

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

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

(Convenience Translation of Financial Statements Originally Issued in
Turkish)

11 December 2023

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 2023

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

		Unaudited	Audited
	<i>Notes</i>	31 October 2023	31 January 2023
ASSETS			
Current assets			
Cash and cash equivalents	5	4,273,275	3,244,612
Financial investments		59,343	58,150
Trade receivables		1,588,213	870,657
<i>Due from third parties</i>	8	<i>1,588,213</i>	<i>870,657</i>
Other receivables		17,064	31,410
<i>Due from related parties</i>		<i>--</i>	<i>12,216</i>
<i>Due from third parties</i>		<i>17,064</i>	<i>19,194</i>
Inventories	9	3,290,816	2,307,586
Derivative instruments	23	37,814	--
Prepaid expenses		276,676	196,142
<i>Due from related parties</i>	7	<i>178,828</i>	<i>82,365</i>
<i>Due from third parties</i>		<i>97,848</i>	<i>113,777</i>
Current tax assets		27,391	32,987
Other current assets		40,081	43,204
Total current assets		9,610,673	6,784,748
Non-current assets			
Other receivables		12,346	10,575
<i>Due from third parties</i>		<i>12,346</i>	<i>10,575</i>
Property, plant and equipment		569,125	395,452
Right-of-use assets	12	665,893	576,392
Intangible assets		963,782	662,644
<i>Other intangible assets</i>		<i>251,383</i>	<i>185,268</i>
<i>Goodwill</i>	11	<i>712,399</i>	<i>477,376</i>
Deferred tax assets		356,015	212,933
Total non-current assets		2,567,161	1,857,996
TOTAL ASSETS		12,177,834	8,642,744

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 2023

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

		Unaudited	Audited
	<i>Notes</i>	31 October 2023	31 January 2023
LIABILITIES			
Current liabilities			
Short-term financial borrowings	6	135,326	813,247
Short-term lease liabilities	6	447,797	350,245
<i>Due to related parties</i>	7	957	459
<i>Due to third parties</i>		446,840	349,786
Short-term portion of long-term borrowings	6	318,221	217,297
Short-term issued debt instruments	6	1,357,311	509,972
Trade payables		2,765,612	2,960,521
<i>Due to related parties</i>	7	433,652	323,941
<i>Due to third parties</i>	8	2,331,960	2,636,580
Payables related to employee benefits		361,555	203,020
Other payables		138,219	39,762
<i>Due to related parties</i>	7	41	41
<i>Due to third parties</i>		138,178	39,721
Deferred income		129,642	81,668
Short-term provisions		201,646	124,343
<i>Short-term provisions for employee benefits</i>	13	31,955	18,829
<i>Other short-term provisions</i>	13	169,691	105,514
Derivative instruments	23	--	17,698
Current tax liabilities		432,022	82,191
Other current liabilities		71,754	43,633
Total current liabilities		6,359,105	5,443,597
Non-current liabilities			
Long-term borrowings	6	8,288	--
Long term issued debt instruments	6	343,187	--
Long-term lease liabilities	6	313,907	289,816
<i>Due to third parties</i>		313,907	289,816
Deferred income		18,721	34,009
Payables related to employee benefits		68,376	67,480
Long-term provisions		73,905	61,122
<i>Long-term provisions for employee benefits</i>	13	73,905	61,122
Deferred tax liabilities		17,842	14,772
Total non-current liabilities		844,226	467,199
TOTAL LIABILITIES		7,203,331	5,910,796

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 2023

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

		Unaudited	Audited
	<i>Notes</i>	31 October 2023	31 January 2023
EQUITY			
Equity attributable to owners of the Company		4,768,915	2,591,537
Paid-in share capital	15	198,628	99,314
The effect of mergers involving undertakings or businesses under common control		(35,757)	(35,757)
Share based payment fund		11,439	945
Other comprehensive expense not to be reclassified to profit or loss		(14,388)	(14,388)
<i>Defined benefit plans remeasurement losses</i>		<i>(14,388)</i>	<i>(14,388)</i>
Other comprehensive income to be reclassified to profit or loss		949,641	529,961
<i>Foreign currency translation differences</i>		<i>921,280</i>	<i>544,118</i>
<i>Hedging gains / (losses)</i>		<i>28,361</i>	<i>(14,157)</i>
Restricted reserves	15	19,771	19,771
Retained earnings		1,462,922	552,316
Net profit for the period		2,176,659	1,439,375
Non-controlling interests		205,588	140,411
Total equity		4,974,503	2,731,948
TOTAL EQUITY AND LIABILITIES		12,177,834	8,642,744

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 2023

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

		Unaudited	Unaudited	Unaudited	Unaudited
		1 February –	1 August –	1 February –	1 August –
	Notes	31 October	31 October	31 October	31 October
		2023	2023	2022	2022
Profit or loss					
Revenue		14,189,083	5,774,204	7,325,058	3,201,538
Cost of sales (-)		(6,642,604)	(2,518,829)	(3,349,121)	(1,534,404)
Gross profit		7,546,479	3,255,375	3,975,937	1,667,134
General administrative expenses (-)		(836,843)	(313,368)	(467,281)	(219,523)
Selling, marketing and distribution expenses (-)	16	(3,651,920)	(1,456,444)	(1,966,837)	(810,373)
Research and development expenses (-)		(122,146)	(47,344)	(51,305)	(19,539)
Other operating income	17	189,587	127,043	77,784	28,607
Other operating expenses (-)	17	(76,260)	(26,030)	(11,343)	(2,037)
Operating profit		3,048,897	1,539,232	1,556,955	644,269
Gains from investment activities	18	21,876	6,114	11,026	2,185
Losses from investment activities (-)	18	(830)	(113)	(26)	154
Operating profit before financial income		3,069,943	1,545,233	1,567,955	646,608
Finance income	19	537,912	189,749	189,532	70,316
Finance expenses (-)	20	(895,737)	(400,088)	(428,613)	(175,783)
Finance expenses, net		(357,825)	(210,339)	(239,081)	(105,467)
Profit before tax from continuing operations		2,712,118	1,334,894	1,328,874	541,141
Tax income / (expense) from continuing operations		(536,852)	(299,071)	(171,063)	(87,721)
Tax expense for the period		(690,886)	(333,905)	(338,373)	(133,066)
Deferred tax income		154,034	34,834	167,310	45,345
Profit for the period from continuing operations		2,175,266	1,035,823	1,157,811	453,420
Net income / (loss)		2,175,266	1,035,823	1,157,811	453,420
Non-controlling interests		(1,393)	14,911	13,763	5,495
Owners of the Company		2,176,659	1,020,912	1,144,048	447,925
Earnings per share	22	10.9585	5.1398	5.7598	2.2551

