

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

Condensed Consolidated Interim Financial Statements
As At and For The Three Months Period Ended
30 April 2021

9 June 2021

This report contains 39 pages of financial statement
explanatory notes.

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Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Financial Position
As at 30 April 2021

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

		Unaudited	Audited
	<i>Notes</i>	30 April 2021	31 January 2021
ASSETS			
Current assets			
Cash and cash equivalents	5	769,736	889,875
Trade receivables		332,018	231,378
- Due from third parties	8	332,018	231,378
Other receivables		11,836	13,288
- Due from third parties		11,836	13,288
Inventories	9	659,250	560,084
Derivatives		9,504	--
Prepayments		60,864	50,326
- Due from related parties	7	27,262	25,869
- Due from third parties		33,602	24,457
Current tax assets		8,233	17,738
Other current assets		27,181	24,055
Total current assets		1,878,622	1,786,744
Non-current assets			
Other receivables		3,244	3,190
- Due from third parties		3,244	3,190
Property and equipment		208,284	197,679
Right of use assets	12	425,114	435,019
Intangible assets		293,178	262,718
- Other intangible assets		81,797	73,773
- Goodwill	11	211,381	188,945
Prepayments		180	149
- Due from third parties		180	149
Deferred tax assets		25,220	22,251
Total non-current assets		955,220	921,006
TOTAL ASSETS		2,833,842	2,707,750

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Financial Position
As at 30 April 2021

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

		Unaudited	Audited
	<i>Notes</i>	30 April 2021	31 January 2021
LIABILITIES			
Current liabilities			
Short term borrowings	6	424,824	445,406
Short term contractual lease liabilities	6	222,274	218,574
- Due to related parties	7	2,396	2,047
- Due to third parties		219,878	216,527
Short portion of long term borrowings	6	366,134	375,566
Trade payables		737,283	638,195
- Due to related parties	7	263,330	156,296
- Due to third parties	8	473,953	481,899
Payables to employees		37,171	38,863
Other payables		3,317	4,047
- Due to related parties	7	453	176
- Due to third parties		2,864	3,871
Deferred revenue		19,301	18,150
Provisions		25,463	19,813
- Provisions for employee benefits	13	6,276	4,144
- Other provisions	13	19,187	15,669
Derivatives		--	8,601
Current tax liabilities		12,968	6,307
Other current liabilities		17,170	12,484
Total current liabilities		1,865,905	1,786,006
Non-current liabilities			
Loans and borrowings	6	78,368	105,569
Long term contractual lease liabilities	6	249,151	260,044
- Due to related parties	7	1,978	2,189
- Due to third parties		247,173	257,855
Deferred revenue		940	1,425
Provisions		10,096	9,081
- Provisions for employee benefits	13	10,096	9,081
Deferred tax liabilities		11,632	11,616
Total non-current liabilities		350,187	387,735
TOTAL LIABILITIES		2,216,092	2,173,741

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Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Financial Position
As at 30 April 2021

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

	<i>Notes</i>	Unaudited 30 April 2021	Audited 31 January 2021
EQUITY			
Equity attributable to owners of the Company			
Paid in share capital	<i>15</i>	49,657	49,657
Purchase of share of entities under common control		(35,757)	(35,757)
Other comprehensive income/expense not to be reclassified to profit or loss		(6,562)	(6,245)
<i>Remeasurement of defined benefit liability</i>		(6,562)	(6,245)
Other comprehensive income/expense to be reclassified to profit or loss		179,083	134,853
<i>Foreign currency translation reserve</i>		171,955	141,733
<i>Hedging reserve</i>		7,128	(6,880)
Legal reserves		19,771	19,771
Retained earnings		347,513	342,930
Net income		31,001	4,583
Non-controlling interests		33,044	24,217
Total equity		617,750	534,009
TOTAL EQUITY AND LIABILITIES		2,833,842	2,707,750

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Profit or Loss
For the three months period ended 30 April 2021

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

		Unaudited	Unaudited
	<i>Notes</i>	1 February – 30 April 2021	1 February – 30 April 2020
Revenue		758,756	387,122
Cost of sales		(383,691)	(211,366)
Gross profit		375,065	175,756
Administrative expenses		(49,941)	(39,202)
Selling, marketing and distribution expenses	<i>16</i>	(256,694)	(181,260)
Research and development expenses		(10,441)	(7,903)
Other operating income	<i>17</i>	9,200	5,913
Other operating expenses	<i>17</i>	(1,273)	(1,874)
Operating profit / (loss)		65,916	(48,570)
Losses from investment activities	<i>18</i>	(98)	(385)
Operating profit / (loss) before financial income		65,818	(48,955)
Finance income	<i>19</i>	44,943	33,673
Finance costs	<i>20</i>	(65,969)	(51,857)
Net finance costs		(21,026)	(18,184)
Profit / (loss) before tax		44,792	(67,139)
Income tax expense		(8,314)	15,498
- Tax income / (expense)		(16,068)	9,851
- Deferred tax income		7,754	5,647
Net Income / (Loss)		36,478	(51,641)
Non-controlling interests		5,477	(1,553)
Owners of the Company		31,001	(50,088)
Earnings / (loss) per share	<i>22</i>	0.6243	(1.0087)

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Profit or Loss
For the three months period ended 30 April 2021

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

	Unaudited	Unaudited
<i>Notes</i>	1 February – 30 April 2021	1 February – 30 April 2020
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit liability	(572)	(196)
- Related tax	255	43
Items that are or may be reclassified to profit or loss		
Foreign operations - foreign currency translation differences	33,572	36,783
Cash flow hedging reserves	18,104	14,923
- Related tax	(4,096)	(3,283)
Other comprehensive income net of tax	47,263	48,270
Total comprehensive income / (loss)	83,741	(3,371)
Total comprehensive income / (loss) attributable to:		
Non-controlling interests	8,827	1,174
Owners of the Company	74,914	(4,545)

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Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Statement of Changes In Equity

