

**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 2022**

(Convenience Translation of Financial Statements Originally Issued in  
Turkish)

12 December 2022

This report contains 39 pages of condensed consolidated financial statements and explanatory notes to the consolidated financial statements.

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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 2022**

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

		<b>Unaudited</b>	<b>Audited</b>
	<i>Notes</i>	<b>31 October 2022</b>	<b>31 January 2022</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	2,263,030	1,481,617
Financial investments		56,163	27,024
Trade receivables		897,032	394,487
- <i>Due from third parties</i>	8	897,032	394,487
Other receivables		113,544	33,211
- <i>Due from third parties</i>		113,544	33,211
Inventories	9	1,823,380	751,398
Derivative instruments	23	--	28,882
Prepaid expenses		314,882	120,666
- <i>Due from related parties</i>	7	163,979	86,982
- <i>Due from third parties</i>		150,903	33,684
Current tax asset		36,558	7,453
Other current assets		41,915	11,445
<b>Total current assets</b>		<b>5,546,504</b>	<b>2,856,183</b>
<b>Non-current assets</b>			
Other receivables		11,171	6,354
- <i>Due from third parties</i>		11,171	6,354
Property, plant and equipment		343,401	258,987
Right of use assets	12	490,976	450,505
Intangible assets		651,683	473,907
- <i>Other intangible assets</i>		180,145	130,889
- <i>Goodwill</i>	11	471,538	343,018
Prepaid expenses		--	7
- <i>Due from third parties</i>		--	7
Deferred tax assets		217,805	49,361
<b>Total non-current assets</b>		<b>1,715,036</b>	<b>1,239,121</b>
<b>TOTAL ASSETS</b>		<b>7,261,540</b>	<b>4,095,304</b>

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

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Financial Position**  
**As at 31 October 2022**

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

		<b>Unaudited</b>	<b>Audited</b>
	<i>Notes</i>	<b>31 October 2022</b>	<b>31 January 2022</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short-term financial borrowings	6	915,545	644,828
Short-term lease liabilities	6	291,987	229,295
- Due to related parties	7	1,719	3,872
- Due to third parties		290,268	225,423
Short-term portion of long-term borrowings	6	99,620	245,780
Trade payables		2,325,723	1,188,646
- Due to related parties	7-8	434,560	212,803
- Due to third parties	8	1,891,163	975,843
Payables related to employee benefits		237,090	100,056
Other payables		42,109	19,019
- Due to related parties	7	41	41
- Due to third parties		42,068	18,978
Deferred income		70,344	29,826
Provisions		118,399	43,303
- Short-term provisions related to employee benefits	13	18,635	8,773
- Other short-term provisions	13	99,764	34,530
Derivative instruments		1,136	--
Current tax liabilities		151,657	51,501
Other current liabilities		39,255	18,119
<b>Total current liabilities</b>		<b>4,292,865</b>	<b>2,570,373</b>
<b>Non-current liabilities</b>			
Long-term financial borrowings	6	170,436	--
Long-term lease liabilities	6	265,539	276,630
- Due to related parties	7	--	330
- Due to third parties		265,539	276,300
Deferred income		39,109	730
Payables related to employee benefits		38,476	19,921
Long-term provisions		40,597	23,176
- Long-term provisions related to employee benefits	13	40,597	23,176
Deferred tax liabilities		11,893	11,117
<b>Total non-current liabilities</b>		<b>566,050</b>	<b>331,574</b>
<b>TOTAL LIABILITIES</b>		<b>4,858,915</b>	<b>2,901,947</b>

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

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Financial Position**  
**As at 31 October 2022**

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

		<b>Unaudited</b>	<b>Audited</b>
	<i>Notes</i>	<b>31 October 2022</b>	<b>31 January 2022</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>		<b>2,277,421</b>	<b>1,114,503</b>
Paid-in share capital	15	99,314	49,657
The effect of mergers involving entities under common control		(35,757)	(35,757)
Other comprehensive expense not to be reclassified to profit or loss		(12,293)	(12,293)
<i>Losses on remeasurement of defined benefit plans</i>		(12,293)	(12,293)
Other comprehensive income to be reclassified to profit or loss		514,817	375,518
<i>Foreign currency translation differences</i>		515,691	353,279
<i>Hedging gains / (losses)</i>		(874)	22,239
Restricted reserves	15	19,771	19,771
Retained earnings		547,521	317,166
Net profit for the period		1,144,048	400,441
<b>Non-controlling interests</b>		<b>125,204</b>	<b>78,854</b>
<b>Total equity</b>		<b>2,402,625</b>	<b>1,193,357</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>7,261,540</b>	<b>4,095,304</b>

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

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

For the Nine Months Period Ended 31 October 2022

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

		Unaudited	Unaudited	Unaudited	Unaudited
	Notes	1 February – 31 October 2022	1 August – 31 October 2022	1 February – 31 October 2021	1 August – 31 October 2021
Revenue		7,325,058	3,201,538	3,190,961	1,354,453
Cost of sales		(3,349,121)	(1,534,404)	(1,556,949)	(662,171)
<b>Gross profit</b>		<b>3,975,937</b>	<b>1,667,134</b>	<b>1,634,012</b>	<b>692,282</b>
General administrative expenses (-)		(467,281)	(219,523)	(181,146)	(69,894)
Selling, marketing and distribution expenses (-)	16	(1,966,837)	(810,373)	(940,864)	(359,953)
Research and development expenses (-)		(51,305)	(19,539)	(35,650)	(14,224)
Other operating income	17	77,784	28,607	30,905	17,826
Other operating expenses (-)	17	(11,343)	(2,037)	(1,984)	(710)
<b>Operating profit</b>		<b>1,556,955</b>	<b>644,269</b>	<b>505,273</b>	<b>265,327</b>
Gains from investment activities	18	11,026	2,185	150	--
Losses from investment activities (-)	18	(26)	154	(335)	--
<b>Operating profit before financial income</b>		<b>1,567,955</b>	<b>646,608</b>	<b>505,088</b>	<b>265,327</b>
Finance income	19	189,532	70,316	112,642	31,651
Finance expenses (-)	20	(428,613)	(175,783)	(224,391)	(83,921)
<b>Finance expenses, net</b>		<b>(239,081)</b>	<b>(105,467)</b>	<b>(111,749)</b>	<b>(52,270)</b>
<b>Profit before tax from continuing operations</b>		<b>1,328,874</b>	<b>541,141</b>	<b>393,339</b>	<b>213,057</b>
<b>Tax income / (expense) from continuing operations</b>		<b>(171,063)</b>	<b>(87,721)</b>	<b>(92,658)</b>	<b>(50,581)</b>
- Tax expenses for the period		(338,373)	(133,066)	(111,195)	(56,311)
- Deferred tax income		167,310	45,345	18,537	5,730
<b>Profit for the period from continuing operations</b>		<b>1,157,811</b>	<b>453,420</b>	<b>300,681</b>	<b>162,476</b>
Non-controlling interests		13,763	5,495	17,562	9,239
Owners of the Company		1,144,048	447,925	283,119	153,237
<b>Earnings per share</b>	22	<b>11.5195</b>	<b>4.5102</b>	<b>5.7015</b>	<b>3.0859</b>

