

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

Condensed Consolidated Interim Financial Statements
As At and For The Nine Months Period Ended
31 October 2021

7 December 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 31 October 2021

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

		Unaudited	Audited
	<i>Notes</i>	31 October 2021	31 January 2021
ASSETS			
Current assets			
Cash and cash equivalents	5	950,557	889,875
Trade receivables		408,023	231,378
- Due from third parties	8	408,023	231,378
Other receivables		24,362	13,288
- Due from third parties		24,362	13,288
Inventories	9	674,105	560,084
Derivatives	23	4,074	--
Prepaid expenses		74,147	50,326
- Due from related parties		45,569	25,869
- Due from third parties		28,578	24,457
Current tax asset		4,002	17,738
Other current assets		10,582	24,055
Total current assets		2,149,852	1,786,744
Non-current assets			
Other receivables		4,948	3,190
- Due from third parties		4,948	3,190
Property and equipment		206,590	197,679
Right of use assets	12	435,833	435,019
Intangible assets		355,171	262,718
- Other intangible assets		110,818	73,773
- Goodwill	11	244,353	188,945
Prepaid expenses		338	149
- Due from third parties		338	149
Deferred tax assets		35,894	22,251
Total non-current assets		1,038,774	921,006
TOTAL ASSETS		3,188,626	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 31 October 2021

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

		Unaudited	Audited
	<i>Notes</i>	31 October 2021	31 January 2021
LIABILITIES			
Current liabilities			
Short term borrowings	6	316,479	445,406
Short term contractual lease liabilities	6	210,022	218,574
- Due to related parties	7	2,792	2,047
- Due to third parties		207,230	216,527
Short term portion of long term borrowings	6	262,183	375,566
Trade payables		935,666	638,195
- Due to related parties	7-8	184,803	156,296
- Due to third parties	8	750,863	481,899
Payables to employees		97,581	38,863
Other payables		10,721	4,047
- Due to related parties	7	41	176
- Due to third parties		10,680	3,871
Deferred revenue		25,040	18,150
Provisions		34,989	19,813
- Provisions for employee benefits	13	8,240	4,144
- Other provisions	13	26,749	15,669
Derivatives		--	8,601
Current tax liabilities		67,444	6,307
Other current liabilities		14,484	12,484
Total current liabilities		1,974,609	1,786,006
Non-current liabilities			
Loans and borrowings	6	2,584	105,569
Long term contractual lease liabilities	6	279,837	260,044
- Due to related parties	7	924	2,189
- Due to third parties		278,913	257,855
Deferred revenue		6,479	1,425
Payables to employees		9,628	--
Provisions		11,148	9,081
- Provisions for employee benefits	13	11,148	9,081
Deferred tax liabilities		11,116	11,616
Total non-current liabilities		320,792	387,735
TOTAL LIABILITIES		2,295,401	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 31 October 2021

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

		Unaudited	Audited
	<i>Notes</i>	31 October 2021	31 January 2021
EQUITY			
Equity attributable to owners of the Company			
Paid in share capital	15	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		(7,199)	(6,245)
<i>Remeasurement of defined benefit liability</i>		(7,199)	(6,245)
Other comprehensive income/expense to be reclassified to profit or loss		214,771	134,853
<i>Foreign currency translation reserve</i>		211,716	141,733
<i>Hedging reserve</i>		3,055	(6,880)
Legal reserves	15	19,771	19,771
Retained earnings		317,166	342,930
Net profit		283,119	4,583
Non-controlling interests		51,697	24,217
Total equity		893,225	534,009
TOTAL EQUITY AND LIABILITIES		3,188,626	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 and Other
Comprehensive Income

For the Nine Months Period Ended 31 October 2021

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

		Unaudited	Unaudited	Unaudited	Unaudited
	Notes	1 February – 31 October 2021	1 August – 31 October 2021	1 February – 31 October 2020	1 August – 31 October 2020
Revenue		3,190,961	1,354,453	1,751,910	826,984
Cost of sales		(1,556,949)	(662,171)	(892,459)	(410,366)
Gross profit		1,634,012	692,282	859,451	416,618
Administrative expenses		(181,146)	(69,894)	(121,096)	(43,911)
Selling, marketing and distribution expenses	16	(940,864)	(359,953)	(647,839)	(246,756)
Research and development expenses		(35,650)	(14,224)	(24,572)	(9,261)
Other income	17	30,905	17,826	22,696	13,210
Other expenses	17	(1,984)	(710)	(2,794)	(928)
Operating profit		505,273	265,327	85,846	128,972
Gains from investment activities	18	150	--	--	--
Losses from investment activities	18	(335)	--	(1,169)	247
Operating profit before financial income		505,088	265,327	84,677	129,219
Finance income	19	112,642	31,651	135,064	50,742
Finance costs	20	(224,391)	(83,921)	(188,290)	(72,304)
Net finance costs		(111,749)	(52,270)	(53,226)	(21,562)
Profit before tax		393,339	213,057	31,451	107,657
Income tax expense		(92,658)	(50,581)	(5,951)	(23,813)
- Tax expense		(111,195)	(56,311)	(17,311)	(24,014)
- Deferred tax income		18,537	5,730	11,360	201
Net profit		300,681	162,476	25,500	83,844
Non-controlling interests		17,562	9,239	2,012	5,699
Owners of the Company		283,119	153,237	23,488	78,145
Earnings per share (Full TL)	22	5.7015	3.0859	0.4730	1.5737