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 2023

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

	Unaudited	Unaudited	Unaudited	Unaudited
	1 February –	1 August –	1 February –	1 August –
Notes	31 October 2023	31 October 2023	31 October 2022	31 October 2022
Other comprehensive income				
Items to be reclassified to profit or loss				
Foreign currency translation differences	443,732	44,698	194,999	21,120
Cash flow hedging gains / (losses)	55,511	(180,752)	(30,017)	(104,891)
Deferred tax income / (expense)	(12,993)	45,188	6,904	24,125
Other comprehensive income / (expense)	486,250	(90,866)	171,886	(59,646)
Total comprehensive income	2,661,516	944,957	1,329,697	393,774
Total comprehensive income attributable to:				
Non-controlling interests	65,177	22,584	46,350	8,610
Owners of the Company	2,596,339	922,373	1,283,347	385,164

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 2023

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

					Other comprehensive income that will not reclassified to profit or loss	Other comprehensive income that will reclassified to profit or loss		Retained earnings				
	Share capital	Legal reserves	Purchase of share of entities under common control	Share based payment fund	Remeasurement of defined benefit liability	Foreign currency translation reserve	Hedging reserve	Retained earnings	Net profit	Attributable to owners of the Company	Attributable to non- controlling interest	Total equity
Balance as at 1 February 2022	49,657	19,771	(35,757)	--	(12,293)	353,279	22,239	317,166	400,441	1,114,503	78,854	1,193,357
Transfers	49,657	--	--	--	--	--	--	350,784	(400,441)	--	--	--
Dividend payment	--	--	--	--	--	--	--	(120,429)	--	(120,429)	--	(120,429)
Total comprehensive income	--	--	--	--	--	162,412	(23,113)	--	1,144,048	1,283,347	46,350	1,329,697
Balance as at 31 October 2022	99,314	19,771	(35,757)	--	(12,293)	515,691	(874)	547,521	1,144,048	2,277,421	125,204	2,402,625
Balance as at 1 February 2023	99,314	19,771	(35,757)	945	(14,388)	544,118	(14,157)	552,316	1,439,375	2,591,537	140,411	2,731,948
Transfers	99,314	--	--	--	--	--	--	1,340,061	(1,439,375)	--	--	--
Dividend payment	--	--	--	--	--	--	--	(429,455)	--	(429,455)	--	(429,455)
Increase (decrease) due to share-based transactions	--	--	--	10,494	--	--	--	--	--	10,494	--	10,494
Total comprehensive income	--	--	--	--	--	377,162	42,518	--	2,176,659	2,596,339	65,177	2,661,516
Balance as at 31 October 2023	198,628	19,771	(35,757)	11,439	(14,388)	921,280	28,361	1,462,922	2,176,659	4,768,915	205,588	4,974,503

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 2023
(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

		Unaudited	Unaudited
		1 February –	1 February –
		31 October 2023	31 October 2022
Cash flow from operating activities	<i>Notes</i>		
Net profit for the period		2,175,266	1,157,811
Adjustments for:			
Adjustments for depreciation and amortization expense	10,12	567,848	356,643
Adjustments for finance income	19	(442,111)	(158,915)
Adjustments for finance cost	20	892,403	421,824
Adjustments for unused vacation provision	13	16,112	8,678
Adjustments for fair value losses / (gains) of financial assets	18	(20,572)	(11,026)
Adjustments for employment termination benefits	13	51,392	31,254
Adjustments for impairment (reversal) of trade receivables		(2,129)	(303)
Adjustments for rediscount interest on trade payables	17	(96,551)	(30,427)
Adjustments for share-based payments		10,495	--
Adjustments for expected credit losses	17	(2,449)	704
Adjustments for inventory impairment (reversal)	9	(10,042)	38,412
Adjustments for short-term provisions	13	47,965	54,258
Adjustments for loss on disposal of property and equipment	18	(474)	26
Adjustments for tax expense		536,852	171,063
Unrealized currency translation difference		291,464	131,115
		4,015,469	2,171,117
Changes in working capital:			
Change in trade receivables		(735,005)	(516,195)
Change in inventory		(992,778)	(1,114,677)
Change in prepaid expenses		(80,533)	(194,211)
Change in other receivables		12,575	(85,151)
Change in other current and non-current assets		3,120	(30,470)
Change in employee benefits liabilities		159,431	155,591
Change in trade payables		(99,202)	945,748
Change in payables to related parties		840	221,757
Change in deferred income		32,686	78,898
Change in other payables		98,457	23,091
Change in short-term and long-term provisions		(723)	(482)
Change in other liabilities		27,515	19,786
Cash flows used in operating activities		2,441,852	1,674,802
Employment termination benefits paid	13	(44,498)	(16,299)
Tax payment		(335,459)	(267,278)
A. Net cash from operating activities		2,061,895	1,391,225
Cash flows from investing activities			
Cash outflows from purchases of property, plant and equipment	10	(253,301)	(141,343)
Cash inflows from the sale of property, plant and equipment		5,463	1,364
Cash outflows from purchases of intangible asset	10	(90,595)	(50,819)
Other investing activities		19,379	(18,112)
Interest received		428,338	153,912
B. Net cash used in investing activities		109,284	(54,998)
Cash inflows from borrowings		1,356,312	626,369
Cash outflows from repayments of borrowings		(959,623)	(463,394)
Cash outflows from payments of contractual lease liabilities		(481,127)	(295,610)
Other financial cash outflows		(494,428)	(204,671)
Dividend paid	15	(429,455)	(120,429)
Interest paid		(147,965)	(102,082)
C. Net cash received/(used) from financing activities		(1,156,286)	(559,817)
Net change in cash and cash equivalent (A+B+C)		1,014,893	776,410
D. Cash and cash equivalents at the beginning of the period	5	3,223,112	1,478,609
Cash and cash equivalents at the end of the period (A+B+C+D)	5	4,238,005	2,255,019

