

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

**Condensed Consolidated Interim Financial Statements
As At and For The Six Months Period Ended
31 July 2024**

(Convenience Translation of Financial Statements Originally Issued in
Turkish)

17 September 2024

This report includes 2 pages of review report, 42 pages of condensed consolidated financial statements and explanatory notes to the consolidated financial statements.



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**(CONVENIENCE TRANSLATION OF THE REPORT ON REVIEW OF CONDENSED
INTERIM CONSOLIDATED FINANCIAL INFORMATION ORIGINALLY ISSUED IN
TURKISH)**

**REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM
FINANCIAL INFORMATION**

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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Mavi Giyim Sanayi ve Ticaret A.Ş. (“the Company”) and its subsidiaries (together will be referred as “the Group”) as of 31 July 2024, and the related condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows and other explanatory notes for the six-month period then ended (“condensed consolidated interim financial information”). Group management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with Turkish Accounting Standards 34 “Interim Financial Reporting” (“TAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 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 Independent Auditing Standards 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.

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Conclusion

Based on our review, nothing has come to our attention that causes us to conclude that the accompanying condensed consolidated interim financial information is not prepared, in all material respects, in accordance with TAS 34 "Interim Financial Reporting".

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.

Additional paragraph for convenience translation to English

In the accompanying interim condensed consolidated financial statements, the accounting principles described in Note 2 (defined as Turkish Accounting Standards/Turkish Financial Reporting Standards) differ from International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board with respect to the application of inflation accounting. Accordingly, the accompanying interim condensed consolidated financial statements are not intended to present the financial position and results of operations in accordance with IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.

Member of **DELOITTE TOUCHE TOHMATSU LIMITED**



Tolga Sirkecioğlu, SMMM
Partner

İstanbul, 17 September 2024

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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 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 July 2024, unless otherwise indicated.)

		Reviewed	Audited
	<i>Notes</i>	31 July 2024	31 January 2024
ASSETS			
Current assets			
Cash and cash equivalents	5	6,227,062	5,857,594
Financial investments		1,173	75,885
Trade receivables		1,603,118	1,583,428
<i>Due from third parties</i>	8	<i>1,603,118</i>	<i>1,583,428</i>
Other receivables		15,352	15,022
<i>Due from third parties</i>		<i>15,352</i>	<i>15,022</i>
Inventories	9	4,689,823	4,355,359
Derivative instruments	24	--	3,320
Prepaid expenses		526,073	263,493
<i>Due from related parties</i>	7	<i>269,112</i>	<i>144,037</i>
<i>Due from third parties</i>		<i>256,961</i>	<i>119,456</i>
Current tax assets		76,253	62,721
Other current assets		19,743	25,692
Total current assets		13,158,597	12,242,514
Non-current assets			
Other receivables		18,288	16,520
<i>Due from third parties</i>		<i>18,288</i>	<i>16,520</i>
Property, plant and equipment		1,585,307	1,463,598
Right-of-use assets	12	1,515,992	1,634,463
Intangible assets		1,276,318	1,342,049
<i>Other intangible assets</i>		<i>419,723</i>	<i>393,652</i>
<i>Goodwill</i>	11	<i>856,595</i>	<i>948,397</i>
Deferred tax assets		65,274	71,198
Total non-current assets		4,461,179	4,527,828
TOTAL ASSETS		17,619,776	16,770,342

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 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 July 2024, unless otherwise indicated.)

		Reviewed	Audited
	<i>Notes</i>	31 July 2024	31 January 2024
LIABILITIES			
Current liabilities			
Short-term borrowings	6	145,825	125,796
Short-term lease liabilities	6	632,289	602,220
- Due to related parties	7	3,597	322
- Due to third parties		628,692	601,898
Short-term portion of long-term borrowings	6	145,509	89,100
Short-term issued debt instruments	6	725,417	875,398
Trade payables		5,061,866	4,100,544
- Due to related parties	7-8	626,336	464,646
- Due to third parties	8	4,435,530	3,635,898
Payables related to employee benefits		499,381	624,997
Other payables		113,105	177,723
- Due to related parties	7	438	49
- Due to third parties		112,667	177,674
Deferred income		193,334	189,024
Short term provisions		259,304	234,426
- Short-term provisions for employee benefits	13	52,142	41,299
- Other short-term provisions	13	207,162	193,127
Current tax liabilities		206,931	278,306
Other current liabilities		98,163	94,672
Total current liabilities		8,081,124	7,392,206
Non-current liabilities			
Long-term borrowings	6	5,138	9,819
Long-term issued debt instruments	6	343,525	414,596
Long-term lease liabilities	6	618,220	696,582
- Due to related parties	7	8,799	--
- Due to third parties		609,421	696,582
Deferred income		--	16,428
Payables related to employee benefits		86,307	49,325
Long-term provisions		131,049	122,430
- Long-term provisions for employee benefits	13	131,049	122,430
Deferred tax liabilities		18,444	22,674
Total non-current liabilities		1,202,683	1,331,854
TOTAL LIABILITIES		9,283,807	8,724,060

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 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 July 2024, unless otherwise indicated.)

		Reviewed	Audited
	<i>Notes</i>	31 July 2024	31 January 2024
EQUITY			
Equity attributable to owners of the Company		8,062,822	7,610,765
Paid-in share capital	15	397,256	198,628
Adjustment to share capital	15	921,372	897,732
Share based payment fund		16,799	12,828
Other comprehensive expense not to be reclassified to profit or loss		(39,024)	(30,768)
<i>Defined benefit plans remeasurement losses</i>		(39,024)	(30,768)
Other comprehensive income or expenses to be reclassified to profit or loss		207,867	418,000
<i>Foreign currency translation differences</i>		207,867	415,510
<i>Hedging gains / (losses)</i>		--	2,490
Restricted reserves appropriated from profit	15	370,046	210,540
Retained earnings		4,635,523	3,751,198
Net profit for the period		1,552,983	2,152,607
Non-controlling interests		273,147	435,517
Total equity		8,335,969	8,046,282
TOTAL EQUITY AND LIABILITIES		17,619,776	16,770,342

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 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 July 2024, unless otherwise indicated.)

		Reviewed	Not reviewed	Reviewed	Not reviewed
	Notes	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Profit or loss					
Revenue		16,399,480	7,427,047	15,462,006	7,959,579
Cost of sales (-)		(7,900,461)	(3,636,072)	(8,115,795)	(4,063,231)
Gross profit		8,499,019	3,790,975	7,346,211	3,896,348
General administrative expenses (-)	16	(1,054,494)	(532,149)	(986,781)	(552,908)
Selling, marketing and distribution expenses (-)	16	(4,901,408)	(2,473,434)	(4,277,269)	(2,294,956)
Research and development expenses (-)	17	(205,803)	(105,345)	(157,712)	(84,141)
Other operating income	18	171,296	7,886	134,523	104,705
Other operating expenses (-)	18	(25,473)	(1,519)	(86,082)	(53,727)
Operating profit		2,483,137	686,414	1,972,890	1,015,321
Gains from investment activities	19	9,669	2,368	27,561	24,990
Losses from investment activities (-)	19	(4,792)	(4,792)	(1,254)	(146)
Operating profit before financial expense		2,488,014	683,990	1,999,197	1,040,165
Finance income	20	937,603	521,244	610,535	367,592
Finance expenses (-)	21	(1,397,347)	(669,079)	(912,591)	(457,785)
Finance expenses, net		(459,744)	(147,835)	(302,056)	(90,193)
Monetary gain / (loss)		62,767	(18,474)	26,352	30,914
Profit before tax from continuing operations		2,091,037	517,681	1,723,493	980,886
Tax income / (expense) from continuing operations		(572,289)	(50,151)	(556,338)	(276,565)
Tax expense for the period		(563,356)	(84,965)	(578,885)	(343,220)
Deferred tax income / (expense)		(8,933)	34,814	22,547	66,655
Profit for the period from continuing operations		1,518,748	467,530	1,167,155	704,321
Net income		1,518,748	467,530	1,167,155	704,321
Non-controlling interests		(34,235)	(44,064)	(28,207)	(33,961)
Owners of the Company		1,552,983	511,594	1,195,362	738,282
Earnings per share	23	3.9093	1.2878	3.0090	1.8585

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 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 July 2024, unless otherwise indicated.)