As at and for the three months period ended 30 April 2021

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

	Share capital	Legal reserves	Purchase of share of entities under common control	Other comprehensive income/expense not to be reclassified to profit or loss	Other comprehensive income/expense to be 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	Net profit / (loss)			
Balance as at 1 February 2020	49,657	19,771	(35,757)	(5,337)	88,013	947	248,086	94,844	460,224	17,440	477,664
Transfers	--	--	--	--	--	--	94,844	(94,844)	--	--	--
Total comprehensive income	--	--	--	(153)	34,056	11,640	--	(50,088)	(4,545)	1,174	(3,371)
Total balance as at 30 April 2020	49,657	19,771	(35,757)	(5,490)	122,069	12,587	342,930	(50,088)	455,679	18,614	474,293
Balance as at 1 February 2021	49,657	19,771	(35,757)	(6,245)	141,733	(6,880)	342,930	4,583	509,792	24,217	534,009
Transfers	--	--	--	--	--	--	4,583	(4,583)	--	--	--
Total comprehensive income	--	--	--	(317)	30,222	14,008	--	31,001	74,914	8,827	83,741
Total balance as at 30 April 2021	49,657	19,771	(35,757)	(6,562)	171,955	7,128	347,513	31,001	584,706	33,044	617,750

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Cash Flows
As at and for the three months period ended 30 April 2021
(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)

	<i>Notes</i>	Unaudited 1 February – 30 April 2021	Unaudited 1 February – 30 April 2020
Cash flow from operating activities			
Net profit / (loss) for the period		36,478	(51,641)
<i>Adjustments for:</i>			
Depreciation and amortization expense	10,12	81,548	71,928
Finance income	19	(44,589)	(28,432)
Finance cost	20	63,814	43,777
Provision for unused vacation	13	1,968	1,724
Provision for employee severance indemnity	13	1,485	1,128
Impairment loss on receivables		(254)	67
Interest (Income)/expense on trade payables	17	(2,144)	(990)
Expected credit losses	17	(444)	66
Inventory obsolescence, reversals	9	4,961	8,138
Short term and long term provisions	13	2,627	742
Loss on disposal of property and equipment, net	18	98	385
Tax expense		8,314	(15,498)
Unrealized currency translation difference		27,531	15,834
		181,393	47,228
Changes in:			
Change in trade receivables		(102,682)	7,759
Change in inventory		(105,367)	(124,455)
Change in prepaid expenses		(10,569)	1,215
Change in other receivables		1,576	8,544
Change in other current and non-current assets		(3,122)	(23,321)
Change in employee benefits liabilities		(1,694)	(16,373)
Change in trade payables		(5,801)	45,765
Change in payables to related parties		107,310	(28,846)
Change in deferred revenue		664	(185)
Change in other payables		(1,005)	6
Change in short term and long term provisions		(618)	(107)
Change in other liabilities		4,662	(902)
Cash flows used in operating activities		64,747	(83,672)
Employee benefits paid		(1,361)	(1,859)
Income tax paid		(1,098)	(6,569)
Net cash from operating activities		62,288	(92,100)
Cash flows from investing activities			
Acquisition of tangible assets	10	(23,042)	(24,858)
Proceeds from sale of tangible assets	10	24	--
Acquisition of intangible assets	10	(9,867)	(7,008)
Interest received		20,616	5,805
Net cash flow used in investing activities		(12,269)	(26,061)
Proceeds from loans and borrowings		208,184	689,083
Repayment of loans and borrowings		(279,726)	(53,507)
Payments of contractual lease liabilities		(49,304)	(46,445)
Other financial payments		(24,393)	(11,143)
Interest paid		(24,919)	(14,285)
Net cash flow used in financing activities		(170,158)	563,703
Net change in cash and cash equivalent		(120,139)	445,542
Cash and cash equivalents at the beginning of the year	5	889,875	310,838
Cash and cash equivalents at the end of the period	5	769,736	756,380

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the three months period ended 30 April 2021

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

1 Reporting entity

Mavi Giyim Sanayi ve Ticaret A.Ş. (the "Company" or "Mavi Giyim"), established in 1991, engages in wholesale and retail sales of ready-to-wear denim apparel. The product range includes knit and woven shirts, t-shirts, sweaters, jackets, skirts, dresses, accessories and denim bottoms for men, women and children.

The Company's registered office is Sultan Selim Mahallesi, Eski Büyükdere Caddesi, No. 53, 34418 Kağıthane Istanbul/Turkey.

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

Shares of the Company has been traded at Borsa Istanbul ("BIST") since 15 June 2017. As of 30 April 2021, the Company's main shareholders are Blue International Holding B.V., which owns 0.22% of the Company's share capital, and Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar, each of whom own 9.062% of the Company's share capital (31 January 2021: Blue International Holding B.V., which owns 0.22% of the Company's share capital, and Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar, each of whom own 9.062% of the Company's share capital). Blue International Holding B.V. is controlled by Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar.

The condensed consolidated interim financial statements as at 30 April 2021 include financial position and the results of Mavi Giyim, Mavi Europe AG ("Mavi Europe"), Mavi Nederland BV ("Mavi Nederland") and Mavi LLC ("Mavi Russia"), Eflatun Giyim Yatırım Ticaret Anonim Şirketi ("Eflatun Giyim"), Mavi Jeans Incorporated ("Mavi Canada"), Mavi Jeans Incorporated ("Mavi United States of America ("USA")), Mavi Kazakhstan LLP and its subsidiaries are referred here as the "Group" and individually "the Group entity" in this report.

The ownership interest of and voting power held by the Company as at and for the periods ended 30 April 2021 and 31 January 2021 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Effective Shareholding %	
			30 April 2021	31 January 2021
Mavi Europe	Germany	Wholesale and retail sales of apparel	100.00	100.00
Mavi Nederland	Netherlands	Wholesale sales of apparel	100.00	100.00
Mavi Russia	Russia	Wholesale and retail sales of apparel	100.00	100.00
Eflatun Giyim	Turkey	Holding company	51.00	51.00
Mavi USA	USA	Wholesale and retail sales of apparel	51.00	51.00
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. Mavi Kazakhstan financials have not been consolidated since its operations insignificant in terms of consolidated financial statements, as of 30 April 2021.