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 2023

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

1 Organisation and operations of the Group

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

The Company's registered office is Sultan Selim Mahallesi, Eski Büyükdere Caddesi, No. 53/2, 34418 Kağıthane Istanbul/Turkey.

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

Shares of the Company has been traded at Borsa İstanbul ("BIST") since 15 June 2017. As of 31 October 2023, the Company's main shareholders are Blue International Holding B.V., which owns 0.22% of the Company's share capital, and Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar, each of whom own 9.062% of the Company's share capital (31 January 2023: Blue International Holding B.V., which owns 0.22% of the Company's share capital, and Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar, each of whom own 9.062% of the Company's share capital). Blue International Holding B.V. is controlled by Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar.

The condensed consolidated interim financial statements for the nine months period ended as at 31 October 2023 include financial position and the results of Mavi Giyim, Mavi Europe AG ("Mavi Europe") and Mavi LLC ("Mavi Russia"), Eflatun Giyim Yatırım Ticaret Anonim Şirketi ("Eflatun Giyim"), Mavi Jeans Incorporated ("Mavi Canada"), Mavi Jeans Incorporated ("Mavi United States of America ("USA")). Mavi Giyim and its subsidiaries are referred here as the "Group" and individually "the Group entity" in this report.

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

Subsidiaries	Place of Incorporation	Principal Activities	Ownership interest and voting rights	
			31 October 2023	31 January 2023
Mavi Europe	Germany	Wholesale and retail sales of apparel	100.00	100.00
Mavi Russia	Russia	Wholesale and retail sales of apparel	100.00	100.00
Eflatun Giyim	Turkey	Holding company	51.00	51.00
Mavi USA	USA	Wholesale and retail sales of apparel	47.69	47.69
Mavi Canada	Canada	Wholesale and retail sales of apparel	63.25	63.25
Mavi Kazakhstan ⁽¹⁾	Kazakhstan	Retail sales of apparel	100.00	100.00

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

As of 31 October 2023, Group's total number of employees is 6,077 (31 January 2023: 5,670).

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

2 Basis of presentation of financial statements

2.1 Basis for the presentation of interim condensed consolidated financial statements

(a) Statement of compliance to TFRS

The accompanying condensed consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board (“CMB”) Communiqué Serial II, No: 14.1 “Basis of Financial Reporting in Capital Markets”, which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards and interpretations (“TFRS”) that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority (“POA”). TFRSs include Standards and Interpretations published by POA under the names of Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations. POA made a new statement regarding the scope and application of TAS 29 on 23 November 2023, stating that the financial statements of Companies applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 will be prepared based on inflation effect in accordance with the accounting principles of TAS 29. As a result, no inflation adjustment was made to the accompanying consolidated financial statements as of 31 October 2023 and 31 October 2022 in accordance with TAS 29.

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

(b) Preparation of financial statements

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 11 December 2023. The General Assembly of the Company has the right to amend and the related regulatory authorities have the right to demand the amendments in the consolidated interim financial statements.

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 2023
(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

2 Basis of presentation of financial statements (continued)

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

(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.

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

(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 2023, the assumptions and significant accounting estimates used in the preparation of the nine -months interim condensed consolidated financial statements have not changed compared to those used in the prior year.

(f) Measurement of fair value

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

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 2023
(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)

2 Basis of presentation of financial statements (continued)

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

(i) Trade and other receivables

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

(ii) Forward exchange contracts

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

(iii) Other non-derivative financial liabilities

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

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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 2023

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

Amendments to TAS 1 Disclosure of Accounting Policies

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

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

Amendments to TAS 8 Definition of Accounting Estimates

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

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

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

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

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

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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 2023 (continued)

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

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

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

Amendments are effective with the first application of TFRS 17.

Amendments to TAS 12 International Tax Reform — Pillar Two Model Rules

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes. Amendments to TAS 12 are effective for annual reporting periods beginning on or after 1 January 2023

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 4	<i>Extension of the Temporary Exemption from Applying TFRS 9</i>
Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 supersedes TFRS 4 *Insurance Contracts* as of 1 January 2024 for insurance and reinsurance and pension companies.

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

The amendment changes the fixed expiry date for the temporary exemption in TFRS 4 *Insurance Contracts* from applying TFRS 9, so that insurance and reinsurance and pension companies would be required to apply TFRS 9 for annual periods beginning on or after 1 January 2024 with the deferral of the effective date of TFRS 17.

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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

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

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

Amendments to TAS 1 are effective for annual reporting periods beginning on or after 1 January 2024 and earlier application is permitted.

