

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

Condensed Consolidated Interim Financial Statements  
As At and For The Six Months Period Ended  
31 July 2021

14 September 2021

This report contains 2 pages of independent auditors' report on review of interim financial information 38 pages of financial statement explanatory notes.

## REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of  
Mavi Giyim Sanayi ve Ticaret A.Ş.

We have reviewed the accompanying condensed consolidated interim statement of financial position of Mavi Giyim Sanayi ve Ticaret A.Ş. and its subsidiaries (together will be referred as the “Group”) as of 31 July 2021 and the related condensed consolidated interim statements of profit or loss and other comprehensive income, condensed consolidated interim changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 (“IAS 34”), Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of condensed consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim statement of financial information does not present fairly, in all material respects, in accordance with IAS 34, “Interim Financial Reporting Standard”.

## *Other Information*

Management is responsible for the other information. The other information comprises the Appendix I and Appendix 2 disclosed as "Other information" at the notes to the condensed consolidated interim financial statements but are not part of the condensed consolidated interim financial statements and of our auditor's report thereon.

Our conclusion on the condensed consolidated interim financial statements does not cover the other information and we do not express any form of assurance thereon.

In connection with our review of the condensed consolidated interim financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the condensed consolidated interim financial statements or our knowledge obtained in the review or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.  
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Tolga Sirkecioğlu  
Partner

İstanbul, 14 September 2021

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**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Financial Position**  
**As at 31 July 2021**

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

		<b>Reviewed</b>	<b>Audited</b>
	<i>Notes</i>	<b>31 July 2021</b>	<b>31 January 2021</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	900,683	889,875
Trade receivables		286,541	231,378
- Due from third parties	8	286,541	231,378
Other receivables		19,108	13,288
- Due from third parties		19,108	13,288
Inventories	9	563,323	560,084
Derivatives	23	3,739	--
Prepayments		70,385	50,326
- Due to related parties	7	43,591	25,869
- Due to third parties		26,794	24,457
Current tax asset		2,970	17,738
Other current assets		20,765	24,055
<b>Total current assets</b>		<b>1,867,514</b>	<b>1,786,744</b>
<b>Non-current assets</b>			
Other receivables		3,957	3,190
- Due from third parties		3,957	3,190
Property and equipment		216,187	197,679
Right of use assets	12	405,148	435,019
Intangible assets		297,583	262,718
- Other intangible assets		80,369	73,773
- Goodwill	11	217,214	188,945
Prepayments		163	149
- Due to third parties		163	149
Deferred tax assets		31,130	22,251
<b>Total non-current assets</b>		<b>954,168</b>	<b>921,006</b>
<b>TOTAL ASSETS</b>		<b>2,821,682</b>	<b>2,707,750</b>

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

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Financial Position**  
**As at 31 July 2021**

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

		<b>Reviewed</b>	<b>Audited</b>
	<i>Notes</i>	<b>31 July 2021</b>	<b>31 January 2021</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Short term borrowings	6	381,830	445,406
Short term contractual lease liabilities	6	218,987	218,574
- Due to related parties	7	2,455	2,047
- Due to third parties		216,532	216,527
Short term portion of long term borrowings	6	327,701	375,566
Trade payables		706,738	638,195
- Due to related parties	7	214,314	156,296
- Due to third parties	8	492,424	481,899
Payables to employees		68,446	38,863
Other payables		41,409	4,047
- Due to related parties	7	18,767	176
- Due to third parties		22,642	3,871
Deferred revenue		21,168	18,150
Provisions		28,985	19,813
- Provisions for employee benefits	13	7,232	4,144
- Other provisions	13	21,753	15,669
Derivatives		--	8,601
Current tax liabilities		42,320	6,307
Other current liabilities		11,933	12,484
<b>Total current liabilities</b>		<b>1,849,517</b>	<b>1,786,006</b>
<b>Non-current liabilities</b>			
Loans and borrowings	6	17,034	105,569
Long term contractual lease liabilities	6	234,990	260,044
- Due to related parties	7	1,419	2,189
- Due to third parties		233,571	257,855
Deferred revenue		438	1,425
Payables to employees		7,226	--
Provisions		10,772	9,081
- Provisions for employee benefits	13	10,772	9,081
Deferred tax liabilities		11,117	11,616
<b>Total non-current liabilities</b>		<b>281,577</b>	<b>387,735</b>
<b>TOTAL LIABILITIES</b>		<b>2,131,094</b>	<b>2,173,741</b>

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

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Financial Position**  
**As at 31 July 2021**

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

		<b>Reviewed</b>	<b>Audited</b>
	<i>Notes</i>	<b>31 July 2021</b>	<b>31 January 2021</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Paid in share capital	15	49,657	49,657
Purchase of share of entities under common control		(35,757)	(35,757)
Other comprehensive expense not to be reclassified to profit or loss		(7,116)	(6,245)
<i>Remeasurement of defined benefit liability</i>		(7,116)	(6,245)
Other comprehensive income to be reclassified to profit or loss		180,022	134,853
<i>Foreign currency translation reserve</i>		177,218	141,733
<i>Hedging reserve</i>		2,804	(6,880)
Legal reserves	15	19,771	19,771
Retained earnings		317,166	342,930
Net income		129,882	4,583
<b>Non-controlling interests</b>		<b>36,963</b>	<b>24,217</b>
<b>Total equity</b>		<b>690,588</b>	<b>534,009</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,821,682</b>	<b>2,707,750</b>

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

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Profit or Loss and Other**  
**Comprehensive Income**  
**For the Six Months Period Ended 31 July 2021**