As of 30 April 2021, Group's total number of employees is 3,996 (31 January 2021: 4,060).

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the three months period ended 30 April 2021

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

2 Basis of presentation of financial statements

2.1 Basis of accounting

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 January 2021 ('last annual financial statements'). They do not include all of the information required to be a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of changes in the Group's financial position and performance since the last annual financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 9 June 2021. General Assembly has the authority to modify the condensed consolidated interim financial statements.

(b) 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 condensed consolidated interim 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 2.1 (e).

(c) Functional and presentation currency

The Company maintains its books of account and prepares its statutory financial statements in Turkish Lira ("TL") which is the Company's functional currency. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered.

These accompanying condensed consolidated interim financial statements are presented in thousands of TL which is the Company's functional currency except when the otherwise indicated. All other currencies are indicated in full unless otherwise indicated.

The table below summarizes functional currencies of the Group entities.

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the three months period ended 30 April 2021

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

2 Basis of presentation of financial statements (continued)

2.1 Basis of accounting (continued)

(d) Use of judgements and estimates

In preparing these condensed consolidated interim 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.

The significant judgements made by the management in applying the Groups accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 January 2021.

(e) Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Trade and other receivables

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

(ii) Derivative financial liabilities

Forward exchange contracts

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

(iii) Other non-derivative financial liabilities

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Condensed Consolidated Interim Financial Statements

As at and for the three months period ended 30 April 2021

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

2 Basis of presentation of financial statements (continued)

2.1 Basis of accounting (continued)

(e) Measurement of fair values (continued)

(iv) Property, plant and equipment

The fair value of property and equipment recognized 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.

(v) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets. The fair value of customer relationships acquired in a business combination are determined according to the excess earnings methods and replacement cost approach.

2.2 New and Amended Turkish Financial Reporting Standards

(a) Amendments that are mandatorily effective from 2021

Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 Interest Rate Benchmark Reform - Phase 2

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

The amendments to TFRS 9, TAS 39, TFRS 7, TFRS 4 and TFRS 16 are all effective for annual periods beginning on or after 1 January 2021. Early application is permitted.

The Group assessed that the adoption of this amendment does not have any effect on the Group's consolidated financial statements.

(b) New and revised TFRS's 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

Amendments to TAS 1

Amendments to TFRS 3

Amendments to TAS 16

Amendments to TAS 37

Annual Improvements to TFRS Standards
2018-2020

Amendments to TFRS 4

Amendments to TFRS 16

Insurance Contracts

Classification of Liabilities as Current or Non-Current

Reference to the Conceptual Framework

*Property, Plant and Equipment – Proceeds before
Intended Use*

Onerous Contracts – Cost of Fulfilling a Contract

Amendments to TFRS 1, TFRS 9 and TAS 41

*Extension of the Temporary Exemption from Applying
IFRS 9*

*COVID-19 Related Rent Concessions beyond 30 June
2021*

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Notes to the Condensed Consolidated Interim Financial Statements
As at and for the three months period ended 30 April 2021
(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

2 Basis of presentation of financial statements (continued)

2.2 New and Amended Turkish Financial Reporting Standards (continued)

(b) New and revised TFRS's in issue but not yet effective (continued)

TFRS 17 Insurance Contracts

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

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

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

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

Amendments to TFRS 3 Reference to the Conceptual Framework

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

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

Amendments to TAS 16 Proceeds before Intended Use

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

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

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

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

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

Annual Improvements to TFRS Standards 2018-2020 Cycle

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

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

Amendments to TFRS 9 Financial Instruments

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

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2 Basis of presentation of financial statements (continued)

2.2 New and Amended Turkish Financial Reporting Standards (continued)

(b) New and revised TFRS's in issue but not yet effective (continued)

Annual Improvements to TFRS Standards 2018-2020 Cycle (continued)

Amendments to TAS 41 Agriculture

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

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

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

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

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

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

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

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

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

2.3 Significant accounting policies

Except as described below (IFRS 9 and IFRS 15), the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 January 2021.

The financial statements in the condensed consolidated financial statements for the three-months period ended on 30 April 2021 must be evaluated together with the financial statements in the consolidated financial statements for the year ended 31 January 2021.

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2 Basis of presentation of financial statements (continued)

2.3 Significant accounting policies (continued)

IFRS 16 Leases

The Group has initially adopted IFRS 16-Leases from 1 February 2019. At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at initial recognition date.

Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Arrangement contains a Lease. The Group now assesses whether a contract is or contains a lease based on the new definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 February 2019. Accordingly, the comparative information presented for 2018 has not been restated, under IAS 17 and related interpretations.

Practical expedient

- The Group has applied a single discount rate to a reasonably similar portfolio of lease contracts,
- Group rely on its assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.
- The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options
- Group rely on its assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.
- Office equipment which have insignificant contract value are not included under the scope of IFRS 16.
- Initial direct costs incurred as at 1 February 2019 are not associated with the right of use assets.

Leases

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

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2 Basis of presentation of financial statements (continued)

2.3 Significant accounting policies(continued)

IFRS 16 Leases (continued)

Right of use assets

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

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

Lease liability

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

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, changes in the assessment of whether an extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

3 Seasonality of operations

The condensed consolidated interim financial statements of the Group also comprise the effects of seasonality. Therefore, the three months operating results for the period ended 30 April 2021 are not indicative of the results for the financial year.

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4 Operating segments

	1 February 2021- 30 April 2021			1 February 2020- 30 April 2020		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Segment revenue ⁽¹⁾	572,738	186,018	758,756	304,743	82,379	387,122
-Retail	364,507	15,146	379,653	190,223	6,463	196,686
-Wholesale	130,967	137,671	268,638	92,914	58,713	151,627
-E-commerce	77,264	33,201	110,465	21,606	17,203	38,809
Segment profit / (loss)before tax	22,168	22,624	44,792	(43,593)	(23,546)	(67,139)
	30 April 2021			31 January 2021		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Total segment assets	2,298,677	535,165	2,833,842	2,238,952	468,798	2,707,750
Total segment liabilities	1,892,544	323,548	2,216,092	1,870,235	303,506	2,173,741

The Group has 2 strategic operating segments 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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5 Cash and cash equivalents

As at 30 April 2021 and 31 January 2021, cash and cash equivalents comprises the following:

	30 April 2021	31 January 2021
Cash on hand	775	1,681
Cash at banks	634,468	777,224
<i>Demand deposits</i>	65,345	73,455
<i>Time deposits</i>	569,123	703,769
Other cash and cash equivalents	134,493	110,970
	769,736	889,875

As at 30 April 2021 and 31 January 2021, other cash and cash equivalents consist of credit card receivables with maturities less than three months.

