

**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 2020

1 December 2020

This report contains 41 pages of financial statement explanatory notes.

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Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Financial Position
As at 31 October 2020

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

		Unaudited	Audited
	<i>Notes</i>	31 October 2020	31 January 2020
ASSETS			
Current assets			
Cash and cash equivalents	5	905,770	310,838
Trade receivables		279,772	231,101
- Due from third parties	8	279,772	231,101
Other receivables		7,271	17,267
- Due from third parties		7,271	17,267
Inventories		648,199	496,064
Derivatives		2,367	1,214
Prepayments		44,107	41,761
Current tax asset		5,488	2,701
Other current assets		37,326	17,726
Total current assets		1,930,300	1,118,672
Non-current assets			
Other receivables		3,243	3,207
- Due from third parties		3,243	3,207
Property and equipment		201,892	180,719
Right of use assets	12	428,280	406,679
Intangible assets		295,545	222,449
- Other intangible assets		82,344	68,051
- Goodwill	11	213,201	154,398
Prepayments		111	115
Deferred tax assets		25,277	5,583
Total non-current assets		954,348	818,752
TOTAL ASSETS		2,884,648	1,937,424

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 2020

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

		Unaudited	Audited
	<i>Notes</i>	31 October 2020	31 January 2020
LIABILITIES			
Current liabilities			
Short term borrowings	6	416,166	74,748
Short term contractual lease liabilities	6	209,740	197,954
- Due to related parties	7	2,217	1,553
- Due to third parties		207,523	196,401
Short term portion of long term borrowings	6	355,886	160,946
Trade payables		728,458	597,283
- Due to related parties	7-8	187,952	196,804
- Due to third parties	8	540,506	400,479
Payables to employees		45,600	34,714
Other payables		12,843	6,971
- Due to related parties	7	176	126
- Due to third parties		12,667	6,845
Deferred revenue		19,272	18,917
Provisions		27,167	16,565
- Provisions for employee benefits	13	6,314	3,118
- Other provisions	13	20,853	13,447
Current tax liabilities		17,868	6,935
Other current liabilities		8,968	7,992
Total current liabilities		1,841,968	1,123,025
Non-current liabilities			
Loans and borrowings	6	165,395	84,098
Long term contractual lease liabilities	6	260,955	240,769
- Due to related parties	7	2,918	3,229
- Due to third parties		258,037	237,540
Deferred revenue		1,938	3,405
Provisions		8,578	7,931
- Provisions for employee benefits	13	8,578	7,931
Deferred tax liabilities		11,784	532
Total non-current liabilities		448,650	336,735
TOTAL LIABILITIES		2,290,618	1,459,760

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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 2020

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

		Unaudited	Audited
	<i>Notes</i>	31 October 2020	31 January 2020
EQUITY			
Equity attributable to owners of the Company			
Paid in share capital	15	49,657	49,657
Purchase of share of entities under common control		(35,757)	(35,757)
Other comprehensive income/expense not to be reclassified to profit or loss		(5,891)	(5,337)
<i>Remeasurement of defined benefit liability</i>		(5,891)	(5,337)
Other comprehensive income/expense to be reclassified to profit or loss		173,890	88,960
<i>Foreign currency translation reserve</i>		172,044	88,013
<i>Hedging reserve</i>		1,846	947
Legal reserves	15	19,771	19,771
Retained earnings		342,930	248,086
Net profit		23,488	94,844
Non-controlling interests		25,942	17,440
Total equity		594,030	477,664
TOTAL EQUITY AND LIABILITIES		2,884,648	1,937,424

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 2020

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

		Unaudited	Unaudited	Unaudited	Unaudited
	Notes	1 February – 31 October 2020	1 August – 31 October 2020	1 February – 31 October 2019	1 August – 31 October 2019
Revenue		1,751,910	826,984	2,148,254	808,134
Cost of sales		(892,459)	(410,366)	(1,079,165)	(400,392)
Gross profit		859,451	416,618	1,069,089	407,742
Administrative expenses		(121,096)	(43,911)	(117,369)	(38,088)
Selling, marketing and distribution expenses	16	(647,839)	(246,756)	(633,065)	(222,972)
Research and development expenses		(24,572)	(9,261)	(18,266)	(6,823)
Other income	17	22,696	13,210	6,373	5,293
Other expenses	17	(2,794)	(928)	(4,076)	(2,976)
Operating profit		85,846	128,972	302,686	142,176
Losses from investment activities	18	(1,169)	247	(749)	(570)
Operating profit before financial income		84,677	129,219	301,937	141,606
Finance income	19	135,064	50,742	8,108	2,700
Finance costs	20	(188,290)	(72,304)	(187,377)	(62,468)
Net finance costs		(53,226)	(21,562)	(179,269)	(59,768)
Profit before tax		31,451	107,657	122,668	81,838
Income tax expense		(5,951)	(23,813)	(27,699)	(18,462)
- Tax expense		(17,311)	(24,014)	(43,232)	(22,603)
- Deferred tax income		11,360	201	15,533	4,141
Net Profit		25,500	83,844	94,969	63,376
Non-controlling interests		2,012	5,699	8,521	4,618
Owners of the Company		23,488	78,145	86,448	58,758
Earnings per share (Full TL)	22	0.4730	1.5737	1.7409	1.1833

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Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income
For the Nine Months Period Ended 31 October 2020

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

	Unaudited	Unaudited	Unaudited	Unaudited
Notes	1 February – 31 October 2020	1 August – 31 October 2020	1 February – 31 October 2019	1 August – 31 October 2019
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit liability	(710)	(172)	(65)	77
- Related tax	156	38	14	(17)
Items that are or may be reclassified to profit or loss				
Foreign operations - foreign currency translation differences	90,521	51,337	17,544	10,616
Cash flow hedging reserves	1,153	(2,056)	8,146	5,405
- Related tax	(254)	452	(1,792)	(1,189)
Other comprehensive income net of tax	90,866	49,599	23,847	14,892
Total comprehensive income	116,366	133,443	118,816	78,268
Total comprehensive income attributable to:				
Non-controlling interests	8,502	9,428	8,968	4,871
Owners of the Company	107,864	124,015	109,848	73,397

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Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Condensed Consolidated Interim Statement of Changes In Equity