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

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

For the Nine Months Period Ended 31 October 2022

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

	Unaudited	Unaudited	Unaudited	Unaudited
Notes	1 February – 31 October 2022	1 August – 31 October 2022	1 February – 31 October 2021	1 August – 31 October 2021
<b>Other comprehensive income</b>				
<b>Items not to be reclassified to profit or loss</b>				
Loss on remeasurement of defined benefits plans	--	--	(1,421)	(110)
- Deferred tax income	--	--	467	27
<b>Items to be reclassified to profit or loss</b>				
Foreign currency translation differences	194,999	21,120	79,901	39,993
Cash flow hedging gains / (losses)	(30,017)	(104,891)	12,674	335
- Deferred tax income / (expense)	6,904	24,125	(2,739)	(84)
<b>Other comprehensive income</b>	<b>171,886</b>	<b>(59,646)</b>	<b>88,882</b>	<b>40,161</b>
<b>Total comprehensive income</b>	<b>1,329,697</b>	<b>393,774</b>	<b>389,563</b>	<b>202,637</b>
<b>Total comprehensive income attributable to:</b>				
Non-controlling interests	46,350	8,610	27,480	14,734
Owners of the Company	1,283,347	385,164	362,083	187,903

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 2022

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

	Share capital	Restricted 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		Equity Holders of the Parent	Non-Controlling Interests	Total equity
				Gain / (Losses) on Remeasurement of Defined Benefit Plans	Foreign Currency Translation Differences	Hedging Gains / (Losses)	Prior Years' Profit	Net Profit for the Period			
<b>Balance as at 1 February 2021</b>	<b>49,657</b>	<b>19,771</b>	<b>(35,757)</b>	<b>(6,245)</b>	<b>141,733</b>	<b>(6,880)</b>	<b>342,930</b>	<b>4,583</b>	<b>509,792</b>	<b>24,217</b>	<b>534,009</b>
Transfers	--	--	--	--	--	--	4,583	(4,583)	--	--	--
Dividends	--	--	--	--	--	--	(30,347)	--	(30,347)	--	(30,347)
Total comprehensive income	--	--	--	(954)	69,983	9,935	--	283,119	362,083	27,480	389,563
<b>Balance as at 31 October 2021</b>	<b>49,657</b>	<b>19,771</b>	<b>(35,757)</b>	<b>(7,199)</b>	<b>211,716</b>	<b>3,055</b>	<b>317,166</b>	<b>283,119</b>	<b>841,528</b>	<b>51,697</b>	<b>893,225</b>
<b>Balance as at 1 February 2022</b>	<b>49,657</b>	<b>19,771</b>	<b>(35,757)</b>	<b>(12,293)</b>	<b>353,279</b>	<b>22,239</b>	<b>317,166</b>	<b>400,441</b>	<b>1,114,503</b>	<b>78,854</b>	<b>1,193,357</b>
Transfers	49,657	--	--	--	--	--	350,784	(400,441)	--	--	--
Dividends	--	--	--	--	--	--	(120,429)	--	(120,429)	--	(120,429)
Total comprehensive income	--	--	--	--	162,412	(23,113)	--	1,144,048	1,283,347	46,350	1,329,697
<b>Balance as at 31 October 2022</b>	<b>99,314</b>	<b>19,771</b>	<b>(35,757)</b>	<b>(12,293)</b>	<b>515,691</b>	<b>(874)</b>	<b>547,521</b>	<b>1,144,048</b>	<b>2,277,421</b>	<b>125,204</b>	<b>2,402,625</b>

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



**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Cash Flows**  
**As at and for the Nine Months period ended 31 October 2022**  
*(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)*

		<b>Unaudited</b>	<b>Unaudited</b>
		<b>1 February –</b>	<b>1 February –</b>
<b>Cash flow from operating activities</b>	<i>Notes</i>	<b>31 October 2022</b>	<b>31 October 2021</b>
<b>Net profit for the period</b>		<b>1,157,811</b>	<b>300,681</b>
<i>Adjustments for:</i>			
Adjustments for depreciation and amortization expense	10,12	356,643	260,053
Adjustments for finance income	19	(158,915)	(104,220)
Adjustments for finance cost	20	421,824	217,741
Adjustments for unused vacation provision	13	8,678	3,972
Adjustments for fair value losses / (gains) of financial assets	18	(11,026)	--
Adjustments for employment termination benefits	13	31,254	11,151
Adjustments for impairment (reversal) of trade receivables		(303)	229
Adjustments for discount interest on trade payables	17	(30,427)	(7,264)
Adjustments for expected credit losses	17	704	(1,099)
Adjustments for inventory impairment (reversal)	9	38,412	490
Adjustments for short-term provisions	13	54,258	8,115
Adjustments for loss on disposal of property and equipment	18	26	185
Adjustments for tax expense		171,063	92,658
Unrealized currency translation difference		131,115	64,423
		<b>2,171,117</b>	<b>847,115</b>
<b>Changes in working capital:</b>			
Change in trade receivables		(516,195)	(181,577)
Change in inventory		(1,114,677)	(117,015)
Change in prepaid expenses		(194,211)	(24,012)
Change in other receivables		(85,151)	(14,760)
Change in other current and non-current assets		(30,470)	13,473
Change in employee benefits liabilities		155,591	68,344
Change in trade payables		945,748	276,230
Change in payables to related parties		221,757	28,372
Change in deferred income		78,898	11,943
Change in other payables		23,091	6,809
Change in short-term and long-term provisions		(482)	(517)
Change in other liabilities		19,786	1,753
<b>Cash flows used in operating activities</b>		<b>1,674,802</b>	<b>916,158</b>
Employment termination benefits paid	13	(16,299)	(11,591)
Tax payment		(267,278)	(36,002)
<b>A. Net cash from operating activities</b>		<b>1,391,225</b>	<b>868,565</b>
<b>Cash flows from investing activities</b>			
Cash outflows from purchases of property, plant and equipment	10	(141,343)	(72,883)
Cash inflows from the sale of property, plant and equipment	10,18	1,364	70
Cash outflows from purchases of intangible asset	10	(50,819)	(22,476)
Other Investing activities		(18,112)	--
Interest received		153,912	56,136
<b>B. Net cash used in investing activities</b>		<b>(54,998)</b>	<b>(39,153)</b>
Cash inflows from borrowings		626,369	309,812
Cash outflows from repayments of borrowings		(463,394)	(695,786)
Cash outflows from payments of contractual lease liabilities		(295,610)	(183,571)
Other financial outflows		(204,671)	(96,513)
Dividend paid		(120,429)	(30,347)
Interest paid		(102,082)	(72,325)
<b>C. Net cash received/(used) from financing activities</b>		<b>(559,817)</b>	<b>(768,730)</b>
<b>Net change in cash and cash equivalent (A+B+C)</b>		<b>776,410</b>	<b>60,682</b>
<b>D. Cash and cash equivalents at the beginning of the period</b>	<b>5</b>	<b>1,478,609</b>	<b>889,875</b>
<b>Cash and cash equivalents at the end of the period (A+B+C+D)</b>	<b>5</b>	<b>2,255,019</b>	<b>950,557</b>

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

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the Nine Months period ended 31 October 2022

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

### 1 Organization and operations of the Group

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

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

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

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

The condensed consolidated interim financial statements for the nine months period ended as at 31 October 2022 include financial position and the results of Mavi Giyim, Mavi Europe AG ("Mavi Europe") and Mavi LLC ("Mavi Russia"), Eflatun Giyim Yatırım Ticaret Anonim Şirketi ("Eflatun Giyim"), Mavi Jeans Incorporated ("Mavi Canada"), Mavi Jeans Incorporated ("Mavi United States of America ("USA")). Mavi Giyim and its subsidiaries are referred here as the "Group" and individually "the Group entity" in this report.