As at 30 April 2021 and 31 January 2021, the details of time deposits based on maturity dates and interest rates of the Group are as below:

	Maturity	Interest rate	30 April 2021
TL	3 May-31 May2021	19.15%-19.55%	552,977
USD	3 May2021	0.25%	16,146
			569,123

	Maturity	Interest rate	31 January 2021
TL	1 February-2 March 2021	17.75%-18.75%	665,201
USD	1 February 2021	1.00%	29,652
EUR	12 February 2021	2.00%	8,916
			703,769

As at 30 April 2021 and 31 January 2021, there is no restriction or blockage on cash and cash equivalents. The Group’s exposure to foreign currency risk and sensitivity analyses are disclosed in Note 24.

6 Loans and borrowings

As at 30 April 2021 and 31 January 2021, financial borrowings comprise the following:

	30 April 2021	31 January 2021
<u>Current liabilities</u>		
Unsecured bank loans	424,824	445,406
Current portion of unsecured bank loans	366,134	375,566
Contractual lease liabilities	222,274	218,574
	1,013,232	1,039,546
<u>Non-current liabilities</u>		
Unsecured bank loans	78,368	105,569
Contractual lease liabilities	249,151	260,044
	327,519	365,613

As at 30 April 2021 and 31 January 2021, loan and borrowings comprised the following:

	30 April 2021	31 January 2021
Bank loans ⁽¹⁾	869,326	926,541
Contractual lease liabilities	471,425	478,618
	1,340,751	1,405,159

⁽¹⁾ Bank loans comprise financial liabilities to participation banks amounting to TL 89,564. (31 January 2021: TL 62,698)

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6 Loans and borrowings (continued)

As at 30 April 2021 and 31 January 2021, the repayments of loan agreements according to the original maturities comprised the following:

	30 April 2021	31 January 2021
Less than one year	790,958	820,972
One to two years	78,368	105,569
	869,326	926,541

As at 30 April 2021 and 31 January 2021, maturities and conditions of outstanding loans comprised the following:

30 April 2021					
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	EUR	0.50%	2021	29,727	29,901
Unsecured bank loans	TL	6.95%-20.16%	2021-2022	713,744	717,572
Unsecured bank loans	USD	2.40%-3.26%	2021-2022	42,545	42,663
Unsecured bank loans	RUB	9.50%-13.94%	2022-2021	64,115	64,890
Unsecured bank loans	CAD	2.95%	2021	14,300	14,300
				864,431	869,326

31 January 2021					
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	EUR	0.40%-2.50%	2021	79,847	80,058
Unsecured bank loans	TL	6.95%-18.86%	2021-2022	712,508	717,994
Unsecured bank loans	USD	2.85%-3.68%	2021-2022	60,447	62,135
Unsecured bank loans	RUB	9.50%-13.94%	2021	50,305	51,129
Unsecured bank loans	CAD	2.95%	2021	15,225	15,225
				918,332	926,541

The Group’s exposure to foreign currency and sensitivity analyses for financial liabilities are disclosed in Note 24.

Short term portion of long term liabilities	30 April 2021	31 January 2021
Lease liabilities	237,212	233,163
Deferred lease borrowing cost (-)	(14,938)	(14,589)
	222,274	218,574
Long term lease liabilities		
Lease liabilities	350,028	369,453
Deferred lease borrowing costs (-)	(100,877)	(109,409)
	249,151	260,044
Total contractual lease liabilities	471,425	478,618

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7 Related party

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 30 April 2021, 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 at 30 April 2021 and 31 January 2021, short term prepayments given to related parties comprised the following:

Prepayments given to related parties	30 April 2021	31 January 2021
Erak Giyim Sanayi Tic. A.Ş. (“Erak”) ⁽¹⁾	27,262	25,869
	27,262	25,869

⁽¹⁾ Advances given to Erak is related to fabric purchases and are tracked in prepayments.

Due to related parties	30 April 2021	31 January 2021
Erak ⁽¹⁾	232,125	121,166
Akay Lelmalabis Elgazhizah LLC (“Akay”) ⁽²⁾	31,205	35,130
	263,330	156,296

⁽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.

Other payables to related parties	30 April 2021	31 January 2021
Eflatun Giyim shareholders	453	176
Short term other payables to related parties	453	176

Short term contractual lease liabilities to related parties	30 April 2021	31 January 2021
Sylvia House Inc.	924	793
Mavi Jeans Holding Inc.	1,472	1,254
	2,396	2,047

Long term contractual lease liabilities to related parties	30 April 2021	31 January 2021
Sylvia House Inc.	751	832
Mavi Jeans Holding Inc.	1,227	1,357
	1,978	2,189

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7 Related party (continued)

(b) Related party transactions

For the three months period ended 30 April 2021 and 2020, purchases from related parties of the Group comprised the following:

	<u>1 February 2021 – 30 April 2021</u>	<u>1 February 2020 – 30 April 2020</u>
Purchase from related parties		
Erak	158,867	94,390
Akay	18,307	14,208
	177,174	108,598

For the three months period ended 30 April 2021 and 2020, the services from related parties of the Group comprised the following:

	<u>1 February 2021 – 30 April 2021</u>	<u>1 February 2020 – 30 April 2020</u>
Services from related parties		
Erak ⁽¹⁾	284	273
Mavi Jeans Holding Inc. ⁽²⁾	398	287
Sylvia House Inc. ⁽³⁾	942	217
	1,624	777

⁽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 Yeltown, Vancouver from Sylvia House Inc.

