Mavi Giyim Sanayi ve Ticaret
Anonim Şirketi and
Its Subsidiaries

Consolidated Financial Statements
As At and For The Year Ended
31 January 2025 and Independent Auditor’s Report

(Convenience Translation of
the Report and the Consolidated
Financial Statements Originally Issued in Turkish)

18 March 2025

This report includes 5 pages of independent auditor’s report and 90 pages of consolidated financial statements together with their explanatory notes.

Deloitte.

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**(Convenience Translation of
the Report and the Consolidated
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INDEPENDENT AUDITOR'S REPORT

To the General Assembly of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi A.Ş.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Mavi Giyim Sanayi ve Ticaret Anonim Şirketi A.Ş. ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 January 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 January 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards (TFRSs).

Basis for Opinion

We conducted our audit in accordance with the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards accepted by regulations of the Capital Markets Board and published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors ("Code of Ethics") published by the POA, together with the ethical requirements included in the regulations of the Capital Markets Board and other regulations that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the matter was addressed in the audit
The Group's inventories include a risk of impairment due to changes in consumer demands and fashion trends. Calculation of the provision for inventory impairment involves significant management estimates and assumptions. These estimates and assumptions include determining the provision for the expected impairment in the value of non-moving inventories due to the decrease in customer demand and changing fashion trends. The provision for the impairment of inventories has been identified as one of the key audit matters since the inventory balance is significant in the consolidated financial statements and computation of inventory impairment provision involves management judgments and estimates.	Our audit procedures for testing the impairment on inventories included the following: Understanding and evaluating the reasonableness of the provisioning policy and the assessment of its compliance, lnquiry with the Group management about the risk of impairment as a result of changes in customer demands and fashion trends, Evaluation of adequacy of the provision for impairment on inventories through comparing with prior periods, Evaluation of the accuracy and completeness of the inventory reports which are used to calculate the provision for inventories, Testing the net selling prices used in the calculation of the net realizable value of inventories on a sample basis, Observation of obsolete, damaged and write off inventories during the inventory counts. The disclosures in the consolidated financial statements in relation to the inventory impairment provision is tested and the adequacy of such disclosures are evaluated.

Other Matters

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Responsibilities of independent auditors in an independent audit are as follows:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the regulations of the Capital Markets Board and SIA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Cont'd)

As part of an audit in accordance with the regulations of the Capital Markets Board and SIA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. (The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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B) Report on Other Legal and Regulatory Requirements

In accordance with paragraph four of the Article 398 of the Turkish Commercial Code No. 6102 ("TCC"), the auditor's report on the system and the committee of early detection of risk has been submitted to the Board of Directors of the Company on 18 March 2025.

In accordance with paragraph four of the Article 402 of TCC, nothing has come to our attention that may cause us to believe that the Group's set of accounts and financial statements prepared for the period 1 February 2024-31 January 2025 does not comply with TCC and the provisions of the Company's articles of association in relation to financial reporting.

In accordance with paragraph four of the Article 402 of TCC, the Board of Directors provided us all the required information and documentation with respect to our audit.

The engagement partner on the audit resulting in this independent auditor's report is Tolga Sirkecioğlu.

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

Tolga Sirkecioğlu
Partner

İstanbul, 18 March 2025

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Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Financial Position
As of 31 January 2025
(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

		Audited	**Audited**
	Note	**31 January 2025**	**31 January 2024**
ASSETS			
Current assets			
Cash and cash equivalents	*4*	6,331,083	6,898,786
Financial investments		4,206	89,374
Trade receivables		2,054,338	1,864,884
- Due from third parties	*7*	2,054,338	*1,864,884*
Other receivables		46,411	17,692
- Due from third parties	*8*	*46,411*	*17,692*
Inventories	*9*	5,112,339	5,129,528
Derivative instruments	*33*	--	3,910
Prepaid expenses	*10*	472,137	310,329
- Due from related parties	*6*	*130,995*	*169,639*
- Due from third parties		*341,142*	*140,690*
Current tax assets	*31*	134,949	73,870
Other current assets	*19*	2,207	30,258
Total current assets		**14,157,670**	**14,418,631**
Non-current assets			
Other receivables		18,399	19,456
- Due from third parties	*8*	*18,399*	*19,456*
Property, plant and equipment	*11*	2,252,107	1,723,753
Right-of-use assets	*14*	1,698,174	1,924,990
Intangible assets		1,420,826	1,580,599
- Other intangible asset	*12*	*495,183*	*463,624*
- Goodwill	*13*	*925,643*	*1,116,975*
Deferred tax asset	*31*	36,605	83,854
Total non-current assets		**5,426,111**	**5,332,652**
TOTAL ASSETS		**19,583,781**	**19,751,283**

The accompanying notes from an integral part of these financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Financial Position
As of 31 January 2025
(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

	Note	**Audited** **31 January 2025**	**Audited** **31 January 2024**
LIABILITIES			
Current liabilities			
Short-term borrowings	*5*	171,899	148,157
Short-term lease liabilities	*5*	738,592	709,265
- Due to related parties	*6*	*3,738*	*379*
- Due to third parties		*734,854*	*708,886*
Short-term portion of long-term borrowings	*5*	208,671	104,937
Short-term issued debt instruments	*5*	536,423	1,031,000
Trade payables		4,821,907	4,829,418
- Due to related parties	*6*	*732,692*	*547,237*
- Due to third parties	*7*	*4,089,215*	*4,282,181*
Payables related to employee benefits	*18*	723,762	736,090
Other payables		235,377	209,313
- Due to related parties	*6*	*891*	*58*
- Due to third parties	*8*	*234,486*	*209,255*
Deferred income	*10*	217,038	222,624
-Liabilities arising from customer contracts	*10*	*201,598*	*174,447*
-Liabilities not arising from customer contracts	*10*	*15,440*	*48,177*
Short-term provisions		294,794	276,095
- Short-term provisions for employee benefits	*15*	*37,599*	*48,640*
- Other short-term provisions	*15*	*257,195*	*227,455*
Current tax liabilities	*31*	166,464	327,775
Other current liabilities	*19*	118,380	111,505
Total current liabilities		**8,233,307**	**8,706,179**
Non-current liabilities			
Long-term borrowings	*5*	1,623	11,564
Long term issued debt instruments	*5*	--	488,291
Long-term lease liabilities	*5*	720,911	820,400
Due to related parties	*6*	*7,643*	--
Due to third parties		*713,268*	*820,400*
Deferred income	*10*	--	19,348
Payables related to employee benefits		39,376	58,092
Long-term provisions		151,256	144,192
Long-term provisions for employee benefits	*15,17*	*151,256*	*144,192*
Deferred tax liabilities	*31*	17,320	26,704
Total non-current liabilities		**930,486**	**1,568,591**
TOTAL LIABILITIES		**9,163,793**	**10,274,770**

The accompanying notes from an integral part of these financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Financial Position
As of 31 January 2025
(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

		Audited	**Audited**
	Note	**31 January 2025**	**31 January 2024**
EQUITY			
Equity attributable to owners of the Company		**10,213,724**	**8,963,582**
Paid-in share capital	*20*	397,256	198,628
Adjustment to share capital	*20*	1,155,755	1,092,608
Share based payment fund		25,124	15,109
Other comprehensive income or expenses not to be reclassified to profit or loss		(54,329)	(36,237)
Defined benefit plans remeasurement losses		*(54,329)*	*(36,237)*
Other comprehensive income or expenses to be reclassified to profit or loss		70,660	492,299
Foreign currency translation differences		*70,660*	*489,366*
Hedging gain / (losses)		--	*2,933*
Restricted reserves appropriated from profit	*20*	435,823	247,963
Retained earnings		5,459,483	4,417,977
Net profit for the period		2,723,952	2,535,235
Non-controlling interests		**206,264**	**512,931**
Total equity		**10,419,988**	**9,476,513**
TOTAL EQUITY AND LIABILITIES		**19,583,781**	**19,751,283**

The accompanying notes from an integral part of these financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Profit or Loss and Other Comprehensive Income
As of 31 January 2025
(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

	Note	**Audited** **1 February 2024 – 31 January 2025**	**Audited** **1 February 2023 – 31 January 2024**
Profit or loss			
Revenue	*21*	38,519,107	37,367,501
Cost of sales (-)	*22*	(19,148,213)	(19,356,032)
Gross profit		**19,370,894**	**18,011,469**
Administrative expenses (-)	*23*	(2,576,952)	(2,462,420)
Selling, marketing and distribution expenses (-)	*23*	(11,628,572)	(10,521,487)
Research and development expenses (-)	*24*	(500,114)	(417,213)
Other operating income	*25*	237,813	531,129
Other operating expenses (-)	*25*	(62,711)	(159,633)
Operating profit		**4,840,358**	**4,981,845**
Income from investment activities	*26*	12,137	46,866
Expenses from investment activities (-)	*26*	(4,850)	(3,442)
Operating profit before finance expense		**4,847,645**	**5,025,269**
Finance income	*28*	1,841,717	1,481,474
Finance costs (-)	*29*	(3,055,113)	(2,520,238)
Finance expenses, net		**(1,213,396)**	**(1,038,764)**
Monetary losses /(gains)	***30***	**35,626**	**(192,690)**
Profit before tax		**3,669,875**	**3,793,815**
Tax expense	***31***	**(995,276)**	**(1,297,097)**
- Tax expense for the period	*31*	(950,611)	(1,223,653)
- Deferred tax income	*31*	(44,665)	(73,444)
Net profit		**2,674,599**	**2,496,718**
Distribution of profit for the period		**2,674,599**	**2,496,718**
Non-controlling interests		(49,353)	(38,517)
Owners of the Company		2,723,952	2,535,235
Earnings per share	***32***	**6.8569**	**6.3819**

The accompanying notes from an integral part of these financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statements of Profit or Loss and Other Comprehensive Income
As of 31 January 2025

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

	Note	**Audited** **1 February 2024 – 31 January 2025**	**Audited** **1 February 2023 – 31 January 2024**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurement (losses) of defined benefit plans	*17*	(24,121)	(41,773)
Deferred tax income	*31*	6,029	10,443
Items that will be reclassified to profit or loss			
Foreign currency translation differences		(689,355)	177,535
Cash flow hedging gains		(3,911)	45,375
Deferred tax income/(expense)	*31*	978	(9,270)
Other comprehensive income		**(710,380)**	**182,310**
Total comprehensive income		**1,964,219**	**2,679,028**
Distribution of total comprehensive income			
Non-controlling interests		(320,002)	79,020
Owners of the Company		2,284,221	2,600,008

The accompanying notes from an integral part of these financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Statement of Changes in Equity

As of 31 January 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 January 2025, 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				
	Share capital	**Capital adjustment diffrence**	**Legal reserves**	**Share based payment fund**	**Remeasurement of defined benefit liability**	**Foreign currency translation reserve**	**Hedging reserve**	**Retained earnings**	**Net profit**	**Attributable to owners of the Company**	**Attributable to non-controlling interest**	**Total equity**
Balance as at 1 February 2023	**99,314**	**976,612**	**247,963**	**2,220**	**(4,907)**	**429,368**	**(33,172)**	**2,855,976**	**2,708,361**	**7,281,735**	**419,764**	**7,701,499**
Transfers	99,314	115,996	--	--	--	--	--	2,493,051	(2,708,361)	--	--	--
Dividend payment	--	--	--	--	--	--	--	(931,050)	--	(931,050)	--	(931,050)
Increase (decrease) due to share-based transactions	--	--	--	12,889	--	--	--	--	--	12,889	14,147	27,036
Total comprehensive income	--	--	--	--	(31,330)	59,998	36,105	--	2,535,235	2,600,008	79,020	2,679,028
Total balance as at 31 January 2024	**198,628**	**1,092,608**	**247,963**	**15,109**	**(36,237)**	**489,366**	**2,933**	**4,417,977**	**2,535,235**	**8,963,582**	**512,931**	**9,476,513**
Balance as at 1 February 2024	**198,628**	**1,092,608**	**247,963**	**15,109**	**(36,237)**	**489,366**	**2,933**	**4,417,977**	**2,535,235**	**8,963,582**	**512,931**	**9,476,513**
Transfers	198,628	63,147	187,860	--	--	--	--	2,085,600	(2,535,235)	--	--	--
Dividend payment	--	--	--	--	--	--	--	(1,044,094)	--	(1,044,094)	--	(1,044,094)
Increase (decrease) due to share-based transactions	--	--	--	10,015	--	--	--	--	--	10,015	13,335	23,350
Total comprehensive income	--	--	--	--	(18,092)	(418,706)	(2,933)	--	2,723,952	2,284,221	(320,002)	1,964,219
Total balance as at 31 January 2025	**397,256**	**1,155,755**	**435,823**	**25,124**	**(54,329)**	**70,660**	**--**	**5,459,483**	**2,723,952**	**10,213,724**	**206,264**	**10,419,988**

The accompanying notes from an integral part of these financial statements.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Notes to the Consolidated Statement of Cash Flow As of 31 January 2025

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

Cash flows from operating activities	*Note*	**Audited** 1 February 2024- 31 January 2025	**Audited** 1 February 2023- 31 January 2024
Net profit for the period		**2,674,599**	**2,496,718**
Adjustments for:			
Adjustments for depreciation and amortization expense	11,12,14, 27	2,347,217	2,288,065
Adjustments for interest income	28	(1,819,605)	(1,246,719)
Adjustments for interest expense	29	3,052,691	2,513,061
Adjustments for provision for vacation	15	9,032	33,791
Adjustments for fair value losses / (gains) of financial assets		(8,753)	(46,187)
Adjustments for provision for employment termination benefit	17	105,734	119,808
Adjustments for impairment losses on trade receivables	35	153	(2,705)
Adjustments for rediscount interest expense/(income) on trade payables	25	(66,513)	(215,484)
Adjustments for share-based payments		23,350	27,036
Adjustments for monetary losses /(gains)		1,539,051	1,065,685
Adjustments for expected credit losses	25	(328)	(6,714)
Adjustments for inventory impairment	9	(11,783)	(21,102)
Adjustments for provisions for short-term and long-term payables	15	108,884	61,908
Adjustments for (gains) / losses on disposal of property, plant and equipment	26	1,466	2,763
Adjustments for tax expense	31	995,276	1,297,097
Adjustments for unrealized foreign currency translation differences		(779,617)	(126,513)
		8,170,854	**8,240,508**
Changes in working capital:			
Change in trade receivables		(754,396)	(679,603)
Change in inventories		(1,566,252)	(1,490,679)
Change in prepaid expenses		(255,897)	(22,077)
Change in other receivables		(38,669)	22,517
Change in other current and non-current assets		19,085	31,139
Change in employee benefits liabilities		204,319	409,752
Change in trade payables		1,115,181	905,334
Change in payables to related parties		348,485	(67,867)
Change in deferred income		46,777	77,572
Change in other payables		87,247	152,802
Change in short-term and long-term provisions		(2,983)	(1,566)
Change in other liabilities		39,128	48,612
Cash flows used in operating activities		**7,412,879**	**7,626,444**
Employment termination benefits paid	15,17	(82,229)	(87,939)
Tax payments	31	(1,115,073)	(1,021,176)
A. Net cash from operating activities		**6,215,577**	**6,517,329**
Cash flows from investing activities			
Cash outflows from purchase of property, plant and equipment	11	(1,101,937)	(718,287)
Cash inflows from sale of property, plant and equipment and intangible assets		11,198	16,008
Cash outflows from purchase of intangible assets	12	(327,808)	(128,480)
Other investing activities		93,920	93,052
Interest received		1,766,997	1,266,448
B. Net cash flow used in investing activities		**442,370**	**528,741**
Cash inflows from borrowings	5	675,018	1,931,253
Cash outflows from payment of borrowings	5	(1,006,972)	(2,473,197)
Cash outflows from payments of lease contracts	5	(1,175,041)	(1,028,006)
Other financial cash outflows	29	(2,144,461)	(1,397,426)
Dividend paid	20	(1,044,094)	(931,050)
Interest paid		(538,191)	(840,219)
C. Net cash flow generated from/(used in) financing activities		**(5,233,741)**	**(4,738,645)**
Net increase in cash and cash equivalent (A+B+C)		**1,424,206**	**2,307,425**
Monetary losses /(gains)		**(2,044,517)**	**(2,990,756)**
Cash and cash equivalents at the beginning of the period		**6,868,142**	**7,551,473**
Cash and cash equivalents at the end of the period (A+B+C+D)	**4**	**6,247,831**	**6,868,142**

The accompanying notes from an integral part of these financial statements.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, 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 Istanbul/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, Sindelfingen, Heusenstamm, Zurich, Salzburg, Prague, and Almere.

