	STATUS	RELATED MATERIAL ISSUE
Reducing Scope 1 + 2 GHG ¹ emissions by 70% by 2030 (vs. 2019 baseline).	▶ Scope 1 + 2 GHG emissions were reduced by 71% in 2023 (vs. 2019 baseline).	▶  ▶	7. Climate change and energy
Reducing Scope 3 GHG emissions from purchased goods and services by 55% per TL added value by 2030 (vs. 2019 baseline).	▶ Scope 3 GHG emissions from purchased goods and services were reduced by 87% per TL added value in 2023 (vs. 2019 baseline).	▶  ▶	7. Climate change and energy
Becoming carbon neutral by 2040.	▶ Mavi continues to work toward reducing greenhouse gas emissions. Guided by standards, carbon neutrality will be achieved in the long term quality carbon offsetting tools.	▶  ▶	7. Climate change and energy
Procuring 100% renewable electricity for Mavi operations by 2030.	▶ Renewable energy is used at Mavi head office and all street stores (103 stores) with controlled electricity meters. Mavi procures 98% of its electricity from renewable energy resources.	▶  ▶	7. Climate change and energy
Conducting environmental audits at all critical suppliers and wet process sub-manufacturers by 2025.	▶ Environmental compliance audits were conducted at all main suppliers and wet process sub-manufacturers. Action plans will be assigned in 2024 based on improvement requests.	▶  ▶	12. Supply chain management
Ensuring that all strategic suppliers and wet process sub-manufacturers comply with the ZDHC MRSL ² by 2030.	▶ As part of the environmental audits in 2023, situation analyses were performed in accordance with the Zero Discharge Roadmap guidelines. Based on the analysis results, work is ongoing toward the targets.	▶  ▶	9. Chemicals management
Using only FSC ³ -certified labels, cardboard and paper packaging materials by 2025.	▶ In 2022, the ratio of label, cardboard, and paper packaging certified as FSC ³ was 64%, while in 2023, this ratio increased to 86%.	▶  ▶	4. Raw material management 26. Biodiversity

¹ The GHG reduction targets set by Mavi have been approved by the Science-Based Targets initiative (SBTi)

² ZDHC MRSL compliance: Zero Discharge of Hazardous Chemicals-ZDHC Manufacturing Restricted Substances List-MRSL

³ FSC: Forest Stewardship Council



MAVI'S SUSTAINABILITY TARGETS

Ensuring that the whole denim collection consists of sustainable All Blue products by 2030.

MONITORED TARGETS

PROGRESS IN 2023

STATUS

RELATED
MATERIAL ISSUE

Sourcing 100% of the cotton used in denim products from sustainable resources¹ by 2030.



In 2023, 56% of the cotton used in denim products was procured from sustainable resources.



4. Raw material management

Increasing the revenues of innovative products in the sustainable All Blue collection by 20% year on year through R&D activities and partnerships.



The share of the Sustainable All Blue collection in the turnover increased from 14% to 25%. In 2023, target was achieved by expanding the sustainable All Blue collection with the addition of innovative lines such as Natural Dye, Recycled Blue – Refibra, Archive, Nude Hemp, Pro Dark Tech, and Mavi Centennial Denim Collection.



3. R&D and innovation
13. Sustainable products

¹ Sustainable materials: Organic, recycled, Better Cotton.



Increased
progress



Achieved
interim target



Achieved
yearly target



Target
achieved






Progress
maintained



MAVI'S SUSTAINABILITY TARGETS

Driving an impact-focused and measurable social change.

MONITORED TARGETS	PROGRESS IN 2023	STATUS	RELATED MATERIAL ISSUE
Keeping the social return of social investment programs at SROI>1 ¹ levels.	<div>▶</div> <div>In 2023, the focus of social investments was on the earthquake disaster. Mavi built a strong solidarity network across the country with its employees and business partners. In addition to running its current social responsibility projects, Mavi is also in the process of designing its own social investment program to align with the material sustainability topics. Once the program is finalized, SROI analysis will be conducted using the outputs.</div>	<div>▶</div> <div></div> <div>▶</div>	27. Community investment programs
Allocating 1% of EBITDA for social investments from 2025 onward.	<div>▶</div> <div>Social investment spending in 2023 amounted to 13.9 million TL, which corresponds to 0.3% of EBITDA.</div>	<div>▶</div> <div></div> <div>▶</div>	27. Community investment programs
Reaching 1 million people every year through sustainability awareness projects.	<div>▶</div> <div>With projects implemented in areas such as sustainability, women's empowerment, inclusion, innovation and partnerships, circular economy, biodiversity, and awards received, and all the awareness raising activities, including leadership communications, Mavi's digital reach exceeded 15+ million engagements in 2023.</div>	<div>▶</div> <div></div> <div>▶</div>	5. Brand reputation 24. Sectoral sustainability evolution

¹ SROI>1: Social return on investment (SROI) higher than investment.

Highlights of 2023



BETTER.EMPOWER

60% 53%

Female employment ratio

Female manager ratio

35% 54%

Ratio of C-Level female executives

Ratio of women among the promoted employees

86% 76%

Local sourcing ratio

Ratio of suppliers audited on site for social compliance within the year



BETTER.PROTECT

A

score in CDP's Climate Change and Water Security Programs

B

score in CDP's Forests Program

SBTi✓

Short-term GHG emission reduction targets verified by Science Based Targets initiative (since 2022)

13%

of suppliers audited for environmental performance among total suppliers

103

stores use renewable energy



BETTER.TRANSFORM

25%

share of sustainable All Blue products in total revenues

51%

share of the sustainable All Blue jeans in total denim sales

5

product groups with Life Cycle Assessments (LCA)

5

Best Sustainable Collections recognized by Rivet x Project Awards since 2019



BETTER.MOBILIZE

83,000

hatchlings reached the sea with the help of the Indigo Turtles project, supported by Mavi

33

female university students benefit from the TEV and Koç University Mavi Scholarship Fund

9,270

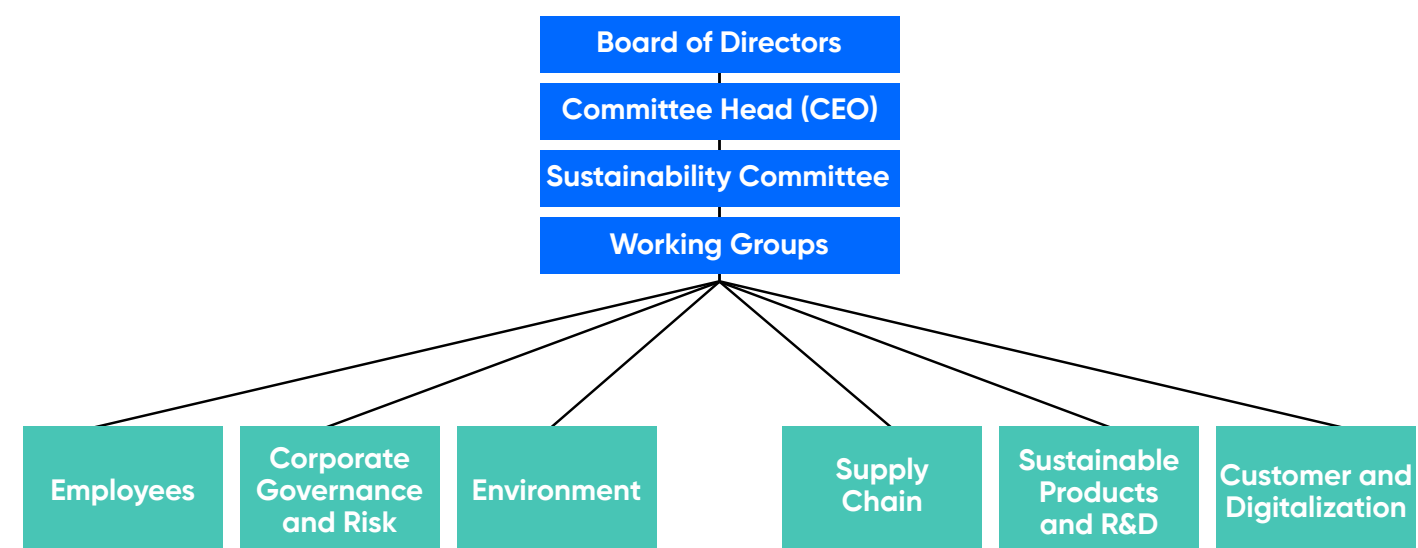
children reached through the SosyalBen Hope Truck project

4.3 Sustainability Management

GRI 2-9, 2-12, 2-13, 2-14

The Sustainability Committee under the Board of Directors is tasked with managing Mavi’s sustainability efforts in integration with the company’s business strategy and objectives. The Committee consists of 14 members, including the Chief Executive Officer (CEO), Chief Brand Officer (CBO), Chief Marketing Officer (CMO), Chief Purchasing and Supply Chain Officer, Chief HR Officer (CHRO), Chief Finance Officer (CFO), Country Director – Türkiye and Foreign Markets, Chief E-Commerce Officer (CECO), Chief IT Officer (CIO), Chief Product and Data Officer (CPDO), Chief Design Officer (CDO), Investor Relations Senior Director, Corporate Communications Director, and Sustainability Consultant.

The Committee, headed by the CEO, has formed working groups –Employees, Corporate Governance and Risk, Environment, Supply Chain, Sustainable Products and R&D, Customer and Digitalization – to report to the senior management. Over 60 people from relevant functions are members in these working groups, each following a roadmap to assist with setting and realizing Mavi’s sustainability goals. Since 2021, these groups have proceeded along their roadmaps, regularly updating their actions to align with the changes in the company’s future plans and global developments.



Employees Working Group: Develops strategies to elevate employee satisfaction and works on gender equality, inclusion, diversity, training, wages and quality of work life, etc.

Corporate Governance and Risk Working Group: This group is responsible for maintaining a management approach in alignment with Mavi’s code of ethics and managing the potential risks that the company may face. This group also determines the strategies to promote transparency, reinforce compliance, and assess the risks in business processes.

Environmental Working Group: The mission of this group is to align the company’s operations with sustainable environmental practices. The group promotes environmentally friendly practices to achieve energy efficiency, waste management, water savings, and carbon emission reductions and develops strategies to reduce environmental impact.

Supply Chain Working Group: This group is tasked with developing sustainability-focused practices across Mavi’s supply chain, determining strategies related to supplier assessments, monitoring environmental and social impact, and implementing ethical standards.

Sustainable Products and R&D Working Group: This group’s work is focused on enhancing Mavi’s product range with more environmentally and socially sustainable products. The group provides direction to research and development on topics such as the use of innovative materials, product designs for circular economy, and sustainable manufacturing methods.

Customer and Digitalization Working Group: This group is tasked with developing projects to strengthen Mavi’s customer relations, improve feedback systems, and increase consumer awareness. The group’s work also included elevating the mavi.com experience and customer satisfaction to create the Happiest Mavi Customers.

The Sustainability Committee convenes at least twice a year and when needed. The Approval Committee, under the Sustainability Committee, consists of 6 members: Chief Executive Officer (CEO), Chief Brand Officer (CBO), Chief Marketing Officer (CMO), Chief Purchasing and Supply Chain Officer, Chief HR Officer (CHRO), and Chief Finance Officer (CFO). The Approval Committee reviews the projects submitted by the sustainability working groups and gives the final approval to proceed. Committee decisions that may provide direction for Mavi’s sustainability strategy are submitted to the Board of Directors for approval.

As a company that aspires to lead the industry’s sustainability transformation, Mavi recognizes the importance of participating in the international sustainability platforms. Accordingly, Mavi has become a signatory to United Nations Global Compact (UNGC), the world’s largest corporate sustainability initiative. With this signature, Mavi has declared its commitment to aligning its strategies, ways of doing business, and operations with the ten UNGC principles on human rights, labor, environment, and anti-corruption. Mavi is also a signatory to the UN Women’s Empowerment Principles (WEPs) and a member of the 30% Club, confirming its dedication to promoting gender equality. In 2022, Mavi ranked among the CDP’s global climate leaders with its Climate Change reporting. Building on this success in 2023, Mavi became the first and only Turkish apparel company to make the CDP’s A list with a double A score with its Climate Change and Water Security reporting, ranking among the global leaders. Mavi also earned the score of B in the Forests program, outperforming the industry average.

Only 2% of the 21 thousand companies worldwide that respond to CDP, which aims to change how businesses operate to mitigate the impacts of climate change, made the A List this year, becoming the climate leaders of 2023.

Mavi also received a score of “A-” in the Supplier Engagement Rating (SER), a testament to the company’s leadership in supplier engagement. Since signing the CEO Water Mandate, a UNGC initiative, and marking another first in the Turkish apparel industry, Mavi has continued to support the global efforts to find sustainable solutions to the water issue. Furthermore, the company has joined the Climate Ambition Accelerator, a program led by the UNGC, aiming to achieve progress toward setting science-based emission targets. The emission reduction targets set by the company were verified by the Science-Based Targets Initiative (SBTi) in 2022, and Mavi became the first and only Turkish apparel brand to have its targets approved. In 2023, Mavi continued to work toward its Net Zero SBTi targets.

In 2023, Mavi maintained its position in the Borsa Istanbul Sustainability Index in recognition of its sustainability performance. It is the only apparel brand listed in the index, which includes the shares of companies traded on Borsa Istanbul and whose corporate sustainability performance is at a high level.

4.4 Material Sustainability Issues

GRI 3-1

The material sustainability issues have been identified through a stakeholder analysis in accordance with the AA1000 Stakeholder Engagement Standard. These analyses involved obtaining the opinions of various internal and external stakeholders, including Mavi employees and franchisees, analysts, investors, financial institutions, business partners, and suppliers. In addition to one-on-one meetings with senior management, focus group studies were also used for the franchisees to share their opinions while the other stakeholders were asked to respond to an online questionnaire. The external trends considered in this process included the global risks published by the World Economic Forum (WEF), the industry-specific material issues prepared by the Sustainability Accounting Standards Board (SASB), Sustainable Development Goals (SDGs), and the priorities of other leading companies in the industry.

In 2023, the materiality study was integrated into Mavi’s Enterprise Risk Management (ERM) process. Identifying material issues involves assessing potential impacts and opportunities across the value chain. Integrating materiality into the ERM process has aligned Mavi’s sustainability targets with its risk management strategies. As a result, material issues have become an organic part of Mavi’s overall strategic goals and effectively incorporated into the business processes. This integration not only contributes to Mavi’s long-term success but also facilitates effective response to stakeholder expectations.

Stakeholder Group	Stakeholders	Methods
Direct economic impact	Senior Management Employees Suppliers Franchisees Business Partners Investors Customers	Online surveys One-to-one meetings Focus group studies
Indirect economic impact	Analysts Financial Institutions Media NGOs	Online surveys Literature reviews
New opportunity, knowledge, and approach drivers	Universities	Online surveys Literature reviews

In the process, SASB’s materiality analysis methodology, which enables addressing each issue in terms of different impacts and opportunities, was used. As in previous years, the materiality analysis has been reviewed this year and there have been no changes in the material topics approved by the senior management since 2021. Following the ERM integration, the target for the next reporting period is to revise the materiality analysis from an impact perspective and announce it under the concept of double materiality.



Materiality Matrix



Very High Priority

- 1 Water and wastewater
- 2 Customer satisfaction
- 3 R&D and innovation
- 4 Raw material management
- 5 Brand reputation
- 6 Human rights and fair working conditions
- 7 Climate change and energy
- 8 Wastes
- 9 Chemicals management









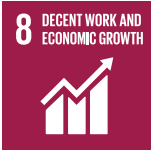


High Priority














- 10 Digitalization and customer experience
- 11 Talent management
- 12 Supply chain management
- 13 Sustainable products
- 14 Women's empowerment
- 15 Circular economy
- 16 Business ethics
- 17 Risk management

Medium Priority

- 18 Employee loyalty and satisfaction
- 19 Data privacy and security
- 20 Occupational health and safety
- 21 Corporate governance
- 22 Youth empowerment
- 23 Equal opportunity and diversity
- 24 Industry-specific sustainability transformation
- 25 Entrepreneurship
- 26 Biodiversity
- 27 Community investment programs

Material Issues for Mavi

Importance	Material Topic	Potential Impact	Business impact	How is it managed?	Related SDGs	Place in Strategy and Relevant Section
Very High Priority	Water and wastewater	Water is an essential resource for the textile industry, including denim production. The industry's negative environmental impact is caused mainly by excessive use of water resources in the sector, consumption in areas with water scarcity, and contamination of water resources with process outputs. All the industries that rely on water and people whose livelihoods depend on local water resources may be adversely affected by such environmental impact.	Risk	Mavi is a signatory to the CEO Water Mandate. Policies regarding water and wastewater are addressed in the Environment and Energy Policy . The products in the All Blue collection are made with processes that use less water in production and in raw materials. Water consumption and related water risks are identified through environmental audits conducted in the supply chain. Recovery and reuse of water is encouraged. Mavi does not work with suppliers that fail to comply with local legislation on water and waste water.	  	Better.Protect –Ecosystem Restoration
	Customer satisfaction	Customer satisfaction has direct impact on Mavi's financial performance. Failure to meet customer expectations may lead to lower financial performance. Responding to the evolving customer needs and expectations provides an important competitive advantage.	Revenue	Customer expectations are met with the right price-quality balance and after-sales service approach to create the "Happiest Mavi Customers". Mavi's customer satisfaction approach is also defined in the Customer Satisfaction Policy . The company's loyalty program, Kartuş, has been a key focus of the marketing strategy since 2007. With 6.9 million active customers, the brand acquires 1.3 million new customers in 2023 and continuously improves the customer experience in both offline and online channels.	 	Better.Transform – Quality First
	R&D and innovation	R&D and innovation activities enable development of new products and services with economic, environmental and social benefits, and help the company lead the industry with innovative applications.	Revenue	Mavi conducts effective R&D to develop products with high environmental performance that align with fashion trends and meet customer expectations. The sustainable All Blue collection is continuously updated and supported by innovative collaborations. Mavi also monitors the revenues generated by the collection, compares its share in total revenues, and works to increase this share.	  	Better.Transform – Denim Innovation
	Raw material management	Raw material management is directly related to Mavi's financial, environmental, and social performance. Inefficient raw material use in the supply chain, sourcing raw material with high environmental impact, and raw material choices that may cause social injustices are some of the negative impacts whereas managing these processes properly would create competitive advantages.	Cost	Mavi's raw material management policies are addressed in the Environment and Energy Policy , Animal Welfare Policy and Forestry and Paper Products Policy . Mavi continuously increases the sustainable material content in its products and packaging. Mavi is a member of Better Cotton and holds Recycled Claim Standard (RCS) and Organic Content Standard (OCS) certifications.	  	Better.Transform – Responsible Raw Material Sourcing

Importance	Material Topic	Potential Impact	Business impact	How is it managed?	Related SDGs	Place in Strategy and Relevant Section
Very High Priority	Brand reputation	Brand reputation is directly related to Mavi's financial performance.	Revenue	Mavi is a leading denim-centric brand and also ranks among the market's top four apparel brands in menswear and womenswear. The brand approach driven by the customer, technology, and data redefines the customer experience in the age of diverse digital & offline channels and reinforces Mavi's lovemark position and market share.	 	Better.Transform – Quality First Better.Mobilize – Mavi's Impact-driven Transformative Power
	Human rights and fair working conditions	The multi-layered and multi-stakeholder textile industry is highly exposed to risks such as human rights violations and poor working conditions. These risks also come with potential negative social and economic impact.	Risk	Mavi provides fair work environments where human rights are respected for the employees in its value chain. Related policies are addressed in the Human Rights Policy , Mavi's People and Its Principles and Supplier Code of Conduct . Social compliance audits are conducted of all new suppliers joining the supply chain and only the suppliers that pass the audits are selected for partnership.	   	Better.Empower – People-oriented Mavi Culture Inclusive Business Model and Responsible Value Chain
	Climate change and energy	Climate change imposes the risk of impacting several stages across Mavi's value chain and may trigger capacity loss in raw material and product sourcing with its chronic and acute physical impact, and also lead to price increases. Failure to take the necessary precautions may result in reputation and market share loss. Regulations and laws that will be introduced to address climate risks may also affect Mavi's business model.	Risk	Policies, procedures, targets, and actions related to climate change are published in detail every year with CDP Climate Change surveys. Mavi reduces its direct emissions by procuring renewable energy and working to improve energy efficiency. The company has also taken action to build its own solar power plant with the pre-licensing process currently ongoing. A raw material sourcing strategy has been developed for the emissions in the purchased goods and services category, which makes up the majority of indirect emissions, and GHG emissions of the suppliers are inquired during the audits.	  	Better.Empower – People-oriented Mavi Culture Inclusive Business Model and Responsible Value Chain
	Waste	Failure to manage waste properly may lead to adverse environmental and economic consequences. Specific to the textile industry, products with short lives and linear production models fuel the waste problem. When waste is seen as a resource, it may be reintroduced to the economy and its impact may be reduced.	Risk	Mavi adopts a circular economy approach to managing wastes effectively. The wastes generated during and after production are utilized to develop sustainable products. Mavi also engages in ecosystem collaborations for this purpose. The goal is to increase the content of recycled materials in the products. Mavi holds Recycled Claim Standard (RCS) certification.	 	Better.Protect –Ecosystem Restoration
	Chemicals management	Mismanagement of chemicals in the textile industry may harm the water and water-dependent ecosystems. The use of chemicals may adversely impact product safety and customer satisfaction. On the other hand, chemicals create economic value as they change product properties and differentiate the products.	Risk	Mavi requires its suppliers to comply with the applicable wastewater regulations. Mavi also encourages its suppliers to reduce the consumption of chemicals and develop products made without chemicals and with natural raw materials. Mavi aims for all its wet process suppliers to manufacture in accordance with the ZDHC MRL list. In terms of product safety, quality and safety standards and procedures are applied to ensure safe production.	 	Better.Protect –Ecosystem Restoration Better.Transform – Product Quality and Safety

Material Issues Considered in Impact Assessments of External Stakeholders

Importance	Material Topic	Part responsible for external impact	Impact Valuation and Impact Metric	External stakeholder(s)/ impact area(s) evaluated	Topic relevance on external stakeholders	Related SDGs	Place in Strategy and Relevant Section
Very High Priority	Human rights and fair working conditions	Supply Chain	Number of suppliers undergoing social audit. This number rose from 78 in 2022 to 105 in 2023.	External employees (e.g. supply chain, subcontractors)	The textile industry is known to be prone to human rights violations and poor working conditions, which may potentially lead to adverse environmental and economic consequences. Mavi applies effective supplier policies, conducts rigorous inspections, and imposes strict sanctions such as terminating the relationship in case of violations to improve its supply chain.	<div> <div>5 GENDER EQUALITY</div> <div>8 DECENT WORK AND ECONOMIC GROWTH</div> <div>10 REDUCED INEQUALITIES</div> <div>17 PARTNERSHIPS FOR THE GOALS</div> </div>	Better.Transform – Denim Innovation
	Climate Change and Energy	Operations Supply Chain Products	Reductions of emissions per gross profit reached to 82% in 2022 and 87% in 2023. These reductions were calculated according to inflation accounting rules applied in Türkiye.	Environment	Mavi is committed to reducing its carbon footprint and increasing energy efficiency. This policy contributes to the conservation of natural resources, plays an effective role in tackling climate change, and represents the goal of leaving a better world to future generations by supporting environmental sustainability. Mavi reduces its direct emissions by sourcing renewable electricity and improving energy efficiency. A raw material sourcing strategy has been developed for the emissions in the purchased goods and services category, which makes up the majority of indirect emissions, and GHG emissions of the suppliers are inquired during the audits.	<div> <div>7 AFFORDABLE AND CLEAN ENERGY</div> <div>13 CLIMATE ACTION</div> <div>17 PARTNERSHIPS FOR THE GOALS</div> </div>	Better.Protect –Tackling Climate Crisis



4.5
PEOPLE
Better.Empower

People-Oriented Mavi Culture

GRI 2-23

Driven by the people-oriented Mavi culture, transformation for a better future starts in the value chain. Recognizing this, Mavi fulfills its responsibility for providing fair living and working conditions for its employees, suppliers, and business partners. Mavi is empowered by its employees and suppliers who share the company’s responsibilities on the journey toward becoming better and supports their development.

People are at the core of Mavi’s work culture. Therefore, the company upholds human rights, respects the differences of its employees, and promotes gender equality by embracing a positive corporate culture. Furthermore, various practices are introduced to support the employees’ professional development throughout their careers at Mavi.

The human resources approach is built on Mavi’s People and Its Principles. Embracing mutual respect as the foundation of all relationships, Mavi strives to uphold human rights in its relations with its employees, customers, business partners, competitors, and communities, and also encourages

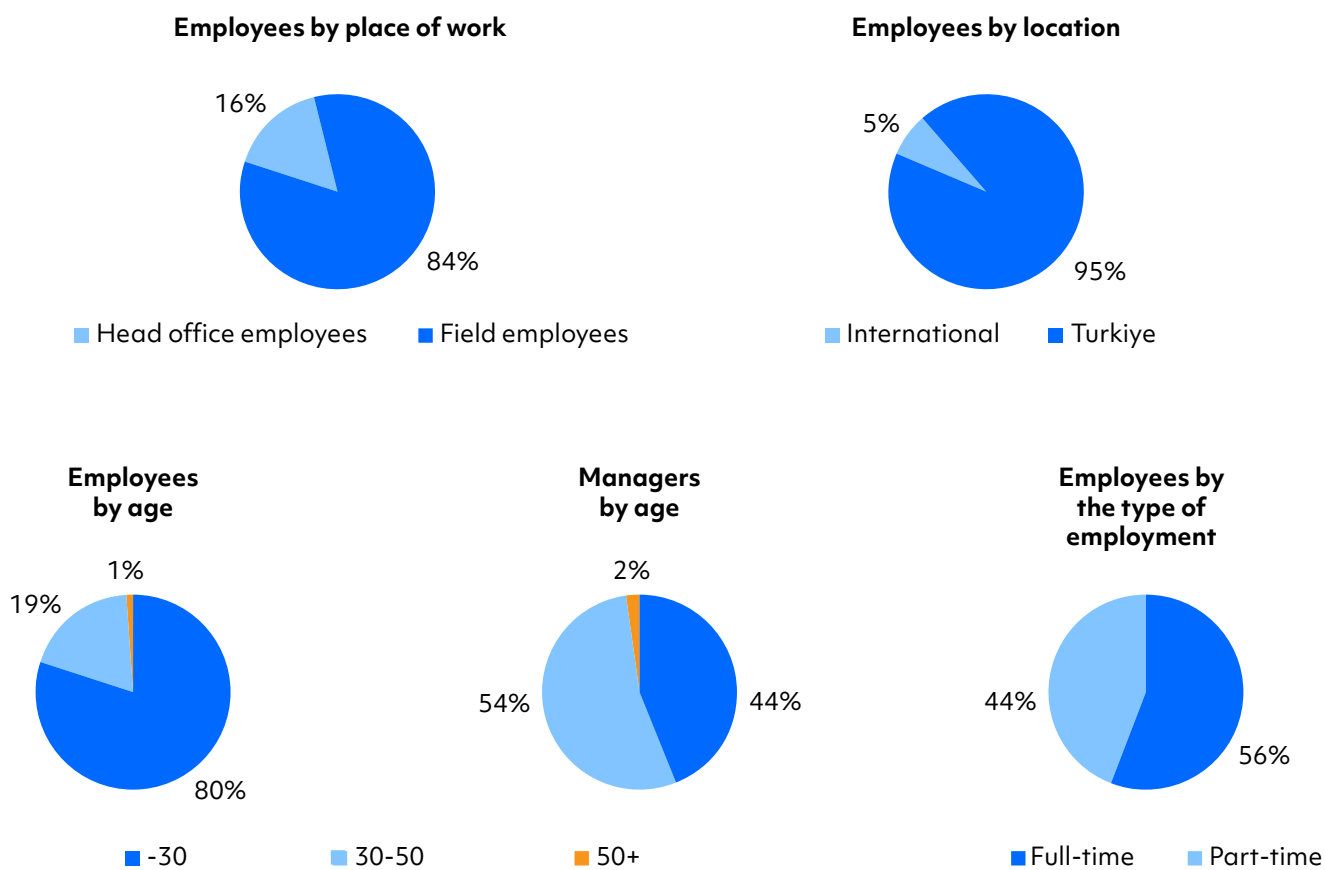
they exercise sensitivity in this matter to prevent human rights violations. Mavi creates a work environment where human rights are respected in conformity with the Universal Declaration of Human Rights, United Nations Global Compact (UNGC), UN Convention on the Rights of the Child, International Labor Organization (ILO) conventions, Organization for Economic and Development Cooperation (OECD), Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and applicable laws. Mavi’s human rights policy provides a framework for addressing a broad range of issues, including discrimination, the right to collective bargaining and freedom of association, freedom of expression, occupational health and safety, forced labor, child labor, violence and harassment, working hours, salaries, personnel rights, and human trafficking. The continuous audit mechanism established within the organizations ensures the effective implementation of this policy. Regular inspections are performed during the recruitment process and sensitive issues such as child labor are diligently checked. The objective of this continuous audit approach is to provide assurance about the company’s sensitivity to human rights and the execution of the relevant policies. Mavi’s senior management along with the Chief HR Officer (CHRO) and C-Suite executives are responsible for the effective implementation of the policy. Furthermore, the Mavi Board of Directors provides high-level oversight for determining and executing the whistleblowing, investigation, and sanction mechanisms to be utilized if the provisions of the Human Rights Policy are violated. As part of risk management, the potential risks pertaining to human rights are systematically reviewed across Mavi’s own operations, value chain, and new business connections. The gross risks related to violation of human rights were determined as very high in the risk analysis in 2023; however, the measures that Mavi has implemented have reduced the net risk score to low. Mavi remains committed to preventing violations through planned actions in the years to come.



Equal Opportunity and Diversity

GRI 2-23

Mavi's workforce of 6,201 people consists of 95% located in Türkiye and 5% in the other markets of operation. Head office employees account for 16% of the total workforce and the field employees for 84%. Mavi offers employment opportunities to the youth and taps into the country's young and dynamic workforce potential. At Mavi, the average employee age is 26, with 80% under 30. Employees with disabilities constitute 2.3% of the total workforce.



Mavi provides a work environment where each individual is respected and inclusive practices are implemented. Therefore, cultural diversity and equal opportunity are promoted. In all human resources processes, including recruitment, training and development, performance and talent management, career management, and remuneration, Mavi acts without any discrimination against gender, race, skin color, religious belief, spiritual or political ideology, ethnicity, economic status, sexual orientation, health condition, disability, age, or physical appearance, and all employees are treated equally in line with the [Diversity and Inclusion Policy](#).

Mavi extends its equality approach to the career development and remuneration of all the employees, with performance being the only factor to affect differences in remuneration. Base salaries and compensation packages are reviewed regularly to ensure remuneration is not gender biased. Accordingly, the gender pay gap in 2023 was 4.59% in favor of women among all employees (excluding the CEO).

	Gender pay gap (%)*
Mean Gender Pay Gap	-4.59
Median Gender Pay Gap	0
Mean Bonus Gap	15.59
Median Bonus Gap	2.49

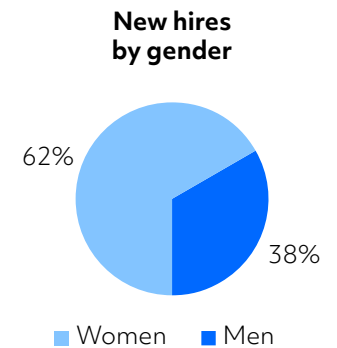
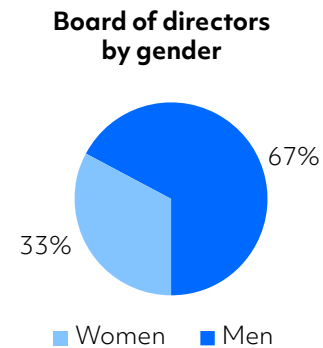
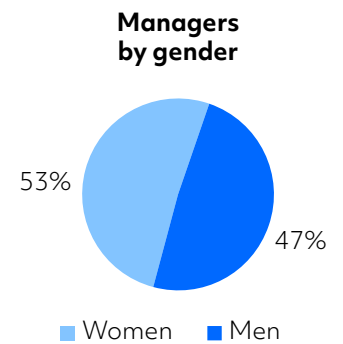
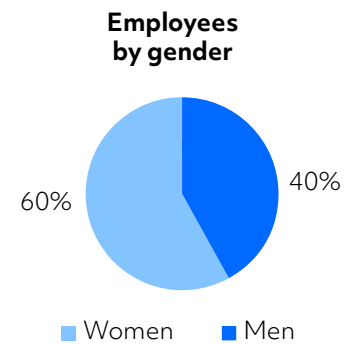
*Gender pay gap (%) = (male employee salary / female employee salary) - 100

Gender Equality

401-1 405-1

Mavi has made significant strides towards achieving a balanced male/female employment ratio both at the head office and in the stores. Women constitute 60% of the total workforce and approximately 53% of the managers. At the head office, they account for 62% of the employees and 61% of the managers. In terms of store recruitment, women accounted for 62% of all hires, while men made up the remaining 38%, and the female manager ratio was 49%. As part of Mavi's Career Management Procedure, 56% of the employees promoted to Maviolog status in 2023 were women. The job description of a Maviolog includes enhancing product knowledge, ensuring customers leave with the right products and combinations, and creating an excellent shopping experience. At the head office, 59% of the employees promoted to upper positions were women.

Share of women in total workforce (as % of total workforce)	60%
Share of women in all management positions, including junior, middle and top management (as % of total management positions)	53%
Share of women in junior management positions, i.e. first level of management (as % of total junior management positions)	51%
Share of women in top management positions, i.e. maximum two levels away from the CEO or comparable positions (as % of total top management positions)	52%
Share of women in C-suite (as of total C-suite positions)	35%
Share of women in management positions in revenue-generating functions (as % of total revenue-generating positions)	60%
Share of women in STEM-related positions (as % of total STEM positions)	35%



Gender Equality Training

Mavi recognizes the importance of organizing awareness raising, training, and development activities in terms of promoting a culture of diversity and inclusion. The gender equality training programs are delivered in a physical setting six months after each employee starts to work at Mavi. In 2023, the company began to offer gender equality workshops with Ebru Nihan Celkan, a project consultant and trainer known for her work on spreading gender equality awareness. The scope of the workshops, which started with the C-suite and directors, has been extended to all head office and field employees in 2023 according to plan.

Multi-Stakeholder Dialogues

As part of its sustainability efforts, Mavi has focused on women’s empowerment and become a signatory of the United Nations Women’s Empowerment Principles (WEPs) in early 2021. Mavi has also joined the 30% Club, a global platform that takes action to increase gender diversity at board and senior management levels. Mavi promotes the active participation of men in addressing all kinds of challenges and biases that cause gender-based discrimination. To serve this purpose, Mavi is an active member of the Yanındayız Association, whose mission is to contribute to the transformation of social life to achieve gender equality. Participating in such international platforms is a testament to Mavi’s commitment to promoting gender equality. In addition to signing the UN Women’s Empowerment Principles and supporting initiatives such as the Yanındayız Association and the 30% Club, we also stand with every endeavor that empowers women in professional and social life. For instance, we participate in the Target Gender Equality program, launched by UN Women to foster the representation and leadership of women in the business world. We are also among the brands



selected for the “WEPs from Words to Action” project that aims to expand the impact of WEPs and deepen the relevant practices. Through the Mavi Scholarship Fund, granted in partnership with the Turkish Education Foundation (TEV) since 2014, Mavi supports female university students throughout their higher education. Participating in such international platforms is a testament to Mavi’s commitment to promoting gender equality across all levels of the organization.

Women-Friendly Practices at Mavi

GRI 401-2, 401-3

To encourage women’s participation in the workforce and help them achieve work/life balance, all female employees with children in the 1-6 age group are offered daycare support, shuttle, and breakfast. In 2023, Mavi partnered with the Dünya Children’s Academy for daycare services, and 21 women and their children benefited from this support. Furthermore, 91 employees took maternity leave and 76% returned to work later. As of 2023, paternity leave at Mavi has been extended to 10 days, longer than the legal period.

Private health insurance, which offers wide coverage and extra child coverage at discounted premiums after birth, is available for female employees. Annual check-up is an added benefit offered to women aged 40 and over. The nursing rooms for female employees who return to work after maternity leave to spend their nursing time in the early period of motherhood were recently renovated to provide a private, calm and comfortable space. The “Maternity Support Program,” moderated by a psychologist, created to support women in adapting to work life after maternity leave, completed its second year with 11 people taking the program. Furthermore, parenting seminars – Real Parenting – were organized on the occasion of Mother’s and Father’s Days with Polat Doğru, an educator, counselor, TV show host and author, to address relationship management, guidance and new methods.

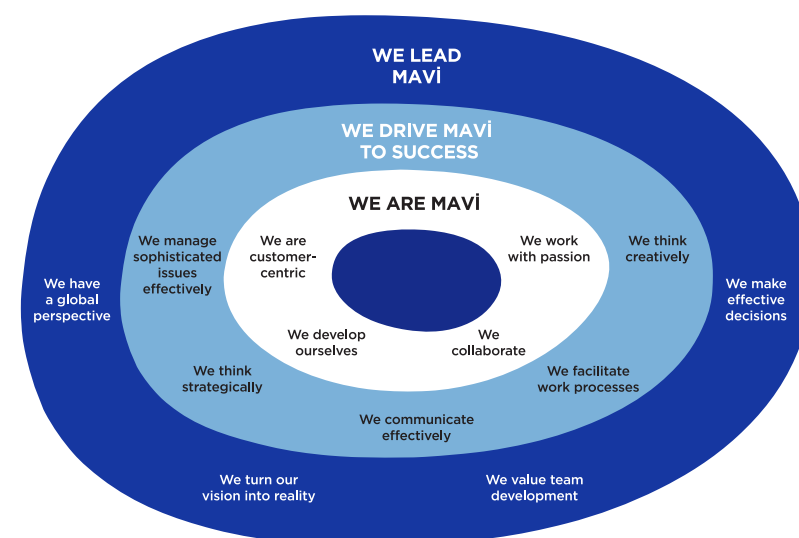
	Female Employees
Eligible for maternity leave	91
Took maternity leave	91
Benefited from paid maternity leave beyond legal period	4
Returned to work after maternity leave	69
Returned to work after maternity leave and stayed in the company for at least 12 months	26
Benefited from daycare service/allowance	21

Talent Management

Mavi strives to attract and hire the talent required for sustainable corporate success. The company also aims to tap into the talent within the organization, help them unlock their potential, retain them and train the leaders of the future.

The Human Resources Policy and practices are designed to support Mavi’s strategic goals and the performance needed for sustainable growth. The objective of all the investments made in human resources is to reinforce Mavi’s mission to become an employer of choice. Mavi’s most important asset is its human resource. Therefore, ensuring that the employees work with high effectiveness and efficiency and creating ultimate satisfaction, loyalty and motivation are among the key corporate objectives.

The Mavi Competency Model, a part of talent management, defines the competencies and skills that each employee needs to have and the path they should follow to succeed in the growing and evolving Mavi world. This model also specifies the personality and behavioral traits that the employees need to display to become the leaders that will support the company’s vision. In 2022, a project was executed with the consulting firm Korn Ferry to renew the competency model. Once the project was completed, the core skills at the heart of the people-oriented Mavi culture and the competencies to drive Mavi employees forward were updated with the contributions of Mavi leaders and working groups with members from different functions. Furthermore, workshops were organized to instill these competencies and turn them into ingrained behavior.



Attracting and Retaining Talent

Mavi collaborates with employer brands and university clubs every year to attract talent. These activities include career talks, training sessions, company tours, fairs, and case studies to introduce Mavi culture and values to prospective new talent and enable them to see up close how working at Mavi looks. In 2023, Mavi’s efforts to attract talent were recognized with first prize in the Retail & Textile category at the “TOP100 Talent Program” competition organized by the leading career

platform, Toptalent. Mavi also won third prize in the “Retail Employer of Choice” category and second prize in the “Best Commercial” category at the Youthall Youth Awards.

Mavi aims to acquire young talent through an effectively planned talent attraction and recruitment process. For this purpose, the company works in close cooperation with universities and student bodies and organizes a range of effective activities such as projects, internships, interview simulations, and case studies. As part of these activities, Mavi participates in career day events on digital platforms, which bring together university students from various provinces across Türkiye. Taking part in these platforms allows Mavi to communicate with the students to advise them about career and job opportunities and introduce the company’s retail units and business practices. In 2023, the company participated in 21 events on digital platforms, reaching 100+ universities and more than 4,000 students in Türkiye and engaging with over 15,000. The company also provided training programs on interview tips and communication for more than 250 students and held interview simulations with 132 students.

Mavi NextGen was launched in 2022 as a young talent program to train the managers of the future. The objective of the Mavi NextGen program is to offer seniors from universities and/or new graduates opportunities to experience different functions through rotations and learn about various business models in the retail industry. The program participants are seen as future Mavi employees, and their experiences throughout the process are monitored. They are also offered training programs to foster their development. In 2023, 37 young professionals participated in this program, and 14 joined the Mavi family.

Within the scope of Talent Attraction efforts, the Young Talent Internship Program has been organized since 2016 for 3rd and 4th year students of universities. This program offers students the opportunity to observe the dynamics of retail during the summer. In this process, it is aimed to ensure that students have a pleasant and productive internship experience. At the end of the program, successful participants are offered career opportunities such as part-time internship opportunities, participation in the Next-Gen program or assistant positions to encourage them to join the Mavi family. In the summer of 2023, 25 students were offered internship opportunities and 7 of them were eligible to join the NextGen program.

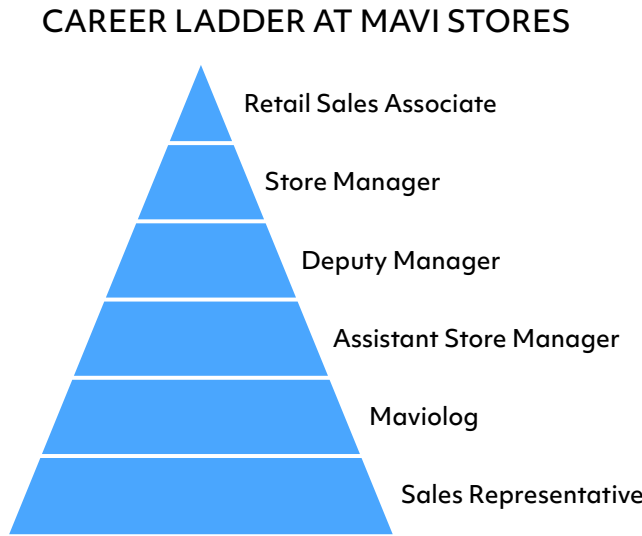
The employees’ career progress is supported through an internal job application system, which prioritizes in-house applications. All vacancies at Mavi are announced on the intranet, which allows the company to give the employees a chance to move between departments and/or stores and the head office. In 2023, 1 employee changed their department, 18 store employees transferred to head office roles, and 497 store positions were filled through internal promotions.

Mavi also has an International Assignment Program for employees who intend to continue their careers in another country. With this program, Mavi aims to transfer the essential know-how of the head office employees to different cultures to build a wealth of experience and support their career development in the international arena. Since 2016, five employees have benefited from this program and found the opportunity to work for Mavi’s international operations. In 2023, activities were organized to attract Turkish talent for vacancies in the international offices and 3 people were hired for Mavi’s international operations. Furthermore, two vacancies in international operations were filled by internal appointments from Türkiye.

Talent management at Mavi involves a systematic assessment of the employees. Accordingly, a performance management system based on objective criteria is applied during the annual performance assessments to guide career planning. The results obtained through the performance management system are taken into consideration in career planning, identifying development needs and establishing performance-based remuneration processes. As part of the annual performance assessments, all employees receive feedback on their development and career plans. All head office employees go through the performance assessment process once a year. The performance assessment period starts in February with the goal setting stage, continues with check-ins in August to review the targets, and culminates with end-of-year assessments in January after the feedback meetings of the managers with their teams. The managers enter the performance assessment scores of their teams into the Mavi Pusula system. The Human Resources department ensures that the performance targets are set according to SMART (Specific, Measurable, Achievable, Relevant, and Time-Bound) criteria and the process calendar is monitored.

The Mavi Pusula performance system has been updated to align Mavi’s sustainability strategy and long-term goals with the priorities and targets of all employees and ensure that they are embraced. With the update, “Encouraging Progress in Mavi Sustainability Goals” was included among the company’s material issues. This has enabled the department- and topic-specific secondary sustainability goals to be monitored and reported. Accordingly, sustainability goals were integrated into the employee performance system.

As part of career planning, 516 people, including 12 head office employees and 504 store employees (254 sales representatives, 138 Maviolog employees, 80 assistant store managers, 25 deputy managers, and 7 store manager) were promoted to a higher position. The employee turnover rates were 14% (10% voluntary) at the head office and 88% (80% voluntary) in the stores.



Mavi continuously strives to improve the compensation and benefits offered to foster the employees’ positive performance and ensure their satisfaction and loyalty.

Total Remuneration and Benefits

Mavi supports its employees with competitive remuneration and benefits that reward high performance. At Mavi, remunerations are aligned with the company’s ethical values, internal balances and strategic goals and the employees are compensated in the highest standards for their performance and the value they create. Mavi aims to ensure that a remuneration policy of similar pay for equal work is applied and individual differences are based on performance. Therefore, different remunerations are not applied for male and female employees. On the other hand, the company regularly monitors the economic conditions to ensure that the employees maintain their positions in the job market and keeps the compensation packages balanced and competitive. Furthermore, Mavi strives to meet the employees’ social needs and raise their working and living standards by offering a variety of fringe benefits, including personnel shuttles, lunch, private health insurance, company car, Kartuş discounts, breakfast, and daycare support, marriage and birth allowances, etc. Depending on the position and job categories, private health insurance, family benefits and annual check-ups may also be offered. A workplace physician is available to employees at the head office two days a week and a nurse every weekday.

The monthly salaries are determined on the basis of market and/or industry conditions, inflation rates, the employee’s position, tenure in the company, qualifications and individual performance. Base salaries are revised and determined annually following the recommendations of the Corporate Governance Committee. Salary surveys conducted by independent consulting firms are also taken into account in every pay raise period.

Monthly Sales Commissions

Monthly sales commissions are an integral part of Mavi’s compensation system, which rewards the store employees’ performance by specific criteria, including customer satisfaction (Happiest Mavi Customer), product reviews, store coordination, new customer acquisition, sales targets and sales with Kartuş.