As at and for the Nine Months period ended 31 October 2020

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

	Share capital	Legal reserves	Purchase of share of entities under common control	Other comprehensive income/expense not to be reclassified to profit or loss	Other comprehensive income/expense to be reclassified to profit or loss		Retained earnings		Attributable to owners of the Company	Attributable to non-controlling interest	Total equity
				Remeasurement of defined benefit liability	Foreign currency translation reserve	Hedging reserve	Retained earnings	Net profit			
Balance as at 1 February 2019	49,657	19,771	(35,757)	(4,460)	63,935	(7,458)	156,569	91,517	333,774	3,394	337,168
Transfers	--	--	--	--	--	--	91,517	(91,517)	--	--	--
Total comprehensive income	--	--	--	(51)	17,098	6,353	--	86,448	109,848	8,968	118,816
Balance as at 31 October 2019	49,657	19,771	(35,757)	(4,511)	81,033	(1,105)	248,086	86,448	443,622	12,362	455,984
Balance as at 1 February 2020	49,657	19,771	(35,757)	(5,337)	88,013	947	248,086	94,844	460,224	17,440	477,664
Transfers	--	--	--	--	--	--	94,844	(94,844)	--	--	--
Total comprehensive income	--	--	--	(554)	84,031	899	--	23,488	107,864	8,502	116,366
Balance as at 31 October 2020	49,657	19,771	(35,757)	(5,891)	172,044	1,846	342,930	23,488	568,088	25,942	594,030

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 2020
(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

		Unaudited	Unaudited
		1 February –	1 February –
Cash flow from operating activities	Notes	31 October 2020	31 October 2019
Net profit for the period		25,500	94,970
Depreciation and amortization expense	10,12	229,758	206,305
Interest income	19	(111,141)	(5,562)
Finance cost		159,643	181,151
Provision for unused vacation	13	4,017	2,420
Provision for employee severance indemnity	13	3,654	6,400
Fair value change of derivatives	20	--	851
Impairment loss on receivables		1,198	103
Interest (income)/expense on trade payables		(8,826)	2,643
Expected credit losses	17	(955)	(16)
Inventory obsolescence	9	2,944	10,089
Short term and long term provisions		2,746	1,801
Loss on disposal of property and equipment, net	18	1,169	749
Tax expense		5,951	27,698
Unrealized currency translation difference		74,918	3,797
		390,576	533,399
Changes in:			
Change in trade receivables		(54,537)	(90,817)
Change in inventory		(158,793)	(67,632)
Change in prepaid expenses		(2,021)	(11,778)
Change in other receivables		12,395	3,551
Change in other current and non-current assets		(19,599)	(4,961)
Change in employee benefits liabilities		10,887	(3,963)
Change in trade payables		148,853	55,479
Change in payables to related parties		(8,803)	48,671
Change in deferred revenue		(1,112)	7,565
Change in other payables		5,822	1,822
Change in other liabilities		26	(4,531)
Cash flows used in operating activities		323,694	466,805
Employee benefits paid	13	(5,121)	(6,288)
Income tax paid		(9,163)	(12,045)
Net cash from operating activities		309,410	448,472
Cash flows from investing activities			
Acquisition of tangible assets	10	(64,594)	(59,896)
Proceeds from sale of tangible assets	10,18	2,643	5
Acquisition of intangible assets	10	(18,371)	(13,869)
Acquisition of subsidiary, net of cash acquired		--	(11,088)
Interest received		32,843	5,526
Net cash flow used in investing activities		(47,479)	(79,322)
Proceeds from loans and borrowings		1,305,366	473,417
Repayment of loans and borrowings		(738,144)	(451,986)
Payments of contractual lease liabilities		(129,985)	(180,263)
Proceeds of settlement of derivatives		--	(866)
Other financial payments		(43,596)	(64,337)
Interest paid		(60,640)	(67,444)
Net cash flow used in financing activities		333,001	(291,479)
Net change in cash and cash equivalent		594,932	77,671
Cash and cash equivalents at the beginning of the year	5	310,838	262,023
Cash and cash equivalents at the end of the period	5	905,770	339,694

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 2020

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

1 Reporting entity

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

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

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

Shares of the Company has been traded at Borsa Istanbul ("BIST") since 15 June 2017. As of 31 October 2020, 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 2020: Blue International Holding B.V., which owns 0.22% of the Company's share capital, and Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar, each of whom own 9.062% of the Company's share capital). Blue International Holding B.V. is controlled by Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar.

The condensed consolidated interim financial statements as at 31 October 2020 include financial position and the results of Mavi Giyim, Mavi Europe AG ("Mavi Europe"), Mavi Nederland BV ("Mavi Nederland") and Mavi LLC ("Mavi Russia"), Eflatun Giyim Yatırım Ticaret Anonim Şirketi ("Eflatun Giyim"), Mavi Jeans Incorporated ("Mavi Canada"), Mavi Jeans Incorporated ("Mavi United States of America ("USA"). Mavi Giyim and its subsidiaries are referred here as the "Group" and individually "the Group entity" in this report.

The ownership interest of and voting power held by the Company as at and for the periods ended 31 October 2020 and 31 January 2020 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Effective Shareholding %	
			31 October 2020	31 January 2020
Mavi Europe	Germany	Wholesale and retail sales of apparel	100.00	100.00
Mavi Nederland	Netherlands	Wholesale sales of apparel	100.00	100.00
Mavi Russia	Russia	Wholesale and retail sales of apparel	100.00	100.00
Eflatun Giyim	Turkey	Holding company	51.00	51.00
Mavi USA	USA	Wholesale and retail sales of apparel	51.00	51.00
Mavi Canada	Canada	Wholesale and retail sales of apparel	63.25	63.25
Mavi Kazakhstan ⁽¹⁾	Kazakhstan	Retail sales of apparel	100.00	100.00

⁽¹⁾ Mavi Kazakhstan is in the liquidation process and does no longer proceed any operations as of 31 October 2015. Mavi Kazakhstan financials have not been consolidated since its operations insignificant in terms of condensed consolidated interim financial statements, as of 31 October 2020.

As of 31 October 2020, Group's total number of employees is 4,105 (31 January 2020: 4,086).