Shares of the Company has been traded at Borsa Istanbul ("BIST") since 15 June 2017. As of 31 January 2025, 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 consolidated financial statements as at 31 January 2025 include financial position and the results of Mavi Giyim, Mavi Europe AG ("Mavi Europe") and Mavi LLC ("Mavi Russia"), Eflatun Giyim Yatırım Ticaret Anonim Şirketi ("Eflatun Giyim"), Mavi Jeans Incorporated ("Mavi Canada"), Mavi Jeans Incorporated ("Mavi United States of America ("USA"), Mavi Kazakhstan LLP and its subsidiaries are referred here as the "Group" and individually "the Group entity" in this report. The ownership interest of and voting power held by the Company as at and for the years ended 31 January 2025 and 31 January 2024 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Ownership interest and voting rights	
			31 January 2025	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	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. Financial statements of Mavi Kazakhstan have not been consolidated since its operations insignificant in terms of consolidated financial statements, as of 31 January 2025.

As of 31 January 2025, Group's total number of employees is 5,872 (31 January 2024: 6,201).

2 Basis of presentation of financial statements

2.1 Basis of presentation of consolidated financial statements

(a) Statement of compliance to Turkish Financial Reporting Standarts ("TFRSs")

The accompanying consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets," which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards ("TFRS") that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué.

In addition, the condensed consolidated financial statements are presented in accordance with the "TFRS Taxonomy" published by POA on 4 July 2024 and the formats specified in the Financial Statement Examples and User Guide published by CMB, based on the CMB's financial statement and note formats.

Approval of consolidated financial statements:

The consolidated financial statements were approved by the Board of Directors of the Company on 18 March 2025. 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) Functional and presentation currency

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

Consolidated financial statements and notes are based on the legal records of the Group companies and are presented in TL unless otherwise stated and it has been prepared by subjecting some adjustments and classification changes in order to present adequately the status of the Group in accordance with the Turkish Accounting Standards published by KGK. All other foreign currency amounts are shown in Thousand Turkish Lira ("TL") unless otherwise stated.

The table below summarises functional currencies of the Group entities.

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

(c) Basis of measurement

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

The methods used to measure fair values are discussed further in Note 2.5(q).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

2 Basis of presentation of financial statements (continued)

2.1 Basis of presentation of consolidated financial statements (continued)

Restatement of financial statements during periods of high inflation

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 January 2025, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%.

POA made an 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 January 2024.

In this framework, while preparing the consolidated financial statements dated 31 January 2025 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	Three-year cumulative inflation rates
31 January 2025	2,819.65	1	269%
31 January 2024	1,984.02	1.42118	287%
31 January 2023	1,203.48	2.34291	170%

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

2.1 Basis of presentation of consolidated financial statements *(continued)*

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

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.

• 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.

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

2.1 Basis of presentation of 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 January 2025 according to the following principles.

As of 31 January 2025, the consolidated statement of financial position for the year ended 31 January 2025 has been translated into Turkish Lira at the closing rate of 31 January 2025. 1 February 2024 - 31 January 2025 consolidated statement of income for the period 1 February 2024 - 31 January 2025 has been translated into Turkish Lira at the average monthly exchange rates and indexed to the purchasing power of 31 January 2025 from the translation date and the relevant months. As of 31 January 2024, the consolidated statement of financial position for the year 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 January 2025. The income statement for the period 1 February 2023 - 31 January 2024 has been translated into Turkish Lira at the average monthly exchange rates and indexed to the purchasing power of 31 January 2025.

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.

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

2.2 Basis of consolidation

Consolidated financial statements include the financial statements of the Company and its subsidiaries controlled by the Company. Control is exercised by an entity having power over its financial and operational policies in order to derive benefits from its activities. The financial statements of the companies included in the consolidation have been prepared as of the same date as the consolidated financial statements.

(a) Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see 2.5 (f)). Transactions costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognized in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards), then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based measure of the replacement awards compared with the market-based measure of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service. The list of subsidiaries is presented in note 1.

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

2.2 Basis of consolidation (continued)

(c) Non-controlling interests

Non-controlling interests ("NCI") are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's share in subsidiaries that do not result in loss of control are accounted for as equity transactions.

(d) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

(e) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparative periods are restated. The restatement does not extend to periods during which the entities were not under common control. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Company's controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Company equity and any gain/loss arising is recognised directly in equity.

(f) Foreign currency

i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

- an investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and
- qualifying cash flow hedges to the extent that the hedges are effective.

ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into TL at exchange rates at the reporting date. The income and expenses of foreign operations are translated via monthly average exchange rates.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

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

2.2 Basis of consolidation *(continued)*

(f) Foreign currency *(continued)*

ii) Foreign operations *(continued)*

Foreign currency differences are recognised in other comprehensive income and accumulated into the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes off only part of its investment in an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

The Group and subsidiaries use either TL, EUR, RUB, USD or CAD as functional currencies since these currencies are used to a significant extent in, or have a significant impact on, the operations of the related Group and subsidiaries and reflect the economic substance of the underlying events and circumstances relevant to these entities. All currencies other than the currency selected for measuring items in the financial statements are treated as foreign currencies. Accordingly, transactions and balances not already measured in the functional currency have been re-measured to the related functional currencies. The Group uses TL as the reporting currency.

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

	31 January 2025	31 January 2024
TL / EUR	37.1844	32.8144
TL / USD	35.7210	30.3053
TL / RUB	0.3619	0.3376
TL / CAD	24.7461	22.5737

The foreign average currency exchange rates for the related periods are as follows:

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
TL / EUR	35.8119	26.7516
TL / USD	33.2437	24.7022
TL / RUB	0.3532	0.2811
TL / CAD	24.0945	18.2890

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

2.3 Changes in significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements. Material changes in accounting policies and material accounting errors are adjusted retrospectively and prior period’s consolidated financial statements are restated.

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.

2.5 Summary of significant accounting policies

Accounting policies have been applied consistently by the Group in all periods presented in the consolidated financial statements. If changes in accounting estimates and errors are for only one period, changes are applied in the current year but if the estimated changes affect the following periods, changes are applied both on the current and following years prospectively.

There has been no significant change in the accounting estimates of the Company as of 31 January 2025.

(a) Leases

The Group has applied TFRS 16 as of 1 February 2019 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under TAS 17 and TFRS Interpretation 4. The details of accounting policies under TAS 17 and TFRS Interpretation 4 are disclosed separately.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in TFRS 16.
This policy is applied to contracts entered into, on or after 1 February 2019.

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

2.5 Summary of significant accounting policies *(continued)*

(a) Leases *(continued)*

As a lessee

At the actual commencement date of the lease or at the date of the change in the contract containing the lease component, the Group allocates to each lease component based on the relative stand-alone price of the lease component and the total stand-alone price of the non-lease components.

The Group has chosen not to separate the non-lease components from the lease components, but instead to account for each lease component and its associated non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right to use asset is first recognized by the cost method and includes the following:

- The initial measurement amount of the lease obligation,
- The amount obtained by deducting all the rental incentives received from all lease payments made at or before the beginning of the lease,
- All initial direct costs incurred by the Group
- An estimate of costs to be incurred by the Group in restoring the underlying asset to the condition required by the terms and conditions of the lease

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In other circumstances, the right of use asset is subjected to depreciation according to the shorter of the useful life of the aforementioned asset or the leasing period, starting from the date when the leasing has actually started. In addition, the value of the right of use asset is periodically reduced by also deducting the impairment losses if any and adjusted in accordance with the re-measurement of the leasing liability. 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 determines the alternative borrowing interest rate by taking into account the interest rates it will pay for the debts to be used from various external financing sources and makes some adjustments to reflect the lease terms and the type of the leased asset.

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

2.5 Summary of significant accounting policies *(continued)*

(a) Leases (continued)

As a lessee (continued)

The lease payments which are included in the measurement of the leasing liability, consist of the following:

- Fixed payments (including the fixed payments by their essence);
- Amounts expected to be paid by the lessee within the scope of residual value undertakings

Right-of-use asset is initially measured at cost and after the lease actually commenced, it is measured at fair value in accordance with the Group's accounting policies.

Leasing liability is measured by reducing the lease payments with a discount rate. In case, as a result of a change in an index or rate used in determination of the lease payments in the future, a change occurs in these payments and in the amounts expected to be paid within the scope of residual value undertaking, the Group considers the options of renewal, termination and purchasing.

In case the leasing liability is remeasured, it is reflected into the financial statements as an adjustment in the right of use asset in accordance with the newly determined debt. However, in case the book value of the right of use asset is reduced down to zero and the measurement of the leasing liability involves more reduction, the remaining re-measurement amount is reflected into profit or loss.

Right-of-use assets or liabilities related to performance-based contracts have not been created with all of the rent. Rental prices are created by taking into account the minimum payment amount and the right-of-use asset and lease liability minimum values for rental agreements based on sales performance.

(b) Property, plant and equipment

i) Recognition and measurement

Items of property, plant and equipment are measured at cost including borrowing costs-less accumulated depreciation and any accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Any gain and loss on disposal of an item of property, plant and equipment is recognised in profit or loss and presented under "gains/(losses) from investment activities".

ii) Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

iii) Depreciation

Property, plant and equipment are depreciated from the date they are available for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

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

2.5 Summary of significant accounting policies *(continued)*

(b) Property, plant and equipment *(continued)*

iii) Depreciation *(continued)*

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of lease term. Land is not subject to depreciation.

The estimated useful lives for the current and comparative periods are as follows:

• Vehicles	(5) years
• Furniture and fixtures	(3 – 15) years
• Leasehold improvements	shorter of (1 – 10) years or lease term

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(c) Intangible assets and goodwill

i) Recognition and measurement

Goodwill

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss in the consolidated [statement of profit or loss/statement of profit or loss and other comprehensive income]. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets recognised in a business combination

Customer relationships arising from the business acquisitions were recognized at their fair values.

Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

ii) Subsequent expenditures

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

iii) Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

• Trademark	(15) years
• Licenses	(3–5) years
• Customer relationships	(9-15) years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

2.5 Summary of significant accounting policies*(continued)*

(d) Inventories

Inventories are measured at the lower of cost or net realizable value.

The cost of inventories is based on first-in first-out principle, and includes expenditure incurred for the purchase and bringing the items to their current condition. Net realizable value is the estimated selling price, in the ordinary course of business, less estimated costs of completion and estimated costs to sell. Net realizable value write-downs are evaluated in product groups and for particular seasons such as fall/winter and spring/summer.

(e) Financial instruments

(i) Recognition and initial measurement

The Group’s trade receivables and debt instruments are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

2.5 Summary of significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

Financial assets – Evaluation of the business model

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

2.5 Summary of significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(ii) Classification and subsequent measurement (continued)

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group’s claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. For derivatives identified as a hedging tool, see section (v) below.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

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

2.5 Summary of significant accounting policies*(continued)*

(e) Financial instruments*(continued)*

(ii) Classification and subsequent measurement (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL.

A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. For derivatives identified as a hedging tool, see section (v) below.

(iii) Derecognition

Finansal assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(iv) Offsetting of financial asset and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(v) Derivative financial instrument and hedge accounting

The Group uses derivative financial instruments for the purpose of hedging foreign currency and interest rate risk.

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

2.5 Summary of significant accounting policies *(continued)*

(e) Financial instruments *(continued)*

(v) Derivative financial instrument and hedge accounting (continued)

Derivatives are initially recognized at fair value. Subsequent to initial recognition of derivative instruments, changes in fair value are recognized in profit or loss.

The Group defines certain derivatives as hedging instruments in order to maintain the variability in the cash flows related to the high probability of realization arising from the changes in exchange rates and interest rates. The Group defines certain derivatives and non-derivative financial liabilities as hedging instruments for net investment in foreign operations.

At the beginning of the hedge relationship, the Group makes a certification regarding the risk management purpose and strategy that causes the hedging relationship and the operation of the enterprise. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether the changes in the cash flows of the hedged item and the hedging means are expected to offset each other.

Hedge accounting

If a derivative instrument is designed as a cash flow hedge hedging instrument, the effective portion of the change in the fair value of the derivative instrument is recognized in other comprehensive income and presented under equity in the hedging reserve. The ineffective portion of the change in the fair value of the derivative is recognized directly in profit or loss. The effective portion of the change in the fair value of the derivative instrument determined on the present value basis from the beginning of the hedging relationship recognized in other comprehensive income is limited to the cumulative effect of the change in the fair value of the hedging instrument.

The Group identifies only the change in value in the spot element of the forward contract as the hedging instrument in the cash flow hedging relationship.

The Group enters into forward contracts in order to hedge the foreign currency risk on product imports arising from the foreign currency differences between the purchase order date and arrival date.

The change in the FV of the forward value of forward foreign currency contracts ("forward element") is accounted for as a hedge fund as a separate component in equity as the cost of hedging.

If a hedged forecast transaction results in the subsequent recognition of a non-financial asset or liability, the amount accumulated in the hedge fund and the cost of the hedge are included directly in the initial cost of the non-financial asset or liability.

For all other hedge transactions, the hedging reserve and the hedging cost are classified in profit or loss in the hedging reserve in the period or periods when the estimated future cash flows are affected by profit or loss.

The hedge accounting is discontinued in case the hedging relationship (or part of it) no longer meets the required criteria, the hedging instrument is expired or sold, terminated or used.

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

2.5 Summary of significant accounting policies*(continued)*

(e) Financial instruments*(continued)*

(v) Derivative financial instrument and hedge accounting (continued)

Hedge accounting (continued)

When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve remains in equity until, for a hedge of a transaction resulting in the recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

(f) Impairment of assets

Non-derivative financial assets

Financial instruments and contract assets

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost

The Group measures loss allowances at an amount equal to lifetime ECL, except for the following, which are measured as 12-month ECL:

- bank balances for which credit risk has not increased significantly since initial recognition.