The ownership interest and voting rights of the subsidiaries as of 31 October 2022 and 31 January 2022 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Effective Shareholding %	
			31 October 2022	31 January 2022
Mavi Europe	Germany	Wholesale and retail sales of apparel	100.00	100.00
Mavi Russia	Russia	Wholesale and retail sales of apparel	100.00	100.00
Eflatun Giyim	Turkey	Holding company	51.00	51.00
Mavi USA	USA	Wholesale and retail sales of apparel	51.00	51.00
Mavi Canada	Canada	Wholesale and retail sales of apparel	63.25	63.25
Mavi Kazakhstan <sup>(1)</sup>	Kazakhstan	Retail sales of apparel	100.00	100.00

<sup>(1)</sup> Mavi Kazakhstan is in the liquidation process and does no longer proceed any operations as of 31 October 2015. Mavi Kazakhstan financials have not been consolidated since its operations insignificant in terms of condensed consolidated interim financial statements, as of 31 October 2022.

As of 31 October 2022, Group's total number of employees is 5,644 (31 January 2022: 5,111).

**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 2022**  
*(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)*

**2 Basis of presentation of financial statements**

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

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

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

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

Condensed consolidated financial statements of the Group for the nine-month interim accounting period ending on 31 October 2022 have been prepared in accordance with TAS 34 "Interim Financial Reporting". Interim condensed consolidated financial statements do not contain all the information and explanations required in the annual financial statements and should be read together with the consolidated financial statements of the Group as of 31 January 2022.

**(b) Preparation of financial statements**

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 12 December 2022. General Assembly has the authority to modify the condensed consolidated interim financial statements.

**(c) Functional and presentation currency**

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

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

The table below summarizes functional currencies of the Group entities.

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

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

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

**(d) Basis of measurement**

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

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

Preparation of condensed consolidated financial statements requires the usage of management estimations and assumptions that affects the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions in accounting estimates are recorded in the period when the revision is made and in the future periods affected by these revisions.

Although these estimates are based on management's best estimates based on current events and actions, actual results may differ from estimates. Assumptions and estimates that are complex and require further interpretation may have a significant impact on the financial statements. As of 31 October 2022, the assumptions and significant accounting estimates used in the preparation of the nine-month interim condensed consolidated financial statements have not changed compared to those used in the prior year.

**(f) Measurement of fair values**

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

**(i) Trade and other receivables**

Short-term trade and other receivables are measured at the original invoice amount since the promised amount of consideration 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) Forward exchange contracts**

The fair value of forward contracts and exchange transactions is determined based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date. Fair value represents the credit risk of the instrument and includes adjustments related to the credit risk of both the Group and the counterparty.

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

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

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

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

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

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

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

**(v) Intangible assets**

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

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

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

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

**Amendments to TFRS 3 Reference to the Conceptual Framework**

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

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

**Amendments to TAS 16 Proceeds before Intended Use**

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

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

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

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

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

**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.

Amendments to TAS 41 *Agriculture*

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

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

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

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

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

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

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

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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 TFRSs in issue but not yet effective**

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to TAS 8	<i>Definition of Accounting Estimates</i>
Amendments to TAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>

**TFRS 17 Insurance Contracts**

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

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

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

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

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

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

**Amendments to TAS 1 Disclosure of Accounting Policies**

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

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

**Amendments to TAS 8 Definition of Accounting Estimates**

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

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

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

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

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

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

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

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

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

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

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

Amendments are effective with the first application of TFRS 17.

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

**2.3 Significant accounting policies**

Condensed consolidated financial statements as of and for the nine-month interim period ended 31 October 2022 have been prepared by the Group by applying the accounting policies consistent with the accounting policies applied during the preparation of the consolidated financial statements for the year ended 31 January 2022.

The financial statements in the condensed consolidated interim financial statements for the nine-months period ended on 31 October 2022 must be evaluated together with the consolidated financial statements for the year ended 31 January 2022.

**TFRS 16 Leases**

**Leases**

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

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

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



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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 if there is a change in these payments as a result of a change in the lease term and index or rate.

#### 2.4 Changes in accounting estimates and errors

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

##### Comparative information and restatement of prior period financial statements

The financial statements of the Company include comparative financial information to enable the determination of the financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation in the current period financial statements and significant differences are explained. In the current year, the Group has reclassified a certain comparative balance in order to conform to current year's presentation. The nature, amount and reason for the reclassifications is described below:

- Fx protected deposit amounting to TL 27,024, which was accounted as cash and cash equivalents in the consolidated statement of financial position for the accounting period ending on 31 January 2022, is reclassified to "financial investments" in comparative financial statements. The reclassification has no impact on the profit for the period ended on 31 January 2022.

### 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 2022 are not indicative of the results for the financial year.

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#### 4 Segment reporting

	1 February- 31 October 2022			1 August - 31 October 2022			1 February- 31 October 2021			1 August - 31 October 2021		
	Reportable segment			Reportable segment			Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total	Turkey	International	Total	Turkey	International	Total
<b>Segment revenue <sup>(1)</sup></b>	<b>6,046,968</b>	<b>1,278,090</b>	<b>7,325,058</b>	<b>2,700,899</b>	<b>500,639</b>	<b>3,201,538</b>	<b>2,610,080</b>	<b>580,881</b>	<b>3,190,961</b>	<b>1,133,129</b>	<b>221,324</b>	<b>1,354,453</b>
-Retail	4,626,072	196,253	4,822,325	2,053,884	76,233	2,130,117	1,882,214	61,945	1,944,159	843,637	24,319	867,956
-Wholesale	946,067	842,859	1,788,926	470,910	333,290	804,200	449,749	413,584	863,333	200,230	157,940	358,170
-E-commerce	474,829	238,978	713,807	176,105	91,116	267,221	278,117	105,352	383,469	89,262	39,065	128,327
<b>Segment profit before tax</b>	<b>1,260,113</b>	<b>68,761</b>	<b>1,328,874</b>	<b>532,791</b>	<b>8,350</b>	<b>541,141</b>	<b>326,715</b>	<b>66,624</b>	<b>393,339</b>	<b>176,238</b>	<b>36,819</b>	<b>213,057</b>

	31 October 2022			31 January 2022		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
<b>Total segment assets</b>	<b>5,905,058</b>	<b>1,356,482</b>	<b>7,261,540</b>	<b>3,185,132</b>	<b>910,172</b>	<b>4,095,304</b>
<b>Total segment liabilities</b>	<b>4,206,797</b>	<b>652,118</b>	<b>4,858,915</b>	<b>2,455,586</b>	<b>446,361</b>	<b>2,901,947</b>

The Group has 2 strategic operating segments based on the geographical areas where sales are generated. These segments are managed separately because they require different trading and marketing strategies. International segment comprises Europe, USA, Canada, Russia and rest of the world.

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

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### 5 Cash and cash equivalents

As at 31 October 2022 and 31 January 2022, cash and cash equivalents comprises the following:

	<b>31 October 2022</b>	<b>31 January 2022</b>
Cash on hand	6,324	2,974
Cash at banks	1,788,028	1,210,973
-Demand deposits	165,130	91,449
-Time deposits	1,622,898	1,119,524
Other cash and cash equivalents	460,667	264,662
<b>Cash and cash equivalents in the statement of cash flow</b>	<b>2,255,019</b>	<b>1,478,609</b>
Time deposit interest accrual	8,011	3,008
	<b>2,263,030</b>	<b>1,481,617</b>

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

As at 31 October 2022 and 31 January 2022, the details of the maturity dates and interest rates of the Group's time deposits are as follows:

	<b>Maturity</b>	<b>Interest rate</b>	<b>31 October 2022</b>
TL	1 -25 November 2022	19.25%-24.50%	1,552,995
USD	1 November 2022	1.25%	49,444
EUR	1 November 2022	1.00%	20,459
			<b>1,622,898</b>
	<b>Maturity</b>	<b>Interest rate</b>	<b>31 January 2022</b>
TL	1 February -1 March 2022	14.5%-20.5%	1,065,935
USD	1 February 2022	0.50%	33,132
EUR	1 February 2022	0.25%	20,457
			<b>1,119,524</b>

As at 31 October 2022 and 31 January 2022, there is no restriction or blockage on cash and cash equivalents. The Group's currency risk and sensitivity analyses are disclosed in Note 24.