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Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Profit or Loss and Other
Comprehensive Income

For the Nine Months Period Ended 31 October 2021

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

	Unaudited	Unaudited	Unaudited	Unaudited
<i>Notes</i>	1 February – 31 October 2021	1 August – 31 October 2021	1 February – 31 October 2020	1 August – 31 October 2020
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit liability	(1,421)	(110)	(710)	(172)
- Related tax	467	27	156	38
Items that are or may be reclassified to profit or loss				
Foreign operations - foreign currency translation differences	79,901	39,993	90,521	51,337
Cash flow hedging reserves	12,674	335	1,153	(2,056)
- Related tax	(2,739)	(84)	(254)	452
Other comprehensive income net of tax	88,882	40,161	90,866	49,599
Total comprehensive income	389,563	202,637	116,366	133,443
Total comprehensive income attributable to:				
Non-controlling interests	27,480	14,734	8,502	9,428
Owners of the Company	362,083	187,903	107,864	124,015

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Statement of Changes In Equity

As at and for the Nine Months period ended 31 October 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			
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	--	--	--	(554)	84,031	899	--	23,488	107,864	8,502	116,366
Balance as at 31 October 2020	49,657	19,771	(35,757)	(5,891)	172,044	1,846	342,930	23,488	568,088	25,942	594,030
Balance as at 1 February 2021	49,657	19,771	(35,757)	(6,245)	141,733	(6,880)	342,930	4,583	509,792	24,217	534,009
Transfers	--	--	--	--	--	--	4,583	(4,583)	--	--	--
Dividend payment	--	--	--	--	--	--	(30,347)	--	(30,347)	--	(30,347)
Total comprehensive income	--	--	--	(954)	69,983	9,935	--	283,119	362,083	27,480	389,563
Balance as at 31 October 2021	49,657	19,771	(35,757)	(7,199)	211,716	3,055	317,166	283,119	841,528	51,697	893,225

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 Nine Months period ended 31 October 2021
(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)

		Unaudited	Unaudited
		1 February –	1 February –
Cash flow from operating activities	<i>Notes</i>	31 October 2021	31 October 2020
Net profit for the period		300,681	25,500
Depreciation and amortization expense	10,12	260,053	229,758
Interest income	19	(104,220)	(111,141)
Finance cost	20	217,741	159,643
Provision for unused vacation	13	3,972	4,017
Provision for employee severance indemnity	13	11,151	3,654
Impairment loss on receivables		229	1,198
Interest (income)/expense on trade payables	17	(7,264)	(8,826)
Expected credit losses	17	(1,099)	(955)
Inventory obsolescence	9	490	2,944
Short term and long term provisions		8,115	2,746
Loss on disposal of property and equipment, net	18	185	1,169
Tax expense		92,658	5,951
Unrealized currency translation difference		64,423	74,918
		847,115	390,576
Changes in:			
Change in trade receivables		(181,577)	(54,537)
Change in inventory		(117,015)	(158,793)
Change in prepaid expenses		(24,012)	(2,021)
Change in other receivables		(14,760)	12,395
Change in other current and non-current assets		13,473	(19,599)
Change in employee benefits liabilities		68,344	10,887
Change in trade payables		276,230	148,853
Change in payables to related parties		28,372	(8,803)
Change in deferred revenue		11,943	(1,112)
Change in other payables		6,809	5,822
Kısa ve uzun vadeli borç karşılıklarındaki değişim		(517)	--
Change in other liabilities		1,753	26
Cash flows used in operating activities		916,158	323,694
Employee benefits paid	13	(11,591)	(5,121)
Income tax paid		(36,002)	(9,163)
Net cash from operating activities		868,565	309,410
Cash flows from investing activities			
Acquisition of tangible assets	10	(72,883)	(64,594)
Proceeds from sale of tangible assets	10,18	70	2,643
Acquisition of intangible assets	10	(22,476)	(18,371)
Interest received		56,136	32,843
Net cash flow used in investing activities		(39,153)	(47,479)
Proceeds from loans and borrowings		309,812	1,305,366
Repayment of loans and borrowings		(695,786)	(738,144)
Payments of contractual lease liabilities		(183,571)	(129,985)
Other financial payments		(96,513)	(43,596)
Dividend paid		(30,347)	--
Interest paid		(72,325)	(60,640)
Net cash flow used in financing activities		(768,730)	333,001
Net change in cash and cash equivalent		60,682	594,932
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	950,557	905,770

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 Nine Months period ended 31 October 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 31 October 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 31 October 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 Giyim 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 31 October 2021 and 31 January 2021 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Effective Shareholding %	
			31 October 2021	31 January 2021
Mavi Europe	Germany	Wholesale and retail sales of apparel	100.00	100.00
Mavi Nederland ⁽²⁾	Netherlands	Wholesale sales of apparel	--	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 condensed consolidated interim financial statements, as of 31 October 2021.