Loss allowances for trade receivables, other receivables, other assets and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group considers bank balances to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

12-month expected credit losses are that result from possible default events within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. ECLs are discounted at the effective interest rate of the financial asset.

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

2.5 Summary of significant accounting policies *(continued)*

(f) Impairment of assets *(continued)*

Non-derivative financial assets *(continued)*

Measurement of ECLs (continued)

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses prescribed in TFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables (TFRS 9 requires lifetime expected credit losses to be used for all trade receivables). The Group performed the calculation of ECL rates separately for individual, corporate, public and wholesale customers. The ECLs were calculated based on actual credit loss experience over the past years.

ECLs are a probability-weighted estimate of credit losses. In other words, it is the credit losses that are measured on the present value of all the cash deficits (for example, the difference between the cash inflows to the entity and the cash flows expected by the entity to be collected based on the contract).

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are creditimpaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where trade receivables, other receivables, other assets and contract assets have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

Non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs ("Cash Generating Unit"). Goodwill arising from a business combination is allocated to CGUs that are expected to benefit from the synergies of the combination.

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

2.5 Summary of significant accounting policies *(continued)*

(f) Impairment of assets *(continued)*

Non-financial assets *(continued)*

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset of CGU.

An impairment loss is recognised if the carrying amount of an asset of CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Employee benefits

i) Long-term employee benefits

<u>Provision for employee termination benefits</u>

In accordance with existing social legislation in Türkiye, the Company is required to make lump-sum payments to employees whose employment is terminated without due cause, called up for military service, death or retirement. TAS 19 "Employee Benefits" requires actuarial valuation method to be developed to estimate the enterprise's obligation under defined benefit plans. Consequently, in the accompanying consolidated financial statements, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employee. Severance payment provisions are not subject to legal funding.

In accordance with the Russian Labor Law (the Article 178 "Dismissal allowances", Chapter 27, Section VII "Guarantees and compensations"), when the Group company unilaterally terminates the employment agreement, employer should inform the employee two months before position cancelling date. After two months, at the date of dismissal, employer is required to pay the employee a dismissal compensation at the amount of one-month average wage. In case the employee can not find an employment during two preceding months after the dismissal date, employee has right to request.

The Group has not recorded any reserve for employee severance payments for its employees in foreign subsidiaries, except Russia since only under very specific circumstances a company is liable to pay a severance according to labour laws of the foreign entities.

ii) Short-term employee benefits

Short-term employee benefit obligations are consisting of reserve for the vacation pay liability due to the earned and unused vacation rights of its employees. The Group is obliged to make payments for unused vacation days in the amount of the employment contract is terminated on the date of the daily gross wage and contract related interests on the total payment. The Group provides reserve for the vacation pay liability due to the earned and unused vacation rights of its employees. Vacation pay liability is measured on an undiscounted basis and is recognised in profit or loss as the related service is provided.

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

2.5 Summary of significant accounting policies (continued)

(h) Provisions; contingent liabilities and contingent assets

In cases where there is a present legal or contractual obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will arise to settle the obligation, and the amount of the obligation can be reliably estimated, Group management allocates a provision for the amount of the obligation in the accompanying consolidated financial statements. Provisions are calculated based on the Group management's best estimate of the expenditure to be made to settle the obligation as of the balance sheet date and are discounted to present value where the effect of time value of money is material. It is defined as a current liability that will result in an outflow of resources resulting from past events and which, in case of fulfillment, will contain economic benefits.

Contingent liabilities are reviewed to determine if there is a possibility that the outflow of economic benefits will be required to settle the obligation. Except for the economic benefit outflow possibility is remote such contingent liabilities are disclosed in the notes to the consolidated financial statements.

If the entry of the economic benefit to the Group is possible, explanations are included in the disclosures of the consolidated financial statements about the contingent asset if the entry of economic benefit is certain, the asset and its related income changes are included in the consolidated financial statements at the date that they occurred.

(i) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (in this Standard referred to as the 'reporting entity').

a) A person or a close member of that person's family is related to a reporting entity if that person:

i. has control or joint control of the reporting entity;
ii. has significant influence over the reporting entity; or
iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b) An entity is related to a reporting entity if any of the following conditions applies:

i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
iii. Both entities are joint ventures of the same third party.
iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity,
v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
vi. The entity is controlled or jointly controlled by a person identified in (a).
vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

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

2.5 Summary of significant accounting policies (continued)

(j) Revenue

(i) General model for accounting of revenue

In accordance with TFRS 15, a five-step model is followed in recognizing revenue for all contacts with customers.

Step 1: Identify the contract

A contract exists only if it is legally enforceable, the collection of the consideration is probable, the rights to goods and services and payment terms can be identified, the contract has commercial substance; and the contract is approved and the parties are committed to their obligations.

If either contracts were negotiated as a single commercial package, or consideration in one contract depends on the other contract or goods or services (or some of the goods or services) are a single performance obligation the Group accounts the contracts as a single contract.

Step 2: Identify the performance obligations

The Group defines 'performance obligation' as a unit of account for revenue recognition. The Group assesses the goods or services promised in a contract with a customer and identifies as:

(a) a performance obligation either a good or service that is distinct; or
(b) or a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The Group describes a good or service specified in the contract as a different good or service, if it can describe them separately from the other undertakings in the contract and ensures that the customer can use the said good or service solely or together with other resources made available to it. A contract may contain an undertaking to provide a series of different goods or services which are essentially the same. At the beginning of the contract, a business determines whether a series of goods or services is a single performance obligation.

Step 3: Determine the transaction price

In order to determine the transaction price, the Group assesses how much consideration it expects to be entitled to by fulfilling the contract. In arriving at the assessment, the Group considers variable elements of consideration, as well as the existence of a significant financing component.

Significant financing component

The Group revises the promised amount of consideration for the effect of a significant financing component to the amount that reflects what the cash selling price of the promised good or service. As a practical expedient, the Group does not adjust the transaction price for the effects of a significant financing component if, at contract inception, the entity expects the period between customer payment and the transfer of goods or services to be one year or less. In cases where advance for the services are received and the payment scheme is broadly aligned with the Group's performance throughout the period, the Group concludes that the period between performance and payment is never more than 12 months, therefore the expedient is applied.

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

2.5 Summary of significant accounting policies (continued)

(j) Revenue *(continued)*

(i) General model for accounting of revenue (continued)

Variable cost

The Group identifies items such as price concessions, incentives, performance bonuses, completion bonuses, price adjustment clauses, penalties, discounts, credits, or similar items may result in variable consideration if there is any in a customer contract.

Step 4: Allocate the transaction price

If distinct goods or services are delivered under a single arrangement, then the consideration is allocated based on relative stand-alone selling prices of the distinct goods or services (performance obligations). If directly observable stand-alone selling prices are not available, the total consideration in the service contracts is allocated based on their expected cost plus a margin.

Stage 5: Revenue recognition

The Group recognizes revenue over-time if any of the following conditions is met:

- Customer simultaneously receives and consumes the benefits as the entity performs, or
- The customer controls the asset as the entity creates or enhances it, or
- Group's performance does not create an asset for which the entity has an use; and alternative there is a right to payment for performance to date.

For each performance obligation that is satisfied over time, an entity selects a single measure of progress, which depicts the transfer of control of the goods or services to the customer. The Group uses a method that measures the work performed reliably.

If a performance obligation is not satisfied over time, then the Group recognize revenue at the point in time at which it transfers control of the good or service to the customer.

The Group recognizes a provision in accordance with TAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

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

2.5 Summary of significant accounting policies *(continued)*

(j) Revenue *(continued)*

Goods sold

In overall, the Group has wholesale, retail and e-commerce business. Retail sales represent sales to consumers at mono-brand Mavi stores that the Group operates. Revenue is recognized when the control is transferred to the buyer. Revenue from the sale of goods through retail business in the course of ordinary activities is measured at the fair value of the consideration received in cash or credit card. The discount is recognized as a reduction of revenue as the sales are recognized.

Wholesale sales are to third-party retailers that then on-sell to consumers. The wholesale channel includes Mavi mono-brand stores operated by franchisees, department store chains, corner shops, and third-party online channels. The Group signs franchise agreements with franchises. However, the Group does not send consignment inventory to these franchises nor does the Group earn franchise fees on these agreements. The Group recognizes revenues from franchisees on a principal basis as gross when the control has been transferred to the franchisees.

In addition, the Group has consignments in certain department stores. Revenue from these consignments is recognized only after they are sold to the end customer as defined above. E-commerce represents direct sales that the Group makes to consumers on own mavi.com websites. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If a rebate is likely to be granted and the amount can be reliably measured, the deduction amount is deducted from revenue at the time revenue is recorded.

The Group also generates revenue in the form of royalty fees.

Corporate cards given to customers during the reporting period are valid until a specific maturity date. Unused balance of the corporate cards are recognized as revenue following the expiration date.

Loyalty programme

For customer loyalty programmes, the fair value of the consideration receivable in respect of the initial sale is allocated to the "Kartuş Card Points". The present fair value of the Kartuş Card Points, which can be redeemed as discount against future purchases by customers, is estimated by taking into account the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and revenue is recognized only when the points are redeemed and the Group has fulfilled its obligations to supply the discounted products. The amount of revenue recognized in those circumstances is based on the number of points that have been redeemed in exchange for discounted products, relative to the total number of points that is expected to be redeemed.

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

2.5 Summary of significant accounting policies *(continued)*

(k) Income from investing activities and expenses from investing activities

Income from investment activities includes income from sales of property, plant and equipment and scrap.

Expenses from investment activities include expenses incurred by sales of property, plant and equipment.

(l) Earnings per share

Earnings per shares is calculated by dividing the consolidated profit/(loss) for the period attributable to ordinary shareholders by weighted average number of ordinary shares outstanding during the period.

(m) Research and development expenses

The Group has a separate department which operates to research and develop new fabric and design. As a result of these operations of the department, sample productions are made including new collections' desgins. Costs incurred on development projects are recognised as intangible assets only if the cost can be measured reliably. Other development expenditures are recognised as an expense as incurred. Development costs that have been capitalised are amortised on a straight-line basis over their estimated useful lives (1 year).

(n) Finance income and finance cost

Finance costs comprise interest expense on borrowings, impairment losses recognised on financial assets, (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities (other than trade receivables and payables) are reported on a gross basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position. Interest income or expense is recognised using the effective interest method. Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(o) Tax

Tax expense comprises of current and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the consolidated financial statements, have been calculated on a separate-entity basis.

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

2.5 Summary of significant accounting policies (continued)

(o) Tax (continued)

ii) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases which is used in the computation of taxable profit. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit,
- differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future,
- taxable temporary differences related to initial recognition of goodwill.

Deferred tax assets are recognized if it is probable that taxable profits will be sufficient to offset unused prior year tax losses, tax benefits and deductible temporary differences in the future. Taxable profit is determined according to the business plans of each subsidiary in the Group. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that is probable that future taxable profits will available against which they can be utilised.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

The Company and its consolidated subsidiaries have reflected their deferred tax assets and liabilities in their financial statements, but there has been no netting on a consolidated basis.

iii) Tax risk

The Group takes into account whether the Group has the uncertain tax position and the surcharge has to be paid and the tax liability while it determines the current tax expense and delayed tax expense. The assessment might include judgments about future events and is based on estimates and assumptions. In case there exists new information about the adequacy of the Group's current tax liability which will cause a change in the professional judgment; this change will affect the period which the situation emerges.

iv) Transfer pricing

The transfer pricing provisions have been stated under the Article 13 of Corporate Tax Law with the heading of “disguised profit distribution via transfer pricing”. The General Communiqué on disguised profit distribution via transfer pricing dated 18 November 2007 sets details about implementation.

If a tax payer enters into transactions regarding sale or purchase of goods and services with related parties, where the prices are not set in accordance with arm’s length basis, then related profits are considered to be distributed in a disguised manner through transfer pricing. Such disguised profit distributions through transfer pricing are not accepted as a tax deductible for corporate income tax purposes.

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

2.5 Summary of significant accounting policies (continued)

(p) Government grants

The Group obtains government incentives under the Turquality program from Turkish Republic Ministry of Economy. The Group is initially recongnises government grants related to trade mark developments in international markets in profit or loss as deduction of relevant selling, marketing and distribution expenses at fair value when there is reasonable assurance that the incentives will be received.

(q) Measurement of fair value

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

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

2.5 Summary of significant accounting policies (continued)

(q) Measurement of fair value (continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a 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.

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(i) Financial assets

Cash and cash equivalents are presented on cost basis and are assumed to reflect their fair values as they are liquid and classified as current assets.

Trade receivables are presented netted off related doubtful portion of the receivable and are assumed to reflect their fair value.

Derivative financial instruments reflect their fair value as they include hedging transactions. The classification of derivative financial instruments for fair value measurement is Level 2.

ii) Other non-derivative financial liabilities

Forward exchange contracts

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

iii) Property, plant and equipment

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

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

2.5 Summary of significant accounting policies *(continued)*

(q) Measurement of fair value *(continued)*

iv) Intangible assets

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

The fair value of customer relationships acquired in a business combination are determined according to the income approach.

2.6 Use of accounting judgements and estimates

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

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

Information about assumptions and estimation uncertainties that have a risk of resulting in a material adjustment is included in the following notes:

- Note 7 Trade receivables: Allowance for doubtful receivables, Expected credit losses.
- Note 9 Inventory: Allowance for inventory impairment.
- Note 10 Deferred income: Estimation of loyalty credits that can be redeemed in the next years.
- Note 11 and 12 Property equipment and and intangibles: Useful lives.
- Note 12 and 13 Impairment of intangible assets including goodwill: Key assumptions, underlying recoverable amounts.
- Note 15 and 17 Provision for employee termination benefits: Key actuarial assumptions.
- Note 15 Provisions for sales returns: Estimation of return, provision for upcoming months using the historical data.
- Note 30 Deferred tax asset: Estimation of recoverability.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

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

2.7 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:

-Overdue payment amounting to TL 80,335 which was accounted as finance income in the consolidated statement of profit or loss for the accounting period ending on 31 January 2024, is reclassified to "other operating income" in comparative financial statements.

The reclassification has no impact on the profit for the period ended on 31 January 2024.

2.8 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2024

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

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 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 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.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

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

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

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

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.

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 the Board Decision dated 16 December 2024 amending this announcement. 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 the Board Decision dated 16 December 2024 amending this announcement. Other entities may voluntarily report in accordance with TSRS

The Group will disclose the Sustainability report by April within the deadlines determined by the Public Oversight, Accounting and Auditing Standards Authority (KGK). As of the balance sheet date, the Group's analysis of existing and potential risks and opportunities related to sustainability is ongoing.

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	*Insurance Contracts*
Amendments to TFRS 17	*Initial Application of TFRS 17 and TFRS 9 — Comparative Information*
Amendments to TAS 21tas 21	*Lack of Exchangeability*

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 2026.