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### 6 Financial borrowings

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

	31 October 2022	31 January 2022
<b>Current liabilities</b>		
Unsecured bank loans	915,545	644,828
The short-term portion of unsecured long-term bank loans	99,620	245,780
Lease liabilities	291,987	229,295
	<b>1,307,152</b>	<b>1,119,903</b>
<b>Non-current liabilities</b>		
Unsecured bank loans	170,436	--
Lease liabilities	265,539	276,630
	<b>435,975</b>	<b>276,630</b>

As of 31 October 2022 and 31 January 2022, the Group's total bank loans are as follows:

	31 October 2022	31 January 2022
Bank loans <sup>(1)</sup>	1,185,601	890,608
Lease liabilities	557,526	505,925
	<b>1,743,127</b>	<b>1,396,533</b>

<sup>(1)</sup> Bank loans comprise financial liabilities to participation banks amounting to TL 208,433 (31 January 2022 : TL 86,846).

As of 31 October 2022 and 31 January 2022, the repayments of loan agreements according to the original maturities are as follows:

	31 October 2022	31 January 2022
Less than one year	1,015,165	890,608
One to two years	170,436	--
	<b>1,185,601</b>	<b>890,608</b>

As of 31 October 2022 and 31 January 2022, maturities and conditions of outstanding loans comprised the following:

31 October 2022					
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	TL	17.75%-27.99%	2022-2023	992,067	1,059,817
Unsecured bank loans	RUB	9.95%-13.50%	2022-2023	60,208	61,414
Unsecured bank loans	USD	2.00%	2022	37,176	37,352
Unsecured bank loans	CAD	5.95%	2022	26,904	27,018
				<b>1,116,355</b>	<b>1,185,601</b>
31 January 2022					
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	TL	8.72%-25.20%	2022-2023	682,234	692,835
Unsecured bank loans	RUB	9.50%-12.00%	2022-2023	91,134	91,891
Unsecured bank loans	USD	2.00%-3.26%	2022	40,205	40,524
Unsecured bank loans	CAD	2.95%	2022	4,530	4,530
Unsecured bank loans	EUR	0.70%	2022	60,614	60,828
				<b>878,717</b>	<b>890,608</b>

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

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### 6 Financial borrowings (continued)

Short-term portion of long-term liabilities	31 October 2022	31 January 2022
Lease liabilities	341,189	273,248
Deferred lease borrowing cost (-)	(49,202)	(43,953)
	<b>291,987</b>	<b>229,295</b>
<b>Long-term lease liabilities</b>		
Lease liabilities	318,361	334,258
Deferred lease borrowing costs (-)	(52,822)	(57,628)
	<b>265,539</b>	<b>276,630</b>
<b>Total lease liabilities</b>	<b>557,526</b>	<b>505,925</b>

### 7 Related party disclosures

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

As of 31 October 2022, the members of the Akarlılar Family (Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar) are the controlling shareholders of the Group with a total ownership interest of 27.41% where 27.19% is the direct ownership interest and 0.22% is the indirect ownership interest through Blue International Holding B.V.

#### (a) Related party balances

Advances given to related parties as of 31 October 2022 and 31 January 2022 are as follows:

	31 October 2022	31 January 2022
Erak Giyim Sanayi Tic. A.Ş. (“Erak”) <sup>(1)</sup>	163,979	86,982
	<b>163,979</b>	<b>86,982</b>

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

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

	31 October 2022	31 January 2022
<b>Due to related parties</b>		
Erak <sup>(1)</sup>	327,472	144,281
Akay Lelmalabis Elgazhizah LLC (“Akay”) <sup>(2)</sup>	107,088	68,522
	<b>434,560</b>	<b>212,803</b>

<sup>(1)</sup> Amounts due to Erak, a company controlled by immediate family members of the shareholder of the parent company, are for purchases of inventory. Amounts are without guarantee and non-interest bearing. Purchases from Erak have 90 days repayment date.

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

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## Notes to the Condensed Consolidated Interim Financial Statements

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### 7 Related party disclosures(continued)

As of 31 October 2022 and 31 January 2022, other short-term payables to related parties are as follows:

	31 October 2022	31 January 2022
<b>Other payables to related parties</b>		
Eflatun Giyim shareholders	41	41
<b>Short-term other payables to related parties</b>	<b>41</b>	<b>41</b>
	31 October 2022	31 January 2022
<b>Short-term lease liabilities to related parties</b>		
Mavi Jeans Holding Inc.	1,059	2,408
Sylvia House Inc.	660	1,464
	<b>1,719</b>	<b>3,872</b>
	31 October 2022	31 January 2022
<b>Long-term lease liabilities to related parties</b>		
Mavi Jeans Holding Inc.	--	197
Sylvia House Inc.	--	133
	--	<b>330</b>

### (b) Related party transactions

For the nine months period ended 31 October 2022 and 2021, product purchases from related parties of the Group are as follows:

	1 February – 31 October 2022	1 August – 31 October 2022	1 February – 31 October 2021	1 August – 31 October 2021
<b>Product purchase from related parties</b>				
Erak	1,290,196	613,286	510,694	207,121
Akay	212,010	92,878	62,075	20,207
	<b>1,502,206</b>	<b>706,164</b>	<b>572,769</b>	<b>227,328</b>

For the nine months period ended 31 October 2022 and 2021, the services from related parties of the Group are as follows:

	1 February – 31 October 2022	1 August – 31 October 2022	1 February – 31 October 2021	1 August – 31 October 2021
<b>Services from related parties</b>				
Erak <sup>(1)</sup>	2,727	1,249	1,007	93
Mavi Jeans Holding Inc. <sup>(2)</sup>	2,398	873	1,194	417
Sylvia House Inc <sup>(3)</sup>	1,839	666	937	347
	<b>6,964</b>	<b>2,788</b>	<b>3,138</b>	<b>857</b>

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

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

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

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

For the nine months period ended 31 October 2022, short-term and long-term benefits (salaries and wages, attendance fee, bonus, holiday overtime, severance payment, premium and other benefits) provided to senior management and board of directors amounted to TL 229.435 (31 October 2021: TL 67,302).