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 2020

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

2 Basis of presentation of financial statements

2.1 Basis of accounting

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting and should be read in conjunction with the Group's last annual condensed consolidated interim financial statements as at and for the year ended 31 January 2019 ('last annual financial statements'). They do not include all of the information required to be a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant for an understanding of changes in the Group's financial position and performance since the last annual financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 1 December 2020. General Assembly has the authority to modify the condensed consolidated interim financial statements.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

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

The table below summarizes functional currencies of the Group entities.

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Condensed Consolidated Interim Statement of Changes In Equity
As at and for the Nine Months period ended 31 October 2020
(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)

2 Basis of presentation of financial statements (continued)

2.1 Basis of accounting (continued)

(d) Use of judgements and estimates

In preparing these condensed consolidated interim financial statements management has made judgements, estimates, and assumptions that affects the application of the Group's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

The significant judgements made by the management in applying the Groups accounting policies and the key sources of estimation uncertainty were the same as those applied to the condensed consolidated interim financial statements as at and for the year ended 31 January 2020.

(e) Measurement of fair values

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

(i) Trade and other receivables

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

(ii) Derivative financial liabilities

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

(iii) Other non-derivative financial liabilities

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

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 2020

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

2 Basis of presentation of financial statements (continued)

2.1 Basis of accounting (continued)

(e) Measurement of fair values (continued)

(iv) Property, plant and equipment

The fair value of property and equipment recognized as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

(v) Intangible assets

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

2.2 New and Amended Turkish Financial Reporting Standards

(a) Amendments that are mandatorily effective from 2020

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to IFRS 16	<i>COVID-19 Related Rent Concessions</i>
Amendments to Conceptual Framework	<i>Amendments to References to the Conceptual Framework in IFRSs</i>

Amendments to IFRS 3 Definition of a Business

The definition of "business" is important because the accounting for the acquisition of an activity and asset group varies depending on whether the group is a business or only an asset group. The definition of "business" in IFRS 3 Business Combinations standard has been amended. With this change:

- By confirming that a business should include inputs and a process; clarified that the process should be essential and that the process and inputs should contribute significantly to the creation of outputs.
- The definition of a business has been simplified by focusing on the definition of goods and services offered to customers and other income from ordinary activities.
- An optional test has been added to facilitate the process of deciding whether a company acquired a business or a group of assets.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

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 2020

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

2 Basis of presentation of financial statements (continued)

2.2 New and Amended Turkish Financial Reporting Standards (continued)

(a) Amendments that are mandatorily effective from 2020 (continued)

Amendments to IFRS 16 COVID-19 Related Rent Concessions

The changes in COVID-19 Related Rent Concessions (Amendment to IFRS 16) brings practical expedient which allows a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and there are no substantive changes to other terms and conditions of the lease.

The amendment is effective for annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Company elected early application of the amendments.

The Group has applied the practical expedient to all rent concessions that have met the above criteria. There were no COVID-19-related rent concessions prior to 1 January 2020.

Amendments to References to the Conceptual Framework in IFRSs

The references to the Conceptual Framework revised the related paragraphs in IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRS Interpretation 12, IFRS Interpretation 19, IFRS Interpretation 20, IFRS Interpretation 22, and SIC-32. The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2020, with early application permitted.

(b) New and revised IFRSs in issue but not yet effective

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

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment – Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards	<i>Amendments to IFRS 1, IFRS 9 and IAS 41 2018-2020</i>

IFRS 17 Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2021.

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2 Basis of presentation of financial statements (continued)

2.2 New and Amended Turkish Financial Reporting Standards (continued)

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

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

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

Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2022 and earlier application is permitted.

Amendments to IFRS 3 *Reference to the Conceptual Framework*

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

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

Amendments to IAS 16 *Proceeds before Intended Use*

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

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

Amendments to IAS 37 *Onerous Contracts – Cost of Fulfilling a Contract*

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

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

Annual Improvements to IFRS Standards 2018-2020 Cycle

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

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

Amendments to IFRS 9 *Financial Instruments*

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

Amendments to IAS 41 *Agriculture*

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

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

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2 Basis of presentation of financial statements (continued)

2.3 Significant accounting policies

Except as described below (IFRS 16), the accounting policies applied in these interim financial statements are the same as those applied in the Group's condensed consolidated financial statements as at and for the year ended 31 January 2020.

The financial statements in the condensed consolidated interim financial statements for the nine months period ended on 31 October 2020 must be evaluated together with the financial statements in the condensed consolidated financial statements for the year ended 31 January 2020.

IFRS 16 Leases

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

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

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

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

Practical expedient

-The Group has applied a single discount rate to a reasonably similar portfolio of lease contracts,

-The Group rely on its assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

- The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options

-The Group rely on its assessment of whether leases are onerous applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review.

-Office equipment which have insignificant contract value are not included under the scope of IFRS 16.

- Initial direct costs incurred as at 1 February 2019 are not associated with the right of use assets.

Leases

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

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2 Basis of presentation of financial statements (continued)

2.3 Significant accounting policies(continued)

IFRS 16 Leases (continued)

Right of use assets

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

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

Lease liability

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

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

3 Seasonality of operations

The condensed consolidated interim financial statements of the Group also comprise the effects of seasonality. Therefore, the nine months operating results for the period ended 31 October 2020 are not indicative of the results for the financial year.

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4 Operating segments

	1 February- 31 October 2020			1 August - 31 October 2020			1 February- 31 October 2019			1 August - 31 October 2019		
	Reportable segment			Reportable segment			Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total	Turkey	International	Total	Turkey	International	Total
Segment revenue ⁽¹⁾	1,416,751	335,159	1,751,910	655,468	171,516	826,984	1,772,866	375,388	2,148,254	677,782	130,352	808,134
-Retail	998,027	32,730	1,030,757	473,659	17,363	491,022	1,353,336	45,942	1,399,278	513,221	15,245	528,466
-Wholesale	293,648	237,220	530,868	139,643	127,414	267,057	371,661	287,868	659,529	145,364	99,446	244,810
-E-commerce	125,076	65,209	190,285	42,166	26,739	68,905	47,869	41,578	89,447	19,197	15,661	34,858
Segment profit before tax	48,236	(16,785)	31,451	80,750	26,907	107,657	109,157	13,511	122,668	71,548	10,290	81,838

	31 October 2020			31 January 2020		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Total segment assets	2,324,229	560,419	2,884,648	1,590,804	346,620	1,937,424
Total segment liabilities	1,930,677	359,941	2,290,618	1,222,165	237,595	1,459,760

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

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

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5 Cash and cash equivalents

As at 31 October 2020 and 31 January 2020, cash and cash equivalents comprises the following:

	31 October 2020	31 January 2020
Cash on hand	3,762	1,515
Cash at banks	737,506	174,739
<i>Demand deposits</i>	86,233	26,429
<i>Time deposits</i>	651,273	148,310
Other cash and cash equivalents	164,502	134,584
Cash and cash equivalents	905,770	310,838

As at 31 October 2020 and 31 January 2020, other cash and cash equivalents consist of credit card receivables with maturities less than 3 months.