⁽²⁾ Mavi Nederland completed the liquidation process as of 26 July 2021 and has not been consolidated as of 31 October 2021.

As of 31 October 2021, Group's total number of employees is 5,003 (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 Nine Months period ended 31 October 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 condensed consolidated interim 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 7 December 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.

(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
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(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 condensed consolidated interim 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

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.

(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.

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Notes to the Condensed Consolidated Interim Financial Statements
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2 Basis of presentation of financial statements (continued)

2.1 Basis of accounting (continued)

(e) Measurement of fair values (continued)

(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 IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform — Phase 2

The amendments in Interest Rate Benchmark Reform — Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 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 IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 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 IFRSs in issue but not yet effective

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

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards	<i>Amendments to IFRS 1, IFRS 9 and IAS 41 2018-2020</i>
Amendments to IFRS 4	<i>Extension of the Temporary Exemption from Applying IFRS 9</i>
Amendments to IFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>
Amendments to IAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
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As at and for the Nine Months period ended 31 October 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 IFRSs in issue but not yet effective (continued)

IFRS 17 Insurance Contracts

IFRS 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. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

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

Amendments to IFRS 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 IAS 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 IAS 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.

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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 IFRSs in issue but not yet effective (continued)

Annual Improvements to IFRS Standards 2018-2020 Cycle

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

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

Amendments to IFRS 9 *Financial Instruments*

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

Amendments to IAS 41 *Agriculture*

The amendment removes the requirement in paragraph 22 of IAS 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 IFRS 13.

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

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

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

Amendments to IFRS 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 IFRS 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.

Amendments to IFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021 (cont'd)*

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

Amendments to IAS 1 *Disclosure of Accounting Policies*

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

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

Amendments to IAS 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.

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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 IFRSs in issue but not yet effective (continued)

Amendments to IAS 8 Definition of Accounting Estimates (continued)

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

Amendments to IAS 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 IAS 12 are effective for annual reporting periods beginning on or after 1 January 2023 and 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 condensed consolidated financial statements as at and for the year ended 31 January 2021.

The financial statements in the condensed consolidated interim financial statements for the nine months period ended on 31 October 2021 must be evaluated together with the financial statements in the condensed consolidated financial statements for the year ended 31 January 2021.

IFRS 16 Leases

Leases

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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

Right of use assets

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

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

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2 Basis of presentation of financial statements (continued)

2.2 Significant accounting policies(continued)

Lease liability

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

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured 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 nine months operating results for the period ended 31 October 2021 are not indicative of the results for the financial year.

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4 Operating segments

	1 February- 31 October 2021			1 August - 31 October 2021			1 February- 31 October 2020			1 August - 31 October 2020		
	Reportable segment			Reportable segment			Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total	Turkey	International	Total	Turkey	International	Total
Segment revenue ⁽¹⁾	2,610,080	580,881	3,190,961	1,133,129	221,324	1,354,453	1,416,751	335,159	1,751,910	655,468	171,516	826,984
-Retail	1,882,214	61,945	1,944,159	843,637	24,319	867,956	998,027	32,730	1,030,757	473,659	17,363	491,022
-Wholesale	449,749	413,584	863,333	200,230	157,940	358,170	293,648	237,220	530,868	139,643	127,414	267,057
-E-commerce	278,117	105,352	383,469	89,262	39,065	128,327	125,076	65,209	190,285	42,166	26,739	68,905
Segment profit before tax	326,715	66,624	393,339	176,238	36,819	213,057	48,236	(16,785)	31,451	80,750	26,907	107,657

	31 October 2021			31 January 2021		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Total segment assets	2,524,925	663,701	3,188,626	2,238,952	468,798	2,707,750
Total segment liabilities	1,923,655	371,746	2,295,401	1,870,235	303,506	2,173,741

The Group has 2 strategic operating segments based on the geographical areas where revenues 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 31 October 2021 and 31 January 2021, cash and cash equivalents comprises the following:

	31 October 2021	31 January 2021
Cash on hand	9,989	1,681
Cash at banks	633,080	777,224
<i>Demand deposits</i>	<i>114,893</i>	<i>73,455</i>
<i>Time deposits</i>	<i>518,187</i>	<i>703,769</i>
Other cash and cash equivalents	307,488	110,970
Cash and cash equivalents	950,557	889,875

As at 31 October 2021 and 31 January 2021, other cash and cash equivalents consist of credit card receivables with maturities less than 3 months.