	Reviewed	Not reviewed	Reviewed	Not reviewed
<i>Notes</i>	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Remeasurement losses of defined benefit plans	(11,008)	(11,008)	--	--
Deferred tax income	2,752	2,752	--	--
Items that will not be reclassified to profit or loss				
Foreign currency translation differences	(342,201)	(173,114)	442,460	409,949
Cash flow hedging gains / (losses)	(3,320)	8,952	391,153	301,031
Deferred tax income / (expense)	830	(2,238)	(97,788)	(75,258)
Other comprehensive income	(352,947)	(174,656)	735,825	635,722
Total comprehensive income	1,165,801	292,876	1,902,980	1,340,043
Total comprehensive income attributable to:				
Non-controlling interests	(168,793)	(108,111)	67,074	53,487
Owners of the Company	1,334,594	400,987	1,835,906	1,286,556

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 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 July 2024, unless otherwise indicated.)

					Other comprehensive income that will not reclassified to profit or loss	Other comprehensive income that will reclassified to profit or loss			Retained earnings		Attributable to owners of the Company	Attributable to non-controlling interest	Total equity
	Share capital	Legal reserves	Adjustment to share capital	Share based payment fund	Remeasurement of defined benefit liability	Foreign currency translation reserve	Hedging reserve	Retained earnings	Net profit				
Balance as of 1 February 2023	198,628	714,915	210,540	1,880	(4,166)	364,566	(28,165)	2,424,943	2,299,601	6,182,742	356,414	6,539,156	
Transfers	--	182,813	--	--	--	--	--	2,116,788	(2,299,601)	--	--	--	
Dividend payment	--	--	--	--	--	--	--	(790,528)	--	(790,528)	--	(790,528)	
Increase (decrease) due to share-based transactions	--	--	--	11,490	--	--	--	--	--	11,490	--	11,490	
Total comprehensive income	--	--	--	--	--	347,179	293,365	--	1,195,362	1,835,906	67,074	1,902,980	
Total balance as of 31 July 2023	198,628	897,728	210,540	13,370	(4,166)	711,745	265,200	3,751,203	1,195,362	7,239,610	423,488	7,663,098	
Balance as of 1 February 2024	198,628	897,732	210,540	12,828	(30,768)	415,510	2,490	3,751,198	2,152,607	7,610,765	435,517	8,046,282	
Transfers	198,628	23,640	159,506	--	--	--	--	1,770,833	(2,152,607)	--	--	--	
Dividend payment	--	--	--	--	--	--	--	(886,508)	--	(886,508)	--	(886,508)	
Increase (decrease) due to share-based transactions	--	--	--	3,971	--	--	--	--	--	3,971	6,423	10,394	
Total comprehensive income	--	--	--	--	(8,256)	(207,643)	(2,490)	--	1,552,983	1,334,594	(168,793)	1,165,801	
Total balance as of 31 July 2024	397,256	921,372	370,046	16,799	(39,024)	207,867	--	4,635,523	1,552,983	8,062,822	273,147	8,335,969	

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 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 July 2024, unless otherwise indicated.)

		Reviewed	Reviewed
		1 February –	1 February –
	<i>Notes</i>	31 July 2024	31 July 2023
Cash flow from operating activities			
Net profit for the period		1,518,748	1,167,155
<i>Adjustments for:</i>			
Adjustments for depreciation and amortization expense	10,12	986,580	955,187
Adjustments for interest income	20	(919,574)	(481,423)
Adjustments for interest expense	21	1,396,465	909,319
Adjustments for provision for vacation	13	20,948	25,555
Adjustments for fair value losses / (gains) of financial assets	19	(7,432)	(26,249)
Adjustments for provision for employment termination benefit	13	44,563	66,725
Adjustments for impairment losses on trade receivables		193	(4,773)
Adjustments for rediscount interest expense/ (income) on trade payables	18	(90,948)	(30,881)
Adjustments for share-based payments		10,394	11,490
Adjustments for monetary gain/loss		864,267	330,925
Adjustments for expected credit losses	18	(105)	(4,240)
Adjustments for inventory impairment	9	(3,487)	(44,726)
Adjustments for provisions for payables short-term and long-term	13	49,319	32,155
Adjustments for loss on disposal of property and equipment	19	2,555	(58)
Adjustments for tax expense		572,291	556,336
Adjustments for unrealized foreign currency translation differences		(388,936)	243,593
		4,055,841	3,706,090
Changes in working capital:			
Change in trade receivables		(297,772)	(514,399)
Change in inventories		(1,165,801)	(1,113,893)
Change in prepaid expenses		(307,437)	(56,441)
Change in other receivables of related parties		--	--
Change in other receivables		(7,500)	26,449
Change in other current and non-current assets		1,548	58,196
Change in employee benefits liabilities		26,870	140,392
Change in trade payables		1,501,679	92,707
Change in payables to related parties		241,675	30,290
Change in deferred income		23,073	38,580
Change in other payables		(34,573)	3,904
Change in short-term and long-term provisions		(1,422)	(984)
Change in other liabilities		19,615	35,477
Cash flows used in operating activities		4,055,796	2,446,368
Employment termination benefits paid	13	(25,818)	(58,401)
Tax payments		(604,590)	(118,866)
A. Net cash from operating activities		3,425,388	2,269,101
Cash flows from investing activities			
Cash outflows from purchases of property, plant, and equipment	10	(359,229)	(236,561)
Cash inflows from the sale of property, plant and equipment and intangible asset	10,19	(85)	13,945
Cash outflows from purchases of intangible asset	10	(148,178)	(52,708)
Other investing activities		82,067	(60,422)
Interest received		894,584	504,883
B. Net cash used in investing activities		469,159	169,137
Cash inflows from borrowings		186,591	539,660
Cash outflows from repayments of borrowings		(100,938)	(1,118,148)
Cash outflows from payments of lease contracts		(518,481)	(486,695)
Other financial cash outflows		(958,736)	(497,110)
Dividend paid		(886,504)	(790,528)
Interest paid		(268,672)	(221,645)
C. Net cash flow generated from / (used in) financing activities		(2,546,740)	(2,574,466)
Net change in cash and cash equivalent (A+B+C)		1,347,807	(136,228)
The effect of inflation on cash and cash equivalents		(1,003,329)	(1,205,366)
D. Cash and cash equivalents at the beginning of the period	5	5,831,577	6,411,763
Cash and cash equivalents at the end of the period (A+B+C+D)	5	6,176,055	5,070,169

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 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 July 2024, unless otherwise indicated.)

1 Organization and operations of the Group

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

The Company’s registered office is Sultan Selim Mahallesi, Eski Büyükdere Caddesi, No: 53/2, 34418 Kağıthane İstanbul/Türkiye.

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, Heusenstamm, Zurich, Salzburg, Prague, and Almere.