Annual Bonuses

The objective of bonus payments is to improve the efficiency of the executives to reach the corporate targets, maintain sustainable performance, distinguish successful executives by emphasizing individual performance and reward the executives who create added value for the company. Bonuses are paid if the EBITDA target set for the calendar year and approved by the Board of Directors is exceeded and in proportion to the extent that individual executives meet their own key performance indicators (KPIs). Some of the top executive level KPIs include net indebtedness, opex management, inventory turnover, sell-through and mark-down ratios, new customer acquisition, new store ROI and ramp-up management and capex management along with the risk actions identified within the scope of



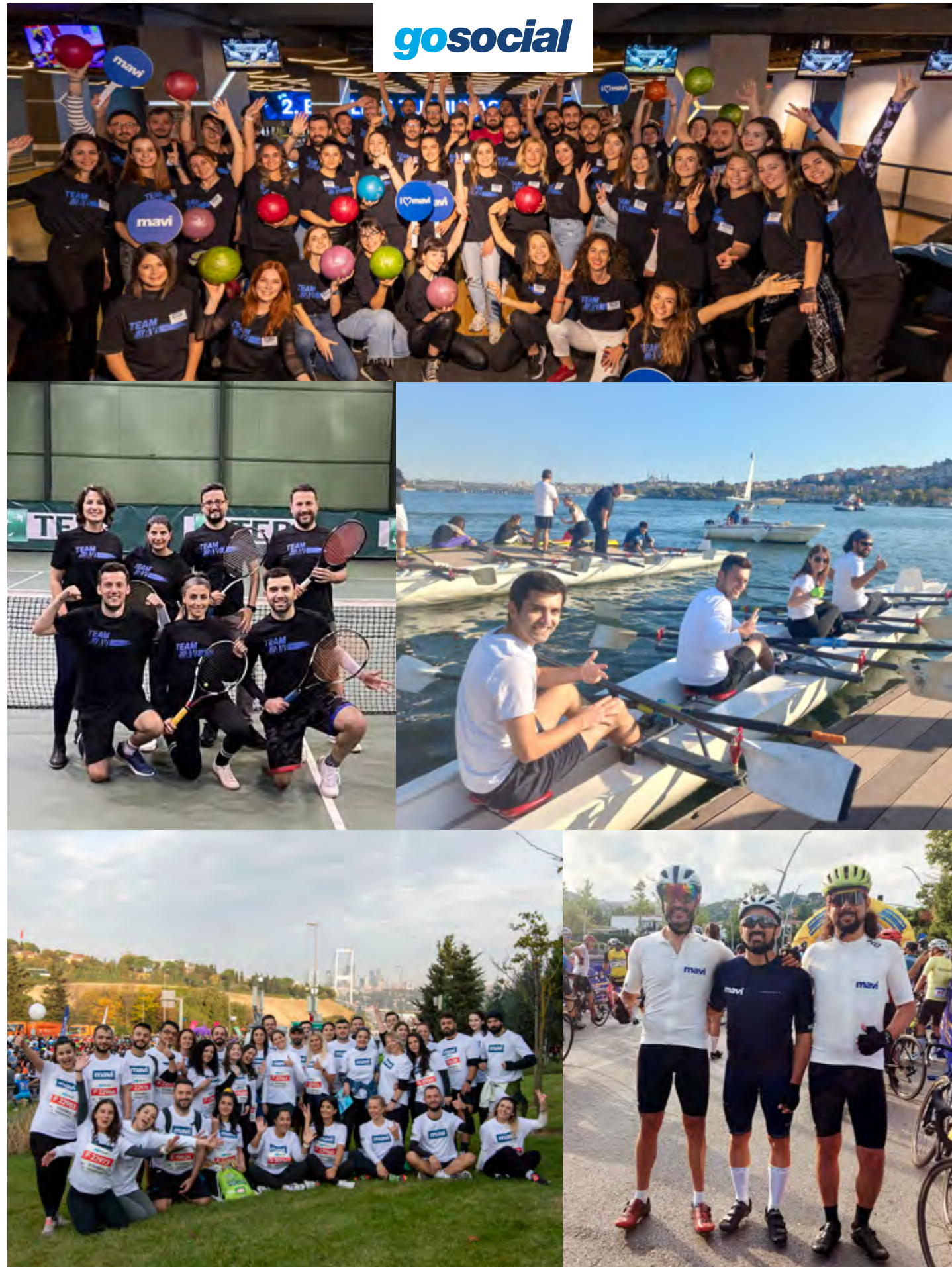
corporate risk management activities and the secondary annual targets for long-term sustainability goals.

Long-term Incentives

The Board of Directors may grant executives with administrative responsibilities a performance-based long-term incentive by taking into account the net profit and share price targets set for a period of three years (Incentive Period) in accordance with the principles defined by the Board itself. In 2021, Mavi publicly disclosed its short-, medium- and long-term environmental, social, governance (ESG) targets, which are integrated into the performance criteria of the long-term incentive allowances for all senior management positions. On the other hand, the success criteria for the variable performance-based payments to the CEO include net profit for the year, share price and key sustainability goals.

GRI 401-2

Benefits offered to the HQ employees in Turkiye
Free open buffet breakfast Pluxee meal card Private health insurance Shuttle opportunity, company car depending on title and position Employee discount on Mavi products Workplace physician and service Marriage and birth allowance Memberships in social clubs Work from home option Company phone and line depending on position
Benefits offered to the store employees in Turkiye
Meal card Private health insurance depending on position Public transportation allowance Employee discount on Mavi products Marriage and birth allowance



Employee Well-Being

Mavi is committed to fostering the employees' sense of belonging and team spirit, adding variety to professional life through internal communications, and offering new experiences. Employees are encouraged to join yoga, volleyball, basketball, cycling, tennis, music, drama and DIY clubs, which aim for the members to pursue their interests and acquire new hobbies, so that they can get away from the daily hustle and engage in club activities.

Cycling Club: The team competes in races in different cities throughout the year and represents Mavi.

Tennis Team: The team won second prize at Business Tennis Cup, Türkiye's first inter-company tennis tournament.

Volleyball Team: Formed in 2023, the Mavi volleyball team prepares for the corporate tournament with weekly training sessions.

Basketball Club: The team finished the tournament first in its group and fourth in the 2022-2023 season. The team continues to prepare for the matches with regular training sessions.

Music Club: Mavi's first music group, Indigo Band, was formed in 2023. The band, with five different instruments and four vocals, first performed during the New Year's party, and now continues to practice in a studio.

Drama Club: Mavi Drama Club, currently preparing to take the stage after a long hiatus, continues to take a series of theater and drama training.

Yoga Club: Yoga classes, which started 5 years ago and were held once a week, continued online in 2023.

DIY Club: The club meets with a different workshop theme every month. In 2023, the club members participated in the sculpture, chocolate, oil painting, aromatherapy, natural perfume and Christmas door decoration workshops and crafted their own creations.

All Mavi employees and their first-degree relatives may benefit from 24/7 psychological counseling via the Avita app to help manage workplace stress. In addition to supporting the employees with sports-wellness initiatives, Mavi also provides flexible work conditions such as working from home. The family advantages available at Mavi include child care assistance and nursing rooms for mothers and paid parental leave and other care leaves for new parents. Parent-friendly practices such as daycare assistance and the "Mother Support Program" are also available. Mavi fosters a healthy work environment by supporting its employees for their needs in various aspects of life.

Employee Communication Channels

The internal communications portals - Maviletişim and Maviconnect - are utilized to communicate and share information with the head office and store employees in Türkiye.

Mavi employees may access all kinds of information such as the latest developments, policies and procedures, and HR announcements via the intranet platform Maviletişim. In 2023, the mobile app of Maviletişim was developed and launched, enabling faster and easier access to the most up-to-date information for the employees. The communication platform has been enhanced with instant notifications and new features, becoming more aligned with today's world.

In addition to the internal communication portal and mobile app, Mavi also sends daily or weekly "Merhaba Mavi" newsletters and monthly Maviletişim newsletters, regularly updating the employees about the latest developments within the organization.

Employee Development

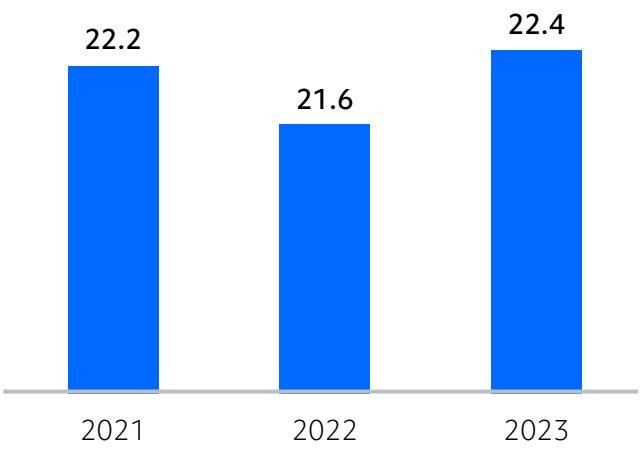
GRI 404-1, 404-2, 404-3

Mavi's brand identity as an industry leader is driven by its strong human resources which continually helps the company move forward and keeps pace with change and innovations. Accordingly, the employees are offered various learning and development opportunities to improve their skills throughout their careers.

The company's approach to in-house training has evolved from basic to personalized and targeted training programs. The requirements for training and development programs are identified according to the performance system results and by conducting needs analyses via one-to-one interviews with all department managers. Accordingly, individual development plans consisting of professional, technical and personal development training modules are designed for all employees in alignment with the Mavi Competency Model. The employees are provided with opportunities to attend conferences, seminars and summits on a range of subjects in Türkiye and abroad and also offered foreign language learning support.

Various tools are developed to leverage digital resources in training programs. Accordingly, the company has compiled a Digital Training Library, created video training programs and designed development programs tailored to different positions in hybrid formats. In 2023, total training time was nearly 126,862 hours, with an average of 22.4 hours of training per employee. Total training spending amounted to TL 13,506,000, corresponding to TL 2,315 per employee.*

Training time by employee



*Figures only refer to the head office and store employees in Türkiye.

Development of Head Office Employees

Mavi offers training opportunities to the head office employees for their professional, technical and personal development and supports them with classroom sessions, while planning and encouraging their participation in events such as summits, seminars and conferences. In addition, some employees may be encouraged to take open classroom training to support their professional qualifications as needed and included in the Foreign Language Support Program. The training programs are designed for individual development based on basic and functional competencies to help the learners understand the behaviors expected of the employee, display the behaviors required for the role and prepare for the next role. Based on the training needs analysis conducted at the beginning of the reporting year and the employees' training requests for their own development received through their managers, job-specific catalog training programs are included and individual development plans are created. In 2023, 852 head office employees took 21,839 person x hours of training, corresponding to 25.6 hours of training per person.

The Mavi Competency-Based Training Catalog was designed to foster all Mavi employees toward achieving their goals and help them develop competencies along their career journeys. The Mavi training catalog includes topics associated with basic, functional, and leadership competencies for the employees at all levels to enhance their competencies, unlock their potential, and increase their performance. In total, 361 employees submitted requests for 54 training programs from the catalog in 2023.

Onboarding programs are delivered to help the newly recruited employees become familiar with corporate culture, the company's operations, organizational structure, and practices so that they can adapt more easily to their new responsibilities.

The renewed Mavi Competency Model defines the next-generation leadership skills and success

criteria, which are shared with the employees. Following the renewal of this model, a 360-Degree Feedback - Competency Assessment process was launched as a new development method in a pilot program with the participation of four departments in 2023. The objective of the continuous learning strategy that Mavi adopts is to create a competitive advantage in the business world, foster the development of all employees, and encourage innovation. This strategy has been designed as a supportive development model to ensure that both corporate and individual goals are achieved and to sustain successful performance.

The appraisal system managed on the MaviPusula online Human Resources platform involves appraising a wide range of people associated with a specific employee, including their superiors, teammates and subordinates. With this multi-faceted approach, employees are offered the opportunity to understand their strengths and development areas in detail.

At the end of the process, personalized development reports were created and shared, enabling the employees to set their targets on their 2024 development maps based on the feedback from their managers. In total, 361 people were appraised.

In 2023, the Türkiye Sales Group Visual Merchandising Development Program was implemented for the development of the Sales team.

Mavi Sustainability Training Programs

Mavi launched the Sustainability Training Program to advise in detail the key concepts of sustainability and the company’s sustainability practices in environmental, social, and governance areas. More than 50 employees attended the training sessions on topics such as Fundamentals of Sustainability and Institutional Approaches, Systems Thinking and Integrated Approach, Choice Architecture, and Beyond Sustainability: Restoration. This training program aims to strengthen Mavi’s commitment to and awareness of sustainability and spread the culture of sustainability among employees.

Mavi Kampüs Development Programs

The Mavi Kampüs program, designed to support the personal and professional development of the managers that will drive Mavi’s strategic goals further, has been regularly offered since 2016. Moreover, a Leadership Development program was created with Koç University, and a Talent program with Yenibirlider Association and Boğaziçi University Lifelong Education Center. The program, featuring a modular structure to accommodate digital learning methodologies, is based on Mavi’s leadership development model and strategic priorities. The program, which includes classroom training, aims to equip the participants with the knowledge, skills and experience to become market-driven leaders with global awareness and social responsibility in an evolving and developing world, able to make informed decisions for strategic targets. The leadership development program is offered to the senior managers and higher roles, while potential talents in supervisor and manager roles are included in the Mavi Kampüs Talent program. At the end

of the leadership development program, one-to-one coaching sessions are held to reinforce the training.

In the 2022/2023 period, 20 employees attended the Mavi Kampüs Leadership Development program and 29 employees the Talent program. 14 of the 49 participants in the programs have received a promotion, corresponding to 29%. The new term of the development programs started in October 2023 and will continue until May 2024. In the 2023/2024 period, 30 people are taking the Mavi Kampüs Talent program and 21 are in the Mavi Kampüs Leadership Development Program.





Mentoring Program

A mentoring program is available to reinforce Mavi’s corporate culture and pass on knowledge and experiences to new generation employees. The program provides personal and professional development opportunities through interaction between the mentor and mentee. In 2023, 14 mentees and 14 mentors joined the program for an eight-month development journey.

Technology and Product Development Training Program

In 2023, the online Technology and Product Development Training Program, designed to enhance the technical knowledge of the design and product development teams, was restructured in a modular format in collaboration with Marmara University’s textile engineering department to study five topics. During the program, the participants found the opportunity to learn more about the latest developments from the academics, tried the current applications, and refreshed their technical knowledge.

UnSchool Training Program

The Cognitive Flexibility approach, regarded as a valuable behavioral skill, proposes unlearning the previously acquired knowledge and thought patterns and making room for new learning areas (unlearning) as a key competency. Drawing from this concept, Mavi aims to enrich the UnSchool Training Program to keep the continuous learning environment alive and passing on the Mavi knowledge and experience to the new employees.

In 2023, an In-house Trainer Development Program was organized to add more trainers to Mavi’s internal training ecosystem and to equip them with the necessary competencies. By the end of the program, which aimed to train the participants as in-house trainers capable of giving online classroom trainings, conferences or shorter subject-specific orientation sessions, they gained trainer qualifications needed to effectively impart their knowledge. The UnSchool Training, designed as part of the development program, trained 16 in-house trainers within the year.

In 2023, the program gave 187 employees the opportunity to listen to digital training content delivered by in-house trainers. These training topics are: People in a Changing and Evolving World, Cyber Security in the Digital World, E-Commerce and Performance Marketing Techniques, Finance for Non-Finance People, Collection Creation and Design Thinking, Corporate Risk Management, Ethics and Compliance at Mavi, Quality and Product Safety at Mavi, Sales Channels at Mavi, Design Process at Mavi, Basics of Retail Planning, Seasonless and Timeless Denim, Inventory Management, Product Lifecycle from Design to Store, Projects at Mavi, Data Awareness, and Use of Data at Mavi.

Working with Data Training Program

The training program that started with the GoData group to spark interest in digital transformation and data-driven management orientation continued to grow in 2023, with 83 people taking the training. The program included workshops for three classes, Data 101 for four classes, Data Visualization for two classes, and Power BI for one class. By the end of the program, which focused on explaining how value could be derived from data, the participants learned how to create their own data sets and reports. The training, which included topics such as business intelligence, data design methodology, data visualization, and making sense of data, gave the participants an opportunity to develop practical solutions for reporting processes and learn advanced data analytics techniques.

Foreign Language Support Program

The foreign language support program involves identifying the needs of employees based on their roles and directing them to the appropriate training model. These training models are offered to employees in the form of online and offline group and private lessons by partnering English language education providers. In 2023, Mavi extended assistance to 37 employees for English and German language courses. According to the results of the level tests, the participants may proceed to the next level in the new course period.

Go Mavi Culture

As part of the Go Mavi culture, which aims for continuous progress and development, Mavi creates various working and project groups with the employees and organizes extensive monthly, annual and seasonal meetings to encourage employee participation in management.

At Mavi, regular meetings are an integral part of the Go culture to drive employee participation and guide the entire organization toward shared targets.

- **MassMavi meetings:** Open to all head office employees, these meetings provide a platform for individual departments to share their monthly business plans.
- **Management Forum meetings:** The company's activities over the previous six months are presented at these biannual meetings, open to all head office employees.
- **Coffee Break with the CEO:** All new employees starting at the head office meet with the CEO in these events.
- **Marketing Direction meetings:** These are seasonal meetings where brand strategy and priorities are evaluated together with customer, market, product, and competition analyses and results are shared with the management teams, particularly the sales and category departments.
- **Go Mavi:** These annual meetings, where targets are set to shape the future of the company, were

held in two sessions in March and October in 2023. At the March meeting, the working groups that consist of a multidisciplinary team with members from all functions within the company including mid-level and senior managers and their goals were reviewed during workshops. During the October meeting, the leadership team solidified the issues addressed in the first meeting in various workshops and discussed the progress of each target for the renewed project groups.

The Go America event was held in May, with the USA, Canada and Turkiye offices in attendance. The event, where Mavi North America's goals and strategic plans were discussed, created a strong synergy between the countries, and provided an invaluable opportunity for collaboration and future planning.

- **Field Strategy and Goal Meetings:** Outdoor meetings for store managers and assistant store managers. Through presentations by directors about the company's strategies, common goals are set and a common culture is built across Mavi. The Mavi Excellence field meeting in December took place with high participation, including store managers.

- **Rethink meeting:** The Global Product and Data, Global Design and Product Development, Global Purchasing and Supply Chain teams convened for a two-day workshop organized in partnership with Redesign and addressed how processes, segments, and seasons can become more efficient and effective.

Development of Store Employees

Creating the happiest Mavi customers is the foremost priority of the field teams. An intensive training program is delivered throughout the year to ensure that store employees provide world-class service to Mavi customers. In 2023, a total of 107,459 hours of training was provided to 4,980 employees in Turkiye's central stores. Field employees received 21.58 hours of training per person.

Store managers take classroom training on onboarding, store responsibilities, and team management as well as on-the-job training, digital training, and function-specific training programs to develop their leadership skills.

During the reporting period, 56 mentors selected from mostly non-sales functions and 56 mentees selected from employees with high potential joined the Store Mentoring Program.

The Store Manager Development Program offers the store managers an opportunity to improve their knowledge, leadership skills, and technical competencies in line with strategic priorities.

Furthermore, assistant store managers, Maviolog employees, sales representatives, cashiers, and warehouse workers receive orientation, classroom, on-the-job and digital training throughout the year. To date, 201 different training contents were delivered via Mavi Connect, the digital training and communication platform, to enhance the employees' technical and behavioral skills.



Maviolog

The job of a Maviolog is to enhance the product knowledge of the teammates in the store where they serve, ensure every customer leaves the store with the right product and combination, and create an excellent shopping experience for the customer. The employees to serve as Maviologs are selected very carefully and trained specifically to provide customers with product and style advice in line with Mavi's identity as a denim specialist and fashion brand. Three applications in the concepts "What to Recommend Today," "Grab and Go", and "Where Are We Going?" are used to reinforce theory with practice. As part of the program running since 2012, the number of Maviolog employees working at Mavi stands at 358 as of year-end 2023.

Secret Customer Surveys and Field Development

Secret customer surveys are conducted 12 times a year to assess the performance of the field teams and the results are regularly monitored by the sales, marketing, training, and HR teams. In 2023, a total of 3,445 secret customer visits took place in 396 stores in 72 cities. In all the visits, Net Promoter Scores (NPS) were measured in objective and subjective standards. Accordingly, the development areas and the stores that have room for improvement were identified and training was planned. In 2023, the NPS score of the Mavi stores reached 57.93, far above the retail average.



Employee Engagement

Mavi has developed a suggestion system to encourage the active participation of the employees in the decision-making mechanisms and to benefit from innovative ideas. All the suggestions submitted to the suggestion/comment section on the Maviletişim platform are collected and evaluated systematically. The field team may also submit their suggestions and complaints via the “Jean Fikir” (“Jean-ious”) section on the Mavi Connect app.

According to the results of the employee satisfaction survey conducted among Mavi employees in 2023, the employee satisfaction score was 87% in the stores and 79% in the head office. The employee engagement scores, which is another output of the same survey, were 86% and 80% among store and head office employees, respectively.

The employee satisfaction survey is conducted in a wide scope and with a focus on various categories to identify the overall perception of Mavi. Corporate image, job satisfaction, corporate climate, department/regional management, junior manager, leadership team, communication, collaboration and teamwork, workload and stress, innovation, training - development - career, performance management, and benefits are some of the topics queried in the survey. These metrics are used to provide detailed feedback to employees by assessing job satisfaction, employee motivation, happiness levels, and job stress.

After the analysis of the survey responses, a detailed report has been created. In 2024, the report results will be presented to the senior management and the head office and store employees during meetings.

Healthy And Safe Work Environment

GRI 401-1, 401-2, 401-3, 401-4, 401,7

Mavi's top priority is to create and provide a secure, healthy and peaceful workplace that complies with environmental and occupational health and safety standards. Therefore, activities are designed to foster a culture of occupational health and safety (OHS) beyond legal requirements and manage the process with a systematic and proactive approach. The Occupational Health and Safety Committee at Mavi is tasked with ensuring that occupational health and safety practices are implemented. This committee manages OHS-related processes including regular reviews of the occupational health and safety practices, recommends improvements and enhancements, and ensures regulatory compliance. Mavi's Occupational Health and Safety Committee convenes four times a year and passes resolutions on the OHS processes that concern employees and the office environment. This committee consists of the chairperson, a secretary, an occupational safety specialist, two workplace healthcare professionals, five main representatives, and five substitute representatives. A total of 10 employee representatives serve on the OHS Board. The senior executive

responsible for occupational health and safety is the Chief Human Resources Officer (CHRO), who reports directly to the CEO.

Risk analyses are conducted and emergency action plans are made by OHS specialists at the head office and stores, and preventive measures are implemented based on the findings. OHS performance is monitored regularly. Using the Fine-Kinney risk analysis method, existing hazards and risks are identified, followed by a diligent risk assessment. Risk analyses is regularly updated as needed or when new risks emerge.

OHS Risks	
Risks identified for Mavi include: Risks related to the pandemic (Covid19), ergonomic conditions, working with screened devices, unstable equipment (cabinets, shelving systems, etc.), lack of basic OHS training, lack of trained emergency teams, insufficient periodic checks of work equipment (electrical and grounding installations, elevators, HVAC systems, power generators) and ambient temperature measurements, unsuitable or slippery surfaces, risks associated with using electrical and electronic devices, risk of using a portable ladder, risks of using cutting tools (box cutters, scissors, etc.), emergencies (pandemics, fires, earthquakes, flash floods, sabotage, terrorism, workplace accidents, etc.), improper stacking, unsuitable emergency exit doors and escape routes, and unsuitable emergency exit signage.	Risks identified for subcontractor employees include: Risks related to the pandemic (Covid-19), lack of PPE use, unsuitable hood extinguishing system, fryer use, scalding by hot drink, slippery surfaces, gas leaks, lack of OHS training.

Mavi’s risk mitigation strategies by order of priority:

- 1- Eliminating risks at the source.
- 2- Replacing the dangerous with the less dangerous.
- 3- Implementing engineering measures.
- 4- Taking administrative measures (signage, warnings, working hours).
- 5- Providing personal protective equipment.

During the reporting period, no workplace fatality occurred at Mavi with only some minor incidents reported.

Tasks with injury risks (such as impact, falling, cutting tools, stacking, using ladders, lifting heavy loads, etc.) are identified according to the Risk Analysis Reports and the reports kept in workplace accidents.

Mavi is categorized as a workplace in the Less Dangerous class, and therefore is not subject to certain occupational disease risk groups. Jobs that pose an occupational disease risk for the employees of Mavi and subcontractors are typically associated with conditions such as allergic reactions in exposure to textile dust or environmental dust, and ergonomic health problems that may arise as a result of heavy lifting or intense standing work. To prevent such risks, regular measurements are performed in all work environments, while the employees are provided training on this topic. Furthermore, the head office and stores with more than 50 employees benefit from a full-time workplace nurse and a part-time workplace physician.

The Mavi OHS checklist is used to check all OHS risk factors in stores twice a year. With this practice, regional managers measure the OHS performance of the stores using a checklist of 30 questions during store visits. Thanks to these biannual visits, OHS risk factor checks are performed above legal obligations and potential non-compliances are eliminated. If an employee avoids work due to health reasons, this situation is evaluated by the relevant managers, the occupational safety specialist, and the workplace physician and then actions are taken to benefit the employee.

GRI 403-9, 403-10

Occupational Health and Safety Performance	2020	2021	2022	2023
Lost-time injuries frequency rate (LTIFR)*	0.09	3.88	4.52	5.29
Occupational disease rate (ODR)	0	0	0	0
Lost workday rate (LDW)**	1.30	3.69	6.39	3.29
Data coverage	95%	95%	95%	95%

Occupational Health and Safety Performance - Contractors	2020	2021	2022	2023
Lost-time injuries frequency rate (LTIFR)*	0	0	0	6
Occupational disease rate (ODR)	0	0	0	0
Lost workday rate (LWD)**	0	0	0	3
Data coverage	95%	95%	95%	95%

*Lost-time injuries frequency rate is computed with the formula: (Number of lost-time injuries) / (Total hours worked in accounting period) x 1,000,000

**Lost workday rate is computed with the following formula: Total number of lost Days x 200,000 / Number of employee labor hours worked



Mavi follows a specific procedure to collect all pertinent information on workplace accidents in the stores and the head office. The employee who has a work accident prepares a workplace accident report containing information about the accident details and witnesses. Based on this information, a workplace accident report is submitted to the Social Security Institution (SSI) within three business days at the latest from the date of the accident. Furthermore, the date and cause of the accident, the details of the employee involved, and the date of notification to SSI are recorded by the relevant department.

During the recruitment process, the candidates are asked to provide health information and health reports confirming their suitability for the job. A workplace physician and OHS specialists are available to provide assistance to employees when needed. Employees in management and higher positions are entitled to private health insurance at the time they start their jobs while store managers, deputy managers, and assistant managers earn this right six months into their employment.

GRI 403-5

OHS Training

Training sessions are held to reinforce and raise occupational health and safety awareness. Training content also includes information on specific occupational health and safety issues such as workplace accidents, occupational diseases, infectious diseases, first aid, fires, earthquakes, and ergonomics. In 2023, 4,791 head office and store employees received a total of 44,592 person x hours of OHS training, corresponding to 9.3 hours per employees. Meanwhile, 111 subcontractor employees took 1,108 person x hours of training, averaging 10 hours per person. The mandatory basic occupational health and safety training content has been integrated into the Meditek remote training portal for the head office and the Mavi Connect app for the stores, and the training system has been digitalized. The training sessions are repeated at regular intervals. The effect of OHS training is measured by tests at the end of the training. The goal is to have the employees who have not previously received basic OHS training to complete this process with face-to-face sessions.

To enhance workplace ergonomics, Mavi performs Ambient Measurements and Periodic Checks to improve lighting and indoor air quality, optimize noise, humidity and heat levels, and upgrade equipment.

Inclusive Business Model and Responsible Value Chain

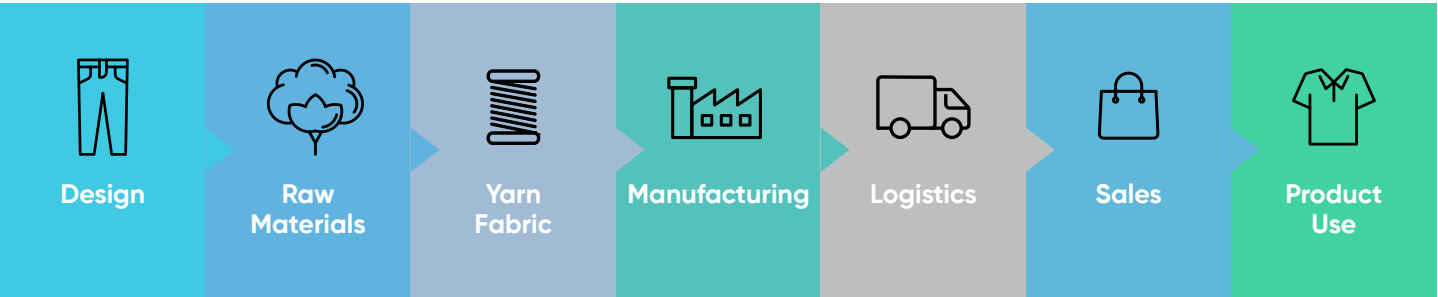
As a denim-centric apparel brand, Mavi does not engage in any direct production activities. However, the company works with 129 responsible suppliers with world-class production capabilities through its global sourcing network and 489 sub-manufacturers through these suppliers.

In addition to using general parameters such as product and service quality and capacity, Mavi applies various performance criteria, including quantity and revenue volume, speed and flexibility, contribution to collections, unique product creation capability, risk level, scope, compliance, and cooperation to evaluate and select strategic and critical suppliers. As of 2023, Mavi works with 18 strategic and 38 critical suppliers. The critical suppliers account for 56% of Mavi’s production and strategic suppliers for 44% by volume.

Total Tier-1 (main suppliers) suppliers	129
Total Tier-1 (main suppliers) critical suppliers	38
Total Tier-1 (main suppliers) strategic suppliers	18
% of total spend on significant suppliers in Tier-1	82
Total number of significant suppliers in non Tier-1	0
Total critical suppliers (Tier-1 and non-Tier-1)	38

Mavi expects its entire value chain to comply with and contribute to its sustainability goals and objectives. Accordingly, the company adopts an inclusive business model to improve the sustainability performance of all suppliers and foster their development. The suppliers are audited to achieve traceability across the supply chain. The Chief Sourcing and Supply Chain Officer is the most senior executive responsible for the oversight of these processes.

Responsible purchasing strategies and actions are a critical part of the sustainable value chain management. As part of its sustainability strategy, Mavi strives to achieve traceability and continuity across the supply chain by developing innovative, inclusive, and sustainable practices that can be applied throughout the value chain.



Mavi Value Chain							
The financial stakeholders impacting Mavi's value chain							
Upstream				Mavi		Downstream	
Suppliers of the traded products and other suppliers (service providers and semi-finished goods)				Mavi management, employees, business partners, investors		Customers	
Sourcing				Operations		Use	Wastes/End-Of-Life
Suppliers - Raw Material Manufacturers (Tier 4)	Suppliers – Raw Material Processors (Tier 3)	Sub-Manufacturers (Tier 2)	Main Suppliers (Tier 1)	OPERATIONS	SALES	CUSTOMERS	WASTES
Suppliers of raw materials used in production or other production processes	Suppliers that process raw materials into semi-finished goods such as yarn	489 sub-manufacturers that produce and process apparel materials	129 main suppliers that produce and finish end-products	5 global offices including the head office in Turkiye Design Purchasing R&D Quality Control and Product Testing Marketing & CRM Sales Logistics Management Corporate Communications Customer Relations Human Resources Accounting Finance Investor Relations Legal IT	Omnichannel sales network active in 37 countries 471 monobrand stores, including 405 in Turkiye ~4,000 doors globally Online sales channels: mavi.com and Mavi App	People who purchase Mavi products online or offline and use them	Post-consumer products that no longer meet the quality or other expectations of the customers and discarded packaging materials
Products or processes sourced from suppliers Cotton Polymers Recycling processes (e.g., polyester) Wood, rubber Metal Livestock (cattle, sheep, etc.) Other natural fibers	Products or processes sourced from suppliers Yarn production Production of dyes, chemicals Production of plastics and metal alloys Paper pulp production Leather preparation processes, including tanning	Products or processes sourced from suppliers Knitted and woven fabrics Bleaching, dyeing, treatment, finishing processes Production of zippers, buttons and rivets Paper and cardboard production	Products or processes sourced from suppliers Cutting, sewing, and embroidery Washing, garment dyeing, laser washing Ironing Printing Packaging Packaging materials	Logistics – Product Deliveries Logistics and customs processes, carried out with business partners to deliver the products from the manufacturers to the warehouses Central warehouse in Turkiye, 3PL warehouses in Russia and Germany and managed (in-house) logistics warehouses in the USA and Canada	Logistics – Sales Network & E-Commerce Transportation activities, carried out with business partners to deliver the products from the warehouses to stores Shipping activities, carried out with business partners to deliver mavi.com and Mavi App orders to the customers		CIRCULARITY Products and packaging materials reintroduced to previous stages of the value chain through models such as recycling, upcycling, reuse, and reselling



Sustainability in The Supply Chain

In all its activities, Mavi aims to offer quality and innovative products by considering ESG responsibilities. The relations with suppliers are governed by the [Supplier Code of Conduct](#) and Global Purchasing Principles. These guidelines, used to monitor the ESG performance of the suppliers, are in conformity with the Universal Declaration of Human Rights, the International Labor Organization (ILO) conventions, and the 10 Principles of the United Nations Global Compact (UNGC). Mavi only works with suppliers that meet the high standards defined for supply chain management and supports their continuous development. By volume, 86% of Mavi’s production takes place in Türkiye. The company also supports the socio-economic development of the country by making 82.3% of its total payments to local suppliers.

Social Compliance Audits

GRI 414-2

Mavi conducts social compliance assessments for all the new suppliers that join the supply chain and only works with those that pass the inspections. In addition to the [Supplier Code of Conduct](#) and Global Purchasing Principles, field and documentation audits have been conducted with suppliers and their sub-manufacturers in all production categories since June 2017.

The Social Compliance Department under the Quality Assurance Department conducts inspections to determine social compliance in suppliers. These inspections focus on identifying the extent that the suppliers apply and comply with restrictions and regulations in areas such as child labor, health, safety, the environment, working hours and payments, forced labor, the right to association and collective bargaining, discrimination, discipline, and management responsibility as required by international standards. Compliance with the Social Compliance Criteria, determined in alignment with the ILO conventions, local legislation, and internationally accepted reporting standards (such as BSCI, SMETA, SA8000), including environmental criteria defined according to local legislation, management systems, operational efficiency, product safety and risk assessment, is verified through an integrated audit structure.

Mavi Supplier and Sub-manufacturer social compliance audit criteria

Child labor
Forced labor
Health, Safety and Environment
Freedom of Association and Right to Collective Bargaining
Discrimination
Disciplinary Sanctions and Ethics
Working Hours, Compensation and Payments
Management Systems
Operational Effectiveness and Quality Control
Monitoring Corrective and Preventive Actions and other criteria

Mavi’s social compliance audits are conducted in strict adherence to the methods and stages defined for specific procedures. If critical non-compliances are detected during the audits, the business relationship is terminated and blocked for a specific period of time. When non-compliances are identified, an action plan is created based on the audit report and these actions are tracked by assigning deadlines. If the actions are not completed within these deadlines, production approval is put on hold.

Child labor and fire safety are crucial issues for Mavi, which therefore does not work with suppliers that fail to comply with the required practices. Furthermore, the business relationship with any existing supplier is terminated if such non-compliance is determined.

In 2023, the Mavi Social Compliance Team was expanded to perform the field audits in a new cycle that includes the previously audited suppliers. During the year, the team visited 76% of all supplier sites. All new suppliers and sub-manufacturers are subjected to full documentation review and asked to provide site photographs and documents in accordance with the OHS practices and Labor Law before they are approved for production. During the audits, suppliers are regularly informed about the requirements of Mavi’s corporate social compliance procedures, broken needle policy, fire safety, and follow-through actions and given feedback to improve their ESG performance.

Potential Human Rights Risks in the Supply Chain and Measures

GRI 407-1, 408-1, 409-1

Main topic	Number of Main Suppliers and Sub-Manufacturers Audited	Cases detected	Cases resolved	Number of Suppliers Terminated	Mitigation actions taken
Child Labor	470	15	1	14	Suppliers and sub-manufacturers who are determined to do or potentially employ child labor are terminated. These determinations are made during desktop evaluations and extensive field inspections before any supplier and sub-manufacturer is included in the supply chain or during regular action and follow-up audits throughout the production process. As a result of the audits in 2023, 14 manufacturers were terminated due to their non-compliances, and 1 manufacturer was re-added to the supplier list after resolving the non-compliances.*
Forced or Compulsory Labor	470	1	-	1	Suppliers and sub-manufacturers where critical non-compliance with forced labor provisions is detected are warned and requested to remedy the situation. If no remedial action is taken, the supplier is terminated. These determinations are made during desktop evaluations and extensive field inspections before any supplier and sub-manufacturer is included in the supply chain or during regular action and follow-up audits throughout the production process. As a result of the audits conducted in 2023, one non-compliant manufacturer was terminated.*
Violation of freedom of association and right to collective agreement	470	36	28	8	If freedom of association and the right to collective are determined to be violated during field inspections, Mavi assigns actions to the audited company. This determination is communicated to the supplier in a detailed report and a specific action is requested to remedy the violation. If the situation is not remedied within the deadline, a warning is served to the company. Based on the inspections conducted in 2023, 28 non-compliant manufacturers are currently monitored for remedial actions, while eight manufacturers have been terminated.*

*There are cases where one main supplier or sub-manufacturer has been terminated for multiple reasons. More information is provided under Social Performance Indicators.



In 2023, Mavi delivered extensive training programs for suppliers and sub-manufacturers. During interviews with new supplier candidates, the processes and requirements regarding social compliance and the environment were shared in detail. Moreover, regular briefings were held for the teams in charge of the new relationship established.

Main suppliers and new suppliers within the supply chain receive dedicated training on social and environmental criteria. Beyond serving just as audits, field inspections also function as training sessions where the applied procedures are explained. During the social audits in 2023, 258 hours of training was provided to 131 people from 65 main suppliers. Furthermore, 416 people from 103 main suppliers received a total of 832 hours of environmental training.

ERAK, one of the two major manufacturers of Mavi in Türkiye in terms of production volume and revenues, holds BSCI certification while the other, TAYEKS, has BSCI and Sedex certificates. The purpose of these certifications and audits is to minimize environmental impact by prioritizing the health and social security of the employees across all production processes. Mavi accepts such certificates only if the audits of institutions like Sedex and BSCI are valid for at least one year and their results are favorable.

ERAK and TAYEKS, which account for the majority of Mavi's denim sourcing, are also included in the Higg Index, developed by SAC (Sustainable Apparel Coalition) to provide the tools for measuring the sustainability performance of a company or product.

More information on environmental compliance audits in the supply chain is provided in the [Ecosystem Restoration](#) section.



4.6

PLANET

Better.Protect

Better.Protect

As a denim-centric brand, Mavi sees the conservation and restoration of nature’s bounties as a fundamental responsibility. Accordingly, the company promotes a net-zero business model by tackling climate crisis to protect natural resources and restore the ecosystem, while minimizing its impact.

The majority of the impact that the apparel industry has on the environment is created in the raw material sourcing and textile production stages. However, the scale that the climate crisis, environmental pollution, and biodiversity loss reached calls for all to take action, regardless of their operational capacities. Mavi takes steps and develops projects and applications to improve its environmental performance related to water, waste, chemicals, and in particular climate change. The company also complies with environmental laws and other applicable regulations and discloses its compliance efforts.

The company’s endeavors to combat climate change, effective management of natural resources, and conservation of biodiversity involves environmental investments and expenditures. Accordingly, Mavi has invested TL 49.4 million in these initiatives in 2023. Mavi has not been subjected to any environmental fines in the last four years.

A
CDP Climate Change Program and
Water Security Program scores

B
CDP Forests
Program score

49.4 million
TL investment

4,993.1 tons
CO₂ eq. emission
reduction

Tackling Climate Crisis

The textile industry is responsible for generating significant amounts of greenhouse gas emissions across the value chain, from growing cotton in the field to the final product sold to the consumer. In tackling global climate crisis, Mavi keeps its focus on reducing its carbon footprint along the entire value chain. For this purpose, the company involves its suppliers in the process to encourage the reduction of the environmental impact of their production, designs collections featuring innovative and sustainable products, and works to steadily increase the share of these products in total sales revenues.

In line with its sustainability vision, Mavi accelerated its efforts to contribute to a circular economy. Aiming to create a circular business model, the company strives to reduce waste and use it as a resource. For this purpose, the company partnered with Nivogo in 2023, upcycling the deadstock products and selling them at Nivogo stores. With products finding new life, Mavi remains committed to contributing to a circular economy.

In addition to investing more in renewable energy, Mavi also launches industry-leading projects such as M30 and the eco-store with a focus on energy efficiency. In 2022, Mavi was granted ISO 14001 Environmental Management System certification for its head office building in Türkiye. Globally, 20% of the offices are within the scope of this certification.

Reducing Carbon Footprint and CDP Climate Change Program

Mavi is the first and only Turkish apparel brand to make the CDP’s A list with a double A score for its Climate Change and Water Security reporting.

In 2023, Mavi became the first and only Turkish apparel company to make the A list of CDP, the world’s largest environmental disclosure platform, with a double A score for its Climate Change and Water Security reporting. Mavi first ranked among the global climate leaders with its Climate Change reporting last year, and drove this successful performance further this year by elevating its Water Security score to A. Mavi also earned a score of B in the Forests program, outperforming the industry average.

Only 2% of the 21 thousand companies worldwide that respond to CDP, which aims to change how businesses operate to mitigate the impacts of climate change, made the A List this year, becoming the climate leaders of 2023.

Mavi also earned A- in the Supplier Engagement Rating (SER), a secondary score of the CDP Climate Change Program, which aims to enable companies to measure the impact of their suppliers on climate change.

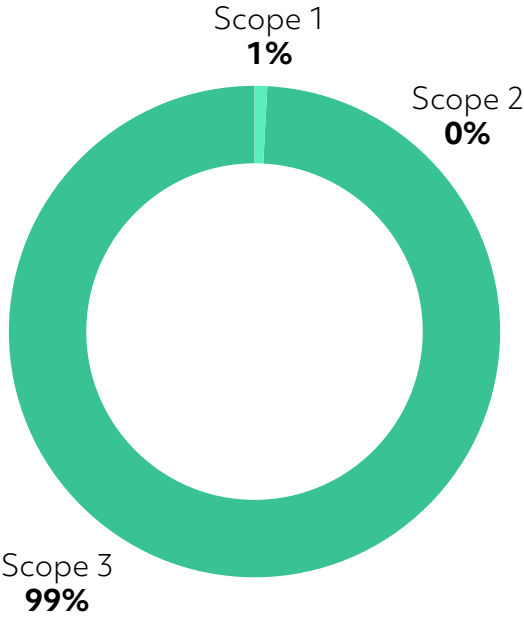


2020	2021	2022	2023
Climate Change: B Water Security: B SER: A-	Climate Change: B Water Security: C Forests: C SER: A-	Climate Change: A Water Security: B Forests: B SER: A	Climate Change: A Water Security: A Forests: B SER: A-

Through the renewable energy purchasing projects implemented in 2023, Mavi prevented 4,993.1 tons of CO₂ equivalent emissions annually.

In 2023, Scope 1 emissions, the greenhouse gas emissions from directly owned or controlled sources, such as fuel consumed by vehicles or heating buildings, were measured as 2,004.5 tons of CO₂ eq. Meanwhile, Scope 2 greenhouse gas emissions from the consumption of purchased electricity amounted to 73.5 tons of CO₂ eq. (market-based). Scope 3 refers to the other indirect greenhouse gas emissions from employee shuttles and business trips, waste management, and purchased goods. The Scope 3 emissions, which make up 99% of Mavi’s total emissions, were measured as 209,780 tons of CO₂ eq.

2023 Greenhouse Gas Emissions by Category



Mavi’s direct water consumption is negligible compared to the water consumed in the supply chain. Mavi collaborates with its strategic partners ERAK and TAYEKS to use the E-flow technology to reduce water, energy, and chemicals consumption. Furthermore, applying laser technology enables the company to guarantee product standards, decrease the use of chemicals, and protect the health of the employees. Additionally, an automated dosing system eliminates faulty and excessive use of chemicals in washing due to manual processes.

Science Based Targets initiative (SBTi)

The Science-Based Targets initiative (SBTi) drives ambitious climate action in the private sector by enabling organizations to set science-based emissions reduction targets. By guiding companies in science-based target setting, the SBTi enables them to remain focused on keeping the impacts of global warming below pre-industrial levels as proposed by the Paris Agreement. In 2022, Mavi updated its emission reduction targets according to the SBTi’s target setting criteria. Following the validation process that involved checking the greenhouse gas inventories and the assumptions used to determine the inventories and the reduction rates, Mavi’s greenhouse gas reduction targets were approved by SBTi and aligned with the goals of the Paris Agreement “to keep global warming below 1.5 °C.” Accordingly, Mavi became the first and only Turkish apparel brand to make the list of companies whose science-based targets have been approved. Mavi will continue to report its progress toward the targets to the CDP Climate Change Program and disclose its performance publicly, as it has in the last three years. Mavi has also committed to set net zero targets within two years on the SBTi platform. Once the net zero targets are set in alignment with SBTi criteria, they will be disclosed publicly.