As at 31 October 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	31 October 2021
TL	1-22 November 2021	18.15%-18.25%	480,925
USD	1 November 2021	0.50%	37,262
			518,187

	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 31 October 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.

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6 Loans and borrowings

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

	31 October 2021	31 January 2021
Current liabilities		
Unsecured bank loans	316,479	445,406
Current portion of unsecured bank loans	262,183	375,566
Contractual lease liabilities	210,022	218,574
	788,684	1,039,546
Non-current liabilities		
Unsecured bank loans	2,584	105,569
Contractual lease liabilities	279,837	260,044
	282,421	365,613

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

	31 October 2021	31 January 2021
Bank loans ⁽¹⁾	581,246	926,541
Contractual lease liabilities	489,859	478,618
	1,071,105	1,405,159

⁽¹⁾ Bank loans comprise financial liabilities to participation banks amounting to TL 67,034 (31 January 2021 : TL 62,698).

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

	31 October 2021	31 January 2021
Less than one year	578,662	820,972
One to two years	2,584	105,569
	581,246	926,541

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

31 October 2021					
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	EUR	0.70%	2021	43,992	44,020
Unsecured bank loans	TL	8.56%-20.16%	2021-2022	409,318	412,985
Unsecured bank loans	RUB	9.50%-11.65%	2021-2022	70,207	70,748
Unsecured bank loans	USD	2.40%-3.26%	2021-2022	48,374	49,002
Unsecured bank loans	CAD	2.95%	2021	4,479	4,491
				576,370	581,246
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.

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6 Loans and borrowings (continued)

Short term portion of long term liabilities	31 October 2021	31 January 2021
Lesase liabilities	256,048	233,163
Deferred lease borrowing cost (-)	(46,026)	(14,589)
	210,022	218,574
Long term lease liabilities		
Leases liabilities	343,580	369,453
Deferred lease borrowing costs (-)	(63,743)	(109,409)
	279,837	260,044
Total contractual lease liabilities	489,859	478,618

7 Related party

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

As of 31 October 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 31 October 2021 and 31 January 2021, short term prepayments give to related parties comprised the following:

	31 October 2021	31 January 2021
Erak Giyim Sanayi Tic. A.Ş. (“Erak”) ⁽¹⁾	45,569	25,869
	45,569	25,869

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

	31 October 2021	31 January 2021
Due to related parties		
Erak ⁽¹⁾	147,349	121,166
Akay Lelmalabis Elgazhizah LLC (“Akay”) ⁽²⁾	37,454	35,130
	184,803	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 without guarantee and non-interest bearing. Purchases from Erak have 90 days repayment date.

⁽²⁾ Amounts comprise of inventory purchases from Erak’s subsidiary Akay situated in Egypt. Amounts are without guarantee and non-interest bearing. Purchases from Akay have 90 days repayment date.

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7 Related party (continued)

	<u>31 October 2021</u>	<u>31 January 2021</u>
Other payables to related parties		
Eflatun Giyim shareholders	41	176
Short term other payables to related parties	41	176

	<u>31 October 2021</u>	<u>31 January 2021</u>
Short term contractual lease liabilities to related parties		
Sylvia House Inc.	1,063	793
Mavi Jeans Holding Inc.	1,729	1,254
	2,792	2,047

	<u>31 October 2021</u>	<u>31 January 2021</u>
Long term contractual lease liabilities to related parties		
Sylvia House Inc.	355	832
Mavi Jeans Holding Inc.	569	1,357
	924	2,189

(b) Related party transactions

For the nine months period ended 31 October 2021 and 2020, purchases from related parties of the Group comprised the following:

	<u>1 February – 31 October 2021</u>	<u>1 August – 31 October 2021</u>	<u>1 February – 31 October 2020</u>	<u>1 August – 31 October 2020</u>
Purchase from related parties				
Erak	510,694	207,121	272,726	117,696
Akay	62,075	20,207	46,739	17,071
	572,769	227,328	319,465	134,767

For the nine months period ended 31 October 2021 and 2020, the services from related parties of the Group comprised the following:

	<u>1 February – 31 October 2021</u>	<u>1 August – 31 October 2021</u>	<u>1 February – 31 October 2020</u>	<u>1 August – 31 October 2020</u>
Services from related parties				
Erak ⁽¹⁾	1,007	93	1,078	534
Mavi Jeans Holding Inc. ⁽²⁾	1,194	417	1,093	489
Sylvia House Inc. ⁽³⁾	937	347	775	332
	3,138	857	2,946	1,355

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

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

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

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

For the nine months period ended 31 October 2021, short term benefits provided to senior management and board of directors amounted to TL 67.302 (31 October 2020: TL 35,429).