Shares of the Company has been traded at Borsa İstanbul (“BIST”) since 15 June 2017, As of 31 July 2024, 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 2024: Blue International Holding B.V., which owns 0,22% of the Company's share capital, and Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar, each of whom own 9,062% of the Company's share capital), Blue International Holding B.V. is controlled by Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar.

The condensed consolidated interim financial statements for the six months period ended as at 31 July 2024 include financial position and the results of Mavi Giyim, Mavi Europe AG (“Mavi Europe”) and Mavi Jeans LLC (“Mavi Russia”), Eflatun Giyim Yatırım Ticaret Anonim Şirketi (“Eflatun Giyim”), Mavi Jeans Incorporated (“Mavi Canada”) and Mavi Jeans Incorporated (“Mavi United States of America (“USA”)), Mavi Giyim and its subsidiaries are referred here as the “Group” and individually “the Group entity” in this report.

The ownership interest and voting rights of the subsidiaries as of 31 July 2024 and 31 January 2024 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Effective Shareholding %	
			31 July 2024	31 January 2024
Mavi Europe	Germany	Wholesale and retail sales of apparel	100.00	100.00
Mavi Russia	Russia	Wholesale and retail sales of apparel	100.00	100.00
Eflatun Giyim	Türkiye	Holding company	51.00	51.00
Mavi USA	USA	Wholesale and retail sales of apparel	47.69	47.69
Mavi Canada	Canada	Wholesale and retail sales of apparel	63.25	63.25
Mavi Kazakhstan ⁽¹⁾	Kazakhstan	Retail sales of apparel	100.00	100.00

⁽¹⁾ Mavi Kazakhstan is in the liquidation process and does no longer proceed any operations as of 31 October 2015. Mavi Kazakhstan financials have not been consolidated since its operations insignificant in terms of condensed consolidated interim financial statements, as of 31 July 2024.

As of 31 July 2024, Group’s total number of employees is 6,366 (31 January 2024: 6,201).

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 2024

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 July 2024, unless otherwise indicated.)

2 Basis of presentation of financial statements

2.1 Basis for the presentation of interim condensed consolidated financial statements

(a) Statement of compliance to TFRS

The accompanying consolidated financial statements have been prepared in line with Capital Markets Board (“CMB”), Communiqué Serial: II, No, 14,1 on “Principles on Financial Reporting in Capital Market” (“the Communiqué”), promulgated in Official Gazette No, 28676 dated 13 June 2013, TFRSs include Standards and Interpretations published by POA under the names of Turkish Accounting Standards (“TAS”), Turkish Financial Reporting Standards, TAS Interpretations and TFRS Interpretations.

The consolidated financial statements are presented in accordance with TFRS Taxonomy developed based on the “Financial Statement Examples and User Guide” announced by the POA published in the Official Gazette dated 7 June 2019 and numbered 30794.

Approval of consolidated financial statements:

The consolidated financial statements were approved by the Board of Directors of the Company on 17 September 2024. The General Assembly of the Company has the right to amend and the related regulatory authorities have the right to demand the amendment of these consolidated financial statements.

(b) Preparation of financial statements

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 17 September 2024. The General Assembly has the authority to modify the condensed consolidated interim financial statements.

(c) Functional and presentation currency

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

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

The table below summarizes functional currencies of the Group entities.

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

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2 Basis of presentation of financial statements (continued)

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

(d) Basis of measurement

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

(e) Significant accounting judgments, estimates and assumptions

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

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

Although these estimates are based on management's best estimates based on current events and actions, actual results may differ from estimates. Assumptions and estimates that are complex and require further interpretation may have a significant impact on the financial statements. As of 31 July 2024, the assumptions and significant accounting estimates used in the preparation of the six-months interim condensed consolidated financial statements have not changed compared to those used in the prior year.

(f) Measurement of fair values

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

(i) Trade and other receivables

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

(ii) Forward exchange contracts

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

(iii) Other non-derivative financial liabilities

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

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2 Basis of presentation of financial statements (continued)

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

(f) Measurement of fair values (continued)

(iv) Property, plant and equipment

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

(v) Intangible assets

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

Restatement of financial statements during periods of high inflation

In accordance with the CMB's decision dated 17 March 2005 and numbered 11/367, for companies operating in Türkiye and preparing financial statements in accordance with Turkish Financial Reporting Standards, the application of inflation accounting has been terminated as of 1 January 2005. Accordingly, as of 1 January 2005, the Standard No, 29 "Financial Reporting in Hyperinflationary Economies" ("TAS 29") was not been applied.

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last six years has been 74,41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2022 within the scope of TAS 29 "Financial Reporting in High Inflation Economies".

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 Financial Reporting in Hyperinflationary Economies.

TAS 29 applies to the financial statements, including the consolidated financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period. As at the reporting date, entities operating in Türkiye are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last six years based on the Consumer Price Index ("CPI") is more than 100%.

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2 Basis of presentation of financial statements (continued)

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

Restatement of financial statements during periods of high inflation (continued)

POA made a announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 January 2024 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 July 2024.

In this framework, while preparing the consolidated financial statements dated 31 July 2024, 31 January 2024 and 31 July 2023, inflation adjustment has been made in accordance with TAS 29.

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute (TURKSTAT):

Date	Index	Adjustment coefficient	Six-year cumulative inflation rates
31 July 2024	2,394.10	1.00000	330%
31 January 2024	1,984.02	1.20669	287%
31 July 2023	1,300.04	1.61781	216%

The main lines of TAS 29 indexation transactions are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.

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2 Basis of presentation of financial statements (continued)

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

Restatement of financial statements during periods of high inflation (continued)

- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognised in the financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

The impact of the application of TAS 29 Inflation Accounting is summarised below:

Restatement of the Statement of Financial Position

Amounts in the statement of financial position that are not expressed in terms of the measuring unit current at the end of the reporting period are restated. Accordingly, monetary items are not restated because they are expressed in the currency of the reporting period. Non-monetary items are required to be restated unless they are expressed in terms of the currency in effect at the end of the reporting period.

The gain or loss on the net monetary position arising on restatement of non-monetary items is recognised in profit or loss and presented separately in the statement of comprehensive income.

Restatement of the Statement of Profit or Loss

All items in the statement of profit or loss are expressed in terms of the measuring unit current at the end of the reporting period. Therefore, all amounts have been restated by applying changes in the monthly general price index.

Cost of inventories sold has been restated using the restated inventory balance.

Depreciation and amortisation expenses have been restated using the restated balances of property, plant and equipment, intangible assets, investment property and right-of-use assets.

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2 Basis of presentation of financial statements (continued)

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

Restatement of financial statements during periods of high inflation (continued)

Restatement of Statement of Cash Flows

All items in the statement of cash flows are expressed in terms of the measuring unit current at the end of the reporting period.

Consolidated financial statements

The financial statements of a subsidiary whose functional currency is the currency of a hyperinflationary economy are restated by applying the general price index before they are included in the consolidated financial statements prepared by the parent company.

Subsidiaries of the Group whose functional currency is other than Turkish Lira have been translated to the purchasing power of 31 July 2024 according to the following principles.

As of 31 July 2024, the consolidated statement of financial position for the period ended 31 July 2024 has been translated into Turkish Lira at the closing rate of 31 July 2024, 1 February 2024 – 31 July 2024 consolidated statement of income has been translated into Turkish Lira at the average monthly exchange rates and indexed to the purchasing power of 31 July 2024 from the translation date and the relevant months. The consolidated statement of financial position for the period ended 31 January 2024 has been translated into Turkish Lira at the closing rate of 31 January 2024 and indexed to the purchasing power of 31 July 2024. The income statement for the period 1 February 2023 - 31 July 2023 has been translated into Turkish Lira at the average monthly exchange rates and indexed to the purchasing power of 31 July 2024.