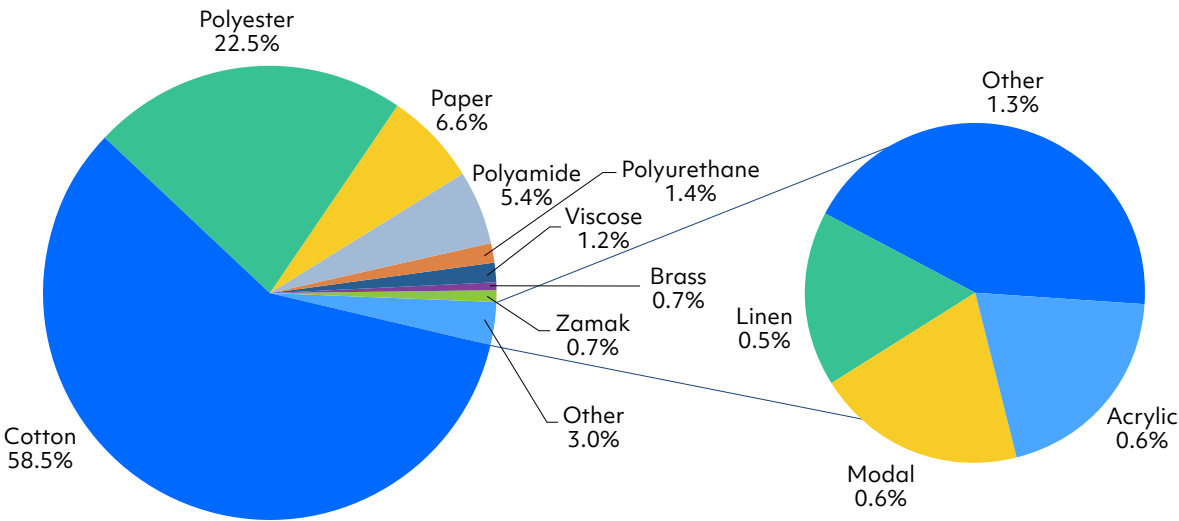


CDP Forests Program

In addition to the CDP Climate Change and Water Security Programs, Mavi has also started to respond to the Forests Program in 2021 and quickly improved its score, receiving B and outperforming the global industry averages. As the first Turkish company to respond to the Forests Program, Mavi has focused on raw material consumption across the supply chain and identified its risks in this area. The company also aims to engage in partnerships for mapping risks and reducing its environmental impact through increased efficiency in raw materials. Using the CDP methodology, Mavi has also updated its [Environment and Energy](#) and [Forestry and Paper Products](#) policies, eliminating the gaps and lacking best practices.

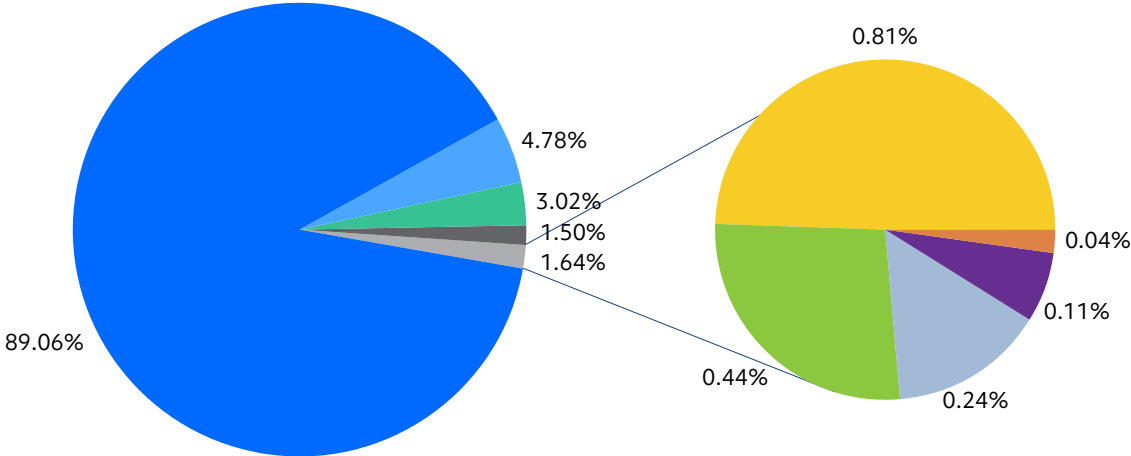
As part of the program, Mavi mapped its approximate material/raw material footprint. Accordingly, around 81% of Mavi’s footprint consists of polyester and cotton alone. Mavi aims to concentrate on these fibers, expand the scope of mapping with more details, and achieve progress toward its sustainable raw material target. Every year, Mavi continues to increase the use of FSC-certified packaging materials, ensuring that the products come from responsibly managed forests. The company is in the process of obtaining raw material origin information as a critical data on deforestation for all its packaging materials.

Material Footprint



Products constitute the majority of Mavi’s carbon footprint. In the reporting submitted to the 2023 CDP Climate Change Program, greenhouse gas emissions from material footprint were again included within Scope 3 reporting. Mavi plans to use the LCA tool developed in 2023 in its 2024 reporting and include the greenhouse gas emissions from the manufacturing of non-denim products within the scope.

Mavi’s Scope 3 Emissions



- Purchased products and services
- Upstream transportation and distribution
- Franchises
- Employee commuting
- Waste generated in operations
- End of life treatment of sold products
- Upstream leased assets
- Business travel
- Fuel and energy related activities

Renewable Energy and Energy Efficiency

GRI 302-4

Mavi continues to make strides toward procuring renewable energy to reduce carbon emissions from electricity consumption. Accordingly, a renewable energy purchasing agreement is in place with Selenka Energy to use electricity from renewable sources where possible. As of January 2023, the head office building and 103 stores with controlled meters are powered by renewable energy. With the company’s guidance, seven franchisees have also voluntarily chosen to procure renewable energy.

To reduce the fuel consumption of the leased vehicles, the rental agreements were renewed. In 2023, 51 mild hybrid vehicles were added to the Mavi Türkiye fleet, increasing the number of mild hybrid models to 91. With the mild hybrid models now constituting 45 of the fleet, this change provides more fuel savings, while also contributing to Mavi’s greenhouse gas reduction targets.

Remote Energy Management System

Mavi partnered with Reengen, an IoT (Internet of Things) platform for integrated energy, in 2019 to conduct an energy efficiency and management study in 10 pilot stores. With the pilot study delivering positive results, the scope of the agreement was expanded in August 2020 to cover all Mavi stores and the head office, resulting in eliminating unnecessary energy consumption. With the Reengen system and deployment of alert devices along with increased user awareness, energy consumption in the stores decreased by 3.3% in 2023. The installation of the Reengen system also allows the company to monitor the energy consumption in the shopping mall stores that do not have electricity meters controlled by Mavi and to report full energy consumption with actual values.

Mavi M30 and Eco Store Concept

To reduce the environmental impact, starting with the carbon footprint of its stores, Mavi designed a sustainable store concept and opened its first eco-store at the Zorlu Shopping Mall in Istanbul. The store, featuring an architectural design focused on consuming less energy and using less raw material, was built with materials with sustainability and greenhouse gas emission certifications.

The efficiency results of this store demonstrate that an eco-store consumes less energy and less water than a standard Mavi store and is built with less raw material.

- Aisle systems are redesigned to reduce the total quantity of materials used in the construction of the eco-store. The new design features lacquered MDF panels, cabinet style product aisles, raw OSB, and natural coated walls instead of plaster primer and paint, as well as naturally painted cork wall tiles and two-dimensional aisle and column systems.
- With a new industrial ceiling design, many systems and materials used in the old store design are eliminated, reducing resource consumption. The ventilated air is released directly into the store through the open ceiling system, preventing capacity loss in the process.

- More efficient lighting fixtures resulted in reduced electricity consumption, while the waste heat generated by the luminaires in the store also decreased.
- In the design process of the eco-store design, the life cycle assessment reports of the selected products, required to have international sustainability certifications, were studied and the locally produced options were prioritized.
- M30, the energy efficiency focused concept store was introduced in 2022, followed by 25 stores designed in the M30 concept in 2023.

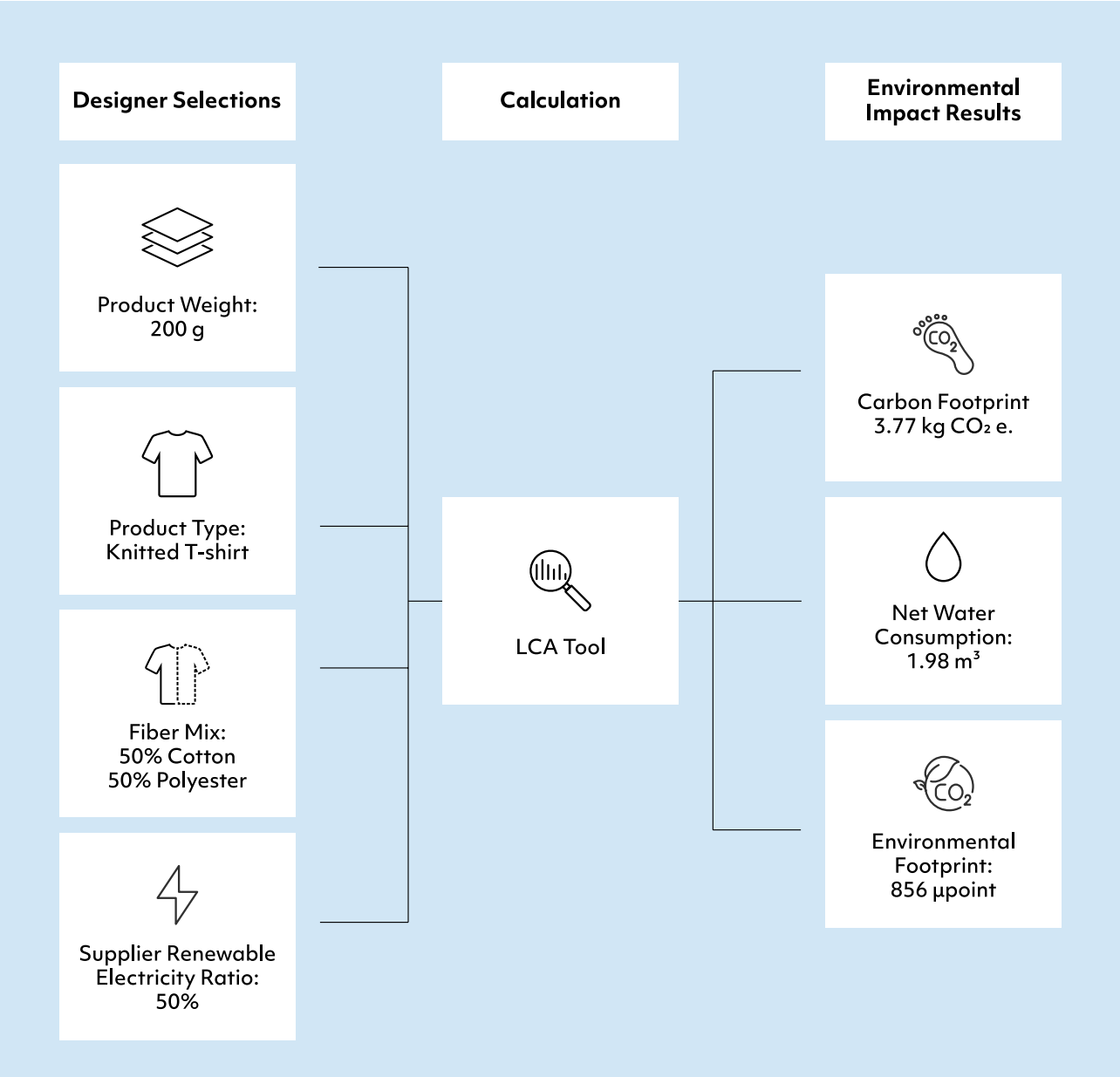


Life Cycle Assessment-LCA

Mavi continues to conduct Life Cycle Assessments (LCA) to identify the environmental impact of its products. Life Cycle Assessment uses a specific methodology to calculate and report how a product, service, process, or activity affects the environment throughout its life. This enables scientific calculation and reporting of the products’ environmental impact across all the related production, shipping, consumer use, and waste disposal processes. This approach also facilitates the decision-making process by considering sustainability starting from the design stage of the product.

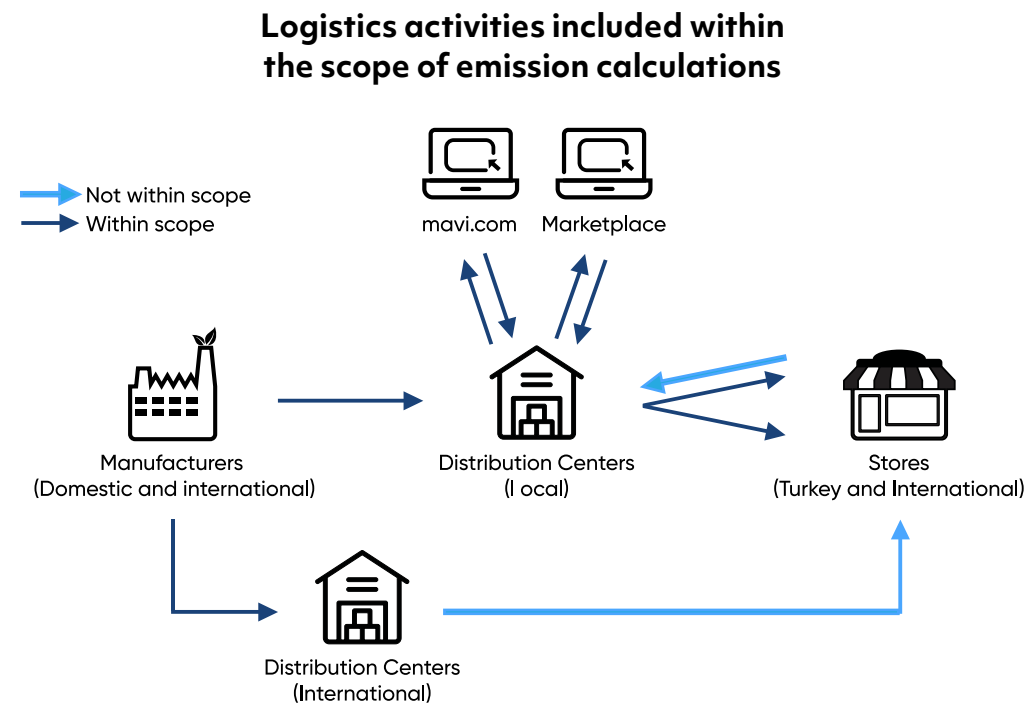
Using LCA, the environmental impact, and in particular the carbon footprint, water consumption and environmental footprint of the products have been analyzed in detail, drilled down to production stages. In addition to offering a roadmap, these results also provide direction to the denim design and product development teams to consider reducing environmental impact in their decision-making processes. This inventory now enables Mavi to compare the environmental impact of fabric suppliers and their different fabrics.

Thanks to the LCA tool developed for internal use in 2023, the scope of LCA studies expanded with the addition of non-denim hero product groups. The life cycle assessments conducted on non-denim products such as knitted T-shirts, woven dresses and shirts, and knitted pants are also used to build a more detailed carbon footprint inventory and calculate relevant values more precisely. This LCA tool differentiates the fiber consumption of different fabric types, including knitted, woven, and denim, and the loss rates during the conversion of different fibers into fabric, accurately showing the Mavi design team how their raw material decisions translate into environmental impact. The LCA tool is also capable of showing how the suppliers’ use of renewable electricity reflects on the results, specifically for Tier 1 suppliers of non-denim and Tier 2 suppliers. As a result, the designers may observe the positive impact of sourcing from suppliers that use renewable electricity.



Logistics Operations

To calculate its logistics-related greenhouse gas emissions, Mavi has mapped its logistics network based on supplier data such as shipping volume, departure and destinations, and engine classes. Greenhouse gas emissions of the logistics activities from manufacturers to distribution centers to stores, marketplaces, and mavi.com customers have been calculated. Since December 2020, the company has partnered with a logistics provider and shifted to intermodal shipment for land transportation to Mavi Germany, achieving more fuel efficiency in product shipments. In 2021, the same provider queried the locations of the warehouses through heat maps and achieved improvements through increased efficiency in the transfer centers with route optimizations. The reduction in fuel consumption with this mode of transport results in lower Scope 3 greenhouse gas emissions from logistics.



In addition to these efforts, the A4 delivery notes used at the warehouse were replaced with e-delivery notes for B2C shipments by the introduction of QR labels, saving 3 million sheets of paper annually. For B2B shipments, material codes were integrated into the QR barcodes of the labels on the boxes, while changing the delivery document format eliminated the printing of 325,000 sheets of paper, representing a 65% reduction.

Ecosystem Restoration

Reducing the stress on nature and protecting the fragile ecosystem is a material issue for Mavi. Therefore, the company focuses on using water resources effectively, controlling the use of chemicals, and managing packaging materials and waste across the supply chain. Accordingly, efforts such as making more sustainable products that require less water compared to conventional Mavi products and recycling water in production processes are encouraged. To protect the health of manufacturers and consumers and minimize environmental impact, Mavi aims to reduce the use of chemicals, which should comply with the ZDHC criteria. Mavi recognizes the importance of using recycled materials in paper and plans to use only FSC-certified paper and cardboard packaging. Furthermore, the company adopts a circular approach to waste management and works to reintroduce textile waste and other wastes into the system. Mavi also develops projects to raise social awareness about protecting biodiversity.

Environmental Compliance Audits

GRI 308-2

Mavi started to conduct environmental audits at select supplier facilities in 2022 toward its 2025 target of having all critical suppliers and wet process sub-manufacturers undergo environmental audits. A 143-question checklist, created with Mavi's feedback, is used during the field inspections conducted by a third-party environmental audit expert. During the audits, the suppliers' environmental performance is questioned on a number of topics, including their environmental management systems, legal compliance, water and wastewater data, use of chemicals, wastes, air and noise emissions, energy management, and greenhouse gas management. As of year-end 2023, audits have been conducted at all wet process supplier and sub-manufacturer facilities. The audit reports provide key data for measuring Mavi's environmental sustainability performance. In 2023, an environmental scoring system was designed for internal use. The plan for 2024 is to develop an environmental assessment and score card system, which will be used to design a supplier award program. Following the assessments, the suppliers that fail to achieve the required scores will receive improvement recommendations and then they will be monitored with control audits. If the required improvements are not completed within the deadlines, the production approvals could be suspended as a sanction.

Mavi Supplier and Sub-manufacturer environmental compliance audit criteria

- Regulatory compliance
- Environmental management system
- Water and wastewater
- Energy and greenhouse gas emissions
- Chemical management system
- Air and noise emissions
- Solid waste management
- Animal Welfare and Biodiversity
- Sustainable Product and Responsible Production

Water, Energy and Chemicals Management with the Suppliers

Mavi focuses on more efficient energy and water use and reducing environmental impact both in its own operations and across the supply chain. In addition to conducting inspections, the company also develops various projects, collaborations, and applications for this purpose. ERAK and TAYEKS, the two major suppliers of Mavi that account for nearly 68% of the denim production, have practices in place to improve energy efficiency and water use. The heat, hot water, and steam generated during the production process (especially in washing and drying machines) are reused in the facility, ensuring efficient energy use in production. Furthermore, the majority of the electricity that ERAK uses comes from natural gas cogeneration. With the solar panels installed in the factory, TAYEKS now uses renewable energy.

Both ERAK and TAYEKS are working toward setting science-based targets in their respective sectors in alignment with the Science Based Targets initiative, while remaining committed to further strengthening their sustainability efforts.

All the chemicals that these two major suppliers use are ZDHC (Zero Discharge of Hazardous Chemicals) certified. These chemicals undergo tests and controls and are used only after approval. In line with international and local regulations, the companies work to minimize the employees' contact with these chemicals, and only safe chemicals that are not harmful to humans are preferred. Furthermore, the dosage system applied during the stage where washing chemicals are added to the machines eliminate using excessive chemicals. In addition to ERAK and TAYEKS, FSC-certified cardboard packaging suppliers were also included in ZDHC's Roadmap to Zero Programme and successfully passed the ZDHC analyses. Mavi takes utmost care to keep the discharged water from production below the legal limits. Mechanical, chemical, and biological membrane treatment systems are used at the manufacturing sites. With the enhancements implemented, fewer chemicals, less water, and less energy are used in the processes. Starting with the All Blue collection, Mavi has started to focus on using e-flow technology more to reduce water consumption.

2023 Developments at ERAK

Using kendryball and anhydrous enzymes in denim washing, ERAK reduced waste sludge by 57% in 2023. As a result of this project, waste sludge dropped from 0.25 kg per product in 2020 to 0.10 kg in 2023.

The project for reducing paper and cardboard waste delivered a reduction of 20% in 2023, thanks to an effective practice of accurate waste separation.

The objective of the project for reducing processed textile fibers is to reduce fiber waste by accurately managing the fabric spreading efficiencies. In 2023, the project delivered an improvement of 38% compared to 2022, demonstrating that more effective and sustainable practices have been adopted in production.

2023 Developments at TAYEKS

With a number of renewable energy projects ongoing, TAYEKS meets 55% of its electricity need from 4,945 photovoltaic panels on the roof of the plant. On the other hand, the efforts toward sustainable energy solutions have accelerated since the commissioning of two modules in June 2022 as part of the hydrogen project, reducing natural gas consumption by 20%. The Wastewater Recycling Project involves the treatment of all the water discharged from the denim washing process with the help of ultrafiltration and reverse osmosis technologies and reusing it in the dyeing process. This innovative approach provides a significant contribution to the goal of minimizing the negative impact of wastewater through more effective use of water resources.

Waste Management

GRI 3-3, 306-1, 306-2, 306-3

In 2023, Mavi's operations generated 4,014.4 tons of non-hazardous waste, including the packaging waste subject to Recycling Participation Share (GEKAP), and 2.2 tons of hazardous waste. With a circular economy approach, 15% of this waste was delivered to recycling, while 9.3% was incinerated at a licensed facility. In logistics, 65% of the cardboard boxes that manufacturers use for delivery of Mavi products are reused. All packaging waste is delivered to licensed waste collectors for recycling. The deadstock items may create hazardous or non-hazardous waste depending on product type. Licensed waste management companies are used to dispose of these wastes.

Mavi aims to reduce the consumption of single-use plastics and paper at its offices and to sort waste for recycling. Accordingly, single-use plastics and paper cups have been phased out. Furthermore, personal garbage bins are removed to encourage the employees to use the recycling units on each floor.

In 2023, reusable cloth bags were introduced to replace the plastic bags for the shipment of samples between the manufacturers and Mavi. This effort to reduce plastics in consumption by opting for environmentally friendly alternatives resulted in eliminating about 200 plastic bags every day.

Cardboard and Paper Packaging Materials

In 2023, 81% (in mass units - tons) of the indirectly procured cardboard and paper materials were FSC-certified. For gift and courier pouches, cardboard boxes, shopping bags, thermal cash register POS paper rolls, and printed materials, FSC-certified alternatives are preferred. Furthermore, Mavi has started to request information about the origins of the raw materials used in cardboard



Mavi for all.

Mavi for Caretta Caretta.

We stand with the endangered Caretta Caretta on their remarkable journey from tiny hatchlings until they reach the sea.

We are a proud supporter of the Ecological Research Society, which has helped 1.2 million Caretta Caretta turtles in making it to the sea. We join forces with passionate youth at our Indigo Turtles camp, a decade-long initiative, to ensure the Caretta Caretta unite with the blue waters of the Mediterranean.



Biodiversity

GRI 304-2

The rapidly increasing urbanization, deforestation, and evolving consumer habits are affecting natural life more than ever. To address the impact on biodiversity, programs and projects should be developed to prevent the endangered species from extinction and protect the species in their natural habitats.

Indigo Turtles Project

As a Mediterranean fashion brand, Mavi has supported the activities of the Ecological Research Society (EKAD) with the Indigo Turtles project since 2014, helping to protect the endangered sea turtles and aiming to encourage volunteering for a sustainable nature. The objective of the project, which raises awareness about biodiversity, is to protect and ensure continuity of the Caretta caretta and Chelonia mydas, two species of sea turtles native to the Mediterranean for 110 million years. EKAD, which focuses its activities on Belek, the largest nesting area in the Mediterranean, has helped over 1.2 million Caretta caretta make it to the sea in the last 24 years. The number of nests rose from 350 when the activities started in the region to 2,350 by 2023, the year 83,000 hatchlings made it to the sea.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Number of nests	1,998	2,111	2,478	2,283	2,069	2,165	3,191	3,850	1,652	2,350
Number of adult turtle eggs	149,850	151,992	183,372	157,527	144,830	155,880	232,943	300,300	120,000	183,000
Number of hatchlings	75,824	75,540	106,172	81,284	79,512	77,472	130,914	168,000	75,500	100,000
Number of hatchlings that reach the sea	56,643	64,901	92,236	69,942	63,291	66,561	114,375	150,800	56,500	83,000



4.7

DENIM

Better.Transform

Better.Transform

Mavi transforms denim with unique, innovative ideas and the power of technology. Involving its customers in the sustainability transformation process with quality and sustainable products, Mavi helps change their consumption habits. Mavi also aims to inspire the industry with innovative products with low environmental impact by embracing the circular economy model. This approach is supported with innovative partnerships to shape the future of sustainable fashion. With responsible raw material sourcing and production, this transformation extends to every aspect of the value chain, from the farmer to the end-consumer.

Quality First

The Perfect Fit philosophy that has guided Mavi since the very beginning allows the company to meet customer expectations with the right price-quality balance. Taking this one step further, Mavi aims to make quality and sustainable products accessible to all its customers. With the sustainable All Blue collection, Mavi plays a role in helping consumers make more informed choices.

Product Quality and Safety

Mavi aims to bring quality and safe products to its customers by ensuring the highest standards across the value chain. The quality control team of experts under the Global Purchasing Directorate is responsible for product quality and assurance, conducting regular quality checks in all processes from production to distribution. The interim controls during production and final checks of the finished products are performed by Mavi’s quality control team and accredited independent inspectors.

Mavi performs regular inspections to measure and score quality at the companies in the supply chain. This assurance process enables the manufacturers to produce according to the specified quality and safety standards and procedures. The Mavi Manufacturer Handbook, where these standards are explained in procedures, is shared with the suppliers. These standards include Global Purchasing Principles, Fabric Performance Standards, Ecological and Physical Test Matrices, Audit Procedure, Wash and Dye Machine Approval Procedure, Error Definitions, Error Examples, and Measurement Guide.

At the sample stage, technical product refinements are performed for fit, performance, and functionality. Furthermore, customer feedback is carefully evaluated to achieve the highest product quality and ultimate customer satisfaction through the work of the product development and procurement teams and improvements made with manufacturers.

Mavi tests every fabric, model, and related options in international test laboratories and follows the

world standards defined by global organizations to the letter. Mavi also requires chemical analyses and quality performance tests from the manufacturers to check that the products are manufactured in the declared standards. Starting from the sample stage, the products are tested by third-party laboratories for levels of chemicals. Furthermore, raw materials are tested under the manufacturers’ responsibility in alignment with the EU legislation (REACH -Registration, Evaluation, Authorization, and Restriction of Chemicals) for other chemicals. The tests are conducted according to specified criteria by accredited laboratories, the results are evaluated, and only the approved products are shipped. Each item is tested, and the products that fail to conform are canceled and not purchased.

Consumer Information and Labeling Standards

GRI 417-2, 417-3

Mavi strictly conforms to the requirements of the EU 1007/2011 directive and ISO 3758 standard to inform the consumers about its textile products and accessories. Accordingly, the fiber compositions and care instructions are stated on the product labels in alignment with the ISO 3758 standard. Pursuant to the Consumer Protection Law No. 6502 and the Price Label Regulation, which are part of the consumer protection legislation in Türkiye, the distinguishing features and where the products are made are clearly stated on the labels. These regulations aim to ensure a safe shopping experience by providing transparent and accurate information for the consumers. Mavi adheres to these information and labeling standards to maintain customer satisfaction and trust.

Number of fines imposed for non-compliance with regulations on the impact of product labeling and providing information: **0**

Number of notices issued for non-compliance with regulations on the impact of product and service labeling and providing information: **0**

Number of notices issued and/or fines imposed for non-compliance with regulations on the impact of product and service marketing communications (advertisements, sponsorships, promotional activities, etc.): **0**



Perfect Fit Strategy

Mavi's Perfect Fit approach is grounded in understanding and monitoring customer needs and meeting expectations with the right quality-price balance. Following the latest fashion trends in the global markets to identify the target consumers' requirements and offer the optimal options to meet their needs enables Mavi to position itself as a high-end and premium menswear and womenswear brand. Mavi embraces people of all ages, sizes, and lifestyles no matter what they wear, connects with its customers every moment of their lives, and aims to build long-term relationships. These attributes bring global recognition to Mavi as a denim-centric lifestyle brand that offers world-class quality products.

In 2023, Mavi expanded its offering with multiple collections: Mavi Archive, a testament to Mavi's denim expertise, inspired by the brand's heritage, and embracing the latest trends to create upcycled items; Recycled Blue, featuring environmentally friendly denim products made with TENCEL™ fibers and REFIBRA™ technology to drive the brand's sustainable fashion vision; Natural Dye, an environment-friendly collection made with fabrications produced from plant waste occurring in nature and natural ingredients; and Pro Dark Tech, containing recycled polyester and made with denim technology that preserves its original tones. With a wide range of jeans and casualwear, Mavi continued to stand apart in the market by understanding and responding to the needs of all types of customers at a time when shopping behavior is evolving and smart-casual is becoming the style choice. The brand maintained its market share in women's, while growing its share in men's.

Mavi is the leader of the Turkish denim market with ~21%+ share and ranks among the top three womenswear and menswear brands in the apparel market. In addition to ranking first in top-of-mind jeans brand awareness and powerful brand recognition in Türkiye, Mavi also stands as the preferred jeans brand across both male and female consumer segments. With a diverse design team that feels the market and an R&D team with strong technical expertise, the brand's broad denim assortment for all markets includes more than 300 fits and over 2,000 model options. The CRM applications used in analyzing matrices of denim fits and customer demographics serve as a key tool in differentiating the brand. Even during the pandemic, Mavi has remained focused on doing what it does best, interpreting change from a jeans culture perspective and maintaining its leadership with denim innovations.

Customer Satisfaction and Communication

Creating the “Happiest Mavi Customers” is a top priority for the company. To spread this approach of ultimate customer happiness across the field, Mavi has formed special project groups such as Go Customer Insight and GoCustomer. Employees from the marketing, HR, sales, and training departments actively participate in these project groups, which work throughout the year to deliver an excellent shopping experience to the customer with premium products and excellent service quality.

Mavi’s best-in-class loyalty program (Kartuş) has grown to 9.2 million members since its launch in 2007. Kartuş data is used effectively to develop offers and deals that respond to customer expectations and needs and personalized campaigns and communications are run to drive customer frequency, basket size, and lifetime value. With personalized offers and deals, Kartuş is used in 79% of the shopping at ~450 Mavi stores and on mavi.com. As of 2023, 15% of the active Kartuş members consist of omnichannel customers who shop both online and offline. In 2023, the new customers joining the program were 1.3 million people, with a demographic profile of 50% male and 50% female, 37% under 25, and 70% under 35. In terms of active members, male and female customers are distributed as 53% and 47%, respectively, while 16% are younger than 25 and 49% are younger than 35.



Responding to the evolving needs and expectations of the consumers creates a significant competitive advantage. Therefore, companies that focus their skills and assets from human resources to data-driven tools on understanding the changing consumer behaviors are able to adapt to the evolving conditions faster . Mavi adapts to the rapidly changing dynamics of the fashion industry without compromising quality and brand reputation in the eyes of the customer and continues to create the Happiest Mavi Customers . In 2023, Mavi’s efforts in this area were recognized with the silver award in the Brand with the Best Customer Satisfaction category at the A.C.E. (Achievement in Customer Excellence) Awards.

Projects for Enhancing the Customer Experience

Mavi diversifies and enriches the shopping and feedback channels through digitalization to always provide better experiences for its consumers and enhance customer satisfaction:

- Customer segments have been redefined using all of the increasing data sources to create more personalized interactions. This segmentation is supported with AI-driven predictive models, enabling the company to develop a system for one-to-one communication with the customers.
- With the Kartuş page updated in the Mavi app in 2023, customers can easily track their points, campaigns, point activity, and invoices. The upgraded page presents Kartuş usage details and benefits with an enhanced look, facilitating tracking for the customers.
- Customer reviews were collected in a single channel and interpreted using natural language processing techniques and then translated into insights, enabling customer feedback to be used proactively in product development and customer experience enhancement efforts.
- Recognizing that people have different sizes, ages, lifestyles, and clothing preferences, menswear and womenswear categories are featured with different images for diverse customer types, emphasizing that there is a pair of Mavi jeans for everyone.
- Mavi leverages machine learning to facilitate the selection process for the users by recommending the most suitable fits according to the details they enter, reduce returns due to mismatched sizes, and enhance customer satisfaction.
- Managing the customer experience from a single platform with an omnichannel CRM approach has enabled monitoring the campaign and loyalty processes in integration with the cash registers, mavi.com, Mavi App, and all potential future channels.
- The projects developed to enhance the digital sales channels have made it possible to sell store inventories on mavi.com and to sell online from stores. Additionally, a 2-hour delivery option was introduced for deliveries to select districts in Istanbul, Ankara, Izmir, and Bursa in purchases via Mavi.com and Mavi App .
- Mavi offers a “return collection service” to improve the return experience of its customers. The customers may benefit from this service in 31 provinces and return items without having to go to a courier branch.
- At Mavi, market price monitoring has been automated using data science to offer quality at the right price.
- The ‘Accessible Video Call’ line was established to respond to the needs and questions of hearing-impaired customers in sign language.

- BlindLook, which develops technological solutions for a visually impaired world, has made mavi.com and Mavi App accessible for the visually impaired customers.
- Gift cards for special occasions are offered with different design options.

Customer Relations Management

Channels such as phone, email, social media, and stores are available for the customers to communicate feedback regarding Mavi's products or services and express their opinions, ideas, and recommendations. Mavi signed an agreement with Global Bilgi, outsourcing its call center operations, which were managed in-house until then, to the experts. In this new system, the customer relations teams continue to provide service at the head office, while Global Bilgi has a dedicated team of 65 at its call center to serve only Mavi. With the new structure that integrates the customer call center processes in stores and e-commerce, Mavi now serves customers from 8:00 a.m. to 12:00 a.m. seven days a week, answering the calls in Turkish, English, and Arabic as well as video chats in sign language for hearing-impaired customers. Furthermore, WhatsApp line and Voice Response System (VRS), featuring automation and chatbots, enable faster and more effective service to cater to customer requests. The call center team manages the flow of communications and responds to customers by taking the necessary actions. Customer management is supported by AI tool Speech Analytics, and an average of 20,000 calls per month are analyzed by AI, providing valuable insights into customer feedback and optimizing business processes. According to the surveys conducted by the call center, 99% of the calls were taken, while the satisfaction score stood at 90.4 in 2023.

Mavi manages customer relations according to the EN 15838 Customer Contact Centers -Requirements for Service Provision and ISO 10002 Customer Satisfaction Management System certifications. The sales representatives and managers at Mavi stores have received 2,202 hours of customer relations training, which included topics such as customer psychology, handling customer objections, happiest Mavi customer, excellent shopping experience, customer relationship management, and next-generation customer experience.

The company procures services from a third-party to monitor all customer posts and engagements on social media about Mavi. This service delivers valuable insights about Mavi, enabling swift response to the issues that require action.

The company commissions regular surveys to collect information on the brand's perception among customers and consumers' shopping habits in relation to the Mavi brand, products, and ad campaigns. The secret customer surveys at Mavi stores and franchisees enable inspection of every single sales point and monitoring and reporting on their service quality. Net Promoter Score (NPS) is monitored with secret customer surveys. In 2023, Mavi captured an NPS score of 57.93 according to the results of the secret customer survey.

The Information Security Policy defines the actions required for implementing, running, monitoring, reviewing, maintaining, and enhancing information security. Furthermore, the customers may

access the Privacy Notice for Protection of Personal Data at the stores, on the website, the Mavi mobile app or via the call center at all times.

Mavi manages its information security and cyber security strategies effectively with the active participation of the Board of Directors and senior management and discloses the processes transparently through monthly reports. At Mavi, the CIO brings strong experience into his role as the highest-level executive overseeing the company's information security/cybersecurity strategies and provides strategic direction. Training programs as well as policies and procedures are utilized to create awareness across the organization about the potential threats. There is also a procedure and escalation process in place for the employees to report suspicious incidents via destek@mavi.com. Information security and cybersecurity are also a part of employee performance appraisals, promoting security awareness and emphasizing responsibilities. Business continuity and emergency plans are tested annually, while the IT infrastructure and information security management systems are regularly inspected by external auditors, and third-party vulnerability analyses are used for hacking simulations. In 2023, Mavi did not experience any information security incidents.

Denim Innovation

As a company that believes the best denim is sustainable denim, Mavi continues to invest more in R&D and product development. Mavi continues to innovate denim in the sector with the All Blue collection, which is developed with innovative methods and contains recycled, upcycled, and organic materials that consume less water, chemicals, and energy compared to conventional methods in Mavi production.

Turkiye maintains an unrivalled position worldwide in terms of R&D investments, innovation, and technology development in denim fabric and jeans production, giving Mavi a competitive edge in shaping the industry. The company combines its denim expertise with its strong product development team, optimally leveraging Türkiye's high quality supply ecosystem. As a denim innovator, Mavi has become a force to contend with in setting quality and price benchmarks in the market. For the design and product teams, accurate interpretation of fashion trends for the brand and the customer with their technical expertise is a key priority. To ensure the softness, comfort, and wearability that Mavi aims to deliver to the customer, the R&D activities focus on detailed fabric research, product trials, and wearability tests together with suppliers.

The budget allocated for R&D in 2023 corresponded to 1.34% of the company's revenues. The sales volume of products in the Sustainable All Blue product collection accounts for 16% of the total sales volume, while the revenue generated from the collection has reached 25% of the total revenue. The R&D employees constitute 3% of the white-collar workforce in Türkiye.



mavi
allblue

no filter
all vegan
less water
much love

All Blue: Mavi’s Most Sustainable Collection

The products in the Mavi All Blue collection are made with one or more of OCS-certified organic, RCS-certified recycled or Better Cotton-licensed cotton, TENCEL™ modal and lyocell, RCS-certified recycled polyester, and upcycled materials. The sustainable fiber content in fabrics is shaped around Mavi’s quality first focus, design approach, and product performance specifications. The products - true, unfiltered versions of denim - are 100% vegan and the labels are made from recycled paper.

The All Blue products contain sustainable fibers and are made with efficient technologies that consume less water and energy than conventional production techniques. Mavi collaborates with its strategic partners ERAK and TAYEKS to use the E-flow technology to reduce water, energy, and chemicals consumption; utilizes laser technology which guarantees product standards, reduces the use of chemicals, and protects the health of the employees; uses driers and photovoltaic roof panels (TAYEKS) for energy savings; and also uses an automated dosing system that eliminates incorrect and excessive use of chemicals in washing due to manual processes. Environmental impact measurement methods such as EIM Score and LCA are used to assess these processes.

The pioneering role Mavi plays in sustainability resonates with the customers and is recognized on international platforms. In 2023, Mavi won the Best Sustainable Collection category for the fifth time at the Rivet x Project Awards, which recognize the brands bringing newness and creativity to the global denim market. Rivet, affiliated with the Sourcing Journal, one of the world’s most important sectoral publications, evaluated the participating brands’ 2023/24 Fall/Winter collections during the Las Vegas fair. Mavi once again stood out with its innovations in denim fashion and sustainability, clinching the title for best sustainable collection. Mavi previously received the same award for its sustainable All Blue collection in February 2019, 2021, 2022 and 2023.

Fabric compositions and sustainable materials



Better Cotton

Better Cotton is the world's leading sustainability initiative for cotton, operating with the mission of educating cotton farmers to use water more efficiently, caring for natural habitats, reducing the use of harmful chemicals, and promoting respect for workers' rights. As a member of this initiative, Mavi sources Better Cotton-supported cotton.

Cotton sourced from Better Cotton farms may be used in combination with conventional cotton; therefore, cotton fibers are not physically traceable to products in stores. Accordingly, Better Cotton labels may not be placed on the products. The absence of these labels should not mean that Better Cotton-certified cotton fibers are not used in those products.

Website: <https://bettercotton.org/>

Recycled Cotton

Post-consumer textiles and textile waste are converted into fibers, and new fabrics are produced from the new yarn made from these fibers. This method reduces the use of unprocessed raw materials and prevents the material from going to waste.



Organic Cotton

Organic cotton consumes less water than traditional cotton. Furthermore, organic cotton is grown without the use of chemical pesticides or fertilizers, and it does not contain genetically modified organisms (GMOs). These practices enhance the soil, reduce greenhouse gas emissions, conserve biodiversity, and protect the health of cotton growers.



Tencel Cellulosic Fibers (Modal and Lyocell)

TENCEL™ Lyocell and Modal cellulosic fibers are made from natural raw material wood obtained from sustainably managed forests, using production processes refined to minimize environmental impact. TENCEL™ Lyocell fibers are regenerated from a combination of cellulosic fibers, delivering quality, performance, and versatility. Their unique physical properties lead to their high tenacity profile, gentleness on skin, and good moisture management.

TENCEL™ Modal fibers are regenerated cellulosic fibers known for being exquisitely soft and pleasant to the skin. Brilliant in color and luster, TENCEL™ Modal fibers exhibit high flexibility, resulting in a naturally soft and long-lasting quality to the textile. For more information, please [click here](#).

Upcycled Materials

Upcycling refers to transforming a material to create higher value than its original state and reusing it. Through upcycling, deadstock or waste materials find new life as products. Upcycled materials contribute to circular economy since they prevent the consumption of new materials and reduce waste generation.



Recycled Polyester

Recycled polyester made from petroleum-based waste is a more sustainable option compared to traditional polyester production. Since polyester from previously produced materials can be recycled, it reduces plastic waste, preventing it from going to landfills.

Natural Clay Dye Fabric

Mavi's Natural Dye collection features fabrics made from extracts of plant waste and naturally occurring clays. Each product in this collection derives its unique earthy tones from a variety of sources, such as olive leaves, lavender, indigo, thuja oak, and walnut shells. As a non-toxic material with antibacterial properties, clay is kind to the skin when it is used to dye fabrics, which are featured in this collection. With a unique crystal structure, clay enhances fabrics' resistance to UV rays. With this method, the wastewater generated during the production processes remains free from chemicals harmful to nature, while ensuring water and energy efficiency.



Innovative Materials Developed Specifically for Exclusive Collections

Nut Shell Mix Buttons

The nut shells used in making these buttons are sourced from the waste of hazelnut industry in the Ordu-Giresun region. The buttons contain nut shells, polyester and dyestuff, contributing to a circular economy by using materials that would otherwise go to waste.

Bio-based Olive Seed Back Labels

These back labels are made from olive seeds, a waste of the olive oil industry. The majority of the materials used for label coating are bio-based, meaning that synthetic substances or petrochemicals are not used in their production. 52% of the coating is produced from olive seeds. Moreover, the fabrication used on the reverse of the label is made from 100% recycled polyester.



Sustainability features of the hardware used in the product



All Vegan

Mavi does not use animal-based materials in its denim products.

Sustainability features of packaging materials



FSC-Certified Paper Materials

FSC-certified papers are solely made with wood from renewable forests where trees are grown specifically for papermaking. In 2023, 86% of all labels, cardboard, and paper packaging materials sourced by Mavi were FSC-certified.

There are three FSC-certified label types: FSC 100%, FSC Mix or FSC Recycled.

For more information: <https://fsc.org/en/what-the-fsc-labels-mean>



All Blue Sustainable Product Focus Areas in 2023

- Mavi aims to develop environment-friendly products and expand the sustainable collection every year.
- The use of recycled and organic raw materials in fabrics increased. Recycled polyester and REPREVE® were preferred especially in product groups targeting the youth.
- The use of laser in distressed and worn treatments instead of washing increased.
- All-vegan materials are used in product hardware.
- 100% recycled fibers are used in all the woven labels inside the waistbands.
- All rivets are made with 20% recycled zamak.
- All back pocket markings are made from cloth material containing 65% recycled polyester.
- Nut shell and polyester blend buttons contain 47% Polyester, 50% nut shells and 3% colorant (citrine, mac, cobalt, dye pigment).
- Back labels now contain 32% bio-based olive seed in mass terms.
- Paper materials on the products contain 50% recycled and recyclable paper on average.
- Paper label manufacturers with FSC certification are preferred.
- The jacron back patches are made from FSC-certified raw materials.

mavi ARCHIVE

UPCYCLE



Mavi Archive Upcycle Collection

Mavi Archive Collection is a testament to the brand's 33 years of denim heritage. Mavi created this unique line by combining select styles with inspiration from its extensive archive and embracing the upcycling approach to design pieces that resonate with today's fashion trends.

To create the Mavi Archive Collection, 3,000 pieces were gathered from our 33-year archive. Each piece was stripped of all metal hardware and prepared for upcycling, resulting in 17,756 meters of reusable fabric. Embracing the principles of sustainability, we incorporated 100% recycled materials into every aspect, from buttons, rivets and washing instructions, and to the seam threads, woven labels inside the waistbands, and back labels.

With meticulous attention to detail, our designers crafted 7,138 products across four distinct models. Every element, down to the hanging labels sourced from packaging waste, was thoughtfully considered. By offering a limited number of products within this collection, we underscore our commitment to circular economy practices such as upcycling and recycling.

Mavi Recycled Blue Collection

Recycled Blue by Mavi is a denim collection made entirely from bio-based or non-petroleum materials, utilizing the revolutionary REFIBRA™ technology from TENCEL™ brand fibers. This collection, designed with TENCEL™ Lyocell fibers, a product of Lenzing's innovative technology, encompasses vintage-inspired women's jeans, vests, and blazers.

At the heart of the Recycled Blue collection lies REFIBRA™ technology, which blends wood pulp sourced from certified forests with cotton waste from apparel production and post-consumer textiles. This process yields a 100% bio-based fiber material, drastically reducing environmental impact by consuming 95% less water compared to traditional cotton production methods.¹

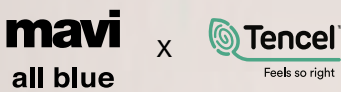
Notable for their luxurious softness, the products in the Recycled Blue collection owe their texture to TENCEL™ Lyocell fibers infused with REFIBRA™ technology. These fibers not only offer unparalleled comfort and durability against the skin but also regulate body temperature through their moisture-wicking properties. By seamlessly blending innovative design with sustainable production practices, this collection delivers an exceptional and eco-conscious experience for its wearers.

Mavi Natural Dye Collection

Mavi's Natural Dye collection features fabrics made from extracts of plant waste and naturally occurring clays. Each product in this collection derives its unique earthy tones from a variety of sources, such as olive leaves, lavender, indigo, thuja oak, and walnut shells. Highlighting its non-toxic nature, antibacterial properties, and skin-friendly composition, this collection stands out for its commitment to sustainability. Produced with a focus on water and energy efficiency, these fabrics

¹ Lenzing Sustainability Report 2019, s 30

HOME LUX



minimize environmental impact while maximizing eco-friendliness.