Amendments to TFRS 16 *Lease Liability in a Sale and Leaseback*

Amendments to TFRS 16 clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in TFRS 15 to be accounted for as a sale.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

Amendments to TAS 1 *Non-current Liabilities with Covenants*

Amendments to TAS 1 clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

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

Amendments to TAS 7 and TFRS 7 *Supplier Finance Arrangements*

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements. Amendments are effective from annual reporting periods beginning on or after 1 January 2024.

2.3 Significant accounting policies

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

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

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2 Basis of presentation of financial statements (continued)

2.3 Significant accounting policies (continued)

TFRS 16 Leases

Leases

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

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

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

Right-of-use assets

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

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

Lease liability

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

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

3 Seasonality of operations

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

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4 Segment Reporting

	1 February- 31 October 2023			1 August - 31 October 2023			1 February- 31 October 2022			1 August - 31 October 2022		
	Reportable segment			Reportable segment			Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total	Turkey	International	Total	Turkey	International	Total
Segment revenue ⁽¹⁾	12,359,644	1,829,439	14,189,083	5,031,946	742,258	5,774,204	6,046,968	1,278,090	7,325,058	2,700,899	500,639	3,201,538
-Retail	9,268,093	245,098	9,513,191	3,772,807	91,645	3,864,452	4,626,072	196,253	4,822,325	2,053,884	76,233	2,130,117
-Wholesale	2,122,689	1,220,255	3,342,944	873,380	506,281	1,379,661	946,067	842,859	1,788,926	470,910	333,290	804,200
-E-commerce	968,862	364,086	1,332,948	385,759	144,332	530,091	474,829	238,978	713,807	176,105	91,116	267,221
Segment profit before tax	2,703,659	8,459	2,712,118	1,295,376	39,518	1,334,894	1,260,113	68,761	1,328,874	532,791	8,350	541,141

	31 October 2023			31 January 2023		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Total segment assets	10,097,520	2,080,314	12,177,834	7,261,292	1,381,452	8,642,744
Total segment liabilities	6,366,891	836,440	7,203,331	5,301,859	608,937	5,910,796

The Group applies TFRS 8 and operating segments are determined based on internal reports that are regularly reviewed by the Group's decision maker. The Group has 2 strategic operating segments based on the geographical areas where sales are generated. These segments are managed separately because they require different trading and marketing strategies. International segment comprises Europe, USA, Canada, Russia and rest of the world.

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

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5 Cash and cash equivalents

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

	31 October 2023	31 January 2023
Cash on hand	12,765	6,535
Cash at banks	3,209,392	2,722,275
- Demand deposits	256,353	136,294
- Time deposits	2,953,039	2,585,981
Other cash and cash equivalents	1,015,848	494,302
Cash and cash equivalents in the statement of cash flow	4,238,005	3,223,112
Time deposit interest accrual	35,270	21,500
	4,273,275	3,244,612

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

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

	Maturity	Interest rate	31 October 2023
TL	1-13 November 2023	38%-43%	2,607,449
USD	1 November 2023	1.05%	328,298
EUR	1 November 2023	0.40%	17,292
			2,953,039

	Maturity	Interest rate	31 January 2023
TL	1 February -3 March 2023	11.00%-29.75%	2,506,440
USD	1 February 2023	0.50%	71,769
EUR	1 February 2023	0.50%	7,772
			2,585,981

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

6 Financial borrowings

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

	31 October 2023	31 January 2023
<u>Current liabilities</u>		
Unsecured bank loans	135,326	813,247
Current portion of unsecured bank loans	318,221	217,297
Issued debt instruments	1,357,311	509,972
Lease liabilities	447,797	350,245
	2,258,655	1,890,761
<u>Non-current liabilities</u>		
Unsecured bank loans	8,288	--
Long term issued debt instruments	343,187	--
Lease liabilities	313,907	289,816
	665,382	289,816

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6 Financial borrowings (continued)

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

	31 October 2023	31 January 2023
Bank loans	461,835	1,030,544
Issued debt instruments	1,700,498	509,972
Lease liabilities	761,704	640,061
	2,924,037	2,180,577

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

	31 October 2023	31 January 2023
Less than one year	1,810,858	1,540,516
One to two years	349,484	--
Two to three years	1,991	--
	2,162,333	1,540,516

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

31 October 2023					
	Currency	Nominal interest rate%	Maturity	Nominal value	Carrying amount
Unsecured bank loans	TL	42.03%	2023	199,000	217,094
Unsecured bank loans	USD	7.68%	2023	44,704	44,704
Unsecured bank loans	RUB	20.00%	2023	97,728	101,127
Unsecured bank loans	CAD	7.60%	2023-2024	98,910	98,910
Issued debt instruments	TL	33.50%-47.00%	2023-2025	1,500,000	1,700,498
				1,940,342	2,162,333

31 January 2023					
	Currency	Nominal interest rate%	Maturity	Nominal value	Carrying amount
Unsecured bank loans	TL	16.50%-28.00%	2023	894,000	948,588
Unsecured bank loans	USD	6.89%	2023	16,909	16,909
Unsecured bank loans	RUB	13.50%	2023	13,419	13,830
Unsecured bank loans	CAD	7.20%	2023	50,934	51,217
Issued debt instruments	TL	35.18%	2024	500,000	509,972
				1,475,262	1,540,516

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

Short term portion of long term lease liabilities	31 October 2023	31 January 2023
Lease liabilities	514,749	409,849
Deferred lease borrowing costs (-)	(66,952)	(59,604)
	447,797	350,245
Long term lease liabilities		
Lease liabilities	373,597	346,321
Deferred lease borrowing costs (-)	(59,690)	(56,505)
	313,907	289,816
Total lease liabilities	761,704	640,061

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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 2023, the members of the Akarlılar Family (Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar) are the controlling shareholders of the Group with a total ownership interest of 27.41% where 27.19% is the direct ownership interest and 0.22% is the indirect ownership interest through Blue International Holding B.V.