Comparative figures

Relevant figures for the previous reporting period are restated by applying the general price index so that the comparative financial statements are presented in the measuring unit applicable at the end of the reporting period. Information disclosed for prior periods is also expressed in terms of the measuring unit current at the end of the reporting period.

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2 Basis of presentation of financial statements (continued)

2.2 New and Amended Turkish Financial Reporting Standards

(a) Amendments that are mandatorily effective from 2024

Amendments to TAS 1	<i>Classification of Liabilities as Current or Non-Current</i>
Amendments to TFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to TAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to TAS 7 and TFRS 7	<i>Supplier Finance Arrangements</i>
TSRS 1	<i>General Requirements for Disclosure of Sustainability related Financial Information</i>
TSRS 2	<i>Climate-related Disclosures</i>

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

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

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

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

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

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

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

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

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

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

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

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

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2 Basis of presentation of financial statements (continued)

2.2 New and Amended Turkish Financial Reporting Standards (continued)

(a) Amendments that are mandatorily effective from 2024 (continued)

TSRS 1 General Requirements for Disclosure of Sustainability-related Financial Information

TSRS 1 sets out overall requirements for sustainability-related financial disclosures with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

TSRS 2 Climate-related Disclosures

TSRS 2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. The application of this standard is mandatory for annual reporting periods beginning on or after 1 January 2024 for the entities that meet the criteria specified in POA's announcement dated 5 January 2024 and numbered 2024-5 and for banks regardless of the criteria. Other entities may voluntarily report in accordance with TSRS.

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information (Amendment to TFRS 17)</i>
Amendments to TAS 21	<i>Lack of Exchangeability</i>

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts, TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2025.

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2 Basis of presentation of financial statements (continued)

2.2 New and Amended Turkish Financial Reporting Standards (continued)

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

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

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

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

Amendments to TAS 21 Lack of Exchangeability

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

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

2.3 Significant accounting policies

Condensed consolidated financial statements as of and for the six months interim period ended 31 July 2024 have been prepared by the Group by applying the accounting policies consistent with the accounting policies applied during the preparation of the consolidated financial statements for the year ended 31 January 2024.

The financial statements in the condensed consolidated interim financial statements for the six-months period ended on 31 July 2024 must be evaluated together with the consolidated financial statements for the year ended 31 January 2024.

TFRS 16 Leases

Leases

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

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

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

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2 Basis of presentation of financial statements (continued)

2.3 Significant accounting policies (continued)

Right-of-use assets

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

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

Lease liability

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

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

2.4 Changes in accounting estimates and errors

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

Comparative information and restatement of prior period financial statements

The consolidated financial statements of the Group are prepared in comparison with the prior period in order to allow the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when deemed necessary. In the current period, the Group has made some reclassifications in its prior period financial statements. The nature, reason and amounts of the classifications are explained below:

-Deferred payment income amounting to TL 26,292 which was accounted as finance income in the consolidated statement of profit or loss for the accounting period ending on 31 July 2023, is reclassified to "other operating income" in comparative financial statements.

The reclassification has no impact on the profit for the period ended on 31 July 2023.

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 2024 are not indicative of the results for the financial year.

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4 Segment reporting

	1 February- 31 July 2024			1 May - 31 July 2024			1 February- 31 July 2023			1 May- 31 July 2023		
	Reportable segment			Reportable segment			Reportable segment			Reportable segment		
	Türkiye	International	Total	Türkiye	International	Total	Türkiye	International	Total	Türkiye	International	Total
Segment revenue ⁽¹⁾	14,732,488	1,666,992	16,399,480	6,758,557	668,490	7,427,047	13,454,260	2,007,746	15,462,006	7,037,585	921,994	7,959,579
- Retail	11,149,907	224,041	11,373,948	5,411,826	116,817	5,528,643	10,068,367	281,390	10,349,757	5,514,439	152,269	5,666,708
- Wholesale	2,403,889	1,091,506	3,495,395	825,821	393,297	1,219,118	2,313,258	1,319,079	3,632,337	983,596	588,804	1,572,400
- E-commerce	1,178,692	351,445	1,530,137	520,910	158,376	679,286	1,072,635	407,277	1,479,912	539,550	180,921	720,471
Segment profit before tax	2,185,392	(94,355)	2,091,037	631,456	(113,775)	517,681	1,715,092	8,401	1,723,493	1,023,381	(42,495)	980,886

	31 July 2024			31 January 2024		
	Reportable segment			Reportable segment		
	Türkiye	International	Total	Türkiye	International	Total
Total segment assets	15,995,503	1,624,273	17,619,776	14,703,625	2,066,717	16,770,342
Total segment liabilities	8,268,066	1,015,741	9,283,807	7,509,746	1,214,314	8,724,060

The Group applies TFRS 8 and operating segments are determined based on internal reports that are regularly reviewed by the Group's decision maker. The Group has 2 strategic operating segments as Türkiye and International 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.

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

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5 Cash and cash equivalents

As at 31 July 2024 and 31 January 2024, cash and cash equivalents comprises the following:

	31 July 2024	31 January 2024
Cash on hand	13,031	7,425
Cash at banks	5,131,430	4,489,553
-Demand deposits	283,475	422,076
-Time deposits	4,847,955	4,067,477
Other cash and cash equivalents	1,031,594	1,334,599
Cash and cash equivalents in the statement of cash flow	6,176,055	5,831,577
Time deposit interest accrual	51,007	26,017
	6,227,062	5,857,594

As at 31 July 2024 and 31 January 2024, other cash and cash equivalents consist of credit card receivables with maturities less than three months.

As at 31 July 2024 and 31 January 2024, the details of the maturity dates and interest rates of the Group's time deposits are as follows:

	Maturity	Interest rate	31 July 2024
TL	1 August - 2 September 2024	40%-51%	4,799,400
USD	1 August 2024	1.50%	48,555
			4,847,955

	Maturity	Interest rate	31 January 2024
TL	1 February - 4 March 2024	40%-43%	3,822,830
USD	1 February 2024	0.75%	244,647
			4,067,477

As at 31 July 2024 and 31 January 2024, there is no restriction or blockage on cash and cash equivalents. The Group's currency risk and sensitivity analyses are disclosed in Note 25.

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6 Financial borrowings

As at 31 July 2024 and 31 January 2024, financial borrowings comprise the following:

	31 July 2024	31 January 2024
Current liabilities		
Unsecured bank loans	145,825	125,796
Current portion of unsecured bank loans	145,509	89,100
Issued debt instruments	725,417	875,398
Lease liabilities	632,289	602,220
	1,649,040	1,692,514
Non-current liabilities		
Unsecured bank loans	5,138	9,819
Issued debt instruments	343,525	414,596
Lease liabilities	618,220	696,582
	966,883	1,120,997

As of 31 July 2024 and 31 January 2024, the Group's total bank loans are as follows:

	31 July 2024	31 January 2024
Bank loans	296,472	224,715
Issued debt instruments	1,068,942	1,289,994
Lease liabilities	1,250,509	1,298,802
	2,615,923	2,813,511

As of 31 July 2024 and 31 January 2024, the repayments of loan agreements according to the original maturities are as follows:

	31 July 2024	31 January 2024
Less than one year	1,016,752	1,090,294
One to two years	348,662	422,629
Two to three years	--	1,786
	1,365,414	1,514,709

As of 31 July 2024 and 31 January 2024, maturities and conditions of outstanding loans comprised the following:

31 July 2024					
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	RUB	22.50%	2024	140,981	145,509
Unsecured bank loans	USD	7.70%	2024	28,076	28,076
Unsecured bank loans	CAD	6.95%-7.30%	2024-2026	122,887	122,886
Issued debt instruments	TL	45.00%-47.00%	2024-2025	1,000,000	1,068,943
				1,291,944	1,365,414
31 January 2024					
	Currency	Nominal interest rate%	Maturity	Face value	Carrying amount
Unsecured bank loans	RUB	21.00%	2024	86,575	89,100
Unsecured bank loans	CAD	7.30%-7.45%	2024-2026	135,615	135,615
Issued debt instruments	TL	45.00%-47.00%	2024-2025	1,206,690	1,289,994
				1,428,880	1,514,709

Currency risk and sensitivity analysis regarding the Group's financial liabilities are presented in note 25.