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

For the three months period ended 30 April 2021, 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 16,480 (30 April 2020: TL 12,135).

For the three months period ended 30 April 2021, the Group does not have any payables to any board of director or key management personnel of the Group.

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8 Trade receivables and payables

Short term trade receivables

As at 30 April 2021 and 31 January 2021, short term trade receivables are as follows:

	<u>30 April 2021</u>	<u>31 January 2021</u>
Trade receivables from third parties	332,018	231,378
	332,018	231,378

As at 30 April 2021 and 31 January 2021, short term trade receivables from others are as follows:

	<u>30 April 2021</u>	<u>31 January 2021</u>
Trade receivables	268,632	178,492
Post-dated cheques	23,721	22,303
Endorsed cheques	7,238	6,930
Notes receivables	34,184	25,635
Expected credit losses (-)	(1,757)	(1,982)
Doubtful receivables	24,254	22,175
Allowance for doubtful receivables (-)	(24,254)	(22,175)
	332,018	231,378

Details related to Group’s exposure to foreign currency risk for short term trade receivables is disclosed in Note 24.

Short term trade payables

As at 30 April 2021 and 31 January 2021, short term trade payables of the Group are as follows:

	<u>30 April 2021</u>	<u>31 January 2021</u>
Trade payables to third parties	473,953	481,899
Trade payables to related parties (Note 7)	263,330	156,296
	737,283	638,195

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

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

As at 30 April 2021 and 31 January 2021, short term trade payables due to others are as follows:

	<u>30 April 2021</u>	<u>31 January 2021</u>
Trade payables to third parties ⁽¹⁾	460,271	468,297
Expense accruals	13,682	13,602
	473,953	481,899

⁽¹⁾Trade payables to third parties comprise factoring payables amounting TL 75,304 (31 January 2021: TL 195,519) and supplier financing payables amounting TL 188,210 (31 January 2021: TL 140,740). The Company performs import factoring for the purchases of good from abroad. Within the scope of import factoring, foreign suppliers transfer their receivables from the Company to the financial institutions where the Company works with confirmation of assignment.

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9 Inventories

As at 30 April 2021 and 31 January 2021, inventories are as follows:

	30 April 2021	31 January 2021
Trade goods	659,125	557,010
Consignment trade goods	30,624	27,995
Goods in transit	1,925	1,301
Provision for impairment on inventory (-)	(32,424)	(26,222)
	659,250	560,084

As at 30 April 2021 there is no restriction/ pledge on inventories (31 January 2021: nil).

As at 30 April 2021 and 2020, the provision for impairment on inventory is as follows:

	30 April 2021	30 April 2020
Opening balance	26,222	24,701
Provision for the year	4,961	8,138
Effect of movements in exchange rates	1,241	1,116
Closing balance	32,424	33,955

As of the period ending on 30 April 2021, inventories of TL 4,961 (30 April 2020: TL 8,138) 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 current period and included in “cost of sales”.

10 Property and equipment and intangible assets

The amount of tangible and intangible assets purchased during the three months period ended 30 April 2021 is TL 32,921 (30 April 2020: TL 31,954).

Net book value of tangible and intangible assets sold during the three months period ended 30 April 2021 amounted to TL 122 (30 April 2020: TL 385).

The depreciation charge for the three months period ended 30 April 2021 is TL 23,025 (30 April 2020: TL 20,821). The depreciation charge of TL 12 for the three months period ended 30 April 2021 is capitalized in accordance with incentive program. (30 April 2020: 88).

11 Goodwill

As at 30 April 2021 and 31 January 2021, the carrying amount of goodwill allocated to each cash generating unit is as follows;

	30 April 2021	31 January 2021
Mavi America	187,671	168,072
Mavi Canada	19,977	17,140
Other	3,733	3,733
	211,381	188,945

As of 30 April 2021, the increase in goodwill is related to foreign currency translation differences on goodwill recognized at foreign subsidiaries.

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12 Right of use assets

The movement of right of use assets for the three months period ended as of 30 April 2021 and 2020 is as follows;

Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2021 balance	78,936	716,742	18,115	26,217	840,010
Additions	--	6,389	235	--	6,624
Modification	3,206	29,470	--	--	32,676
Disposals	--	(5,868)	(539)	--	(6,407)
Effect of movements in exchange rates	5,148	8,248	494	3,143	17,033
Closing balance as of 30 April 2021	87,290	754,981	18,305	29,360	889,936

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2021 balance	31,629	363,050	7,545	2,767	404,991
Charge for the year	3,824	52,143	1,387	1,181	58,535
Disposals	--	(5,191)	(540)	--	(5,731)
Effect of movements in exchange rates	2,387	3,875	361	404	7,027
Closing balance as of 30 April 2021	37,840	413,877	8,753	4,352	464,822

Carrying value as of 30 April 2021	49,450	341,104	9,552	25,008	425,114
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Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2020 balance	54,570	538,768	6,970	4,309	604,617
Additions	5,560	31,673	12,548	19,471	69,252
Disposals	(187)	(5,469)	(2,247)	--	(7,903)
Effect of movements in exchange rates	4,317	1,756	374	2,237	8,684
Closing balance as of 30 April 2020	64,260	566,728	17,645	26,017	674,650

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2020 balance	13,629	178,029	4,353	1,927	197,938
Charge for the year	3,384	45,762	1,424	625	51,195
Disposals	(313)	(5,797)	(2,253)	--	(8,363)
Effect of movements in exchange rates	1,081	494	165	296	2,036
Closing balance as of 30 April 2020	17,781	218,488	3,689	2,848	242,806

Carrying value as of 30 April 2020	46,479	348,240	13,956	23,169	431,844
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For the three months period ended 30 April 2021, TL 3,947 (30 April 2020: TL 3,593) of amortisation expenses are included under general administrative expenses and TL 54,448 (30 April 2020: TL 47,462) under selling and marketing expenses, and TL 140 (30 April 2020: TL 140) under research and development expenses.