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

		Reviewed	Not reviewed	Reviewed	Not reviewed
	Notes	1 February – 31 July 2021	1 May – 31 July 2021	1 February – 31 July 2020	1 May – 31 July 2020
Revenue		1,836,508	1,077,752	924,926	537,804
Cost of sales		(894,778)	(511,087)	(482,093)	(270,727)
<b>Gross profit</b>		<b>941,730</b>	<b>566,665</b>	<b>442,833</b>	<b>267,077</b>
Administrative expenses		(111,252)	(61,311)	(77,185)	(37,983)
Selling, marketing and distribution expenses	16	(580,911)	(324,217)	(401,083)	(219,823)
Research and development expenses		(21,426)	(10,985)	(15,311)	(7,408)
Other income	17	13,079	3,879	9,486	3,573
Other expenses	17	(1,274)	(1)	(1,866)	8
<b>Operating profit / (loss)</b>		<b>239,946</b>	<b>174,030</b>	<b>(43,126)</b>	<b>5,444</b>
Gains from investment activities	18	150	150	--	--
Losses from investment activities	18	(335)	(237)	(1,416)	(1,031)
<b>Operating profit / (loss) before financial income</b>		<b>239,761</b>	<b>173,943</b>	<b>(44,542)</b>	<b>4,413</b>
Finance income	19	80,991	36,048	84,322	50,649
Finance costs	20	(140,470)	(74,501)	(115,986)	(64,129)
<b>Net finance costs</b>		<b>(59,479)</b>	<b>(38,453)</b>	<b>(31,664)</b>	<b>(13,480)</b>
<b>Profit / (loss) before tax</b>		<b>180,282</b>	<b>135,490</b>	<b>(76,206)</b>	<b>(9,067)</b>
<b>Income tax expense</b>		<b>(42,077)</b>	<b>(33,763)</b>	<b>17,862</b>	<b>2,364</b>
- Tax income / (expense)		(54,884)	(38,816)	6,703	(3,148)
- Deferred tax income		12,807	5,053	11,159	5,512
<b>Net income / (loss)</b>		<b>138,205</b>	<b>101,727</b>	<b>(58,344)</b>	<b>(6,703)</b>
Non-controlling interests		8,323	2,846	(3,687)	(2,134)
Owners of the Company		129,882	98,881	(54,657)	(4,569)
<b>Earnings / (loss) per share</b>	22	<b>2.6156</b>	<b>1.9913</b>	<b>(1.1007)</b>	<b>(0.0920)</b>

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



**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income**  
**For the Six Months Period Ended 31 July 2021**

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

	Reviewed	Not reviewed	Reviewed	Not reviewed
Notes	1 February – 31 July 2021	1 May – 31 July 2021	1 February – 31 July 2020	1 May – 31 July 2020
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Remeasurements of defined benefit liability	(1,311)	(739)	(538)	(342)
- Related tax	440	185	118	75
<b>Items that are or may be reclassified to profit or loss</b>				
Foreign operations - foreign currency translation differences	39,908	6,336	39,184	2,401
Cash flow hedging reserves	12,339	(5,765)	3,209	(11,714)
- Related tax	(2,655)	1,441	(706)	2,577
<b>Other comprehensive income / (loss) net of tax</b>	<b>48,721</b>	<b>1,458</b>	<b>41,267</b>	<b>(7,003)</b>
<b>Total comprehensive income / (loss)</b>	<b>186,926</b>	<b>103,185</b>	<b>(17,077)</b>	<b>(13,706)</b>
<b>Total comprehensive income / (loss) attributable to:</b>				
Non-controlling interests	12,746	3,919	(926)	(2,100)
Owners of the Company	174,180	99,266	(16,151)	(11,606)

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 six months period ended 31 July 2021

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

	Share capital	Legal reserves	Purchase of share of entities under common control	Other comprehensive income/expense not to be reclassified to profit or loss	Other comprehensive income/expense to be reclassified to profit or loss		Retained earnings		Attributable to owners of the Company	Attributable to non-controlling interest	Total equity
				Remeasurement of defined benefit liability	Foreign currency translation reserve	Hedging reserve	Retained earnings	Net profit			
<b>Balance as at 1 February 2020</b>	<b>49,657</b>	<b>19,771</b>	<b>(35,757)</b>	<b>(5,337)</b>	<b>88,013</b>	<b>947</b>	<b>248,086</b>	<b>94,844</b>	<b>460,224</b>	<b>17,440</b>	<b>477,664</b>
Transfers	--	--	--	--	--	--	94,844	(94,844)	--	--	--
Total comprehensive income	--	--	--	(420)	36,423	2,503	--	(54,657)	(16,151)	(926)	(17,077)
<b>Balance as at 31 July 2020</b>	<b>49,657</b>	<b>19,771</b>	<b>(35,757)</b>	<b>(5,757)</b>	<b>124,436</b>	<b>3,450</b>	<b>342,930</b>	<b>(54,657)</b>	<b>444,073</b>	<b>16,514</b>	<b>460,587</b>
<b>Balance as at 1 February 2021</b>	<b>49,657</b>	<b>19,771</b>	<b>(35,757)</b>	<b>(6,245)</b>	<b>141,733</b>	<b>(6,880)</b>	<b>342,930</b>	<b>4,583</b>	<b>509,792</b>	<b>24,217</b>	<b>534,009</b>
Transfers	--	--	--	--	--	--	4,583	(4,583)	--	--	--
Dividend payment	--	--	--	--	--	--	(30,347)	--	(30,347)	--	(30,347)
Total comprehensive income	--	--	--	(871)	35,485	9,684	--	129,882	174,180	12,746	186,926
<b>Balance as at 31 July 2021</b>	<b>49,657</b>	<b>19,771</b>	<b>(35,757)</b>	<b>(7,116)</b>	<b>177,218</b>	<b>2,804</b>	<b>317,166</b>	<b>129,882</b>	<b>653,625</b>	<b>36,963</b>	<b>690,588</b>

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

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Condensed Consolidated Interim Statement of Cash Flows**  
**As at and for the six months period ended 31 July 2021**  
*(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)*

		<b>Reviewed</b>	<b>Reviewed</b>
		<b>1 February –</b>	<b>1 February –</b>
<b>Cash flow from operating activities</b>	<i>Notes</i>	<b>31 July 2021</b>	<b>31 July 2020</b>
<b>Net profit / (loss) for the period</b>		<b>138,205</b>	<b>(58,344)</b>
<i>Adjustments for:</i>			
Depreciation and amortization expense	10,12	170,968	150,229
Finance income	19	(80,176)	(78,387)
Finance cost	20	138,025	101,616
Provision for unused vacation	13	3,072	3,616
Provision for employee severance indemnity	13	6,405	2,243
Impairment loss on receivables		(332)	511
Interest (income)/expense on trade payables	17	(1,838)	(1,415)
Expected credit losses	17	(391)	386
Inventory obsolescence	9	(8,044)	13,728
Short term provisions	13	4,840	1,139
Loss on disposal of property and equipment	18	185	1,416
Tax expense		42,077	(17,862)
Unrealized currency translation difference		33,657	30,735
		<b>446,653</b>	<b>149,611</b>
<b>Changes in:</b>			
Change in trade receivables		(57,674)	32,042
Change in inventory		3,326	(109,987)
Change in prepaid expenses		(20,073)	2,222
Change in other receivables		(8,708)	10,439
Change in other current and non-current assets		3,290	(20,244)
Change in employee benefits liabilities		36,810	6,594
Change in trade payables		12,362	139,792
Change in payables to related parties		57,883	(74,096)
Change in deferred revenue		2,030	(230)
Change in other payables		15,466	7,470
Change in short term provisions		(447)	418
Change in other liabilities		(1,041)	(1,442)
<b>Cash flows used in operating activities</b>		<b>489,877</b>	<b>142,589</b>
Employee benefits paid	13	(6,597)	(3,579)
Income tax paid		(3,946)	(7,710)
<b>Net cash from operating activities</b>		<b>479,334</b>	<b>131,300</b>
<b>Cash flows from investing activities</b>			
Acquisition of tangible assets	10	(45,465)	(50,083)
Proceeds from sale of tangible assets	10	101	2,182
Acquisition of intangible assets	10	(15,583)	(11,666)
Interest received		37,932	17,673
<b>Net cash flow used in investing activities</b>		<b>(23,015)</b>	<b>(41,894)</b>
Proceeds from loans and borrowings		263,456	1,139,651
Repayment of loans and borrowings		(484,344)	(659,660)
Payments of contractual lease liabilities		(109,598)	(77,463)
Other financial payments		(56,252)	(23,026)
Dividend paid		(8,317)	--
Interest paid		(50,456)	(41,514)
<b>Net cash flow used in financing activities</b>		<b>(445,511)</b>	<b>337,988</b>
<b>Net change in cash and cash equivalent</b>		<b>10,808</b>	<b>427,394</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>5</b>	<b>889,875</b>	<b>310,838</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>5</b>	<b>900,683</b>	<b>738,232</b>