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6 Financial borrowings (continued)

Short-term portion of long-term liabilities	31 July 2024	31 January 2024
Lease liabilities	805,872	754,999
Deferred lease borrowing cost (-)	(173,583)	(152,779)
	632,289	602,220
Long-term lease liabilities		
Lease liabilities	986,288	1,180,660
Deferred lease borrowing costs (-)	(368,068)	(484,078)
	618,220	696,582
Total lease liabilities	1,250,509	1,298,802

7 Related party disclosures

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

As of 31 July 2024, the members of the Akarlılar Family (Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar) are the controlling shareholders of the Group with a total ownership interest of 27.41% where 27.19% is the direct ownership interest and 0.22% is the indirect ownership interest through Blue International Holding B.V.

(a) Related party balances

Advances given to related parties as of 31 July 2024 and 31 January 2024 are as follows:

	31 July 2024	31 January 2024
Erak Giyim Sanayi Tic. A.Ş. (“Erak”) ⁽¹⁾	269,112	144,037
	269,112	144,037

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

The balance of trade payables to related parties for the periods ended 31 July 2024 and 31 January 2024 is as follows:

	31 July 2024	31 January 2024
Due to related parties		
Erak ⁽¹⁾	525,922	408,186
Akay Lelmalabis Elgazhizah LLC (“Akay”) ⁽²⁾	100,414	56,460
	626,336	464,646

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

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

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7 Related party disclosures (continued)

(a) Related party balances (continued)

As of 31 July 2024 and 31 January 2024, other short-term payables to related parties are as follows:

	31 July 2024	31 January 2024
Other payables to related parties		
Eflatun Giyim shareholders	438	49
	438	49
Short-term lease liabilities to related parties		
Sylvia House Inc.	3,597	322
	3,597	322
Long-term lease liabilities to related parties		
Sylvia House Inc.	8,799	--
	8,799	--

(b) Related party transactions

For the six months period ended 31 July 2024 and 2023, product purchases from related parties of the Group are as follows:

	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Product purchase from related parties				
Erak	2,454,620	974,094	2,209,283	1,217,307
Akay	246,593	142,186	346,132	198,074
	2,701,213	1,116,280	2,555,415	1,415,381

For the six months period ended 31 July 2024 and 2023, the services from related parties of the Group are as follows:

	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Services from related parties				
Erak ⁽¹⁾	7,839	3,892	6,936	5,077
Mavi Jeans Holding Inc. ⁽²⁾	--	--	920	42
Sylvia House Inc. ⁽³⁾	2,666	1,286	2,932	1,628
	10,505	5,178	10,788	6,747

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

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

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

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

For the six months period ended 31 July 2024, short-term and long-term benefits (salaries and wages, attendance fee, bonus, holiday overtime, severance payment, premium and other benefits) provided to senior management and board of directors amounted to TL 413,705 (31 July 2023: TL 394,064).

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8 Trade receivables and payables

Short-term trade receivables

As at 31 July 2024 and 31 January 2024, short-term trade receivables are as follows:

	31 July 2024	31 January 2024
Trade receivables from third parties	1,603,118	1,583,428
	1,603,118	1,583,428

As at 31 July 2024 and 31 January 2024, short-term trade receivables from third parties are as follows:

	31 July 2024	31 January 2024
Receivables	1,322,627	1,349,429
Notes receivables	308,673	263,328
Post-dated cheques	13,141	16,547
Endorsed cheques	47,102	52,741
Expected credit losses (-)	(2,119)	(2,889)
Allowance for doubtful receivables (-)	(86,306)	(95,728)
	1,603,118	1,583,428

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

The details of the exchange rate risk and sensitivity analysis of the Group's short-term trade receivables are disclosed in Note 25.

Short-term trade payables

As at 31 July 2024 and 31 January 2024, short-term trade payables of the Group are as follows:

	31 July 2024	31 January 2024
Trade payables to third parties	4,435,530	3,635,898
Trade payables to related parties (Note 7)	626,336	464,646
	5,061,866	4,100,544

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 25.

As of 31 July 2024 and 31 January 2024, short-term trade payables to third parties are as follows:

	31 July 2024	31 January 2024
Trade payables ⁽¹⁾	4,350,811	3,517,449
Expense accruals	84,719	118,449
	4,435,530	3,635,898

⁽¹⁾ Trade payables to third parties comprise supplier financing payables amounting TL 1,125,988 (31 January 2024: TL 1,112,403). The Company performs import factoring for the purchases of good from abroad. Within the scope of import factoring, foreign suppliers transfer their receivables from the Company to the financial institutions where the Company works with confirmation of assignment. Within the scope of supplier financing, domestic suppliers transfer their receivables from the Company to the financial institutions where the Company works with confirmation of assignment.

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9 Inventories

As of 31 July 2024 and 31 January 2024, inventories are as follows:

	31 July 2024	31 January 2024
Trade goods	4,646,187	4,251,648
Consignment trade goods	201,101	238,991
Goods in transit	10,747	43,924
Provision for impairment on inventory (-)	(168,212)	(179,204)
	4,689,823	4,355,359

As of 31 July 2024 there is no restriction / pledge on inventories (31 January 2024: nil).

As of 31 July 2024 and 2023, the provision for impairment on inventory is as follows:

	31 July 2024	31 July 2023
Opening balance	179,204	215,219
Provision for the period	48,076	45,014
Foreign currency translation effect	5,241	39,856
Inflation effect	(12,746)	(17,541)
Disposals	(51,563)	(89,740)
Closing balance	168,212	192,808

In the interim period ended on 31 July 2024, inventories of TL 48,076 (31 July 2023: TL 45,014) 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”.

10 Property, plant and equipment and intangible assets

The amount of tangible and intangible assets purchased during the six months period ended 31 July 2024 is TL 507,407 (31 July 2023: TL 289,269).

Net book value of tangible and intangible assets sold during the six months period ended 31 July 2024 amounted to TL 2,470 (31 July 2023: TL 8,583).

The depreciation charge for the six months period ended 31 July 2024 is TL 334,218 (31 July 2023: TL 290,698). The depreciation charge of TL 582 for the six months period ended 31 July 2024 is capitalized in accordance with incentive program (31 July 2023: TL 974).

11 Goodwill

As of 31 July 2024 and 31 January 2024, the carrying amount of goodwill allocated to each cash generating unit is as follows:

	31 July 2024	31 January 2024
Mavi USA	757,960	839,473
Mavi Canada	71,705	81,994
Other	26,930	26,930
	856,595	948,397

As of 31 July 2024, the decrease in goodwill recognized at foreign subsidiaries is related with the increase in previous year goodwill is higher than the foreign currency increase as a result of the application of inflation accounting. Goodwill is primarily attributable to the synergies expected to be derived from the integration of Mavi America and Mavi Canada into the Group's existing business.