For the nine months period ended 31 October 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 31 October 2021 and 31 January 2021, short term trade receivables are as follows:

	<u>31 October 2021</u>	<u>31 January 2021</u>
Trade receivables from third parties	408,023	231,378
	408,023	231,378

As at 31 October 2021 and 31 January 2021, short term trade receivables from third parties are as follows:

	<u>31 October 2021</u>	<u>31 January 2021</u>
Trade receivables	358,042	178,492
Post-dated cheques	9,084	22,303
Endorsed cheques	5,864	6,930
Notes receivables	36,696	25,635
Expected credit losses (-)	(1,663)	(1,982)
Doubtful receivables	27,924	22,175
Allowance for doubtful receivables (-)	(27,924)	(22,175)
	408,023	231,378

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

Short term trade payables

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

	<u>31 October 2021</u>	<u>31 January 2021</u>
Trade payables to third parties	750,863	481,899
Trade payables to related parties (Note 7)	184,803	156,296
	935,666	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 and sensitivity analysis for short term trade payables is disclosed in Note 24.

As at 31 October 2021 and 31 January 2021, short term trade payables due to third parties are as follows:

	<u>31 October 2021</u>	<u>31 January 2021</u>
Trade payables to third parties ⁽¹⁾	713,129	468,297
Expense accruals	37,734	13,602
	750,863	481,899

⁽¹⁾ Trade payables to third parties comprise import factoring payables amounting TL 194,410 (31 January 2021: TL 195,519) and supplier financing payables amounting TL 191,303 (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. Within the scope of supplier financing, domestic suppliers transfer their receivables from the Company to the financial institutions where the Company works with confirmation of assignment.

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9 Inventories

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

	31 October 2021	31 January 2021
Trade goods	658,638	557,010
Consignment trade goods	32,894	27,995
Goods in transit	11,789	1,301
Provision for impairment on inventory (-)	(29,216)	(26,222)
	674,105	560,084

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

As at 31 October 2021 and 2020, the provision for impairment on inventory is as follows:

	31 October 2021	31 October 2020
Opening balance	26,222	24,701
Provision for the year	15,576	20,296
Effect of movements in exchange rates	2,504	3,714
Write-off	(15,086)	(17,352)
Closing balance	29,216	31,359

As of the period ending on 31 October 2021, inventories of TL 29,216 (31 October 2020: TL 31,359) were recognised as an expense for slow moving inventory and net realizable value assessment in accordance with Group policies of provision for impairment on inventory during the period and included in “cost of sales”. In addition, for the period ended on 31 October 2021, inventories of TL 15,086 (31 October 2020; TL 17,352) were disposed and written off.

10 Property and equipment and intangible assets

The amount of tangible and intangible assets purchased during the nine months period ended 31 October 2021 is TL 95,359 (31 October 2020: TL 82,966).

Net book value of tangible and intangible assets sold during the nine months period ended 31 October 2021 amounted to TL 256 (31 October 2020: TL 3,812).

The depreciation charge for the nine months period ended 31 October 2021 is TL 70,739 (31 October 2020: TL 65,228). The depreciation charge of TL 24 for the nine months period ended 31 October 2021 is capitalized in accordance with incentive program (31 October 2020: TL 267).

11 Goodwill

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

	31 October 2021	31 January 2021
Mavi USA	217,651	168,072
Mavi Canada	22,969	17,140
Other	3,733	3,733
	244,353	188,945

As of 31 October 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

For the period ended 31 October 2021 and 2020 the movement of right of use assets is as follows:

Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2021 balance	78,936	716,742	18,115	26,217	840,010
Additions	--	26,621	3,903	--	30,524
Modification	3,606	128,307	334	82	132,329
Disposals	(649)	(24,135)	(1,474)	--	(26,258)
Effect of movements in exchange rates	11,922	26,111	1,217	7,665	46,915
Closing balance as of 31 October 2021	93,815	873,646	22,095	33,964	1,023,520

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	15,107	167,391	4,211	2,629	189,338
Disposals	(649)	(19,492)	(1,195)	--	(21,336)
Effect of movements in exchange rates	6,306	6,800	498	1,090	14,694
Closing balance as of 31 October 2021	52,393	517,749	11,059	6,486	587,687

Carrying value as of 31 October 2021	41,422	355,897	11,036	27,478	435,833
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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	3,167	38,817	12,860	21,200	76,044
Modification	5,605	90,309	130	734	96,778
Disposals	(441)	(21,936)	(2,894)	(2,058)	(27,329)
Effect of movements in exchange rates	11,607	9,620	1,226	5,310	27,763
Closing balance as of 31 October 2020	74,508	655,578	18,292	29,495	777,873

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	11,251	147,387	4,270	1,889	164,797
Disposals	(327)	(16,336)	(2,902)	(2,052)	(21,617)
Effect of movements in exchange rates	3,919	3,306	636	614	8,475
Closing balance as of 31 October 2020	28,472	312,386	6,357	2,378	349,593

Carrying value as of 31 October 2020	46,036	343,192	11,935	27,117	428,280
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For the nine months period ended 31 October 2021, TL 15,381 (31 October 2020: TL 11,577) of amortisation expenses are included under general administrative expenses and TL 173,216 (31 October 2020: TL 152,792) under selling and marketing expenses, and TL 738 (31 October 2020: TL 430) under research and development expenses.