(a) Related party balances

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

	31 October 2023	31 January 2023
Erak Giyim Sanayi Tic. A.Ş. ("Erak") ⁽¹⁾	178,828	82,365
	178,828	82,365

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

The balance of trade payables to related parties for the periods ended 31 October 2023 and 31 January 2023 is as follows:

	31 October 2023	31 January 2023
Trade payables to related parties		
Erak ⁽¹⁾	412,870	193,311
Akay Lelmalabis Elgazhizah LLC ("Akay") ⁽²⁾	20,782	130,630
	433,652	323,941

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

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

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

	31 October 2023	31 January 2023
Other receivables from related parties		
Mavi USA shareholders	--	12,216
	--	12,216

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

	31 October 2023	31 January 2023
Short-term other payables to related parties		
Eflatun Giyim Shareholders	41	41
	41	41

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

	31 October 2023	31 January 2023
Short-term lease liabilities to related parties		
Sylvia House Inc.	957	184
Mavi Jeans Holding Inc.	--	275
	957	459

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7 Related party disclosures(continued)

(b) Related party transactions

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

	1 February – 31 October 2023	1 August – 31 October 2023	1 February – 31 October 2022	1 August – 31 October 2022
Product purchase from related parties				
Erak	1,872,298	730,287	1,290,196	613,286
Akay	362,837	182,216	212,010	92,878
	2,235,135	912,503	1,502,206	706,164

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

	1 February – 31 October 2023	1 August – 31 October 2023	1 February – 31 October 2022	1 August – 31 October 2022
Services from related parties				
Erak ⁽¹⁾	5,604	1,967	2,727	1,249
Mavi Jeans Holding Inc. ⁽²⁾	448	--	2,398	873
Sylvia House Inc. ⁽³⁾	2,500	974	1,839	666
	8,552	2,941	6,964	2,788

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

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

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

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

For the nine months period ended 31 October 2023, short-term (salaries and wages, attendance fee, bonus, holiday overtime, severance payment, premium and other benefits) and long-term benefits provided to senior management and board of directors amounted to TL 358,800 (31 October 2022: TL 229,435).

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

8 Trade receivables and payables

Short-term trade receivables

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

	31 October 2023	31 January 2023
Trade receivables from third parties	1,588,213	870,657
	1,588,213	870,657

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8 Trade receivables and payables (continued)

Short-term trade receivables (continued)

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

	31 October 2023	31 January 2023
Receivables	1,340,571	807,992
Post-dated cheques	45,468	7,483
Endorsed cheques	46,526	20,702
Notes receivables	231,487	91,917
Expected credit losses (-)	(2,988)	(4,175)
Allowance for doubtful receivables (-)	(72,851)	(53,262)
	1,588,213	870,657

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

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

Short-term trade payables

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

	31 October 2023	31 January 2023
Trade payables to third parties	2,331,960	2,636,580
Trade payables to related parties (Note 7)	433,652	323,941
	2,765,612	2,960,521

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

	31 October 2023	31 January 2023
Trade payables ⁽¹⁾	2,237,444	2,538,840
Expense accruals	94,516	97,740
	2,331,960	2,636,580

- (1) Trade payables to third parties comprise import factoring payables amounting TL 4,905 (31 January 2023: TL 458,511) and supplier financing payables amounting TL 742,756 (31 January 2023: TL 892,744). The Company performs import factoring for the purchases of good from abroad. Within the scope of import factoring, foreign suppliers transfer their receivables from the Company to the financial institutions where the Company works with confirmation of assignment. Within the scope of supplier financing, domestic suppliers transfer their receivables from the Company to the financial institutions where the Company works with confirmation of assignment.

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9 Inventories

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

	31 October 2023	31 January 2023
Trade goods	3,121,699	2,257,791
Consignment goods	194,877	152,511
Goods in transit	91,976	5,472
Provision for impairment on inventory (-)	(117,736)	(108,188)
	3,290,816	2,307,586

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

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

	31 October 2023	31 October 2022
Opening balance	108,189	32,925
Provision for the period	68,611	61,833
Foreign currency translation effect	19,589	4,283
Disposals	(78,653)	(23,421)
Closing balance	117,736	75,620

In the interim period ended on 31 October 2023, inventories of TL 68,611 (31 October 2022: TL 61,833) were recognized as an expense for slow moving inventory and net realizable value assessment in accordance with Group policies of provision for impairment on inventory during the period and included in "cost of sales". For the nine months period ended on 31 October 2023 inventories of TL 78,653 (31 October 2022: TL 23,421) 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 2023 is TL 344,944 (31 October 2022: TL 192,873).

Net book value of property, plant and equipment and intangible assets sold during the nine months period ended 31 October 2023 amounted to TL 4,989 (31 October 2022: TL 1,390).

The depreciation and amortization charge for the nine months period ended 31 October 2023 is TL 160,687 (31 October 2022: TL 109,247). The depreciation charge of TL 1.048 for the nine months period ended 31 October 2023 is capitalized in accordance with incentive program. (31 October 2022: TL 711).

11 Goodwill

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

	31 October 2023	31 January 2023
Mavi USA	647,451	431,283
Mavi Canada	61,215	42,360
Other	3,733	3,733
	712,399	477,376

As of 31 October 2023, the increase in goodwill is related to foreign currency translation differences on goodwill recognized at foreign subsidiaries. Goodwill is primarily attributable to the synergies expected to be derived from the integration of Mavi America and Mavi Canada into the Group's existing business.