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

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

### As at and for the six months period ended 31 July 2021

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

## 1 Reporting entity

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

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

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

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

The condensed consolidated interim financial statements as at 31 July 2021 include financial position and the results of Mavi Giyim, Mavi Europe AG ("Mavi Europe"), Mavi Nederland BV ("Mavi Nederland") and Mavi LLC ("Mavi Russia"), Eflatun Giyim Yatırım Ticaret Anonim Şirketi ("Eflatun Giyim"), Mavi Jeans Incorporated ("Mavi Canada"), Mavi Jeans Incorporated ("Mavi United States of America ("USA")). Mavi Giyim and its subsidiaries are referred here as the "Group" and individually "the Group entity" in this report.

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

Subsidiaries	Place of Incorporation	Principal Activities	Effective Shareholding %	
			31 July 2021	31 January 2021
Mavi Europe	Germany	Wholesale and retail sales of apparel	100.00	100.00
Mavi Nederland <sup>(2)</sup>	Netherlands	Wholesale sales of apparel	--	100.00
Mavi Russia	Russia	Wholesale and retail sales of apparel	100.00	100.00
Eflatun Giyim	Turkey	Holding company	51.00	51.00
Mavi USA	USA	Wholesale and retail sales of apparel	51.00	51.00
Mavi Canada	Canada	Wholesale and retail sales of apparel	63.25	63.25
Mavi Kazakhstan <sup>(1)</sup>	Kazakhstan	Retail sales of apparel	100.00	100.00

<sup>(1)</sup> Mavi Kazakhstan is in the liquidation process and does no longer proceed any operations as of 31 October 2015. Mavi Kazakhstan financials have not been consolidated since its operations insignificant in terms of condensed consolidated interim financial statements, as of 31 July 2021.

<sup>(2)</sup> Mavi Nederland completed the liquidation process as of 26 July 2021 and has not been consolidated.

As of 31 July 2021, Group's total number of employees is 4,852 (31 January 2021: 4,060).

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**As at and for the six months period ended 31 July 2021**  
*(Amounts are expressed in thousands of Turkish Lira (“TL”), unless otherwise stated.)*

**2 Basis of presentation of financial statements**

**2.1 Basis of accounting**

**(a) Statement of compliance**

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

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 14 September 2021. General Assembly has the authority to modify the condensed consolidated interim financial statements.

**(b) Basis of measurement**

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The condensed consolidated interim financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value. The methods used to measure fair values are discussed further in Note 2.1 (e).

**(c) Functional and presentation currency**

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

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

The table below summarizes functional currencies of the Group entities.

<b>Company</b>	<b>Functional currency</b>
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

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

**2.1 Basis of accounting (continued)**

**(d) Use of judgements and estimates**

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

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

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

**(e) Measurement of fair values**

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

**(i) Trade and other receivables**

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

**(ii) Derivative financial liabilities**

*Forward exchange contracts*

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

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

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

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

**2.1 Basis of accounting (continued)**

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

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

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

**(v) Intangible assets**

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

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

**(a) Amendments that are mandatorily effective from 2021**

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

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

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

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

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

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

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

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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 IFRS 4	<i>Extension of the Temporary Exemption from Applying IFRS 9</i>
Amendments to IFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>

**IFRS 17 Insurance Contracts**

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

**Annual Improvements to IFRS Standards 2018-2020 Cycle**

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

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

**Amendments to IFRS 9 *Financial Instruments***

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

**Amendments to IAS 41 *Agriculture***

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

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

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

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

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

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

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

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier 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 9 and IFRS 15), the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 January 2021.

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

**IFRS 16 Leases**

**Leases**

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

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

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

**Right of use assets**

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

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

**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 six months operating results for the period ended 31 July 2021 are not indicative of the results for the financial year.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

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### 4 Operating segments

	1 February- 31 July 2021			1 May - 31 July 2021			1 February- 31 July 2020			1 May - 31 July 2020		
	Reportable segment			Reportable segment			Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total	Turkey	International	Total	Turkey	International	Total
Segment revenue <sup>(1)</sup>	1,476,951	359,557	1,836,508	904,213	173,539	1,077,752	761,283	163,643	924,926	456,540	81,264	537,804
-Retail	1,038,577	37,626	1,076,203	674,070	22,480	696,550	524,368	15,367	539,735	334,145	8,904	343,049
-Wholesale	249,519	255,644	505,163	118,552	117,973	236,525	154,005	109,806	263,811	61,091	51,093	112,184
-E-commerce	188,855	66,287	255,142	111,591	33,086	144,677	82,910	38,470	121,380	61,304	21,267	82,571
Segment profit before tax	150,477	29,805	180,282	128,309	7,181	135,490	(32,514)	(43,692)	(76,206)	11,079	(20,146)	(9,067)

	31 July 2021			31 January 2021		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Total segment assets	2,298,057	523,625	2,821,682	2,238,952	468,798	2,707,750
Total segment liabilities	1,831,028	300,066	2,131,094	1,870,235	303,506	2,173,741

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

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

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**5 Cash and cash equivalents**

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

	31 July 2021	31 January 2021
Cash on hand	6,014	1,681
Cash at banks	640,542	777,224
<i>Demand deposits</i>	121,461	73,455
<i>Time deposits</i>	519,081	703,769
Other cash and cash equivalents	254,127	110,970
<b>Cash and cash equivalents</b>	<b>900,683</b>	<b>889,875</b>

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

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

	Maturity	Interest rate	31 July 2021
TL	2 August 2021	16.50%-19.25%	516,851
USD	2 August 2021	0.01%	2,230
			<b>519,081</b>