As at 31 October 2020 and 31 January 2020, the details of time deposits based on maturity dates and interest rates of the Group are as below:

	Maturity	Interest rate	31 October 2020
TL	2-24 November 2020	10.5%-13.75%	537,700
USD	2 November 2020	1.00%	113,573
			651,273

	Maturity	Interest rate	31 January 2020
TL	3 February 2020	10.26%	148,310
			148,310

As at 31 October 2020 and 31 January 2020, there is no restriction or blockage on cash and cash equivalents. The Group's exposure to foreign currency risk and sensitivity analyses are disclosed in Note 24.

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6 Loans and borrowings

As at 31 October 2020 and 31 January 2020, financial borrowings comprise the following:

	31 October 2020	31 January 2020
<u>Current liabilities</u>		
Unsecured bank loans	416,166	74,748
Current portion of unsecured bank loans	355,886	160,946
Contractual lease liabilities	209,740	197,954
	981,792	433,648
<u>Non-current liabilities</u>		
Unsecured bank loans	165,395	84,098
Contractual lease liabilities	260,955	240,769
	426,350	324,867

As at 31 October 2020 and 31 January 2020, loan and borrowings comprised the following:

	31 October 2020	31 January 2020
Bank loans ⁽¹⁾	937,447	319,792
Contractual lease liabilities	470,695	438,723
	1,408,142	758,515

⁽¹⁾ Bank loans comprise financial liabilities to participation banks amounting to TL 67.214 (31 January 2020 : nil).

As at 31 October 2020 and 31 January 2020, the repayments of loan agreements according to the original maturities comprised the following:

	31 October 2020	31 January 2020
Less than one year	772,052	235,694
One to two years	165,395	83,813
Two to three years	--	285
	937,447	319,792

As at 31 October 2020 and 31 January 2020, maturities and conditions of outstanding loans comprised the following:

31 October 2020					
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	EUR	0.40%-3.50%	2020-2021	97,244	97,538
Unsecured bank loans	TL	6.95%-14.96%	2021-2022	689,127	695,192
Unsecured bank loans	USD	2.85%-3.68%	2021	69,008	70,352
Unsecured bank loans	RUB	11.50%-13.94%	2021	53,667	54,643
Unsecured bank loans	CAD	2.95%	2020	19,722	19,722
				928,768	937,447

31 January 2020					
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	EUR	0.65%-4.10%	2020	55,051	55,234
Unsecured bank loans	TL	11.55%-23.56%	2020-2022	183,076	184,407
Unsecured bank loans	USD	3.90%-4.77%	2020-2022	29,410	29,627
Unsecured bank loans	RUB	12.95%-13.94%	2020-2021	37,610	38,038
Unsecured bank loans	CAD	3.95%	2020	12,486	12,486
				317,633	319,792

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

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7 Related party

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

As of 31 October 2020, the members of the Akarlılar Family (Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar) are the controlling shareholders of the Group with a total ownership interest of 27.41% where 27.19% is the direct ownership interest and 0.22% is the indirect ownership interest through Blue International Holding B.V.

(a) Related party balances

As at 31 October 2020 and 31 January 2020, short term prepayments give to related parties comprised the following:

	31 October 2020	31 January 2020
Erak Giyim Sanayi Tic. A.Ş. (“Erak”) ⁽¹⁾	10,780	16,824
	10,780	16,824

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

	31 October 2020	31 January 2020
Due to related parties		
Erak ⁽¹⁾	157,380	175,262
Akay Lelmalabis Elgazhizah LLC (“Akay”) ⁽²⁾	30,572	21,542
	187,952	196,804

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

	31 October 2020	31 January 2020
Other payables to related parties		
Eflatun Giyim shareholders	176	126
Short term other payables to related parties	176	126

	31 October 2020	31 January 2020
Short term contractual lease liabilities to related parties		
Sylvia House Inc.	845	566
Mavi Jeans Holding Inc.	1,372	987
	2,217	1,553

	31 October 2020	31 January 2020
Long term contractual lease liabilities to related parties		
Sylvia House Inc.	1,113	1,238
Mavi Jeans Holding Inc.	1,805	1,991
	2,918	3,229

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7 Related party (continued)

(b) Related party transactions

For the nine months period ended 31 October 2019 and 2020, purchases from related parties of the Group comprised the following:

	1 February – 31 October 2020	1 August – 31 October 2020	1 February – 31 October 2019	1 August – 31 October 2019
Purchase from related parties				
Erak	272,726	117,696	366,130	99,953
Akay	46,739	17,071	58,904	16,687
	319,465	134,767	425,034	116,640

For the nine months period ended 31 October 2020 and 2019, the services from related parties of the Group comprised the following:

	1 February – 31 October 2020	1 August – 31 October 2020	1 February – 31 October 2019	1 August – 31 October 2019
Services from related parties				
Erak ⁽¹⁾	1,078	534	1,064	287
Sylvia House Inc. ⁽²⁾	775	332	539	187
Mavi Jeans Holding Inc. ⁽³⁾	1,093	489	689	232
	2,946	1,355	2,292	706

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

(2) Mavi Canada rented its office in Yelton, Vancouver from Sylvia House Inc.

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

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

For the nine months period ended 31 October 2020, short term benefits provided to senior management and board of directors amounted to TL 35,429 (31 October 2019: TL 38,855).