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

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

### 8 Trade receivables and payables

#### Short-term trade receivables

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

	<u>31 October 2022</u>	<u>31 January 2022</u>
Trade receivables from third parties	897,032	394,487
	<b>897,032</b>	<b>394,487</b>

As at 31 October 2022 and 31 January 2022, short-term trade receivables from third parties are as follows:

	<u>31 October 2022</u>	<u>31 January 2022</u>
Receivables	825,334	344,531
Post-dated cheques	25,252	5,322
Endorsed cheques	20,237	6,179
Notes receivables	29,696	40,622
Expected credit losses (-)	(3,487)	(2,167)
Doubtful receivables	48,929	37,265
Allowance for doubtful receivables (-)	(48,929)	(37,265)
	<b>897,032</b>	<b>394,487</b>

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

#### Short-term trade payables

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

	<u>31 October 2022</u>	<u>31 January 2022</u>
Trade payables to third parties	1,891,163	975,843
Trade payables to related parties (Note 7)	434,560	212,803
	<b>2,325,723</b>	<b>1,188,646</b>

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

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

As of 31 October 2022 and 31 January 2022, short-term trade payables to third parties are as follows:

	<u>31 October 2022</u>	<u>31 January 2022</u>
Trade payables <sup>(1)</sup>	1,807,091	932,373
Expense accruals	84,072	43,470
	<b>1,891,163</b>	<b>975,843</b>

<sup>(1)</sup> Trade payables to third parties comprise import factoring payables amounting TL 347,474 (31 January 2022: TL 243,372) and supplier financing payables amounting TL 650,563 (31 January 2022: TL 278,358). 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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## Notes to the Condensed Consolidated Interim Financial Statements

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

### 9 Inventories

As of 31 October 2022 and 31 January 2022, inventories are as follows:

	<b>31 October 2022</b>	<b>31 January 2022</b>
Trade goods	1,746,599	737,768
Consignment goods	105,616	41,290
Goods in transit	46,785	5,265
Provision for impairment on inventory (-)	(75,620)	(32,925)
	<b>1,823,380</b>	<b>751,398</b>

As of 31 October 2022 there is no restriction/ pledge on inventories (31 January 2022: nil).

As of 31 October 2022 and 2021, the provision for impairment on inventory is as follows:

	<b>31 October 2022</b>	<b>31 October 2021</b>
<b>Opening balance</b>	<b>32,925</b>	<b>26,222</b>
Provision for the period	61,833	15,576
Foreign currency translation effect	4,283	2,504
Disposals	(23,421)	(15,086)
<b>Closing balance</b>	<b>75,620</b>	<b>29,216</b>

In the interim period ended on 31 October 2022, inventories of TL 61,833 (31 October 2021: TL 15,576) 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 2022, inventories of TL 23,421 (31 October 2021; TL 15,086) were disposed and written off.

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

The amount of property, plant and equipment and intangible assets purchased during the nine months period ended 31 October 2022 is TL 192,162 (31 October 2021: TL 95,359).

Net book value of property, plant and equipment and intangible assets sold during the nine months period ended 31 October 2022 amounted to TL 1,390 (31 October 2021: TL 256).

The depreciation and amortization charge for the nine months period ended 31 October 2022 is TL 109,247 (31 October 2021: TL 70,739). The depreciation charge of TL 711 for the nine months period ended 31 October 2022 is capitalized in accordance with incentive program (31 October 2021: TL 24).

### 11 Goodwill

As of 31 October 2022, and 31 January 2022, the carrying amount of goodwill allocated to each cash generating unit is as follows;

	<b>31 October 2022</b>	<b>31 January 2022</b>
Mavi USA	426,702	307,641
Mavi Canada	41,103	31,644
Other	3,733	3,733
	<b>471,538</b>	<b>343,018</b>

As of 31 October 2022, the increase in goodwill is related to foreign currency translation differences on goodwill recognized at foreign subsidiaries.



# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

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### 12 Right of use assets

For the period ended 31 October 2022 and 2021 the movement of right of use assets is as follows:

Cost	Buildings	Store	Vehicles	Warehouse	Total
<b>1 February 2022 opening balance</b>	<b>113,923</b>	<b>947,587</b>	<b>27,107</b>	<b>47,476</b>	<b>1,136,093</b>
Additions	--	9,980	1,044	2,787	13,811
Modification	6,626	220,655	1,880	--	229,161
Disposals	(1,405)	(47,295)	(1,229)	--	(49,929)
Currency translation differences	26,020	72,004	2,760	17,446	118,230
<b>Closing balance as of 31 October 2022</b>	<b>145,164</b>	<b>1,202,931</b>	<b>31,562</b>	<b>67,709</b>	<b>1,447,366</b>

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
<b>1 February 2022 balance</b>	<b>70,333</b>	<b>591,648</b>	<b>13,667</b>	<b>9,940</b>	<b>685,588</b>
Charge for the period	26,068	211,797	6,236	4,006	248,107
Disposals	(1,409)	(38,168)	(1,229)	--	(40,806)
Currency translation differences	19,866	37,956	1,774	3,905	63,501
<b>Closing balance as of 31 October 2022</b>	<b>114,858</b>	<b>803,233</b>	<b>20,448</b>	<b>17,851</b>	<b>956,390</b>

<b>Net carrying value as of 31 October 2022</b>	<b>30,306</b>	<b>399,698</b>	<b>11,114</b>	<b>49,858</b>	<b>490,976</b>
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Cost	Buildings	Store	Vehicles	Warehouse	Total
<b>1 February 2021 opening balance</b>	<b>78,936</b>	<b>716,742</b>	<b>18,115</b>	<b>26,217</b>	<b>840,010</b>
Additions	--	26,621	3,903	--	30,524
Modification	3,606	128,307	334	82	132,329
Disposals	(649)	(24,135)	(1,474)	--	(26,258)
Currency translation differences	11,922	26,111	1,217	7,665	46,915
<b>Closing balance as of 31 October 2021</b>	<b>93,815</b>	<b>873,646</b>	<b>22,095</b>	<b>33,964</b>	<b>1,023,520</b>

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
<b>1 February 2021 balance</b>	<b>31,629</b>	<b>363,050</b>	<b>7,545</b>	<b>2,767</b>	<b>404,991</b>
Charge for the period	15,107	167,391	4,211	2,629	189,338
Disposals	(649)	(19,492)	(1,195)	--	(21,336)
Currency translation differences	6,306	6,800	498	1,090	14,694
<b>Closing balance as of 31 October 2021</b>	<b>52,393</b>	<b>517,749</b>	<b>11,059</b>	<b>6,486</b>	<b>587,687</b>

<b>Net carrying value as of 31 October 2021</b>	<b>41,422</b>	<b>355,897</b>	<b>11,036</b>	<b>27,478</b>	<b>435,833</b>
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For the nine months period ended 31 October 2022, TL 11,956 (31 October 2021: TL 15,381) of amortisation expenses are included under general administrative expenses and TL 235,670 (31 October 2021: TL 173,219) under selling and marketing expenses, and TL 481 (31 October 2021: TL 738) under research and development expenses.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

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

### 13 Provisions, contingent assets and liabilities

#### Short-term provisions

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

	<b>31 October 2022</b>	<b>31 January 2022</b>
Short-term provisions for employee benefits	18,635	8,773
Other short-term provisions	99,764	34,530
	<b>118,399</b>	<b>43,303</b>

Short-term provision for employee benefits consists of provision for vacation pay liability. The movement of provision for vacation liability for the nine-months period ending on 31 October 2022 and 2021 is as follows:

	<b>2022</b>	<b>2021</b>
<b>1 February balance</b>	<b>8,773</b>	<b>4,144</b>
Current period provision	8,678	3,972
Currency translation differences	2,668	872
Payments	(1,484)	(748)
<b>31 October balance</b>	<b>18,635</b>	<b>8,240</b>

#### *Provision for vacation pay liability*

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

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

#### *Short-term employee benefits*

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

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

As at 31 October 2022 and 31 January 2022, details of other short-term provisions are as follows:

	<b>31 October 2022</b>	<b>31 January 2022</b>
Sales return provision	83,638	27,183
Legal provision <sup>(1)</sup>	5,786	4,098
Other provisions	10,340	3,249
	<b>99,764</b>	<b>34,530</b>