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13 Provisions, contingent assets and liabilities

Short term provisions

As of 30 April 2021 and 31 January 2021, short term provisions are as follows:

	30 April 2021	31 January 2021
Provision for employee benefits	6,276	4,144
Other short term provisions	19,187	15,669
	25,463	19,813

Short term provision for employee benefits consists of provision for vacation pay liability. For the periods ended 30 April, the movement of provision for vacation liability is as follows:

	2021	2020
1 February balance	4,144	3,118
Current period provision	1,968	1,724
Effect of movements in exchange rates	360	96
Payments	(196)	(109)
30 April balance	6,276	4,829

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

Vacation pay liability if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term In accordance with the existing labour law in Turkey, the Company is required to pay to the employee, whose employment is terminated due to any reasons, the wage of the deserved and unused vacation days over the gross prevailing wage and other benefits subject to contract at the date the contract is terminated. Vacation pay liability is the total undiscounted liability of the deserved and unused vacation days of all employees.

As at 30 April 2021 and 31 January 2021, details of other short term provisions are as follows:

	30 April 2021	31 January 2021
Sales return provision	13,135	10,947
Legal provision ⁽¹⁾	2,810	2,843
Other provisions	3,242	1,879
	19,187	15,669

⁽¹⁾ Legal provision mainly comprised of labour lawsuits.

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13 Provisions, contingent assets and liabilities (continued)

Short term provisions (continued)

For the 3 months ended 30 April 2021 and 2020, the movement of short term provision is as follows:

	Legal Provision ⁽¹⁾	Return provisions	Other provisions	Total
1 February 2021 balance	2,843	10,947	1,879	15,669
Current year provision	299	1,610	1,254	3,163
Effect of movements in exchange rates	--	1,207	302	1,509
Provisions used during year	(217)	(401)	--	(618)
Provisions cancelled during year	(115)	(228)	(193)	(536)
30 April 2021 balance	2,810	13,135	3,242	19,187

	Legal Provision	Return provisions	Other provisions	Total
1 February 2020 balance	2,487	7,220	3,740	13,447
Current year provision	68	140	908	1,116
Effect of movements in exchange rates	--	791	117	908
Provisions used during year	--	(107)	--	(107)
Provisions cancelled during year	--	(294)	(80)	(374)
30 April 2020 balance	2,555	7,750	4,685	14,990

⁽¹⁾ Legal provision mainly comprised of labour lawsuits.

Long term provisions

As of 30 April 2021 and 31 January 2021, long term provisions which consist of severance pay liabilities are as follows:

	30 April 2021	31 January 2021
Long term provisions for employee benefits	10,096	9,081
	10,096	9,081

For the years ended 30 April 2021 and 2020 the movement of provision for severance pay liability is as follows:

	1 February 2021 – 30 April 2021	1 February 2020 – 30 April 2020
Opening balance	9,081	7,931
Interest cost	228	169
Service cost	1,257	959
Paid benefits	(1,165)	(1,750)
Effect of movements in exchange rates	123	(42)
Actuarial difference	572	196
Ending balance	10,096	7,463

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14 Commitments

(a) Warranties, pledges and mortgages

As of 30 April 2021 and 31 January 2021, the Group's guarantee / pledge / mortgage ("GPM") position statement is as follows:

	30 April 2021					
	TL Equivalent	TL	EUR	RUB	USD	CAD
A. On behalf of its own legal personality of the total amount of GPMs	187,590	97,453	7,786	--	1,589	--
Guarantee	187,590	97,453	7,786	--	1,589	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	56,627	--	156	12,589	75	8,000
Guarantee	56,627	--	156	12,589	75	8,000
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	--	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	244,217	97,453	7,942	12,589	1,664	8,000

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14

Commitments (continued)

(a) Warranties, pledges and mortgages (continued)

	31 January 2021					
	TL Equivalent	TL	EUR	RUB	USD	CAD
A. On behalf of its own legal personality of the total amount of GPMs	208,214	95,657	11,501	--	1,437	--
Guarantee	208,214	95,657	11,501	--	1,437	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	48,685	--	156	12,589	75	8,000
Guarantee	48,685	--	156	12,589	75	8,000
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	--	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	256,899	95,657	11,657	12,589	1,512	8,000

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14 Commitments (continued)

(a) Warranties, pledges and mortgages (continued)

As of 30 April 2021, ratio of other GPM given by the Group to equity was 0% (31 January 2021: 0%).

As of 30 April 2021, letter of guarantees given to third parties for an amount of TL 94,950 are representing guarantees given to Eximbank for the purpose of importing goods (31 January 2021: TL 127,735).

The Group has purchase commitments related to inventory amounting to TL 831,946 as of 30 April 2021 (31 January 2021: TL 737,448).

(b) Guarantees received

As of 30 April 2021, Group has received letter of guarantees for an amount of TL 11,574 as in the form of security (31 January 2021: TL 10,315).

15 Capital, reserves and other capital reserves

Paid-in capital

As of 30 April 2021 and 31 January 2021, paid capital is as follows:

	%	30 April 2021	%	31 January 2021
Akarlılar Ailesi	27.19	13,500	27.19	13,500
Blue International	0.22	108	0.22	108
Publicly held	72.60	36,049	72.60	36,049
	100.00	49,657	100.00	49,657

As of 30 April 2021 paid-in capital of the Company comprises 49,657,000 shares issued of TL 1 each (31 January 2021: 49,657,000 shares issued of TL1 each).

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 30 April 2021, the Company’s legal reserves are amounting to TL 19,771 (31 January 2021: TL 19,771).

