



UNITY MAKES
STRENGTH

mavi

ANNUAL
REPORT
2021

mavi

ANNUAL
REPORT
2021



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01

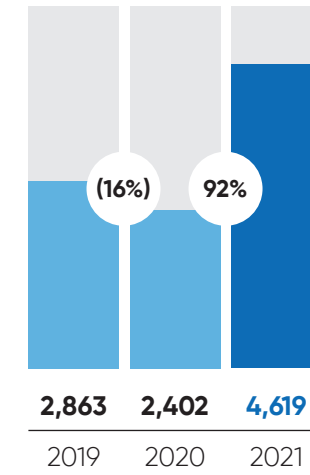
KEY FINANCIAL METRICS

2021

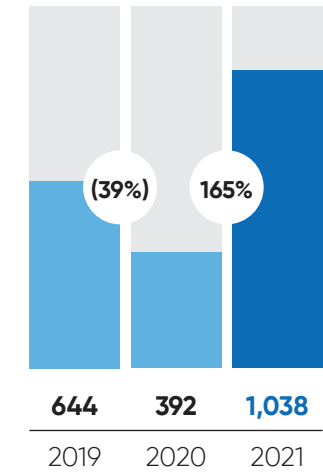


FINANCIAL PERFORMANCE

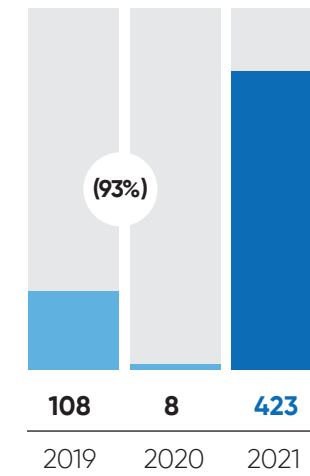
REVENUE (million TL)



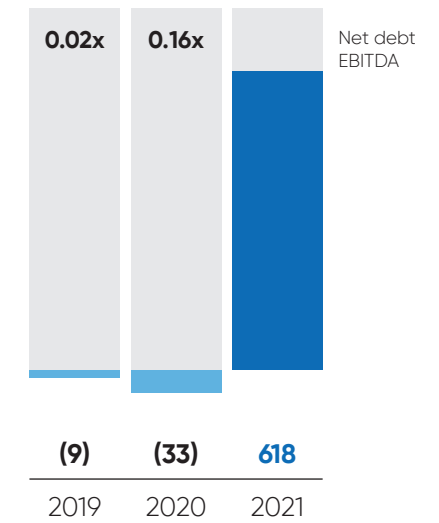
EBITDA (million TL)



NET INCOME (million TL)



NET CASH (million TL)



CONSOLIDATED GLOBAL FIGURES



TURKEY

Retail stores: **327**
 Average store size (sqm): **500**
 Franchise stores: **68**
 Wholesale doors: **~500**
 HQ and showroom: **1**
 Warehouse: **(3rd party)**
 Employees: **4,758**



EUROPE

Retail stores: **1**
 Wholesale doors: **~800**
 HQ: **1**
 Showroom: **10**
 Warehouse: **(3rd party)**
 Employees: **62**



USA

Wholesale doors: **~1,200**
 HQ: **1**
 Showroom: **3**
 Warehouse: **1**
 Employees: **71**



CANADA

Retail stores: **4**
 Wholesale doors: **~1,000**
 HQ: **1**
 Showroom: **3**
 Warehouse: **1**
 Employees: **74**