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

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

Amendments that are mandatorily effective from 2024 *(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.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

3 Segment reporting

	1 February 2024- 31 January 2025			1 February 2023- 31 January 2024		
	Reportable segment			Reportable segment		
	Türkiye	International	Total	Türkiye	International	Total
Segment revenue [1]	**34,640,450**	**3,878,657**	**38,519,107**	**32,710,643**	**4,656,858**	**37,367,501**
-Retail	25,762,582	479,331	26,241,913	24,570,487	612,387	25,182,874
-Wholesale	5,846,229	2,502,723	8,348,952	5,335,947	2,985,373	8,321,320
-E-commerce	3,031,639	896,603	3,928,242	2,804,209	1,059,098	3,863,307
Segment profit / (loss) before tax	**3,803,068**	**(133,193)**	**3,669,875**	**3,791,915**	**1,900**	**3,793,815**

	31 January 2025			31 January 2024		
	Reportable segment			Reportable segment		
	Türkiye	International	Total	Türkiye	International	Total
Total segment assets	**17,723,888**	**1,859,893**	**19,583,781**	**17,317,205**	**2,434,078**	**19,751,283**
Total segment liabilities	**7,877,640**	**1,286,153**	**9,163,793**	**8,844,609**	**1,430,161**	**10,274,770**

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 entities.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

4 Cash and cash equivalents

As of 31 January 2025 and 31 January 2024 cash and cash equivalents comprises the following:

	31 January 2025	31 January 2024
Cash on hand	15,485	8,745
Cash at banks	*4,928,010*	*5,287,574*
Demand deposits	*295,840*	*497,100*
Time deposits	*4,632,170*	*4,790,474*
Other cash and cash equivalents	1,304,336	1,571,823
Cash and cash equivalents in the statement of cash flow	**6,247,831**	**6,868,142**
Time deposit interest accrual	83,252	30,644
	6,331,083	**6,898,786**

As at 31 January 2025 and 31 January 2024, other cash and cash equivalents consist of credit card receivables with maturities less than 3 months.

As at 31 January 2025 and 31 January 2024, the details of time deposits based on maturity dates and interest rates of the Groups are as below:

	Maturity	Interest rate	31 January 2025
TL	3 February-10 March 2025	45,50%-49,75%	4,632,170
			4,632,170

	Maturity	Interest rate	31 January 2024
TL	1 February-4 March 2024	35%-44%	4,502,341
USD	1 February 2024	0.75%	288,133
			4,790,474

As of 31 January 2025 and 31 January 2024, there is no restriction or blockage on cash and cash equivalents. The Group's exposure to foreign currency credit risk, interest rate risk and related sensitivity analyses are disclosed in Note 35.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

5 Financial borrowings

As at 31 January 2025 and 31 January 2024, financial borrowings comprise the following:

	31 January 2025	31 January 2024
Current liabilities		
Unsecured bank loans	171,899	148,157
Current portion of unsecured bank loans	208,671	104,937
Issued debt instruments	536,423	1,031,000
Lease liabilities	738,592	709,265
	1,655,585	**1,993,359**
Non-current liabilities		
Unsecured bank loans	1,623	11,564
Long term issued debt instruments	--	488,291
Lease liabilities	720,911	820,400
	722,534	**1,320,255**

As of 31 January 2025 and 31 January 2024, the Group's total bank borrowings and lease payables are as follows:

	31 January 2025	31 January 2024
Bank loans	382,193	264,658
Issued debt instruments	536,423	1,519,291
Lease liabilities	1,459,503	1,529,665
	2,378,119	**3,313,614**

As of 31 January 2025 and 31 January 2024 the repayments of bank loan agreements according to the original maturities comprised the following:

	31 January 2025	31 January 2024
Less than one year	916,993	1,284,094
One to two years	1,623	497,751
Two to three years	--	2,104
	918,616	**1,783,949**

As of 31 January 2025 and 31 January 2024 maturities and conditions of outstanding bank loans comprised the following:

	31 January 2025				
	Currency	**Nominal interest rate%**	**Maturity**	**Face value**	**Carrying amount**
Unsecured bank loans	RUB	25.50%-26.00%	2025-2026	204.491	208.671
Unsecured bank loans	CAD	5.70-7.30%	2025-2026	173.522	173.522
Issued debt instruments	TL	47.00%	2025	500.000	536.423
				878.024	**918.616**

	31 January 2024				
	Currency	**Nominal interest rate%**	**Maturity**	**Face value**	**Carrying amount**
Unsecured bank loans	RUB	21.00%	2024	101,964	104,937
Unsecured bank loans	CAD	7.30-7.45%	2024-2026	159,721	159,721
Issued debt instruments	TL	45.00 %-47.00%	2024-2025	1,421,180	1,519,291
				1,682,865	**1,783,949**

The Group's exposure to liquidity, foreign currency and interest rate risk as well as related sensitivity analyses for financial liabilities are disclosed in Note 35.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

5 Financial borrowings *(continued)*

The movement of borrowings for the year ended 31 January 2025 and 31 January 2024 is as follows:

	31 January 2025	31 January 2024
1 February balance	**1,783,949**	**3,609,296**
Proceeds from borrowings	675,018	1,931,253
Repayment of borrowings	(1,006,972)	(2,473,197)
Interest accrual	(30,527)	7,458
Currency translation differences	25,837	129,086
Inflation differences	(528,689)	(1,419,947)
31 January balance	**918,616**	**1,783,949**

The movement of lease liabilities for the year ended 31 January 2025 and 31 January 2024 is as follows:

	31 January 2025	31 January 2024
1 February balance	**1,529,665**	**1,499,608**
Payments of lease liabilities	(1,175,041)	(1,028,006)
Lease modifications	1,083,792	1,129,318
Interest on lease liabilities	400,566	267,958
New lease contracts	288,703	485,396
Currency translation differences	(54,491)	(74,372)
Change in exchange rates	5,161	10,916
Inflation differences	(614,094)	(757,637)
Terminations	(4,758)	(3,516)
31 January balance	**1,459,503**	**1,529,665**

Short-term portion of long-term liabilities	**31 January 2025**	**31 January 2024**
Lesase liabilities	941,020	889,201
Deferred lease borrowing cost (-)	(202,428)	(179,936)
	738,592	**709,265**
Long-term lease liabilities		
Leases liabilities	1,103,432	1,390,524
Deferred lease borrowing costs (-)	(382,521)	(570,124)
	720,911	**820,400**
Total contractual lease liabilities	**1,459,503**	**1,529,665**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

6 Related party disclosures

Related parties in consolidated 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 January 2025, the members of the Akarlılar Family (Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar) are the controlling shareholders of the Group with a total ownership interest of 27.41% where 27.19% is the direct ownership interest and 0.22% is the indirect ownership interest through Blue International Holding B.V.

(a) Related party balances

As of 31 January 2025, there are no short-term trade receivables from related parties (31 January 2024: None).

The balance of advances given to related parties for the periods ended 31 January 2025 and 31 January 2024 is as follows:

Advances given to related parties	**31 January 2025**	**31 January 2024**
Erak Giyim Sanayi Ticaret A.Ş. ("Erak")[1]	130,995	169,639
	130,995	**169,639**

[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 January 2025 and 31 January 2024 is as follows.

	31 January 2025	**31 January 2024**
Trade payables to related parties		
Erak[1]	554,918	480,741
Akay Lelmalabis Elgazhizah LLC ("Akay") [2]	177,774	66,496
	732,692	**547,237**

[1] Amounts due to Erak, a company controlled by immediate family members of the shareholder of the parent company, are for purchases of inventory. Amounts are non-interest bearing and have 90 days repayment date.

[2] Amount comprise of inventory purchases to subsidiary Akay situated in Egypt. Amounts are non-interest bearing and have 90 days repayment date.

As at 31 January 2025 and 31 January 2024, other short-term payables to related parties comprised the following:

	31 January 2025	**31 January 2024**
Other payables to related parties		
Eflatun Giyim shareholders	891	58
	891	**58**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

6 Related party disclosures *(continued)*

(a) Related party balances *(continued)*

As at 31 January 2025 and 31 January 2024, lease liabilities to related parties comprised the following:

	31 January 2025	31 January 2024
Short-term lease liabilities to related parties		
Sylvia House Inc.	3,738	379
	3,738	**379**

	31 January 2025	31 January 2024
Long-term lease liabilities to related parties		
Sylvia House Inc.	7,643	--
	7,643	**--**

(b) Related party transactions

For the years ended 31 January 2025 and 2024, purchases from related parties of the Group comprised the following:

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
Product purchase from related parties		
Erak	5,213,240	4,933,929
Akay	545,552	962,457
	5,758,792	**5,896,386**

Purchases from related parties comprise approximately one third of total purchases.

As of 31 January 2025 and 31 January 2024, the services from related parties of the Group comprised the following:

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
Services from related parties		
Erak (1)	16,369	15,086
Mavi Jeans Holding Inc.(2)	--	1,035
Sylvia House Inc.(3)	6,025	6,580
	22,394	**22,701**

(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 year ended 31 January 2025, short-term (salaries and wages, attendance fee, bonus, holiday overtime, severance payment, premium, and other benefits) and long-term benefits provided to senior management and board of directors amounted to TL 1,066,227 (31 January 2024: TL 767,906).

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

7 Trade receivables and payables

Short-term trade receivables

As at 31 January 2025 and 31 January 2024, short-term trade receivables are as follows:

	31 January 2025	31 January 2024
Trade receivables from third parties	2,054,338	1,864,884
	2,054,338	**1,864,884**

As at 31 January 2025 and 31 January 2024, trade receivables from third parties are as follows:

	31 January 2025	31 January 2024
Receivables	1,756,381	1,589,291
Post-dated cheques	83,140	19,489
Endorsed cheques	64,706	62,116
Notes receivables	244,103	310,134
Expected credit losses (-)	(2,516)	(3,402)
Allowance for doubtful receivables (-)	(91,476)	(112,744)
	2,054,338	**1,864,884**

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

Details related to Group's exposure to credit and foreign currency risk and impairment losses for short-term trade receivables is disclosed in Note 35.

Short-term trade payables

As at 31 January 2025 and 31 January 2024, short-term trade payables of the Group are as follows:

	31 January 2025	31 January 2024
Trade payables to third parties	4,089,215	4,282,181
Trade payables to related parties (Note 6)	732,692	547,237
	4,821,907	**4,829,418**

Trade payables mainly include outstanding amounts arising from trade purchases and ongoing expenditures. Currency and liquidity risk related to the Group's short-term trade payables are explained in Note 35. As of 31 January 2025 and 31 January 2024, the Group's short-term trade payables to third parties are as follows:

	31 January 2025	31 January 2024
Trade payables [1]	3,970,953	4,142,679
Expense accruals	118,262	139,502
	4,089,215	**4,282,181**

[1]The Company has TL 217,270 import factoring payables as of 31 January 2025 (31 January 2024: nil). Trade payables consists TL 1,009,527 consists of supplier financing payables (31 January 2024: TL 1,310,132). The Company carries out import factoring for its goods purchases from abroad. Within the scope of import factoring, foreign suppliers transfer their receivables from the Company to the financial institutions they work with, with the Company's confirmation of assignment. Within the scope of supplier financing, domestic suppliers transfer their receivables from the Company to the financial institutions with which the Company works with confirmation of assignment.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

8 Other receivables and payables

Other short-term trade receivables

As at 31 January 2025 and 31 January 2024, short-term other receivables of the Group are as follows:

	31 January 2025	31 January 2024
Other receivables from third parties	46,411	17,692
	46,411	**17,692**

As at 31 January 2025 and 31 January 2024, short-term other receivables from third parties of the Group are as follows:

	31 January 2025	31 January 2024
Receivables from public institutions (1)	17,112	7,265
Other short-term receivables	29,299	10,427
	46,411	**17,692**

(1) Receivables from public institutions consist value added tax receivables amounting to TL 17,112 (31 January 2024: TL 7,265).

The Group's exposure to credit and foreign currency risk for short-term other receivables are disclosed in Note 35.

Long-term other receivables

As at 31 January 2025 and 2024, long-term other receivables of the Group are as follows:

	31 January 2025	31 January 2024
Other receivables from third parties	18,399	19,456
	18,399	**19,456**

The Group's exposure to credit and foreign currency risk for long-term other receivables are disclosed in Note 35.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

8 Other receivables and payables *(continued)*

Short-term other payables

As at 31 January 2025 and 31 January 2024, short-term other payables of the Group are as follows:

	31 January 2025	31 January 2024
Other payables to third parties	234,486	209,255
Other payables to related parties (Note 6)	891	58
	235,377	**209,313**

As at 31 January 2025 and 31 January 2024, other payables to third parties of the Group are as follows:

	31 January 2025	31 January 2024
Taxes and duties payable	185,497	168,740
Other payables	48,989	40,515
	234,486	**209,255**

The Group's exposure to foreign currency and liquidity risk for other short-term payables is disclosed in Note 35.

9 Inventories

As at 31 January 2025 and 2024, inventories are as follows:

	31 January 2025	31 January 2024
Trade goods	4,942,998	5,007,381
Consignment trade goods	324,423	281,472
Goods in transit	28,347	51,733
Provision for impairment on inventory (-)	(183,429)	(211,058)
	5,112,339	**5,129,528**

As at 31 January 2025 there is no restriction/ pledge on inventories (31 January 2024: none),

As at 31 January 2025 and 31 January 2024, movement of the provision for inventory impairment is as follows:

	31 January 2025	31 January 2024
Opening balance	**211,058**	**261,200**
Provision for the year	161,735	254,982
Foreign currency translation effect	(15,846)	(29,040)
Write-off	(173,518)	(276,084)
Closing balance	**183,429**	**211,058**

As of the year ending on 31 January 2025, inventories of TL 161,735 (31 January 2024: TL 254,982) 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 year and included in "cost of sales", In addition, for the year ended on 31 January 2025, inventories of TL 175,518 (31 January 2024; TL 276,084) were disposed and written off.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

10 Prepaid expenses and deferred incomes

Short and long-term prepaid expenses

As at 31 January 2025 and 31 January 2024, the remaining balance of prepaid expenses under current and non-current assets is as follows:

	31 January 2025	**31 January 2024**
Advances given	324,496	193,296
Prepaid sales marketing and advertising expenses	28,547	35,360
Prepaid license expenses	23,909	13,861
Prepaid general administrative expenses	13,862	13,105
Prepaid insurance expenses	8,920	10,194
Prepaid rent expenses	5,204	6,445
Prepaid stamp tax and duties expenses	4,663	2,363
Other prepaid expenses	62,536	35,705
Total prepaid expenses	**472,137**	**310,329**

Deferred income

As at 31 January 2025 and 31 January 2024, deferred income of the Group are as follows:

	31 January 2025	**31 January 2024**
Liabilities arising from customer contracts	**201.598**	**193.717**
Customer loyalty programme[1]	157,819	143,082
Corporate sales [2]	43,779	50,635
Liabilities not arising from customer contracts	**15.440**	**48.255**
Salary protocol	13,559	48,175
Rental support income	1,881	80
Total deferred income	**217,038**	**241,972**
Short-term deferred income	**217,038**	**222,624**
Long-term deferred income	**--**	**19,348**

[1] The deferred income related to loyalty credits granted has been estimated with reference to the past usage rates.
[2] Corporate sales consist of prepaid cards which are given to corporate firms.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

11 Property, plant and equipment

The movement of property, plant and equipment for the year ended 31 January 2025 and 31 January 2024 is as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost					
1 February 2024 opening balance	**1,556**	**3,840,151**	**2,857,533**	**41,634**	**6,740,874**
Additions	13,729	443,252	341,080	303,876	1,101,937
Disposals	(1,459)	(31,872)	(103,357)	(1,442)	(138,130)
Foreign currency translation effect	--	(69,547)	(34,349)	(4,773)	(108,669)
Transfers[1]	--	60,610	62,563	(123,213)	(40)
31 January 2025 closing balance	**13,826**	**4,242,594**	**3,123,470**	**216,082**	**7,595,972**
Accumulated Depreciation					
1 February 2024 opening balance	**1,556**	**2,792,356**	**2,223,209**	**--**	**5,017,121**
Foreign currency translation effect	--	(61,518)	(20,577)	--	(82,095)
Depreciation for the year	1,203	298,807	234,437	--	534,447
Disposals	(1,459)	(28,296)	(95,853)	--	(125,608)
31 January 2025 closing balance	**1,300**	**3,001,349**	**2,341,216**	**--**	**5,343,865**
Net book value	**12.526**	**1.241.245**	**782.254**	**216.082**	**2.252.107**

[1] Transfers of TL 40 as of 31 January 2025 are related to transfers to intangible assets. There is no transfers to intangible assets as of 31 January 2024.