For the nine months period ended 31 October 2020, the Group does not have any payables to any board of director or key management personnel of the Group.

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8 Trade receivables and payables

Short term trade receivables

As at 31 October 2020 and 31 January 2020, short term trade receivables are as follows:

	31 October 2020	31 January 2020
Trade receivables from third parties	279,772	231,101
	279,772	231,101

As at 31 October 2020 and 31 January 2020, short term trade receivables from third parties are as follows:

	31 October 2020	31 January 2020
Trade receivables	240,581	190,994
Post-dated cheques	13,865	12,835
Endorsed cheques	7,147	4,051
Notes receivables	19,340	24,653
Expected credit losses (-)	(1,161)	(1,432)
Doubtful receivables	23,524	17,709
Allowance for doubtful receivables (-)	(23,524)	(17,709)
	279,772	231,101

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

Short term trade payables

As at 31 October 2020 and 31 January 2020, short term trade payables of the Group are as follows:

	31 October 2020	31 January 2020
Trade payables to third parties	540,506	400,479
Trade payables to related parties (Note 7)	187,952	196,804
	728,458	597,283

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

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

As at 31 October 2020 and 31 January 2020, short term trade payables due to third parties are as follows:

	31 October 2020	31 January 2020
Trade payables to third parties ⁽¹⁾	518,529	394,516
Expense accruals	21,977	5,963
	540,506	400,479

- (1) Trade payables to third parties comprise import factoring payables amounting TL 179,078 (31 January 2020: TL 67,242). The Company performs import factoring for the good purchases from abroad. Within the scope of import factoring, foreign suppliers transfer their receivables from the Company to the financial institutions where the Company works with confirmation of assignment.

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9 Inventories

As at 31 October 2020 and 31 January 2020, inventories are as follows:

	31 October 2020	31 January 2020
Trade goods	630,092	490,342
Consignment trade goods	40,492	29,898
Goods in transit	8,974	525
Provision for impairment on inventory (-)	(31,359)	(24,701)
	648,199	496,064

As at 31 October 2020 there is no restriction/ pledge on inventories (31 January 2020: nil).

As at 31 October 2020 and 2019, the provision for impairment on inventory is as follows:

	31 October 2020	31 October 2019
Opening balance	24,701	15,067
Provision for the year	20,296	19,283
Effect of movements in exchange rates	3,714	(252)
Write-off	(17,352)	(9,194)
Closing balance	31,359	24,904

As of the period ending on 31 October 2020, inventories of TL 31,359 (31 October 2019: TL 24,904) 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 2020, inventories of TL 17,352 (31 October 2019: TL 9,194) were disposed and written off.

10 Property and equipment and intangible assets

The amount of tangible and intangible assets purchased during the nine months period ended 31 October 2020 is TL 82,966 (31 October 2019: TL 73,765).

Net book value of tangible and intangible assets sold during the nine months period ended 31 October 2020 amounted to TL 3,812 (31 October 2019: TL 754).

The depreciation charge for the nine months period ended 31 October 2020 is TL 65,228 (31 October 2019: TL 54,641). The depreciation charge of TL 267 for the nine months period ended 31 October 2020 is capitalized in accordance with incentive program. (31 October 2019: TL 548).

11 Goodwill

As at 31 October 2020, and 31 January 2020, the carrying amount of goodwill allocated to each cash generating unit is as follows;

	31 October 2020	31 January 2020
Mavi USA	190,720	137,083
Mavi Canada	18,748	13,582
Other	3,733	3,733
	213,201	154,398

As of 31 October 2020, the increase in goodwill is related to foreign currency translation differences on goodwill recognized at foreign subsidiaries.

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12 Right of use assets

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

Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2020 balance	54,570	538,768	6,970	4,309	604,617
Additions	3,167	38,817	12,860	21,200	76,044
Modification	5,605	90,309	130	734	96,778
Disposals	(441)	(21,936)	(2,894)	(2,058)	(27,329)
Effect of movements in exchange rates	11,607	9,620	1,226	5,310	27,763
Closing balance as of 31 October 2020	74,508	655,578	18,292	29,495	777,873

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2020 balance	13,629	178,029	4,353	1,927	197,938
Charge for the year	11,251	147,387	4,270	1,889	164,797
Disposals	(327)	(16,336)	(2,902)	(2,052)	(21,617)
Effect of movements in exchange rates	3,919	3,306	636	614	8,475
Closing balance as of 31 October 2020	28,472	312,386	6,357	2,378	349,593

Carrying value as of 31 October 2020	46,036	343,192	11,935	27,117	428,280
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Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2019 balance	23,602	436,517	6,163	3,580	469,862
Additions	27,942	43,596	95	297	71,930
Disposals	--	(3,108)	--	--	(3,108)
Effect of movements in exchange rates	1,993	3,575	188	311	6,067
Closing balance as of 31 October 2019	53,537	480,580	6,446	4,188	544,751

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
Charge for the year	9,657	137,358	3,277	1,372	151,664
Disposals	--	(2,050)	--	--	(2,050)
Effect of movements in exchange rates	61	171	8	20	260
Closing balance as of 31 October 2019	9,718	135,479	3,285	1,392	149,874

Carrying value as of 31 October 2019	43,819	345,101	3,161	2,796	394,877
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13 Provisions, contingent assets and liabilities

Short term provisions

As at 31 October 2020 and 31 January 2020, short term provisions are as follows:

	31 October 2020	31 January 2020
Provision for employee benefits	6,314	3,118
Other short term provisions	20,853	13,447
	27,167	16,565

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

	2020	2019
1 February balance	3,118	2,679
Current period provision	4,017	2,420
Payments	(1,303)	(805)
Effect of movements in exchange rates	482	150
31 October balance	6,314	4,444

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 2020 and 31 January 2020, details of other short-term provisions are as follows:

	31 October 2020	31 January 2020
Return provision	10,742	7,220
Legal provision ⁽¹⁾	2,857	2,487
Other provisions	7,254	3,740
	20,853	13,447

⁽¹⁾ Legal provision mainly comprised of labour lawsuits.