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

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

**6 Loans and borrowings**

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

	31 July 2021	31 January 2021
<b><u>Current liabilities</u></b>		
Unsecured bank loans	381,830	445,406
Current portion of unsecured bank loans	327,701	375,566
Contractual lease liabilities	218,987	218,574
	<b>928,518</b>	<b>1,039,546</b>
<b><u>Non-current liabilities</u></b>		
Unsecured bank loans	17,034	105,569
Contractual lease liabilities	234,990	260,044
	<b>252,024</b>	<b>365,613</b>

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

	31 July 2021	31 January 2021
Bank loans <sup>(1)</sup>	726,565	926,541
Contractual lease liabilities	453,977	478,618
	<b>1,180,542</b>	<b>1,405,159</b>

<sup>(1)</sup> Bank loans comprise financial liabilities to participation banks amounting to TL 82,636. (31 January 2021 : 62,698)

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**6 Loans and borrowings (continued)**

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

	31 July 2021	31 January 2021
Less than one year	709,531	820,972
One to two years	17,034	105,569
	<b>726,565</b>	<b>926,541</b>

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

31 July 2021					
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	TL	6.95%-20.16%	2021-2022	602,153	606,432
Unsecured bank loans	RUB	9.50%-11.65%	2021-2022	63,280	63,996
Unsecured bank loans	USD	2.40%-3.26%	2021-2022	43,366	43,707
Unsecured bank loans	CAD	2.95%	2021	12,430	12,430
				<b>721,229</b>	<b>726,565</b>

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

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

Short term portion of long term liabilities	31 July 2021	31 January 2021
Lease liabilities	233,093	233,163
Deferred lease borrowing cost (-)	(14,106)	(14,589)
	<b>218,987</b>	<b>218,574</b>
<b>Long term lease liabilities</b>		
Lease liabilities	327,387	369,453
Deferred lease borrowing costs (-)	(92,397)	(109,409)
	<b>234,990</b>	<b>260,044</b>
<b>Total contractual lease liabilities</b>	<b>453,977</b>	<b>478,618</b>

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

### As at and for the six months period ended 31 July 2021

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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 July 2021, the members of the Akarlılar Family (Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar) are the controlling shareholders of the Group with a total ownership interest of 27.41% where 27.19% is the direct ownership interest and 0.22% is the indirect ownership interest through Blue International Holding B.V.

#### (a) Related party balances

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

	31 July 2021	31 January 2021
Erak Giyim Sanayi Tic. A.Ş. ("Erak") <sup>(1)</sup>	43,591	25,869
	<b>43,591</b>	<b>25,869</b>

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

	31 July 2021	31 January 2021
<b>Due to related parties</b>		
Erak <sup>(1)</sup>	180,764	121,166
Akay Lelmalabis Elgazhizah LLC ("Akay") <sup>(2)</sup>	33,550	35,130
	<b>214,314</b>	<b>156,296</b>

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

<sup>(2)</sup> 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.

#### (b) Related party transactions

	31 July 2021	31 January 2021
<b>Other payables to related parties</b>		
Mavi Giyim shareholders	18,726	--
Eflatun Giyim shareholders	41	176
<b>Short term other payables to related parties</b>	<b>18,767</b>	<b>176</b>

	31 July 2021	31 January 2021
<b>Short term contractual lease liabilities to related parties</b>		
Sylvia House Inc.	941	793
Mavi Jeans Holding Inc.	1,514	1,254
	<b>2,455</b>	<b>2,047</b>

	31 July 2021	31 January 2021
<b>Long term contractual lease liabilities to related parties</b>		
Sylvia House Inc.	540	832
Mavi Jeans Holding Inc.	879	1,357
	<b>1,419</b>	<b>2,189</b>

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**7 Related party (continued)**

**(b) Related party transactions (continued)**

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

	1 February – 31 July 2021	1 May – 31 July 2021	1 February – 31 July 2020	1 May – 31 July 2020
<b>Purchase from related parties</b>				
Erak	303,573	144,706	155,030	56,561
Akay	41,868	23,561	33,649	18,684
	<b>345,441</b>	<b>168,267</b>	<b>188,679</b>	<b>75,245</b>

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

	1 February – 31 July 2021	1 May – 31 July 2021	1 February – 31 July 2020	1 May – 31 July 2020
<b>Services from related parties</b>				
Erak <sup>(1)</sup>	914	630	544	271
Mavi Jeans Holding Inc. <sup>(2)</sup>	777	379	604	317
Sylvia House Inc. <sup>(3)</sup>	590	298	443	226
	<b>2,281</b>	<b>1,307</b>	<b>1,591</b>	<b>814</b>

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

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

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

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

For the six months period ended 31 July 2021, short term (salaries and wages, attendance fee, bonus, holiday overtime, severance payment, premium and other benefits) and long term benefits provided to senior management and board of directors amounted to TL 42,498 (31 July 2020: TL 24,849).

For the six months period ended 31 July 2021, the Group does not have any payables to any board of director or key management personnel of the Group.

**8 Trade receivables and payables**

**Short term trade receivables**

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

	31 July 2021	31 January 2021
Trade receivables from third parties	286,541	231,378
	<b>286,541</b>	<b>231,378</b>

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**8 Trade receivables and payables (continued)**

**Short term trade receivables (continued)**

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

	<b>31 July 2021</b>	<b>31 January 2021</b>
Trade receivables	241,932	178,492
Post-dated cheques	4,966	22,303
Endorsed cheques	9,521	6,930
Notes receivables	31,960	25,635
Expected credit losses (-)	(1,838)	(1,982)
Doubtful receivables	24,670	22,175
Allowance for doubtful receivables (-)	(24,670)	(22,175)
	<b>286,541</b>	<b>231,378</b>

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

**Short term trade payables**

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

	<b>31 July 2021</b>	<b>31 January 2021</b>
Trade payables to third parties	492,424	481,899
Trade payables to related parties (Note 7)	214,314	156,296
	<b>706,738</b>	<b>638,195</b>

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

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

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

	<b>31 July 2021</b>	<b>31 January 2021</b>
Trade payables <sup>(1)</sup>	469,397	468,297
Expense accruals	23,027	13,602
	<b>492,424</b>	<b>481,899</b>

- (1) Trade payables to third parties comprise import factoring payables amounting TL 96,727 (31 January 2021: TL 195,519) and supplier financing payables amounting TL 160,337 (31 January 2021: TL 140,740). The Company performs import factoring for the purchases of good from abroad. Within the scope of import factoring, foreign suppliers transfer their receivables from the Company to the financial institutions where the Company works with confirmation of assignment. Within the scope of supplier financing, domestic suppliers transfer their receivables from the Company to the financial institutions where the Company works with confirmation of assignment.