(Amounts expressed in thousands of Turkish Lira (“TL”) in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

11 Property, plant and equipment *(continued)*

The movement of property and equipment for the year ended 31 January 2025 and 2024 is as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost					
1 February 2023 opening balance	**1,556**	**3,584,297**	**2,634,916**	**13,957**	**6,234,726**
Additions	--	363,298	225,808	129,181	718,287
Disposals	--	(107,339)	(48,380)	--	(155,719)
Foreign currency translation effect	--	(50,007)	(6,413)	--	(56,420)
Transfers[1]	--	49,902	51,602	(101,504)	--
31 January 2024 closing balance	**1,556**	**3,840,151**	**2,857,533**	**41,634**	**6,740,874**
Accumulated Depreciation					
1 February 2023 opening balance	**1,556**	**2,680,442**	**2,058,532**	**--**	**4,740,530**
Foreign currency translation effect	--	(37,374)	(4,390)	--	(41,764)
Depreciation for the year	--	248,424	206,896	--	455,320
Disposals	--	(99,136)	(37,829)	--	(136,965)
31 January 2024 closing balance	**1,556**	**2,792,356**	**2,223,209**	**--**	**5,017,121**
Net book value	**--**	**1.047.795**	**634.324**	**41.634**	**1.723.753**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

11 Property, plant and equipment *(continued)*

For the year ended 31 January 2025, TL 116,486 (31 January 2024: TL 58,810) of depreciation expenses are included under administrative expenses, TL 304,095 (31 January 2024: TL 365,455) under selling, marketing and distribution expenses and TL 113,866 (31 January 2024: TL 31,055)

As of 31 January 2025, there is no pledge on property, plant and equipment (31 January 2024: nil).

As at 31 January 2025 the amount of insurance on property, plant and equipment is TL 3,070,120 (31 January 2024: TL 2,823,159).

12 Intangible assets

The movement of intangible assets as of 31 January 2025 and 31 January 2024 are as follows:

	Licenses	Customer relationships	Brand	Development Costs[1]	Total
Cost					
1 February 2024 balance	**1,209,595**	**448,089**	**9,224**	**389,056**	**2,055,964**
Additions	53,685	--	--	274,123	327,808
Transfer from property, plant and equipment	40	--	--	--	40
Foreign currency translation effect	(43,577)	(74,786)	--	--	(118,363)
Disposals	(159)	--	--	--	(159)
31 January 2025 balance	**1,219,584**	**373,303**	**9,224**	**663,179**	**2,265,290**
Amortisation					
1 February 2024 balance	**918,307**	**361,337**	**5,494**	**307,202**	**1,592,340**
Foreign currency translation effect	(18,858)	(69,793)	--	--	(88,651)
Current year amortization	103,443	43,858	367	118,767	266,435
Disposals	(17)	--	--	--	(17)
31 January 2025 balance	**1,002,875**	**335,402**	**5,861**	**425,969**	**1,770,107**
Net book value	**216,709**	**37,901**	**3,363**	**237,210**	**495,183**

[1] Consists of capitalized design and development expenses in accordance with the incentive programme.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

12 Intangible assets *(continued)*

	Licenses	Customer relationships	Brand	Development Costs[1]	Total
Cost					
1 February 2023 balance	**1,129,846**	**470,858**	**9,224**	**347,859**	**1,957,787**
Additions	87,283	--	--	41,197	128,480
Foreign currency translation effect	(6,033)	(22,769)	--	--	(28,802)
Disposals	(1,501)	--	--	--	(1,501)
31 January 2024 balance	**1,209,595**	**448,089**	**9,224**	**389,056**	**2,055,964**
Amortisation					
1 February 2023 balance	**811,152**	**322,931**	**5,002**	**236,631**	**1,375,716**
Foreign currency translation effect	(8,456)	(12,640)	--	--	(21,096)
Current year amortization	117,095	51,046	492	70,571	239,204
Disposals	(1,484)	--	--	--	(1,484)
31 January 2024 balance	**918,307**	**361,337**	**5,494**	**307,202**	**1,592,340**
Net book value	**291,288**	**86,752**	**3,730**	**81,854**	**463,624**

For the year ended 31 January 2025, TL 58,071 (31 January 2024: TL 30,895) of amortisation expenses are included under general administrative expenses and TL 151,599 (31 January 2024: TL 191,994) under selling, marketing and distribution expenses, and TL 56,765 (31 January 2024: TL 16,315) under research and development expenses.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

13 Goodwill

The movement of goodwill as at 31 January 2025 and 2024 is as follows:

Cost	**31 January 2025**	**31 January 2024**
As of 1 February	**1,132,865**	**1,158,549**
Foreign currency translation effect	(191,332)	(25,684)
As of 31 January	**941,533**	**1,132,865**
Impairment loss		
As of 1 February	**(15,890)**	**(15,890)**
Impairment loss	--	--
As of 31 January	**(15,890)**	**(15,890)**
Net book value		
As of 31 January	**925,643**	**1,116,975**

Impairment test for cash generating units with allocated goodwill

Goodwill is allocated to cash generating units for impairment test purposes. As of 31 January 2025 and 31 January 2024, details of cash generating units related to goodwill are as follows. The carrying amount of goodwill allocated to each cash generating unit are as follows;

	31 January 2025	**31 January 2024**
Mavi USA	819,436	988,689
Mavi Canada	74,490	96,569
Other	31,717	31,717
	925,643	**1,116,975**

As of 31 January 2025, the increase in goodwill is related to foreign currency translation differences on goodwill recognized at foreign subsidiaries.

Goodwill is primarily attributable to the synergies expected to be derived from the integration of Mavi America and Mavi Canada into the Group's existing business.

Impairment testing for CGUs containing goodwill

A valuation of the fair value of CGU of Mavi USA and Mavi Canada as two separate CGU's was performed by the Company management. As of 31 January 2025 and 2024, the income approach (discounted cash flow method) is used to determine the fair value of CGUs of Mavi USA and Mavi Canada.

The Group used 5 years business plans prepared by the Company management for the valuation of CGUs. The growth of business plans of Mavi USA and Mavi Canada is associated with an increase in the number of customers and growth in the market.

As of 31 January 2025, the impairment test performed on CGU based is resulted with no impairment loss to be recorded for Mavi USA and Mavi Canada. The discount rate and the final growth rate, which are two important assumptions used in the impairment test, were taken as 10% above or below the management estimates, and sensitivity analysis is performed and no impairment is detected.

13 Goodwill *(continued)*

Key assumptions used in discounted cash flow projections

Key assumptions used in the calculation of the recoverable amount of Mavi USA are discount rates, terminal value growth rates and EBITDA margin at terminal value. These assumptions are 12.6%, 2.2%, 12.1% (31 January 2024: 11.2%, 1.8%, 13%) respectively. The values assigned to the key assumptions represent management's assessment of future trends in ground handling industry and are based on both external sources and internal sources.

Key assumptions used in the calculation of the recoverable amount of Mavi Canada are discount rates, terminal value growth rates, and EBITDA margin at terminal value. These assumptions are 9.1%, 2.1%, 7.8% (31 January 2024: 10,3%, 1,6%, 7,3%) respectively. The values assigned to the key assumptions represent management's assessment of future trends in ground handling industry and are based on both external sources and internal sources.

Discount Rate

The discount rate is for Mavi USA estimated based on the company specific weighted cost of capital, Value in use is determined by applying post tax discount rate of 12.6% (31 January 2024:11.2%).

The discount rate is for Mavi Canada estimated based on the company specific average weighted cost of capital, Value in use is determined by applying post tax discount rate of 9.1% (31 January 2024:10.3%).

Growth rate

The discounted cash flow models of Mavi USA and Mavi Canada are based on the cash flows projected for the following five years. A long-term growth rate has been determined as the lower of nominal GDP rates for USA and Canada and long-term compound annual growth rate in EBITDA estimated by management.

Income approach

Discounted cash flow methodology is used under the income approach. In this method, the cash flow available for distribution after funding internal needs of the Company is forecasted for the determined period of years. Beyond such determined period, a terminal value is developed by capitalizing an assumed stabilized cash flow figure. Then, the determined period cash flows and terminal value are discounted to present value.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

14 Right-of-use assets

The movement of right-of-use assets for the years ended 31 January 2025 and 31 January 2024 is as follows:

Cost	**Buildings**	**Store**	**Vehicles**	**Warehouse**	**Total**
1 February 2024 balance	**828,488**	**7,386,751**	**252,257**	**218,738**	**8,686,234**
Additions	174,416	85,857	28,430	--	**288,703**
Modification	65,296	1,002,014	14,307	2,175	**1,083,792**
Disposals	(81,393)	(93,774)	(13,711)	(17,299)	**(206,177)**
Foreign currency translation effect	(54,339)	(79,907)	(5,154)	(37,563)	**(176,963)**
31 January 2025 balance	**932,468**	**8,300,941**	**276,129**	**166,051**	**9,675,589**

Accumulated depreciation	**Buildings**	**Store**	**Vehicles**	**Warehouse**	**Total**
1 February 2024 balance	**547,548**	**6,081,758**	**58,716**	**73,222**	**6,761,244**
Charge for the year	126,250	1,289,026	76,435	54,624	**1,546,335**
Disposals	(81,393)	(87,057)	(13,665)	(17,299)	**(199,414)**
Foreign currency translation effect	(49,751)	(59,675)	(3,781)	(17,543)	**(130,750)**
31 January 2025 balance	**542,654**	**7,224,052**	**117,705**	**93,004**	**7,977,415**
31 January 2025 net book value	**389,814**	**1,076,889**	**158,424**	**73,047**	**1,698,174**

Cost	**Buildings**	**Store**	**Vehicles**	**Warehouse**	**Total**
1 February 2023 balance	**530,058**	**6,442,130**	**146,046**	**256,168**	**7,374,402**
Additions	273,007	42,525	169,864	--	**485,396**
Modification	61,062	1,062,029	3,581	2,646	**1,129,318**
Disposals	(26,036)	(92,687)	(65,406)	(36,362)	**(220,491)**
Foreign currency translation effect	(9,603)	(67,246)	(1,828)	(3,714)	**(82,391)**
31 January 2024 balance	**828,488**	**7,386,751**	**252,257**	**218,738**	**8,686,234**

Accumulated depreciation	**Buildings**	**Store**	**Vehicles**	**Warehouse**	**Total**
1 February 2023 balance	**438,281**	**4,880,879**	**65,283**	**53,586**	**5,438,029**
Charge for the year	148,486	1,329,022	58,059	57,974	**1,593,541**
Disposals	(26,036)	(87,333)	(63,437)	(36,362)	**(213,168)**
Foreign currency translation effect	(13,183)	(40,810)	(1,189)	(1,976)	**(57,158)**
31 January 2024 balance	**547,548**	**6,081,758**	**58,716**	**73,222**	**6,761,244**
31 January 2024 net book value	**280,940**	**1,304,993**	**193,541**	**145,516**	**1,924,990**

For the year ended 31 January 2025 TL 103,586 (31 January 2024 : TL 205,822) of amortisation expenses are included under general administrative expenses and TL 1,431,972 (31 January 2024 : TL 1,279,031)under selling, marketing and distribution expenses, and TL 10,777 (31 January 2024 : TL 108,688) under research and development expenses.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

15 Provisions, contingent assets and liabilities

Short-term provisions

As at 31 January 2025 and 31 January 2024, short-term provisions are as follows:

	31 January 2025	31 January 2024
Short-term provisions for employee benefits	37,599	48,640
Other short-term provisions	257,195	227,455
	294,794	**276,095**

Short-term provision for employee benefits consists of provision for vacation pay liability. For the years ended 31 January 2025 and 2024, the movement of provision for vacation liability is as follows:

	31 January 2025	31 January 2024
1 February balance	**48,640**	**44,115**
Current period provision	9,032	33,791
Foreign currency translation differences	1,190	6,296
Payments	(6,255)	(9,238)
Inflation effect	(15,008)	(26,324)
31 January balance	**37,599**	**48,640**

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 recognised for the amount expected to be paid under short-term vacation pay liability if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

In accordance with the existing labour law in Group, 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.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

15 Provisions, contingent assets and liabilities *(continued)*

Short-term provisions *(continued)*

For the years ended 31 January 2025 and 31 January 2024, the movement of other short-term provisions is as follows:

	31 January 2025	31 January 2024
Sales return provision	212,156	189,075
Legal provision [1]	20,893	16,679
Other provisions	24,146	21,701
	257,195	**227,455**

[1]Legal provisions mainly comprise of labor lawsuits.

For the years ended 31 January 2025 and 31 January 2024, the movement of short-term provisions is as follows:

	Legal provision[1]	Return Provision	Other provision	Total
1 February 2023 balance	**13,474**	**214,719**	**19,018**	**247,211**
Current year provision	13,308	45,317	11,574	70,199
Foreign currency translation differences	--	30,469	9,030	39,499
Provisions used during year	(1,567)	--	--	(1,567)
Provisions reversed	(782)	--	(7,509)	(8,291)
Inflation effect	(7,754)	(101,430)	(10,412)	(119,596)
31 January 2024 balance	**16,679**	**189,075**	**21,701**	**227,455**
1 February 2024 balance	**16,679**	**189,075**	**21,701**	**227,455**
Current year provision	14,464	92,026	10,548	117,038
Foreign currency translation differences	--	5,400	2,937	8,337
Provisions used during year	(2,982)	--	--	(2,982)
Provisions reversed	(714)	(4,393)	(3,047)	(8,154)
Inflation effect	(6,554)	(69,952)	(7,993)	(84,499)
31 January 2025 balance	**20,893**	**212,156**	**24,146**	**257,195**

[1] Litigation provisions mainly consist of workers' lawsuits.