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13 Provisions, contingent assets and liabilities

Short term provisions

As at 31 October 2021 and 31 January 2021, short term provisions are as follows:

	<u>31 October 2021</u>	<u>31 January 2021</u>
Provision for employee benefits	8,240	4,144
Other short-term provisions	26,749	15,669
	34,989	19,813

Short term provision for employee benefits consists of provision for vacation pay liability. For the periods ended 31 October, the movement of provision for vacation liability is as follows:

	<u>2021</u>	<u>2020</u>
1 February balance	4,144	3,118
Current period provision	3,972	4,017
Effect of movements in exchange rates	872	482
Payments	(748)	(1,303)
31 October balance	8,240	6,314

Short term employee benefits

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

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

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

	<u>31 October 2021</u>	<u>31 January 2021</u>
Sales Return provision	19,511	10,947
Legal provision ⁽¹⁾	3,383	2,843
Other provisions	3,855	1,879
	26,749	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 nine months ended 31 October 2021 and 2020, the movement of short-term provision is as follows:

	Legal provision	Return provisions	Other provisions	Total
1 February 2021 balance	2,843	10,947	1,879	15,669
Current year provision	1,181	7,042	1,896	10,119
Effect of movements in exchange rates	--	2,790	693	3,483
Provisions used during year	(518)	--	--	(518)
Provisions cancelled during year	(123)	(1,268)	(613)	(2,004)
31 October 2021 balance	3,383	19,511	3,855	26,749

	Legal provision	Return provisions	Other provisions	Total
1 February 2020 balance	2,487	7,220	3,740	13,447
Current year provision	370	1,826	2,102	4,298
Effect of movements in exchange rates	--	2,648	2,012	4,660
Provisions cancelled during year	--	(952)	(600)	(1,552)
31 October 2020 balance	2,857	10,742	7,254	20,853

Long term provisions

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

	31 October 2021	31 January 2021
Long term provisions for employee benefits	11,148	9,081
	11,148	9,081

For the period ended 31 October 2021 and 2020 the movement of provision for severance pay liability is as follows:

	1 February 2021 – 31 October 2021	1 February 2020 – 31 October 2020
Opening balance	9,081	7,931
Interest cost	700	516
Service cost	10,451	3,138
Paid benefits	(10,843)	(3,818)
Effect of movements in exchange rates	338	101
Actuarial difference	1,421	710
Ending balance	11,148	8,578

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14 Commitments

(a) Warranties, pledges and mortgages

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

	31 October 2021					
	TL Equivalent	TL	EUR	RUB	USD	CAD
A. On behalf of its own legal personality of the total amount of GPMs	159,080	57,231	8,141	--	1,299	--
Guarantee	159,080	57,231	8,141	--	1,299	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	65,236	--	156	13,131	75	8,000
Guarantee	65,236	--	156	13,131	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	224,316	57,231	8,297	13,131	1,374	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 31 October 2021, ratio of other GPM given by the Group to equity was 0% (31 January 2021: 0%).

As of 31 October 2021, letter of guarantees given to third parties for an amount of TL 59,651 are representing guarantee letters obtained as part of general loan agreements and 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 1,141,367 as of 31 October 2021 (31 January 2021: TL 737,448).

(b) Guarantees received

As of 31 October 2021, Group has received letter of guarantees for the amount of TL 8,528 as in the form of security (31 January 2021: TL 10,315).

15 Capital, reserves and other capital reserves

Paid-in capital

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

	%	31 October 2021	%	31 January 2021
Akarlılar Family	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 31 October 2021 paid-in capital of the Company comprises 49,657,000 shares issued of TL 1 each (31 January 2021: 49,657,000 shares).

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 October 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.

Dividend Payment

At the Ordinary General Assembly meeting held at 28 April 2021, dividend distribution of TL 30,347 (dividend per gross share : TL0.61) from 2020 and previous years distributable net income was approved unanimously. Dividend payment started on 30 July 2021 and entire dividend payment has been completed as of reporting date.