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**9 Inventories**

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

	<b>31 July 2021</b>	<b>31 January 2021</b>
Trade goods	538,143	557,010
Consignment trade goods	21,446	27,995
Goods in transit	23,390	1,301
Provision for impairment on inventory (-)	(19,656)	(26,222)
	<b>563,323</b>	<b>560,084</b>

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

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

	<b>31 July 2021</b>	<b>31 July 2020</b>
<b>Opening balance</b>	<b>26,222</b>	<b>24,701</b>
Provision for the year	7,042	13,728
Effect of movements in exchange rates	1,478	1,862
Write-off	(15,086)	--
<b>Closing balance</b>	<b>19,656</b>	<b>40,291</b>

As of the period ending on 31 July 2021, inventories of TL 7,042 (31 July 2020: TL 13,728) 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 year ended on 31 July 2021, inventories of TL 15,086 (31 July 2020; TL nil) were disposed and written off.

**10 Property and equipment and intangible assets**

The amount of tangible and intangible assets purchased during the six months period ended 31 July 2021 is TL 61,072 (31 July 2020: TL 61,926).

Net book value of tangible and intangible assets sold during the six months period ended 31 July 2021 amounted to TL 286 (31 July 2020: TL 3,598).

The depreciation charge for the six months period ended 31 July 2021 is TL 46,649 (31 July 2020: TL 42,766). The depreciation charge of TL 24 for the six months period ended 31 July 2021 is capitalized in accordance with incentive program. (31 July 2020: TL 177).

**11 Goodwill**

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

	<b>31 July 2021</b>	<b>31 January 2021</b>
Mavi USA	193,148	168,072
Mavi Canada	20,333	17,140
Other	3,733	3,733
	<b>217,214</b>	<b>188,945</b>

As of 31 July 2021, the increase in goodwill is related to foreign currency translation differences on goodwill recognized at foreign subsidiaries.

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**12 Right of use assets**

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

<b>Cost</b>	<b>Buildings</b>	<b>Store</b>	<b>Vehicles</b>	<b>Warehouse</b>	<b>Total</b>
<b>1 February 2021 balance</b>	<b>78,936</b>	<b>716,742</b>	<b>18,115</b>	<b>26,217</b>	<b>840,010</b>
Additions	--	5,826	779	--	<b>6,605</b>
Modification	2,955	71,516	15	--	<b>74,486</b>
Disposals	(638)	(22,802)	(1,451)	--	<b>(24,891)</b>
Effect of movements in exchange rates	6,154	12,473	568	3,929	<b>23,124</b>
<b>Closing balance as of 31 July 2021</b>	<b>87,407</b>	<b>783,755</b>	<b>18,026</b>	<b>30,146</b>	<b>919,334</b>

<b>Accumulated depreciation</b>	<b>Buildings</b>	<b>Store</b>	<b>Vehicles</b>	<b>Warehouse</b>	<b>Total</b>
<b>1 February 2021 balance</b>	<b>31,629</b>	<b>363,050</b>	<b>7,545</b>	<b>2,767</b>	<b>404,991</b>
Charge for the year	8,680	110,968	2,797	1,898	<b>124,343</b>
Disposals	(638)	(17,859)	(1,443)	--	<b>(19,940)</b>
Effect of movements in exchange rates	2,820	1,116	392	464	<b>4,792</b>
<b>Closing balance as of 31 July 2021</b>	<b>42,491</b>	<b>457,275</b>	<b>9,291</b>	<b>5,129</b>	<b>514,186</b>

<b>Carrying value as of 31 July 2021</b>	<b>44,916</b>	<b>326,480</b>	<b>8,735</b>	<b>25,017</b>	<b>405,148</b>
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<b>Cost</b>	<b>Buildings</b>	<b>Store</b>	<b>Vehicles</b>	<b>Warehouse</b>	<b>Total</b>
<b>1 February 2020 balance</b>	<b>54,570</b>	<b>538,768</b>	<b>6,970</b>	<b>4,309</b>	<b>604,617</b>
Additions	3,028	20,073	12,560	20,266	<b>55,927</b>
Modification	5,391	56,565	24	642	<b>62,622</b>
Disposals	(412)	(12,743)	(2,551)	(1,967)	<b>(17,673)</b>
Effect of movements in exchange rates	4,955	3,163	573	1,443	<b>10,134</b>
<b>Closing balance as of 31 July 2020</b>	<b>67,532</b>	<b>605,826</b>	<b>17,576</b>	<b>24,693</b>	<b>715,627</b>

<b>Accumulated depreciation</b>	<b>Buildings</b>	<b>Store</b>	<b>Vehicles</b>	<b>Warehouse</b>	<b>Total</b>
<b>1 February 2020 balance</b>	<b>13,629</b>	<b>178,029</b>	<b>4,353</b>	<b>1,927</b>	<b>197,938</b>
Charge for the year	7,008	96,514	2,841	1,277	<b>107,640</b>
Disposals	(306)	(8,419)	(2,558)	(1,962)	<b>(13,245)</b>
Effect of movements in exchange rates	1,414	932	284	234	<b>2,864</b>
<b>Closing balance as of 31 July 2020</b>	<b>21,745</b>	<b>267,056</b>	<b>4,920</b>	<b>1,476</b>	<b>295,197</b>

<b>Carrying value as of 31 July 2020</b>	<b>45,787</b>	<b>338,770</b>	<b>12,656</b>	<b>23,217</b>	<b>420,430</b>
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For the six months period ended 31 July 2021, TL 8,387 (31 July 2020: TL 7,617) of amortisation expenses are included under general administrative expenses and TL 115,671 (31 July 2020: TL 99,737) under selling and marketing expenses, and TL 285 (31 July 2020: TL 286) under research and development expenses.