Long-term provisions

As of 31 January 2025 and 31 January 2024, the movement of long-term provisions is as follows:

	31 January 2025	31 January 2024
Long-term provisions for employee benefits	151,256	144,192
	151,256	**144,192**

Long-term employee benefits consist of severance pay liabilities. The details of severance pay liability are disclosed in Note 17.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

16 Commitments

(a) Guarantees, pledges and mortgages

As of 31 January 2025 and 2024, the Group's guarantee / pledge / mortgage ("GPM") position statement is as follows:

	31 January 2025				
	TL Equivalent	**TL**	**EUR**	**RUB**	**USD**
A. On behalf of its own legal personality of the total amount of GPMs	**353,612**	**288,021**	**1,079**	**13,098**	**580**
Guarantee	353,612	288,021	1,079	13,098	580
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	**11,090**	--	**53**	--	**255**
Guarantee	11,090	--	53	--	255
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	**364,702**	**288,021**	**1,132**	**13,098**	**835**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

16 Commitments *(continued)*

(a) Guarantees, 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	**298,515**	**210,654**	**1,190**	**13,531**	**601**
Guarantee	298,515	210,654	1,190	13,531	601
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	**5,723**	**--**	**53**	**--**	**75**
Guarantee	5,723	--	53	--	75
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts,	--	--	--	--	--
Guarantee	--	--	--	--	--
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
D. Total amount of other GPM	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--
Guarantee	--	--	--	--	--
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--
Guarantee	--	--	--	--	--
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--
Guarantee	--	--	--	--	--
Pledge	--	--	--	--	--
Mortgage	--	--	--	--	--
Total GPM	**304,238**	**210,654**	**1,243**	**13,531**	**676**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

16 Commitments *(continued)*

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

As of 31 January 2025, 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 8,512,801 as of 31 January 2025 (31 January 2024: TL 9,851,237).

(b) Guarantees received

As of 31 January 2025, Group has received letter of guarantees for the amount of TL 700,128 as in the form of security (31 January 2024: TL 565,792).

17 Employee benefits

Provision for employment termination benefits

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause.

Under the Turkish Labour Law, the Company is required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, is called up for military service, dies or who retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). Due to changes in legislation as of 8 September 1999, there are certain transitional obligations related to the retirement age.

Severance payments are calculated on the basis of 30 days' pay, limited to a maximum of TL 46,655 at 31 January 2025 (31 January 2024: TL 35,059) per year of employment at the rate of pay applicable at the date of retirement or termination. Reserve for retirement pay is computed and reflected in the accompanying financial statements on a current basis. This provision is calculated by expecting the present value of the future liability which will be paid for the retired personnel. The calculation was based upon the retirement pay ceiling announced by the Government.

The liability is calculated by estimating the present value of the future probable obligation of the Company arising from retirement of employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation under defined benefit plans.

As basic assumption, maximum liability is correspondingly increased with inflation for every year. Therefore, discounted rate refers to estimated real interest rate after correction of the effects of future inflation. To conclude, as at 31 January 2025 and 2024, liabilities in integral part of consolidated financial statements, are calculated by the way of estimating the fair value of the liability caused by possible retirement of employees. Accordingly, the liability is calculated using the following actuarial assumptions.

	31 January 2025	**31 January 2024**
Discount rate (%)	3.28	3.12
Estimated inflation (%)	22.00	23.20

All actuarial gain and losses are recognized in other comprehensive income.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

17 Employee benefits *(continued)*

Provision for employment termination benefits *(continued)*

For the years ended 31 January 2025 and 31 January 2024 the movement of provision for severance pay liability is as follows:

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
As of 1 February	**144,192**	**143,204**
Interest cost	30,120	21,018
Service cost	75,614	98,790
Paid benefits	(75,974)	(78,701)
Effect of movements in exchange rates	433	1,613
Actuarial difference	24,121	41,773
Inflation effect	(47,250)	(83,505)
As of the end of the period	**151,256**	**144,192**

18 Payables related to employee benefits

As at 31 January 2025 and 31 January 2024 payable to employees are as follows:

	31 January 2025	31 January 2024
Payables to personnel [1]	619,916	643,894
Social security premiums payable	103,846	92,196
	723,762	**736,090**

[1] Payables to personnel consist of the salary and wages to be paid in the following month.

19 Other asset and liabilities

Other current assets

As at 31 January 2025 and 31 January 2024, other current assets are as follows:

	31 January 2025	31 January 2024
Transferred and deducted value added tax ("VAT")	2,207	30,258
	2,207	**30,258**

Other current liabilities

As at 31 January 2025 and 31 January 2024, other current liabilities are as follows:

	31 January 2025	31 January 2024
Advances received	99,577	91,714
VAT payable	18,803	19,791
	118,380	**111,505**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

20 Capital, reserves and other capital reserves

Paid-in capital

As at 31 January 2025 and 31 January 2024, paid capital is as follows:

	%	31 January 2025	%	31 January 2024
Akarlılar Ailesi	27.19	108,000	27.19	54,000
Blue International	0.22	866	0.22	433
Publicly held	72.60	288,390	72.60	144,195
Face Value capital	**100**	**397,256**	**100**	**198,628**
Infilation Effect		1,155,755		1,092,608
Restated Capital		**1,553,011**		**1,291,236**

With the Board of Directors' Resolutions dated 14 January 2025 and 20 January 2025, the company's paid-in capital is being increased from TL 397,256 to TL 794,512 by utilizing the amounts in the "Retained Earnings" account. The application process is ongoing with the Capital Markets Board. The company shares are classified into Class A and Class B shares.

The Company comprises of A and B group shares.

-As long as Blue International Holding B.V., its shareholders and/or affiliates and subsidiaries hold at least 20% of the capital or voting rights of the Company (aggregate Class A and Class B shares), half of the members of the Company's Board of Directors shall be elected from among the persons to be nominated by Class A shareholders. The Board of Directors members to be elected from among the nominees of the Class A shareholders shall be members other than the independent members stipulated under the Corporate Governance Principles of the Capital Markets Board.

-Provided that the quorums stipulated under the Capital Markets Law and the Turkish Commercial Code are reserved, in order for the Company's General Assembly to pass a resolution on the matters listed below and on amendments to these Articles of Association on any of such matters ("Matters Requiring Increased General Assembly Resolution Quorum"), the affirmative votes of all of the Class A Shareholders shall also be required:

- Changing the Company's field of operation, entering into new lines of business or abandoning existing lines of business.
- Capital increases of the Company other than those to be effected within the registered capital system, liquidation or dissolution of the Company, any capital decrease, change of legal form of the Company.
- Filings for bankruptcy, concordat, financial restructuring, adjournment of bankruptcy.
- Transfer of all or a substantial part of the Company's commercial enterprise.
- Changes to the privilige of Class A Shareholders to nominate Board Members, or to the structure of the Board of Directors.
- Changes to the meeting and resolution quorums of the Board of Directors and committees of the Company.
- Approval of the annual activity report, the profit and loss statement and the balance sheet, and release of the Board members from liability.

If, following the public offering, Blue International Holding B.V., its shareholders and/or affiliates and subsidiaries do not hold at least 20% of the capital or voting rights of the Company (aggregate Class A and Class B shares), the increased quorum stated above for the Matters Requiring Increased General Assembly Resolution Quorum shall authomatically cease to be effective, without the possibility of being rejuvenated at a later date. The Company has adopted the registered capital system under the provisions of the Capital Markets Law, and has initiated the registered capital system based on the permission of the Capital Markets Board dated 3 March 2017 No,9/332. The upper limit of the Company's registered capital is TL 4,000,000 which is divided into 4,000,000 registered shares, each with a nominal value of TL 1 (one Turkish lira). It was registered on 22 May 2024, regarding the increase in the registered capital ceiling from TL 500,000 to TL 4,000,000 which was approved at the Ordinary General Assembly Meeting held on 25 April 2024

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

20 Capital, reserves and other capital reserves *(continued)*

Remeasurement loss on defined benefit plans

Amounts include actuarial gains and losses recognized in other comprehensive income.

Translation Reservation

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Legal reserves

The legal reserves consist of first and second legal reserves in accordance with the Turkish Commercial Code, the first legal reserve is appropriated out of the statutory profits at the rate of 5%, until the total reserve reaches a maximum of 20% of the Company's share capital. The second legal reserve is appropriated at the rate of 10% of all distributions in excess of 5% of the Company's share capital. The first and second legal reserves are not available for distribution unless they exceed 50% of the share capital but may be used to absorb losses in the event that the general reserve is exhausted. As of 31 January 2025, the Company's legal reserves are amounting to TL 435,823 (31 January 2024: TL 247,963).

Dividend distribution

At the Ordinary General Assembly meeting held at 25 April 2024, dividend distribution of TL 844,945 (Dividend payment expressed in terms of the purchasing power of TL at 31 January 2025 TL is 1,044,094) from 2023 and previous years' distributable net income was approved unanimously, Entire dividend payment has been completed as of reporting date.

Financial hedging reserve

The hedging reserve consists of the effective part of the accumulated net change in its fair value from cash flow hedging to the subsequent recognition of instruments for hedging purposes.

Additional Information Regarding Capital, Reserves, and Other Equity Items

In accordance with the Capital Markets Board (CMB) regulations, the "Capital Adjustment Differences", "Legal Reserves", and "Other Reserves" which are classified as statutory reserves, special reserves, etc., in the financial statements prepared under the CMB framework, have been presented starting from the 2024 reporting period onwards in TFRS (Turkish Financial Reporting Standards) balance sheets based on the CPI (Consumer Price Index) and in VUK (Turkish Tax Procedure Law) financial statements based on the PPI (Producer Price Index).

31 January 2025	**PPI indexed legal adjustments**	**CPI indexed adjustments**	**Amounts followed in retained earnings**
Share capital adjustment differences	1,349,701	1,155,755	193,946
Other reserves	369,227	264,024	105,203
	1,718,928	**1,419,779**	**299,149**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

21 Revenue

For the years ended 31 January 2025 and 2024, revenue comprised the following:

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
Goods and service sales		
-Retail	26,241,913	25,182,874
-Wholesale	8,348,952	8,321,320
-E-commerce	3,928,242	3,863,307
	38,519,107	**37,367,501**

The Group derives its revenue from the transfer of goods and services over time and at a point in time, this is consistent with the revenue information that is disclosed for each reportable segment under TFRS 8 (Note 3).

22 Cost of sales

For the years ending 31 January 2025 and 31 January 2024, cost of sales comprised the following:

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
Cost of trade goods sold	19,148,213	19,356,032
	19,148,213	**19,356,032**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

23 Administrative expenses, selling, marketing and distribution expenses

For the years ending 31 January 2025 and 31 January 2024, administrative expenses comprised the following:

	1 February 2024 – 31 January 2025	**1 February 2023 – 31 January 2024**
Personnel expenses	1,623,595	1,573,329
Depreciation and amortization expenses (Note 11,12,14)	278,143	295,527
Consultancy expenses	223,360	201,580
Office materials expenses	140,239	100,836
General office expenses	57,553	51,344
Travel expenses	26,763	29,057
Rent expenses (1)	10,605	14,620
Other	216,694	196,127
	2,576,952	**2,462,420**

For the years ended 31 January 2025 and 31 January 2024, selling, marketing and distribution expenses comprised the following:

	1 February 2024 – 31 January 2025	**1 February 2023 – 31 January 2024**
Personnel expenses	4,353,656	3,672,065
Depreciation and amortization expenses (Note 11,12,14)	1,887,666	1,836,480
Rent expenses (1)	1,857,264	1,819,318
Outsourced logistics expenses	724,584	586,701
Freight-out expenses	707,282	718,381
Advertising expenses	551,649	455,353
Consultancy expenses	266,320	163,454
Shopping bag expenses	98,233	95,608
Travel expenses	89,635	69,861
Other	1,092,283	1,104,266
	11,628,572	**10,521,487**

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

24 Research and development expenses

For the years ended 31 January 2025 and 2024, research and development expenses comprised the following:

	1 February 2024 – 31 January 2025	**1 February 2023 – 31 January 2024**
Personnel expenses	284,281	237,449
Depreciation and amortization expenses (Note 11,12,14)	181,408	156,058
Travel expenses	11,163	9,196
Other	23,262	14,510
	500,114	**417,213**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

25 Other operating income and expenses

For the years ended 31 January 2025 and 31 January 2024, the other operating income comprised the following:

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
Deferred payment income	88,260	80,335
Rediscount interest income on trade payables, net	66,513	215,484
Foreign exchange gain on trade receivables and payables, net	22,976	52,859
Salary protocol income	22,675	36,112
Invesment support income	1,784	39,007
Reversal of expected credit loss	622	6,748
Other	34,983	100,584
	237,813	**531,129**

For the years ended 31 January 2025 and 31 January 2024, other expenses comprised the following:

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
Foreign exchange gain and loss, net	48,518	128,571
Expected credit losses	294	34
Other	13,899	31,028
	62,711	**159,633**

26 Gains and losses from investment activities

As of 31 January 2025, and 31 January 2024, gains from investment activities comprised the following:

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
Fx protected deposit income	8,753	46,187
Gains on sale of fixed assets	3,384	679
	12,137	**46,866**

As of 31 January 2025, and 31 January 2024, losses from investment activities comprised the following:

	1 February 2024– 31 January 2025	1 February 2023– 31 January 2024
Losses on sale of fixed assets	4,850	3,442
	4,850	**3,442**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

27 Expenses by nature

For the years ended 31 January 2025 and 31 January 2024, expenses by nature are as follows:

Depreciation and amortization expenses

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
Selling, marketing expenses (Note 23)	1,887,666	1,836,480
Administrative expenses (Note 23)	278,143	295,527
Research and development expenses (Note 24)	181,408	156,058
	2,347,217	**2,288,065**

Expenses related to personnel

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
Selling, marketing and distribution expenses (Note 23)	4,353,656	3,672,065
Administrative expenses (Note 23)	1,623,595	1,573,329
Research and development expenses (Note 24)	284,281	237,449
	6,261,532	**5,482,843**

As of 31 January 2025, and 31 January 2024, the details of expenses related to personnel are as follows:

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
Wages and salaries	3,152,911	2,661,114
Bonus expense	1,354,570	1,284,180
Social security premiums	656,509	539,038
Meal expenses	542,495	430,018
Employment termination benefit expenses	152,698	201,515
Overtime expenses	134,449	108,922
Personnel travel expenses	52,725	53,115
Other	215,175	204,941
	6,261,532	**5,482,843**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

27 Expenses by nature *(continued)*

Fees for services received from independent auditor / independent audit firm

The Group's explanation regarding the fees for the services received from the independet auditor, which is based on the letter of POA dated 19 August 2021, the preparation principles of which are based on the Board decision published at offical gazette on 30 March 2021, are as follows :

	2024	**2023**
Independent audit fee for the reporting period	4,586	2,914
Other asuurance services fee	83	28
Other service fees other than independent audit service	90	--
	4,759	**2,942**

28 Finance income

For the years ended 31 January 2025 and 31 January 2024, finance income comprised the following:

	1 February 2024 – 31 January 2025	**1 February 2023 – 31 January 2024**
Interest in income on time deposits	1,819,605	1,246,719
Foreign exchange gain	22,112	234,755
	1,841,717	**1,481,474**

29 Finance expenses

For the years ending 31 January 2025 and 31 January 2024, finance costs comprised the following:

	1 February 2024 – 31 January 2025	**1 February 2023 – 31 January 2024**
Discount interest on purchases of goods	1,495,608	913,201
Credit card commission expenses	620,946	388,590
Interest in expense on financial liabilities	507,664	847,677
Interest expenses on lease liabilities	400,566	267,958
Import financing expenses	15,746	80,754
Foreign exchange loss	2,422	7,177
Other	12,161	14,881
	3,055,113	**2,520,238**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

30 Explanations regarding net monetary position gains/(losses)

As of 31 January 2025, net monetary position gains in accordance with TAS 29 comprised the following:

	1 February 2024 – 31 January 2025
Balance Sheet Statement Items	
Inventories	(83,535)
Prepaid expenses	(4,935)
Property, plant and equipment & Intangible assets	120,521
Right-of-use assets	(87,021)
Investments	47,310
Deferred tax asset	(9,905)
Paid-in share capital	(83,657)
Defined benefit plans remeasurement losses	15,345
Restricted reserves appropriated from profit	(8,327)
Retained earnings	(1,246,385)
Profit or Loss Statement Items	
Revenue	(5,404,655)
Cost of sales (-)	4,010,245
General administrative expenses (-)	373,861
Selling, marketing and distribution expenses (-)	2,025,813
Research and development expenses (-)	135,623
Other operating income	(61,035)
Other operating expenses (-)	23,695
Gains from investment activities	(2,977)
Losses from investment activities (-)	500
Finance income	(300,891)
Finance expenses (-)	449,660
Deferred tax income / (expense)	126,376
Monetary gain / (loss)	**35,626**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

31 Income taxes

Corporate tax

The Group is subject to Turkish corporate taxes, Provision is made in the accompanying financial statements for the estimated charge based on the Group's results for the years and periods, Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return, Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.
Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting dividends received from resident companies, other exempt income and investment incentives utilized.