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12 Right-of-use assets

For the period ended 31 July 2024 and 2023 the movement of Right-of-use assets is as follows:

Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2024 balance	703,450	6,271,914	214,186	185,725	7,375,275
Additions	23,859	40,096	10,219	--	74,174
Modification	53,491	423,772	9,821	--	487,084
Disposals	(4,627)	(2,345)	(3,937)	(16,104)	(27,013)
Currency translation differences	(22,474)	(23,186)	(1,937)	(17,789)	(65,386)
Balance as of 31 July 2024	753,699	6,710,251	228,352	151,832	7,844,134

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2024 balance	464,910	5,163,874	49,854	62,173	5,740,811
Charge for the period	51,333	544,758	32,452	23,819	652,362
Disposals	(4,627)	5,096	(3,936)	(16,104)	(19,571)
Currency translation differences	(20,424)	(16,869)	(1,338)	(6,829)	(45,460)
Balance as of 31 July 2024	491,192	5,696,859	77,032	63,059	6,328,142

Net book value as of 31 July 2024	262,507	1,013,392	151,320	88,773	1,515,992
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Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2023 balance	450,059	5,469,859	124,004	217,506	6,261,428
Additions	--	22,175	16,094	--	38,269
Modification	33,265	507,051	1,100	--	541,416
Disposals	--	(61,300)	(3,800)	(30,770)	(95,870)
Currency translation differences	34,450	(4,848)	2,377	30,302	62,281
Balance as of 31 July 2023	517,774	5,932,937	139,775	217,038	6,807,524

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2023 balance	372,134	4,144,238	55,431	45,498	4,617,301
Charge for the period	58,827	555,926	25,094	24,642	664,489
Disposals	--	(57,258)	(3,800)	(30,693)	(91,751)
Currency translation differences	28,884	(831)	1,527	5,924	35,504
Balance as of 31 July 2023	459,845	4,642,075	78,252	45,371	5,225,543

Net book value as of 31 July 2023	57,929	1,290,862	61,523	171,667	1,581,981
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For the six months period ended 31 July 2024, TL 46,823 (31 July 2023: TL 30,520) of amortisation expenses are included under general administrative expenses and TL 600,875 (31 July 2023: TL 630,826) under selling and marketing expenses, and TL 4,664 (31 July 2023: TL 3,143) under research and development expenses.

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13 Provisions, contingent assets and liabilities

Short-term provisions

As of 31 July 2024 and 31 January 2024, short-term provisions are as follows:

	31 July 2024	31 January 2024
Short-term provisions for employee benefits	52,142	41,299
Other short-term provisions	207,162	193,127
	259,304	234,426

Short-term provision for employee benefits consists of provision for vacation pay liability. The movement of provision for vacation liability for the six-months period ending on 31 July 2024 and 2023 is as follows:

	2024	2023
1 February balance	41,299	37,457
Current period provision	20,948	25,555
Currency translation differences	1,438	4,501
Payments	(2,699)	(7,843)
Inflation correction effect	(8,844)	(9,199)
31 July balance	52,142	50,471

Provision for vacation pay liability

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

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

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term vacation pay liability if the Group 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 Türkiye, the Company is required to pay to the employee, whose employment is terminated due to any reasons, the wage of the deserved and unused vacation days over the gross prevailing wage and other benefits subject to contract at the date the contract is terminated. Vacation pay liability is the total undiscounted liability of the deserved and unused vacation days of all employees. Vacation pay liability is calculated by remaining number of unused vacation days and average daily salary.

As of 31 July 2024 and 31 January 2024, details of other short-term provisions are as follows:

	31 July 2024	31 January 2024
Sales return provision	178,085	160,539
Legal provision ⁽¹⁾	15,106	14,162
Other provisions	13,971	18,426
	207,162	193,127

⁽¹⁾ Legal provision mainly comprised of labour lawsuits.

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13 Provisions, contingent assets and liabilities (continued)

Short-term provisions (continued)

The movement of provisions for the six-months interim period ending on 31 July 2024 and 2023 is as follows:

	Legal provision ⁽¹⁾	Return provisions	Other provisions	Total
1 February 2024 balance	14,162	160,539	18,426	193,127
Current year provision	5,609	46,396	2,811	54,816
Currency translation differences	--	2,510	748	3,258
Provisions used	(1,421)	--	--	(1,421)
Provisions cancelled	(529)	--	(4,968)	(5,497)
Inflation correction effect	(2,715)	(31,360)	(3,046)	(37,121)
31 July 2024 balance	15,106	178,085	13,971	207,162
1 February 2023 balance	11,441	182,312	16,147	209,900
Current year provision	5,157	27,816	5,066	38,039
Currency translation differences	--	20,111	6,049	26,160
Provisions used	(983)	--	--	(983)
Provisions cancelled	(131)	--	(5,753)	(5,884)
Inflation correction effect	(2,433)	(37,560)	(3,407)	(43,400)
31 July 2023 balance	13,051	192,679	18,102	223,832

⁽¹⁾ Legal provision mainly comprised of labour lawsuits.

Long-term provisions

As of 31 July 2024 and 31 January 2024, long-term provisions which consist of severance pay liabilities are as follows:

	31 July 2024	31 January 2024
Long-term provisions for employee benefits	131,049	122,430
	131,049	122,430

For the period ended 31 July 2024 and 2023 the movement of provision for termination benefits is as follows:

	1 February – 31 July 2024	1 February – 31 July 2023
As of February 1	122,430	121,590
Interest cost	12,995	2,270
Service cost	31,568	64,455
Payment of employment termination benefits	(23,119)	(50,558)
Currency translation differences	713	587
Actuarial differences	11,008	--
Inflation correction effect	(24,546)	(27,642)
As of the end of the period	131,049	110,702

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14 Commitments

(a) Guaranties, pledges and mortgages

As of 31 July 2024 and 31 January 2024, the Group's guarantee / pledge / mortgage ("GPM") position statement is as follows:

	31 July 2024				
	TL Equivalent	TL	EUR	RUB	USD
A. On behalf of its own legal personality of the total amount of GPMs	256,236	196,709	966	13,098	606
Guarantee	256,236	196,709	966	13,098	606
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	5,215	--	53	--	100
Guarantee	5,215	--	53	--	100
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	261,451	196,709	1,019	13,098	706

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14

Commitments (continued)

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

	31 January 2024				
	TL Equivalent	TL	EUR	RUB	USD
A. On behalf of its own legal personality of the total amount of GPMs	253,462	178,862	1,436	16,328	725
Guarantee	253,462	178,862	1,436	16,328	725
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	4,859	--	64	--	91
Guarantee	4,859	--	64	--	91
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	258,321	178,862	1,500	16,328	816

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14 Commitments (continued)

(a) Guaranties, pledges and mortgages (continued)

As of 31 July 2024, ratio of other GPM given by the Group to equity was 0% (31 January 2024: 0%).

The Group has purchase commitments related to inventory amounting to TL 7,611,054 as of 31 July 2024 (31 January 2024: TL 8,364,451).

(b) Guarantees received

As of 31 July 2024, the Group has received letter of guarantees for the amount of TL 306,094 as in the form of security from wholesale customers (31 January 2024: TL 480,399).

15 Share capital, reserves and other equity items

Paid-in capital

The capital structure as of 31 July 2024 and 31 January 2024 is as follows:

	%	31 July 2024	%	31 January 2024
Akarlılar Family	27.19	108,000	27.19	54,000
Blue International	0.22	866	0.22	432
Publicly held	72.60	288,390	72.60	144,196
Capital stock	100	397,256	100	198,628
Adjustment of inflation		921,372		897,732
Adjusted capital		1,318,628		1,096,360

As of 31 July 2024 paid-in capital of the Company comprises 397,256,000 shares issued of TL 1 each (31 January 2024: 198,628,000 shares issued of TL 1 each).