Embracing sustainable practices further, the collection features back labels using olive seeds and buttons crafted from nut shells. Woven from threads sourced from recycled materials, these labels underscore the collection’s dedication to sustainability. Recognized for its innovative and eco-conscious approach, the collection has been named the “Best Sustainable Collection” by The Rivet x Project Awards, which recognize the brands bringing newness and creativity to the global denim market.

Mavi Home Lux Collection

Mavi’s Home Lux collection promises unparalleled comfort and sophistication in loungewear, featuring a curated selection of 20 pieces with special fabrics and understated designs, ensuring a unique and luxurious experience. From essential T-shirts to oversized sweatshirts and wide-leg pants, the collection offers versatile combinations to suit every preference. Each garment boasts a silky touch, with breathable, stretch linen or cupro fabrics, ensuring the utmost comfort and style.

The tops are part of the “Lux Touch” collection and the pants of the “Linen Touch” collection. The labels of each product show the item’s respective collection.

Innovation Partnerships

Partnerships play a key role in the sustainability transformation of the industry and driving innovation. Mavi engages in innovation partnerships with various other brands, designers, and universities to expand its positive impact and inspire the industry.

Mavi x Nivogo partnership

In partnership with Nivogo, recognized as Europe’s leading Circular Economy initiative, Mavi is committed to reducing waste by giving new life to deadstock or unsellable products due to returns and end-of-season cycles. Through this collaboration, Mavi products undergo a six-stage process at Turkiye’s first and largest Renewal Center before being made available for sale at Nivogo’s circular stores, enriching the lives of new users and adding value to the products. By adhering to circular economy principles, this initiative ensures that deadstock products are repurposed and reused, effectively minimizing waste generation.



Mavi X Robert College: Transforming textile waste into insulation panels

Mavi, in collaboration with Robert College and as part of the Living Building Challenge Platform, will build three eco-friendly classrooms, featuring wall and ceiling insulation panels made from upcycled textile waste. By repurposing textile waste into insulation panels, the project not only minimizes environmental harm but also contributes to the economy by creating value from discarded materials. Furthermore, it provides a viable alternative to waste disposal methods like incineration.



Responsible Raw Material Sourcing

Mavi encourages manufacturers to make responsible raw material choices and helps them transform their production processes. Accordingly, Mavi traces and steadily increases the sustainable material content (organic, recycled, upcycled and Better Cotton-certified cotton, recycled metal, etc.) in its products.

In 2021, Mavi received OCS and RCS certificates, earning the right to sell products with proven organic and recycled content across the supply chain. RCS certification verifies recycled content and OCS certification verifies organically grown content, ensuring that these materials can be traced from their origins to the final product. In addition to Mavi’s two major suppliers, ERAK and TAYEKS, Rimaks is also a manufacturer with international Global Organic Textile Standard (GOTS) and Organic Content Standard (OCS) certifications . Overall, 11 suppliers have the capability to manufacture organic products.

In 2022, Mavi became a member of Better Cotton and began to support the world’s leading sustainability initiative for cotton by using Better Cotton-certified cotton. Better Cotton addresses cotton production with its environmental, social, and economic impacts, trains farmers with the necessary knowledge, skills, and tools, and aims to continuously improve agricultural practices . As a result, farmers who grow cotton by following factors such as mitigating the harmful effects of plant protection practices , managing and using water resources effectively, ensuring soil health, protecting and enriching biodiversity, maintaining fiber quality, and improving the welfare of agricultural workers , attain an internationally recognized standard. Mavi remains focused on more responsible raw material sourcing by purchasing cotton from such sustainable sources.

In 2023, the sustainable alternatives monitored for various fibers were used in the ratios shown in the table below.

Fiber	Sustainable Alternative	Sustainable Alternative Usage Ratio
Cotton	Organic and Recycled Cotton, Better Cotton	30%
Polyester	Recycled Polyester, Repreve®	1%
Lyocell	TENCEL™ Lyocell	58%
Modal	TENCEL™ Modal	64%



4.8

COMMUNITY
Better.Mobilize



Better.Mobilize

Mavi aims to create shared values in the community and use its transformative and mobilizing brand power to achieve better things. The company is particularly focused on empowering young people and women for social development so that no one is left behind. Customers who choose Mavi and other stakeholders are also included in this movement.

Mavi's Impact-Driven Transformative Power

Mavi intends to mobilize its stakeholders, especially the customers, by leveraging its brand power. Therefore, impact-driven and measurable social projects that involve customers , employees, suppliers, universities, and non-governmental organizations (NGOs) are launched.

In 2023, Mavi's primary focus in social responsibility centered on earthquake relief efforts. In response to the earthquake that struck Kahramanmaraş, devastating 11 provinces, Mavi mobilized in coordination with public institution agencies and NGOs, working to provide aid and support, helping to heal the wounds of the region, and address the pressing needs of the affected communities.

Our hearts and thoughts are with you, Türkiye!

In the aftermath of the earthquake, Mavi built a strong network of solidarity nationwide, rallying its employees and business partners. Recognizing its role as a leading brand, Mavi swiftly initiated numerous projects aimed at restoring normalcy to the affected region from the onset of the disaster.

Financial Aid and Support

Mavi provided both financial and in-kind assistance to AFAD, AHBAP, and the Turkish Red Crescent, aiding people impacted by the earthquake. As a steadfast supporter of the search and rescue team GEA, Mavi also extended a helping hand to Encander, working on the ground to rescue the animals in the region. Through AHBAP, Mavi established an earthquake relief fund in honor of its employees, which was utilized to grant scholarships to young people who tragically lost their families.

Safe Shelters

Mavi established safe shelters, fully equipped to meet essential needs, for its employees and their families in the affected region. In addition to paying supplemental wages to assist with their immediate requirements, Mavi also dispatched essential items including heaters, food, clothing, and hygiene products to these shelters. Moreover, both employees and community members seeking assistance were directed to these designated shelter areas.



Global Relief Efforts

Mavi turned its Vancouver warehouse in Canada into a donation center for collecting aid destined for Türkiye. Through collaborative efforts organized by the Turkish Consulate General in Vancouver, approximately 500 aid packages were dispatched to the earthquake-affected region in Türkiye.

Support for the Prefabricated House Project

Mavi stands as a proud supporter of the initiative led by the Turkish Exporters Assembly (TİM), aimed at building 1,300 prefabricated houses in Kahramanmaraş, Malatya, Hatay, and Adıyaman. In line with this commitment, Mavi acquired two blocks comprising 40 houses each. These residences are designed to offer housing to workers impacted by the earthquake, facilitating their return to everyday life and employment opportunities.

SosyalBen Hope Truck

Mavi was the main sponsor of the “SosyalBen Hope Truck” project in collaboration with the SosyalBen Foundation, which aims to offer psychosocial assistance to children aged 7-13 in earthquake-affected areas.

Following the acute phase of the disaster, the project started its first tour in April, spanning nine cities. Expert psychologists led workshops in painting, music, invention, creative writing, sports, and games, providing psychosocial support to affected children. In August, the Hope Truck embarked on a second tour, visiting five cities to continue inspiring hope among children. In total, 46 Mavi employees volunteered actively in these field initiatives.

Inspired by experiences gained from the field work, SosyalBen Foundation and Mavi continued to build on the project. Some children’s artworks from the workshops were transferred onto T-shirts, with proceeds supporting the SosyalBen Foundation and further contributing to the project.

Through the Hope Truck project, 500 volunteers engaged with 9,270 children across nine provinces and delivered 215 hours of psychosocial support.

Inspired by Mavi’s spirit of solidarity, arms in arm again on March 8!

Inspired by the spirit of solidarity and unity of women on March 8, International Women’s Day, Mavi planned an initiative to contribute to local producers affected by the earthquake and empower them to rebuild their lives independently. Mavi ordered thousands of diverse products for its employees from local producers residing and operating in the affected region, but lacking sufficient means to promote their offering in the aftermath of the earthquake. The items sourced from these producers were made available to Mavi employees at Mavi Cafe over a two-day period. This project served as a catalyst for solidarity, connecting local producers with the employees while fostering a sense of community and support.

Indigo Turtles

Mavi has supported the activities of the Ecological Research Society (EKAD) with the Indigo Turtles project since 2014, helping to protect the endangered *Caretta caretta* and *Chelonia mydas*, two species of sea turtles native to the Mediterranean for 110 million years. EKAD, which focuses its activities on Belek, the largest nesting area in the Mediterranean, has helped over 1.2 million *Caretta caretta* make it to the sea in the last 24 years. The number of nests rose from 350 when the activities started in the region to 2,350 by 2023, while the number of hatchlings that made it to the sea exceeded 83 thousand last year. Facing many difficulties, only 40% of hatchling turtles reach the water and only one in a thousand survives. This is why the Indigo Turtles project raises awareness about supporting the survival efforts of the sea turtles, supports protection of biodiversity, and promotes the importance of volunteering.

Young volunteers join the Indigo Turtles project and set up camp on the 30km-long beaches for four months, working every day to protect the mature female turtles’ eggs from external factors and help hatchlings climbing out of their nests to reach the water. Along with hundreds of university volunteers from Türkiye and around the world, customers, scholars, social media followers, brand ambassadors, and employees of Mavi also join the project voluntarily.

Supported by the awareness seminars hosted at universities, the project gains more recognition as the number of applications to volunteer increases every year. In 2023, nearly 100 university students volunteered for the program, while the camp event was promoted with challenges for social media followers and influencer partnerships.

In its tenth year, Mavi’s Indigo Turtles collection has expanded with new products such as sweatshirts, joggers, bags, and towels. Customers who purchase the products in this collection become voluntary supporters of the project, which aims to bring life to the Mediterranean, and help care for five sea turtles.



Mavi Scholarship Fund

Since 2016, Mavi has granted annual scholarships to female students in a number that corresponds to the age of the company through the Turkish Education Foundation. For the 2021–2022 academic year, 32 students received grants under the Mavi Scholarship project, which supports them throughout their university education. Mavi has also supported the education of one student as part of Koç University’s Anatolian Scholars program, which gives a second chance to successful students that achieve scores in the top 1% in the university exams despite limited education privileges but are unable to qualify for scholarships.

Miav cat houses for stray animals

After designing T-shirts and jeans with the “Miav” logo, a word play on the brand name to mean the meows of cats, Mavi continued to protect animals with Miav cat houses. The special project, which involved transforming the unused shelves in the stores into cat houses for stray animals, succeeded in helping more furry friends on the streets.

With the proceeds from the sales of Miav jeans and T-shirts, the company supports ENCANDER (Association for Protecting Animals with Disabilities and in Need), the association that works to meet the needs of stray and disabled animals and takes care of animals in need. With cat and dog houses placed around its stores and various locations across Türkiye, the company aimed for stray animals to spend the winter in their warm homes. The project, which was welcomed with great interest by animal lovers, continued in 2023.





“

Mavi is one of the rare brands that I have shopped online and not regretted. Unlike other experiences, where sizing, fabric or print may disappoint you upon arrival, Mavi provides accurate and informative descriptions. These are essential for someone like me who relies on image descriptions due to visual impairment. Thank you for your sensitivity to accessibility, Mavi. Never change.”

Visually Impaired User



BlindLook Partnership

Mavi partnered with BlindLook, the startup that develops technological solutions for a visually accessible world, to make mavi.com and Mavi App accessible to people with visual impairment. Mavi became the first blind-friendly fashion brand to join BlindLook’s global EyeBrand network, committing to an accessible and inclusive life. Thanks to this partnership, 285 million visually impaired people may have an inclusive fashion and shopping experience on mavi.com and the Mavi App. The application enables the visually impaired users to complete their online shopping with Mavi by using voice commands without the support of anyone else and easily access all information and content.

Mavi’s Other Activities for Social Benefit

- Mavi launched a video call center, adding another to its projects providing accessible and inclusive communication. The service, which aims to respond quickly and effectively to the requests of hearing-impaired customers, is accessed from the home page of mavi.com and the “Accessible Video Call” section in the Mavi app. Individuals who wish to receive support from this line connect to Mavi representatives, trained in sign language, via the “Accessible Video Call” link.
- In the 44th Istanbul Marathon, The Mavi Running Team ran for charity, raising funds for the “Before It Starts – Wildfire Training and Awareness” project of TEMA Foundation.
- To mark the arrival of 2024, Mavi supported UNICEF’s “Leader Girls of the Future” program, which aims to empower girls and promote gender equality, encouraging both Mavi employees and other stakeholders to contribute to the program.
- This year, on Mother’s Day and Father’s Day, Mavi contributed to the projects executed by AÇEV (Mother Child Education Foundation) to support parents in the earthquake-affected region, and supported AÇEV’s efforts to raise awareness about parenting and the training program to empower mothers.
- Mavi supports the ‘Dialogue in the Dark’ project by employing one individual to promote workforce diversity and community engagement.

4.9 Mavi's Sustainability Evolution

2006

- » Mavi became one of the first brands worldwide to start the organic cotton movement with the Mavi Organic collection made with 100% organic Aegean cotton.

2010

- » Innovative and sustainable materials such as TENCEL™ and Modal were introduced in the Mavi Premium line.
- » Mavi Kids T-shirt collection made with 100% organic cotton was launched.

2014

- » Indigo Turtles project was launched in partnership with the Ecological Research Society (EKAD) to protect the endangered sea turtles.
- » Indigo Turtles T-shirt collection was created with 100% organic cotton. Mavi customers began to support the efforts to protect baby sea turtles with each T-shirt they purchased.

2017

- » Mavi replaced the light bulbs in the stores with energy-saving LED luminaires.
- » Social compliance guidelines were shared with the suppliers and social compliance audits started.
- » Mavi started trading on Borsa Istanbul following the IPO.

2018

- » Mavi partnered with the eco-friendly material producer Lenzing and started using TENCEL™ Lyocell and Modal fibers.
- » Mavi's social compliance statement was added to the agreements, which the suppliers were asked to sign.

2019

- » Mavi's sustainable, eco-friendly products were grouped under the All Blue collection.
- » Leather was completely eliminated from back labels of jeans, which became all vegan.
- » Paper used in all product labels was reduced by half, shifting to recycled materials.
- » Packaging materials used in shipments of online orders dropped from three to one, both in number and type.
- » Remote Energy Management System based on instant monitoring was launched in partnership with Reengen in 10 pilot stores.
- » Lighting fixtures in stores were replaced with LED luminaires for energy savings.
- » Mavi All Blue named the "Best Sustainable Collection" at the Rivet x Project Awards.
- » Supplier Code of Conduct was published.

2020

- » Mavi became the first Turkish apparel brand to disclose its carbon footprint transparently. With the first report submitted to the CDP's Climate Change Program, Mavi received a score of B, outperforming the global industry average.
- » Mavi earned A- in the Supplier Engagement Rating (SER) by the CDP platform, outperforming its peers.
- » The sustainable All Blue collection doubled in scope and variety.
- » All Blue collection was expanded with 100% organic cotton, eco-friendly T-shirts.
- » Mavi collaborated with Coca-Cola for an exclusive collection made with organic cotton and sustainable recycled materials.
- » Life Cycle Assessment (LCA) studies started.
- » Mavi switched to renewable energy at the head office and the stores with controlled meters.
- » First eco store of Mavi opened at the Zorlu Shopping Mall.
- » Mavi signed the UN Global Compact.
- » Materiality analysis was completed.
- » Sustainability Committee and working groups were formed.
- » Activities to determine the sustainability strategy and goals began.

2021

- » First reports were submitted to the CDP Water Security and Forests Programs. Mavi became the first and only Turkish company to report to the CDP Forests Program. With the 2021 report submitted to CDP's Climate Change Program, Mavi received a score of B, outperforming the global industry average, and an A- in the Supplier Engagement Rating (SER) by the CDP platform, outperforming its peers.
- » All Blue named the "Best Sustainable Collection" at the Rivet x Project Awards for the second time.
- » Jeans made from recycled plastic bottles were introduced with the Mavi Pro Sport Repreve® collection and the "Mavi Transformation Launched" ad campaign was launched.
- » The sustainable Les Benjamins x Mavi collection was designed and produced with organic, recycled, and eco-friendly materials in collaboration with the luxury streetwear brand Les Benjamins.
- » The use of sustainable fibers was extended further with a global partnership with TENCEL™.
- » Better Cotton-certified cotton was used in the special 30th anniversary Maviterranean collection.
- » OCS (Organic Content Standard) and RCS (Recycled Claim Standard) certifications were obtained.
- » The Remote Energy Management System with Reengen was deployed in all Mavi stores.
- » M30, a more sustainable store concept, was opened at the Marmara Forum Shopping Mall.
- » Women's Empowerment Principles (WEPs), the joint initiative of UNGC and UN Women, was signed.
- » Mavi joined the 30% Club, the initiative that aims for diversity on the boards.
- » CEO Water Mandate was signed.
- » Mavi CEO Cüneyt Yavuz entered the Fast Company Sustainability Leaders 50 Survey list at 18th place.
- » Board Diversity, Human Rights, Diversity and Inclusion, Biodiversity, Environment and Energy, Forest and Paper Products, and Animal Welfare policies were published.
- » Mavi included in the Borsa İstanbul Sustainability Index.

2022

- » Mavi became the first and only apparel brand from Türkiye to make the 2022 Climate Change A List by CDP, the world's largest environmental disclosure platform, and received a score of B in the 2022 CDP Forests Program and CDP Water Security Program.
- » Mavi increased its score to "A" in the Supplier Engagement Rating (SER), a secondary score of the CDP Climate Change Program in 2022.
- » Mavi became a member of the Better Cotton program.
- » Mavi Hemp Denim, the most sustainable jeans collection of Mavi, was created with hemp fibers that consume minimum water, recycled cotton, seams and trims, and bio-based nutshell buttons.
- » Esra Gülmen X Mavi, a collaborative collection with the artist Esra Gülmen, was launched using production methods that consume less water and energy and designed with vegan and recycled labels.
- » The collaborative collection by Mavi and Freedom of Space was created with sustainable Better Cotton-certified fabrics, innovative printing techniques and sustainable components.
- » Hemp and Natural Clay Dye named the "Best Sustainable Collection" at the Rivet x Project Awards, marking the fourth recognition in this category.
- » Mavi Pro Sport Repreve collection won the Special Recognition Award at "Unifi Repreve Champions of Sustainability".
- » Mavi Hemp Denim recognized with the "Climate Friendly Collection" award at the Elle Green Awards.
- » ISO 14001 Environmental Management System certification received for the Türkiye head office building.
- » Environmental audits started at critical suppliers and wet process sub-manufacturers in the supply chain.
- » Partnership with BlindLooked launched to enable visually impaired users to complete their online shopping with Mavi on their own by using voice commands.
- » Mavi published its first sustainability report, disclosing its sustainability performance, strategy, and goals.
- » Mavi was included in the BIST Sustainability 25 Index, whose constituents are publicly traded companies with high corporate sustainability performance.
- » Mavi CEO Cüneyt Yavuz moved up to 16th place in the Fast Company Sustainability Leaders 50 Survey list.

2023

- » Mavi became the first and only Turkish apparel company to achieve double A Rating for Climate Change and Water Security by CDP, the world's largest environmental disclosure platform. Mavi also earned a score of B in the 2023 CDP Forests program, outperforming the industry average.
- » Mavi received a score of A- in the Supplier Engagement Rating (SER), a secondary score of the CDP Climate Change Program in 2023.
- » Mavi's greenhouse gas reduction targets were approved by the Science Based Targets initiative (SBTi).
- » All Blue Natural Dye, Mavi Upcycle, and Recycled Blue collections were launched.
- » Recycled Blue and Pro Dark Tech products were named the "Best Sustainable Collection" at the Rivet x Project Awards, bringing Mavi its fifth title.
- » Environmental audits across the supply chain continued with analyses and scoring.
- » Mavi partnered with Nivogo, spearheading circular transformation in fashion.
- » New practices were introduced to reduce the use of plastics and paper for a more environment-conscious Mavi office.
- » Mavi became a member of the Business Council for Sustainable Development (BCSD Türkiye).
- » A detailed study was conducted to identify material sustainability risks.



4.10 Performance Indicators, GRI Content and Other Indexes

Memberships

- United Nations Global Compact (UNGC)
- UN Women's Empowerment Principles (WEPs)
- 30% Club
- CEO Water Mandate
- Yanındayız Association
- United Brands Association of Türkiye (BMD)
- Ethics and Reputation Society (TEİD)
- Turkish Investor Relations Society (TÜYİD)
- Corporate Governance Association of Türkiye (TKYD)
- The Institute of Internal Auditing – Türkiye (TİDE)
- Istanbul Chamber of Commerce
- Business Council for Sustainable Development Türkiye (BCSD Türkiye)
- Better Cotton

Stakeholder Engagement

Stakeholder Group	Communication Methods
Employees	Maviletiřim and Maviconnect internal communication portals, digital channels (website and social media platforms), internal meetings (Massmavi, Management Forum, Go meetings, etc.), info mailings, employee engagement and satisfaction surveys, campaign impact surveys, volunteering activities, social clubs, field visits, annual reports, and sustainability reports
Customers	Sales points (stores, mavi.com, and marketplaces), digital channels, call center, satisfaction surveys, annual reports and sustainability reports, media coverage
Suppliers	Supplier meetings, field visits, audits, innovation projects, annual reports and sustainability reports, digital channels
Franchisees	Franchisee meetings, field visits, one-to-one meetings, annual reports and sustainability reports, digital channels
Shareholders, Investors, and Analysts	General Assembly meetings, material event disclosures, press releases, one-to-one meetings and correspondence, broker and bank reports, periodic briefings, annual reports and sustainability reports, digital channels
Non-Governmental Organizations	Social responsibility projects, one-to-one meetings, participation in meetings and working groups, seminars and conferences, annual reports and sustainability reports, digital channels
Universities	Training programs, internship programs, career days, conferences, Mavi Scholarship Fund, industry-specific projects, digital channels, annual reports, and sustainability reports
Media	Press conferences and launch events, special features and interviews, press releases, digital channels, annual reports, and sustainability reports

Performance Indicators

Social Performance Indicators

Employee statistics under this section are compiled at the end of each year with head count methodology.

Employees by Gender and Category	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Total employees	2,211	1,849	2,976	2,135	3,316	2,354	3,747	2,454
Head office employees	418	296	477	324	558	365	605	371
Store employees	1,793	1,553	2,499	1,811	2,758	1,989	3,143	2,082
Employees with disabilities	16	73	24	78	32	104	40	104
Under 30 years old	1,727	1,281	2,450	1,555	2,742	1,789	3,112	1,840
30 to 50 years old	466	543	507	553	552	540	612	580
Over 50 years old	18	25	19	27	22	25	24	33
Employees in revenue generating functions	1,834	1,629	2,541	1,885	2,813	2,063	3,197	2,155
Employees in STEM-related positions	12	14	14	19	14	26	18	34
Total employees	4,060		5,111		5,670		6,201	

Employees by Type of Employment	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Full time	1,422	1,368	1,650	1,404	1,840	1,528	1,930	1,556
Part time	789	481	1,326	731	1,476	826	1,815	900

Employees by Location	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
United States of America	37	28	42	29	51	29	45	25
Canada	43	23	50	24	55	26	55	25
Russia	97	44	101	45	100	45	100	39
Europe	33	26	34	28	32	20	33	18
Turkiye	2,001	1,728	2,749	2,009	3,078	2,234	3,514	2,347

Subcontractor Employees by Gender	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Subcontractor employees by gender - total	18	91	12	104	24	96	24	97
Subcontractor Employees by Type of Employment	2020		2021		2022		2023	
	Full time	Part time	Full time	Part time	Full time	Part time	Full time	Part time
Subcontractor employees by type of employment - total	97	12	43	73	41	79	109	12

Employees by Tenure	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
0-5 years	1,715	1,338	2,423	1,615	2,739	1,843	3,257	2,038
5-10 years	377	395	427	389	116	114	363	303
10+ years	119	116	126	131	461	397	128	112

Managers and Executives by Gender and Age	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Under 30 years old	215	222	296	248	361	290	380	291
30 to 50 years old	244	307	349	378	368	390	414	414
Over 50 years old	4	12	8	12	11	11	15	14
All employees with manager titles	463	541	653	638	740	691	809	719
Junior manager	338	414	421	433	469	463	494	479
Mid-level manager	62	33	73	49	57	38	68	47
Senior manager*	51	34	57	44	61	50	80	61
Head Office managers	107	58	200	149	230	178	297	190
Store managers	123	216	133	209	169	226	512	529
Board of directors	1	5	2	4	2	4	2	4

*Senior manager: director and higher positions (positions that are at maximum 2 levels away from the CEO)

Employee Management

Data on employee management represents 95% of all operations.

Filled positions and promotions	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Employees promoted	104	78	112	147	341	269	369	282
Filled positions	786	624	2,492	1,609	2,984	2,111	3,401	2,156
Positions filled with internal candidates	87	76	81	114	300	244	274	244
Percentage of vacancies filled by internal candidates	11.6%		4.8%		10.7%		9.3%	

Newly Hired Employees	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Newly hired employees	485	371	1402	923	1461	1080	3231	1953
Under 30 years old	466	341	1350	867	1406	1029	3,150	1,865
30 to 50 years old	19	30	51	56	54	50	81	87
Over 50 years old	0	0	1	0	1	1	0	1

Head Office Promotions	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Promoted to junior level manager position	-	-	-	-	-	-	33	8
Promoted to senior-level manager positions	-	-	-	-	-	-	27	16
Promoted to C level positions	-	-	-	-	-	-	0	0

Store Promotions	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Promoted to Maviolog	28	26	147	104	163	118	142	112
Promoted to Assistant Store Manager	37	29	37	36	91	68	74	64
Promoted to 2nd Manager	11	5	19	41	27	31	38	42
Promoted to Store Manager	1	7	13	29	5	10	10	15
Promoted to Regional Manager	1	2	0	5	2	3	2	5

Employee Turnover	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Total employee turnover	662	557	1,666	1,190	2,432	1,685	2,810	1,849
Voluntary employee turnover	586	499	1,311	839	2,209	1,503	2,607	1,637
Head office employees	39	31	71	22	116	58	113	71
Store employees	623	526	1,595	1,168	2,316	1,627	2697	1778
Under 30 years old	618	519	1,564	1,061	2,320	1,560	2715	1720
30 to 50 years old	44	37	102	129	111	124	93	127
Over 50 years old	0	1	0	0	1	1	2	2

Employee Turnover Rates	2020	2021	2022	2023
Employee Turnover Rate	33%	60%	78%	79%
Voluntary Employee Turnover Rate	29%	45%	70%	72%
Female	33%	61%	79%	80%
Male	32%	59%	75%	79%
Head office employees	10%	13%	19%	19%
Store employees	34%	52%	83%	86%
Under 30 years old	38%	56%	86%	90%
30 to 50 years old	8%	13%	22%	18%
Over 50 years old	2%	2%	4%	7%

Manager Turnover	2023		
	Female	Male	Total
Manager Turnover	196	169	365
Junior-level manager	196	167	363
Mid-level manager	0	2	2
Senior-level manager *	0	0	0
Under 30 years old	129	85	214
30 to 50 years old	66	84	150
Over 50 years old	1	0	1

Performance Management	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Employees subjected to regular performance and career development reviews	294	185	307	210	333	200	364	226
Employees assessed according to measurable goal realization	294	185	307	210	333	200	364	226

Diversity and Inclusion

Employees by Gender and Category	Female Employee Rates			
	2020	2021	2022	2023
Total employees	54%	58%	58%	60%
Head office employees	59%	60%	60%	62%
Store employees	54%	58%	58%	60%
Employees with disabilities	18%	24%	24%	28%
Under 30 years old	57%	61%	61%	63%
30 to 50 years old	46%	48%	51%	51%
Over 50 years old	42%	41%	47%	42%
Employees in revenue generating functions	53%	57%	58%	60%
Employees in STEM-related positions	46%	42%	35%	35%

Managers and Executives by Gender and Age	Female Manager Rates			
	2020	2021	2022	2023
Under 30 years old	49%	54%	55%	57%
30 to 50 years old	44%	48%	49%	50%
Over 50 years old	25%	40%	50%	52%
All employees with manager titles	46%	51%	52%	53%
Junior-level manager	45%	49%	50%	51%
Mid-level manager	65%	60%	60%	59%
Senior-level manager *	60%	56%	55%	57%
Head Office administrator	65%	57%	56%	61%
Store manager	36%	39%	43%	49%
Board of directors	17%	33%	33%	33%

*Senior manager: director and higher positions (positions that are at most 2 levels away from the CEO)

Parental Leave*	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Employees that were entitled to parental leave	42	0	68	0	91	0	91	29
Employees that took parental leave	42	0	68	0	91	0	91	29
Employees benefiting from paid parental leave beyond legal period	-	-	-	-	-	-	4	0
Employees that returned to work in the reporting period after parental leave ended	38	0	65	0	80	0	69	0
Employees that returned to work after parental leave ended that were still employed 12 months after their return to work	-	-	-	-	-	-	26	0
Employees benefiting from daycare services/ receiving financial support	-	-	-	-	-	-	21	0
Parental leave (in weeks):	16		16		16		16	
Parental leave - for fathers (in weeks):	1.5		1.5		1.5		1.5	

*Data on parental leave covers Turkiye operations only.

Salary*	2023		
	Average Female Salary (TL) & Ratio	Average Male Salary (TL) & Ratio	% Female/Male Salary)
Base salary	18,000	18,000	
Management level (base salary only)	41,312	31,567	131%
Management level (base salary + other cash incentives)	127,792	83,735	153%
Non-management level (base salary only)	17,520	17,443	100%

*Data on salaries covers only Turkiye operations.

Compensation*	2023
Mean Employee Compensation	23,277.77
Median Employee Compensation	17,002.13

*Data on compensation covers only Turkiye operations.

Trainings

Data on training hours represent at least 95% of all operations.

Training times-head office*	2020		2021		2022		2023	
	Total		Female	Male	Female	Male	Female	Male
Total training hours	2,157		7,492	3,900	11,176	5,758	12,405	6,998
Number of employees	-	-	477	324	558	365	443	250
Average hours of training per employee	-	-	15.7	12.0	20.0	15.8	28	28
Average hours of training per employee under 30 years old	-	-	-	-	-	-	28	23
Average hours of training per employee between 30 and 50 years old	-	-	-	-	-	-	29	31
Average hours of training per employee over 50 years old	-	-	-	-	-	-	10	22.5

*This data excludes orientation, video trainings and procedure trainings.

Training Times - Stores	2020		2021		2022		2023	
	Female	Male	Female	Male	Female	Male	Female	Male
Total training hours	28,451	25,897	57,036	45,226	61,202	44,405	58,044	49,415
Average hours of training per employee	16.25	16.25	26.72	26.72	22.68	22.68	21.58	21.58
Average hours of training per employee under 30 years old	-	-	-	-	-	-	10.3	10.9
Average hours of training per employee between 30 and 50 years old	-	-	-	-	-	-	22.2	33.5
Average hours of training per employee over 50 years old	-	-	-	-	-	-	21.3	11.3

Training Times Total	2023
Total training hours	126,862
Number of employees	5673
Average hours of training per employee	22.4

OHS Training*	2020	2021	2022		2023	
	Total	Total	Female	Male	Female	Male
Total training hours	4,984	27,576	21,080	13,056	27,816	16,776
Average training time per employee	8	8	8	8	9	9

*Training time covers only Turkiye and Russia operations.

OHS Training - Subcontractors*	2020	2021	2022		2023	
	Total	Total	Female	Male	Female	Male
Total training time	4,524	736	32	592	100	1,008
Average training time per employee	8	8	8	8	9	9

*Training time covers only Turkiye and Russia operations.

Occupational Health and Safety

Occupational Health and Safety data represents at least 95% of all operations.

Occupational Health and Safety	2020	2021	2022	2023
Injury cases (employees)	1	25	83	58
Injury cases (contractors)	0	0	0	1
Injury cases (total)	1	25	83	59
Lost time accidents (employees)	1	25	34	35
Lost time accidents (contractors)	0	0	0	1
Lost time accidents (total)	1	25	34	36
Fatalities (employees)	1	0	0	0
Fatalities (contractors)	0	0	0	0
Fatalities (total)	1	0	0	0
Accidents (employees)	48	72	107	140
Accidents (contractors)	22	1	0	1
Accidents (total)	70	73	107	141
Lost time injury frequency rate (LTIFR) (employees)	0.09	3.88	4.52	5.29
Lost time injury frequency rate (LTIFR) (contractors)	0	0	0	6
Lost time injury frequency rate (LTIFR) (total)	0.08	3.10	4.42	5.29
Lost days (employees)	71	119	240	109
Lost days (contractors)	0	0	0	3
Lost days (total)	71	119	240	112
Lost workday rate (LWD) (employees)	1.30	3.69	6.39	3.29
Lost workday rate (LWD) (contractors)	0	0	0	3
Lost workday rate (LWD) (total)	1.18	2.95	6.25	3.29
Occupational disease cases (employees)	0	0	0	0
Occupational disease cases (contractors)	0	0	0	0
Occupational disease cases (total)	0	0	0	0

Supplier Audit Statistics 2023

Supplier Audit Statistics 2023	Main Supplier	Sub-manufacturers	Local main supplier	Local Sub-manufacturers	Critical main supplier	Strategic main supplier	Wet Process sub-Manufacturers of Critical Main Suppliers	Wet Process sub-Downstream Manufacturers of Strategic Main Suppliers
Total supplier rate	129	489	103	411	38	18	48	40
Number of suppliers subjected to social audit	105	365	105	365	15	4	7	1
Number of suppliers subjected to environmental audits	17	34	17	34	2	5	48	40
Number of suppliers with potential negative social impacts identified	5	26	5	26	0	0	0	0
Number of suppliers with potential negative environmental impacts identified	0	0	0	0	0	0	0	0
Number of suppliers which their relationships were terminated after social audit	5	26	5	26	0	0	0	0
Number of suppliers which their relationships were terminated after environmental audits	0	0	0	0	0	0	0	0

Environmental Performance Indicators

GHG Emissions	Unit	2019	2021	2022	2023
Scope 1 ¹	ton CO ₂ eq.	2,469.80	2,449.81	1,810.05	2,004.51
Scope 2 ¹ (market-based)	ton CO ₂ eq.	4,609.78	37.05	42.10	73.50
Scope 3	ton CO ₂ eq.	181,217.46	178,944.60	239,959.69	209,779.63
Total	ton CO ₂ eq.	188,297.03	181,431.47	241,811.85	211,857.63
Emissions within the scope of approved SBTi target (Scope 1 + 2)	ton CO ₂ eq.	7,079.58	2,486.86	1,852.16	2,078.00
Emissions within the scope of approved SBTi target (Scope 3)	ton CO ₂ eq.	159,817.47	157,525.46	215,476.80	186,837.24
GHG emission reduction rate compared to the base year 2019 (Scope 1 + 2)	%	-	64.87%	73.84%	70.65%
GHG emission reduction rate compared to the base year 2019 (Scope 3 - Purchased Goods and Services only, per TL value added)	%	-	41.62%	81.72%	87.04%
Scope 3 - Purchased products and services	ton CO ₂ eq.	159,817.47	157,525.46	215,476.80	186,837.24
Scope 3 - Fuel and energy related activities	ton CO ₂ eq.	165.95	162.71	189.91	222.15
Scope 3 - Upstream transportation and distribution	ton CO ₂ eq.	3,567.79	3,755.57	3,581.07	3,149.97
Scope 3 - Waste generated in operations	ton CO ₂ eq.	63.06	64.36	70.59	85.60
Scope 3 - Business travel	ton CO ₂ eq.	452.32	295.87	626.61	926.75
Scope 3 - Employee commuting	ton CO ₂ eq.	350.87	328.14	408.85	504.41
Scope 3 - Upstream leased assets	ton CO ₂ eq.	8,185.99	8,185.99	8,387.22	6,328.90
Scope 3 - Franchises	ton CO ₂ eq.	1,703.20	1,343.48	1,228.39	1,704.75
Scope 3 - End of life treatment of sold products	ton CO ₂ eq.	6,910.80	7,283.02	9,990.25	10,019.85
GHG intensity, (Scope 1+2 per revenues in TL million)	ton CO ₂ eq. / TL million	5.04	1.05	0.18	0.16

¹Scope 1 and 2 emissions cover operations in Türkiye, USA, Canada, EU and Russia. Scope 1 includes natural gas and fuel consumption, emissions from air conditioning gas leaks while Scope 2 includes emissions from purchased electricity. In 2023, emission sources where operational control is not possible were moved to Scope 3. While at the same time, emission sources which were previously in Scope 3 where operational control is shown were moved to Scope 1 or Scope 2. Gross profit is used for Scope 3 Science Based Targets calculations. Gross profit values for 2022 and 2023 were revisited due to inflation accounting rule applied in Türkiye.

Energy ¹	Unit	2019	2021	2022	2023
Non-renewable fuel consumption	MWh	3,849.20	3,749.16	4,344.17	4,932.95
Renewable electricity consumption	MWh	0.00	10,392.55	11,327.55	11,347.96
Non-renewable electricity consumption	MWh	10,493.17	100.62	114.33	361.40
Total energy consumption	MWh	14,342.37	14,242.33	15,786.05	16,642.31
Energy intensity (per revenue)	MWh / TL million	5.01	3.08	0.75	0.63

¹Energy consumption table only covers energy use related to Scope 1 and 2 GHG emissions. Revenue values for 2022 and 2023 were revisited due to inflation accounting rule applied in Türkiye.

Raw Materials and Other Materials Used in Packaging (tonnes)	2020	2021	2022	2023
Paper	1,895.57	2,544.13	3,051.69	3,332.92
Plastic	131	178.33	65.94	151.52
Glass	23.02	62.03	58.97	148.81

Waste Quantity (tonnes)	2020	2021	2022	2023
Total non-hazardous waste	2,308.39	3,010.41	3,311.49	4,014.40
Total hazardous waste	1.24	0.33	0.53	2.2
Recycled waste	370.65	608.68	382.5	587
Burned waste	260.04	226.25	124.94	370.66

Water Withdrawal Quantity (m³)	2020	2021	2022	2023
Municipal water	9,422	6,338	10,368	11,107

Index

UNGC References

Impact Area	Principles	Related Section in the Report
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Better.Empower – People-oriented Mavi Culture & Inclusive Business Model and Responsible Value Chain
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Better.Empower – People-oriented Mavi Culture & Inclusive Business Model and Responsible Value Chain
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	
	Principle 5: Businesses should uphold the effective abolition of child labor.	
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	Better.Protect – Tackling Climate Crisis & Ecosystem Restoration
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance – Business Ethics

WEPs References

Principles	Related Section in the Report
Principle 1: Establish high-level corporate leadership for gender equality.	Better.Empower – Equal Opportunity and Diversity
Principle 2: Treat all women and men fairly at work – respect and support human rights and nondiscrimination.	
Principle 3: Ensure the health, safety and well-being of all women and men workers.	
Principle 4: Promote education, training, and professional development for women.	
Principle 5: Implement enterprise development, supply chain, and marketing practices that empower women.	
Principle 6: Promote equality through community initiatives and advocacy.	
Principle 7: Measure and publicly report on progress to achieve gender equality.	

GRI Content Index

The information is reported in accordance with the GRI Standards for the period from February 1, 2023 to January 31, 2024.
GRI: Foundation 2021 is used as GRI 1

GRI 2: GENERAL DISCLOSURES 2021			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
The organization and its reporting practices			
GRI 2-1	Organizational details	8-13, 266	
GRI 2-2	Entities included in the organization's sustainability reporting	66, 207-223	
GRI 2-3	Reporting period, frequency and contact point	66	
GRI 2-4	Restatements of information	207-223	
GRI 2-5	External assurance	External assurance process in place for GHG emissions. CDP Climate Change 2024 External Assurance	
Activities and workers			
GRI 2-6	Activities, value chain and other business relationships	136-137	
GRI 2-7	Employees	207-223	
GRI 2-8	Workers who are not employees	207-223	
Governance			
GRI 2-9	Governance structure and composition	244-250, 255-261	
GRI 2-10	Nomination and selection of the highest governance body	Board Diversity Policy	
GRI 2-11	Chair of the highest governance body	256	
GRI 2-12	Role of the highest governance body in overseeing the management of impacts	Duties and Working Principles of The Sustainability Committee	
GRI 2-13	Delegation of responsibility for managing impacts	244-250	
GRI 2-14	Role of the highest governance body in sustainability reporting	Duties and Working Principles of The Sustainability Committee	
GRI 2-15	Conflicts of interest	Mavi Code of Conduct	

GRI 2-16	Communication of critical concerns	250-254	
GRI 2-17	Collective knowledge of the highest governance body	256-260	
GRI 2-18	Evaluation of the performance of the highest governance body	283	
GRI 2-19	Remuneration policies	Remuneration Policy	
GRI 2-20	Process to determine remuneration	113	
GRI 2-21	Annual total compensation ratio		Confidential
Strategy, policies and practices			
GRI 2-22	Statement on sustainable development strategy	265-266	
GRI 2-23	Policy commitments	Mavi Code of Conduct Human Rights Policy	
GRI 2-24	Embedding policy commitments	Mavi Code of Conduct Human Rights Policy Duties and Working Principles of The Sustainability Committee	
GRI 2-25	Processes to remediate negative impacts	Mavi Code of Conduct	
GRI 2-26	Mechanisms for seeking advice and raising concerns	250-253	
GRI 2-27	Compliance with laws and regulations	266-268	
GRI 2-28	Membership associations	205	
Stakeholder engagement			
GRI 2-29	Approach to stakeholder engagement	90-91, 206	
GRI 2-30	Collective bargaining agreements		No employees under a collective bargaining agreement.