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

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

#### Short-term provisions (continued)

The movement of provisions for the nine-months interim period ending on 31 October 2022 and 2021 is as follows:

	Legal provision	Return provisions	Other provisions	Total
<b>1 February 2022 balance</b>	<b>4,098</b>	<b>27,182</b>	<b>3,250</b>	<b>34,530</b>
Current year provision	2,479	48,785	3,303	54,567
Currency translation differences	--	7,671	3,787	11,458
Provisions used	(482)	--	--	(482)
Provisions cancelled	(309)	--	--	(309)
<b>31 October 2022 balance</b>	<b>5,786</b>	<b>83,638</b>	<b>10,340</b>	<b>99,764</b>

	Legal provision	Return provisions	Other provisions	Total
<b>1 February 2021 balance</b>	<b>2,843</b>	<b>10,947</b>	<b>1,879</b>	<b>15,669</b>
Current year provision	1,181	7,042	1,896	10,119
Currency translation differences	--	2,790	693	3,483
Provisions used	(518)	--	--	(518)
Provisions cancelled	(123)	(1,268)	(613)	(2,004)
<b>31 October 2021 balance</b>	<b>3,383</b>	<b>19,511</b>	<b>3,855</b>	<b>26,749</b>

#### Long-term provisions

As at 31 October 2022 and 31 January 2022, long-term provisions which consist of severance pay liabilities are as follows:

	31 October 2022	31 January 2022
Long-term provisions for employee benefits	40,597	23,176
	<b>40,597</b>	<b>23,176</b>

For the period ended 31 October 2022 and 2021 the movement of provision for termination benefits is as follows:

	1 February 2022 – 31 October 2022	1 February 2021 – 31 October 2021
<b>As of February 1</b>	<b>23,176</b>	<b>9,081</b>
Interest cost	543	700
Service cost	30,711	10,451
Paid benefits	(14,815)	(10,843)
Currency translation differences	982	338
Actuarial difference	--	1,421
<b>As of the end of the period</b>	<b>40,597</b>	<b>11,148</b>

## 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 2022

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

#### 14 Commitments

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

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

	31 October 2022					
	TL Equivalent	TL	EUR	RUB	USD	CAD
<b>A. On behalf of its own legal personality of the total amount of GPMs</b>	<b>143,302</b>	<b>62,175</b>	<b>3,256</b>	<b>3,619</b>	<b>1,033</b>	<b>--</b>
Guarantee	143,302	62,175	3,256	3,619	1,033	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries</b>	<b>60,022</b>	<b>--</b>	<b>53</b>	<b>4,159</b>	<b>170</b>	<b>4,000</b>
Guarantee	60,022	--	53	4,159	170	4,000
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>C. Total amount of GPM given to conduct other 3<sup>rd</sup> parties to guarantee the depts.</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>D. Total amount of other GPM</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>Total GPM</b>	<b>203,324</b>	<b>62,175</b>	<b>3,309</b>	<b>7,778</b>	<b>1,203</b>	<b>4,000</b>

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

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#### 14 Commitments (continued)

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

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

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
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**14 Commitments (continued)**

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

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

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

The Group has purchase commitments related to inventory amounting to TL 3,236,309 as of 31 October 2022 (31 January 2022: TL 1,852,521).

**(b) Guarantees received**

As of 31 October 2022, Group has received letter of guarantees for the amount of TL 50,992 as in the form of security from wholesale customers (31 January 2022: TL 16,827).

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

**Paid-in capital**

The capital structure as of 31 October 2022 and 31 January 2022 is as follows:

	%	31 October 2022	%	31 January 2022
Akarlılar Family	27.19	27,000	27.19	13,500
Blue International	0.22	216	0.22	108
Publicly held	72.60	72,098	72.60	36,049
	<b>100.00</b>	<b>99,314</b>	<b>100.00</b>	<b>49,657</b>

Increasing the registered capital ceiling from TL 245,000,000 to TL 500,000,000, which was approved at the Ordinary General Assembly Meeting held on 27 April 2022 and the transactions regarding the increase of Company's issued capital from 49,657,000 TL to 99,314,000 TL by covering the whole of the "Retained Earnings" account were registered on 13 May 2022.

As a result of the capital increase transaction registered on 13 May 2022, the Company's capital was issued as of 31 October 2022 and consists of 99,314,000 shares (31 January 2022: 49.657,000 shares), each with a nominal value of 1 full TL (31 January 2022: 1 full TL)

**Legal reserves**

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code ("TCC"). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical paid-in share capital. The second legal reserve is appropriated at the rate of 1/10 of all cash dividend distributions exceeding 5% of the company's capital in cases where profit distribution is made according to CMB regulations, and in cases where dividends are distributed according to legal records, it is appropriated at the rate of 1/11 per annum of all cash distributions in excess of 5% of the historical paid-in share capital. The legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted. As of 31 October 2022 the Group's total legal reserves are TL 19,771 (31 January 2022: TL 19,771).

**Hedging reserve**

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

**Dividend Payment**

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

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**16 Selling, marketing and distribution expenses**

For the nine months periods ended 31 October 2022 and 2021, selling, marketing and distribution expenses comprised the following:

	<b>1 February – 31 October 2022</b>	<b>1 August – 31 October 2022</b>	<b>1 February – 31 October 2021</b>	<b>1 August – 31 October 2021</b>
Personnel expenses	686,213	284,077	311,344	126,931
Rent expenses <sup>(1)</sup>	361,959	169,843	123,986	61,656
Depreciation and amortization expenses	297,824	109,469	215,454	71,335
Freight-out expenses	128,966	54,888	49,651	17,311
Outsourced logistics expenses	109,872	43,945	66,532	19,612
Advertising expenses	101,429	43,671	48,323	18,107
Shopping bags expenses	31,179	11,351	11,798	4,191
Professional fees	30,686	12,346	12,527	5,433
Travel expenses	16,781	6,355	4,657	1,126
Other	201,928	74,428	96,592	34,251
	<b>1,966,837</b>	<b>810,373</b>	<b>940,864</b>	<b>359,953</b>

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

**17 Other operating income and expenses**

Other operating income for the nine-months interim periods ended on 31 October 2022 and 2021 is as follows:

	<b>1 February – 31 October 2022</b>	<b>1 August – 31 October 2022</b>	<b>1 February – 31 October 2021</b>	<b>1 August – 31 October 2021</b>
Rediscount interest income on trade receivables and payables, net	30,427	27,184	7,264	5,426
Foreign exchange gain, net	28,221	(2,858)	8,826	4,050
Covid-19 incentive	5,282	--	7,323	7,323
Salary protocol income	3,013	2,024	1,483	494
Investment support income	1,150	--	1,982	--
Reversal of expected credit loss	463	119	1,187	580
Other	9,228	2,138	2,840	(47)
	<b>77,784</b>	<b>28,607</b>	<b>30,905</b>	<b>17,826</b>

Other operating expenses for the nine-months interim periods ended on 31 October 2022 and 2021 are as follows:

	<b>1 February – 31 October 2022</b>	<b>1 August – 31 October 2022</b>	<b>1 February – 31 October 2021</b>	<b>1 August – 31 October 2021</b>
Foreign exchange loss, net	5,366	221	1,058	702
Expected credit loss	1,167	609	88	(128)
Other	4,810	1,207	838	136
	<b>11,343</b>	<b>2,037</b>	<b>1,984</b>	<b>710</b>

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**18 Gains and losses from investment activities**

Gains from investment activities for the nine-months interim periods ended on 31 October 2022 and 2021 are as follows:

	<b>1 February – 31 October 2022</b>	<b>1 August – 31 October 2022</b>	<b>1 February – 31 October 2021</b>	<b>1 August – 31 October 2021</b>
Fx protected deposit income	11,026	2,185	--	--
Gains on sale of fixed assets	--	--	150	--
	<b>11,026</b>	<b>2,185</b>	<b>150</b>	<b>--</b>

Losses from investment activities for the nine-months interim periods ended on 31 October 2022 and 2021 are as follows:

	<b>1 February – 31 October 2022</b>	<b>1 August – 31 October 2022</b>	<b>1 February – 31 October 2021</b>	<b>1 August – 31 October 2021</b>
Losses on sale of fixed assets	26	(154)	335	--
	<b>26</b>	<b>(154)</b>	<b>335</b>	<b>--</b>

**19 Finance income**

Finance income for the nine-months interim periods ending on 31 October 2022 and 2021 is as follows:

	<b>1 February – 31 October 2022</b>	<b>1 August – 31 October 2022</b>	<b>1 February – 31 October 2021</b>	<b>1 August – 31 October 2021</b>
Interest income on time deposits	158,915	63,038	54,206	18,522
Foreign exchange gain	30,617	7,278	8,422	7,607
Other <sup>(1)</sup>	--	--	50,014	5,522
	<b>189,532</b>	<b>70,316</b>	<b>112,642</b>	<b>31,651</b>

<sup>1)</sup> Other finance income mainly consists of discounts related with rent payments due to Covid-19 pandemic.

**20 Finance expenses**

Finance expenses for the nine-months interim periods ending on 31 October 2022 and 2021 are as follows

	<b>1 February – 31 October 2022</b>	<b>1 August – 31 October 2022</b>	<b>1 February – 31 October 2021</b>	<b>1 August – 31 October 2021</b>
<b>Interest expense on:</b>				
Interest expenses on financial liabilities	158,140	54,947	68,588	21,273
Discount interest on purchases of goods	118,003	51,681	61,858	24,834
Interest expenses on lease liabilities	59,013	21,326	52,640	18,182
	<b>335,156</b>	<b>127,954</b>	<b>183,086</b>	<b>64,289</b>
Credit card commission expenses	46,093	24,604	11,428	4,998
Import financing expenses	35,521	21,523	19,473	9,125
Foreign exchange loss	6,789	52	6,650	4,205
Other	5,054	1,650	3,754	1,304
	<b>428,613</b>	<b>175,783</b>	<b>224,391</b>	<b>83,921</b>



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**21 Income taxes**

Corporate tax rate of Turkey is 23% (31 October 2021 :25%). For the nine months interim period ended 31 October 2022, Group’s effective tax rate is 13% (31 October 2021 :24%).

**22 Earnings per share**

The amount of earnings per share is calculated by dividing the net period profit attributable to the owners of the Company shares by the weighted average share of the company's shares during the period. Earnings per share for the nine months interim periods ending on 31 October 2022 and 2021 are as follows:

	<b>1 February – 31 October 2022</b>	<b>1 August – 31 October 2022</b>	<b>1 February – 31 October 2021</b>	<b>1 August – 31 October 2021</b>
Net profit for the year attributable to owners of the Company	1,144,048	447,925	283,119	153,237
Weighted average number of ordinary shares (basic)	99,314,000	99,314,000	49,657,000	49,657,000
<b>Earnings per share</b>	<b>11.5195</b>	<b>4.5102</b>	<b>5.7015</b>	<b>3.0859</b>

**23 Derivative Instruments**

As at 31 October 2022 and 31 January 2022, short-term derivative liabilities are as follows:

	<b>31 October 2022</b>	<b>31 January 2022</b>
Liability from the forward exchange contracts	(1,136)	--
Assets from the forward exchange contracts	--	28,882
	<b>(1,136)</b>	<b>28,882</b>

As of 31 October 2022, the Group has open forward exchange contracts to hedge the foreign currency risk on inventory purchases in amount of USD 5,806 thousand in equivalent of TL 110,644. By applying hedge accounting, the fair value difference of TL 1,136, resulting from such forward transactions, is recognized in other comprehensive income.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

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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 EUR, USD, CAD and RUB.

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

#### Interest rate risk

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

#### Capital Management

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

#### Currency Risk

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

	<u>31 October 2022</u>	<u>31 January 2022</u>
TL / EUR	18.6837	14.9676
TL / USD	18.5880	13.4015
TL / RUB	0.3010	0.1719
TL / CAD	13.6549	10.5121

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

	<u>1 February – 31 October 2022</u>	<u>1 February – 31 October 2021</u>
TL / EUR	17.1586	9.8638
TL / USD	16.4350	8.2932
TL / RUB	0.2480	0.1120
TL / CAD	12.6638	6.6384

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

Market risk (continued)

Currency risk (continued)

As of 31 October 2022, 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	32,600	1,186	--	10,554
2a. Monetary financial assets (including cash banks)	89,493	2,951	1,603	4,689
2b. Non-monetary financial assets	--	--	--	--
3. Other	52,640	2,824	8	--
<b>4. Current assets (1+2+3)</b>	<b>174,733</b>	<b>6,961</b>	<b>1,611</b>	<b>15,243</b>
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
<b>8. Non-current assets (5+6+7)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total assets (4+8)</b>	<b>174,733</b>	<b>6,961</b>	<b>1,611</b>	<b>15,243</b>
10. Trade payables	74,506	3,526	414	1,226
11. Financial liabilities	9,774	324	201	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
<b>13. Short-term liabilities (10+11+12)</b>	<b>84,280</b>	<b>3,850</b>	<b>615</b>	<b>1,226</b>
14. Trade payables	--	--	--	--
15. Financial liabilities	9,362	274	228	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
<b>17. Long-term liabilities (14+15+16)</b>	<b>9,362</b>	<b>274</b>	<b>228</b>	<b>--</b>
<b>18. Total liabilities (13+17)</b>	<b>93,642</b>	<b>4,124</b>	<b>843</b>	<b>1,226</b>
<b>19. Net Asset/(Liability) Position of derivative instruments (19a-19b)</b>	<b>(107,923)</b>	<b>(5,806)</b>	<b>--</b>	<b>--</b>
<b>19a. Hedged total asset</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19b. Hedged total liabilities</b>	<b>107,923</b>	<b>5,806</b>	<b>--</b>	<b>--</b>
<b>20. Position of net foreign currency assets/liabilities (9-18+19)</b>	<b>(26,832)</b>	<b>(2,969)</b>	<b>768</b>	<b>14,017</b>
<b>21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>28,451</b>	<b>13</b>	<b>760</b>	<b>14,017</b>

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As at 31 October 2022, Mavi Turkey has trade receivables amounting to TL 112,413 from consolidated subsidiaries which comprise; USD 76 thousand , CAD 153 thousand EUR (723) thousand and RUB 406,659 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 140,864. The Group has fx protected deposits amounting USD 3,000 thousand as of the balance sheet date.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