The transactions regarding the change of the main agreement’s 6th article titled “Capital and Shares” with the increase of Company’s entire issued capital from 198,628,000 TL to 397,256,000 by covering whole amount from the “Retained Earnings” account were registered on 22 March 2024 and published in the Turkish Trade Registry Gazette with the issue number 11049.

Legal reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (“TCC”). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group’s historical paid-in share capital. The second legal reserve is appropriated at the rate of 1/10 of all cash dividend distributions exceeding 5% of the company’s capital in cases where profit distribution is made according to CMB regulations, and in cases where dividends are distributed according to legal records, it is appropriated at the rate of 1/11 per annum of all cash distributis in excess of 5% of the historical paid-in share capital. The legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted. As of 31 July 2024 the Group’s total legal reserves are TL 370,046 (31 January 2024: TL 210,540).

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 Administrative expenses, selling, marketing and distribution expenses

For the six months periods ended 31 July 2024 and 2023, administrative expenses comprised the following:

	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Personnel expenses	669,825	342,934	651,472	378,090
Depreciation and amortization expenses	123,352	60,105	116,553	60,086
Consultancy expenses	89,819	42,583	74,155	41,493
Office materials expenses	53,932	30,574	41,005	20,588
General office expenses	21,726	10,407	21,853	11,555
Travel expenses	11,359	5,498	8,551	3,499
Rent expenses	4,872	2,111	6,939	4,082
Other	79,609	37,937	66,253	33,515
	1,054,494	532,149	986,781	552,908

For the six months periods ended 31 July 2024 and 2023, selling, marketing and distribution expenses comprised the following:

	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Personnel expenses	1,840,928	930,981	1,539,945	834,597
Depreciation and amortization expenses	789,453	400,300	791,620	396,548
Rent expenses ⁽¹⁾	785,553	381,671	748,164	406,320
Freight-out expenses	304,003	139,829	258,217	129,971
Outsourced logistics expenses	315,974	158,655	236,627	125,869
Advertising expenses	219,419	124,224	151,996	81,918
Consultancy expenses	112,938	56,977	61,893	33,582
Shopping bag expenses	41,118	19,465	39,544	20,383
Travel expenses	36,919	20,770	30,260	17,720
Other	455,103	240,562	419,003	248,048
	4,901,408	2,473,434	4,277,269	2,294,956

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

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17 Research and development expenses

For the six months 31 July 2024 and 2023, research and development expenses comprised the following:

	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Personnel expenses	123,708	64,060	104,356	56,244
Depreciation and amortization expenses	73,775	36,244	47,014	23,357
Travel expenses	4,264	2,217	3,585	2,110
Other	4,056	2,824	2,757	2,430
	205,803	105,345	157,712	84,141

18 Other operating income and expenses

Other operating income for the six-months interim periods ended on 31 July 2024 and 2023 is as follows:

	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Rediscount interest income on trade payables, net	90,948	(42,858)	30,881	27,095
Salary protocol income	10,404	4,695	17,781	8,177
Foreign exchange gain, net	21,765	3,477	10,234	10,057
Investment support income	673	--	9,836	9,836
Reversal of expected credit loss	161	74	4,323	608
Deferred payment income	38,387	38,387	26,293	19,795
Other	8,958	4,111	35,175	29,137
	171,296	7,886	134,523	104,705

Other operating expenses for the six-months interim periods ended on 31 July 2024 and 2023 are as follows:

	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Foreign exchange loss related with receivables and payables, net	16,891	(208)	77,168	51,042
Expected credit loss	56	(144)	83	83
Other	8,526	1,871	8,831	2,602
	25,473	1,519	86,082	53,727

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19 Gains and losses from investment activities

As of 31 July 2024 and 2023, gains from investment activities comprised the following:

	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Fx protected deposit income	7,432	706	26,249	23,894
Gain on sale of fixed assets	2,237	1,662	1,312	1,096
	9,669	2,368	27,561	24,990

As of 31 July 2024 and 2023, losses from investment activities comprised the following:

	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Losses on sale of fixed assets	4,792	4,792	1,254	146
	4,792	4,792	1,254	146

20 Finance income

Finance income for the six-months interim periods ending on 31 July 2024 and 2023 is as follows:

	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Interest income on time deposits	919,574	518,499	481,423	250,559
Foreign exchange gain	18,029	2,745	129,112	117,033
	937,603	521,244	610,535	367,592

21 Finance expenses

Finance expenses for the six-months interim periods ending on 31 July 2024 and 2023 are as follows:

	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Discount interest on purchases of goods	695,959	316,881	303,037	176,023
Interest expenses on financial liabilities	270,633	131,839	302,683	135,024
Credit card commission expenses	257,693	131,871	117,880	65,136
Interest expenses on lease liabilities	167,096	86,015	109,526	56,664
Import financing expenses	--	--	66,607	19,398
Foreign exchange loss	882	78	3,272	837
Other	5,084	2,395	9,586	4,703
	1,397,347	669,079	912,591	457,785

22 Income taxes

Corporate tax rate of Türkiye is 25% (31 July 2023: 25%). For the six months interim period ended 31 July 2024, the Group's effective tax rate is 27% (31 July 2023: 32%).

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23 Earnings per share

The amount of earnings per share is calculated by dividing the net period profit attributable to the owners of the Company shares by the weighted average share of the company's shares during the period. Earnings per share for the six months interim periods ending on 31 July 2024 and 2023 are as follows:

	1 February – 31 July 2024	1 May – 31 July 2024	Restated 1 February – 31 July 2023	Restated 1 May – 31 July 2023
Net profit for the year attributable to owners of the Company	1,552,983	511,594	1,195,362	738,282
Weighted average number of ordinary shares	397,256	397,256	397,256	397,256
Earnings per share	3.9093	1.2878	3.0090	1.8585

24 Derivative Instruments

As at 31 July 2024 and 31 January 2024, short-term derivative assets are as follows:

	31 July 2024	31 January 2024
Assets from the forward exchange contracts	--	3,320
	--	3,320

As of 31 July 2024, the Group has no open forward exchange contracts to hedge the foreign currency risk on inventory purchases.

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25 Nature and level of risks related to financial instruments

Market risk

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

Currency risk

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

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

Interest rate risk

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

Capital Management

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

Currency Risk

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

	<u>31 July 2024</u>	<u>31 January 2024</u>
TL / EUR	35.7612	32.8144
TL / USD	33.0304	30.3053
TL / RUB	0.3810	0.3376
TL / CAD	23.8211	22.5737

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

	<u>1 February – 31 July 2024</u>	<u>1 February – 31 July 2023</u>
TL / EUR	34.6488	22.9635
TL / USD	32.072	21.1315
TL / RUB	0.3530	0.2602
TL / CAD	23.5062	15.7246

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

Market risk (continued)

Currency risk (continued)

As of 31 July 2024, the Group's foreign currency position specified in the following table arises from foreign currency denominated assets and liabilities.