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12 Right-of-use assets

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

Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2023 opening balance	151,136	1,320,954	45,212	108,805	1,626,107
Additions	--	13,779	9,110	--	22,889
Modification	26,136	395,343	471	--	421,950
Disposals	--	(27,299)	(4,387)	(18,528)	(50,214)
Currency translation differences	51,535	37,624	3,980	45,760	138,899
Closing balance as of 31 October 2023	228,807	1,740,401	54,386	136,037	2,159,631

Accumulated Depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2023 opening balance	129,101	881,283	16,711	22,620	1,049,715
Charge for the period	35,402	335,991	15,317	21,499	408,209
Disposals	--	(26,083)	(4,379)	(18,482)	(48,944)
Currency translation differences	45,581	25,116	2,727	11,334	84,758
Closing balance as of 31 October 2023	210,084	1,216,307	30,376	36,971	1,493,738

Net carrying value as of 31 October 2023	18,723	524,094	24,010	99,066	665,893
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Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2022 opening balance	113,923	947,587	27,107	47,476	1,136,093
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
Closing balance as of 31 October 2022	145,164	1,202,931	31,562	67,709	1,447,366

Accumulated Depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2022 opening balance	70,333	591,648	13,667	9,940	685,588
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
Closing balance as of 31 October 2022	114,858	803,233	20,448	17,851	956,390

Net carrying value as of 31 October 2022	30,306	399,698	11,114	49,858	490,976
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For the nine months period ended 31 October 2023, TL 24,269 (31 October 2022: TL 11,956) of amortisation expenses are included under general administrative expenses and TL 382,074 (31 October 2022: TL 235,670) under selling and marketing expenses, and TL 1,866 (31 October 2022: TL 481) under research and development expenses.

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13 Provisions, contingent assets and liabilities

Short-term provisions

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

	31 October 2023	31 January 2023
Short-term provisions for employee benefits	31,955	18,829
Other short-term provisions	169,691	105,514
	201,646	124,343

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 2023 and 2022 is as follows:

	2023	2022
1 February balance	18,829	8,773
Current period provision	16,112	8,678
Currency translation differences	2,492	2,668
Payments	(5,478)	(1,484)
31 October balance	31,955	18,635

Provision for vacation pay liability

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

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

Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term vacation pay liability if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. In accordance with the existing labour law in Turkey, the Company is required to pay to the employee, whose employment is terminated due to any reasons, the wage of the deserved and unused vacation days over the gross prevailing wage and other benefits subject to contract at the date the contract is terminated. Vacation pay liability is the total undiscounted liability of the deserved and unused vacation days of all employees. Vacation pay liability is calculated by remaining number of unused vacation days and average daily salary.

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

	31 October 2023	31 January 2023
Sales return provision	145,863	91,646
Legal provision ⁽¹⁾	9,433	5,751
Other provisions	14,395	8,117
	169,691	105,514

⁽¹⁾ 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 2023 and 2022 is as follows:

	Legal provision	Return provisions	Other provisions	Total
1 February 2023 balance	5,751	91,646	8,117	105,514
Current year provision	4,569	41,574	4,714	50,857
Currency translation differences	--	12,644	4,292	16,936
Provisions used	(724)	--	--	(724)
Provisions cancelled	(163)	--	(2,729)	(2,892)
31 October 2023 balance	9,433	145,864	14,394	169,691

	Legal provision	Return provisions	Other provisions	Total
1 February 2022 balance	4,098	27,182	3,250	34,530
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)
31 October 2022 balance	5,786	83,638	10,340	99,764

Long-term provisions

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

	31 October 2023	31 January 2023
Long-term provisions for employee benefits	73,905	61,122
	73,905	61,122

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

	1 February 2023 – 31 October 2023	1 February 2022 – 31 October 2022
As of February 1	61,122	23,176
Interest cost	1,300	543
Service cost	50,092	30,711
Paid benefits	(39,020)	(14,815)
Currency translation differences	411	982
As of the end of the period	73,905	40,597

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14 Commitments

(a) Guaranties, pledges and mortgages

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

	31 October 2023				
	TL Equivalent	TL	EUR	RUB	USD
A. On behalf of its own legal personality of the total amount of GPMs	185,176	124,206	1,340	13,531	601
Guarantee	185,176	124,206	1,340	13,531	601
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	3,709	--	53	--	75
Guarantee	3,709	--	53	--	75
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	--	--	--	--	--
Guarantee	--	--	--	--	--
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
D. Total amount of other GPM	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--
Guarantee	--	--	--	--	--
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--
Guarantee	--	--	--	--	--
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--
Guarantee	--	--	--	--	--
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
Total GPM	188,885	124,206	1,393	13,531	676

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14

Commitments (continued)

(a) Guaranties, pledges and mortgages (continued)

	31 January 2023					
	TL Equivalent	TL	EUR	RUB	USD	CAD
A. On behalf of its own legal personality of the total amount of GPMs	161,233	75,028	3,218	3,619	1,033	--
Guarantee	161,233	75,028	3,218	3,619	1,033	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	59,898	--	53	4,159	75	4,000
Guarantee	59,898	--	53	4,159	75	4,000
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	--	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	221,131	75,028	3,271	7,778	1,108	4,000

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14 Commitments (continued)

(a) Guaranties, pledges and mortgages (continued)

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

The Group has purchase commitments related to inventory amounting to TL 5,072,613 as of 31 October 2023 (31 January 2023: TL 3,618,520).

(b) Guarantees received

As of 31 October 2023, Group has received letter of guarantees for amount of TL 297,768 as in the form of security from wholesale customers (31 January 2023: TL 176,570).