In Türkiye, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2024 is 25% (31 January 2024: 25%).

Tax rate used in the calculation of deferred tax assets and liabilities was %25 over temporary timing differences expected to be reversed in 2024 (31 January 2024: 25%).

As of 31 January 2025, and 31 January 2024 tax rates used in deferred tax calculation according to the tax laws of the countries except Türkiye is as follows:

Country	31 January 2025	31 January 2024
Russia	%25	%20
Germany	%28.60	%28.90
America	%21	%21
Canada	%26.88	%26.88

Provision is made in the accompanying consolidated financial statements for the estimated charge based on the each of the Group entities' results for the year.

In Türkiye, advance tax returns are filed on a quarterly basis. Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Türkiye, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns between 1-25 April following the close of the accounting year to which they relate (Between 1st -25th days of the fourth month following the closing of the period for those with special accounting periods). Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

Foreign subsidiaries are subject to tax legislation in the respective countries and necessary provisions for tax expense have been reflected in the financial statements.

Under the Turkish taxation system, 75% of profit gained from sale of property, plant and equipment of subsidiaries owned at least 2 years can be recognized as exempt income on condition that would be added to equity in following five years. The remaining 50% is subject to corporate tax.

31 Income taxes *(continued)*

Corporate tax *(continued)*

The tax legislation in Türkiye does not allow the parent company and its subsidiaries to issue a consolidated tax declaration, for this reason, the tax provisions reflected in the consolidated financial statements are separately calculated for each company subject to consolidation.

Tax returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue re-assessments based on their findings.

USA

The United States imposes a tax on the profits of US resident corporation at a rate of 21%, Taxable corporate profits are equal to a corporation's receipts less allowable deductions including the cost of goods sold, wages and other employee compensation expenses, interest, nonfederal taxes, depreciation, and advertising, US-based corporations owned by foreign multinational companies generally face the same US corporate tax rules on their profits from US business activities, as do US-owned corporations, In addition to the federal taxes, US income can be taxed at the state and local government levels as well, State tax rates vary from 0% to 13%, and the state income tax paid is deductible for federal income tax purposes.U.S.-based companies owned by foreign multinational corporations are generally subject to the same U.S. corporate tax rules regarding earnings from U.S. business activities as U.S. corporations, In addition to federal taxes, U.S. income can be taxed at the state and local government levels.
State tax rates range from 0% to 13%, and state income tax paid is deductible from federal income tax.

Russia

In Russia, the tax system has a legislative nature that is often changed by the authorities, 25%. Tax authorities and "delay penalties" may be subject to investigation and investigation by competent authorities. A tax year is the primary consolidation that follows up to be examined by tax authorities, The recent events in Russia show that they are more stable in the interpretation and implementation of tax legislation. Financial losses can be carried out for a period of three years to be deducted from the profit of the institution.

Germany

Germany's effective corporate tax rate, including trade tax and solidarity tax is about 28.6%, Germany's overall income tax rate for corporations includes corporate income tax at a rate of 15%, solidarity surcharge at a rate of 0.825% and municipal trade tax which varies between 7% and 17.64%. Losses can be carried forward for offset against future taxable income indefinitely.

However, the offset is limited: losses may be offset against profits up to EUR 1,000 thousand without restriction, but only 60% of income exceeding EUR 1,000 thousand may be offset against loss carry forwards.

Canada

Canada's federal-provincial general corporate income tax rate is 26,88%. Tax losses can be carried forward for 20 years.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

31 Income taxes *(continued)*

Withholding income tax

Except for the dividends paid to non-resident corporations which have a representative office in Türkiye or resident corporations, dividends are subject to withholding tax at the rate of 15%, An increase in capital via issuing bonus shares is not considered as a profit distribution and thus does not incur withholding tax.

Tax expense/(income)

For the years ended 31 January 2025 and 31 January 2024, tax expense recognized in profit loss comprised the following:

	1 February 2024– 31 January 2025	1 February 2023 – 31 January 2024
Tax expense:		
Current year tax expense	(950,611)	(1,219,407)
Revaluation tax expense	--	(4,246)
	(950,611)	**(1,223,653)**
Deferred tax expense:		
Deferred tax expense on temporary differences	(44,665)	(73,444)
Total tax expense	**(995,276)**	**(1,297,097)**

For the years ended 31 January 2025 and 31 January 2024, tax income recognized in other comprehensive income the following:

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
Tax income/expense), net:		
Deferred tax income/(expense) on remeasurement of the defined benefit liability, net	6,029	10,443
Deferred tax income/(expense) on cash flow hedge gains, net	978	(9,270)

As of 31 January, the details of the current tax assets/liabilities is as follows:

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
Related to prior year's tax (receivables)/payables	253,905	115,279
Tax expense	950,611	1,223,653
Inflation effect	(57,928)	(63,851)
Corporate taxes paid	(1,115,073)	(1,021,176)
Total tax (asset)/liability, net	**31,515**	**253,905**
Current tax asset	(134,949)	(73,870)
Current tax liabilities	166,464	327,775

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

31 Income taxes *(continued)*

Reconciliation of effective tax rate

The reported taxation charge For the years ended 31 January 2025 and 31 January 2024 are different than the amounts computed by applying the statutory tax rate to profit before tax as shown in the following reconciliation:

	%	1 February 2024 – 31 January 2025	%	1 February 2023 – 31 January 2024
Profit for the period		**2,674,599**		**2,496,718**
Total income tax expense		(995,276)		(1,297,097)
Profit before tax		3,669,875		3,793,815
Tax calculated with the Company's statutory tax rate	(25.0)	(917,470)	(25.0)	(948,453)
Effect of tax rates in foreign jurisdictions	(0.1)	(2,901)	(0.0)	(1,381)
Non-deductible expenses(1)	(1.1)	(41,496)	(1.2)	(44,861)
Tax effect of exempt income	1.4	50,658	1.2	45,782
Impact of change in tax rate	--	--	1.9	70,964
Adjustments on which no deferred tax is calculated	(11.7)	(430,721)	(16.3)	(619,317)
Impact of legal inflation accounting	9.2	338,234	2.1	79,462
Impact of revaluation reserve(2)	--	--	3.0	114,989
Impact of previously unrecognized tax	--	--	(0.1)	(4,928)
Effect of other adjustments	0.2	8,420	0.3	10,646
Current tax expense	**(27.1)**	**(995,276)**	**(34.2)**	**(1,297,097)**

(1)For the year ended 31 January 2025 tax effect of non-deductible expenses mainly consists of inventory counting differences amounting to TL 101,986 (31 January 2024: TL 98,800).

(2)Provisional Article 32 of the Tax Procedure Law and repeated Article 298-ç; taxpayers are allowed to revaluate their depreciable economic assets and immovables with tax as of 31 January 2025 and tax-free in the following period, respectively. In this framework, a revaluation has been made in the legal financial statements, and as a result of the revaluation, a deferred tax asset of TL 80,911 has been recorded in the consolidated financial statements as of 31 January 2024. As of 31 January 2025 there is no revaluation assessment.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

31 Income taxes *(continued)*

Recognized deferred tax assets and liabilities

As of 31 January 2025 and 31 January 2024, the items attributable to deferred tax assets and deferred tax liabilities consist of the following:

	31 January 2025		
	Assets	**Liabilities**	**Net amount**
Property, plant and equipment	31,438	(125,554)	(94,116)
Intangible assets	23,981	(16,856)	7,125
Right-of-use asstes	227	(345,260)	(345,033)
Inventories	78,697	(54,566)	24,131
Due from related parties	--	(8,377)	(8,377)
Trade and other receivables	7,431	(1,214)	6,217
Trade and other payables	57,166	(1,219)	55,947
Lease liabilities	276,476	--	276,476
Provisions	50,191	(5,285)	44,906
Employee benefits	42,289	--	42,289
Financial borrowings	--	(230)	(230)
Other temporary differences	10,394	(444)	9,950
Total	**578,290**	**(559,005)**	**19,285**
Offset	**(541,685)**	**541,685**	
	36,605	**(17,320)**	

	31 January 2024		
	Assets	**Liabilities**	**Net amount**
Property, plant and equipment	28,416	(4,036)	24,380
Intangible assets	19,532	(31,567)	(12,035)
Right-of-use asstes	206	(416,757)	(416,551)
Inventories	8,367	(5,794)	2,573
Due from related parties	--	(4,175)	(4,175)
Trade and other receivables	23,882	(2,844)	21,038
Derivative instruments	--	(978)	(978)
Trade and other payables	53,442	(1,707)	51,735
Lease liabilities	306,892	--	306,892
Provisions	40,977	(4,318)	36,659
Employee benefits	40,667	--	40,667
Financial borrowings	--	(547)	(547)
Other temporary differences	11,467	(3,975)	7,492
Total	**533,848**	**(476,698)**	**57,150**
Offset	**(449,994)**	**449,994**	
	83,854	**(26,704)**	

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

31 Income taxes *(continued)*

Deferred tax assets and deferred tax liabilities are attributable to the items detailed in the table below:

	1 February 2024	Current period deferred tax income / (expense)	Recognized in comprehensive income	Foreign currency translation differences	31 January 2025
Property, plant and equipment	24,380	(118,132)	--	(364)	(94,116)
Intangible assets	(12,035)	22,481	--	(3,321)	7,125
Inventories	2,574	18,858	--	2,699	24,131
Due from related parties	(4,175)	(4,145)	--	(56)	(8,376)
Trade and other receivables	21,038	(15,389)	--	568	6,217
Derivative instruments	(978)	--	978	--	--
Right-of-use assets	(416,551)	71,503	--	14	(345,034)
Trade and other payables	51,735	4,298	--	(86)	55,947
Lease liabilities	306,892	(30,417)	--	--	276,475
Provisions	36,659	8,465	--	(219)	44,905
Employee benefits	40,667	(4,870)	6,029	462	42,288
Financial borrowings	(547)	318	--	--	(229)
Other temporary differences	7,491	2,365	--	96	9,952
	57,150	**(44,665)**	**7,007**	**(207)**	**19,285**

	1 February 2023	Current period deferred tax income / (expense)	Recognized in comprehensive income	Foreign currency translation differences	31 January 2024
Property, plant and equipment	65,195	(38,129)	--	(2,686)	24,380
Intangible assets	4,334	(3,020)	--	(13,349)	(12,035)
Inventories	20,818	(24,113)	--	5,869	2,574
Due from related parties	(6,634)	2,686	--	(227)	(4,175)
Trade and other receivables	28,956	(9,737)	--	1,819	21,038
Derivative instruments	8,292	--	(9,270)	--	(978)
Right-of-use assets	(311,456)	(105,088)	--	(7)	(416,551)
Trade and other payables	48,717	3,397	--	(379)	51,735
Lease liabilities	213,937	92,955	--	--	306,892
Provisions	30,609	6,483	--	(433)	36,659
Employee benefits	32,088	(3,208)	10,443	1,344	40,667
Financial borrowings	(2,707)	2,160	--	--	(547)
Other temporary differences	6,931	2,170	--	(1,610)	7,491
	139,080	**(73,444)**	**1,173**	**(9,659)**	**57,150**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

32 Earnings per share

The amount of earnings per share is calculated by dividing the net period profit attributable to the owners of the Company shares by the weighted average share of the company's shares during the period. The calculation of earnings per share for the years ended 31 January 2025 and 31 January 2024 is as follows:

	31 January 2025	Restated 31 January 2024
Net profit for the year attributable to owners of the Company	2,723,952	2,535,235
Weighted average number of ordinary shares	397,256	397,256
Earnings per share	**6.8569**	**6.3819**

33 Derivative instruments

As at 31 January 2025 and 31 January 2024, short-term derivatives are as follows:

	31 January 2025	31 January 2024
Financial assets arising from forward contracts for hedging purposes	--	3,910
	--	**3,910**

As of 31 January 2025, the Group does not have any forward contracts for hedging purposes.

34 Financial instruments

Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management of framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers. The Group's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

34 Financial instruments *(continued)*

Financial risk management *(continued)*

Credit risk *(continued)*

The companies operating under these segments have set a credit policy under which each new customer is analysed individually for the creditworthiness before each company's standard payment and delivery terms and conditions are offered.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of accounts receivable. The allowance is provided for receivables that are legally insolvent,
The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables.

The Group exposure to credit risk on trade receivables is influenced mainly by the individual characteristics of each customer. The Group closely monitors its customers and the risks are monitored by limiting the aggregate risk to any individual counterparty. The Group secures a portion of its receivables through the use of the Direct Debiting System ("DDS") and the use of credit cards by customers. In Türkiye, the banks provide credit limits for the Group's customers through DDS and credit cards and the Group collects its receivables from the banks when due. As of 31 January 2025, the DDS limit of the Company is amounting TL 2,119,855 (31 January 2024: 1,141,778). The Company also obtains guarantees from its customers as another means of securing its receivables.

Management believes that the unimpaired amounts that are pass due by more than 30 days are still collectable in full, based on the historical behavior and analysis of customer credit risk.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables.

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

Currency risk
The Group has exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The functional currencies of Group entities are CAD, USD, EUR and RUB, The Group uses derivative financial instruments such as short-term forward foreign exchange contracts to hedge currency risk.

34 Financial instruments *(continued)*

Financial risk management *(continued)*

Market risk *(continued)*

Currency risk (continued)
The interest on the loans received is based on the exchange rate of the loan, Loans received are mainly in TL, and are generally at rates that match the cash flows generated as a result of the group's operations. This provides economic hedging from financial risk without the need for derivative transactions.