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**13 Provisions, contingent assets and liabilities**

**Short term provisions**

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

	<b>31 July 2021</b>	<b>31 January 2021</b>
Provision for employee benefits	7,232	4,144
Other short term provisions	21,753	15,669
	<b>28,985</b>	<b>19,813</b>

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

	<b>2021</b>	<b>2020</b>
<b>1 February balance</b>	<b>4,144</b>	<b>3,118</b>
Current period provision	3,072	3,616
Effect of movements in exchange rates	422	150
Payments	(406)	(1,071)
<b>31 July balance</b>	<b>7,232</b>	<b>5,813</b>

*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 July 2021 and 31 January 2021, details of other short-term provisions are as follows:

	<b>31 July 2021</b>	<b>31 January 2021</b>
Sales return provision	16,157	10,947
Legal provision <sup>(1)</sup>	2,656	2,843
Other provisions	2,940	1,879
	<b>21,753</b>	<b>15,669</b>

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

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

#### Short term provisions (continued)

For the six months ended 31 July 2021 and 2020, the movement of short-term provision is as follows:

	Legal provision	Return provisions	Other provisions	Total
<b>1 February 2021 balance</b>	<b>2,843</b>	<b>10,947</b>	<b>1,879</b>	<b>15,669</b>
Current year provision	358	4,807	1,183	6,348
Effect of movements in exchange rates	--	1,394	296	1,690
Provisions used during year	(446)	--	--	(446)
Provisions cancelled during year	(99)	(991)	(418)	(1,508)
<b>31 July 2021 balance</b>	<b>2,656</b>	<b>16,157</b>	<b>2,940</b>	<b>21,753</b>
	Legal provision	Return provisions	Other provisions	Total
<b>1 February 2020 balance</b>	<b>2,487</b>	<b>7,220</b>	<b>3,740</b>	<b>13,447</b>
Current year provision	356	494	1,386	2,236
Effect of movements in exchange rates	--	1,164	152	1,316
Provisions used during year	--	--	417	417
Provisions cancelled during year	--	(890)	(207)	(1,097)
<b>31 July 2020 balance</b>	<b>2,843</b>	<b>7,988</b>	<b>5,488</b>	<b>16,319</b>

#### Long term provisions

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

	31 July 2021	31 January 2021
Long term provisions for employee benefits	10,772	9,081
	<b>10,772</b>	<b>9,081</b>

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

	1 February 2021 – 31 July 2021	1 February 2020 – 31 July 2020
<b>Opening balance</b>	<b>9,081</b>	<b>7,931</b>
Interest cost	464	343
Service cost	5,941	1,900
Paid benefits	(6,191)	(2,508)
Effect of movements in exchange rates	166	(31)
Actuarial difference	1,311	538
<b>Ending balance</b>	<b>10,772</b>	<b>8,173</b>

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

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#### 14 Commitments

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

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

	31 July 2021					
	TL Equivalent	TL	EUR	RUB	USD	CAD
<b>A. On behalf of its own legal personality of the total amount of GPMs</b>	<b>193,898</b>	<b>99,598</b>	<b>8,286</b>	--	<b>1,351</b>	--
Guarantee	193,898	99,598	8,286	--	1,351	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries</b>	<b>57,733</b>	--	<b>156</b>	<b>13,131</b>	<b>75</b>	<b>8,000</b>
Guarantee	57,733	--	156	13,131	75	8,000
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>C. Total amount of GPM given to conduct other 3<sup>rd</sup> parties to guarantee the depts.</b>	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>D. Total amount of other GPM</b>	--	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
<b>Total GPM</b>	<b>251,631</b>	<b>99,598</b>	<b>8,442</b>	<b>13,131</b>	<b>1,426</b>	<b>8,000</b>

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14

### Commitments (continued)

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

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

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**14 Commitments (continued)**

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

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

As of 31 July 2021, letter of guarantees given to third parties for an amount of TL 106,165 are representing guarantee letters obtained as part of general loan agreements and given to Eximbank for the purpose of importing goods (31 January 2021: TL 127,735).

The Group has purchase commitments related to inventory amounting to TL 840,080 as of 31 July 2021 (31 January 2021: TL 737,448).

**(b) Guarantees received**

As of 31 July 2021, Group has received letter of guarantees for the amount of TL 9,593 as in the form of security from wholesale customers (31 January 2021: TL 10,315).

**15 Capital, reserves and other capital reserves**

**Paid-in capital**

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

	%	31 July 2021	%	31 January 2021
Akarlılar Family	27.19	13,500	27.19	13,500
Blue International	0.22	108	0.22	108
Publicly held	72.60	36,049	72.60	36,049
	<b>100.00</b>	<b>49,657</b>	<b>100.00</b>	<b>49,657</b>

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

**Legal reserves**

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code. The first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital, but may be used to absorb losses in the event that the general reserve is exhausted. As at 31 July 2021, the Company's legal reserves are amounting to TL 19,771 (31 January 2021: TL 19,771).

**Hedging reserve**

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

**Dividend Payment**

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

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**16 Selling, marketing and distribution expenses**

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

	<b>1 February – 31 July 2021</b>	<b>1 May – 31 July 2021</b>	<b>1 February – 31 July 2020</b>	<b>1 May – 31 July 2020</b>
Personnel expenses	184,413	106,118	118,292	59,417
Depreciation and amortization expenses	144,119	75,377	128,089	66,855
Rent expenses <sup>(1)</sup>	62,330	35,370	38,547	27,427
Outsourced logistics expenses	46,920	26,123	28,628	17,267
Freight-out expenses	32,340	16,665	16,006	8,837
Advertising expenses	30,216	18,207	18,764	9,208
Professional fees	7,094	4,115	4,891	2,453
Shopping bags expenses	7,607	5,086	3,701	2,495
Travel expenses	3,531	1,951	1,882	779
Other	62,341	35,205	42,283	25,085
	<b>580,911</b>	<b>324,217</b>	<b>401,083</b>	<b>219,823</b>

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

**17 Other operating income and expense**

For the six months periods ended 31 July 2021 and 2020, other income comprised the following:

	<b>1 February – 31 July 2021</b>	<b>1 May – 31 July 2021</b>	<b>1 February – 31 July 2020</b>	<b>1 May – 31 July 2020</b>
Foreign exchange gain, net	4,776	84	4,087	1,000
Interest income on trade receivables and payables, net	1,838	(306)	1,415	425
Investment support income	1,982	1,982	690	--
Salary protocol income	989	495	989	495
Reversal of expected credit loss	607	(8)	52	(24)
Other	2,887	1,632	2,253	1,677
	<b>13,079</b>	<b>3,879</b>	<b>9,486</b>	<b>3,573</b>

For the six months periods ended 31 July 2021 and 2020, other expenses comprised the following:

	<b>1 February – 31 July 2021</b>	<b>1 May – 31 July 2021</b>	<b>1 February – 31 July 2020</b>	<b>1 May – 31 July 2020</b>
Foreign exchange loss, net	356	(656)	767	(482)
Expected credit loss	216	45	438	296
Other	702	612	661	178
	<b>1,274</b>	<b>1</b>	<b>1,866</b>	<b>(8)</b>



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### 18 Gains and losses from investment activities

For the six months periods ended 31 July 2021 and 2020, gain and losses from investment activities comprised the following:

	1 February – 31 July 2021	1 May – 31 July 2021	1 February – 31 July 2020	1 May – 31 July 2020
Gain on sale of fixed assets	150	150	--	--
	<b>150</b>	<b>150</b>	<b>--</b>	<b>--</b>

	1 February – 31 July 2021	1 May – 31 July 2021	1 February – 31 July 2020	1 May – 31 July 2020
Losses on sale of fixed assets	335	237	1,416	1,031
	<b>335</b>	<b>237</b>	<b>1,416</b>	<b>1,031</b>

### 19 Finance income

For the six months periods ended 31 July 2021 and 2020, finance income comprised the following:

	1 February – 31 July 2021	1 May – 31 July 2021	1 February – 31 July 2020	1 May – 31 July 2020
Interest income on time deposits	35,684	16,308	19,964	12,357
Foreign exchange gain	815	462	5,897	694
Other <sup>(1)</sup>	44,492	19,278	58,461	37,598
	<b>80,991</b>	<b>36,048</b>	<b>84,322</b>	<b>50,649</b>

<sup>(1)</sup>Other finance income consists of discounts related with rent payments amounting TL 44,492 due to Covid-19 pandemic (31 July 2020 : TL 58,423).