15 Share capital, reserves and other equity items

Paid-in capital

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

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

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

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

Legal reserves

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

Hedging reserve

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

Dividend Payment

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

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16 Selling, marketing and distribution expenses

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

	1 February – 31 October 2023	1 August – 31 October 2023	1 February – 31 October 2022	1 August – 31 October 2022
Personnel expenses	1,379,748	538,991	686,213	284,077
Rent expenses ⁽¹⁾	682,268	273,907	361,959	169,843
Depreciation and amortization expenses	467,311	174,806	297,824	109,469
Freight-out expenses	254,338	113,957	128,966	54,888
Outsourced logistics expenses	215,287	86,282	109,872	43,945
Advertising expenses	165,249	82,341	101,429	43,671
Professional fees	56,729	22,888	30,686	12,346
Shopping bags expenses	35,530	13,946	31,179	11,351
Travel expenses	26,500	9,926	16,781	6,355
Other	368,960	139,400	201,928	74,428
	3,651,920	1,456,444	1,966,837	810,373

⁽¹⁾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 period ended on 31 October 2023 and 2022 is as follows:

	1 February – 31 October 2023	1 August – 31 October 2023	1 February – 31 October 2022	1 August – 31 October 2022
Rediscount interest income on trade payables, net	96,551	78,527	30,427	27,184
Foreign exchange gain, net	29,707	23,790	28,221	(2,858)
Investment support income	16,936	11,311	1,150	--
Salary protocol income	15,254	5,085	3,013	2,024
Reversal of expected credit loss	2,468	61	463	119
Covid 19 incentive	--	--	5,282	--
Other	28,671	8,269	9,228	2,138
	189,587	127,043	77,784	28,607

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

	1 February – 31 October 2023	1 August – 31 October 2023	1 February – 31 October 2022	1 August – 31 October 2022
Foreign exchange loss related with receivables and payables, net	69,678	24,565	5,366	221
Expected credit loss	19	(57)	1,167	609
Other	6,563	1,522	4,810	1,207
	76,260	26,030	11,343	2,037

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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 2023 and 2022 are as follows:

	1 February – 31 October 2023	1 August – 31 October 2023	1 February – 31 October 2022	1 August – 31 October 2022
Fx protected deposit income	20,572	5,560	11,026	2,185
Gain on sale of fixed assets	1,304	554	--	--
	21,876	6,114	11,026	2,185

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

	1 February – 31 October 2023	1 August – 31 October 2023	1 February – 31 October 2022	1 August – 31 October 2022
Losses on sale of fixed assets	830	113	26	(154)
	830	113	26	(154)

19 Finance income

Finance income for the nine-months interim period ending on 31 October 2023 and 2022 is as follows:

	1 February – 31 October 2023	1 August – 31 October 2023	1 February – 31 October 2022	1 August – 31 October 2022
Interest income on time deposits	442,111	165,692	158,915	63,038
Foreign exchange gain	95,801	24,057	30,617	7,278
	537,912	189,749	189,532	70,316

20 Finance expenses

Finance expenses for the nine-months interim period ending on 31 October 2023 and 2022 are as follows:

	1 February – 31 October 2023	1 August – 31 October 2023	1 February – 31 October 2022	1 August – 31 October 2022
Discount interest on purchases of goods	319,334	153,012	118,003	51,681
Interest expenses on financial liabilities	304,494	141,537	158,140	54,947
Credit card commission expenses	130,225	65,817	46,093	24,604
Interest expenses on lease liabilities	93,481	33,916	59,013	21,326
Import financing expenses	36,717	1,286	35,521	21,523
Foreign exchange loss	3,334	1,582	6,789	52
Other	8,152	2,938	5,054	1,650
	895,737	400,088	428,613	175,783

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21 Income taxes

Corporate tax rate of Turkey is 25% (31 October 2022 :23%). For the nine months interim period ended 31 October 2023, Group's effective tax rate is 19.8%. (31 October 2022 :13%).

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 2023 and 2022 are as follows:

	1 February – 31 October 2023	1 August – 31 October 2023	Restated 1 February – 31 October 2022	Restated 1 August – 31 October 2022
Net profit for the year attributable to owners of the Company	2,176,659	1,020,912	1,144,048	447,925
Weighted average number of ordinary shares	198,628,000	198,628,000	198,628,000	198,628,000
Earnings per share	10.9585	5.1398	5.7598	2.2551

23 Derivative Instruments

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

	31 October 2023	31 January 2023
Financial assets arising from forward contracts for hedging purposes	37,814	--
Financial liabilities arising from forward contracts for hedging purposes	--	(17,698)
	37,814	(17,698)

As of 31 October 2023, the Group has open forward exchange contracts to hedge the foreign currency risk on inventory purchases in amount of USD 18,075 and EUR 99 in equivalent of TL 500,705. By applying hedge accounting, the fair value difference of TL 37,814, resulting from such forward transactions, is recognized in other comprehensive income.

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24 Nature and level of risks related to financial instruments

Market risk

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

Currency risk

The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The main currencies used in these transactions are 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 2023</u>	<u>31 January 2023</u>
TL / EUR	29.8143	20.4525
TL / USD	28.2043	18.7876
TL / RUB	0.3007	0.2684
TL / CAD	20.3363	14.0723

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

	<u>1 February – 31 October</u> <u>2023</u>	<u>1 February – 31 October</u> <u>2022</u>
TL / EUR	25.0603	17.1586
TL / USD	23.1832	16.4350
TL / RUB	0.2673	0.2480
TL / CAD	17.1787	12.6638

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

	TL Equivalent	USD	EUR	Other foreign currency TL equivalent
1. Trade receivables	47,376	1,412	--	5,045
2a. Monetary financial assets (including cash, bank accounts)	446,834	13,428	969	15,195
2b. Non-monetary financial assets	--	--	--	--
3. Other	102,554	3,637	--	--
4. Current assets (1+2+3)	596,764	18,477	969	20,240
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
8. Non-current assets (5+6+7)	--	--	--	--
9. Total assets (4+8)	596,764	18,477	969	20,240
10. Trade payables	97,188	2,881	514	18
11. Financial liabilities	10,799	281	96	--
12a. Other Monetary liabilities	--	--	--	--
12b. Other non-monetary liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	107,987	3,162	610	18
14. Trade payables	--	--	--	--
15. Financial liabilities	4,956	23	145	--
16a. Other monetary liabilities	--	--	--	--
16b. Other non-monetary liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	4,956	23	145	--
18. Total liabilities (13+17)	112,943	3,185	755	18
19. Net asset/ (liability) position of off-balance sheet derivative instruments (19a-19b)	512,771	18,075	99	--
19a. Hedged total asset	512,771	18,075	99	--
19b. Hedged total liabilities	--	--	--	--
20. Position of net foreign currency assets/liabilities (9+18-19)	996,592	33,367	313	20,222
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	381,267	11,655	214	20,222