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13 Provisions, contingent assets and liabilities (continued)

Short term provisions (continued)

For the nine months ended 31 October 2020 and 2019, the movement of short-term provision is as follows:

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

	Legal provision	Return provisions	Other provisions	Total
1 February 2019 balance	1,863	5,014	3,478	10,355
Current year provision	1,110	895	197	2,202
Effect of movements in exchange rates	--	242	376	618
Provisions cancelled during year	--	(511)	110	(401)
31 October 2019 balance	2,973	5,640	4,161	12,774

Long term provisions

As at 31 October 2020, long term provisions consist of severance pay liabilities in amount of TL 8,578 (31 January 2020: TL 7,931).

For the period ended 31 October 2020 and 2019 the movement of provision for severance pay liability is as follows:

	1 February 2020 – 31 October 2020	1 February 2019 – 31 October 2019
Opening balance	7,931	5,018
Interest cost	516	417
Service cost	3,138	5,984
Paid benefits	(3,818)	(5,483)
Effect of movements in exchange rates	101	98
Actuarial difference	710	65
Ending balance	8,578	6,099

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14 Commitments

(a) Warranties, pledges and mortgages

As of 31 October 2020 and 31 January 2020, the Group's guarantee / pledge / mortgage ("GPM") position statement is as follows:

	31 October 2020					
	TL Equivalent	TL	EUR	RUB	USD	CAD
A. On behalf of its own legal personality of the total amount of GPMs	220,349	93,986	11,715	--	1,534	--
Guarantee	220,349	93,986	11,715	--	1,534	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	52,649	--	156	12,589	--	8,000
Guarantee	52,649	--	156	12,589	--	8,000
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	--	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	272,998	93,986	11,871	12,589	1,534	8,000

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14 Commitments (continued)

(a) Warranties, pledges and mortgages (continued)

	31 January 2020				
	TL Equivalent	TL	EUR	RUB	USD
A. On behalf of its own legal personality of the total amount of GPMs	136,845	32,383	14,093	--	1,969
Guarantee	136,845	32,383	14,093	--	1,969
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	3,066	--	246	15,357	--
Guarantee	3,066	--	246	15,357	--
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	139,911	32,383	14,339	15,357	1,969

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14 Commitments (continued)

(a) Warranties, pledges and mortgages (continued)

As of 31 October 2020, ratio of other GPM given by the Group to equity was 0% (31 January 2020: 0%).

As of 31 October 2020, letter of guarantees given to third parties for an amount of TL 137,000 are representing guarantee letters obtained as part of general loan agreements and given to Eximbank for the purpose of importing goods (31 January 2020: TL 68,163).

The Group has purchase commitments related to inventory amounting to TL 540,928 as of 31 October 2020 (31 January 2020: TL 647,411).

(b) Guarantees received

As of 31 October 2020, Group has received letter of guarantees for the amount of TL 7,334 as in the form of security (31 January 2020: TL 9,021).

15 Capital, reserves and other capital reserves

Paid-in capital

As of 31 October 2020 and 31 January 2020, paid capital is as follows:

	%	31 October 2020	%	31 January 2020
Akarlılar Family	27.19	13,500	27.19	13,500
Blue International	0.22	108	0.22	108
Publicly held	72.60	36,049	72.60	36,049
	100.00	49,657	100.00	49,657

As of 31 October 2020 paid-in capital of the Company comprises 49,657,000 shares issued of TL 1 each (31 January 2020: 49,657,000 shares).

Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted. As at 31 October 2020, the Company's legal reserves are amounting to TL 19,771 (31 January 2020: TL 19,771).

Hedging reserve

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

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16 Selling, marketing and distribution expenses

For the nine months periods ended 31 October 2020 and 2019, selling, marketing and distribution expenses comprised the following:

	1 February – 31 October 2020	1 August – 31 October 2020	1 February – 31 October 2019	1 August – 31 October 2019
Depreciation and amortization expenses	195,511	67,422	183,932	61,873
Personnel expenses	193,552	75,260	213,344	75,048
Rent expenses	73,231	32,801	73,788	28,934
Outsourced logistics expenses	36,742	14,167	31,908	10,724
Advertising expenses	32,132	13,368	31,245	11,968
Freight-out expenses	26,368	10,362	22,179	8,267
Travel expenses	3,256	1,374	5,855	1,945
Other	87,047	32,002	70,814	24,213
	647,839	246,756	633,065	222,972

17 Other income and expense

For the nine months periods ended 31 October 2020 and 2019, other income comprised the following:

	1 February – 31 October 2020	1 August – 31 October 2020	1 February – 31 October 2019	1 August – 31 October 2019
Foreign exchange gain, net	6,973	2,886	1,567	1,222
Interest income on trade receivables and payables, net	8,826	7,411	--	(148)
Salary protocol income	1,483	494	520	253
Decoration income	1,690	1,000	3,664	3,664
Reversal of expected credit loss	1,058	1,006	214	50
Damage compensation income ⁽¹⁾	--	--	70	--
Other	2,666	413	338	252
	22,696	13,210	6,373	5,293

⁽¹⁾ Income from insurance claims.

For the nine months periods ended 31 October 2020 and 2019, other expenses comprised the following:

	1 February – 31 October 2020	1 August – 31 October 2020	1 February – 31 October 2019	1 August – 31 October 2019
Foreign exchange loss, net	1,915	1,148	868	178
Expected credit loss	103	(335)	198	(67)
Interest expenses on trade receivables and payables, net	--	--	2,642	2,642
Decoration expense	--	--	73	--
Other	776	115	295	223
	2,794	928	4,076	2,976

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18 Gains and losses from investment activities

For the nine months periods ended 31 October 2020 and 2019, losses from investment activities comprised the following:

	1 February – 31 October 2020	1 August – 31 October 2020	1 February – 31 October 2019	1 August – 31 October 2019
Losses on sale of fixed assets	1,169	(247)	749	570
	1,169	(247)	749	570

19 Finance income

For the nine months periods ended 31 October 2020 and 2019, finance income comprised the following:

	1 February – 31 October 2020	1 August – 31 October 2020	1 February – 31 October 2019	1 August – 31 October 2019
Time deposits	35,278	15,314	5,562	2,157
Foreign exchange gain	23,890	17,993	2,540	538
Other ⁽¹⁾	75,896	17,435	6	5
	135,064	50,742	8,108	2,700

¹⁾Other finance income consists of discounts related with rent payments amounting TL 75,863 due to Covid-19 pandemic.