GRI 3: MATERIAL TOPICS 2021			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-1	Process to determine material topics	90-91	
GRI 3-2	List of material topics	93	
Material Topic: Water And Wastewater			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	94-99	
GRI 303: Water and Effluents 2018			
GRI 303-1	Interactions with water as a shared resource	Mavi CDP Water Security 2023	
GRI 303-5	Water consumption	223	
Material Topic: Customer Satisfaction			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	94-99	
	Customer satisfaction policy	Customer Satisfaction Policy	
	Number of loyalty program members	61	
	Number of active loyalty program members	61	
	Percentage of retail revenues attributed to loyalty program	61	
	Number of new customers	61	
GRI 418: Customer Privacy 2016			
GRI 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	173	
Material Topic: R&D And Innovation			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	94-99	
	% of revenues allocated to R&D	173	
	% increase of revenues generated from products in All Blue collection	173	

	Number of employees in the R&D department	173	
Material Topic: Raw Material Management			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	94-99	
GRI 301: Materials 2016			
GRI 301-1	Materials used by weight or volume	152	
GRI 301-2	Recycled input materials used	152	
GRI 204: Procurement Practices 2016			
GRI 204-1	Proportion of spending on local suppliers	86	
	% of sustainable alternatives used for fibers	189	
Material Topic: Brand Reputation			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	94-99	
	Awards received during the financial year	63	
GRI 417: Marketing and Labeling 2016			
GRI 417-2	Incidents of non-compliance concerning product and service information and labeling	167	
GRI 417-3	Incidents of non-compliance concerning marketing communications	167	
Material Topic: Human Rights And Fair Working Conditions			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	94-99	
GRI 205: Anti-corruption 2016			
GRI 205-2	Communication and training about anti-corruption policies and procedures	Mavi Code of Conduct	
GRI 205-3	Confirmed incidents of corruption and actions taken	252-253	

GRI 401: Employment 2016			
GRI 401-1	New employee hires and employee turnover	210-212	
GRI 401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	113-115	
GRI 401-3	Parental leave	109	
GRI 403: Occupational Health and Safety 2018			
GRI 403-1	Occupational health and safety management system	129-133	
GRI 403-2	Hazard identification risk assessment, and incident investigation	129-133	
GRI 403-3	Occupational health services	129-133	
GRI 403-4	Worker participation consultation and communication on occupational health and safety	129-133	
GRI 403-5	Worker training on occupational health and safety	133	
GRI 403-6	Promotion of worker health	129-133	
GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	129-133	
GRI 403-8	Workers covered by occupational health and safety management system	129-133	
GRI 403-9	Work-related injuries	230	
GRI 403-10	Work-related ill health	230	
GRI 404: Training and Education 2016			
GRI 404-1	Average hours of training per year per employee	119	
GRI 404-2	Programs for upgrading employee skills and transition assistance programs	118-127	
GRI 404-3	Percentage of employees receiving regular performance and career development reviews	213	
GRI 405: Diversity and Equal Opportunity 2016			
GRI 405-1	Diversity of governance bodies and employees	105	
GRI 405-2	Ratio of basic salary and remuneration of women to men	105	

GRI 407: Freedom of Association and Collective Bargaining 2016			
GRI 407-1	Operations and suppliers at significant risk for incidents of freedom of association and collective bargaining	141	
GRI 408: Child Labor 2016			
GRI 408-1	Operations and suppliers at significant risk for incidents of child labor	141	
GRI 409: Forced or Compulsory Labor 2016			
GRI 409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	141	
GRI 414: Supplier Social Assessment 2016			
GRI 414-1	New suppliers that were screened using social criteria	221	
GRI 414-2	Negative social impacts in the supply chain and actions taken	139-143	
Material Topic: Climate Change And Energy			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	94-99	
GRI 302: Energy 2016			
GRI 302-1	Energy consumption within the organization	223	
GRI 302-3	Energy intensity	223	
GRI 302-4	Reduction of energy consumption	154-155, 223	
GRI 305: Emissions 2016			
GRI 305-1	Direct (Scope 1) GHG Emissions	222	
GRI 305-2	Energy indirect (Scope 2) GHG Emissions	222	
GRI 305-3	Other indirect (Scope 3) GHG Emissions	222	
GRI 305-4	GHG Emissions intensity	222	
GRI 305-5	Reduction of GHG Emissions	147-150	

Material Topic: Wastes			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	94-99	
GRI 306: Waste 2020			
GRI 306-1	Waste generation and significant waste-related impacts	161	
GRI 306-2	Management of significant waste-related impacts	161	
GRI 306-3	Waste generated	223	
GRI 306-4	Waste diverted from disposal	223	
GRI 306-5	Waste directed to disposal	223	
Material Topic: Chemicals Management			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	94-99	
Material Topic: Supply Chain Management			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	94-99	
GRI 308: Supplier Environmental Assessment 2016			
GRI 308-2	Negative environmental impacts in the supply chain and actions taken	159	
Material Topic: Biodiversity			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 3-3	Management of material topics	94-99	

GRI 304: Biodiversity 2016 (updated as GRI 101: Biodiversity 2024)			
GRI 304-2	Significant impacts of activities, products, and services on biodiversity	163	
GRI 101-2	Management of biodiversity impacts	163	
OTHER TOPICS			
Disclosure Number	Disclosure Name	Page number / document	If omitted, reasons for omission
GRI 201: Economic Performance 2020			
GRI 201-1	Direct economic value generated and distributed	8	
GRI 201-2	Financial implications and other risks and opportunities due to climate change	Mavi CDP Climate Change 2023, Page 4-8	

Sustainability Principles Compliance Framework

Sustainability Principles Compliance Outline		COMPLIANCE STATUS				ANNUAL REPORT WHERE RELATED INFORMATION IS DISCLOSED PUBLICLY (PAGE NO./LINK)	
		YES	NO	PARTIAL	N/A		
A. General Principles							
A1. Strategy, Policy and Goals							
A.1.1	The Board of Directors should determine ESG-priority issues, risks and opportunities, and form ESG policies in accordance with them.	X					66-99
	For the sake of effective implementation of the aforesaid policies, internal directives, work procedures, etc. may be prepared for the corporation. For these policies, a decision of the Board of Directors should be taken and made public.	X					Mavi - Policies
A1.2	Should determine and publicly disclose its short and long-term goals in line with its ESG policies.	X					79-85
A2. Implementation / Monitoring							
A2.1	Should appoint and publicly disclose its committees/units in charge of implementation of ESG policies.	X					Mavi Sustainability Committee Duties and Working Principles
	Committees/units in charge should report the activities carried out under the policies to the Board of Directors at least once a year and in any case, within the maximum periods of time stipulated for disclosure of annual reports in the regulations of the Board pertaining thereto.	X					Mavi Sustainability Committee Duties and Working Principles
A2.2	Should formulate and publicly disclose the implementation and action plans in line with the short- and long-term goals determined as above.	X					79-85
A2.3	Should determine ESG Key Performance Indicators (KPIs) and declare them comparatively on an annual basis.	X					79-85, 222-223
A2.4	Should declare innovation activities aimed to improve the sustainability performance in relation with business processes or products and services.	X					66-120

A3. Reporting							
A3.1	Should report and publicly disclose its sustainability performance, goals, and actions at least once a year. Should provide information about its sustainability activities within its annual report.	X					79-85
A3.2	Should provide information as to with which of the United Nations (UN) 2030 Sustainability Development Goals its activities are related.	X					79-85
A3.3	Should disclose information about lawsuits filed and/or completed against it in environmental, social and corporate governance issues.	X					146, 267
A4. Verification							
A4.1	If verified by independent third parties (independent sustainability assurance providers), it should disclose its sustainability performance measures, and should endeavor to increase said verification actions.	X					External assurance process in place for GHG emissions. CDP Climate Change 2024 External Assurance
B. Environmental Principles							
B1	Should declare its policies and practices, action plans, and environmental management systems (known as ISO 14001 standard) and programs.	X					146-163
B2	Should disclose limitations to the environmental report that will be prepared under the Sustainability Principles, reporting period, reporting date, data collection process and restrictions in reporting conditions.	X					66
B3	Provided in A2.1.	X					
B4	Should disclose the incentives it offers for management of environmental issues, including the achievement of goals.	X					112-115
B5	Should disclose how environmental issues are integrated into business objectives and strategies.	X					94-99
B6	Provided in A2.4.	X					
B7	Should disclose how it manages environmental issues and integrates suppliers and customers into its strategies, not only in terms of direct operations, but also along the corporation value chain.	X					94-99

B8	Should disclose whether it is included in the (sectoral, regional, national, and international) policy formulating processes on environmental issues or not, as well as associations it is a member of, its environmental cooperation initiatives entered into with related institutions and non-governmental organizations, and its duties and functions, if any, assumed thereon, and the activities supported by it.	X					94-99, 205
B9	Should periodically report in a comparable manner, information about environmental effects in the light of environmental indicators [Greenhouse gas emissions [Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)], air quality, energy management, water and waste water management, waste management, biodiversity effects].	X					222-223
B10	Should disclose details in relation to standards, protocols, methodologies, and base year employed for collection and calculation of its data.	X					222-223
B11	Should declare the status of environmental indicators for the reporting year in comparison with past years (increase or decrease).	X					222-223
B12	Should determine and disclose short and long-term goals for reduction of its environmental impact. If an improvement is detected in the reporting year over the previously determined goals, it should provide information thereabout.	X					80, 222-223
B13	Should disclose its strategy and actions for fight against climate crisis.	X					80, 222-223
B14	Should disclose its programs or procedures aiming to prevent or minimize the potential negative effects of its products and/or services.	X					156-157
	Should also declare the actions of third parties aiming to reduce greenhouse gas emissions.	X					158
B15	Should declare the total number of actions taken, projects implemented and initiatives entered into for reduction of its environmental impact, as well as their environmental benefits and cost savings.	X					154-155, 158
B16	Should report total energy consumption data (with the exception of raw materials), and disclose its energy consumptions as Scope-1 and Scope-2.	X					222

B17	Should provide information about electricity, heat, steam, and cooling generated and consumed in the reporting year.	X					223
B18	Should carry out and disclose works on increasing the use of renewable energy sources, and transition to zero or low carbon electricity.	X					154-155
B19	Should disclose its renewable energy generation and consumption data.	X					154-155, 223
B20	Should conduct energy efficiency projects, and disclose the resulting reduction in energy consumption and emission due to its projects.	X					154-155
B21	Should report quantities, sources, and procedures of water extracted from underground or ground waters, used, recycled, and discharged (Total water extraction on source basis, water sources affected from water extraction, percentage and total volume of recycled and reused water, etc.).	X					223
B22	Should disclose whether its operations or activities are included in any carbon pricing system or not (Emission Trade System, Cap & Trade or Carbon Tax).	X				Mavi is not included in any carbon pricing schemes. Developments are monitored.	Mavi 2023 CDP Climate Change, p. 44
B23	Should disclose its carbon credit data accumulated or bought in the reporting period.	X				There is no accumulated or purchased carbon credit.	Mavi 2023 CDP Climate Change, p. 44
B24	If carbon pricing is applied in the corporation, it should disclose details relating thereto.	X					Mavi 2023 CDP Climate Change, p. 44
B25	Should disclose all mandatory and voluntary platforms where its environmental data are disclosed.	X					147

C. Social Principles							
C1. Human Rights and Employee Rights							
C1.1	Should establish a Corporate Human Rights and Employee Rights Policy covering its commitment of full compliance with the Universal Declaration of Human Rights, ILO Conventions ratified by Türkiye, and legal framework and legislation regulating human rights and labor issues in Türkiye. Should disclose the aforesaid policy and the roles played and responsibilities assumed in the implementation of the policy	X					Human Rights Policy
C1.2	Should provide equal opportunities in recruitment processes. Includes fair labor, improvement of working standards, employment of women, and social inclusion issues (such as nondiscrimination towards women, men, religious beliefs, language, race, ethnical origin, age, disablement, refugees, etc.) in its policies by also considering the supply and value chain effects.	X					Diversity and Inclusion Policy Supplier Code of Conduct
C1.3	Should disclose measures taken along the value chain for the sake of supervision and protection of rights/ equal opportunities for minorities or certain population segments vulnerable to particular economic, environmental and social factors (low income segments, women, etc.).	X					139-141
C1.4	Should report developments relating to applications aiming to prevent and correct discrimination, inequality, breaches of human rights, and forced labor, and disclose its regulations and measures aiming to prevent employment of child labor.	X					139-141
C1.5	Should disclose its policies regarding investments in employees (training and development policies), compensations, fringe benefits, unionization rights, work/life balance solutions, and talent management.	X					Mavi's People and Its Principles Severance Policy Remuneration Policy
	Should determine dispute resolution processes through the establishment of mechanisms for resolution of employee complaints and disputes, and determine its dispute resolution processes.	X					Mavi's People and Its Principles
	Regularly declares its activities aimed at employee satisfaction.	X					Mavi's People and Its Principles 129
C1.6	Should disclose actions and measures taken for protection of health and against occupational accidents, and occupational accident statistics.	X					129-131
	Should disclose measures taken to prevent occupational accidents and protect health and accident statistics.	X					129-131, 220

C1.7	Should formulate and disclose to public its personal data protection and data security policies.	X					Data Protection Policy Privacy Notice
C1.8	Should formulate and disclose its ethics policy.	X					Mavi's People and Its Principles Supplier Code of Conduct
C1.9	Should disclose initiatives focused on social investment, social responsibility, financial inclusion, and access to finance.	X					193-199
C1.10	Should organize information meetings and training programs for employees with respect to ESG policies and applications.	X					206
C2. Stakeholders, International Standards and Initiatives							
C2.1	Should formulate and disclose its customer satisfaction policy dealing with management and resolution of customer complaints	X					Customer Satisfaction Policy
C2.2	Should handle stakeholder communications continuously and transparently, and disclose with which stakeholders, for which purposes, on which issues and in which frequency it communicates.	X					206
C2.3	Should disclose international reporting standards it has adopted.	X					Mavi 2023 CDP Climate Change, p. 24 66
C2.4	Should disclose the international organizations or principles it has signed or enrolled in and the international principles it has adopted.	X					205
C2.5	Should concretely endeavor to be included in the Borsa İstanbul Sustainability Index and international sustainability indices.	X					90, 266
D. Corporate Governance Principles							
D1	Should consult with stakeholders in determination of measures and strategies in sustainability field.	X					243-271
D2	Should endeavor to raise awareness on sustainability and the importance thereof through social responsibility projects, awareness activities, and trainings.	X					191-199

05

Corporate Governance

- 5.1 Declaration of Compliance with Corporate Governance Principles
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-

Corporate Governance

Mavi's corporate culture is defined by remaining close to its customers, being passionate for its product quality, earning the trust of its employees, and building long-term partnerships. Mavi conducts its operations with a corporate governance and sustainability approach based on the principles of transparency, fairness, responsibility, and accountability. Mavi continues to design its corporate governance processes to enable transparency for both internal and external shareholders. In determining its corporate governance strategy, Mavi considers the sustainability principles and the environmental impact of its operations.

Since the introduction of a dedicated sustainability organization in 2020, Mavi continues to make strides every year in managing its business processes with an integrated approach and in line with measurable targets.

5.1 Declaration Of Compliance With Corporate Governance Principles

Since starting to trade on Borsa Istanbul on June 15, 2017, Mavi has been subject to CMB regulations. Per policy, Mavi fully complies with the mandatory principles set out in the Corporate Governance Communiqué No. II-17.1. Mavi also aims to achieve full compliance with non-mandatory corporate governance principles and currently works on the principles that have yet to be implemented.

The Corporate Governance Compliance Report ("URF") and Corporate Governance Information Form ("KYBF") pertaining to the Company's special accounting period of February 1, 2023-January 31, 2024 have been prepared in accordance with the presentation principles laid out by the CMB's resolution no. 2/49 dated January 10, 2019, published in the CMB Weekly Bulletin, and duly approved by the Company's Board of Directors.

The non-mandatory Corporate Governance principles – marked "partial" or "no" in the above mentioned Corporate Governance Compliance Report (URF) published on the Public Disclosure Platform – that Mavi has yet to implement are indicated below, along with their respective descriptions. Mavi has not been exposed to any conflicts of interest due to lack of full compliance with the non-mandatory principles.

Article 1.5.2. Under the Articles of Association, minority rights are not granted to shareholders who hold less than one twentieth of the capital and in line with general practices, minority shareholders hold rights accorded by the general provisions of law.

Article 3.1.3. Policies that address stakeholders’ rights are published on the corporate website, while other procedures are provided on the internal disclosure platform, Maviletişim.

Article 4.4.7. The Board members are made sure to allocate sufficient time to company business and are not restricted in terms of assuming other positions outside the company. Considering the professional and sector-specific experience that the members bring to the Board of Directors, imposing restrictions on their external duties is not deemed necessary. The Board members’ résumés and the external duties they hold are presented to the shareholders before the General Assembly Meeting.

Article 4.5.5. Considering various factors such as the volume of operations and administrative needs, Mavi has determined the number of independent members to serve on the Board of Directors as three. Currently, the Board has three committees. Given that the committee chairs are required to be independent members according to the relevant principle, these independent directors serve on multiple committees. These committee assignments do not give rise to any conflicts of interest within the Company.

Article 4.6.1. A specific performance appraisal has not been conducted on Board level.

Article 4.6.5. The remunerations of the Board members are determined by the General Assembly. Furthermore, remunerations of Board members and senior executives are disclosed to the public in the Company’s financial table notes as a total figure in line with general practices.

In 2023, all corporate governance practices, the Ordinary General Assembly process, and the Board committees’ activities were carried out in accordance with the Capital Markets Law, which includes the CMB’s corporate governance principles and the communiqués based on this Law.

5.2 Explanations Regarding Corporate Governance

Shareholders

The Investor Relations Department is responsible for informing the local and foreign investors in an accurate, consistent, and timely manner (while protecting trade secrets and confidential information and avoiding asymmetrical dissemination of information), elevating the Company’s profile and credibility, ensuring two-way communication and information flow between the Board of Directors and the capital markets regulators and participants, complying with legislation and the Articles of Association related to shareholder rights, and fulfilling the public disclosure obligations in accordance with applicable legislation and the Company’s Disclosure Policy. The Investor Relations Department reports directly to the CFO.

No discrimination is made among shareholders in terms of exercising the right to view and request information, and all information, other than those considered trade secrets, is disseminated to shareholders in accordance with the company’s Disclosure Policy to avoid inequality in obtaining information.

The Investor Relations Department promptly responds to shareholders’ and other stakeholders’ information requests and questions via various channels and the most effective means of communication. Furthermore, in order to enable shareholders to exercise their right to information in the most efficient manner, the Department maintains an Investor Relations tab on the corporate website (mavicompany.com) – also linked from the official website (www. mavi.com) – where investors and other stakeholders are provided with all publicly available financial and operational data, all the company’s material event disclosures, and public announcements and notifications. The website is available in English and Turkish. Additionally, individuals or institutions may subscribe to the Investor Relations Department’s mailing list to receive emails about the company’s latest operational and financial announcements.

In the special accounting period from February 1, 2023 to January 31, 2024, the Investor Relations Department attended 11 online and in-person investor conferences to share Mavi’s financial, operational, and strategic developments with investors and analysts. At these events and in further meetings, the company engaged with 249 investors and analysts from 115 local or international institutions and funds. Furthermore, throughout the year, the Department held four webcasts to present the quarterly earnings releases to the investors and analysts. The recordings and transcriptions of the webcasts, presentations, and the questions addressed to the management as well as the answers were duly posted on the corporate website for the investors and analysts who were unable to participate in the events on the announced days and times.

All the requests for information received by phone or email in the special accounting period from February 1, 2023 to January 31, 2024 were answered in accordance with the company’s Disclosure Policy and in line with the publicly available information. In this period, the department also responded to the information requests of nearly 200 local retail investors.

The Investor Relations Department submits monthly and quarterly reports to the Board of Directors on Mavi’s stock performance and the macroeconomic and industry developments and also presents an annual report to the Corporate Governance Committee on investor relations activities throughout the year.

Contact details of the Investor Relations Department:

Duygu İnceöz
Senior Director, Investor Relations
Phone: +90 (212) 371 20 29
Email: Duygu.inceoz@mavi.com

Board of Directors

The Board of Directors is primarily responsible for defining the company’s strategic targets, determining the workforce and financial resources needed, and overseeing the performance of the executive management. The Board of Directors consists of two types of members: executive members and non-executive members. Non-executive members, free of any other administrative duties at the company, will constitute the majority of Board members.

The company is governed and represented by a Board of Directors consisting of six members. Half of Mavi’s Board members are elected from among candidates nominated by Group A shareholders. The Chairperson of the Board of Directors is elected from among the Board members nominated by Group A shareholders.

A sufficient number of independent members are appointed to the Board of Directors by the General Assembly, in line with the principles concerning independence of the members of Boards of Directors, as set out in the CMB’s Corporate Governance Principles. Within the special accounting period from February 1, 2023 to January 31, 2024, two independent board members - Ahmet Fadıl Ashaboğlu and Nevzat Aydın - resigned from their positions as their independence status was no longer valid as of July 17, 2023, per article 4.3.6-g of the Corporate Governance Communiqué (II - 17.1), published by the Capital Markets Board, that requires independent members not to have served on the company’s Board of Directors for more than six years in the last ten years. İbrahim Tamer Haşimoğlu and Nedim Nahmias, nominated by the Corporate Governance Committee based on their considerations, were appointed by the Board of Directors as Independent Members, after securing the approval of the Capital Markets Board. Effective July 17, 2023, the appointees will complete the term of office of their predecessors and the appointments will be submitted to the shareholders at the first upcoming General Assembly meeting for approval. Including the new appointees, the average term of office for the Board members for 2023 is three years.

In line with Mavi’s Board Diversity Policy, the company aims to increase the female membership ratio in its Board of Directors to one-third by 2024 and to maintain this ratio thereafter. Accordingly, two women were elected to the Board of Directors at the General Assembly Meeting on April 28, 2021, reaching the target earlier than planned.

The agenda topics of the Board meetings are determined by the Chairperson, or the Vice Chairperson in the absence of the Chairperson, by considering the executive management’s suggestions. The Board convenes and/or passes resolutions as and when the company’s affairs necessitate upon the request of the Chairperson or the Vice Chairperson in the absence of the Chairperson. In the special accounting period from February 1, 2023 to January 31, 2024, the Board of Directors convened five times and passed 84 resolutions. All members generally attend the Board meetings held in accordance with Article 390/1 of the Turkish Commercial Code. In February 2024, an amendment was made to the Internal Directive on the Board of Directors’ Working Principles and Procedures, further to the recommendation of the Corporate Governance Committee and upon the approval of

the Board of Directors. The added provision now requires all Board members to attend at least 75% of the regularly scheduled Board meetings, duly called in accordance with the Internal Directive, and to provide a valid excuse if they are unable to attend. Mavi’s Articles of Association include no provisions granting Board members weighted vote or veto rights in Board meetings. In the 2023 reporting period, no related party transactions or material transactions, which were disapproved by the independent members and therefore required presentation to the General Assembly for approval, took place.

The Company holds an executive liability insurance with a coverage of USD 7.5 million, extending to all members of the Board of Directors and the senior management of Mavi and its affiliates/ subsidiaries.

Currently, the Board of Directors of Mavi consists of six members whose positions are detailed below.

Name	Position	Other Positions Within the Group and Name of the Relevant Company	Positions External to the Group and Name of the Relevant Company
Ragıp Ersin Akarlılar	Chairman Non-executive	President - Mavi USA Head of Supervisory Board - Mavi Germany Company Secretary - Mavi Canada	-
İbrahim Tamer Haşimoğlu	Vice Chairman Independent Board Member - Non-Executive	-	Board memberships at Koç Group companies, Kamil Yazıcı Management Consultancy Company, and Anadolu Group Holding companies, Member of the Board of Trustees at TÜSİAD and Hisar Education Foundation (HEV)
Ahmet Cüneyt Yavuz	Board Member Executive CEO	Supervisory Board Member - Mavi Germany	-
Fatma Elif Akarlılar	Board Member Executive Chief Brand Officer	Supervisory Board Member – Mavi Germany	-
Nedim Nahmias	Independent Board Member Non-executive	-	COO (Chief Operating Officer) at Yemeksepeti (Delivery Hero)
Zeynep Yalım Uzun	Independent Director Non-executive	-	Non-executive Director - Doğanlar Furniture Group; Executive Board member - European Women on Boards; Board Member - Turkish Futurist Association

Board Committees and the Board of Directors’ Review of the Committees’ Effectiveness

The Board of Directors has established an Audit Committee, a Corporate Governance Committee, and an Early Identification of Risk Committee to ensure that the Board fulfills its duties and responsibilities in a safe and sound manner. The committees carry out their duties in accordance with the specified operating principles, which are also available on the corporate website.

The Board of Directors appointed members to these committees on April 27, 2023 and disclosed the resolution on the Public Disclosure Platform (PDP). On July 17, 2023, The Board of Directors resolved to assign the roles of Audit Committee Head and the Early Detection of Risks Committee Head to İbrahim Tamer Haşimoğlu, who was appointed to the independent director position vacated by Ahmet Ashaboğlu, and the role of Audit Committee member to Nedim Nahmias, who was appointed to the independent director position vacated by Nevzat Aydın..

The company has not formed a Nomination Committee or a Remuneration Committee in 2023 and the relevant functions are delegated to the Corporate Governance Committee. The Board of Directors provides all resources and extends full support to the committees for performance of their assigned duties.

Executive members are not eligible for appointment to these committees. The heads of the three Board committees and the Audit Committee members are Independent Directors.

Audit Committee

Name	Title on the Committee	Independent/Non-executive
İbrahim Tamer Haşimoğlu	Head	Independent, non-executive
Nedim Nahmias	Member	Independent, non-executive

The Audit Committee oversees the company’s accounting system, public disclosure of financial information, and functioning and effectiveness of the internal control system and the Internal Audit department. Accordingly, the Committee ensures that financial and operational activities are supervised, and all internal and independent audits are carried out in a healthy manner. The Committee also offers its opinion on the accuracy of financial statements and recommendations to the Board of Directors about the selection of the independent auditor, and reviews company policies related to investigations about legal compliance, ethical codes, conflicts of interest, poor management and fraudulent transactions, as well as suitability of corporate governance policies through the internal audit department.

The Audit Committee convenes at least four times a year and at least every three months at the company’s head office or another location upon the Committee head’s invitation. The Committee may also hold meetings with the auditors and executives to address a specific agenda. The Audit Committee convened four times during the fiscal year 2023 and also reviewed and approved the internal audit reports three times. The Audit Committee also passed eight resolutions and submitted them to the Board of Directors in writing, expressing its observations regarding the factualness, accuracy, and compliance of the annual and interim financial statements prepared for public disclosure with the company’s accounting principles along with its evaluations about the execution of the Company’s related party transactions in accordance with the relevant resolution passed at the beginning of the year.

Corporate Governance Committee

Name	Title on the Committee	Independent/Non-executive
Zeynep Yalım Uzun	Head	Independent, non-executive
Ragıp Ersin Akarlılar	Member	Non-independent, non-executive
Duygu İnceöz	Member	-

The Corporate Governance Committee was established to monitor the company’s compliance with corporate governance principles, examine the reasons for non-implementation of the principles that have yet to be implemented, and submit recommendations to the Board of Directors to improve corporate governance practices. The Committee also works in coordination with the Investor Relations department to review the requests and opinions communicated to the company by investors and shareholders, ensuring that they are resolved, and develops proposals to make sure that public disclosures and analyst presentations are made in compliance with the laws and regulations and particularly in accordance with the company’s public disclosure policy.

Since Nomination and Remuneration Committees are not yet established within Mavi, it has been accepted as a principle that the Corporate Governance Committee should fulfill the duties and responsibilities of these committees. The Committee submits reports regarding its activities and recommendations to the Board of Directors in writing.

In the fiscal year 2023, the Committee assessed the company’s corporate governance practices and the Corporate Governance Compliance Report and monitored the activities of the Investor Relations department, and served as the nomination committee for the election of independent directors to the positions vacated within the year. The Committee also submitted its opinion on the attendance fees to be paid to the non-executive directors on the Board.

Early Identification of Risks Committee

Name	Title on the Committee	Independent/Non-executive
İbrahim Tamer Haşimoğlu	Head	Independent, non-executive
Ragıp Ersin Akarlılar	Member	Non-independent, non-executive
Bige İşcan Aksaray	Member	-

The Early Identification of Risk Committee was established to identify the risks that pose a threat to the company’s existence, development and continuity ahead of time, implement risk mitigation and risk management measures, and manage the risks. The Committee submits opinions to the Board of Directors about identifying the risks that might affect the company’s stakeholders, starting with the shareholders, and establishing the internal control mechanisms, including risk management and information systems processes to minimize the impact.

The Early Identification of Risk Committee is required to convene at least six times a year and report to the Board of Directors. In the fiscal year 2023, the Committee submitted six written reports to the Board of Directors, with four on corporate risk management that involves detection of risks and determining the steps and actions to avoid or mitigate risks, and two on the efficacy of the risk management and internal control mechanisms in place to ensure that the company’s capital structure is preserved.

The Board of Directors is of the opinion that the Board committees’ activities have delivered the expected benefits.

Business Ethics

As a brand that elicits confidence from the consumer and a reputable business partner for suppliers, Mavi offers its employees a career open to development as it nurtures a strong sense of belonging and loyalty. These attributes are rooted in principles that the Company embraces and practices in all its business affairs. Since its founding, Mavi’s core principles, which ensure the sustainability of its corporate direction, have been uncompromising integrity, fairness and full compliance with laws and codes of conduct. Working under the Mavi umbrella demands professionalism and integrity under all conditions and identifying one’s personal reputation with that of the brand and the organizational structure. Accordingly, Mavi expects each employee to respect all living creatures and the environment, to maintain a sense of social responsibility, and to internalize all aspects of the business code of conduct. Mavi secures its brand image by ensuring that the employees put the brand’s interests above their own and avoid any behavior to the detriment of the company and its reputation.

The code of conduct is detailed in the booklet, Mavi’s People and Its Principles, and published on

the corporate website for all stakeholders and the intranet (Maviletişim) for all the employees. With Mavi’s People and Its Principles, the Company aims to ensure that employees embrace business ethics and comply with the codes of conduct and relevant procedures. The principles that govern key aspects such as protecting brand interests, preserving company assets, privacy and information security, nondiscrimination, and anti-bribery and anti-corruption lay out the responsibilities with which the employees and executives are required to comply.

The Legal and Compliance Division delivers training on Corporate Compliance and Ethics as part of the topics included in Mavi’s People and Its Principles. In 2023, 380 headquarters employees and 165 store management staff took the Code of Conduct training for an average of one hour per employee as part of the efforts to ensure that the ethical principles are understood and embraced by all the employees. In line with the renewed Mavi Ethics Line and the updated Mavi’s People and Its Principles, a training program titled Mavi Business Ethics and Code of Conduct Training was prepared to help all employees embrace the ethical work culture and refresh their knowledge. This interactive video training was made accessible to all company employees. In 2023, 95% of the head office employees and 73% of the store staff completed the training via the intranet.

In 2022, the Mavi Ethics Line began to operate on a new independent international system and became accessible to the employees of all subsidiaries as well. Information regarding the ethics line is provided via the intranet and with posters placed in all stores.

Please click to access [Mavi’s People and Its Principles](#).

The Mavi Compliance Project that the Board of Directors launched to review the existing ethics and compliance policies, procedures and activities and to respond to all stakeholder expectations with best practices by elevating the compliance maturity levels was completed in 2022. During the project, the internal regulations, related documentation, and all relevant processes, including Mavi’s People and Its Principles, the Company’s code of conduct, the Anti-bribery and Anti-corruption Policy and Ethics Line, were revised and updated. Furthermore, the Compliance Policy, which includes all of these processes and provides a framework for Mavi’s approach to the best corporate governance practices and ethical codes and defines where Mavi stands and how Mavi addresses compliance topics, was published and made available on the corporate website in the “Policies & Ethics” section under the “Ethics” heading for all stakeholders and the intranet (Maviletişim) for the employees. As a result, all employees of Mavi and its subsidiaries receive regular training.

The Mavi Compliance Project that the Board of Directors launched to review the existing ethics and compliance policies, procedures and activities and to respond to all stakeholder expectations with best practices by elevating the compliance maturity levels was completed in 2022. The project involved revisions and updates in the internal regulations, related documentation, and all relevant processes, including Mavi’s People and Its Principles, the Company’s code of conduct, the Anti-bribery and Anti-corruption Policy and Ethics Line. Furthermore, the Compliance Policy, which includes all of these processes and provides a framework for Mavi’s approach to the good corporate governance practices and ethical codes and defines where Mavi stands and how Mavi addresses

compliance topics, was published and made available on the corporate website in the “Policies & Ethics” section under the “Ethics” heading for all stakeholders and the intranet (Maviletişim) for the employees. To disseminate these policies, procedures and practices across the organization, regular training is provided to all employees of Mavi and its subsidiaries.

The Mavi Compliance Program serves to ensure compliance with the code of conduct and relevant internal policies and procedures. The components of this program strengthen the compliance culture at Mavi, enabling the employees and all business partners to act appropriately. The compliance program is executed by the Ethics Committee and the compliance unit. In line with the Compliance Policy, the Ethics Committee and the compliance unit regularly monitor the relevant practices and periodically submit reports to the Mavi Management and Audit Committee.

At Mavi, situations deemed to violate laws and regulations, internal policies and procedures, good corporate governance practices, and ethical principles (starting with the code of conduct stipulated in Mavi’s People and Its Principles) should be immediately reported truthfully and by respecting the personal rights of the individuals involved. The Ethics Line is a 24/7 support system managed by a third party (parties), completely independently from the company management, and enables the Mavi employees in Türkiye and other countries to report the non-compliances they detect or witness, voice their concerns, or ask questions.

Ethic Line website: www.mavietikhat.com / www.maviethicsline.com

The Ethics Line is a channel where every employee can communicate verbally in their native language and voice their complaints without having to disclose their identity. Mavi assures that the identity of the individual who reports a violation will be protected. In the reports submitted via the Ethics Line channels, individuals are not obligated to disclose their identity, and anonymous reporting option is available.

The Ethics Committee, consisting of two permanent members and headed by the CEO, is responsible for investigating and resolving complaints and reports of code of conduct infractions. In 2023 fiscal year, 18 inquiries and 590* reports are received via the Ethics Line channels, and it was determined that 40 of these reports were invalid, and investigations on all reports were completed. During 2023 fiscal year, 248 violations were identified and addressed; 4 of these are harassment cases, and there are no cases of corruption or bribery, discrimination, violation of customer confidentiality data, conflict of interest and money laundering or insider trading. The distribution of the subject of substantiated reports according to the main headings is as follows:

Issue Type	Number of Substantiated Reports
Working Conditions and Respect in the Workplace	150
Business Ethics Practices	90
Theft, Abuse and Misuse of Assets	4

** Investigation reports regarding irregular transactions under TL 10,000 within the purview of the Loss Prevention Department are also entered into the central incident registry system, where ethics reports are managed. The number of such reports is not included in the total number of ethics reports.*

Once the compliance project was completed, interactive video and face-to-face training programs were provided to all the company employees to raise awareness across the organization. The training was supported with additional information regularly communicated via the intranet systems. As a result, the number of reports received from the employees increased.

The employees who violated the code of conduct either received verbal feedback/training, verbal warning, written warning or termination sanctions depending on the nature of incident. Due to the substantiated cases in the 2023 fiscal year, it was decided to impose "termination of the employment contract" sanction to 6 employees.

Supplier Code of Conduct includes a complaint procedure to report ethics violations or irregularities. As of the last quarter of 2023, the work needed to open the renewed Ethics Line to suppliers has been completed and the necessary announcements have been communicated as of the 2024 fiscal year.

Complaints or reports may be communicated via the Ethics Line website at all times with the option of remaining anonymous. The customers may also report irregular and unethical transactions by phone or email. Please click here for the Supplier Code of Conduct.

[Please click here for the Mavi Code of Conduct for Suppliers.](#)

Anti-bribery and Anti-corruption

Mavi does not tolerate any form of bribery and corruption. Mavi has an Anti-Bribery and Anti-Corruption Policy, which lays out the company’s stance against bribery and corruption. This policy is available on the corporate website for all stakeholders and the intranet (Maviletişim) for the employees. The policy aims to achieve compliance with the anti-bribery and anti-corruption laws and regulations in all the countries where the company operates, as well as ethical and professional principles and universal codes. The policy applies to Mavi’s Board members, managers and employees, Mavi’s subsidiaries, affiliates, and their Board members, managers and employees, and all types of entities (“Business Partners”) providing goods and services to Mavi, including suppliers, manufacturers, subcontractors, franchisees, consultants, etc., and their employees. The company’s anti-bribery and anti-corruption practices are addressed in Mavi’s People and Its Principles and

defined in the Anti-Bribery and Anti- Corruption Policy.

- Bribery or corruption will not be tolerated under any circumstances.
- Job-related financial favors, so-called commission or by any other name, will not be accepted or offered.
- Direct or indirect propositions to public or private persons or entities to secure any preference or favors, whether related to business or not, as well as written or verbal agreements for such purposes are strictly prohibited.
- Relationships with third parties will not be abused to secure favors against the promise of preferential treatment, and any propositions for such must be rejected.
- Utmost care must be taken to ensure that no act or behavior, whatever the intention may be, creates even the slightest suspicion or impression of a favor.

The Supplier Code of Conduct stipulates that all business partners and their employees are obligated to act ethically and morally to avoid any personal dependence, obligation, or influence in all their business dealings in line with antibribery and anti-corruption principles. All employees and business partners are expected to behave professionally with a sense of fairness and in full compliance with all applicable national and international laws and regulations.

Relations with suppliers and state institutions, payment terms, human resources processes, and accounting and purchasing processes are regarded as activities prone to high risk of corruption. Operational processes with high risk are within the purview of the Audit Committee. An annual internal audit calendar is prepared with the approval of the Audit Committee, which is composed of independent board members. The processes susceptible to corruption risk have been reviewed by the internal audit team and the findings were shared with the company’s senior management and the Audit Committee.

Any suspicions that involve employees or persons acting on behalf of Mavi to be in violation of the Anti-bribery and Anti-corruption Policy must be reported to the Mavi Ethics Line or the relevant compliance manager. In cases that are in violation of the Procedure, the issue is investigated by the Mavi Ethics Committee without endangering the safety and reputation of the reporting individual and sanctions are imposed if impropriety or irregularity is determined.

The Corporate Compliance and Ethics training for head office employees is designed to cover two topics included in the Anti-bribery and Anticorruption Policy and its Annex, Implementation Guidelines for Accepting Gifts and Hospitality. In 2023, 4,009 employees took the training for an average of half an hour per employee. Mavi Business Ethics and Code of Conduct Training is designed to cover the Anti-bribery and Anticorruption Policy.

In 2023, the Ethics Line did not receive any reports or notifications of bribery or corruption.

Political Impact

Mavi has not made any contributions to and spending for political campaigns, political organizations, lobbyists or lobbying organizations, trade associations and other tax-exempt groups.

5.3 Board Of Directors



Ersin Akarlılar / Chairman



İbrahim Tamer Haşimoğlu/ Vice Chairman



Cüneyt Yavuz / Member



Elif Akarlılar / Member



Nedim Nahmias / Independent Member



Zeynep Yalım Uzun/ Independent Member

Ersin Akarlılar | Chairman

Ersin Akarlılar holds a bachelor’s degree in Economics from Boğaziçi University and an MBA in finance and international business from New York University, Leonard N. Stern School of Business. He joined Mavi in 1991 and was elected as a member of Mavi’s Board of Directors in August 2008. Ersin Akarlılar, who has been the chairman of the Company since July 2017, also serves as President at Mavi USA, which he established in 1996 in New York City.

İbrahim Tamer Haşımoğlu | Vice Chairman

After graduating from German High School, Tamer Haşımoğlu earned a bachelor’s degree in Mechanical Engineering from Istanbul Technical University and a master’s degree in International Business from Istanbul University, Institute of Business Economics. He started his professional career in 1989 at Koç Holding as a Management Trainee in the Planning Coordination department, where he went on to serve as a Specialist, Manager, and Coordinator, respectively. He was later appointed President, Strategic Planning at Koç Holding. During his term (2004-2011) in this position, he played a key role in determining the strategies of the group companies, while also building Koç Group’s main strategies and portfolio structure. He also assumed responsibility for major M&A projects. These included the acquisitions of Tüpraş and Yapı Kredi and the sales of Migros, Koç Allianz, Demir Döküm, Döktaş, and İzocam. As President, Tourism, Food, and Retailing Group at Koç Holding (April 2011 - April 2022), he assumed responsibility for overseeing the management of 12 group companies including Koçtaş, Tat Gıda, Düzey Pazarlama, Divan, Setur, Setur Marinas, Koç Sistem, KoçDigital, and Inventram. In addition to serving as a Board member at YASED, and IMEAK Chamber of Shipping,

Tamer Haşımoğlu was also a member of the Turkish Tourism Investors Association for a period.

Tamer Haşımoğlu is currently a Board member at some Koç Group companies, Kamil Yazıcı Management Consulting, and some Anadolu Group companies. His other duties include memberships in the Boards of Trustees at TÜSİAD, and Hisar Educational Foundation (HEV).

Cüneyt Yavuz | Member

Cüneyt Yavuz, who holds a bachelor’s degree in Political Science from Boğaziçi University and a graduate degree in International Relations from Johns Hopkins University, started his professional career in 1992 at Procter & Gamble where he held various senior sales and marketing management positions. During his tenure, he was appointed Country Manager for Poland in 2003 and lived in Warsaw for five years. Cüneyt Yavuz joined Mavi in 2008 as Chief Executive Officer and has served as a member of the Board of Directors since March 2017.

Elif Akarlılar | Member

Elif Akarlılar, who holds an undergraduate degree in International Politics from the University of Vienna and an MA in Visual Culture and History of Design from New York University, joined Mavi in 1991 and prior to her appointment as global brand director, she held various product development and brand management positions within the Mavi organizations in Istanbul and New York City. Elif Akarlılar continues to serve as a member of the Board of Directors since August 2008.

Nedim Nahmias | Independent Member

Nedim Nahmias holds bachelor’s degrees in Business Administration and Industrial Relations & Economics from Anadolu University and a master’s degree in Strategic Marketing and Brand Management from Bahçeşehir University. He has also studied and earned certificates in Innovation & Growth at Stanford University and Marketing and Product Management at the University of California, Irvine. His professional experience includes various roles at Yemeksepeti. After serving as Project Manager, Graphic Designer, and in the Call Center (2004-2015), he was appointed Product Manager. From January 2015 to February 2020, he served as the COO (Chief Operating Officer) at Yemeksepeti (Delivery Hero). During his term in this position, he worked on the e-commerce model for online grocery shopping and played an important role in transforming the company into a data-driven mindset. He also contributed to the incorporation of a payment company by launching a payment method called Cüzdan. Additionally, he assumed responsibility for expanding his own product to two new markets and helping the acquired companies in terms of product vision.

From March 2020 to October 2022, he served as the CPO (Chief Product Officer) at Yemeksepeti (Delivery Hero), managing a large team during the transformation of a local product into a global product. He also introduced the neighborhood category and created a marketplace for all the sellers, while conducting tests with an expanded experimental footprint of various product groups. Nedim Nahmias has also led data projects with machine learning and big data and contributed to the rollout of the Joker product in more than 30 countries. Since November 2022, he is the COO at Yemeksepeti (Delivery Hero), leading the logistics and business development teams and guiding the product vision by understanding customer needs.

Zeynep Yalım Uzun | Independent Member

After graduating from Robert College, Zeynep Yalım Uzun studied economics and psychology at Agnes Scott College in the USA. During her 25+ years at Unilever, she worked in Poland, Türkiye and the UK and managed the global and regional operations of the company’s various brands. Her last position at Unilever was Global Vice President, based in London, overseeing Unilever’s second-largest brand Omo, which exists in more than 80 markets. Zeynep Yalım Uzun later joined Arçelik as Chief Marketing Officer, leading communication and brand management for 14 brands including Beko with a focus on global product management, consumer insights, industrial design, customer care, and small domestic appliances with a global team of 2,000, dispersed across a wide geography from Thailand to the USA.

With 10 years of experience in the international start-up ecosystem, including the Boston chapter of accelerator Mass Challenge, Uzun currently works as an advisor and mentor to various start-ups. She is also a non-executive director at Doğanlar Furniture Group. Zeynep Yalım Uzun serves on the Executive Board of European Women on Boards, an organization promoting gender equality in the business world. She is also a Board member at the Turkish Futurists Association, a member of the Northwestern University Family Council, and a member of the board of trustees at the Koruncuk Foundation. Uzun, who has been recognized with multiple awards throughout her career, was named by Advertising Age as one of the 20 female leaders in Europe’s “Women to Watch” list in 2020.

Executive Management Résumés

Cüneyt Yavuz | CEO

Cüneyt Yavuz, who holds a bachelor’s degree in Political Science from Boğaziçi University and a graduate degree in International Relations from Johns Hopkins University, started his professional career in 1992 at Procter & Gamble where he held various senior sales and marketing management positions. During his tenure, he was appointed Country Manager for Poland in 2003 and lived in Warsaw for five years. Cüneyt Yavuz joined Mavi in 2008 as Chief Executive Officer and has served as a member of the Board of Directors since March 2017.

Elif Akarlılar | Chief Brand Officer

Elif Akarlılar, who holds an undergraduate degree in International Politics from the University of Vienna and an MA in Visual Culture and History of Design from New York University, joined Mavi in 1991 and prior to her appointment as global brand director, she held various product development and brand management positions within the Mavi organizations in Istanbul and New York City. Elif Akarlılar continues to serve as a member of the Board of Directors since August 2008.

Bige İşcan Aksaray | CFO

Bige İşcan Aksaray holds a bachelor’s degree in Economics from Boğaziçi University and an MBA from Boston University. She started her professional career at EY’s Istanbul office (1991) and later joined Procter & Gamble (Gillette) as a financial analyst (1993), serving in various management positions in the company’s Istanbul and London offices, and finally as Regional Finance & Treasury Manager, Türkiye, the Balkans and the Mediterranean Hub. She then joined Avon Türkiye (2005) as Finance Director, later serving as Executive Finance Director - Türkiye, North Africa & Middle East. She was appointed CFO at Mavi in 2019.

Okan Gürsan | Chief Commercial Officer (Türkiye & Export Markets)

Okan Gürsan holds a bachelor’s degree in Economics (in English) from Dokuz Eylül University, and graduate degrees in Business Administration from the Georgia Tech and Bilgi Universities. Mr. Gürsan started his career in 2001 at Ernst & Young and went on to work in various audit, finance,

and sales and marketing roles from 2004 onward for 11 years at Coca-Cola America, Türkiye and Azerbaijan. After joining Boyner Group in 2015 and serving in senior management positions at Beymen and Boyner, Okan Gürsan became part of the Mavi family in 2018 as Chief Commercial Officer (Türkiye & Export Markets).

Can Yılmaz | Chief Human Resources Officer (CHRO)

Can Yılmaz, who holds a Physics Engineering degree from ITU, started his career as Regional Manager at HI-Tec SPOR and went on to serve as General Manager at Vepa Group Nike and New Balance. Yılmaz, the CHRO at Mavi since 2008, heads the HR operations of Mavi Germany and Russia offices as well as Türkiye. Can Yılmaz has been instrumental in the implementation of numerous projects for organizational development, recruitment and young talent acquisition, and wage management, starting with the structuring of the Mavi Retail HR system. Since 2015, he has pioneered the creation of solution-oriented project groups that bring together different functions of the company through visionary workshops called GoMavi.

Serpil Berkan | Chief Marketing Officer (CMO)

Serpil Berkan holds a bachelor’s degree in Communications from Istanbul University. She started her professional career at A&B Communications Consultancy and later worked for Manajans Thompson. Joining Mavi in 1997 as Public Relations Manager, Serpil Berkan went on to take the roles of Marketing Manager and Marketing Director, respectively. She has served as Chief Marketing Officer (CMO) since 2017.

Sinan Sefai | Chief Sourcing & Supply Chain Officer (CSSCO)

Sinan Sefai holds a bachelor’s degree in Industrial Engineering from Sakarya University and a master’s degree in Supply Chain Management from Bahçeşehir University. He started his career in 2001 in the Supply Chain department at Perfetti van Melle. He went on to serve as Planning Manager at Artsana-Chicco (2006) and later as Merchandise Planning Manager at LC Waikiki (2009). He joined Aydınli Group as Brand Director in 2011, holding senior positions in brand, sales and product management in Türkiye and Russia. Joining Mavi as Chief Supply Chain Officer in 2016, Sinan Sefai has served as Chief Sourcing & Supply Chain Officer since 2019.

Ekrem Güney Oktar | Chief Design Officer (CDO)

Ekrem Güney Oktar holds a bachelor’s degree in Civil Engineering from Istanbul Technical University, an associate degree in Fashion Design from Lasalle College Istanbul, and a master’s degree in Cinema-Television from Yeditepe University. He began his career as a designer at Park Bravo Group in 1998. In 2001, he joined Mavi as a designer and over the years worked in positions such as Türkiye Non-Denim Design Manager and Global Design Director. Since 2017, he has served as Chief Design Officer at Mavi.

Bariş Akyürek | Chief E-Commerce Officer (C Ecom O)

Bariş Akyürek holds a bachelor’s degree in International Relations from Koç University and a master’s degree in Managerial Finance from Kültür University. Bariş Akyürek started his career in 2002 at the Citigroup Istanbul office. He joined Boyner Group in 2008 and served in senior management roles at Boyner Holding, Morhipo, Beymen and finally as General Manager of Morhipo & Boyner Online, respectively. After his role as the Managing Partner of Hızlıal.com (2013-2015), Bariş Akyürek has served as Chief E-commerce Officer at Mavi since November 1, 2017.

Bülent Dursun | Chief IT Officer (CIO)

Bülent Ali Dursun previously worked at Mavi in managerial positions in the Information Technologies, Logistics and Planning functions (1990 – 2013). In 2014, he joined Penti Giyim, where he led the company’s digital transformation as Senior IT Director. Returning to Mavi in 2019, Bülent Dursun has served as CIO since then.

Onur Karnabat | Chief Product & Data Officer (CPDO)

Onur Karnabat holds an Industrial Engineering degree from Boğaziçi University and a master’s degree from Texas A&M University. He started his professional career in 2005 at Unilever, where he worked for the local and regional supply chain, planning, manufacturing and logistics functions, and went on to serve as Factory Director and Planning Director, Türkiye. Onur Karnabat joined Mavi in 2019 as Chief Category & Planning Officer and has served as Chief Product & Data Officer since 2023.

Burak Ovunc | CEO, Mavi North America

Burak Ovunc holds a Mechanical Engineering degree from Boğaziçi University. He started his professional career in 1996 at Ford Otosan. In 2000, he joined Procter & Gamble (Gillette) as Customer Services Manager and went on to work in various Supply Chain Management positions in the Istanbul, London and Warsaw offices. Upon his return to Türkiye, Ovunc led the sales and operational planning processes as Customer Services Director at Cadbury-Kent Gıda (2006-2009).

Joining Mavi in 2009 as Sales & Category Director, Burak Ovunc later served as Country Director, Türkiye (2013-2014) and then as General Manager, Türkiye. Starting in December 2014, he worked at FLO Magazacılık ve Pazarlama as CEO for eight years. Returning to Mavi in late 2022, Burak Ovunc was appointed CEO, Mavi North America.

5.4 Risk Management

The Early Identification of Risk Committee identifies the risks that may jeopardize Mavi’s existence, development and continuity ahead of time, thereby supporting the Board of Directors’ implementation of risk-mitigation and management measures. The Committee reports to the Board of Directors at each meeting of the Board, and these reports are duly forwarded to the independent audit firm. The Board of Directors regularly assesses the risks that the company faces based on the information provided by the Early Identification of Risk Committee.