Interest rate risk
The Group is not exposed to the risk of interest rates since the Group does not have any variable interest rate barrowings.

Capital management

The Group'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.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

35 Nature and level of risks related to financial instruments

Credit risk

The carrying amounts of financial assets shows the maximum credit risk exposure. As of the reporting date, the maximum exposure to credit risk is as follows:

	Receivables				
	Trade receivables		Other receivables		
31 January 2025	**Related party**	**Other**	**Related party**	**Other** [(1)]	**Cash and cash equivalents** [(2)]
The maximum exposure to credit risk as financial instruments (A+B+C+D)	--	**2,054,338**	--	**64,810**	**6,315,598**
- Portion of maximum risk covered by guarantees	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	--	1,927,839	--	64,810	6,315,598
B. Net book value of financial assets which are overdue, but not impaired	--	126,499	--	--	--
C. Net book value of impaired assets	--	--	--	--	--
- Overdue (gross book value)	--	91,476	--	--	--
- Impairment (-)	--	(91,476)	--	--	--
-Secured portion of net amount by guarantees	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Secured portion of net amount by guarantees	--	--	--	--	--
D. Elements including credit risk on off consolidated statement of financial position	--	--	--	--	--

31 January 2025	**Receivables**	
	Trade receivables	**Other receivables**
Past due between 1-30 days	78,047	--
Past due between 1-3 months	48,452	--
Past due between 3-12 months	--	--
Total past due	**126,499**	--

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

(2) Cash and cash equivalents exclude cash on hand.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

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

Credit risk *(continued)*

31 January 2024	Receivables				
	Trade receivables		Other receivables		
	Related party	Other	Related party	Other [1]	Cash and cash equivalents [2]
The maximum exposure to credit risk as financial instruments (A+B+C+D)	**--**	**1,864,884**	**--**	**37,148**	**6,890,041**
- Portion of maximum risk covered by guarantees	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	--	1,837,479	--	37,148	6,890,041
B. Net book value of financial assets which are overdue, but not impaired	--	27,405	--	--	--
C. Net book value of impaired assets	--	--	--	--	--
- Overdue (gross book value)	--	112,744	--	--	--
- Impairment (-)	--	(112,744)	--	--	--
-Secured portion of net amount by guarantees	--	--	--	--	--
- Not past due (gross carrying amount)	--	--	--	--	--
- Impairment (-)	--	--	--	--	--
- Secured portion of net amount by guarantees	--	--	--	--	--
D. Elements including credit risk on off consolidated statement of financial position	--	--	--	--	--

31 January 2024	Receivables	
	Trade receivables	Other receivables
Past due between 1-30 days	21,825	--
Past due between 1-3 months	5,570	--
Past due between 3-12 months	10	--
Total past due	**27,405**	--

[1] Other receivables from third parties excludes deposits and guarantees given.

[2] Cash and cash equivalents exclude cash on hand.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

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

Credit risk *(continued)*

Impairment

For the years ended 31 January 2025 and 31 January 2024, movement of the provision for doubtful receivables is as follows:

	1 February 2024 – 31 January 2025	1 February 2023 – 31 January 2024
Balance as of the beginning of the period	**112,744**	**124,788**
Current year provision	1,731	6,857
Provisions released	(1,578)	(9,562)
Write-offs	(465)	(382)
Effect of exchange rates	14,011	50,813
Inflation effect	(34,967)	(59,770)
Balance as of the end of the period	**91,476**	**112,744**

The Group monitors the collectability of its trade receivables periodically and records provision for potential losses on doubtful receivables based on historical collection rates. Subsequent to recognition of allowance for doubtful receivables, partial or full recovery of doubtful receivables will be recorded under profit or loss with an offset to provision for doubtful receivables.

Liquidity risk

As at 31 January 2025 and 31 January 2024, maturities of financial liabilities including estimated interest payments based on repayment schedules are included below:

31 January 2025	Note	Carrying amount	Contractual cash flow	3 months or less	3-12 months	1-5 year	More than 5 years
Non-derivative financial liabilities							
Bank loans	5	918,616	1,355,413	230,488	1,123,303	1,622	--
Lease liabilities	5	1,459,503	2,044,452	433,357	507,663	853,315	250,117
Trade payables to third parties	7	4,089,215	4,326,070	2,760,755	1,565,311	4	--
Trade payables to related parties	6	732,692	674,955	99,023	575,932	--	--
Other payables to related parties	6	891	891	891	--	--	--
Total		**7,200,917**	**8,401,781**	**3,524,514**	**3,772,209**	**854,941**	**250,117**

31 January 2024	Note	Carrying amount	Contractual cash flow	3 months or less	3-12 months	1-5 year	More than 5 years
Non-derivative financial liabilities							
Bank loans	5	1,783,949	2,516,026	148,158	2,356,304	11,564	--
Lease liabilities	5	1,529,665	2,279,725	383,228	505,973	1,000,576	389,948
Trade payables to third parties	7	4,282,181	4,349,668	2,197,113	2,152,360	195	--
Trade payables to related parties	6	547,237	669,434	272,312	397,122	--	--
Other payables to related parties	6	58	58	58	--	--	--
Total		**8,143,090**	**9,814,911**	**3,000,869**	**5,411,759**	**1,012,335**	**389,948**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

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

Market risk

Currency risk

As of 31 January 2025 the Group's foreign currency position specified in the following table arises from foreign currency is denominated as assets and liabilities,

	TL Equivalent	USD	Euro	Other
1. Trade receivables	35,463	905	--	3,136
2a. Monetary financial assets (including cash, banks)	18,665	364	92	2,241
2b. Non-monetary financial assets	--	--	--	--
3. Other	122,591	3,432	--	--
4. Current assets (1+2+3)	**176,719**	**4,701**	**92**	**5,377**
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)	**176,719**	**4,701**	**92**	**5,377**
10. Trade payables	98,747	1,679	1,027	623
11. Financial liabilities	6,981	--	188	--
12a. Monetary other liabilities	--	--	(24)	857
12b. Non-monetary other liabilities	--	--	--	--
13. Current liabilities (10+11+12)	**105,728**	**1,679**	**1,191**	**1,480**
14. Trade payables	--	--	--	--
15. Financial liabilities	1,700	--	45	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Non-current liabilities (14+15+16)	**1,700**	**--**	**45**	**--**
18. Total liabilities (13+17)	**107,428**	**1,679**	**1,236**	**1,480**
19. Net asset/(liability) position of derivative instruments (19a-19b)	**665,577**	**18,580**	**51**	**--**
19a. Hedged total asset	665,577	18,580	51	--
19b. Hedged total liabilities	--	--	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	**734,868**	**21,602**	**(1,093)**	**3,897**
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	**(53,300)**	**(410)**	**(1,144)**	**3,897**

As at 31 January 2025, Mavi Türkiye has trade receivables amounting to TL 64,592 from consolidated subsidiaries which comprise; USD 84 thousand, CAD 232 thousand EUR 945 thousand and RUB 57,054 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 53,300 thousand.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

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

Market risk *(continued)*

Currency risk *(continued)*

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

	TL Equivalent	USD	Euro	Other
1. Trade receivables	50,719	1,330	--	10,406
2a. Monetary financial assets (including cash. banks)	387,079	10,359	132	68,810
2b. Non-monetary financial assets	--	--	--	--
3. Other	178,785	5,740	147	--
4. Current assets (1+2+3)	**616,583**	**17,429**	**279**	**79,216**
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)	**616,583**	**17,429**	**279**	**79,216**
10. Trade payables	89,344	1,782	1,057	656
11. Financial liabilities	17,232	417	141	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Current liabilities (10+11+12)	**106,576**	**2,199**	**1,198**	**656**
14. Trade payables	--	--	--	--
15. Financial liabilities	7,909	34	210	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Non-current liabilities (14+15+16)	**7,909**	**34**	**210**	**--**
18. Total liabilities (13+17)	**114,485**	**2,233**	**1,408**	**656**
19. Net asset/(liability) position of derivative instruments (19a-19b)	**726,224**	**23,811**	**141**	**--**
19a. Hedged total asset	726,224	23,811	141	--
19b. Hedged total liabilities	--	--	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	**1,228,322**	**39,007**	**(988)**	**78,560**
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	**323,313**	**9,456**	**(1,276)**	**78,560**

As at 31 January 2024, Mavi Türkiye has trade receivables amounting to TL 99,286 from consolidated subsidiaries which comprise; USD 409 thousand, CAD 491 thousand EUR 993 thousand and RUB 249,750 thousand. These amounts have been eliminated in consolidation, Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 323,314. The Group has fx protected deposits amounting to USD 2,000 thousand as of the balance sheet date.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

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

Market risk *(continued)*

Currency risk *(continued)*

Sensitivity analysis

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

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

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

Foreign Currency Sensitivity Analysis				
31 January 2025				
	Profit/(Loss)		**Equity**	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation/depreciation of US Dollar				
1- USD net asset/liability	(1,464)	1,464	(1,464)	1,464
2- Hedged portion of USD (-)	--	--	66,369	(66,369)
3- Net effect of USD (1+2)	**(1,464)**	**1,464**	**64,905**	**(64,905)**
In case of 10% appreciation/ depreciation of EUR				
4- EURO net asset/liability	(4,256)	4,256	(4,255)	4,255
5- Hedged portion of EURO (-)	--	--	188	(188)
6- Net effect of EURO (4+5)	**(4,256)**	**4,256**	**(4,067)**	**4,067**
In case of 10% appreciation/ depreciation of other				
7- Other currency net asset/liability	390	(390)	390	(390)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	**390**	**(390)**	**390**	**(390)**
Total (3+6+9)	**(5,330)**	**5,330**	**61,228**	**(61,228)**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

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

Market risk *(continued)*

Currency risk *(continued)*

Foreign Currency Sensitivity Analysis				
31 January 2024				
	Profit/(Loss)		**Equity**	
	Appreciation of foreign currency	Depreciation of foreign currency	Appreciation of foreign currency	Depreciation of foreign currency
In case of 10% appreciation/depreciation of US Dollar				
1- USD net asset/liability	28,658	(28,658)	28,658	(28,658)
2- Hedged portion of USD (-)	--	--	72,159	(72,159)
3- Net effect of USD (1+2)	**28,658**	**(28,658)**	**100,817**	**(100,817)**
In case of 10% appreciation/ depreciation of EUR				
4- EURO net asset/liability	(4,182)	4,182	(4,182)	4,182
5- Hedged portion of EURO (-)	--	--	464	(464)
6- Net effect of EURO (4+5)	**(4,182)**	**4,182**	**(3,718)**	**3,718**
In case of 10% appreciation/ depreciation of other				
7- Other currency net asset/liability	7,855	(7,855)	7,855	(7,855)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	**7,855**	**(7,855)**	**7,855**	**(7,855)**
Total (3+6+9)	**32,331**	**(32,331)**	**104,954**	**(104,954)**

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

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

Market risk *(continued)*

Interest rate risk

Profile

The interest rate profile of the Group's interest-bearing financial instruments is:

	31 January 2025	31 January 2024
Fixed interest rate items		
Financial assets	4,715,422	4,821,118
Financial liabilities	(2,378,119)	(3,313,614)

The fair value of fixed rate instruments risk:

The Group does not have any derivative instruments (interest rate swaps) accounted under fair value hedge accounting model or financial assets or liabilities for which fair values are recorded in profit or loss, Therefore, any changes in interest rates during the reporting period will not have an impact on profit or loss.

The fair value of variable rate instruments risk:

As the Group does not have any variable rate borrowings, changes in interest rates as of the reporting period will not have an impact on profit or loss.

Capital risk management

The Group's objectives when managing capital are to safeguard and provide benefits to other stakeholders to reduce the cost of capital in order to maintain and protect the optimal capital structure of the Group.

To maintain or adjust the capital structure, the Group determines the number of dividends paid to shareholders, issue new shares or may sell assets to reduce debt.

Group capital and net financial debt/equity ratio is followed using net financial debt less cash and cash equivalents; total financial debt is calculated by deducting from that amount.

As at 31 January 2025 and 31 January 2024, net debt / equity ratios are as follows:

	31 January 2025	31 January 2024
Loans and borrowings (Note 5) (1)	(2,378,119)	(3,313,614)
Cash and cash equivalents (Note 4)	6,331,083	6,898,786
Net cash	**3,952,964**	**3,585,172**
Equity	10,419,988	9,476,513
Loans and borrowings (Note 5) (1)	**0.38**	**0.38**

(1) Lease liabilities are included arising from TFRS 16.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

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

Fair values

The table below shows the fair value and book value of financial assets and liabilities, including their fair value levels, If the carrying amount is a reasonable estimate of fair value, the following table does not contain fair value information about financial receivables and liabilities that are not measured at fair value:

	Carrying amount			Fair value			
31 January 2025	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value	--	--	--	--	--	--	--
Derivative financial instrument	--	--	--	--	--	--	--
Total	**--**	**--**	**--**	**--**	**--**	**--**	**--**

31 January 2024	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value							
Derivative financial instrument	3,910	--	3,910	--	3,910	--	3,910
Total	**3,910**	**--**	**3,910**	**--**	**3,910**	**--**	**3,910**

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 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 categorised 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.

37 Subsequent events

None.

(Amounts expressed in thousands of Turkish Lira ("TL") in terms of the purchasing power of the TL at 31 January 2025, unless otherwise indicated.)

APPENDIX 1 Ebitda reconciliation

EBITDA is not a defined performance measure under TFRS, Reconciliation of EBITDA For the years ended 31 January 2025 and 31 January 2024 are as follows:

	Note	31 January 2025	31 January 2024
Profit		2,674,599	2,496,718
Tax expense	*31*	995,276	1,297,097
Profit before tax		**3,669,875**	**3,793,815**
-Fx protected deposit income		(8,753)	(46,187)
-Monetary loss / (gain)	*30*	(35,626)	192,690
-Net finance costs		1,213,396	1,038,764
-Rediscount interest on trade payables, net		(66,513)	(215,484)
-Exchange difference on trade receivables and payables, net		25,542	75,712
-Depreciation and amortisation	*27*	2,347,217	2,288,065
EBITDA		**7,145,138**	**7,127,375**

As of 31 January 2025, TFRS 16 has an impact of TL 1,380,002 (31 January 2024: TL: 1,274,991) on EBITDA.

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 January 2025	TFRS 16 Effect	After TFRS 16
Current assets	14,194,868	(37,198)	14,157,670
Non-current assets	3,787,653	1,638,458	5,426,111
Short-term liabilities	7,494,710	738,597	8,233,307
Long-term liabilities	209,574	720,912	930,486
Equity	10,278,237	141,751	10,419,988
	1 February 2024 – 31 January 2025	**TFRS 16 Effect**	**After TFRS 16**
Operating profit	5,006,690	(166,332)	4,840,358
Operating profit before finance costs	5,013,977	(166,332)	4,847,645
Finance income	1,841,717	--	1,841,717
Finance expense	(2,648,220)	(406,893)	(3,055,113)
Monetary gain / loss	(360,247)	395,873	35,626
Profit before tax	3,847,227	(177,352)	3,669,875
Net profit	2,804,543	(129,944)	2,674,599
EBITDA	5,765,136	1,380,002	7,145,138