20 Finance costs

For the nine months periods ended 31 October 2020 and 2019, finance costs comprised the following:

	1 February – 31 October 2020	1 August – 31 October 2020	1 February – 31 October 2019	1 August – 31 October 2019
Interest expense on:				
Interest expenses on purchases	20,898	11,410	45,740	11,565
Financial liabilities measured at amortised cost	66,387	21,152	61,949	18,507
Interest expenses on contractual lease liabilities	49,660	16,304	54,865	17,703
	136,945	48,866	162,554	47,775
Credit card commission expenses	5,649	2,566	7,168	2,682
Import financing expenses	12,328	5,912	9,949	6,122
Foreign exchange loss	28,647	14,277	5,375	5,374
Change in fair value of forward contracts	--	--	851	(24)
Other	4,721	683	1,480	539
	188,290	72,304	187,377	62,468

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21 Income taxes

Corporate tax rate of Turkey is 22% (31 October 2019 :22%). For the nine months period ended 31 October 2020, Group's effective tax rate is 19% (31 October 2019 :23%).

22 Earnings per share

The amount of earnings per share is calculated by dividing the net period profit attributable to the owners of the Company shares by the weighted average share of the company's shares during the period. The calculation of earnings per share for the periods ended 31 October 2020 and 2019 is as follows:

	1 February – 31 October 2020	1 August – 31 October 2020	1 February – 31 October 2019	1 August – 31 October 2019
Net profit for the year attributable to owners of the Company	23,488	78,145	86,448	58,758
Weighted average number of ordinary shares (basic)	49,657,000	49,657,000	49,657,000	49,657,000
Earnings per share (Full TL)	0.4730	1.5737	1.7409	1.1833

23 Derivative Financial Instruments

As at 31 October 2020 and 31 January 2020, short term derivative liabilities are as follows:

	31 October 2020	31 January 2020
Assets from the forward exchange contracts	2,367	1,214
	2,367	1,214

As of 31 October 2020, the Group has open forward exchange contracts to hedge the foreign currency risk on inventory purchases in amount of USD 4,900 thousand in equivalent of TL 40,711. By applying hedge accounting, the fair value difference of TL 2,367, resulting from such forward transactions, is recognized in other comprehensive income.

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24 Nature and level of risks related to financial instruments

Market risk

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

Currency risk

The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The main currencies used in these transactions are Euro and USD.

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

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

Interest rate risk

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

Capital Management

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

Currency Risk

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

	<u>31 October 2020</u>	<u>31 January 2020</u>
TL / EUR	9.6985	6.5782
TL / USD	8.3082	5.9716
TL / RUB	0.1043	0.0943
TL / CAD	6.2279	4.5119

The foreign currency average exchange rates for the nine months period ended 31 October 2020 and 2019 are as follows:

	<u>1 February – 31 October 2020</u>	<u>1 February – 31 October 2019</u>
TL / EUR	7.8653	6.3591
TL / USD	6.9382	5.6809
TL / RUB	0.0950	0.0873
TL / CAD	5.1213	4.2713

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

Market risk

Currency risk

As of 31 October 2020, the Group's foreign currency position specified in the following table arises from foreign currency denominated assets and liabilities.

	TL Equivalent	USD	EUR	Other
1. Trade receivables	7,354	592	--	2,435
2a. Monetary financial assets (including cash banks)	121,629	13,861	274	3,812
2b. Non-monetary financial assets	--	--	--	--
3. Other	12,434	1,480	14	--
4. Current assets (1+2+3)	141,417	15,933	288	6,247
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)	141,417	15,933	288	6,247
10. Trade payables	7,830	315	516	207
11. Financial liabilities	121,410	121	12,415	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	129,240	436	12,931	207
14. Trade payables	--	--	--	--
15. Financial liabilities	2,524	71	200	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	2,524	71	200	--
18. Total liabilities (13+17)	131,764	507	13,131	207
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	(40,711)	(4,900)	--	--
19a. Hedged total asset	--	--	--	--
19b. Hedged total liabilities	40,711	4,900	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	(31,058)	10,526	(12,843)	6,040
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	(2,781)	13,946	(12,857)	6,040

As at 31 October 2020, Mavi Turkey has trade receivables amounting to TRY 36,126 from consolidated subsidiaries which comprise; EUR 2,076 thousand, USD 42 thousand, CAD 82 thousand and RUB 106,687 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 29,344.

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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 2020 the Group's foreign currency position specified in the following table arises from foreign currency denominated assets and liabilities.

	TL Equivalent	USD	Euro	Other
1. Trade receivables	9,923	1,004	--	3,927
2a. Monetary financial assets (including cash, banks)	21,294	2,621	835	149
2b. Non-monetary financial assets	--	--	--	--
3. Other	1,164	132	58	--
4. Current assets (1+2+3)	32,381	3,757	893	4,076
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)	32,381	3,757	893	4,076
10. Trade payables	4,349	480	209	105
11. Financial liabilities	43,217	452	6,159	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	47,566	932	6,368	105
14. Trade payables	--	--	--	--
15. Financial liabilities	4,207	483	272	(462)
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	4,207	483	272	(462)
18. Total liabilities (13+17)	51,773	1,415	6,640	(357)
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	(118,905)	(19,912)	--	--
19a. Hedged total asset	--	--	--	--
19b. Hedged total liabilities	118,905	19,912	--	--
20. Position of net foreign currency assets/liabilities (9+18-19)	(138,297)	(17,570)	(5,747)	4,433
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	(20,556)	2,210	(5,805)	4,433

As at 31 January 2020, Mavi Turkey has trade receivables amounting to TL 20,825 from consolidated subsidiaries which comprise; EUR 2,200 thousand, USD 288 thousand, CAD 224 thousand and RUB 38,411 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 269.