The corporate risk management processes are coordinated and reported by the Internal Audit and Corporate Risk Management Director as the lead in collaboration with the other relevant functions. A corporate risk management project, executed within the organization in 2023, involved the identification and assessment of the company’s risks, risk management decisions, and reporting processes. At the end of the project, the company’s risks were defined in a detailed risk inventory.

The objectives of corporate risk management include: identifying, assessing, and effectively managing the uncertainties with potential internal and external threats or opportunities that may affect the company in terms of meeting its strategic and operational targets, and ensuring reasonable assurance thereof; eliminating dependence on individuals in risk management; and managing risks proactively by aligning with the company’s shared risk perception.

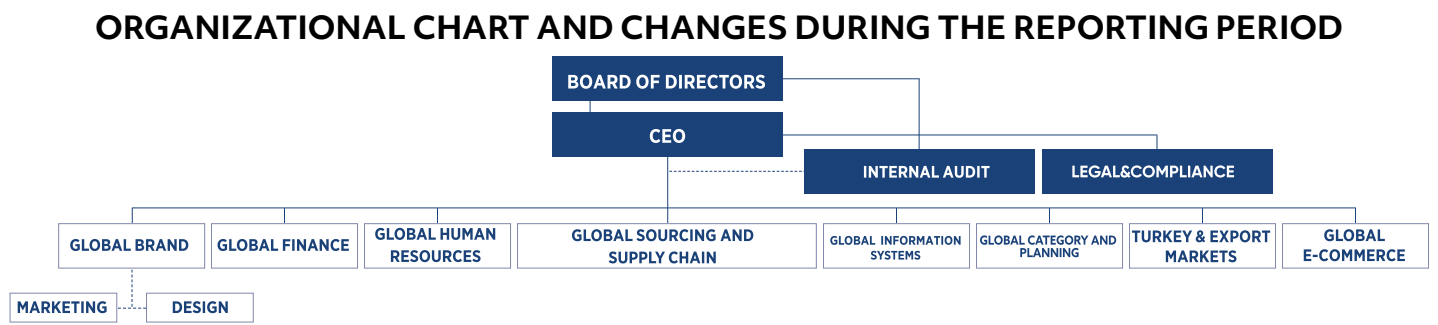
After the risks are identified with a systematic approach and their effects are defined, a comprehensive Risk Inventory is created, including threat factors that may jeopardize the attainment of strategic goals. The probability and impact of each risk is measured, using predetermined criteria. First, the risks are assessed in terms of gross impact and gross probability, without taking into account any ongoing control activities. Then, risks are addressed for their net impact and net probability based on the current control activities, and a residual risk score is obtained.

Possible options are then determined and evaluated to respond to the identified risks, and action plans are created. The Internal Audit and Corporate Risk Management Department determines the risk responses in coordination with the relevant functions by considering the Risk Appetite for specific risks prioritized by respective risk owners. The alignment between the risk responses and the company’s risk appetite is reviewed by executive management. Risk appetite refers to the amount of risk an organization would be willing to take to achieve its objectives.

At Mavi, risks are continually assessed, and the key risks that the company may be exposed to are categorized into financial risks, operational and strategic risks, reputation risks, and legal risks.

Financial risks

The rising costs of purchased materials due to economic volatility, FX spikes, disruptions in operations due to force majeure (natural disasters, etc.) reasons leading to failure to work with suppliers, and



third party receivables risks are among the key financial risks. To keep the financial risks under control, various financial indicators, including net financial debt/EBITDA and liquidity ratios, FX position, and maturity and distribution of debt are monitored, ensuring that they are maintained within specified limits. Various actions are taken to mitigate the risk of lower product profitability due to cost increases. The actions include updating prices seasonally with the manufacturers, opting for early production or purchasing to the extent allowed in capacity plans, replacing manufacturers or production sites, and buying at fixed FX rates and additional discounts against advance payments. In managing FX risks, natural hedges are preferred, while financial hedge instruments related to commodity imports are also utilized regularly and systematically. To manage the risks related to working with suppliers due to force majeure, we make sure not to source from a single region and utilize alternative suppliers. A direct debit system is applied against the receivables risks and the clients' financial standings are reviewed. The finance and wholesale departments perform regular risk assessments and monitor the financial standing of the clients every six months in line with the strategic decision to minimize open positions.

Operational and strategic risks

The strategic risks include failure to maintain sustainable growth and profitability because of critical external and internal factors, the inability to determine and implement effective strategies, failing to attract and retain the right talent and to place them in the right positions, misalignment between the IT strategies and business objectives, and lacking effective coordination and execution in sustainability efforts. To address these risks, the company organizes strategy workshops with the executive management in attendance and creates three-year strategic roadmaps, which are reviewed and updated annually in light of the latest developments. The strategic initiatives are defined during annual Go meetings and project teams are formed. The executive management monitors the implementation of initiatives throughout the year. Some other actions include: close monitoring of economic and political developments; effective execution of the budget and planning process; reporting the evolution of FX risks using the financial strategy document; preserving brand value through constant monitoring of KPIs; addressing the issue of increasing store capacities during Go meetings. Furthermore, we regularly work with a third party to assess the need for warehouse capacity increases and utilize warehouse expansion plans to address the requirements. The talent management processes involve monitoring wage surveys and market conditions; defining role-specific competencies; performance management; identifying personal development and technical training requirements based on needs analyses for employees in different functions; organizing development programs tailored to Mavi in collaboration with universities for managers and above positions. As part of talent management, opportunities such as transfers from the stores to the head office functions, vertical or horizontal movements within the head office positions, and international appointments are offered to the employees. The IT strategies are determined in alignment with the company strategies and the requirements are evaluated in meetings with the relevant functions, and then a 3-year project list is created. Regarding sustainability management, each director in executive management is a member of the Sustainability Committee and heads the working groups related to their expertise.

Operational risks include: ineffective management of store operations; failure to complete the product development processes in accordance with the sales timeline; lack of effective evaluations when adding new products to the collection; bottlenecks in shipments for special day launches; and the inability to design effective data modeling and data governance processes. The store operations and performances are closely monitored through the measurement, evaluation, and bonus systems in place. Regarding product development, market-specific timelines are shared with the suppliers, samples are kept under control by setting deadlines for the manufacturers, the technical specifications for each sample are delivered to the relevant manufacturers, who are contacted to take action if the samples received are subpar. When developing new products to add to the collection, the previous year's sales are reviewed in detail to study product features. Furthermore, deliveries for special day launches are planned in advance to start shipment early. To address the data modeling and data governance process risks, work is ongoing to configure the data warehouse, and a master data team has been established.

As part of the project, sustainability risks were also reviewed. Accordingly the following risks were identified: non-compliance with sustainability criteria at the suppliers; ineffective management of harmful chemicals generated from the operations of the company or the business partners; the impact of climate change on operations; and added costs brought by sustainability legislation. Therefore, regular social and environmental audits are conducted at the suppliers. The social audits involve inspections on critical issues such as child labor and fire safety, and their findings are utilized to create action plans. The Manufacturer Handbook, which defines the restricted substances for production, is shared with the manufacturers. Mavi procures climate risk consultancy and analyzes the CDP surveys to identify the potential risks and to create the necessary action plans. In addition, employees take training on climate change as part of the sustainability training program. The evolution of customer habits due to climate change and seasonal variations is considered during the collection design process and when determining the distribution of products by the stores. Sustainability-focused laws and regulations are followed and a budget is allocated for compliance.

Reputation risks

Reputation risks include employees' failure to adhere to the corporate culture at Mavi; lacking suppliers that uphold Mavi's brand value, and impairment of brand recognition due to ineffective management of corporate communications. A continuous training process is defined for the employees, and its implementation is monitored and measured. Customer complaints are communicated to the Customer Relations Department, where they are addressed in detail and passed on to the Human Resources Unit as needed. In complaints related to ethics violations, the Ethics Line procedures are followed and investigations are initiated. Mavi maintains an approved supplier list, assesses the performance of suppliers regularly and conducts social and environmental audits at the suppliers. An annual corporate communications plan is prepared and implemented, while a highly qualified team manages the communications and the relations with the partner agencies effectively. The company also has a communication plan in place for crisis management.

Legal risks

Legal risks include failure to adhere to external and internal legislation in the company's operations, ineffective monitoring of compliance with the legislation, major legislative changes that may materially affect the trade with or operations in other countries, and non-compliance with the Occupational Health and Safety, Protection of Personal Data, E-Commerce, and Environmental legislation. The Legal Department follows the latest legal developments and advises the relevant teams via weekly and monthly bulletins. The department also provides legal advice on the operational processes as well as on labor law, trademark, copyright, tax, etc. legislation. Risky compliance issues are regularly reported and monitored, while the compliance legislation and relevant practices are evaluated monthly to ensure that they are up-to-date. OHS training is provided and monitored regularly, while OHS audits are conducted by the internal audit, loss prevention, and field management teams utilizing checklists. Furthermore, the Legal Department works in coordination with the IT Department to monitor the practices related to the protection of personal data. On the other hand, e-Commerce systems are designed to enable notifications from the Legal Department, and compliance is checked monthly using checklists. Legal compliance at the suppliers is assured through environmental audits.

As part of the efforts toward full compliance with the Information Systems Management Communiqué, the ISO 27001 Information Security Management System certification has been obtained, confirming that all processes align with the ISO standard. In accordance with the ISO 9001 Quality Management System standard, implemented within the organization since 2020, the products and services are provided in the quality that the customers have come to expect from Mavi.

5.5 Internal Control System And Internal Audit

Standard definitions, job descriptions, authorization system, and policies and operating procedures included in the workflows are all part of the internal control system. The internal control system is regularly reviewed and audited by the Internal Audit Department for effectiveness. The audit results are submitted to the Audit Committee, which consists of independent Board members and the company management, and the planned actions are continuously monitored.

Within the organizational structure of the company, the Internal Audit Department reports directly to the Audit Committee, which consists of independent Board members, in accordance with the principle of independence.

The Internal Audit Department's duties include checking the reliability and accuracy of the financial statements of the company and its subsidiaries, ensuring that the activities are carried out in accordance with applicable laws and accepted ethical codes of the company, analyzing processes and identifying current and potential risks to improve the effectiveness and efficiency of operations, and contributing to finding solutions to minimize such risks. The Audit Committee is regularly briefed about the Internal Audit Department's activities.

The Board of Directors is of the opinion that the internal control system is functioning effectively and the internal audit activities can be executed independently.

5.6 Board Of Directors' Discussion And Analysis

Management's Discussion and Analysis of Financial Condition and Results of Operations in 2023

Keeping its strategic focus on sustainable, profitable growth and its long-term goals in 2023, Mavi bolstered its robust balance sheet structure and maintained its profitability with its flexible supply chain, precise planning, and diligent inventory and working capital management. The management revised its guidance upwards twice throughout the year in light of the strong performance nevertheless the year end results surpassed the final revision in both revenue growth and EBITDA margin. Mavi continued to generate cash from its operations and reached a net cash position of 3 billion 662 million TL.

Capturing growth in both volume and value across all product categories, including denim and non-denim, Mavi expanded its market shares across women's, men's, and denim categories, solidifying its position as a leader in the industry.

Management's Discussion and Analysis on ESG Integration

In 2023, Mavi accelerated the sustainability-focused efforts that started in 2020, making strides in integrating sustainability into the business processes and managing it with measurable targets.

In line with the All Blue approach, focused on People, Planet, Community, and Denim, several innovations were introduced to integrate sustainability into the company culture, vision, business processes, products, and growth targets.

Mavi earned a rating of A in both the Climate Change and Water Security programs of CDP, the world's foremost environmental disclosure platform, and became the first and only Turkish apparel company to make the CDP's Global A list. Only 2% of the 21 thousand companies worldwide that respond to CDP, which aims to change how businesses operate to mitigate the impacts of climate change, made the Global A Lists in 2023. Building upon last year's recognition as a global climate leader with its Climate Change reporting, Mavi ranked among the only five Turkish companies to earn a double A score and make the global leaders list in 2023. In addition to the Climate Change and Water Security programs, Mavi also responds to the Forests program, where it earned a score of B, demonstrating its commitment. Mavi is also the first Turkish apparel brand to join the CEO Water Mandate. The near-term greenhouse gas reduction targets set by Mavi, Türkiye's leading jeans and apparel brand, as part of its sustainability efforts were recently approved by the Science-Based Targets initiative (SBTi). Accordingly, the company has committed to reduce its Scope 1 and 2 emissions by 70% from the base year 2019 to 2030, and Scope 3 emissions by 55% (per TL added value) in the purchased goods and services category, in line with the goals of the Paris Agreement

“to keep global warming below 1.5 °C.” Mavi stands as the only apparel company in the list of companies from Türkiye whose targets have been approved by SBTi.

The All Blue collection, all vegan and made with innovative techniques using less water and energy compared to conventional manufacturing, using one or more of sustainable materials such as OCS-certified organic, RCS-certified recycled or Better Cotton-certified cotton, RCS-certified recycled polyester, TENCEL™ modal and lyocell, cottonized hemp, and upcycled materials, continued to expand. The Mavi Recycled Blue and Mavi Pro Dark Tech products were named the “Best Sustainable Collection” at the Rivet x Project Awards, which recognize the brands bringing newness and creativity to the global denim market, bringing the honor to Mavi for the fifth time. Mavi also partnered with Nivogo with the aim of contributing to the circular economy. As a result of the success achieved in corporate sustainability and stock performance, Mavi was included in the BIST Sustainability 25 Index of Borsa Istanbul.

5.7 Legal Disclosures

Company Information and Shareholding Structure

Trade Name	: Mavi Giyim Sanayi Ve Ticaret A.Ş.
Address	: Sultan Selim Mah. Eski Büyükdere Cad. No:53/2 34418 Kâğıthane/İSTANBUL
Trade Registry and number	: Istanbul Trade Registry Directorate / 309315
Web address	: www.mavi.com , www.mavicompany.com, www.maviyatirimciliskileri.com
Registered Capital Ceiling	: TL 500,000,000
Issued Capital	: TL 397,256,000
BIST Code	: MAVI

Information On Extraordinary General Assembly Meetings During The Year, If Any

No Extraordinary General Assembly Meeting was held during the year.

Subsidiaries Report

Pursuant to Article 199, paragraphs (1) through (3) of the Turkish Commercial Code No. 6102, within the first three months of the fiscal year, the Board of Directors of Mavi is obligated to issue a report regarding the relations of Mavi during the previous fiscal year with the controlling shareholders of Mavi and the subsidiaries of such controlling shareholders.

As stated in the Subsidiaries Report, issued by Mavi’s Board of Directors on March 25, 2023, it has been concluded that with respect to all transactions carried out between Mavi on one side and

Mavi’s controlling shareholders and their subsidiaries on the other side during the accounting period of February 1, 2023 – January 31, 2024, the consideration received in each transaction was appropriate under the conditions and circumstances then known to Mavi, there were no measures that should have been taken or avoided that could give rise to damages to be suffered by Mavi, and accordingly, there were no measures or actions to be taken for the purpose of compensation.

Information on Lawsuits Filed Against Mavi that Could Materially Affect the Financial Standing and Activities of the company and Potential Outcome of Such Lawsuits

No lawsuit has been filed against Mavi that could materially affect the Company’s financial standing or activities.

Disclosures Regarding Administrative and Judicial Sanctions Imposed on the Company and its Board Members Due to Acts Violating Applicable Legislation

There is no administrative or judicial sanction imposed on Mavi or its Board Members due to acts violating the applicable legislation.

The administrative fines imposed on the company due to practices contrary to the provisions of the legislation are summarized below:

- **The report issued by the Istanbul Governorship Provincial Directorate of Commerce in April 2023 and the ensuing developments:** Istanbul Metropolitan Municipality’s inspection teams conducted an inspection at the Mavi store in Mall of Istanbul on April 10, 2023, pursuant to Article 54 of the Consumer Protection Law No. 6502 and Article 11/1 “Discounted Sales” of the Price Tag Regulation. Since the store was unable to present the documents to the inspectors to prove that the amount shown as the selling price before the discount on the current tag of the “Mavi brand women’s jacket” was the lowest selling price within the 30 (thirty) days prior to the sale, a report was issued to file legal proceedings against Mavi. Based on this report, an administrative fine of TL 1,371 was imposed on Mavi and the ticket no. 9129 was served on May 18, 2023. A motion to revoke the fine was filed with the Istanbul 5th Administrative Court. The case (no. 2023/1833 E.) is ongoing.
- **Price inspection conducted by the Istanbul Governorship Provincial Directorate of Commerce in October 2023:** According to the report drafted at the end of the inspection at the Mavi store in Arenapark Shopping Mall, two products were found to be missing price tags. An administrative fine of TL 2,742 was imposed and the decision was served to the company. The fine was paid at a reduced amount due to early payment.
- **Price inspection conducted by the Kayseri Governorship Provincial Directorate of Commerce in December 2023:** According to the report dated June 1, 2023, drafted at the end of the inspection at the Mavi store in Kaysermall Shopping Mall, a difference was found between the price tag and the cash register. An administrative fine of TL 1,371 was imposed and the decision

was served to the company. The fine was paid at a reduced amount due to early payment.

- **Price inspection conducted by the Konya Governorship Provincial Directorate of Commerce in October 2023:** According to the report drafted at the end of the inspection at the Mavi store in Konya Enntepe Shopping Mall, a difference was found between the price tag and the cash register. An administrative fine of TL 1,371 was imposed and the decision was served to the company. The fine was paid at a reduced amount due to early payment.

- **Price inspection conducted by the Istanbul Governorship Provincial Directorate of Commerce in June 2023:** According to the report dated June 1, 2023, drafted at the end of the inspection at the Mavi store in Forum Istanbul Shopping Mall, a difference was found between the price tag and the cash register. An administrative fine of TL 1,371 was imposed and the decision was served to the company. The fine was paid at a reduced amount due to early payment.

Information on the Amendments to the Articles of Association in the Reporting Period

The application filed with the Capital Markets Board regarding the increase of the company's issued capital from TL 99,314,000 to TL 198,628,000 by covering the total increase amount from the "Retained Profits" account was approved and announced in the Capital Markets Board Bulletin dated May 11, 2023. The necessary amendment to Article 6 "Capital and Share" in the Company's Articles of Association was registered by the Istanbul Trade Registry on May 22, 2023, and published in the Trade Registry Gazette no. 10835 on May 22, 2023.

The application filed with the Capital Markets Board regarding the increase of the company's issued capital from TL 198,628,000 to TL 397,256,000 by covering the total increase amount from the "Retained Profits" account was approved and announced in the Capital Markets Board Bulletin dated March 14, 2024. The necessary amendment to Article 6 "Capital and Share" in the Company's Articles of Association was registered by the Istanbul Trade Registry on 22.03.2024, and published in the Trade Registry Gazette no. 11049 on 22.03.2024.

Disclosures Regarding the Private And Public Audits Conducted In the Reporting Period

Regular audits have been conducted by the public authorities in the special accounting period from February 1, 2023 – January 31, 2024 and no official notification of a material nature has been communicated to Mavi.

Information Regarding the Company Shares Acquired

The Company has not bought back any of its own shares in the special accounting period of February 1, 2023 – January 31, 2024.

Review Under Article 376 of the Turkish Commercial Code

Upon review of whether Mavi's capital was preserved and not lost as per Article 376 of the Turkish

Commercial Code, it has been ascertained that as of January 31, 2024, Mavi Giyim San. ve Tic. A.Ş.'s issued capital was well preserved, with the main shareholder having a shareholder's equity of TL 6,307,139,000 and with a net cash position, the company's indebtedness level was adequate for the continuation of its activities in a sound and safe manner.

5.8 Responsibility Statements

RESPONSIBILITY STATEMENT FOR FINANCIAL STATEMENTS

RESPONSIBILITY STATEMENT PURSUANT TO CAPITAL MARKET BOARD'S COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1) ARTICLE 9

Regarding the financial statements pertaining to the special accounting period from February 1, 2023 to January 31, 2024, which were prepared by the Company and independently audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in compliance with the Turkish Accounting Standards/Turkish Financial Reporting Standards and formats determined by the Capital Markets Board (CMB) in accordance with CMB's Communiqué on Principles of Financial Reporting in Capital Markets ("Financial Reporting Communiqué") II.14.1, and that include the consolidated statement of financial position, comprehensive income statement, statement of cash flow and statement of changes in equity as well as notes to year-end financial statements, we hereby declare our responsibility for the following:

- We have examined the financial statements,
- Within the frame of information that we hold in our fields of duty and responsibility in the Company, the financial statements do not contain any untrue statement on material events or any deficiency, which may make them misleading as of the date of statement,
- Within the frame of information that we hold in our fields of duty and responsibility in the Company, the financial statements prepared pursuant to the Financial Reporting Communiqué – together with those covered by consolidation – fairly reflect the truth relating to assets, liabilities, financial statements, profits and losses of the Company.

Sincerely,
Mavi Giyim San. ve Tic. A.Ş.
Audit Committee

RESPONSIBILITY STATEMENT FOR THE ANNUAL REPORT

RESPONSIBILITY STATEMENT FOR THE ANNUAL REPORT PURSUANT TO CAPITAL MARKET BOARD'S COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1) ARTICLE 9

Regarding the Annual Report prepared by the Company for the special accounting period from February 1, 2023 to January 31, 2024 and independently audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., including the Corporate Governance Compliance Report and Corporate Governance Information Form and the Company's disclosures in line with the CMB's Sustainability Principles Compliance Framework and in compliance with the Turkish Commercial Code and Capital Markets Board's (CMB) "Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") II.14.1, we hereby declare our responsibility for the following:

- We have examined the Annual Report,
- Within the frame of the information that we hold in our fields of duty and responsibility in the Company, the Annual Report does not contain any untrue statement on material events or any deficiency, which may make them misleading as of the date of the statement,
- Within the frame of the information that we hold in our fields of duty and responsibility in the Company, the Annual Report fairly reflects the progress and performance of the business and the financial situation of the entity – together with the financial situation of the consolidated entities – along with material risks and uncertainties encountered by the Company.

Sincerely,
Mavi Giyim San ve Tic. A.Ş.
Audit Committee

5.9 Related Party Transactions Report

RELATED PARTY TRANSACTIONS REPORT SUBMITTED TO THE BOARD OF DIRECTORS OF MAVI GIYIM SANAYİ VE TİCARET ANONİM ŞİRKETİ

Pursuant to the internal regulations - "Principles on Related Party Transactions" and "Audit Committee Working Principles" - of Mavi Giyim San. ve Tic. A.Ş. ("Company"), in its meetings following the release of the quarterly financial statements within the fiscal year, the Audit Committee is required to review the related party transactions, which are frequent and continuous and annually approved by the Board of Directors, that have taken place in the respective period.

Based on the above mentioned internal regulations, we have reviewed and analyzed the "Management Report on the Frequent and Continuous Related Party Transactions in the Special Accounting Period of 01.02.2023 - 31.01.2024" ("Management Report") and the table annexed to the report about the actual implementations and practices during the period of 01.02.2023-31.01.2024 with regard to the "Frequent and Continuous Related Party Transactions Planned for the Special Accounting Period of 01.02.2023 - 31.01.2024" approved by the Board of Directors Resolution dated June 10, 2023 and numbered 2023/28 ("General Resolution of the Board of Directors"). As a result of the analyses, we have ascertained that:

(1) there were some differences between the "estimated transaction volumes" stated in the General Resolution of the Board of Directors and the "actual transaction volumes" of the frequent and continuous related party transactions in the period from 01.02.2023 to 31.01.2024, and that the explanations and the justifications for such differences were satisfactory, and

(2) the terms and conditions governing the frequent and continuous related party transactions, as well as the methods and procedures, indicated to be used for determining whether they were arm's length transactions, were all implemented in the period from 01.02.2023 to 31.01.2024.

To the extent of the information and documents provided to us, we have not identified any material issue during the period of 01.02.2023 - 31.01.2024 that might be in violation of the General Resolution of the Board of Directors.

5.10 Corporate Governance Compliance Report And Information Form

Corporate Governance Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2-Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1-Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2-The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7-Insiders with privileged information have informed the Board of Directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was no notification made regarding such a transaction.
1.3.8-Members of the Board of Directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.3.10-The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.	X					
1.3.11-The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2-The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	No cross ownerships exist that are associated with a controlling relationship within our Company.

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.5. MINORITY RIGHTS						
1.5.1-The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights are not vested by the Articles of Association in shareholders holding less than one twentieth of the capital and rights are vested within the general framework of the regulations
1.6. DIVIDEND RIGHT						
1.6.1-The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.	X					
1.6.3-The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Dividend distribution has been made.
1.6.4-The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.7. TRANSFER OF SHARES						
1.7.1-There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1-The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4-The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1-The Board of Directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2-The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1-The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.		X				Policies that address stakeholders' rights are published on the company's website, other procedures are published via the internal disclosure platform Maviletişim.
3.1.4-A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2-Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1-The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.3.2-Recruitment criteria are documented.	X					
3.3.3-The company has a policy on human resources development, and organizes trainings for employees.	X					
3.3.4-Meetings have been organized to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5-Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6-Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7-Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8-The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9-A safe working environment for employees is maintained.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2-Customers are notified of any delays in handling their requests.	X					
3.4.3-The company complied with the quality standards with respect to its products and services.	X					
3.4.4-The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1-The Board of Directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.1.2-The agenda and minutes of board meetings indicate that the Board of Directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The Board of Directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2-Duties and authorities of the members of the Board of Directors are disclosed in the annual report.	X					
4.2.3-The Board has ensured the company has an internal control framework adequate for its activities, size, and complexity.	X					
4.2.4- Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5-The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The Board of Directors ensures that the Investor Relations department and the corporate governance committee work effectively. The Board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8-The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The Board of Directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The Board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2-The Board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3-The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Although there is the possibility to present an opinion in such a case, there has not been any notification made by the BoD members who could not attend the meetings.
4.4.4-Each member of the Board has one vote.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.4.5-The Board has a charter/ written internal rules defining the meeting procedures of the Board.	X					
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				While board members are required to pay sufficient time to the Company's affairs, there is no restriction on their duties outside of the Company. Considering the significant contribution board members make to Mavi's Board of Directors with their professional and sector specific experience, imposing restrictions on their external duties is not deemed necessary. Prior to each General Assembly, the curricula vitae of the board members and their duties external to the Company are submitted for the attention of shareholders.

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.5. BOARD COMMITTEES						
4.5.5-Board members serve in only one of the Board's committees.			X			Mavi has determined the number of its independent board members at three. In so doing, the Company considered various factors such as the volume of its operations and its administrative needs. Currently, the Board has three committees. In respect of the principle requiring committee chairs to be independent members, it is necessary to delegate multiple committee chairs to the independent members. This does not give rise to any conflict of interest within the Company.
4.5.6-Committees have invited persons to the meetings as deemed necessary to obtain their views.					X	In accordance with the working principles of the committees, the committees may make use of the opinions of the independent experts. During the past year, no such request was brought up by the committees.
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.					X	There has not been any external consultancy services used.

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The Board of Directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.				X		No specific study was conducted at board level regarding performance evaluation.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favor of them.	X					
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.				X		The General Assembly determines remuneration rates payable to members of Mavi's Board of Directors. In line with general practice, total amount of remunerations of board members and senior executives are disclosed to the public in the Company's financial table footnotes.

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/etc.) organized by the company during the year	Investor Relations Department attended 11 virtual investor conferences meeting local and international investors and held over 200 teleconferences. At these events and meetings, the Company had contact with 249 investors and analysts from 115 local or international institutions.
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1.2. Right to Obtain and Examine Information

The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/en/Bildirim/1129747
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Yes
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/1124761 https://www.kap.org.tr/tr/Bildirim/1157379
The name of the section on the corporate website that demonstrates the donation policy of the company	Corporate Governance - Policies and Ethics
The relevant link to the PDP with minutes of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/680430

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 10-e
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Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	According to the General Assembly internal directive article 5, press members, guests that have been invited by the management and other persons for whom the Meeting Chairman permits can attend the General Meetings
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1.4. Voting Rights

Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	9.06%

1.5. Minority Rights

If yes, specify the relevant provision of the articles of association.	No
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1.6. Dividend Right

The name of the section on the corporate website that describes the dividend distribution policy	Corporate Governance - Policies and Ethics
Minutes of the relevant agenda item in case the Board of Directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	-
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-

GENERAL ASSEMBLY MEETINGS

General Meeting Date	27.04.2023
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders' Meeting	50.84%

GENERAL ASSEMBLY MEETINGS	
Percentage of shares directly present at the GSM	0.0000003%
Percentage of shares represented by proxy	50.84%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Corporate Governance / General Assembly
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Corporate Governance / General Assembly
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/1141622

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website	
Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Financial Reports and Presentations, Annual Report, Announcements, Corporate Governance
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Corporate Governance -Shareholder Structure and Subsidiaries
List of languages for which the website is available	Turkish, English

2.2. Annual Report		
The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.		
a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the Board of Directors and executives conducted out of the company and declarations on independence of board members		Annual Report - Corporate Governance Section, Statements of Independence
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure		Annual Report Corporate Governance Section
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings		Annual Report Corporate Governance Section
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation		Annual Report Corporate Governance Section - Legal Disclosures
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof		Annual Report Corporate Governance Section- Legal Disclosures
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest		There is no such case
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%		Annual Report Corporate Governance Section - Legal Disclosures
h) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results		Annual Report Sustainability Section

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Corporate Governance - Policies and Ethics
The number of definitive convictions the company was subject to in relation to breach of employee rights	-
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics Board
The contact detail of the company alert mechanism	www.mavietikhat.com / www.maviethicsline.com

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Internal regulation does not have a public link on company website
Corporate bodies where employees are actually represented	GoMavi, Masmavi, Management Forum, Marketing Direction, GoSeason meetings, GoWellness Work Group and Occupational Health and Safety Board

3.3. Human Resources Policy

The role of the Board on developing and ensuring that the company has a succession plan for the key management positions	Within Mavi Succession Policy the Board of Directors approve the succession plan for top level management
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Corporate Governance - Policies and Ethics - Diversity and Inclusion Policy
Whether the company provides an employee stock ownership program	There isn't an employee stock ownership program
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Corporate Governance - Policies and Ethics - Mavi Code of Conduct, Human Rights Policy, Diversity and Inclusion Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	-

3.5. Ethical Rules and Social Responsibility

The name of the section on the corporate website that demonstrates the Code of Ethics	Corporate Governance - Policies and Ethics
The name of the section on the company website that demonstrates the Corporate Social Responsibility Report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	https://www.mavi.com/sustainability/index-en.html
Any measures combating any kind of corruption including embezzlement and bribery	Corporate Governance - Policies And Ethics, Anti-Bribery and Anti-Corruption Policy

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors

Date of the last Board evaluation conducted	-
Whether the Board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation was made among the board members
Number of reports presented by internal auditors to the Audit Committee or any relevant committee to the Board	7
Specify the name of the section or page number of the Annual Report that provides the summary of the review of the effectiveness of internal controls	Annual Report Corporate Governance Section
Name of the Chairman	Ragıp Ersin Akarlılar
Name of the CEO	Ahmet Cüneyt Yavuz
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the Board of Directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/tr/Bildirim/1131638
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	2 board member - 1/3

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/Or Finance Or Not
Ragıp Ersin Akarlılar	Non executive	Not independent director	12/01/1994	-	Not applicable	Not applicable	Not applicable
Ahmet Cüneyt Yavuz	Executive	Not independent director	22/03/2017	-	Not applicable	Not applicable	Not applicable
Fatma Elif Akarlılar	Executive	Not independent director	12/01/1994	-	Not applicable	Not applicable	Not applicable
İbrahim Tamer Haşimoğlu	Non executive	independent director	17/07/2023	https://www.kap.org.tr/tr/Bildirim/1173559	Considered	No	Yes
Nedim Nahmias	Non executive	independent director	17/07/2023	https://www.kap.org.tr/tr/Bildirim/1173559	Considered	No	No
Zeynep Yalım Uzun	Non executive	independent director	31/05/2022	https://www.kap.org.tr/tr/Bildirim/1033500	Considered	No	No

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	5
Director average attendance rate at board meetings	100%
Whether the Board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	5 working days
The name of the section on the corporate website that demonstrates information about the board charter	There is no public link available for the internal board charter document

Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no such policy
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4.5. Board Committees

Page numbers or section names of the Annual Report where information about the board committees are presented	Annual Report Corporate Governance Section
Link(s) to the PDP announcement(s) with the Board Committee charters	https://www.kap.org.tr/tr/Bildirim/627118

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee		İ. Tamer Haşimoğlu	Yes	Board member
Audit Committee		Nedim Nahmias	No	Board member
Committee of Early Detection of Risk		İ. Tamer Haşimoğlu	Yes	Board member
Committee of Early Detection of Risk		Ragıp Ersin Akarlılar	No	Board member
Committee of Early Detection of Risk		Bige İşcan Aksaray	No	Not board member
Corporate Governance Committee		Zeynep Yalım Uzun	Yes	Board member
Corporate Governance Committee		Ragıp Ersin Akarlılar	No	Board member
Corporate Governance Committee		Duygu İnceöz	No	Not board member

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II	
Specify where the activities of the Audit Committee are presented in your annual report or website (Page number or section name in the Annual Report/website)	Annual Report Corporate Governance Section
Specify where the activities of the Corporate Governance Committee are presented in your annual report or website (Page number or section name in the Annual Report/website)	Annual Report Corporate Governance Section
Specify where the activities of the Nomination Committee are presented in your annual report or website (Page number or section name in the Annual Report/website)	Annual Report Corporate Governance Section
Specify where the activities of the Early Detection of Risk Committee are presented in your Annual Report or website (Page number or section name in the annual report/website)	Annual Report Corporate Governance Section
Specify where the activities of the Remuneration Committee are presented in your Annual Report or website (Page number or section name in the Annual Report/website)	Annual Report Corporate Governance Section
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your Annual Report (Page number or section name in the Annual Report)	Annual Report Corporate Governance Section
Specify the section of website where Remuneration Policy for executive and non-executive directors are presented.	Corporate Governance - Policies and Ethics
Specify where the individual remuneration for board members and senior executives are presented in your Annual Report (Page number or section name in the Annual Report)	Annual Report Corporate Governance Section

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	Percentage Of Non-executive Directors	Percentage Of Independent Directors In The Committee	Number Of Meetings Held In Person	Number Of Reports On Its Activities Submitted To The Board
Audit Committee		100%	100%	4	8
Committee of Early Detection of Risk		66,6%	33,3%	4	6
Corporate Governance Committee		66,6%	33,3%	0	3

06

Independent Auditors Report & Consolidated Financial Statements

AUDITORS REPORT & CONSOLIDATED FINANCIAL STATEMENTS

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Financial Statements
As At and For The Year Ended
31 January 2024 and Independent Auditor's Report

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

15 March 2024
This report includes 6 pages of independent auditor's report and 87 pages of consolidated financial statements together with their explanatory notes.

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi A.Ş. (“the Company”) and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 January 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 January 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Emphasis of Matter

Consolidated financial statements as of 31 January 2024 are subject to inflation adjustment in accordance with TAS 29 “Financial Reporting in Hyperinflationary Economies” within the scope of the “Announcement on the Inflation Adjustment of Financial Statements of Companies Subject to Independent Audit” dated 23 November 2023 published by the POA. Accordingly, we draw attention to Note 2 of the consolidated financial statements, which describes the transition to inflation accounting. Our opinion is not modified in respect of this matter.

Deloitte; İngiltere mevzuatına göre kurulmuş olan Deloitte Touche Tohmatsu Limited (“DTTL”) şirketini, üye firma ağındaki şirketlerden ve ilişkili tüzel kişiliklerden bir veya birden fazlasını ifade etmektedir. DTTL ve üye firmalarının her biri ayrı ve bağımsız birer tüzel kişiliktir. DTTL (“Deloitte Global” olarak da anılmaktadır) müşterilere hizmet sunmamaktadır. Global üye firma ağıımızla ilgili daha fazla bilgi almak için www.deloitte.com/about adresini ziyaret ediniz.

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Key Audit Matters

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

Key Audit Matter	How the matter was addressed in the audit
TAS 29 Financial Reporting Application in Hyperinflationary Economies	During our audit, we performed the following audit procedures related to the application of TAS 29:
TAS 29, Financial Reporting in Hyperinflationary Economies (“TAS 29”) standard has been applied in the Group's consolidated financial statements for the year ending 31 January 2024.	- Testing whether the distinction between monetary and non-monetary items made by management is made in accordance with TAS 29, - Testing the completeness and mathematical accuracy of the lists subject to calculation on a sample basis,
In accordance with TAS 29, the consolidated financial statements and financial information of prior periods have been restated to reflect the changes in the purchasing power of the Turkish Lira and presented in terms of the purchasing power of the Turkish Lira at the reporting date. The application of TAS 29 has a significant effect on the consolidated financial statements, both on a widespread and consistent basis. Accordingly, we determined the application of TAS 29 as a key audit matter.	- Evaluating the calculation methods used by management and checking their consistency in each period, - Testing the general price index rates used in the calculations with the coefficients obtained from the Consumer Price Index in Turkey published by the Turkish Statistical Institute,
The Group's accounting policies related to Financial Reporting in Hyperinflationary Economies are disclosed in Note 2.	The adequacy of the explanations in the notes of the consolidated financial statements regarding the application of TAS 29 has been checked in accordance with TFRS.

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

Other Matters

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 (“TCC”), the auditor’s report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 15 March 2024.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group’s set of accounts and financial statements prepared for the period 1 February-31 January 2024 does not comply with TCC and the provisions of the Company’s articles of association in relation to financial reporting.

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

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

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



Tolga Sirkecioğlu
Partner

İstanbul, 15 March 2024

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Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**Consolidated Statements of Financial Position****As of 31 January 2024**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2024, unless otherwise indicated.)

	Note	Audited 31 January 2024	Audited 31 January 2023
ASSETS			
Current assets			
Cash and cash equivalents	4	4,854,266	5,348,967
Financial investments		62,887	95,864
Trade receivables		1,312,208	1,435,339
- Due from third parties	7	1,312,208	1,435,339
Other receivables		12,449	51,782
- Due from related parties	6	--	20,139
- Due from third parties	8	12,449	31,643
Inventories	9	3,609,344	4,005,068
Derivative instruments	32	2,751	--
Prepaid expenses	10	218,360	333,700
- Due from related parties	6	119,365	135,784
- Due from third parties		98,995	197,916
Current tax assets	30	51,978	54,382
Other current assets	19	21,291	71,221
Total current assets		10,145,534	11,396,323
Non-current assets			
Other receivables		13,690	17,426
- Due from third parties	8	13,690	17,426
Property, plant and equipment	11	1,212,903	1,051,377
Right-of-use assets	14	1,354,501	1,362,511
Intangible assets		1,112,174	1,213,591
- Other intangible asset	12	326,225	409,569
- Goodwill	13	785,949	804,022
Deferred tax asset	30	59,003	122,215
Total non-current assets		3,752,271	3,767,120
TOTAL ASSETS		13,897,805	15,163,443

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Financial Position
As of 31 January 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2024, unless otherwise indicated.)

	Note	Audited 31 January 2024	Audited 31 January 2023
LIABILITIES			
Current liabilities			
Short-term borrowings	5	104,249	1,340,694
Short-term lease liabilities	5	499,068	577,403
- Due to related parties	6	267	757
- Due to third parties		498,801	576,646
Short-term portion of long-term borrowings	5	73,838	358,229
Short-term issued debt instruments	5	725,454	840,724
Trade payables		3,398,175	4,880,627
- Due to related parties	6	385,058	534,039
- Due to third parties	7	3,013,117	4,346,588
Payables related to employee benefits	18	517,943	334,693
Other payables		147,281	65,551
- Due to related parties	6	41	68
- Due to third parties	8	147,240	65,483
Deferred income	10	156,647	134,635
Short-term provisions		194,272	204,989
- Short-term provisions for employee benefits	15	34,225	31,041
- Other short-term provisions	15	160,047	173,948
Derivative instruments	32	--	29,176
Current tax liabilities	30	230,636	135,497
Other current liabilities	19	78,460	71,932
Total current liabilities		6,126,023	8,974,150
Non-current liabilities			
Long-term borrowings	5	8,137	--
Long term issued debt instruments	5	343,581	--
Long-term lease liabilities	5	577,267	477,782
Due to third parties		577,267	477,782
Deferred income	10	13,614	56,067
Payables related to employee benefits		40,876	111,246
Long-term provisions		101,459	100,764
Long-term provisions for employee benefits	15,17	101,459	100,764
Deferred tax liabilities	30	18,790	24,352
Total non-current liabilities		1,103,724	770,211
TOTAL LIABILITIES		7,229,747	9,744,361

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Financial Position
As of 31 January 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2024, unless otherwise indicated.)

	Note	Audited 31 January 2024	Audited 31 January 2023
EQUITY			
Equity attributable to owners of the Company			
Paid-in share capital	20	198,628	99,314
Adjustment to share capital	20	709,938	657,751
Share based payment fund		10,631	1,558
Other comprehensive income or expenses not to be reclassified to profit or loss		(25,498)	(3,453)
Defined benefit plans remeasurement losses		(25,498)	(3,453)
Other comprehensive income or expenses to be reclassified to profit or loss		346,403	278,780
Foreign currency translation differences		344,339	302,121
Hedging gain / (losses)		2,064	(23,341)
Restricted reserves appropriated from profit		174,477	174,477
Retained earnings		3,108,668	2,009,581
Net profit for the period		1,783,892	1,905,710
Non-controlling interests		360,919	295,364
Total equity		6,668,058	5,419,082
TOTAL EQUITY AND LIABILITIES		13,897,805	15,163,443

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 January 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2024, unless otherwise indicated.)

	Note	Audited 1 February 2023– 31 January 2024	Audited 1 February 2022– 31 January 2023
Profit or loss			
Revenue	21	26,293,292	21,037,941
Cost of sales (-)	22	(13,619,691)	(10,680,042)
Gross profit		12,673,601	10,357,899
Administrative expenses (-)	23		
Selling, marketing and distribution expenses (-)	23	(1,732,659)	(1,363,635)
Research and development expenses (-)	24	(7,403,346)	(6,152,775)
Other operating income	25	(293,568)	(179,047)
Other operating expenses (-)	25	317,197	187,696
Operating profit		(112,324)	(90,624)
Income from investment activities	26	3,448,901	2,759,514
Expenses from investment activities (-)	26	32,977	30,579
Operating profit before finance expense		(2,422)	(1,449)
Finance income	28	3,479,456	2,788,644
Finance costs (-)	29	1,098,952	597,137
Finance expenses, net		(1,773,341)	(1,262,717)
Monetary losses /(gains)		(674,389)	(665,580)
Profit before tax		(135,586)	279,163
Tax expense	30	2,669,481	2,402,227
- Tax expense for the period	30	(912,690)	(475,017)
- Deferred tax income	30	(861,012)	(671,955)
Net profit		(51,678)	196,938
		1,756,791	1,927,210
Distribution of profit for the period			
Non-controlling interests		(27,101)	21,493
Owners of the Company		1,783,892	1,905,717
Earnings per share	31	8.9811	9.5944

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 January 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2024, unless otherwise indicated.)

	Note	Audited 1 February 2023– 31 January 2024	Audited 1 February 2022– 31 January 2023
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement (losses) of defined benefit plans	17	(29,393)	(4,316)
Deferred tax income	30	7,348	863
Items that will be reclassified to profit or loss			
Foreign currency translation differences		124,921	(140,509)
Cash flow hedging gains		31,928	(104,255)
Deferred tax income/(expense)	30	(6,523)	23,103
Other comprehensive income		128,281	(225,114)
Total comprehensive income		1,885,072	1,702,096
Distribution of total comprehensive income			
Non-controlling interests		55,602	78,250
Owners of the Company		1,829,470	1,623,846

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statement of Changes in Equity
For the Year Ended 31 January 2024
(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2024, unless otherwise indicated.)

	Share capital	Capital adjustment difference	Legal reserves	Share based payment fund	Other comprehensive income that will not reclassified to profit or loss	Other comprehensive income that will reclassified to profit or loss		Retained earnings		Attributable to owners of the Company	Attributable to non-controlling interest	Total equity
						Remeasurement of defined benefit liability	Foreign currency translation reserve	Hedging reserve	Retained earnings			
Balance as at 1 February 2022												
	49,657	601,672	174,477	--	--	499,381	57,810	2,342,668	--	3,725,665	204,982	3,930,647
Transfers	49,657	56,079	--	--	--	--	--	(105,736)	--	--	--	--
Dividend payment	--	--	--	--	--	--	--	(235,255)	--	(235,255)	--	(235,255)
Increase (decrease) due to share-based transactions	--	--	--	1,558	--	--	--	7,904	--	9,462	12,133	21,595
Total comprehensive income	--	--	--	--	(3,453)	(197,260)	(81,151)	--	1,905,710	1,623,846	78,249	1,702,095
Total balance as at 31 January 2023												
	99,314	657,751	174,477	1,558	(3,453)	302,121	(23,341)	2,009,581	1,905,710	5,123,718	295,364	5,419,082
Balance as at 1 February 2023												
Transfers	99,314	52,187	--	--	--	--	--	1,754,209	(1,905,710)	--	--	--
Dividend payment	--	--	--	--	--	--	--	(655,122)	--	(655,122)	--	(655,122)
Increase (decrease) due to share-based transactions	--	--	--	9,073	--	--	--	--	--	9,073	9,953	19,026
Total comprehensive income	--	--	--	--	(22,045)	42,218	25,405	--	1,783,892	1,829,470	55,602	1,885,072
Total balance as at 31 January 2024												
	198,628	709,938	174,477	10,631	(25,498)	344,339	2,064	3,108,668	1,783,892	6,307,139	360,919	6,668,058

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Statement of Cash Flow
for the year ended 31 January 2024
(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2024, unless otherwise indicated.)