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16 Selling, marketing and distribution expenses

For the nine months periods ended 31 October 2021 and 2020, selling, marketing and distribution expenses comprised the following:

	1 February – 31 October 2021	1 May – 31 October 2021	1 February – 31 October 2020	1 May – 31 October 2020
Personnel expenses	311,344	126,931	193,552	75,260
Depreciation and amortization expenses	215,454	71,335	195,511	67,422
Rent expenses ⁽¹⁾	123,986	61,656	70,655	32,108
Outsourced logistics expenses	66,532	19,612	46,176	17,548
Freight-out expenses	49,651	17,311	26,368	10,362
Advertising expenses	48,323	18,107	32,132	13,368
Professional fees	12,527	5,433	7,938	3,047
Shopping bags expenses	11,798	4,191	6,859	3,158
Travel expenses	4,657	1,126	3,256	1,374
Other	96,592	34,251	65,392	23,109
	940,864	359,953	647,839	246,756

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

17 Other income and expense

For the nine months periods ended 31 October 2021 and 2020, other income comprised the following:

	1 February – 31 October 2021	1 August – 31 October 2021	1 February – 31 October 2020	1 August – 31 October 2020
Foreign exchange gain, net	8,826	4,050	6,973	2,886
Interest income on trade receivables and payables, net	7,264	5,426	8,826	7,411
Covid-19 incentive	7,323	7,323	--	--
Salary protocol income	1,483	494	1,483	494
Investment support income	1,982	--	1,690	1,000
Reversal of expected credit loss	1,187	580	1,058	1,006
Other	2,840	(47)	2,666	413
	30,905	17,826	22,696	13,210

For the nine months periods ended 31 October 2021 and 2020, other expenses comprised the following:

	1 February – 31 October 2021	1 August – 31 October 2021	1 February – 31 October 2020	1 August – 31 October 2020
Foreign exchange loss, net	1,058	702	1,915	1,148
Expected credit loss	88	(128)	103	(335)
Other	838	136	776	115
	1,984	710	2,794	928

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18 Gains and losses from investment activities

For the nine months periods ended 31 October 2021 and 2020, losses from investment activities comprised the following:

	1 February – 31 October 2021	1 August – 31 October 2021	1 February – 31 October 2020	1 August – 31 October 2020
Gains on sale of fixed assets	150	--	--	--
	150	--	--	--

	1 February – 31 October 2021	1 August – 31 October 2021	1 February – 31 October 2020	1 August – 31 October 2020
Losses on sale of fixed assets	335	--	1,169	(247)
	335	--	1,169	(247)

19 Finance income

For the nine months periods ended 31 October 2021 and 2020, finance income comprised the following:

	1 February – 31 October 2021	1 August – 31 October 2021	1 February – 31 October 2020	1 August – 31 October 2020
Interest income on time deposits	54,206	18,522	35,278	15,314
Foreign exchange gain	8,422	7,607	23,890	17,993
Other ⁽¹⁾	50,014	5,522	75,896	17,435
	112,642	31,651	135,064	50,742

¹⁾Other finance income consists of discounts related with rent payments amounting TL 50,014 due to Covid-19 pandemic (31 October 2020 : TL 75,863).

20 Finance costs

For the nine months periods ended 31 October 2021 and 2020, finance costs comprised the following:

	1 February – 31 October 2021	1 August – 31 October 2021	1 February – 31 October 2020	1 August – 31 October 2020
Interest expense on:				
Financial liabilities measured at amortised cost	68,588	21,273	66,387	21,152
Interest expenses on contractual lease liabilities	52,640	18,182	49,660	16,304
Interest expenses on purchases	61,858	24,834	20,898	11,410
	183,086	64,289	136,945	48,866
Import financing expenses	19,473	9,125	12,328	5,912
Credit card commission expenses	11,428	4,998	5,649	2,566
Foreign exchange loss	6,650	4,205	28,647	14,277
Other	3,754	1,304	4,721	683
	224,391	83,921	188,290	72,304

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21 Income taxes

Corporate tax rate of Turkey is 25% (31 October 2020 :22%). For the nine months period ended 31 October 2021, Group’s effective tax rate is 24% (31 October 2020 :19%).

22 Earnings per share

The amount of earnings per share is calculated by dividing the net period profit attributable to the owners of the Company shares by the weighted average share of the company's shares during the period. The calculation of earnings per share for the periods ended 31 October 2021 and 2020 is as follows:

	1 February – 31 October 2021	1 August – 31 October 2021	1 February – 31 October 2020	1 August – 31 October 2020
Net profit for the year attributable to owners of the Company	283,119	153,237	23,488	78,145
Weighted average number of ordinary shares (basic)	49,657,000	49,657,000	49,657,000	49,657,000
Earnings per share (Full TL)	5.7015	3.0859	0.4730	1.5737

23 Derivative Financial Instruments

As at 31 October 2021 and 31 January 2021, short term derivative liabilities are as follows:

	31 October 2021	31 January 2021
Assets from the forward exchange contracts	4,074	--
Liability from the forward exchange contracts	--	(8,601)
	4,074	(8,601)

As of 31 October 2021, the Group has open forward exchange contracts to hedge the foreign currency risk on inventory purchases in amount of USD 5,168 thousand in equivalent of TL 48,997. By applying hedge accounting, the fair value difference of TL 4,074, 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 main currencies used in these transactions are Euro and USD.