Hedging reserve

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

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16 Selling, marketing and distribution expenses

For the three months periods ended 30 April 2021 and 2020, selling, marketing and distribution expenses comprised the following:

	1 February – 30 April 2021	1 February – 30 April 2020
Personnel expenses	78,295	58,875
Depreciation and amortization expenses	68,742	61,234
Rent expenses ⁽¹⁾	29,263	11,049
Freight-out expenses	15,675	7,169
Outsourced logistics expenses	15,312	9,474
Advertising expenses	12,009	9,556
Travel expenses	1,580	1,103
Other	35,818	22,800
	256,694	181,260

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

17 Other operating income and expense

For the three months periods ended 30 April 2021 and 2020, other operating income comprised the following:

	1 February – 30 April 2021	1 February – 30 April 2020
Foreign exchange gain, net	4,692	3,087
Interest income on trade payables, net	2,144	990
Reversal of expected credit loss	615	76
Salary protocol income	494	494
Investment support income	--	690
Other	1,255	576
	9,200	5,913

For the three months periods ended 30 April 2021 and 2020, other expenses comprised the following:

	1 February – 30 April 2021	1 February – 30 April 2020
Foreign exchange loss, net	1,012	1,249
Expected credit loss	171	142
Other	90	483
	1,273	1,874

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18 Gains and losses from investment activities

For the three months periods ended 30 April 2021 and 2020, losses from investment activities comprised the following:

	1 February – 30 April 2021	1 February – 30 April 2020
Losses on sale of fixed assets	98	385
	98	385

19 Finance income

For the three months periods ended 30 April 2021 and 2020, finance income comprised the following:

	1 February – 30 April 2021	1 February – 30 April 2020
Interest income on time deposits	19,376	7,607
Foreign exchange gain	353	5,203
Other ⁽¹⁾	25,214	20,863
	44,943	33,673

⁽¹⁾Other finance income consists of discounts related with rent payments amounting TL25,213

(30 April 2020: TL 20,825) due to Covid-19 pandemic.

20 Finance costs

For the three months periods ended 30 April 2021 and 2020, finance costs comprised the following:

	1 February – 30 April 2021	1 February – 30 April 2020
Interest expense on:		
Financial liabilities measured at amortised cost	21,603	17,022
Interest expenses on contractual lease liabilities	17,818	15,613
Interest expenses on purchases	14,899	4,052
	54,320	36,687
Import financing expenses	5,703	3,408
Credit card commission expenses	2,454	1,446
Foreign exchange loss	2,155	8,080
Other	1,337	2,236
	65,969	51,857

21 Income taxes

Corporate tax rate of Turkey is 25% (30 April 2020 : 22%). For the three months period ended 30 April 2021, Group’s effective tax rate is 19% (30 April 2020 : 23%).

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22 Earnings / (loss) per share

The amount of earnings / (loss) per share is calculated by dividing the net period profit / (loss) 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 / (loss) per share for the periods ended 30 April 2021 and 2020 is as follows:

	30 April 2021	30 April 2020
Net profit / (loss) for the year attributable to owners of the Company	31,001	(50,088)
Weighted average number of ordinary shares (basic)	49,657,000	49,657,000
Earnings / (loss) per ordinary/ diluted share (full TL)	0.6243	(1.0087)

23 Derivatives

As at 30 April 2021 and 31 January 2021, short term derivative assets are as follows:

	30 April 2021	31 January 2021
Assets from the forward exchange contracts	9,504	--
Liability from the forward exchange contracts	--	(8,601)
	9,504	(8,601)

As of 30 April 2021, the Group has open forward exchange contracts to hedge the foreign currency risk on inventory purchases in amount of USD 19,504 thousand in equivalent of TL 159,448. By applying hedge accounting, the fair value difference of TL 9,504, resulting from such forward transactions, is recognized in other comprehensive income.

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24 Nature and level of risks related to financial instruments

Market risk

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

Currency risk

The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The 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.

Interest rates of the loans are determined on the currency of the loan. Currency of loans, are mainly used in TL, match the cash flow generated from operations of the Group. In such way, Group protects itself from financial risks without using derivative instruments.

Interest rate risk

Group is not exposed to risk of interest rate fluctuations since the total amount of floating interest rate loans and borrowings are insignificant.

Capital Management

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

Currency Risk

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

	<u>30 April 2021</u>	<u>31 January 2021</u>
TL / EUR	9.9090	8.8718
TL / USD	8.1753	7.3216
TL / RUB	0.1094	0.0957
TL / CAD	6.6366	5.6936

The foreign currency average exchange rates for the three months period ended 30 April 2021 and 2020 are as follows:

	<u>1 February – 30 April 2021</u>	<u>1 February – 30 April 2020</u>
EUR / TL	9.1343	7.0018
USD / TL	7.6287	6.3963
RUB / TL	0.1010	0.0898
CAD / TL	6.0481	4.6450

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

Market risk

Currency risk

As of 30 April 2021, the Group's foreign currency position specified in the following table arises from foreign currency denominated assets and liabilities.

	TL Equivalent	USD	Euro	Other
1. Trade receivables	10,450	816	--	3,779
2a. Monetary financial assets (including cash banks)	21,775	2,296	143	1,588
2b. Non-monetary financial assets	--	--	--	--
3. Other	2,364	274	12	--
4. Current assets (1+2+3)	34,589	3,386	155	5,367
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)	34,589	3,386	155	5,367
10. Trade payables	9,170	645	380	134
11. Financial liabilities	32,175	125	3,144	--
12a. Monetary other liabilities	--	--	(277)	2,748
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	41,345	770	3,247	2,882
14. Trade payables	--	--	--	--
15. Financial liabilities	1,591	11	152	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	1,591	11	152	--
18. Total liabilities (13+17)	42,936	781	3,399	2,882
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	(159,448)	(19,504)	--	--
19a. Hedged total asset	--	--	--	--
19b. Hedged total liabilities	159,448	19,504	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	(167,795)	(16,899)	(3,244)	2,485
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	(10,711)	2,331	(3,256)	2,485

As at 30 April 2021, Mavi Turkey has trade receivables amounting to TRY 56,952 from consolidated subsidiaries which comprise; EUR 4,972 thousand, USD 49 thousand, CAD 100 thousand and RUB 60,501 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency assets position amounts to TL 46,242.

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

Market risk (continued)

Currency risk (continued)

As of 31 January 2021 the Group's foreign currency position specified in the following table arises from foreign currency denominated assets and liabilities.