As of 31 October 2023, Mavi Turkey has trade receivables amounting to TL 53,061 from consolidated subsidiaries which comprise; USD 232, CAD 218, EUR (673) and RUB 206,584. Considering the eliminated amounts, the Group's monetary items net foreign currency asset position amounts to TL 434,327. The Group has fx protected deposits amounting USD 2,000 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)

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

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

As at 31 January 2023, Mavi Turkey has trade receivables amounting to TL 176,719 from consolidated subsidiaries which comprise; USD 554, CAD 462, EUR 1.598 and RUB 473,714. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 221,798. The Group has fx protected deposits amounting USD 3,000 as of the balance sheet date.

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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)

Sensitivity analysis

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

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

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

Foreign Currency Sensitivity Analysis				
31 October 2023				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
10% change of the USD against TL				
1- Net USD denominated asset/liability	32,871	(32,871)	32,871	(32,871)
2- Hedged portion of TL against USD risk(-)	--	--	50,981	(50,981)
3- Net effect of USD (1+2)	32,871	(32,871)	83,852	(83,852)
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	640	(640)	640	(640)
5- Hedged portion of TL against EURO risk(-)	--	--	297	(297)
6- Net effect of EURO (4+5)	640	(640)	937	(937)
10% change of other against TL				
7- Net other denominated asset/liability	4,616	(4,616)	4,616	(4,616)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	4,616	(4,616)	4,616	(4,616)
Total (3+6+9)	38,127	(38,127)	89,405	(89,405)

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 2023***(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)***24 Nature and level of risks related to financial instruments (continued)****Market risk (continued)****Currency risk (continued)**

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

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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
31 October 2023							
Financial assets measured at fair value	37,814	--	37,814	--	37,814	--	37,814
Derivative financial instruments	37,814	--	37,814	--	37,814	--	37,814
Total	37,814	--	37,814	--	37,814	--	37,814
	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 January 2023							
Financial liabilities measured at fair value							
Derivative financial instrument	(17,698)	--	(17,698)	--	(17,698)	--	(17,698)
Total	(17,698)	--	(17,698)	--	(17,698)	--	(17,698)

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Notes to the Condensed Consolidated Interim Financial Statements

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

Fair values (continued)

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

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

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

Financial assets measured at fair value

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

Financial instruments not measured at fair value

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

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Notes to the Condensed Consolidated Interim Financial Statements
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26 Subsequent events

IAS 29 Reporting in Hyperinflationary Economies is required to be applied starting from June 2022 if the cumulative change in the consumer purchasing power of the last three years based on the CPI rates observed as of April 2022 in the period following the balance sheet date exceeds 100% and together with qualitative indicators.

With the application of IAS 29, the financial statements will be expressed in the measuring unit current at the end of the reporting period. Non-monetary items and equity items in the consolidated statement of financial position and all items in the statement of profit or loss and other comprehensive income that are not expressed in terms of the measuring at the end of the reporting period will be adjusted for changes in the general price index. Also net monetary position in the statement of profit or loss and other comprehensive income depending on the position gains or losses on monetary positions will arise in the statement of profit or loss and other comprehensive income depending on the position. At the date of authorization of these financial statements, the Group management is still assessing the possible effects of inflation accounting to be applied to the financial statements in the future periods.

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Unaudited Supplementary Information

As at and for the nine months period ended 31 October 2023

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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 2023 and 2022 are as follows:

	Note	1 February – 31 October 2023	1 August – 31 October 2023	1 February – 31 October 2022	1 August – 31 October 2022
Profit		2,175,266	1,035,823	1,157,811	453,420
Tax (income) / expense		536,852	299,071	171,063	87,721
Profit before tax		2,712,118	1,334,894	1,328,874	541,141
- Fx protected deposit income	18	(20,572)	(5,560)	(11,026)	(2,185)
- Net finance costs		357,825	210,339	239,081	105,467
- Rediscount interest on trade receivables and payables, net	17	(96,551)	(78,527)	(30,427)	(27,184)
- Currency translation differences on trade receivables and payables, net	17	39,971	775	(22,855)	3,079
- Depreciation and amortization	10-12	567,848	211,722	356,643	131,212
EBITDA		3,560,639	1,673,643	1,860,290	751,530

As of 31 October 2023, TFRS 16 has an impact of TL 479,033 on EBITDA. (31 October 2022: TL 295,222)

APPENDIX 2 Effect of TFRS 16 on Financial Statements

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

	31 October 2023	TFRS 16 Effect	After TFRS 16
Current assets	9,616,840	(6,167)	9,610,673
Non-current assets	1,877,348	689,813	2,567,161
Current liabilities	5,911,308	447,797	6,359,105
Non-current liabilities	530,319	313,907	844,226
Equity	5,052,561	(78,058)	4,974,503

	1 February – 31 October 2023	TFRS 16 Effect	After TFRS 16
Operating profit	2,978,089	70,808	3,048,897
Operating profit before finance costs	2,999,135	70,808	3,069,943
Finance income	537,912	--	537,912
Finance expense	(798,165)	(97,572)	(895,737)
Profit before tax	2,738,882	(26,764)	2,712,118
Net profit	2,193,851	(18,585)	2,175,266
EBITDA	3,081,606	479,033	3,560,639