	TL Equivalent	USD	EUR	Other (TL Equivalent)
1. Trade receivables	39,293	1,026	--	5,404
2a. Monetary financial assets (including cash banks)	78,881	1,771	364	7,367
2b. Non-monetary financial assets	--	--	--	--
3. Other	711,913	21,554	--	--
4. Current assets (1+2+3)	830,087	24,351	364	12,771
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)	830,087	24,351	364	12,771
10. Trade payables	383,949	10,873	673	763
11. Financial liabilities	13,684	304	102	--
12a. Monetary other liabilities	--	--	(12)	408
12b. Non-monetary other liabilities	--	--	--	--
13. Short-term liabilities (10+11+12)	397,633	11,177	763	1,171
14. Trade payables	--	--	--	--
15. Financial liabilities	6,280	25	153	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long-term liabilities (14+15+16)	6,280	25	153	--
18. Total liabilities (13+17)	403,913	11,202	916	1,171
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	615,514	18,580	51	--
19a. Hedged total asset	615,514	18,580	51	--
19b. Hedged total liabilities	--	--	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	1,041,688	31,729	(501)	11,600
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	(285,739)	(8,405)	(552)	11,600

As at 31 July 2024, Mavi Türkiye has trade receivables amounting to TL 111,061 from consolidated subsidiaries which comprise CAD 585 thousand, USD 629 thousand, RUB 207,656 thousand and has trade payable amounting EUR 78 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 285,739.

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

Market risk (continued)

Currency risk (continued)

As of 31 July 2024, the Group's foreign currency position specified in the following table arises from foreign currency denominated assets and liabilities,

	TL Equivalent	USD	Euro	Other (TL Equivalent)
1. Trade receivables	43,064	1,129	--	8,836
2a. Monetary financial assets (including cash, banks)	328,660	8,796	112	58,425
2b. Non-monetary financial assets	--	--	--	--
3. Other	151,801	4,873	124	--
4. Current assets (1+2+3)	523,525	14,798	236	67,261
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)	523,526	14,798	237	67,261
10. Trade payables	75,859	1,513	898	556
11. Financial liabilities	14,632	354	119	--
12a. Monetary other liabilities	--	--	--	13
12b. Non-monetary other liabilities	--	--	--	--
13. Short-term liabilities (10+11+12)	90,491	1,867	1,017	569
14. Trade payables	--	--	--	--
15. Financial liabilities	6,716	29	178	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long-term liabilities (14+15+16)	6,716	29	178	--
18. Total liabilities (13+17)	97,207	1,896	1,195	569
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	744,069	20,217	120	--
19a. Hedged total asset	--	--	120	--
19b. Hedged total liabilities	--	--	--	--
20. Position of net foreign currency assets/liabilities (9+18-19)	1,170,388	33,119	(838)	66,692
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	274,517	8,029	(1,083)	66,692

As at 31 July 2024, Mavi Türkiye has trade receivables amounting to TL 93,797 from consolidated subsidiaries which comprise; USD 309 thousand, CAD 659 thousand, RUB 335,566 thousand and EUR 1,133 thousand amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 274,517. The Group has fx protected deposits amounting to USD 2,000 thousand as of the balance sheet date.

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25 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 Canada 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 July 2024				
	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	(27,760)	27,760	(27,760)	27,760
2- Hedged portion of TL against USD risk(-)	--	--	61,370	(61,370)
3- Net effect of USD (1+2)	(27,760)	27,760	33,610	(33,610)
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(1,974)	1,974	(1,974)	1,974
5- Hedged portion of TL against EURO risk(-)	--	--	181	(181)
6- Net effect of EURO (4+5)	(1,974)	1,974	(1,793)	1,793
10% change of other against TL				
7- Net other denominated asset/liability	1,160	(1,160)	1,160	(1,160)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	1,160	(1,160)	1,160	(1,160)
Total (3+6+9)	(28,574)	28,574	32,977	(32,977)

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

Market risk (continued)

Currency risk (continued)

Sensitivity analysis (continued)

Foreign Currency Sensitivity Analysis				
31 January 2024				
	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	24,332	(24,332)	24,332	(24,332)
2- Hedged portion of TL against USD risk(-)	--	--	50,774	(50,774)
3- Net effect of USD (1+2)	24,332	(24,332)	75,106	(75,106)
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(3,549)	3,549	(3,549)	3,549
5- Hedged portion of TL against EURO risk(-)	--	--	326	(326)
6- Net effect of EURO (4+5)	(3,549)	3,549	(3,223)	3,223
10% change of other against TL				
7- Net other denominated asset/liability	6,669	(6,669)	6,669	(6,669)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	6,669	(6,669)	6,669	(6,669)
Total (3+6+9)	27,452	(27,452)	78,552	(78,552)

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26 Financial instruments (fair value disclosures and disclosures under hedge accounting)

Fair values

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

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 July 2024							
Financial assets measured at fair value	--	--	--	--	--	--	--
Derivative financial instruments	--	--	--	--	--	--	--
Total	--	--	--	--	--	--	--
	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 January 2024							
Financial assets measured at fair value							
Derivative financial instruments	3,320	--	3,320	--	3,320	--	3,320
Total	3,320	--	3,320	--	3,320	--	3,320

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

Fair value disclosures

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

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

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

Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable	Intra-relationship between significant unobservable inputs and fair value measurement
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.		
--	---	--	--

⁽¹⁾ Other financial liabilities include bank loans.

27 Subsequent events

"Law no. 7524 on Amendments to Tax Laws, Certain Laws and Decree Law No. 375" was published in the Official Gazette dated 2 August 2024 and numbered 32620. With this law, regulations and amendments have been made on domestic minimum corporate tax application, global minimum tax application and many other tax-related issues. The Company is in the process of assessing the impact of the amendments on the consolidated financial statements.

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Unaudited supplementary information

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APPENDIX 1 EBITDA reconciliation

EBITDA is not a defined performance measure in TFRS, EBITDA reconciliation for the six months period ended 31 July 2024 and 2023 are as follows:

	Note	1 February – 31 July 2024	1 May – 31 July 2024	1 February – 31 July 2023	1 May – 31 July 2023
Profit		1,518,748	467,530	1,167,155	704,321
Tax (income) / expense		572,289	50,151	556,338	276,565
Profit before tax		2,091,037	517,681	1,723,493	980,886
- Fx protected deposit income	19	(7,432)	(706)	(26,249)	(23,894)
- Net finance costs		(62,767)	18,470	(26,352)	(30,913)
- Net monetary gain/ (loss)		459,744	147,835	302,056	90,193
- Rediscount interest on trade receivables and payables, net	18	(90,948)	42,858	(30,881)	(27,095)
- Currency translation differences on trade receivables and payables, net	18	(4,874)	(3,685)	66,934	40,985
- Depreciation and amortization	10-12	986,580	496,648	955,187	480,114
EBITDA		3,371,340	1,219,101	2,964,188	1,510,276

As of 31 July 2024, TFRS 16 has an impact of TL 562,043 on EBITDA (31 July 2023: TL 395,828).

APPENDIX 2 Effect of TFRS 16 on Financial Statements

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

	31 July 2024	TFRS 16 Effect	After TFRS 16
Current assets	13,199,082	(40,485)	13,158,597
Non-current assets	3,011,450	1,449,729	4,461,179
Current liabilities	7,448,835	632,289	8,081,124
Non-current liabilities	584,462	618,221	1,202,683
Equity	8,177,235	158,734	8,335,969

	1 February – 31 July 2024	TFRS 16 Effect	After TFRS 16
Operating profit	2,572,748	(89,611)	2,483,137
Operating profit before finance costs	2,577,625	(89,611)	2,488,014
Finance income	937,603	--	937,603
Finance expense	(1,226,677)	(170,670)	(1,397,347)
Monetary gain /loss	(120,798)	183,565	62,767
Profit before tax	2,167,753	(76,716)	2,091,037
Net profit	1,582,549	(63,801)	1,518,748
EBITDA	2,809,297	562,043	3,371,340