	Note	Audited	Audited
		31 January 2024	31 January 2023
Cash flows from operating activities			
Net profit for the period		1,756,791	1,927,210
Adjustments for:			
Adjustments for depreciation and amortization expense	11,12,14,27	1,609,976	1,518,786
Adjustments for interest income	28	(933,769)	(532,020)
Adjustments for interest expense	29	1,768,285	1,252,860
Adjustments for provision for vacation	15	23,777	20,156
Adjustments for fair value losses / (gains) of financial assets		(32,499)	(24,876)
Adjustments for provision for employment termination benefit	17	84,302	108,777
Adjustments for impairment losses on trade receivables	34	(1,903)	6,744
Adjustments for rediscount interest expense/(income) on trade payables	25	(151,623)	(49,671)
Adjustments for share-based payments		19,026	1,558
Adjustments for monetary losses /(gains)		524,197	(813,785)
Adjustments for expected credit losses	25	(4,724)	2,199
Adjustments for inventory impairment	9	(14,848)	94,319
Adjustments for provisions for short-term and long-term payables	15	43,561	123,516
Adjustments for (gains) / losses on disposal of property, plant and equipment	26	1,944	(4,254)
Adjustments for tax expense	30	912,690	475,017
Adjustments for unrealized foreign currency translation differences		(89,025)	(240,040)
		5,516,158	3,866,496
Changes in working capital:			
Change in trade receivables		(478,196)	(892,440)
Change in inventories		(1,048,902)	(2,654,964)
Change in prepaid expenses		(15,534)	(124,411)
Change in receivables from related parties		12,216	--
Change in other receivables		3,628	16,149
Change in other current and non-current assets		21,911	(52,352)
Change in employee benefits liabilities		288,318	248,148
Change in trade payables		637,030	2,608,036
Change in payables to related parties		(47,754)	362,659
Change in deferred income		54,583	140,329
Change in other payables		107,518	34,198
Change in short-term and long-term provisions		(1,102)	(1,578)
Change in other liabilities		34,197	41,742
Cash flows used in operating activities		5,084,071	3,592,012
Employment termination benefits paid	15,17	(61,877)	(36,776)
Tax payments	30	(718,541)	(668,589)
A. Net cash from operating activities		4,303,653	2,886,647
Cash flows from investing activities			
Cash outflows from purchase of property, plant and equipment	11	(505,416)	(428,148)
Cash inflows from sale of property, plant and equipment and intangible assets		11,265	11,976
Cash inflows from purchase of funds		--	(589)
Cash outflows from purchase of intangible assets	12	(90,404)	(152,090)
Other investing activities		65,476	(70,400)
Interest received		947,651	504,395
B. Net cash flow used in investing activities		428,572	(134,856)
Cash inflows from borrowings	5	1,358,908	2,120,930
Cash outflows from payment of borrowings	5	(1,740,242)	(1,256,672)
Cash outflows from payments of lease contracts		(723,347)	(708,633)
Other financial cash outflows	29	(983,279)	(630,764)
Dividend paid		(429,453)	(198,536)
Interest paid		(591,212)	(369,722)
C. Net cash flow generated from/(used in) financing activities		(3,108,625)	(1,043,397)
Net increase in cash and cash equivalent (A+B+C)		1,623,600	1,708,394
Monetary losses /(gains)		(2,104,419)	(308,763)
Cash and cash equivalents at the beginning of the period		5,313,523	3,913,892
Cash and cash equivalents at the end of the period (A+B+C+D)	4	4,832,704	5,313,523

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

1 Organization and Operations of the Group

Mavi Giyim Sanayi ve Ticaret A.Ş. (the “Company” or “Mavi Giyim”), established in 1991, engages in wholesale and retail sales of ready-to-wear denim apparel. The product range includes knit and woven shirts, t-shirts, sweaters, jackets, skirts, dresses, accessories and denim bottoms for men, women and children. The Company’s registered office is Sultan Selim Mahallesi, Eski Büyükdere Caddesi, No. 53/2, 34418 Kağıthane Istanbul/Turkiye.

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, and Almere.

Shares of the Company has been traded at Borsa Istanbul (“BIST”) since 15 June 2017. As of 31 January 2024, the Company's main shareholders are Blue International Holding B.V., which owns 0.22% of the Company's share capital, and Fatma Elif Akarlilar, Hayriye Fethiye Akarlilar and Seyhan Akarlilar, 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 Akarlilar, Hayriye Fethiye Akarlilar and Seyhan Akarlilar, each of whom own 9.062% of the Company's share capital). Blue International Holding B.V. is controlled by Fatma Elif Akarlilar, Hayriye Fethiye Akarlilar and Seyhan Akarlilar.

The consolidated financial statements as at 31 January 2024 include financial position and the results of Mavi Giyim, Mavi Europe AG (“Mavi Europe”) and Mavi LLC (“Mavi Russia”), Eflatun Giyim Yatırım Ticaret Anonim Şirketi (“Eflatun Giyim”), Mavi Jeans Incorporated (“Mavi Canada”), Mavi Jeans Incorporated (“Mavi United States of America (“USA”), Mavi Kazakhstan LLP and its subsidiaries are referred here as the “Group” and individually “the Group entity” in this report.

1 Organization and Operations of the Group (continued)

The ownership interest of and voting power held by the Company as at and for the years ended 31 January 2024 and 31 January 2023 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Ownership interest and voting rights	
			31 January 2024	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	Turkiye	Holding	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 ⁽¹⁾	Kazakhstan	Retail sales of apparel	100.00	100.00

⁽¹⁾Mavi Kazakhstan is in the liquidation process and does no longer proceed any operations as of 31 October 2015. Financial statements of Mavi Kazakhstan have not been consolidated since its operations insignificant in terms of consolidated financial statements, as of 31 January 2024.

As of 31 January 2024, Group’s total number of employees is 6,201 (31 January 2023: 5,670).

2 Basis of presentation of financial statements

2.1 Basis of presentation of consolidated financial statements

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

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

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

2 Basis of presentation of financial statements (continued)

2.1 Basis of presentation of consolidated financial statements (continued)

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

Approval of consolidated financial statements:

The consolidated financial statements were approved by the Board of Directors of the Company on 15 March 2024. The General Assembly of the Company has the right to amend and the related regulatory authorities have the right to demand the amendment of these consolidated financial statements.

(b) Functional and presentation currency

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

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

The table below summarises functional currencies of the Group entities.

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

2 Basis of presentation of financial statements (continued)

2.1 Basis of presentation of consolidated financial statements (continued)

(c) Basis of measurement

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

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

Restatement of financial statements during periods of high inflation

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

TAS 29 applies to the financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.As at the reporting date, entities operating in Turkiye are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 January 2024, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%.

POA made a announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 January 2024 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 January 2024.

2 Basis of presentation of financial statements (continued)

2.1 Basis of presentation of consolidated financial statements (continued)

Restatement of financial statements during periods of high inflation (continued)

In this framework, while preparing the consolidated financial statements dated 31 January 2024, 31 January 2024 and 2023, inflation adjustment has been made in accordance with TAS 29.

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute (TURKSTAT):

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
31 January 2023	1,984.020	1.00000	287%
31 January 2022	1,203.480	1.64857	170%
31 January 2021	763.230	2.59950	92%

The main lines of TAS 29 indexation transactions are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the financial statements.

2 Basis of presentation of financial statements (continued)

2.1 Basis of presentation of consolidated financial statements (continued)

Restatement of financial statements during periods of high inflation (continued)

- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

The impact of the application of TAS 29 Inflation Accounting is summarised below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognised in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortisation expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

2 Basis of presentation of financial statements (continued)

2.1 Basis of presentation of consolidated financial statements (continued)

Restatement of financial statements during periods of high inflation (continued)

Consolidated financial statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company.

Subsidiaries of the Group whose functional currency is other than Turkish Lira have been translated to the purchasing power of 31 January 2024 according to the following principles.

As of 31 January 2024, the consolidated statement of financial position for the year ended 31 January 2024 has been translated into Turkish Lira at the closing rate of 31 January 2024. 1 February 2023 - 31 January 2024 consolidated statement of income for the period 1 February 2023 - 31 January 2024 has been translated into Turkish Lira at the average monthly exchange rates and indexed to the purchasing power of 31 January 2024 from the translation date and the relevant months. As of 31 January 2023, the consolidated statement of financial position for the year ended 31 January 2023 has been translated into Turkish Lira at the closing rate of 31 January 2023 and indexed to the purchasing power of 31 January 2024. The income statement for the period 1 February 2022 - 31 January 2023 has been translated into Turkish Lira at the average monthly exchange rates and indexed to the purchasing power of 31 January 2024.

Comparative figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

2.2 Basis of consolidation

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

2 Basis of presentation of financial statements (continued)

2.2 Basis of consolidation (continued)

(a) Business combinations

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

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

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

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

(b) Subsidiaries

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

2 Basis of presentation of financial statements (continued)

2.2 Basis of consolidation (continued)

(c) Non-controlling interests

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

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

(d) Transactions eliminated on consolidation

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

(e) Acquisitions from entities under common control

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

(f) Foreign currency

i) Foreign currency transactions

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

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

2 Basis of presentation of financial statements (continued)

2.2 Basis of consolidation (continued)

(f) Foreign currency

i) Foreign currency transactions

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

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

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated via monthly average exchange rates. Foreign currency differences are recognised in other comprehensive income and accumulated into the translation reserve, except to the extent that the translation difference is allocated to NCI.

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

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

2 Basis of presentation of financial statements (continued)

2.2 Basis of consolidation (continued)

(f) Foreign currency (continued)

ii) Foreign operations (continued)

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

	31 January 2024	31 January 2023
TL / EUR	32.8144	20.4525
TL / USD	30.3053	18.7876
TL / RUB	0.3376	0.2684
TL / CAD	22.5737	14.0723

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

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
TL / EUR	26.7516	17.7789
TL / USD	24.7022	16.9962
TL / RUB	0.2811	0.2573
TL / CAD	18.289	12.9552

2.3 Change in significant accounting policies

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

2.4 Changes in accounting estimates and errors

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies

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

There has been no significant change in the accounting estimates of the Company as of 31 January 2024.

(a) Leases

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

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.

This policy is applied to contracts entered into, on or after 1 February 2019.

As a lessee

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(a) Leases (continued)

As a lessee (continued)

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

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

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

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(a) Leases (continued)

As a lessee (continued)

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

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

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

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

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

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

(b) Property, plant and equipment

(i) Recognition and measurement

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(b) Property, plant and equipment

(i) Recognition and measurement

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

(ii) Subsequent expenditure

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

(iii) Depreciation

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

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

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

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

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(c) Intangible assets and goodwill

(i) Recognition and measurement

Goodwill

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

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

Intangible assets recognised in a business combination

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

Other intangible assets

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

(ii) Subsequent expenditures

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

(iii) Amortisation

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(c) Intangible assets and goodwill (continued)

(iii) Amortisation (continued)

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

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

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

(d) Inventories

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

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

(e) Financial instruments

(i) Recognition and initial measurement

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement

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

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

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

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

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets–Evaluation of the business model

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

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

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

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

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

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

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

risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).
- A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets–Subsequent measurement and gains and losses (continued)

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

Financial liabilities–Classification, subsequent measurement and gains and losses

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(iii) Derecognition

Financial assets

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

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

Financial liabilities

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

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

(iv) Offsetting of financial asset and liabilities

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(v) Derivative financial instrument and hedge accounting

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

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

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

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

Hedge accounting

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

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

Hedge accounting (continued)

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

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

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

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

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

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(f) Impairment of assets

Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost

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

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

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

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

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

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

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(f) Impairment of assets (continued)

Non-derivative financial assets (continued)

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

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

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

Credit-impaired financial assets

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

Presentation of impairment

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

Write-off

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(f) Impairment of assets (continued)

Non-derivative financial assets (continued)

Write-off (continued)

still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.

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

Non-financial assets

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

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

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(f) Impairment of assets (continued)

Non-derivative financial assets (continued)

Non-financial assets (continued)

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

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

(g) Employee benefits

(i) Long term employee benefits

Provision for employee termination benefits

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(g) Employee benefits (continued)

(i) Long term employee benefits (continued)

Provision for employee termination benefits (continued)

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

(ii) Short term employee benefits

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

(h) Provisions; contingent liabilities and contingent assets

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

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(i) Related parties

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

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

(j) Revenue

(i) General model for accounting of revenue

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(j) Revenue (continued)

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

Step 1: Identify the contract

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

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

Step 2: Identify the performance obligations

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

- (a) a performance obligation either a good or service that is distinct; or

(b) or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

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

Step 3: Determine the transaction price

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(j) Revenue (continued)

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

Significant financing component

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

Variable cost

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

Step 4: Allocate the transaction price

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

Stage 5: Revenue recognition

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

- Customer simultaneously receives and consumes the benefits as the entity performs, or

▪ The customer controls the asset as the entity creates or enhances it, or

▪ Group’s performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(j) Revenue (continued)

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

Variable cost (continued)

Stage 5: Revenue recognition (continued)

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

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

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

Goods sold

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

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

In addition, the Group has consignments in certain department stores. Revenue from these consignments is recognized only after they are sold to the end customer as defined above. E-commerce represents direct sales that the Group makes to consumers on own mavi.com websites.

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(j) Revenue (continued)

Goods sold (continued)

Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If a rebate is likely to be granted and the amount can be reliably measured, the deduction amount is deducted from revenue at the time revenue is recorded. The Group also generates revenue in the form of royalty fees.

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

Loyalty programme

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

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

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(l) Earnings per share

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

(m) Research and development expenses

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

(n) Finance income and finance cost

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

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

(o) Tax

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(o) Tax (continued)

(i) Current tax

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

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

(ii) Deferred tax

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

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

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

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(o) Tax (continued)

(iii) Tax risk

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

(iv) Transfer pricing

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

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

(p) Government grants

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

(q) Measurement of fair value

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(q) Measurement of fair value (continued)

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

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

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

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

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(q) Measurement of fair value (continued)

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

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

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

(i) Financial assets

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

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

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

(ii) Other non-derivative financial liabilities

Forward exchange contracts

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

2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(q) Measurement of fair value (continued)

(iii) Property, plant and equipment

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

(iv) Intangible assets

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

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

2.6 Use of accounting judgements and estimates

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

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

2 Basis of presentation of financial statements (continued)

2.6 Use of accounting judgements and estimates

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

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

2.7 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 TAS 12	<i>International Tax Reform — Pillar Two Model Rules</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.

2 Basis of presentation of financial statements (continued)

2.7 New and Amended Turkish Financial Reporting Standards (continued)

Amendments to TAS 8 ***Definition of Accounting Estimates***

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

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

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

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

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

Amendments to TAS 12 ***International Tax Reform — Pillar Two Model Rules***

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023.

2 Basis of presentation of financial statements (continued)

2.7 New and Amended Turkish Financial Reporting Standards (continued)

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

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

TFRS 17	<i>Insurance Contracts</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	<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>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TFRS S1	<i>General Requirements for Disclosure of Sustainability-related Financial Information</i>
TFRS S2	<i>Climate-related Disclosures</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 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 Insurance Contracts on 1 January 2025.

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.

2 Basis of presentation of financial statements (continued)

2.7 New and Amended Turkish Financial Reporting Standards (continued)

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.

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.

Amendments to TAS 7 and TFRS 7 Supplier Finance Arrangements

The amendments add disclosure requirements, and ‘signposts’ within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

2 Basis of presentation of financial statements (continued)

2.7 New and Amended Turkish Financial Reporting Standards (continued)

TFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

TFRS S2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

3 Segment reporting

	1 February 2023- 31 January 2024			1 February 2022- 31 January 2023		
	Reportable segment			Reportable segment		
	Turkiye	International	Total	Turkiye	International	Total
Segment revenue ⁽¹⁾	23,016,538	3,276,754	26,293,292	17,482,698	3,555,243	21,037,941
-Retail	17,288,793	430,900	17,719,693	13,244,884	525,004	13,769,888
-Wholesale	3,754,589	2,100,629	5,855,218	2,669,307	2,279,033	4,948,340
-E-commerce	1,973,156	745,225	2,718,381	1,568,507	751,206	2,319,713
Segment profit/ (loss) before tax	2,668,144	1,337	2,669,481	2,179,506	222,721	2,402,227
	31 January 2023			31 January 2022		
	Reportable segment			Reportable segment		
	Turkiye	International	Total	Turkiye	International	Total
Total segment assets	12,185,089	1,712,716	13,897,805	13,378,600	1,784,843	15,163,443
Total segment liabilities	6,223,426	1,006,321	7,229,747	8,711,309	1,033,052	9,744,361

The Group applies TFRS 8 and operating segments are determined based on internal reports that are regularly reviewed by the Group's decision maker.

The Group has 2 strategic operating segments as Türkiye and International based on the geographical areas where sales are generated. These divisions are managed separately because they require different trading and marketing strategies. International segment comprises Europe, USA, Canada, Russia and rest of the world.

⁽¹⁾Segment revenue comprised of third-party sales after elimination between consolidated entities.

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4 Cash and cash equivalents

As of 31 January 2024 and 31 January 2023 cash and cash equivalents comprises the following:

	31 January 2024	31 January 2023
Cash on hand	6,153	10,774
Cash at banks	3,720,552	4,487,858
<i>Demand deposits</i>	349,780	224,690
<i>Time deposits</i>	3,370,772	4,263,168
Other cash and cash equivalents	1,105,999	814,891
Cash and cash equivalents in the statement of cash flow	4,832,704	5,313,523
Time deposit interest accrual	21,562	35,444
	4,854,266	5,348,967

As at 31 January 2024 and 31 January 2023, other cash and cash equivalents consist of credit card receivables with maturities less than 3 months.

As at 31 January 2024 and 31 January 2023, the details of time deposits based on maturity dates and interest rates of the Groups are as below:

	Maturity	Interest rate	31 January 2024
TL	1 February-4 March 2024	40%-43%	3,168,030
USD	1 February 2024	0.75%	202,742
			3,370,772

	Maturity	Interest rate	31 January 2023
TL	1 February -3 March 2023	11.00%-29.75%	4,132,039
USD	1 February 2023	0.50%	118,316
EUR	1 February 2023	0.50%	12,813
			4,263,168

As of 31 January 2024 and 31 January 2023, there is no restriction or blockage on cash and cash equivalents. The Group’s exposure to foreign currency credit risk, interest rate risk and related sensitivity analyses are disclosed in Note 34.

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5 Financial borrowings

As at 31 January 2024 and 31 January 2023, financial borrowings comprise the following:

	31 January 2024	31 January 2023
Current liabilities		
Unsecured bank loans	104,249	1,340,694
Current portion of unsecured bank loans	73,838	358,229
Issued debt instruments	725,454	840,724
Lease liabilities	499,068	577,403
	1,402,609	3,117,050
Non-current liabilities		
Unsecured bank loans	8,137	--
Long term issued debt instruments	343,581	--
Lease liabilities	577,267	477,782
	928,985	477,782

As of 31 January 2024 and 31 January 2023, the Group's total bank borrowings and lease payables are as follows:

	31 January 2024	31 January 2023
Bank loans	186,224	1,698,923
Issued debt instruments	1,069,035	840,724
Lease liabilities	1,076,335	1,055,185
	2,331,594	3,594,832

As of 31 January 2024 and 31 January 2023 the repayments of bank loan agreements according to the original maturities comprised the following:

	31 January 2024	31 January 2023
Less than one year	903,541	2,539,647
One to two years	350,238	--
Two to three years	1,480	--
	1,255,259	2,539,647

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5 Financial borrowings (continued)

As of 31 January 2024 and 31 January 2023 maturities and conditions of outstanding bank loans comprised the following:

31 January 2024					
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	RUB	21.00%	2024	71,746	73,838
Unsecured bank loans	CAD	7.30-7.45%	2026	112,386	112,386
Issued debt instruments	TL	33.5%-47.0%	2024-2025	1,000,000	1,069,035
				1,184,132	1,255,259

31 January 2023					
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	TL	16.50%-28.00%	2023	1,473,820	1,563,819
Unsecured bank loans	USD	6.89%	2023	27,874	27,874
Unsecured bank loans	RUB	13.50%	2023	22,121	22,798
Unsecured bank loans	CAD	7.20%	2023	83,967	84,433
Issued debt instruments	TL	33.50%-35.18%	2024	824,284	840,723
				2,432,066	2,539,647

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

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5 Financial borrowings (continued)

The movement of borrowings for the year ended 31 January 2024 and 31 January 2023 is as follows:

	31 January 2024	31 January 2023
1 February balance	2,539,647	2,315,135
Proceeds from borrowings	1,358,908	2,120,930
Repayment of borrowings	(1,740,242)	(1,256,672)
Interest accrual	5,248	85,687
Currency translation differences	90,830	114,164
Inflation differences	(999,132)	(846,900)
Change in exchange rates	--	7,303
31 January balance	1,255,259	2,539,647

The movement of lease liabilities for the year ended 31 January 2024 and 31 January 2023 is as follows:

	31 January 2024	31 January 2023
1 February balance	1,055,185	1,315,151
Payments of lease liabilities	(723,347)	(708,633)
Lease modifications	624,792	579,253
Interest on lease liabilities	146,423	137,486
New lease contracts	316,601	132,072
Currency translation differences	(52,331)	99,612
Change in exchange rates	7,681	(755)
Inflation differences	(296,195)	(481,099)
Terminations	(2,474)	(17,902)
31 January balance	1,076,335	1,055,185

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5 Financial borrowings (continued)

Short term portion of long term liabilities	31 January 2024	31 January 2023
Lesase liabilities	625,678	675,664
Deferred lease borrowing cost (-)	(126,610)	(98,261)
	499,068	577,403
Long term lease liabilities		
Leases liabilities	978,429	570,934
Deferred lease borrowing costs (-)	(401,162)	(93,152)
	577,267	477,782
Total contractual lease liabilities	1,076,335	1,055,185

6 Related party disclosures

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

As of 31 January 2024, the members of the Akarlılar Family (Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar) are the controlling shareholders of the Group with a total ownership interest of 27.41% where 27.19% is the direct ownership interest and 0.22% is the indirect ownership interest through Blue International Holding B.V.

(a) Related party balances

As of 31 January 2024, there are no short-term trade receivables from related parties (31 January 2023: None).

	31 January 2024	31 January 2023
Advances given to related parties		
Erak Giyim Sanayi Ticaret A.Ş.("Erak") ⁽¹⁾	119,365	135,784
	119,365	135,784

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

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6 Related party disclosures (continued)

(a) Related party balances (continued)

The balance of trade payables to related parties for the periods ended 31 January 2024 and 31 January 2023 is as follows.

	31 January 2024	31 January 2023
Trade payables to related parties		
Erak ⁽¹⁾	338,269	318,687
Akay Lelmalabis Elgazhizah LLC ("Akay") ⁽²⁾	46,789	215,352
	385,058	534,039

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

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

As at 31 January 2024 and 31 January 2023, Other receivable to related parties comprised the following:

	31 January 2024	31 January 2023
Other receivables from related parties		
Mavi USA shareholders	--	20,139
	--	20,139

As at 31 January 2024 and 31 January 2023, other short-term payables to related parties comprised the following:

	31 January 2024	31 January 2023
Other payables to related parties		
Eflatun Giyim shareholders	41	68
	41	68

6 Related party disclosures (continued)

(a) Related party balances (continued)

As at 31 January 2024 and 31 January 2023, lease liabilities to related parties comprised the following:

	31 January 2024	31 January 2023
Short-term lease liabilities to related parties		
Sylvia House Inc.	267	303
Mavi Jeans Holding Inc.	--	454
	267	757

(b) Related party transactions

For the years ended 31 January 2024 and 2023, purchases from related parties of the Group comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Product purchase from related parties		
Erak	3,471,713	3,770,818
Akay	677,224	427,398
	4,148,937	4,198,216

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

As of 31 January 2024 and 31 January 2023, the services from related parties of the Group comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Services from related parties		
Erak ⁽¹⁾	10,616	8,392
Mavi Jeans Holding Inc. ⁽²⁾	728	6,632
Sylvia House Inc. ⁽³⁾	4,630	5,050
	15,974	20,074

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

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

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

6 Related party disclosures (continued)

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

For the year ended 31 January 2024, 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 540,330 (31 January 2023: TL 590,038).

7 Trade receivables and payables

Short-term trade receivables

As at 31 January 2024 and 31 January 2023, short-term trade receivables are as follows:

	31 January 2024	31 January 2023
Trade receivables from third parties	1,312,208	1,435,339
	1,312,208	1,435,339

As at 31 January 2024 and 31 January 2023, trade receivables from third parties are as follows:

	31 January 2024	31 January 2023
Receivables	1,118,290	1,332,031
Post-dated cheques	13,713	12,336
Endorsed cheques	43,707	34,129
Notes receivables	218,223	151,532
Expected credit losses (-)	(2,394)	(6,883)
Allowance for doubtful receivables (-)	(79,331)	(87,806)
	1,312,208	1,435,339

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

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

7 Trade receivables and payables (continued)

Short-term trade payables

As at 31 January 2024 and 31 January 2023, short term trade payables of the Group are as follows:

	31 January 2024	31 January 2023
Trade payables to third parties	3,013,117	4,346,588
Trade payables to related parties (Note 6)	385,058	534,039
	3,398,175	4,880,627

Trade payables mainly include outstanding amounts arising from trade purchases and ongoing expenditures. Currency and liquidity risk related to the Group's short-term trade payables are explained in Note 34. As of 31 January 2024 and 31 January 2023, the Group's short-term trade payables to third parties are as follows:

	31 January 2024	31 January 2023
Trade payables ⁽¹⁾	2,914,957	4,185,456
Expense accruals	98,160	161,132
	3,013,117	4,346,588

⁽¹⁾The Company has no import factoring payables as of 31 January 2024 (31 January 2023: TL 458,511). Trade payables consists TL 921,862 consists of supplier financing payables (31 January 2023: TL 892,744). The Company carries out import factoring for its goods purchases from abroad. Within the scope of import factoring, foreign suppliers transfer their receivables from the Company to the financial institutions they work with, with the Company's confirmation of assignment. Within the scope of supplier financing, domestic suppliers transfer their receivables from the Company to the financial institutions with which the Company works with confirmation of assignment.

8 Other receivables and payables

Other short-term trade receivables

As at 31 January 2024 and 2023, short term other receivables of the Group are as follows:

	31 January 2024	31 January 2023
Other receivables from third parties	12,449	31,643
	12,449	31,643

As at 31 January 2024 and 31 January 2023, short-term other receivables from third parties of the Group are as follows:

	31 January 2024	31 January 2023
Receivables from public institutions ⁽¹⁾	5,112	3,218
Other short-term receivables	7,337	28,425
	12,449	31,643

⁽¹⁾ Receivables from public institutions consist of the Group's receivables related to Turquality incentive program amounting to TL 65 (31 January 2023: TL 62) and value added tax receivables amounting to TL 5,112 (31 January 2023: TL 870).

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

Long-term other receivables

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

	31 January 2024	31 January 2023
Other receivables from third parties	13,690	17,426
	13,690	17,426

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

8 Other receivables and payables (continued)

Short term other payables

As at 31 January 2024 and 2023, short term other payables of the Group are as follows:

	31 January 2024	31 January 2023
Other payables to third parties	147,240	65,483
Other payables to related parties (Note 6)	41	68
	147,281	65,551

As at 31 January 2024 and 2023, other payables to third parties of the Group are as follows:

	31 January 2024	31 January 2023
Taxes and duties payable	118,732	53,372
Other payables	28,508	12,111
	147,240	65,483

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

9 Inventories

As at 31 January 2024 and 2023, inventories are as follows:

	31 January 2024	31 January 2023
Trade goods	3,523,397	3,914,922
Consignment trade goods	198,055	264,448
Goods in transit	36,401	9,489
Provision for impairment on inventory (-)	(148,509)	(183,791)
	3,609,344	4,005,068

As at 31 January 2024 there is no restriction/ pledge on inventories (31 January 2023: none),

9 Inventories (continued)

As at 31 January 2024 and 31 January 2023, movement of the provision for inventory impairment is as follows:

	31 January 2024	31 January 2023
Opening balance	183,791	94,309
Provision for the year	179,416	167,510
Foreign currency translation effect	(20,434)	(4,837)
Write-off	(194,264)	(73,191)
Closing balance	148,509	183,791

As of the year ending on 31 January 2024, inventories of TL 179,416 (31 January 2023: TL 167,510) were recognised as an expense for slow moving inventory and net realizable value assessment in accordance with Group policies of provision for impairment on inventory during the year and included in “cost of sales”, In addition, for the year ended on 31 January 2024, inventories of TL 194,264 (31 January 2023; TL 73,191) were disposed and written off.

10 Prepaid expenses and deferred incomes

Short and long-term prepaid expenses

As at 31 January 2024 and 2023, the remaining balance of prepayments under current and non-current assets is as follows:

	31 January 2024	31 January 2023
Advances given ⁽¹⁾	136,011	226,810
Prepaid sales marketing and advertising expenses	24,881	33,337
Prepaid license expenses	9,753	11,857
Prepaid general administrative expenses	9,221	9,710
Prepaid insurance expenses	7,173	7,765
Prepaid rent expenses	4,535	3,409
Prepaid stamp tax and duties expenses	1,663	1,419
Other prepaid expenses	25,123	39,393
Total prepaid expenses	218,360	333,700

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

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10 Prepaid expenses and deferred incomes (continued)

Deferred income

As at 31 January 2024 and 31 January 2023, deferred income of the Group are as follows:

	31 January 2024	31 January 2023
Customer loyalty programme ⁽¹⁾	100,678	76,045
Salary protocol	33,898	89,413
Corporate sales ⁽²⁾	35,629	23,505
Rental support income	56	1,739
Total deferred income	170,261	190,702
Short-term deferred income	156,647	134,635
Long-term deferred income	13,614	56,067

(¹) The deferred income related to loyalty credits granted has been estimated with reference to the past usage rates.

(²) Corporate sales consist of prepaid cards which are given to corporate firms.

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11 Property, plant and equipment

The movement of property, plant and equipment for the year ended 31 January 2024 and 31 January 2023 is as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost					
1 February 2022 opening balance	1,095	2,367,574	1,723,108	22,956	4,114,733
Additions	--	221,332	177,841	28,975	428,148
Disposals	--	(61,940)	(33,385)	--	(95,325)
Foreign currency translation effect	--	66,947	37,096	5,903	109,946
Transfers ⁽¹⁾	--	7,854	8,170	(41,567)	(25,543)
Inflation effect	--	(79,710)	(58,796)	(6,446)	(144,952)
31 January 2023 closing balance	1,095	2,522,057	1,854,034	9,821	4,387,007
1 February 2023 opening balance	1,095	2,522,057	1,854,034	9,821	4,387,007
Additions	--	255,631	158,888	90,897	505,416
Disposals	--	(75,528)	(34,042)	--	(109,570)
Foreign currency translation effect	--	46,474	50,163	--	96,637
Transfers ⁽¹⁾	--	35,113	36,309	(71,422)	--
Inflation effect	--	(81,661)	(54,676)	--	(136,337)
31 January 2024 closing balance	1,095	2,702,086	2,010,676	29,296	4,743,153

(¹) There is no transfers to intangible assets as of 31 January 2024, and TL 25,543 as of 31 January 2023 are related to transfers to intangible assets.

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11 Property, plant and equipment (continued)

The movement of property and equipment for the year ended 31 January 2024 and 2023 is as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Accumulated Depreciation					
1 February 2022 opening balance	1,095	1,786,099	1,353,347	--	3,140,541
Foreign currency translation effect	--	42,364	26,534	--	68,898
Depreciation for the year	--	173,075	138,296	--	311,371
Disposals	--	(59,719)	(27,884)	--	(87,603)
Inflation effect	--	(55,751)	(41,826)	--	(97,577)
31 January 2023 closing balance	1,095	1,886,068	1,448,467	--	3,335,630
1 February 2023 opening balance	1,095	1,886,068	1,448,467	--	3,335,630
Foreign currency translation effect	--	34,031	34,411	--	68,442
Depreciation for the year	--	174,801	145,580	--	320,381
Disposals	--	(69,756)	(26,617)	--	(96,373)
Inflation effect	--	(60,329)	(37,501)	--	(97,830)
31 January 2024 closing balance	1,095	1,964,815	1,564,340	--	3,530,250
Net book value					
31 January 2023 balance	--	635,989	405,567	9,821	1,051,377
31 January 2024 balance	--	737,271	446,336	29,296	1,212,903

For the year ended 31 January 2024, TL 41,381 (31 January 2023: TL 50,076) of depreciation expenses are included under administrative expenses, TL 257,149 (31 January 2023: TL 260,368) under selling, marketing and distribution expenses and TL 21,852 (31 January 2023: TL 926) under research and development expenses.

As of 31 January 2024, there is no pledge on property, plant and equipment (31 January 2023: nil).

As at 31 January 2024 the amount of insurance on property, plant and equipment is TL 2,823,159 (31 January 2023: TL 1,593,295).

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12 Intangible assets

The movement of intangible assets as of 31 January 2024 and 31 January 2023 are as follows:

Cost	Licenses	Customer relationships	Brand	Development Costs ⁽¹⁾	Total
1 February 2022 balance	699,632	378,334	6,490	175,917	1,260,373
Additions	83,239	--	--	68,851	152,090
Transfer from property, plant and equipment	25,543	--	--	--	25,543
Foreign currency translation effect	11,985	91,103	--	--	103,088
Disposals	(3,048)	--	--	--	(3,048)
Inflation effect	(22,346)	(138,122)	--	--	(160,468)
31 January 2023 balance	795,005	331,315	6,490	244,768	1,377,578
1 February 2023 balance	795,005	331,315	6,490	244,768	1,377,578
Additions	61,416	--	--	28,988	90,404
Foreign currency translation effect	31,552	123,607	--	--	155,159
Disposals	(1,056)	--	--	--	(1,056)
Inflation effect	(35,797)	(139,628)	--	--	(175,425)
31 January 2024 balance	851,120	315,294	6,490	273,756	1,446,660

⁽¹⁾Consist of capitalized design and development expensesin accordance with incentive programme.

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12 Intangible assets (continued)

	Licenses	Customer relationships	Brand	Development Costs	Total
Amortisation					
1 February 2022 balance	501,765	220,285	3,174	118,801	844,025
Foreign currency translation effect	11,103	54,626	--	--	65,729
Current year amortization	76,935	38,160	346	47,702	163,143
Disposals	(3,048)	--	--	--	(3,048)
Inflation effect	(15,996)	(85,844)	--	--	(101,840)
31 January 2023 balance	570,759	227,227	3,520	166,503	968,009
1 February 2023 balance	570,759	227,227	3,520	166,503	968,009
Foreign currency translation effect	12,249	90,183	--	--	102,432
Current year amortization	82,393	35,918	346	49,657	168,314
Disposals	(1,044)	--	--	--	(1,044)
Inflation effect	(18,199)	(99,077)	--	--	(117,276)
31 January 2024 balance	646,158	254,251	3,866	216,160	1,120,435
Net book value					
31 January 2023 balance	224,246	104,088	2,970	78,265	409,569
31 January 2024 balance	204,962	61,043	2,624	57,596	326,225

For the year ended 31 January 2024, TL 21,739 (31 January 2023: TL 78,426) of amortisation expenses are included under general administrative expenses and TL 135,095 (31 January 2023: TL 26,139) under selling, marketing and distribution expenses, and TL 11,480 (31 January 2023: TL 58,578) under research and development expenses.

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13 Goodwill

The movement of goodwill as at 31 January 2024 and 2023 is as follows:

Cost	31 January 2024	31 January 2023
As of 1 February	815,202	917,614
Foreign currency translation effect	289,988	221,499
Inflation effect	(308,061)	(323,911)
As of 31 January	797,129	815,202
Impairment loss		
As of 1 February	(11,180)	(11,180)
Impairment loss	--	--
As of 31 January	(11,180)	(11,180)
Net book value		
As of 31 January	785,949	804,022

Impairment test for cash generating units with allocated goodwill

Goodwill is allocated to cash generating units for impairment test purposes. As of 31 January 2024 and 31 January 2023, details of cash generating units related to goodwill are as follows. The carrying amount of goodwill allocated to each cash generating unit are as follows;

	31 January 2024	31 January 2023
Mavi USA	695,682	711,002
Mavi Canada	67,950	69,833
Other	22,317	23,187
	785,949	804,022

As of 31 January 2024, 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.

13 Goodwill (continued)
Impairment testing for CGUs containing goodwill

A valuation of the fair value of CGU of Mavi USA and Mavi Canada as two separate CGU's was performed by the Company management. As of 31 January 2024 and 2023, the income approach (discounted cash flow method) is used to determine the fair value of CGUs of Mavi USA and Mavi Canada.

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

As of 31 January 2024, the impairment test performed on CGU based is resulted with no impairment loss to be recorded for Mavi USA and Mavi Canada. The discount rate and the final growth rate, which are two important assumptions used in the impairment test, were taken as 10% above or below the management estimates, and sensitivity analysis is performed and no impairment is detected.

Key assumptions used in discounted cash flow projections

Key assumptions used in the calculation of the recoverable amount of Mavi USA are discount rates, terminal value growth rates and EBITDA margin at terminal value. These assumptions are 11,2%, 1,8%, 13,0% (31 January 2023: 12,7%, 2,0%, 16,0%) respectively. The values assigned to the key assumptions represent management’s assessment of future trends in ground handling industry and are based on both external sources and internal sources.

Key assumptions used in the calculation of the recoverable amount of Mavi Canada are discount rates, terminal value growth rates, and EBITDA margin at terminal value. These assumptions are 10,3%, 1,6%, 7,3% (31 January 2023: 11,6%, 1,9%, 10,5%) respectively. The values assigned to the key assumptions represent management’s assessment of future trends in ground handling industry and are based on both external sources and internal sources.

Discount Rate

The discount rate is for Mavi USA estimated based on the company specific weighted cost of capital, Value in use is determined by applying post tax discount rate of 11% (31 January 2023:12,7%).

The discount rate is for Mavi Canada estimated based on the company specific average weighted cost of capital, Value in use is determined by applying post tax discount rate of 10,3% (31 January 2023:11,6%).

13 Goodwill (continued)
Growth rate

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

Income approach

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

14 Right-of-use assets

The movement of right-of-use assets for the years ended 31 January 2024 and 31 January 2023 is as follows:

Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2023 balance	372,970	4,532,945	102,764	180,250	5,188,929
Additions	192,099	29,922	119,523	--	341,544
Modification	42,966	747,286	2,520	1,862	794,634
Disposals	(18,320)	(65,218)	(46,022)	(25,586)	(155,146)
Foreign currency translation effect	61,523	61,246	5,971	64,450	193,190
Inflation effect	(68,280)	(108,563)	(7,257)	(67,063)	(251,163)
31 January 2024 balance	582,958	5,197,618	177,499	153,913	6,111,988

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2023 balance	308,392	3,434,385	45,936	37,705	3,826,418
Charge for the period	104,481	935,154	40,853	40,793	1,121,281
Disposals	(18,320)	(61,451)	(44,637)	(25,586)	(149,994)
Foreign currency translation effect	53,190	35,656	4,288	12,840	105,974
Inflation effect	(62,466)	(64,373)	(5,125)	(14,228)	(146,192)
31 January 2024 balance	385,277	4,279,371	41,315	51,524	4,757,487

31 January 2024 net book value	197,681	918,247	136,184	102,389	1,354,501
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14 Right-of-use assets (continued)

Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2022 balance	377,714	3,958,368	100,401	125,278	4,561,761
Additions	1,179	40,848	36,010	77,880	155,917
Modification	20,808	661,329	3,848	2,387	688,372
Disposals	(3,765)	(118,507)	(35,448)	(3,655)	(161,375)
Foreign currency translation effect	47,414	116,425	4,572	22,675	191,086
Inflation effect	(70,380)	(125,518)	(6,619)	(44,315)	(246,832)
31 January 2023 balance	372,970	4,532,945	102,764	180,250	5,188,929

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2022 balance	230,004	2,636,481	53,264	27,426	2,947,175
Charge for the year	100,744	896,069	29,335	18,124	1,044,272
Disposals	(3,770)	(90,132)	(35,246)	(3,352)	(132,500)
Foreign currency translation effect	27,769	55,422	2,853	4,313	90,357
Inflation effect	(46,355)	(63,455)	(4,270)	(8,806)	(122,886)
31 January 2023 balance	308,392	3,434,385	45,936	37,705	3,826,418

31 January 2023 net book value	64,578	1,098,560	56,828	142,545	1,362,511
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For the year ended 31 January 2024 TL 144,825 (31 January 2023 : TL 44,717) of amortisation expenses are included under general administrative expenses and TL 899.979 (31 January 2023: TL 997,673)under selling, marketing and distribution expenses, and TL 76,477,811 (31 January 2023 : TL 1,882) under research and development expenses.

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15 Provisions, contingent assets and liabilities

Short-term provisions

As at 31 January 2024 and 31 January 2023, short-term provisions are as follows:

	31 January 2024	31 January 2023
Short-term provisions for employee benefits	34,225	31,041
Other short-term provisions	160,047	173,948
	194,272	204,989

Short-term provision for employee benefits consists of provision for vacation pay liability.

For the years ended 31 January 2024 and 2023, the movement of provision for vacation liability is as follows:

	31 January 2024	31 January 2023
1 February balance	31,041	22,806
Current period provision	23,777	20,156
Foreign currency translation differences	4,430	3,434
Payments	(6,500)	(3,071)
Inflation effect	(18,523)	(12,284)
31 January balance	34,225	31,041

Short-term employee benefits

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

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

15 Provisions, contingent assets and liabilities (continued)

Short-term provisions (continued)

Short-term employee benefits (continued)

For the years ended 31 January 2024 and 31 January 2023, the movement of other short-term provisions is as follows:

	31 January 2024	31 January 2023
Sales return provision	133,041	151,085
Legal provision ⁽¹⁾	11,736	9,481
Other provisions	15,270	13,382
	160,047	173,948

⁽¹⁾Legal provisions mainly comprise of labor lawsuits.

For the years ended 31 January 2024 and 31 January 2023, the movement of short-term provisions is as follows:

	Legal provision ⁽¹⁾	Return provisions	Other provision	Total
1 February 2022 balance	10,653	70,662	8,446	89,761
Current year provision	5,500	112,365	7,715	125,580
Foreign currency translation differences	--	15,218	3,333	18,551
Provisions used during year	(1,577)	--	--	(1,577)
Provisions reversed	(651)	--	(1,413)	(2,064)
Inflation effect	(4,444)	(47,160)	(4,699)	(56,303)
31 January 2023 balance	9,481	151,085	13,382	173,948
1 February 2023 balance	9,481	151,085	13,382	173,948
Current year provision	9,364	31,887	8,144	49,395
Foreign currency translation differences	--	21,439	6,354	27,793
Provisions used during year	(1,103)	--	--	(1,103)
Provisions reversed	(550)	--	(5,284)	(5,834)
Inflation effect	(5,456)	(71,370)	(7,326)	(84,152)
31 January 2024 balance	11,736	133,041	15,270	160,047

⁽¹⁾Litigation provisions mainly consist of workers' lawsuits.

15 Provisions, contingent assets and liabilities (continued)

Long-term provisions

As of 31 January 2024 and 31 January 2023, the movement of long-term provisions is as follows:

	31 January 2024	31 January 2023
Long-term provisions for employee benefits	101,459	100,764
	101,459	100,764

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

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16 Commitments

(a) Guarantees, pledges and mortgages

As of 31 January 2024 and 2023, the Group's guarantee/pledge/mortgage ("GPM") position statement is as follows:

	31 January 2024					
	TL Equivalent	TL	EUR	RUB	USD	CAD
A. On behalf of its own legal personality of the total amount of GPMs	210,047	148,225	1,190	13,531	601	--
Guarantee	210,047	148,225	1,190	13,531	601	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	4,027	--	53	--	75	--
Guarantee	4,027	--	53	--	75	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	--	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	214,074	148,225	1,243	13,531	676	--

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16 Commitments (continued)

(a) Guarantees, pledges and mortgages (continued)

	31 January 2023					
	TL Equivalent	TL	EUR	RUB	USD	CAD
A. On behalf of its own legal personality of the total amount of GPMs	265,804	123,689	5,305	5,966	1,703	--
Guarantee	265,804	123,689	5,305	5,966	1,703	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	98,746	--	87	6,856	124	6,594
Guarantee	98,746	--	87	6,856	124	6,594
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	--	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	364,550	123,689	5,392	12,822	1,827	6,594

As of 31 January 2024, 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 6,931,731 as of 31 January 2024 (31 January 2023: TL 3,618,520).

16 Commitments (continued)

(b) Guarantees received

As of 31 January 2024, Group has received letter of guarantees for the amount of TL 398,114 as in the form of security (31 January 2023: TL 176,570).

17 Employee benefits

Provision for employment termination benefits

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

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

Severance payments are calculated on the basis of 30 days' pay, limited to a maximum of TL 35,058 at 31 January 2024 (31 January 2023: TL 19,983) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the accompanying financial statements on a current basis. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel. The calculation was based upon the retirement pay ceiling announced by the Government.

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

As basic assumption, maximum liability is correspondingly increased with inflation for every year. Therefore, discounted rate refers to estimated real interest rate after correction of the effects of future inflation. To conclude, as at 31 January 2024 and 2023, liabilities in integral part of consolidated financial statements, are calculated by the way of estimating the fair value of the liability caused by possible retirement of employees. Accordingly, the liability is calculated using the following actuarial assumptions.

17 Employee benefits (continued)

Provision for employment termination benefits (continued)

	31 January 2024	31 January 2023
Discount rate (%)	3.12	2.50
Estimated inflation (%)	23.20	19.12

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

For the years ended 31 January 2024 and 2023 the movement of provision for severance pay liability is as follows:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
As of 1 February	100,764	60,247
Interest cost	14,789	1,647
Service cost	69,513	107,130
Paid benefits	(55,377)	(33,705)
Effect of movements in exchange rates	1,135	1,607
Actuarial difference	29,393	4,604
Inflation effect	(58,758)	(40,766)
As of the end of the period	101,459	100,764

18 Payables related to employee benefits

As at 31 January 2024 and 31 January 2023 payables to employees are as follows:

	31 January 2024	31 January 2023
Payables to personnel ⁽¹⁾	453,070	281,426
Social security premiums payable	64,873	53,267
	517,943	334,693

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

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19 Other asset and liabilities

Other current assets

As at 31 January 2024 and 31 January 2023, other current assets are as follows:

	31 January 2024	31 January 2023
Transferred and deducted value added tax ("VAT")	21,291	71,221
	21,291	71,221

Other current liabilities

As at 331 January 2024 and 31 January 2023, other current liabilities are as follows:

	31 January 2024	31 January 2023
Advances received	64,534	71,932
VAT payable	13,926	--
	78,460	71,932

20 Capital, reserves and other capital reserves

Paid-in capital

As at 31 January 2024 and 31 January 2023, paid capital is as follows:

	%	31 January 2024	%	31 January 2023
Akarlılar Ailesi	27.19	54,000	27.19	27,000
Blue International	0.22	432	0.22	216
Publicly held	72.6	144,196	72.6	72,098
Face Value capital	100	198,628	100	99,314
Inflation Effect		709,938		657,751
Restated Capital		908,566	100,00	757,065

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20 Capital, reserves and other capital reserves (continued)

Paid-in capital (continued)

The Company comprises of A and B group shares.