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

Currency of loans are mainly denominated in TL with match the cash flows generated from operations of the Group. In such way, Group protects itself from financial risks without using derivative instruments.

Interest rate risk

The 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>31 October 2021</u>	<u>31 January 2021</u>
TL / EUR	10.9980	8.8718
TL / USD	9.4813	7.3216
TL / RUB	0.1346	0.0957
TL / CAD	7.6305	5.6936

The foreign currency average exchange rates for the nine months period ended 31 October 2021 and 2020 are as follows:

	<u>1 February – 31 October 2021</u>	<u>1 February – 31 October 2020</u>
TL / EUR	9.8638	7.8653
TL / USD	8.2932	6.9382
TL / RUB	0.1120	0.0950
TL / CAD	6.6384	5.1213

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

Market risk

Currency risk

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

	TL Equivalent	USD	EUR	Other (TL Equivalent)
1. Trade receivables	9,966	644	--	3,860
2a. Monetary financial assets (including cash banks)	51,898	4,262	620	4,670
2b. Non-monetary financial assets	--	--	--	--
3. Other	12,841	1,337	15	--
4. Current assets (1+2+3)	74,705	6,243	635	8,530
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)	74,705	6,243	635	8,530
10. Trade payables	18,315	1,512	337	278
11. Financial liabilities	48,964	362	4,140	0
12a. Monetary other liabilities	--	--	7	(72)
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	67,279	1,874	4,484	206
14. Trade payables	--	--	--	--
15. Financial liabilities	10,198	582	426	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	10,198	582	426	--
18. Total liabilities (13+17)	77,477	2,456	4,910	206
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	(48,997)	(5,168)	--	--
19a. Hedged total asset	--	--	--	--
19b. Hedged total liabilities	48,997	5,168	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	(51,769)	(1,381)	(4,275)	8,324
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	(15,613)	2,450	(4,290)	8,324

A
s at 31 October 2021, Mavi Turkey has trade receivables amounting to TRY 43,079 from consolidated subsidiaries which comprise; EUR 934 thousand, USD 27 thousand, CAD 121 thousand and RUB 245,474 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 27,466.

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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 (TL Equivalent)
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				
31 October 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	2,324	(2,324)	2,324	(2,324)
2- Hedged portion of TL against USD risk(-)	--	--	4,900	(4,900)
3- Net effect of USD (1+2)	2,324	(2,324)	7,224	(7,224)
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(4,717)	4,717	(4,717)	4,717
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	(4,717)	4,717	(4,717)	4,717
10% change of other against TL				
7- Net other denominated asset/liability	832	(832)	832	(832)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	832	(832)	832	(832)
Total (3+6+9)	(1,561)	1,561	3,339	(3,339)

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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.

31 October 2021	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Derivatives	4,074	--	4,074	--	4,074	--	4,074
Total	4,074	--	4,074	--	4,074	--	4,074
31 January 2021	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
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.		
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⁽¹⁾ Other financial liabilities include bank loans.

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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.

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 31 October 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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APPENDIX 1 Ebitda reconciliation

EBITDA is not a defined performance measure in IFRS. EBITDA reconciliation for the nine months period ended 31 October 2021 and 2020 are as follows:

	Note	1 February – 31 October 2021	1 August – 31 October 2021	1 February – 31 October 2020	1 August – 31 October 2020
Profit		300,681	162,476	25,500	83,844
Income tax expense		92,658	50,581	5,951	23,813
Profit before tax		393,339	213,057	31,451	107,657
Adjustment for:					
-Net finance costs		111,749	52,270	53,226	21,562
-Receivables and payables, interest net	17	(7,264)	(5,426)	(8,826)	(7,411)
-Receivables and payables, foreign exchange net	17	(7,768)	(3,348)	(5,058)	(1,738)
-Depreciation and amortisation	10-12	260,053	89,085	229,758	79,529
EBITDA		750,109	345,638	300,551	199,599

As of 31 October 2021, IFRS 16 has an impact of TL 183,030 on EBITDA. (31 October 2020: TL 130,936)

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:

	31 October 2021	IFRS 16 Effect	After IFRS 16
Current assets	2,151,334	(1,482)	2,149,852
Non-current assets	592,925	445,849	1,038,774
Current liabilities	1,764,587	210,022	1,974,609
Non-current liabilities	43,359	277,433	320,792
Equity	936,313	(43,088)	893,225

	1 February – 31 October 2021	IFRS 16 Effect	After IFRS 16
Operating profit	511,579	(6,306)	505,273
Operating profit before finance costs	511,394	(6,306)	505,088
Finance income	62,628	50,014	112,642
Finance expense	(172,525)	(51,866)	(224,391)
Profit before tax	401,497	(8,158)	393,339
Net profit	306,704	(6,023)	300,681
EBITDA	567,079	183,030	750,109