### 20 Finance costs

For the six months periods ended 31 July 2021 and 2020, finance costs comprised the following:

	1 February – 31 July 2021	1 May – 31 July 2021	1 February – 31 July 2020	1 May – 31 July 2020
<b>Interest expense on:</b>				
Financial liabilities measured at amortised cost	47,315	25,712	45,235	28,213
Interest expenses on contractual lease liabilities	34,458	16,640	33,356	17,743
Interest expenses on purchases	37,024	22,125	9,488	5,436
	<b>118,797</b>	<b>64,477</b>	<b>88,079</b>	<b>51,392</b>
Import financing expenses	10,348	4,645	6,416	3,008
Credit card commission expenses	6,430	3,976	3,083	1,637
Foreign exchange loss	2,445	290	14,370	6,290
Other	2,450	1,113	4,038	1,802
	<b>140,470</b>	<b>74,501</b>	<b>115,986</b>	<b>64,129</b>

### 21 Income taxes

Corporate tax rate of Turkey is 25% (31 July 2020 :22%). For the six months period ended 31 July 2021, Group's effective tax rate is 23% (31 July 2020 :23%).

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

**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 July 2021 and 2020 is as follows:

	<b>1 February – 31 July 2021</b>	<b>1 May – 31 July 2021</b>	<b>1 February – 31 July 2020</b>	<b>1 May – 31 July 2020</b>
Net profit for the year attributable to owners of the Company	129,882	98,881	(54,657)	(4,569)
Weighted average number of ordinary shares (basic)	49,657,000	49,657,000	49,657,000	49,657,000
<b>Earnings per share</b>	<b>2.6156</b>	<b>1.9913</b>	<b>(1.1007)</b>	<b>(0.0920)</b>

**23 Derivatives**

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

	<b>31 July 2021</b>	<b>31 January 2021</b>
Assets from the forward exchange contracts	3,739	--
Liability from the forward exchange contracts	--	(8,601)
	<b>3,739</b>	<b>(8,601)</b>

As of 31 July 2021, the Group has open forward exchange contracts to hedge the foreign currency risk on inventory purchases in amount of USD 19,871 thousand in equivalent of TL 167,190. By applying hedge accounting, the fair value difference of TL 3,739, resulting from such forward transactions, is recognized in other comprehensive income.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2021

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

### 24 Nature and level of risks related to financial instruments

#### Market risk

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

#### Currency risk

The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The functional currencies of Group entities are CAD, USD, EUR and RUB.

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

#### Interest 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:

	<b><u>31 July 2021</u></b>	<b><u>31 January 2021</u></b>
TL / EUR	10.0084	8.8718
TL / USD	8.4139	7.3216
TL / RUB	0.1145	0.0957
TL / CAD	6.7548	5.6936

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

	<b><u>1 February – 31 July 2021</u></b>	<b><u>1 February – 31 July 2020</u></b>
EUR / TL	9.6833	7.3430
USD / TL	8.0747	6.6326
RUB / TL	0.1082	0.0929
CAD / TL	6.4890	4.8291

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

#### Market risk

#### Currency risk

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

	TL Equivalent	USD	EUR	Other
1. Trade receivables	7,576	633	--	2,250
2a. Monetary financial assets (including cash banks)	24,109	1,676	636	3,642
2b. Non-monetary financial assets	--	--	--	--
3. Other	19,018	2,243	15	--
<b>4. Current assets (1+2+3)</b>	<b>50,703</b>	<b>4,552</b>	<b>651</b>	<b>5,892</b>
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
<b>8. Non-current assets (5+6+7)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total assets (4+8)</b>	<b>50,703</b>	<b>4,552</b>	<b>651</b>	<b>5,892</b>
10. Trade payables	11,196	728	480	274
11. Financial liabilities	1,923	104	105	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
<b>13. Short term liabilities (10+11+12)</b>	<b>13,119</b>	<b>832</b>	<b>585</b>	<b>274</b>
14. Trade payables	--	--	--	--
15. Financial liabilities	1,260	--	125	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
<b>17. Long term liabilities (14+15+16)</b>	<b>1,260</b>	<b>--</b>	<b>125</b>	<b>--</b>
<b>18. Total liabilities (13+17)</b>	<b>14,379</b>	<b>832</b>	<b>710</b>	<b>274</b>
<b>19. Net Asset/(Liability) Position of derivative instruments (19a-19b)</b>	<b>(167,190)</b>	<b>(19,871)</b>	<b>--</b>	<b>--</b>
<b>19a. Hedged total asset</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>19b. Hedged total liabilities</b>	<b>167,190</b>	<b>19,871</b>	<b>--</b>	<b>--</b>
<b>20. Position of net foreign currency assets/liabilities (9+18-19)</b>	<b>(130,866)</b>	<b>(16,151)</b>	<b>(59)</b>	<b>5,618</b>
<b>21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>17,306</b>	<b>1,477</b>	<b>(74)</b>	<b>5,618</b>

As at 31 July 2021, Mavi Turkey has trade receivables amounting to TL 50,766 from consolidated subsidiaries which comprise; EUR 3,407 thousand, USD 39 thousand, CAD 117 thousand and RUB 135,817 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 68,073.

# Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

## Notes to the Condensed Consolidated Interim Financial Statements

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

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

**Market risk** (continued)

**Currency risk** (continued)

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

	TL Equivalent	USD	Euro	Other
1. Trade receivables	5,071	304	--	2,845
2a. Monetary financial assets (including cash. banks)	51,030	4,260	1,711	4,661
2b. Non-monetary financial assets	--	--	--	--
3. Other	2,213	303	--	--
<b>4. Current assets (1+2+3)</b>	<b>58,314</b>	<b>4,867</b>	<b>1,711</b>	<b>7,506</b>
5. Trade receivables	--	--	--	--
6a. Monetary financial assets	--	--	--	--
6b. Non-monetary financial assets	--	--	--	--
7. Other	--	--	--	--
<b>8. Non-current assets (5+6+7)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
<b>9. Total assets (4+8)</b>	<b>58,314</b>	<b>4,867</b>	<b>1,711</b>	<b>7,506</b>
10. Trade payables	4,780	304	274	126
11. Financial liabilities	64,488	122	7,168	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
<b>13. Short term liabilities (10+11+12)</b>	<b>69,268</b>	<b>426</b>	<b>7,442</b>	<b>126</b>
14. Trade payables	--	--	--	--
15. Financial liabilities	1,852	42	175	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
<b>17. Long term liabilities (14+15+16)</b>	<b>1,852</b>	<b>42</b>	<b>175</b>	<b>--</b>
<b>18. Total liabilities (13+17)</b>	<b>71,120</b>	<b>468</b>	<b>7,617</b>	<b>126</b>
<b>19. Net Asset/(Liability) Position of derivative instruments (19a-19b)</b>	<b>(110,373)</b>	<b>(15,075)</b>	<b>--</b>	<b>--</b>
19a. Hedged total asset	--	--	--	--
19b. Hedged total liabilities	110,373	15,075	--	--
<b>20. Position of net foreign currency assets/liabilities (9+18-19)</b>	<b>(123,179)</b>	<b>(10,676)</b>	<b>(5,906)</b>	<b>7,380</b>
<b>21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(15,019)</b>	<b>4,096</b>	<b>(5,906)</b>	<b>7,380</b>

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

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
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**24 Nature and level of risks related to financial instruments (continued)**

**Market risk (continued)**

**Currency risk (continued)**

Sensitivity analysis

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

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

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

<b>Foreign Currency Sensitivity Analysis</b>				
<b>31 July 2021</b>				
	<b>Profit/Loss</b>		<b>Equity</b>	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
<b>10% change of the USD against TL</b>				
1- Net USD denominated asset/liability	1,243	(1,243)	1,243	(1,243)
2- Hedged portion of TL against USD risk(-)	--	--	16,719	(16,719)
<b>3- Net effect of USD (1+2)</b>	<b>1,243</b>	<b>(1,243)</b>	<b>17,962</b>	<b>(17,962)</b>
<b>10% change of the EURO against TL</b>				
4- Net EURO denominated asset/liability	(74)	74	(74)	74
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
<b>6- Net effect of EURO (4+5)</b>	<b>(74)</b>	<b>74</b>	<b>(74)</b>	<b>74</b>
<b>10% change of other against TL</b>				
7- Net other denominated asset/liability	562	(562)	562	(562)
8- Hedged portion of TL against other risk(-)	--	--	--	--
<b>9- Net effect of other (7+8)</b>	<b>562</b>	<b>(562)</b>	<b>562</b>	<b>(562)</b>
<b>Total (3+6+9)</b>	<b>1,731</b>	<b>(1,731)</b>	<b>18,450</b>	<b>(18,450)</b>

**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
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**24 Nature and level of risks related to financial instruments (*continued*)**

**Market risk (*continued*)**

**Currency risk (*continued*)**

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

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

### Notes to the Condensed Consolidated Interim Financial Statements

As at and for the six months period ended 31 July 2021

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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 July 2021	Carrying amount		Fair value				
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>							
Derivatives	3,739	--	3,739	--	3,739	--	3,739
<b>Total</b>	<b>3,739</b>	<b>--</b>	<b>3,739</b>	<b>--</b>	<b>3,739</b>	<b>--</b>	<b>3,739</b>
31 January 2021	Carrying amount		Fair value				
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
<b>Financial liabilities measured at fair value</b>							
Derivatives	(8,601)	--	(8,601)	--	(8,601)	--	(8,601)
<b>Total</b>	<b>(8,601)</b>	<b>--</b>	<b>(8,601)</b>	<b>--</b>	<b>(8,601)</b>	<b>--</b>	<b>(8,601)</b>



**Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
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*(Amounts are expressed in thousands of Turkish Lira ("TL"), unless otherwise stated.)*

**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
<b>Forward exchange contracts</b>	Forward pricing: the fair value is determined using quoted forward Exchange rate and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable.	Not applicable.

**Financial instruments not measured at fair value**

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

<sup>(1)</sup>Other financial liabilities include bank loans.

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

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

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#### **26 Important developments related to the current period**

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

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

In preparing 31 July 2021 condensed consolidated interim financial statements, management has assessed the potential impacts of Covid-19 pandemic on financial statements and reviewed estimates and assumptions used in the preparation of these financial statements.

In this context, the Group tested financial assets, inventories, tangible assets, and goodwill for potential impairment loss and resulted in no impairment loss to be recorded

#### **27 Subsequent events**

None.

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

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

		<b>1 February – 31 July 2021</b>	<b>1 May – 31 July 2021</b>	<b>1 February – 31 July 2020</b>	<b>1 May – 31 July 2020</b>
	<b>Note</b>				
Profit / (Loss)		138,205	101,727	(58,344)	(6,703)
Tax (income) / expense		42,077	33,763	(17,862)	(2,364)
<b>Profit / (loss) before tax</b>		<b>180,282</b>	<b>135,490</b>	<b>(76,206)</b>	<b>(9,067)</b>
Adjustment for:					
-Net finance costs		59,479	38,453	31,664	13,480
-Receivables and payables, interest net	17	(1,838)	306	(1,415)	(425)
-Receivables and payables, foreign exchange net	17	(4,420)	(740)	(3,320)	(1,482)
-Depreciation and amortization	10-12	170,968	89,420	150,229	78,301
<b>EBITDA</b>		<b>404,471</b>	<b>262,929</b>	<b>100,952</b>	<b>80,807</b>

As of 31 July 2021, IFRS 16 has an impact of TL 108,966 on EBITDA. (31 July 2020: TL 78,206)

**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

	<b>31 July 2021</b>	<b>IFRS 16 Effect</b>	<b>After IFRS 16</b>
Current assets	1,869,335	(1,821)	1,867,514
Non-current assets	540,897	413,271	954,168
Current liabilities	1,630,530	218,987	1,849,517
Non-current liabilities	48,655	232,922	281,577
Equity	731,047	(40,459)	690,588

	<b>1 February – 31 July 2021</b>	<b>IFRS 16 Effect</b>	<b>After IFRS 16</b>
Operating profit	255,323	(15,377)	239,946
Operating profit before finance costs	255,138	(15,377)	239,761
Finance income	36,498	44,493	80,991
Finance expense	(106,203)	(34,267)	(140,470)
Profit before tax	185,433	(5,151)	180,282
Net profit	143,166	(4,961)	138,205
EBITDA	295,505	108,966	404,471