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

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

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

If, following the public offering, Blue International Holding B.V., its shareholders and/or affiliates and subsidiaries do not hold at least 20% of the capital or voting rights of the Company (aggregate Class A and Class B shares), the increased quorum stated above for the Matters Requiring Increased General Assembly Resolution Quorum shall authomatically cease to be effective, without the possibility of

20 Capital, reserves and other capital reserves (continued)

Paid-in capital (continued)

being rejuvenated at a later date. The Company has adopted the registered capital system under the provisions of the Capital Markets Law, and has initiated the registered capital system based on the permission of the Capital Markets Board dated 3 March 2017 No,9/332. The upper limit of the Company's registered capital is TL 500,000,000 which is divided into 500,000,000 registered shares, each with a nominal value of TL 1 (one Turkish Lira).

Remeasurement loss on defined benefit plans

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

Translation reserve

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

Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code, The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted. As at 31 January 2024, the Company's legal reserves are amounting to TL 174,477 (31 January 2023: TL 174,477).

Dividend distribution

At the Ordinary General Assembly meeting held at 27 April 2023, dividend distribution of TL 429,453 (dividend per gross share : TL 4,3242) from 2022 and previous years' distributable net income was approved unanimously, Entire dividend payment has been completed as of reporting date.

Financial hedging reserve

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

21 Revenue

For the years ended 31 January 2024 and 2023, revenue comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Goods and service revenue		
-Retail	17,719,693	13,769,892
-Wholesale	5,855,219	4,948,339
-E-commerce	2,718,380	2,319,710
	26,293,292	21,037,941

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

22 Cost of sales

For the years ended 31 January 2024 and 31 January 2023, cost of sales comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Cost of trade goods sold	13,619,691	10,680,042
	13,619,691	10,680,042

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23 Administrative expenses, selling, marketing and distribution expenses

For the years ended 31 January 2024 and 31 January 2023, administrative expenses comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Personnel expenses	1,107,058	903,298
Depreciation and amortization expenses (Note 11, 12,14)	207,945	173,220
Consultancy expenses	141,840	91,548
Office materials expenses	70,952	55,497
General office expenses	36,128	23,560
Travel expenses	20,446	16,100
Rent expenses ⁽¹⁾	10,287	14,751
Other	138,003	85,661
	1,732,659	1,363,635

For the years ended 31 January 2024 and 31 January 2023, selling, marketing and distribution expenses comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Personnel expenses	2,583,814	1,976,401
Depreciation and amortization expenses (Note 11, 12,14)	1,292,222	1,284,180
Rent expenses ⁽¹⁾	1,280,146	1,057,180
Freight-out expenses	505,482	380,731
Outsourced logistics expenses	412,827	303,464
Advertising expenses	320,405	291,133
Consultancy expenses	115,013	94,203
Shopping bag expenses	67,274	87,026
Travel expenses	49,157	56,553
Other	777,006	621,904
	7,403,346	6,152,775

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

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24 Research and development expenses

For the years ended 31 January 2024 and 2023, research and development expenses comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Personnel expenses	167,079	106,298
Depreciation and amortization expenses (Note 11, 12, 14)	109,809	61,386
Travel expenses	6,471	5,376
Other	10,209	5,987
	293,568	179,047

25 Other operating income and expense

For the years ended 31 January 2024 and 31 January 2023, other operating income comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Rediscount interest income on trade payables, net	151,623	49,671
Foreign exchange gain on trade receivables and payables, net	37,194	63,079
Invesment support income	27,447	5,394
Salary protocol income	25,410	17,132
Reversal of expected credit loss	4,748	831
Covid 19 incentive income	--	12,194
Other	70,775	39,395
	317,197	187,696

For the years ended 31 January 2024 and 31 January 2023, other expenses comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Foreign exchange gain and loss, net	90,468	36,453
Expected credit losses	24	3,030
Other	21,832	51,141
	112,324	90,624

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26 Gains and losses from investment activities

As of 31 January 2024 and 31 January 2023, gains from investment activities comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Fx protected deposit income	32,499	24,876
Gains on sale of fixed assets	478	5,703
	32,977	30,579

As of 31 January 2024 and 31 January 2023, losses from investment activities comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Losses on sale of fixed assets	2,422	1,449
	2,422	1,449

27 Expenses by nature

For the years ended 31 January 2024 and 31 January 2023, expenses by nature are as follows:

Depreciation and amortization expenses

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Selling, marketing expenses (Note 23)	1,292,222	1,284,180
Administrative expenses (Note 23)	207,945	173,220
Research and development expenses (Note 24)	109,809	61,386
	1,609,976	1,518,786

Expenses related to personnel

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Selling, marketing and distribution expenses (Note 23)	2,583,814	1,976,401
Administrative expense (Note 23)	1,107,058	903,298
Research and development expenses (Note 24)	167,079	106,298
	3,857,951	2,985,997

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27 Expenses by nature (continued)

Expenses related to personnel (continued)

As of 31 January 2024 and 31 January 2023, the details of expenses related to personnel are as follows:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Wages and salaries	1,872,468	1,421,600
Bonus expense	903,601	796,581
Social security premiums	379,289	272,421
Meal expenses	302,578	156,214
Employment termination benefit expenses	141,794	137,018
Overtime expenses	76,642	60,298
Personnel travel expenses	37,374	33,720
Other	144,205	108,145
	3,857,951	2,985,997

Fees for services received from independent auditor / independent audit firm

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

	2024	2023
Independent audit fee for the reporting period	2,050	1,428
Other asuurance services fee	20	8
Other service fees other than independent audit service	--	206
	2,070	1,642

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28 Finance income

For the years ended 31 January 2024 and 31 January 2023, finance income comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Interest income on time deposits	933,769	532,020
Foreign exchange gain	165,183	65,117
	1,098,952	597,137

29 Finance expenses

For the years ended 31 January 2024 and 31 January 2023, finance costs comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Discount interest on purchases of goods	642,565	343,521
Interest expense on financial liabilities	596,460	455,409
Credit card commission expenses	273,428	139,230
Interest expenses on lease liabilities	188,546	166,687
Import financing expenses	56,822	133,732
Foreign exchange loss	5,056	9,857
Other	10,464	14,281
	1,773,341	1,262,717

30 Income taxes

Corporate tax

The Group is subject to Turkish corporate taxes, Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods, Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return, Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

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30 Income taxes (continued)

Corporate tax (continued)

In Türkiye, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2023 is 25% (31 January 2023: 20%).

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

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

As of 31 January 2024 and 31 January 2023 tax rates used in deferred tax calculation according to the tax laws of the countries except Türkiye is as follows:

Country	31 January 2024	31 January 2023
Russia	20%	20%
Germany	28.9%	28.9%
America	21%	21%
Canada	26.88%	26.88%

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

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

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

30 Income taxes (continued)

Corporate tax (continued)

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

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

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

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

USA

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

U.S.-based companies owned by foreign multinational corporations are generally subject to the same U.S. corporate tax rules regarding earnings from U.S. business activities as U.S. corporations, In addition to federal taxes, U.S. income can be taxed at the state and local government levels.

State tax rates range from 0% to 13%, and state income tax paid is deductible from federal income tax.

30 Income taxes (continued)

Corporate tax (continued)

Russia

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

Germany

Germany's effective corporate tax rate, including trade tax and solidarity tax is about 28,9%, Germany's overall income tax rate for corporations includes corporate income tax at a rate of 15%, solidarity surcharge at a rate of 0,825% (5,5 %of the corporate income tax) and municipal trade tax which varies between 7% and 17,64%. Losses can be carried forward for offset against future taxable income indefinitely.

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

Canada

Canada's federal-provincial general corporate income tax rate is 26,88%. Tax losses can be carried forward for 20 years.

Withholding income tax

Except for the dividends paid to non-resident corporations which have a representative office in Türkiye or resident corporations, dividends are subject to withholding tax at the rate of 10%, An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

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30 Income taxes (continued)

Tax Expense

For the years ended 31 January 2024 and 31 January 2023, tax expense recognized in profit loss comprised the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Tax expense:		
Current year tax expense	(858,024)	(666,281)
Revaluation tax expense	(2,988)	(5,674)
	(861,012)	(671,955)
Deferred tax income:		
Deferred tax income/(expense) on temporary differences	(51,678)	196,938
Total tax expense	(912,690)	(475,017)

For the years ended 31 January 2024 and 31 January 2023, tax income recognized in other comprehensive income the following:

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Tax income/(expense), net:		
Deferred tax income/(expense) on remeasurement of the defined benefit liability, net	7,348	863
Deferred tax income/(expense) on cash flow hedge gains, net	(6,523)	23,103

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

	1 February 2023– 31 January 2024	1 February 2022– 31 January 2023
Related to prior year's tax (receivables)/payables	81,115	114,503
Tax expense	861,012	671,955
Inflation effect	(44,928)	(36,754)
Corporate taxes paid	(718,541)	(668,589)
Total tax (asset)/liability, net	178,658	81,115
Current tax asset	(51,978)	(54,382)
Current tax liabilities	230,636	135,497

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30 Income taxes (continued)

Tax Expense (continued)

Reconciliation of effective tax rate

The reported taxation charge For the years ended 31 January 2024 and 31 January 2023 are different than the amounts computed by applying the statutory tax rate to profit before tax as shown in the following reconciliation:

	%	1 February 2023– 31 January 2024	%	1 February 2022– 31 January 2023
Profit for the year		1,756,791		1,927,210
Total income tax expense		(912,690)		(475,017)
Profit before tax		2,669,481		2,402,227
Tax calculated with the Company's statutory tax rate	(25.0)	(667,370)	(23.0)	(552,512)
Effect of tax rates in foreign jurisdictions	(0.0)	(972)	(0.0)	3,627
Non-deductible expenses ⁽¹⁾	(1.2)	(31,566)	(1.7)	(40,355)
Tax effect of exempt income	1.2	32,214	-	20,918
Impact of change in tax rate	1.9	49,933	-	(3,228)
Adjustments on which no deferred tax is calculated	(16.3)	(435,777)	-	(165,762)
Impact of legal inflation accounting	2.1	55,913	0.9	--
Impact of revaluation reserve ⁽²⁾	3.0	80,911	(6.9)	253,848
Impact of previously unrecognized tax	(0.1)	(3,467)	-	--
Effect of other adjustments	0.3	7,491	10.6	8,447
Current tax expense	(34.2)	(912,690)	(19.8)	(475,017)

⁽¹⁾For the year ended 31 January 2024 tax effect of non-deductible expenses mainly consists of inventory counting differences amounting to TL 69,520 (31 January 2023: TL 39,785).

⁽²⁾Provisional Article 32 of the Tax Procedure Law and repeated Article 298-ç; taxpayers are allowed to revalue their depreciable economic assets and immovables with tax as of 31 January 2024 and tax-free in the following period, respectively. In this framework, a revaluation has been made in the legal financial statements, and as a result of the revaluation, a deferred tax asset of TL 80,911 has been recorded in the consolidated financial statements.

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30 Income taxes (continued)

Tax Expense (continued)

Recognized deferred tax assets and liabilities

As of 31 January 2024 and 31 January 2023, the items attributable to deferred tax assets and deferred tax liabilities consist of the following:

	31 January 2024		
	Assets	Liabilities	Net amount
Property, plant and equipment	19,995	(2,840)	17,155
Intangible assets	13,744	(22,212)	(8,468)
Right-of-use asstes	145	(293,247)	(293,102)
Inventories	5,888	(4,077)	1,811
Due from related parties	--	(2,938)	(2,938)
Trade and other receivables	16,804	(2,001)	14,803
Derivative instruments	--	(688)	(688)
Trade and other payables	37,604	(1,201)	36,403
Lease liabilities	215,942	--	215,942
Provisions	28,833	(3,038)	25,795
Employee benefits	28,615	--	28,615
Financial borrowings	--	(385)	(385)
Other temporary differences	8,067	(2,797)	5,270
Total	375,637	(335,424)	40,213
Offset	(316,634)	316,634	
	59,003	(18,790)	

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30 Income taxes (continued)

Tax Expense (continued)

Recognized deferred tax assets and liabilities

	31 January 2023		
	Assets	Liabilities	Net amount
Property, plant and equipment	52,306	(6,433)	45,873
Intangible assets	30,016	(26,966)	3,050
Right-of-use asstes	--	(219,153)	(219,153)
Inventories	18,267	(3,619)	14,648
Due from related parties	--	(4,669)	(4,669)
Trade and other receivables	22,872	(2,499)	20,373
Derivative instruments	5,838	--	5,838
Trade and other payables	35,983	(1,703)	34,280
Lease liabilities	150,534	--	150,534
Provisions	23,489	(1,950)	21,539
Employee benefits	22,577	--	22,577
Financial borrowings	--	(1,906)	(1,906)
Other temporary differences	6,973	(2,094)	4,879
Total	368,855	(270,992)	97,863
Offset	(246,640)	246,640	
	122,215	(24,352)	

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30 Income taxes (continued)

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

	1 February 2023	Current period deferred tax income/ (expense)	Recognised in comprehensive income	Foreign currency translation differences	31 January 2024
Property, plant and equipment	45,874	(26,829)	--	(1,890)	17,155
Intangible assets	3,050	(2,125)	--	(9,393)	(8,468)
Inventories	14,648	(16,967)	--	4,130	1,811
Due from related parties	(4,668)	1,890	--	(160)	(2,938)
Trade and other receivables	20,374	(6,851)	--	1,280	14,803
Derivative instruments	5,835	--	(6,523)	--	(688)
Right-of-use assets	(219,153)	(73,944)	--	(5)	(293,102)
Trade and other payables	34,280	2,390	--	(267)	36,403
Lease liabilities	150,535	65,407	--	--	215,942
Provisions	21,538	4,562	--	(305)	25,795
Employee benefits	22,578	(2,257)	7,348	946	28,615
Financial borrowings	(1,905)	1,520	--	--	(385)
Other temporary differences	4,877	1,526	--	(1,133)	5,270
	97,863	(51,678)	825	(6,797)	40,213

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30 Income taxes (continued)

	1 February 2022	Current period deferred tax income/ (expense)	Recognised in comprehensive income	Foreign currency translation differences	31 January 2023
Property, plant and equipment	(51.983)	99.051	--	(1.194)	45.874
Intangible assets	(36.049)	48.707	--	(9.608)	3.050
Inventories	(5.170)	18.960	--	858	14.648
Due from related parties	(1.039)	(3.263)	--	(366)	(4.668)
Trade and other receivables	12.664	7.232	--	478	20.374
Derivative instruments	(17.269)	--	23.103	1	5.835
Right-of-use assets	(255.271)	36.127	--	(9)	(219.153)
Trade and other payables	28.110	6.781	--	(611)	34.280
Lease liabilities	186.987	(36.452)	--	--	150.535
Provisions	13.789	6.250	--	1.499	21.538
Employee benefits	10.767	9.750	863	1.198	22.578
Financial borrowings	(99)	(1.806)	--	--	(1.905)
Other temporary differences	(948)	5.601	--	224	4.877
	(115.511)	196.938	23.966	(7.530)	97.863

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31 Earnings per share

The amount of earnings per share is calculated by dividing the net period profit attributable to the owners of the Company shares by the weighted average share of the company's shares during the period. The calculation of earnings per share for the years ended 31 January 2024 and 31 January 2023 is as follows:

	31 January 2024	Restated 31 January 2023
Net profit for the year attributable to owners of the Company	1,783,892	1,905,717
Weighted average number of ordinary shares	198,628	198,628
Earnings per share	8.9811	9.5944

32 Derivative instruments

As at 31 January 2024 and 31 January 2023, short-term derivatives are as follows:

	31 January 2024	31 January 2023
Financial liabilities arising from forward contracts for hedging purposes	--	(29,176)
Financial assets arising from forward contracts for hedging purposes	2,751	--
	2,751	(29,176)

As of 31 January 2024, the Group has open forward exchange contracts to hedge the foreign currency risk on inventory purchases in amount of USD 16,754 thousand and EUR 99 thousand in equivalent of TL 592,872. By applying hedge accounting, the fair value difference of TL 2,751, resulting from such forward transactions, is recognized in other comprehensive income.

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33 Financial instruments

Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

Risk management of framework

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

Credit risk

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

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

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

33 Financial instruments (continued)

Credit risk (continued)

The Group exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer. The Group closely monitors its customers and the risks are monitored by limiting the aggregate risk to any individual counterparty. The Group secures a portion of its receivables through the use of the Direct Debiting System ("DDS") and the use of credit cards by customers. In Türkiye, the banks provide credit limits for the Group's customers through DDS and credit cards and the Group collects its receivables from the banks when due. As of 31 January 2024, the DDS limit of the Company is amounting TL 1,141,778 (31 January 2023: 579,471). The Company also obtains guarantees from its customers as another means of securing its receivables.

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

Liquidity risk

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

Market risk

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

Currency risk

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

33 Financial instruments (continued)

Market risk (continued)

Currency risk

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

Interest rate risk

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

Capital management

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

34 Nature and level of risks related to financial instruments

Credit risk

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

	Receivables				Cash and cash equivalents ⁽²⁾
	Trade receivables		Other receivables		
	Related party	Other	Related party	Other ⁽¹⁾	
31 January 2024					
The maximum exposure to credit risk as financial instruments (A+B+C+D)	--	1,312,208		--	26,139
- Portion of maximum risk covered by guarantees					
A. Net book value of financial assets that are neither past due not impaired	--	1,292,925		--	26,139
B. Net book value of financial assets which are overdue, but not impaired	--	--	--	--	--
C. Net book value of impaired assets	--	19,283		--	--
- Overdue (gross book value)	--	--		--	--
- Impairment (-)	--	79,331		--	--
-Secured portion of net amount by guarantees	--	(79,331)		--	--
- Not past due (gross carrying amount)	--	--		--	--
- Impairment (-)	--	--		--	--
- Secured portion of net amount by guarantees	--	--		--	--
D. Elements including credit risk on off consolidated statement of financial position	--	--		--	--

31 January 2024	Receivables	
	Trade receivables	Other receivables
Past due between 1-30 days	15,357	--
Past due between 1-3 months	3,919	--
Past due between 3-12 months	7	--
Total past due	19,283	--

⁽¹⁾ Other receivables from third parties excludes deposits and guarantees given.
⁽²⁾ Cash and cash equivalents exclude cash on hand

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

Credit risk (continued)

31 January 2023	Receivables				Cash and cash equivalents ⁽²⁾
	Trade receivables		Other receivables		
	Related party	Other	Related party	Other ⁽¹⁾	
The maximum exposure to credit risk as financial instruments (A+B+C+D)	--	1,435,339	--	20,139	69,209
- Portion of maximum risk covered by guarantees	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	--	1,348,412		20,139	69,209
B. Net book value of financial assets which are overdue, but not impaired	--	86,927	--	--	--
C. Net book value of impaired assets	--	--	--	--	--
- Overdue (gross book value)	--	87,806	--	--	--
- Impairment (-)	--	(87,806)	--	--	--
-Secured portion of net amount by guarantees	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Secured portion of net amount by guarantees	--	--	--	--	--
D. Elements including credit risk on off consolidated statement of financial position	--	--	--	--	--

31 January 2023	Receivables	
	Trade receivables	Other receivables
Past due between 1-30 days	47,291	--
Past due between 1-3 months	15,553	--
Past due between 3-12 months	24,083	--
Total past due	86,927	--

⁽¹⁾ Other receivables from third parties excludes deposits and guarantees given.
⁽²⁾ Cash and cash equivalents exclude cash on hand.

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

Credit risk (continued)

Impairment

For the years ended 31 January 2024 and 31 January 2023, movement of the provision for doubtful receivables is as follows:

	1 February 2023- 31 January 2024	1 February 2022- 31 January 2023
Balance as of the beginning of the period	87,806	96,870
Current year provision	4,825	7,867
Provisions released	(6,728)	(1,123)
Write-offs	(269)	(8,733)
Effect of exchange rates	35,754	33,638
Inflation effect	(42,057)	(40,713)
Balance as of the end of the period	79,331	87,806

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

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

Liquidity risk (continued)

As at 31 January 2024 and 31 January 2023, maturities of financial liabilities including estimated interest payments based on repayment schedules are included below:

31 January 2024	Note	Carrying amount	Contractual cash flow	3 month or less	3-12 months	1-5 year	5 year than more
Non-derivative financial liabilities							
Bank loans	5	1,255,259	1,770,378	104,250	1,657,991	8,137	--
Lease liabilities	5	1,076,335	1,604,107	269,655	356,023	704,046	274,383
Trade payables to third parties	7	3,013,117	3,060,603	1,545,978	1,514,488	137	--
Trade payables to related parties	6	385,058	471,041	191,610	279,431	--	--
Other payables to related parties	6	41	41	41	--	--	--
Total		5,729,810	6,906,170	2,111,534	3,807,933	712,320	274,383

31 January 2023	Note	Carrying amount	Contractual cash flow	3 month or less	3-12 months	1-5 year	5 year than more
Non-derivative financial liabilities							
Bank loans	5	2,539,647	2,980,310	164,394	2,815,916	--	--
Lease liabilities	5	1,055,185	1,246,497	269,841	405,824	523,475	47,357
Trade payables to third parties	7	4,346,588	4,361,401	2,352,307	2,007,841	1,253	--
Trade payables to related parties	6	534,039	544,895	101,916	442,979	--	--
Other payables to related parties	6	68	68	68	--	--	--
Total		8,475,527	9,133,171	2,888,526	5,672,560	524,728	47,357

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

Market risk

Currency risk

As of 31 January 2024 the Group's foreign currency position specified in the following table arises from foreign currency is denominated as assets and liabilities.

	TL Equivalent	USD	Euro	Other
1. Trade receivables	35,688	936	--	7,322
2a. Monetary financial assets (including cash. banks)	272,365	7,289	93	48,418
2b. Non-monetary financial assets	--	--	--	--
3. Other	125,800	4,039	103	--
4. Current assets (1+2+3)	433,853	12,264	196	55,740
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	--	--	--	--
9. Total assets (4+8)	433,853	12,264	196	55,740
10. Trade payables	62,866	1,254	744	461
11. Financial liabilities	12,126	294	98	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Current liabilities (10+11+12)	74,992	1,548	842	461
14. Trade payables	--	--	--	--
15. Financial liabilities	5,564	24	147	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Non-current liabilities (14+15+16)	5,564	24	147	--
18. Total liabilities (13+17)	80,556	1,572	989	461
19. Net asset/(liability) position of derivative instruments (19a-19b)	511,001	16,754	99	--
19a. Hedged total asset	511,001	16,754	99	--
19b. Hedged total liabilities	--	--	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	864,298	27,446	(694)	55,279
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	227,497	6,653	(896)	55,279

As at 31 January 2024, Mavi Türkiye has trade receivables amounting to TL 69,862 from consolidated subsidiaries which comprise; USD 230 thousand, CAD 491 thousand ,EUR (993) thousand and RUB 249,936 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 239,315 thousand. The Group has fx protected deposits amounting USD 2,000 as of the balance sheet date.

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34 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 is denominated as assets and liabilities,

	TL Equivalent	USD	Euro	Other
1. Trade receivables	34,851	1,288	--	10,661
2a. Monetary financial assets (including cash. banks)	166,072	6,682	903	22,050
2b. Non-monetary financial assets	--	--	--	--
3. Other	49,246	2,606	13	--
4. Current assets (1+2+3)	250,169	10,576	916	32,711
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	--	--	--	--
9. Total assets (4+8)	250,169	10,576	917	32,711
10. Trade payables	98,483	3,739	1,314	1,357
11. Financial liabilities	14,364	471	270	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Current liabilities (10+11+12)	112,847	4,210	1,584	1,357
14. Trade payables	--	--	--	--
15. Financial liabilities	13,759	399	307	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Non-current liabilities (14+15+16)	13,759	399	307	--
18. Total liabilities (13+17)	126,606	4,609	1,891	1,357
19. Net asset/(liability) position of derivative instruments (19a-19b)	(1,317,952)	(70,150)	--	--
19a. Hedged total asset	--	--	--	--
19b. Hedged total liabilities	1,317,952	70,150	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	(1,194,389)	(64,183)	(974)	31,354
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	74,317	3,361	(988)	31,354

As at 31 January 2023, Mavi Türkiye has trade receivables amounting to TL 291,334 from consolidated subsidiaries which comprise; USD 913 thousand, CAD 762 thousand EUR 2,634 thousand and RUB 780,951 thousand. These amounts have been eliminated in consolidation, Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 365,650. The Group has fx protected deposits amounting USD 4,946 thousand as of the balance sheet date.

34 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 January 2024				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation/depreciation of US Dollar				
1- USD net asset/liability	20,164	(20,164)	20,164	(20,164)
2- Hedged portion of USD (-)	--	--	50,774	(50,774)
3- Net effect of USD (1+2)	20,164	(20,164)	70,938	(70,938)
In case of 10% appreciation/depreciation of EUR				
4- EURO net asset/liability	(2,941)	2,941	(2,941)	2,941
5- Hedged portion of EURO (-)	--	--	326	(326)
6- Net effect of EURO (4+5)	(2,941)	2,941	(2,615)	2,615
In case of 10% appreciation/depreciation of other				
7- Other currency net asset/liability	5,527	(5,527)	5,527	(5,527)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	5,527	(5,527)	5,527	(5,527)
Total (3+6+9)	22,750	(22,750)	73,850	(73,850)

34 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	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation/depreciation of US Dollar				
1- USD net asset/liability	6,315	(6,315)	6,315	(6,315)
2- Hedged portion of USD (-)	--	--	131,795	(131,795)
3- Net effect of USD (1+2)	6,315	(6,315)	138,110	(138,110)
In case of 10% appreciation/depreciation of EUR				
4- EURO net asset/liability	(2,018)	2,018	(2,018)	2,018
5- Hedged portion of EURO (-)	--	--	--	--
6- Net effect of EURO (4+5)	(2,018)	2,018	(2,018)	2,018
In case of 10% appreciation/depreciation of other				
7- Other currency net asset/liability	3,135	(3,135)	3,135	(3,135)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	3,135	(3,135)	3,135	(3,135)
Total (3+6+9)	7,432	(7,432)	139,227	(139,227)

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

Market risk (continued)

Interest rate risk

Profile

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

Fixed interest rate items	31 January 2024	31 January 2023
Financial assets	3,392,335	4,298,612
Financial liabilities	(2,331,594)	(3,594,832)

The fair value of fixed rate instruments risk:

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

The fair value of variable rate instruments risk:

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

Capital risk management

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

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

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

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

Capital risk management (continued)

As at 31 January 2024 and 31 January 2023, net debt / equity ratios are as follows:

	31 January 2024	31 January 2023
Loans and borrowings (Note 5) ⁽¹⁾	(2,331,594)	(3,594,832)
Cash and cash equivalents (Note 4)	4,854,266	5,348,967
Net cash	2,522,672	1,754,135
Equity	6,668,058	5,419,082
Net cash / equities rate	0,38	0,32

⁽¹⁾Lease liabilities are included arising from TFRS 16.

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

Fair values

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

	Carrying amount		Fair value				
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 January 2024							
Financial asset measured at fair value							
Derivative financial instrument	2,751	--	2,751	--	2,751	--	2,751
Total	2,751	--	2,751	--	2,751	--	2,751
			Fair value				
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 January 2023							
Financial liabilities measured at fair value							
Derivative financial instrument	(29,176)	--	(29,176)	--	(29,176)	--	(29,176)
Total	(29,176)	--	(29,176)	--	(29,176)	--	(29,176)

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

Fair value disclosures

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

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

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

36 Subsequent events

The application made to Capital Markets Board (CMB) on 15 January 2024 for the increase of the Company's issued capital from TL 198,628 to TL 397,256 within the registered capital ceiling of TL 500,000 by converting the amounts in the "Retained Earnings" account, and for the approval of the Issuance Certificate for the shares to be issued with a nominal value of TL 198,628 has been approved by the Capital Markets Board on 14 March 2024.

APPENDIX 1 Ebitda reconciliation

EBITDA is not a defined performance measure under TFRS, Reconciliation of EBITDA For the years ended 31 January 2024 and 31 January 2023 are as follows:

	Note	31 January 2024	31 January 2023
Profit		1,756,791	1,927,210
Tax expense	30	912,690	475,017
Profit before tax		2,669,481	2,402,227
-Fx protected deposit income		(32,499)	(24,876)
-Monetary loss / (gain)		135,586	(279,162)
-Net finance costs		674,389	665,580
-Rediscount interest on trade payables, net		(151,623)	(49,671)
-Exchange difference on trade receivables and payables, net		53,274	(26,626)
-Depreciation and amortisation	27	1,609,976	1,518,786
EBITDA		4,958,584	4,206,258

As of 31 January 2024 TFRS 16 has an impact of TL 897,136 (31 January 2023 : TL 853,666) on EBITDA.

APPENDIX 2 Effect of TFRS 16 on Financial Statements

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

	31 January 2024	TFRS 16 Effect	After TFRS 16
Current assets	10,185,038	(39,504)	10,145,534
Non-current assets	2,467,307	1,284,964	3,752,271
Short-term liabilities	5,626,955	499,068	6,126,023
Long-term liabilities	526,456	577,268	1,103,724
Equity	6,498,934	169,124	6,668,058

	1 February– 31 January 2024	TFRS 16 Effect	After TFRS 16
Operating profit	3,673,001	(224,100)	3,448,901
Operating profit before finance costs	3,703,556	(224,100)	3,479,456
Finance income	1,098,952	--	1,098,952
Finance expense	(1,574,970)	(198,371)	(1,773,341)
Monetary gain / loss	(490,967)	355,381	(135,586)
Profit before tax	2,736,571	(67,090)	2,669,481
Net profit	1,827,373	(70,582)	1,756,791
EBITDA	4,061,448	897,136	4,958,584

07

General Assembly

- 7.1 Agenda of the Ordinary General Assembly
 - 7.2 Dividend Distribution Policy
 - 7.3 Dividend Distribution Proposal
 - 7.4 Dividend Distribution Table
 - 7.5 Declarations of Independency
-

7.1 Agenda Of The Ordinary General Assembly Of Mavi Giyim Sanayi Ve Ticaret Anonim Şirketi Dated 25 April 2024 For The Special Accounting Period Of 1 February 2023 – 31 January 2024

1. Opening and Election of the Meeting's Chairperson,
2. Reading, discussion and approval of the Annual Report prepared by the Company's Board of Directors for the special accounting period of 1 February 2023 – 31 January 2024,
3. Reading of the Independent Audit Report Summary for the special accounting period of 1 February 2023 – 31 January 2024,
4. Reading, discussion and approval of the Financial Statements relating to the special accounting period of 1 February 2023 – 31 January 2024,
5. Approval of the appointments made in accordance with Article 363 of the Turkish Commercial Code to the Independent Members of the Board of Directors, which became vacant within the special accounting period of 1 February 2023 – 31 January 2024,
6. Release of the Board of Directors' members separately and individually from their liabilities with respect to their activities within the Company's special accounting period of 1 February 2023 – 31 January 2024,
7. Election of the Board of Directors' members and determination of their terms of office,
8. Discussion and submission for approval the revisions made to our Company's Dividend Distribution Policy,
9. Approval of the Board of Directors' proposal prepared within the framework of the Dividend Distribution Policy on the determination of the manner of utilization and distribution of the profit for the special accounting period of 1 February 2023 – 31 January 2024, the applicable dividend distribution ratios and the date of dividend distribution,
10. Discussion and submission for approval the decision to distribute advance dividend in accordance with the provisions of the Capital Markets Law, Capital Markets Legislation and other relevant laws and regulations, and authorizing the Company's Board of Directors to determine the conditions for distribution within the framework of the Company's Articles of Association and Dividend Distribution Policy,
11. Informing the shareholders on the Remuneration Policy which sets out the principles of remuneration of the Board Members and the Senior Executives in accordance with the Capital Markets Board's regulations and providing information regarding the attendance fees paid to the

Board of Directors' members in accordance with such Policy within the special accounting period of 1 February 2023 – 31 January 2024,

12. Determination of the salaries and other rights of Board of Directors' Members such as attendance fees, bonuses and premiums,
13. Appointment of the auditor,
14. Approval of the proposal of the Board of Directors regarding the increase of the registered capital ceiling of our Company from TL 500,000,000.- (five hundred million Turkish Liras) to TL 4,000,000,000.- (four billion Turkish Liras), determination of the validity period of the registered capital ceiling of our Company as 2024-2028 and amendment of Article 6 titled "Capital and Shares" of the Articles of Association of our Company for this purpose as shown in Annex 6 of the agenda,
15. Informing the shareholders on the donations made by the Company within the special accounting period of 1 February 2023 – 31 January 2024 and determination of an upper limit for the donations to be made within the special accounting period of 1 February 2024 – 31 January 2025,
16. Informing the shareholders on the securities, pledges, collaterals and mortgages granted to third parties within the special accounting period of 1 February 2023 – 31 January 2024 in accordance with the Capital Markets Board regulations and the revenues or benefits obtained in connection therewith,
17. Granting authority to the members of the Board of Directors in accordance with sections 395 and 396 of the Turkish Commercial Code, and informing the shareholders on the transactions carried out during the special accounting period between 1 February 2023 – 31 January 2024, in accordance with the mandatory principle 1.3.6 of the Corporate Governance Communiqué as promulgated by the Capital Markets Board,
18. Wishes and requests.

**The General Assembly Information Note, which contains detailed explanation about two agenda items, namely amendment to the Articles of Association, and amendment to the Dividend Distribution Policy, can be accessed on the company's official website (www.mavi.com), under Investor Relations tab on the corporate website (mavicompany.com), and the links (www.kap.org.tr/en/Bildirim/1263982) on the Public Disclosure Platform website (www.kap.org.tr).*

7.2 Dividend Distribution Policy

The purpose of the dividend distribution policy is to ensure that a balanced and consistent policy is implemented pursuant to the applicable legislation in relation to the interests of the investors and the Company, inform the investors sufficiently and maintain a transparent policy toward the investors.

The general assembly of the Company shall , resolve on the distribution of dividends and the timing and manner of such distribution upon the proposal of the Board of Directors.

To the extent allowed by applicable regulations and financial resources, and taking into account market expectations, long term strategies of the Company, needs of the subsidiaries and affiliates, investment and financing policies and profitability and cash reserves, the Company aims to distribute to the shareholders and other persons sharing the profit at least 30% of the distributable net profit calculated for the relevant period pursuant to the Articles of Association, TCC, CMB's Dividend Distribution Communiqué No. II-19.1 and tax legislation. Dividends may be distributed in cash and/or bonus shares and/or as a combination of both in certain ratios.

Dividends are distributed equally to all shares in existing at the time of distribution, pro rata to their respective ratios, regardless of their date of issuance or their date of acquisition of such shares.

Payment of dividends may also be made in equal or differing instalments, provided that this is resolved upon during the general assembly meeting where the general assembly has resolved to make dividend distribution.

The dividend distribution will commence on the date determined by the General Assembly, provided that the distribution is initiated before the end of the accounting period within which that General Assembly meeting takes place.

The General Assembly's dividend distribution resolution, passed in accordance with the Articles of Association, may not be revoked unless permitted by applicable law.

Should the Board of Directors propose not to distribute dividends, the reasons for this proposal and the manner in which the retained profit would be used will be explained under the agenda item concerning dividend distribution, and this information will be submitted to the shareholders during the General Assembly.

The Board of Directors' dividend distribution proposal or the Board resolutions relating to the distribution of advance dividends will be announced to the public in accordance with the relevant regulations, with the form and content of the relevant proposal/resolution, and the tables showing the dividend distribution or the advance dividend distribution, as applicable. Furthermore, to the extent any amendments to this dividend distribution policy are to be introduced, the Board resolution regarding such amendments shall be announced to the public with the reasons of amendment.

7.3 The Board Of Directors’ Dividend Distribution Proposal For The Special Accounting Period Dated 1 February 2023–31 January 2024

It has been decided that the payment of TL 844,944,770.18 total gross amount of cash covered from the 2023 financial year dividend resulting in TL 2.1270 (% 212.70) gross payment per TL 1 nominal value share to the approval of the shareholders at the Ordinary General Assembly Meeting in which the operating results of 2023 financial year will be discussed. According to the proposal, dividend payments will commence as of 6 May 2024.

7.4 Dividend Distribution Table

Mavi Giyim Sanayi ve Ticaret A.Ş. Profit Distribution Proposal for 2023 (TL)			
1. Paid-in Capital			397.256.000,00
2. General legal reserves (as per statutory records)			19.165.758,02
Information concerning preferred shares, if, as per the company Articles of Association, there are any privileges for preferred shares in distribution of dividends: No			
		As per Capital Markets Board	As per Statutory Records
3.	Profit for the period	2.669.481.674,00	3.436.104.483,90
4.	Taxes (-)	912.685.189,00	853.890.109,23
5.	Net Profit (=)	1.783.896.882,00	2.582.214.374,67
6.	Prior years' losses (-)	--	--
7.	Legal reserve fund (-)	69.519.800,00	69.519.800,00
8.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	1.714.377.082,00	2.512.694.574,67
	Dividend Advance Distributed (-)	--	--
	Dividend Advance Less Net Distributable Current Period Profit	1.714.377.082,00	2.512.694.574,67
9.	Grants made during the year (+)	10.000.000,00	0,00
10.	Net distributable profit including grants	1.724.377.082,00	--
11.	First category dividend to shareholders	--	--
	-Cash	844.944.770,18	--
	-Shares	--	--
	-Total	844.944.770,18	--
12.	Dividends distributed to preferred shareholders	--	--
13.	Other dividends distributed	--	--
	-Members of the Board of Directors	--	--
	-Employees	--	--
	-Non-shareholders	--	--
14.	Dividends distributed to holders of usufruct right certificates	--	--
15.	Second category dividend to shareholders	--	--
16.	Legal reserve fund	82.508.197,02	--
17.	Status reserves	--	--
18.	Special reserves	--	--
19.	EXTRAORDINARY RESERVES	786.924.114,80	--
20	Other sources planned for distribution	--	--
	Retained Earnings	--	--
	-Extraordinary reserves	--	--
	-Other distributable reserves as per the legislation and Articles of Association	--	--

Mavi Giyim Sanayi ve Ticaret A.Ş. Information on Dividend per Share for 2023						
GROUP		TOTAL DIVIDEND AMOUNT*		TOTAL DIVIDEND AMOUNT/ NET DISTRIBUTABLE PROFIT FOR THE PERIOD*	DIVIDEND PER SHARE FOR 1 TL NOMINAL VALUE	
		CASH (TL)	SHARES (TL)	RATIO (%)	AMOUNT (TL)	SHARE (%)
Gross	A (**)	1.842.672,82	--	0,10	2,1270	212,70
	B (***)	843.102.097,38	--	47,26	2,1270	212,70
	Total	844.944.770,20	--	47,37		
Net	A (**)	1.658.405,54	--	0,09	1,9143	191,43
	B (***)	758.791.887,64	--	42,54	1,9143	191,43
	Total	760.450.293,18	--	42,63		

* Group A shares representing 0,22% of the capital are owned by Blue International Holding BV. The Company shall be subject to withholding tax within the framework of the provisions of the Double Taxation Prevention Agreement.

**The Company does not have information regarding the entity type of Group B shareholders (“limited liability, full liable, legal entity or real person”). The calculation is based on the assumption that all shareholders in this group are subject to withholding tax at the local rate.

7.5 Declarations Of Independency

DECLARATION OF INDEPENDENCY

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Mavi Giyim Sanayi ve Ticaret A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in Capital Markets Board's ("CMB") Communiqué on Corporate Governance,. In that regard I also confirm that;

- a) In the last five years, I, my spouse or my up to the second degree blood or affinity relatives is not or has not been; employed by as a key management personnel; has not had ordinary or privileged shareholding exceeding 5% by himself or together with; or has not been involved in any material business dealings with the Company, its subsidiaries and affiliates, or shareholders controlling the Company or having material effect over the Company and all entities controlled by those shareholders.
- b) In the last five years, I am not or have not been employed by as an executive having significant duties and responsibilities or have not been a member of the board or did not have a shareholding exceeding 5% of an entity which has had a contractual relationship with the Company for a material business transaction including audit (including tax audit, legal audit, and internal audit) rating or consulting services during the terms in which the goods or services were provided.
- c) My CV indicates that I have skills, knowledge and expertise relevant to the Company's business and extensive experience to fulfill my duties as an independent board member.
- d) After my election I will not work full time in a Turkish governmental or public institution, except for the faculty membership under relevant regulations.
- e) I am capable to contribute positively to the operations of the Company, to maintain my objectivity in conflicts of interests between the Company and the shareholders, to have strong ethical standards, professional reputation and experience to freely take decisions by considering the rights of the stakeholders.
- f) I will dedicate enough time to follow up the activities of the Company and for the duly fulfillment of my responsibilities.
- g) I have not been on the board the Company for more than six years within last ten years.
- h) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul in total.
- i) I am not registered in the name of any legal entity elected as a board member.

İbrahim Tamer Haşimoğlu

DECLARATION OF INDEPENDENCY

I hereby declare that I am a candidate for independent board membership at the Board of Directors of Mavi Giyim Sanayi ve Ticaret A.Ş. ("Company") under related regulations, Articles of Association of the Company and the criteria stated in Capital Markets Board's ("CMB") Communiqué on Corporate Governance,. In that regard I also confirm that;

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- h) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul in total.
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Nedim Nahmias

DECLARATION OF INDEPENDENCY

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Betül Ebru Edin

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- h) I am not an independent board member in more than three of the corporations controlled by the Company or its controlling shareholders and in more than five corporations listed on Borsa İstanbul in total.
- i) I am not registered in the name of any legal entity elected as a board member.

Rina Azaduhi Onur Şirinoğlu

(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR’S REPORT ON THE MANAGEMENT’S ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR’S REPORT ON THE MANAGEMENT’S ANNUAL REPORT

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

1) **Opinion**

As we have audited the full set consolidated financial statements of Mavi Giyim Sanayi ve Ticaret A.Ş. (“the Company”) and its subsidiaries (“the Group”) for the period between 01/02/2023–31/1/2024, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management’s annual report and the Management’s discussions on the Group’s financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

2) **Basis for Opinion**

We conducted our audit in accordance with the Standards on Independent Auditing (“SIA”) which is a part of Turkish Auditing Standards accepted by regulations of the Capital Markets Board and published by the Public Oversight Accounting and Auditing Standards Authority (“POA”). Our responsibility is disclosed under Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report in detail. We declare that we are independent from the Group in accordance with the Code of Ethics for Independent Auditors (“Code of Ethics”) issued by POA, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to our audit. We have fulfilled other responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3) **Auditor’s Opinion for the Full Set Consolidated Financial Statements**

We have presented unqualified opinion for the Group’s full set consolidated financial statements for the period between 01/02/2023–31/1/2024 in our Auditor’s Report dated 15 March 2024.

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4) **Management’s Responsibility for the Annual Report**

The Group’s Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 (“TCC”) and “Communiqué on Principles of Financial Reporting in Capital Markets” with No.14.1 of the Capital Markets Board (“the Communiqué”):

- Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- Preparing the annual report with the all respects of the Group’s flow of operations for that year and the Group’s consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group’s development and risks that the Group may probably face are also pointed out in this report. The Board of Director’s evaluation on those matters are also stated in this report.
- The annual report also includes the matters stated below:
 - The significant events occurred in the Group’s activities subsequent to the financial year ends,
 - The Group’s research and development activities,
 - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) **Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report**

Our aim is to express an opinion and prepare a report about whether the Management’s discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the regulations of the Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management’s discussions on the Group’s financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

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

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



Tolga Sirkecioğlu
Partner

İstanbul, 4 April 2024

Disclaimer

This Annual Report is prepared in accordance with the legal requirements to be presented to the Ordinary General Assembly, for the special accounting period of 1 February 2023-31 January 2024. Report is prepared only to provide information to the shareholders, and it is not intended to form the basis of any investment decision.

To the extent available, the industry, market and competitive position data contained in this Report come from independent official or third party sources. Although the Company believes that these information are provided by reliable sources, it has not, however, independently verified accuracy and completeness of the information contained therein. In addition, some of the market and competitive position data contained in this Report come from the internal research and estimates based on the knowledge and experience of the Company's management in the markets that the Company operates. Although, the Company believes that the internal research and estimates are reasonable, accuracy and completeness of these research and estimates and methodologies and assumptions relevant with these research and estimates have not verified by independent third parties. The Company, its management and/or its employees and/or other related persons may not be held responsible for any direct or indirect loss that could arise from the use of the data stated in this Report.

Forward-looking statements included in this Report are subject to risks, uncertainties and other important factors which are known or unknown to the Company or which cannot be controlled or which can be controlled in a limited manner by the Company. These risks, uncertainties and other important factors may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such statements. Changes in customer tastes and spending patterns; changes in customer traffic; ability to accurately predict customer preferences and demands; ability to successfully implement new store rollout and retail strategy; effectiveness of brand awareness and marketing programs; difficulties that can be observed in retail fashion and fragility that can be observed in customer loyalty; competitive factors in retail fashion; impact of extreme unseasonal weather conditions on retail fashion; ability to retain key management and personnel; circumstances affecting relationships with major suppliers and distributors; currency and interest rate risks and fluctuations and other changes in financial markets and macro economic conditions; changes in tax rates, applicable laws and government policies and operational disruptions, natural disasters, wars, terrorist activities, work stoppages, slowdowns or strikes are, without any limitation of the foregoing, among these risks, uncertainties and other important factors. Explanations regarding risks, uncertainties and other important factors that may affect forward looking statements can be found in the explanatory notes of financial statements and in the "Risk Management and Internal Control System" section of this Report.

Forward-looking statements included in this Report are based on a number of assumptions relevant to the current and future business strategies of the Company and the business environment in which

the Company operates. Forward-looking statements speak only as at the date on which they are made. The Company warns addressees of this Report that forward -looking statements does not constitute a guarantee as to the future performance and results of the Company and that actual results as to Company's financial position, expectations, growth, business strategy, plans and future operations may differ materially from forward-looking statements stated in this Report. In addition, even if the actual results and achievements as to Company's financial position, expectations, growth, business strategy, plans and future operations will be consistent with the forward-looking statements included in this Report, this consistency cannot be considered as an indicator as to any further future results and achievements. The Company, its management and/or its employees and/or other related persons may not be held responsible for any direct or indirect loss that could arise from the use of the forward-looking statements stated in this Report. The Report and the accompanying disclaimer are provided both in Turkish and English languages. In case of any discrepancy between Turkish and English version of the Report and the accompanying disclaimer, Turkish version shall prevail. The Company believes that the information included in this Report is accurate as of the date of the Report and accepts no responsibility for any spelling or printing errors that may occur during the Report's preparation.