	TL Equivalent	USD	Euro	Other
1. Trade receivables	5,071	304	--	2,845
2a. Monetary financial assets (including cash, banks)	51,030	4,260	1,711	4,661
2b. Non-monetary financial assets	--	--	--	--
3. Other	2,213	303	--	--
4. Current assets (1+2+3)	58,314	4,867	1,711	7,506
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)	58,314	4,867	1,711	7,506
10. Trade payables	4,780	304	274	126
11. Financial liabilities	64,488	122	7,168	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	69,268	426	7,442	126
14. Trade payables	--	--	--	--
15. Financial liabilities	1,852	42	175	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	1,852	42	175	--
18. Total liabilities (13+17)	71,120	468	7,617	126
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	(110,373)	(15,075)	--	--
19a. Hedged total asset	--	--	--	--
19b. Hedged total liabilities	110,373	15,075	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	(123,179)	(10,676)	(5,906)	7,380
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	(15,019)	4,096	(5,906)	7,380

As at 31 January 2021, Mavi Turkey has trade receivables amounting to TL 24,505 from consolidated subsidiaries which comprise; EUR 2,451 thousand, USD 127 thousand, CAD 208 thousand and RUB 6,775 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 9,486.

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

Market risk (continued)

Currency risk (continued)

Sensitivity analysis

The Group's foreign exchange risk consists of movements of TL against Euro, US Dollar and Rouble and Australia Dollar.

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

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

Foreign Currency Sensitivity Analysis				
30 April 2021				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
10% change of the USD against TL				
1- Net USD denominated asset/liability	1,906	(1,906)	1,906	(1,906)
2- Hedged portion of TL against USD risk(-)	--	--	15,945	(15,945)
3- Net effect of USD (1+2)	1,906	(1,906)	17,851	(17,851)
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(3,225)	3,225	(3,225)	3,225
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	(3,225)	3,225	(3,225)	3,225
10% change of other against TL				
7- Net other denominated asset/liability	248	(248)	248	(248)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	248	(248)	248	(248)
Total (3+6+9)	(1,071)	1,071	14,874	(14,874)

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

Market risk (continued)

Currency risk (continued)

Foreign Currency Sensitivity Analysis				
31 January 2021				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
10% change of the USD against TL				
1- Net USD denominated asset/liability	3,000	(3,000)	3,000	(3,000)
2- Hedged portion of TL against USD risk(-)	--	--	11,037	(11,037)
3- Net effect of USD (1+2)	3,000	(3,000)	14,037	(14,037)
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(5,240)	5,240	(5,240)	5,240
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	(5,240)	5,240	(5,240)	5,240
10% change of other against TL				
7- Net other denominated asset/liability	738	(738)	738	(738)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	738	(738)	738	(738)
Total (3+6+9)	(1,502)	1,502	9,535	(9,535)

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25 Financial risk management

Fair values

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

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
30 April 2021							
Financial assets measured at fair value							
Derivatives	9,504	--	9,504	--	9,504	--	9,504
Total	9,504	--	9,504	--	9,504	--	9,504
	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 January 2021							
Financial liabilities measured at fair value							
Derivatives	(8,601)	--	(8,601)	--	(8,601)	--	(8,601)
Total	(8,601)	--	(8,601)	--	(8,601)	--	(8,601)

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25 Financial risk management (continued)

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 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 categorized 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.

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable	Intra-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: the fair value is determined using quoted forward Exchange rate and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable.	Not applicable.

Financial instruments not measured at fair value

Other financial liabilities ⁽¹⁾	Discounted cash flows: the valuation model considers the present value of expected payment, discounted using a risk-adjusted discounted rate.
--	---

⁽¹⁾ Other financial liabilities include bank loans.

As the financial assets and liabilities have short term in nature, the carrying amounts approximate their fair values.

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26 Important developments related to the current period

Challenges brought forward by the Covid-19 pandemic are being managed. All measures recommended by the local and global health authorities have been adopted in all our markets.

Stores in Turkey serve in accordance with weekend curfews and working hour limitations. International operations continue in accordance with limitations related to pandemic in respective markets.

Mavi’s agile product planning and speed to shelf capabilities played an important role in delivering increased units per transaction, enabling to continuously keep fresh and relevant inventory across stores and other sales channels.

In preparing 30 April 2021 condensed consolidated interim financial statements, management has assessed the potential impacts of Covid-19 pandemic on financial statements and reviewed estimates and assumptions used in the preparation of these financial statements. In this context, the Group tested financial assets, inventories, tangible assets, and goodwill for potential impairment loss and resulted in no impairment loss to be recorded.

27 Subsequent events

None.

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Unaudited Supplementary Information

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APPENDIX 1 Ebitda reconciliation

EBITDA is not a defined performance measure in IFRS. EBITDA reconciliation for the three month period ended 30 April 2021 and 2020 are as follows:

	Note	30 April 2021	30 April 2020
Profit / (loss)		36,478	(51,641)
Tax expense / (income)		8,314	(15,498)
Profit / (loss) before tax		44,792	(67,139)
Adjustment for:			
-Net finance costs		21,026	18,184
-Receivables and payables, interest net		(2,144)	(990)
-Receivables and payables, foreign exchange net		(3,680)	(1,838)
-Depreciation and amortisation	10,12	81,548	71,928
EBITDA		141,542	20,145

As of 30 April 2021, IFRS 16 has an impact of TL 47,245 on EBITDA. (30 April 2020: TL 46,714)

APPENDIX 2 Effect of IFRS 16 on Financial Statements

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

	30 April 2021	IFRS 16 Effect	After IFRS 16
Current assets	1,881,409	(2,787)	1,878,622
Non-current assets	520,130	435,090	955,220
Current liabilities	1,643,631	222,274	1,865,905
Non-current liabilities	101,712	248,475	350,187
Equity	656,196	(38,446)	617,750

	1 February – 30 April 2021	IFRS 16 Effect	After IFRS 16
Operating profit / (loss)	77,207	(11,291)	65,916
Operating profit / (loss) before finance costs	77,108	(11,290)	65,818
Finance income	19,730	25,213	44,943
Finance expense	(48,190)	(17,779)	(65,969)
Profit / (loss) before tax	48,648	(3,856)	44,792
Net profit / (loss)	39,624	(3,146)	36,478
EBITDA	94,297	47,245	141,542