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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 2022 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	12,962	582	--	5,162
2a. Monetary financial assets (including cash, banks)	65,150	2,645	1,511	7,087
2b. Non-monetary financial assets	--	--	--	--
3. Other	13,924	1,039	--	--
<b>4. Current assets (1+2+3)</b>	<b>92,036</b>	<b>4,266</b>	<b>1,511</b>	<b>12,249</b>
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
<b>8. Non-current assets (5+6+7)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total assets (4+8)</b>	<b>92,036</b>	<b>4,266</b>	<b>1,511</b>	<b>12,249</b>
10. Trade payables	21,264	1,001	509	239
11. Financial liabilities	67,751	340	4,222	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
<b>13. Short-term liabilities (10+11+12)</b>	<b>89,015</b>	<b>1,341</b>	<b>4,731</b>	<b>239</b>
14. Trade payables	--	--	--	--
15. Financial liabilities	12,373	505	376	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
<b>17. Long-term liabilities (14+15+16)</b>	<b>12,373</b>	<b>505</b>	<b>376</b>	<b>--</b>
<b>18. Total liabilities (13+17)</b>	<b>101,388</b>	<b>1,846</b>	<b>5,107</b>	<b>239</b>
<b>19. Net Asset/(Liability) Position of derivative instruments (19a-19b)</b>	<b>(134,385)</b>	<b>(10,028)</b>	<b>--</b>	<b>--</b>
19a. Hedged total asset	--	--	--	--
19b. Hedged total liabilities	134,385	10,028	--	--
<b>20. Position of net foreign currency assets/liabilities (9+18-19)</b>	<b>(143,737)</b>	<b>(7,608)</b>	<b>(3,596)</b>	<b>12,010</b>
<b>21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(23,276)</b>	<b>1,381</b>	<b>(3,596)</b>	<b>12,010</b>

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

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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.

<b>Foreign Currency Sensitivity Analysis</b>				
<b>31 October 2022</b>				
	<b>Profit/Loss</b>		<b>Equity</b>	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
<b>10% change of the USD against TL</b>				
1- Net USD denominated asset/liability	24	(24)	24	(24)
2- Hedged portion of TL against USD risk(-)	--	--	10,792	(10,792)
<b>3- Net effect of USD (1+2)</b>	<b>24</b>	<b>(24)</b>	<b>10,816</b>	<b>(10,816)</b>
<b>10% change of the EURO against TL</b>				
4- Net EURO denominated asset/liability	1,419	(1,419)	1,419	(1,419)
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
<b>6- Net effect of EURO (4+5)</b>	<b>1,419</b>	<b>(1,419)</b>	<b>1,419</b>	<b>(1,419)</b>
<b>10% change of other against TL</b>				
7- Net other denominated asset/liability	1,402	(1,402)	1,402	(1,402)
8- Hedged portion of TL against other risk(-)	--	--	--	--
<b>9- Net effect of other (7+8)</b>	<b>1,402</b>	<b>(1,402)</b>	<b>1,402</b>	<b>(1,402)</b>
<b>Total (3+6+9)</b>	<b>2,845</b>	<b>(2,845)</b>	<b>13,637</b>	<b>(13,637)</b>

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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 2022				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
<b>10% change of the USD against TL</b>				
1- Net USD denominated asset/liability	1,851	(1,851)	1,851	(1,851)
2- Hedged portion of TL against USD risk(-)	--	--	13,439	(13,439)
<b>3- Net effect of USD (1+2)</b>	<b>1,851</b>	<b>(1,851)</b>	<b>15,290</b>	<b>(15,290)</b>
<b>10% change of the EURO against TL</b>				
4- Net EURO denominated asset/liability	(5,380)	5,380	(5,380)	5,380
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
<b>6- Net effect of EURO (4+5)</b>	<b>(5,380)</b>	<b>5,380</b>	<b>(5,380)</b>	<b>5,380</b>
<b>10% change of other against TL</b>				
7- Net other denominated asset/liability	1,201	(1,201)	1,201	(1,201)
8- Hedged portion of TL against other risk(-)	--	--	--	--
<b>9- Net effect of other (7+8)</b>	<b>1,201</b>	<b>(1,201)</b>	<b>1,201</b>	<b>(1,201)</b>
<b>Total (3+6+9)</b>	<b>(2,328)</b>	<b>2,328</b>	<b>11,111</b>	<b>(11,111)</b>

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

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

#### Fair values

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

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>31 October 2022</b>							
<b>Financial liabilities measured at fair value</b>							
Derivative financial instruments	(1,136)	--	(1,136)	--	(1,136)	--	(1,136)
<b>Total</b>	<b>(1,136)</b>	<b>--</b>	<b>(1,136)</b>	<b>--</b>	<b>(1,136)</b>	<b>--</b>	<b>(1,136)</b>

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>31 January 2022</b>							
<b>Financial assets measured at fair value</b>							
Derivative financial instruments	28,882	--	28,882	--	28,882	--	28,882
<b>Total</b>	<b>28,882</b>	<b>--</b>	<b>28,882</b>	<b>--</b>	<b>28,882</b>	<b>--</b>	<b>28,882</b>

# 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 2022

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### 25 Financial instruments (fair value disclosures and disclosures under hedge accounting) (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
<b>Forward exchange contracts</b>	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 <sup>(1)</sup>	Discounted cash flows: the valuation model considers the present value of expected payment, discounted using a risk-adjusted discounted rate.
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<sup>(1)</sup> Other financial liabilities include bank loans.



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

## **Notes to the Condensed Consolidated Interim Financial Statements**

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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 2022 consolidated 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.

Russia’s invasion of Ukraine started on 24 February 2022. Mavi does not have any mono-brand stores or active operations in Ukraine. On the other hand, the Group's operations in Russia cover 34 stores, 17 owned and 17 franchise stores, mainly located in and around Moscow and St. Petersburg. Sales in Russia constitute 3.3% of total consolidated sales. The Group does not expect any material impact on its business due to the latest developments in the region.

### **27 Subsequent events**

None.

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
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**APPENDIX 1 Ebitda reconciliation**

EBITDA is not a defined performance measure in TFRS. EBITDA reconciliation for the nine months period ended 31 October 2022 and 2021 are as follows:

	Note	1 February – 31 October 2022	1 August – 31 October 2022	1 February – 31 October 2021	1 August – 31 October 2021
Profit		1,157,811	453,420	300,681	162,476
Tax expense		171,063	87,721	92,658	50,581
<b>Profit before tax</b>		<b>1,328,874</b>	<b>541,141</b>	<b>393,339</b>	<b>213,057</b>
- Fx protected deposit income	18	(11,026)	(2,185)	--	--
- Net finance costs		239,081	105,467	111,749	52,270
- Rediscount interest on trade receivables and payables, net	17	(30,427)	(27,184)	(7,264)	(5,426)
- Currency translation differences on trade receivables and payables, net	17	(22,855)	3,079	(7,768)	(3,348)
- Depreciation and amortization	10-12	356,643	131,212	260,053	89,085
<b>EBITDA</b>		<b>1,860,290</b>	<b>751,530</b>	<b>750,109</b>	<b>345,638</b>

As of 31 October 2022, TFRS 16 has an impact of TL 295,222 on EBITDA. (31 October 2021: TL 183,030)

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

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

	31 October 2022	TFRS 16 Effect	After TFRS 16
Current assets	5,550,154	(3,650)	5,546,504
Non-current assets	1,209,884	505,152	1,715,036
Current liabilities	4,000,877	291,988	4,292,865
Non-current liabilities	300,511	265,539	566,050
Equity	2,458,650	(56,025)	2,402,625

	1 February – 31 October 2022	TFRS 16 Effect	After TFRS 16
Operating profit	1,509,837	47,118	1,556,955
Operating profit before finance costs	1,520,837	47,118	1,567,955
Finance income	189,532	--	189,532
Finance expense	(373,843)	(54,770)	(428,613)
Profit before tax	1,336,526	(7,652)	1,328,874
Net profit	1,164,182	(6,371)	1,157,811
EBITDA	1,565,068	295,222	1,860,290