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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 2020				
	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	11,587	(11,587)	11,587	(11,587)
2- Hedged portion of TL against USD risk(-)	--	--	4,071	(4,071)
3- Net effect of USD (1+2)	11,587	(11,587)	15,658	(15,658)
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(12,469)	12,469	(12,469)	12,469
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	(12,469)	12,469	(12,469)	12,469
10% change of other against TL				
7- Net other denominated asset/liability	604	(604)	604	(604)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	604	(604)	604	(604)
Total (3+6+9)	(278)	278	3,793	(3,793)

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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 2020				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
10% change of the USD against TL				
1- Net USD denominated asset/liability	1,320	(1,320)	1,320	(1,320)
2- Hedged portion of TL against USD risk(-)	--	--	11,890	(11,890)
3- Net effect of USD (1+2)	1,320	(1,320)	13,210	(13,210)
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(3,819)	3,819	(3,819)	3,819
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	(3,819)	3,819	(3,819)	3,819
10% change of other against TL				
7- Net other denominated asset/liability	443	(443)	443	(443)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	443	(443)	443	(443)
Total (3+6+9)	(2,056)	2,056	9,834	(9,834)

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25 Financial risk management

Fair values

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

31 October 2020	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value							
Forward exchange contracts	2,367	--	2,367	--	2,367	--	2,367
Financial assets not measured at fair value							
Trade receivables from third parties	279,772	--	279,772	--	--	--	--
Other receivables to third parties ⁽¹⁾	7,271	--	7,271	--	--	--	--
Cash and cash equivalents	905,770	--	905,770	--	--	--	--
Total	1,195,180	--	1,195,180	--	2,367	--	2,367
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value							
Forward exchange contracts	--	--	--	--	--	--	--
Financial liabilities not measured at fair value							
Other payables to related parties	--	(176)	(176)	--	--	--	--
Bank overdrafts	--	--	--	--	--	--	--
Bank loans	--	(937,447)	(937,447)	--	--	(937,447)	(937,447)
Trade payables to third parties	--	(540,506)	(540,506)	--	--	--	--
Other payables to third parties	--	(12,667)	(12,667)	--	--	--	--
Trade payables to related parties	--	(187,952)	(187,952)	--	--	--	--
Total	--	(1,678,748)	(1,678,748)	--	--	(937,447)	(937,447)

⁽¹⁾ Other receivables from third parties excludes deposits and guarantees given.

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25 Financial risk management (continued)

Fair values (continued)

	Carrying amount		Fair value				
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 January 2020							
Financial assets measured at fair value							
Derivatives	1,214	--	1,214	--	1,214	--	1,214
Financial assets not measured at fair value							
Trade receivables from third parties	231,101	--	231,101	--	--	--	--
Other receivables to third parties ⁽¹⁾	17,267	--	17,267	--	--	--	--
Cash and cash equivalents	310,838	--	310,838	--	--	--	--
Total	560,420	--	560,420	--	1,214	--	1,214
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial liabilities measured at fair value							
Derivatives	--	--	--	--	--	--	--
Financial liabilities not measured at fair value							
Other payables to related parties	--	(126)	(126)	--	--	--	--
Bank overdrafts	--	--	--	--	--	--	--
Bank loans	--	(319,792)	(319,792)	--	--	(319,792)	(319,792)
Trade payables to third parties	--	(400,479)	(400,479)	--	--	--	--
Other payables to third parties	--	(6,845)	(6,845)	--	--	--	--
Trade payables to related parties	--	(196,804)	(196,804)	--	--	--	--
Total	--	(924,046)	(924,046)	--	--	(319,792)	(319,792)

⁽¹⁾ Other receivables from third parties excludes deposits and guarantees given.

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25 Financial risk management (continued)

Fair value disclosures

The Group estimates the fair values of financial instruments based on market information readily available and proper valuation approaches. The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

When measuring fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data.

Financial instruments measured at fair value

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

Financial instruments not measured at fair value

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

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26 Important developments related to the current period

Challenges brought forward by the Covid-19 pandemic are being managed since March. All measures recommended by the local and global health authorities have been adopted in all our markets. The stores that were temporarily closed in this context started re-opening in the second quarter.

Stores in Turkey started re-opening gradually on May 12, 2020, and all stores are open since June 1, 2020. Internationally, stores in Germany and Canada re-opened in May, and stores in Russia started re-opening in June and all stores are open since September. Mavi.com, marketplace, and wholesale e-com channels remained open since May.

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 2020 condensed consolidated interim financial statements, management has assessed the potential impacts of Covid-19 pandemic on financial statements and reviewed estimates and assumptions used in the preparation of these financial statements. In this context, the Group tested financial assets, inventories, tangible assets, and goodwill for potential impairment loss and resulted in no impairment loss to be recorded.

The Group’s nature and level of risks related to financial instruments are disclosed in Note 24.

27 Subsequent events

None.

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APPENDIX 1 Ebitda reconciliation

EBITDA is not a defined performance measure in IFRS. EBITDA reconciliation for the nine months period ended 31 October 2020 and 2019 are as follows:

		1 February – 31 October 2020	1 August – 31 October 2020	1 February – 31 October 2019	1 August – 31 October 2019
	Note				
Profit		25,500	83,844	94,969	63,376
Income tax expense		5,951	23,813	27,699	18,462
Profit before tax		31,451	107,657	122,668	81,838
Adjustment for:					
-Net finance costs		53,226	21,562	179,269	59,768
-Receivables and payables, interest net	17	(8,826)	(7,411)	2,642	2,790
-Receivables and payables, foreign exchange net	17	(5,058)	(1,738)	(699)	(1,044)
-Depreciation and amortisation	10-12	229,758	79,529	206,305	69,915
EBITDA		300,551	199,599	510,185	213,267

APPENDIX 2 Effect of IFRS 16 on Financial Statements

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

	31 October 2020	IFRS 16 Effect	After IFRS 16
Current assets	1,931,920	(1,620)	1,930,300
Non-current assets	525,336	429,012	954,348
Current liabilities	1,632,228	209,740	1,841,968
Non-current liabilities	196,472	252,178	448,650
Equity	628,556	(34,526)	594,030

	1 February – 31 October 2020	IFRS 16 Effect	After IFRS 16
Operating profit / (loss)	119,710	(33,864)	85,846
Operating profit / (loss) before finance costs	118,541	(33,864)	84,677
Finance income	59,201	75,863	135,064
Finance expense	(137,389)	(50,901)	(188,290)
Profit / (loss) before tax	40,353	(8,902)	31,451
Net profit / (loss)	32,478	(6,978)	25,500
EBITDA	169,615	130,936	300,551