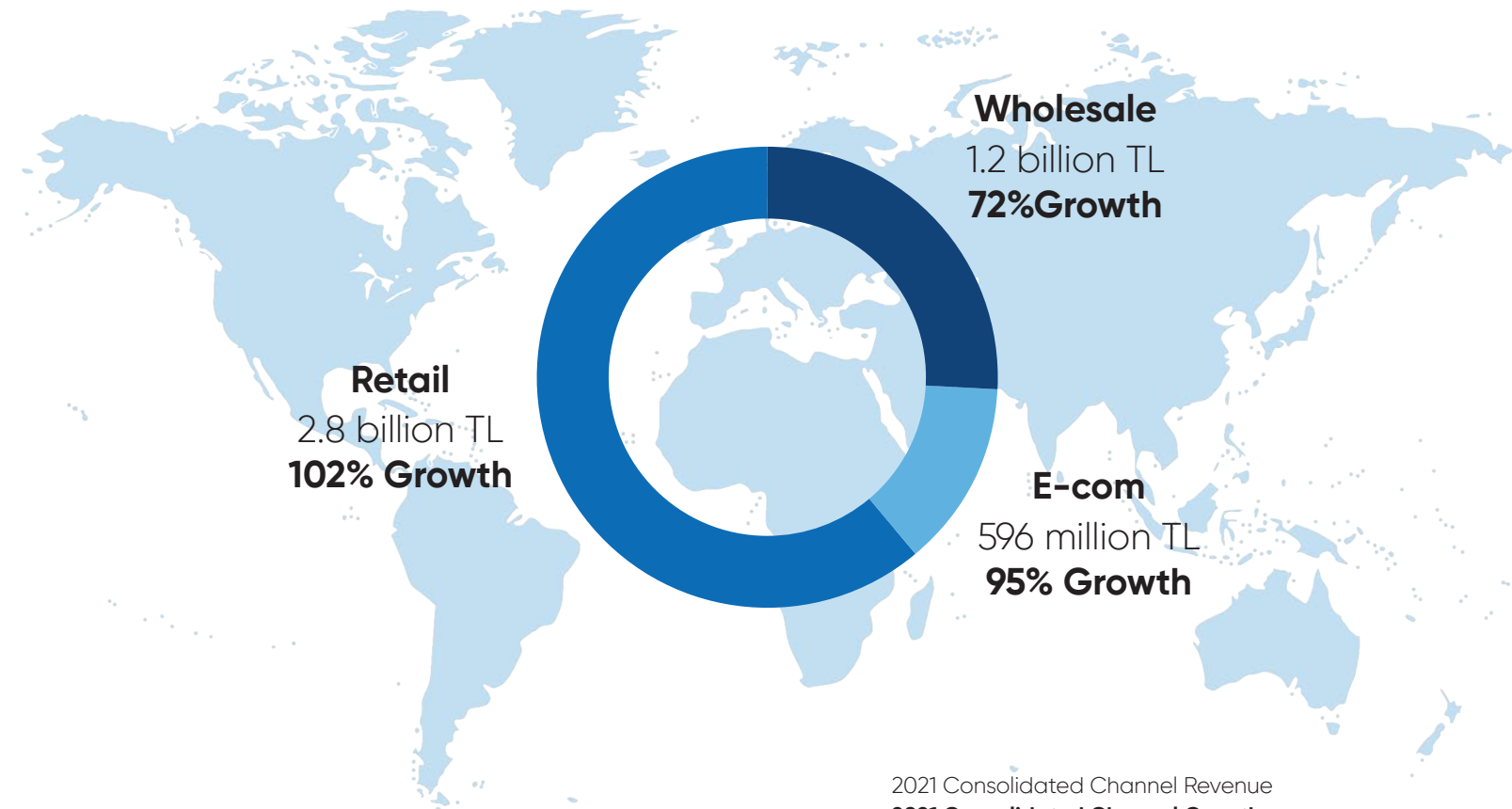
RUSSIA

Retail stores: **19**
 Franchise stores: **17**
 Wholesale doors: **125**
 HQ and showroom: **1**
 Warehouse: **(3rd party)**
 Employees: **146**



REST OF THE WORLD

Franchise stores: **20**
 Wholesale doors: **25**



MAVI AT A GLANCE

Global

4.6

Billion TL revenue

81%

Turkey revenue

19%

International revenue

34

Countries

456

Mono-brand stores

~4,500

Points of sale

7

Net new store openings

102%

Retail revenue growth

95%

E-com revenue growth

13%

E-com share in sales

5,111

Employees

~80%

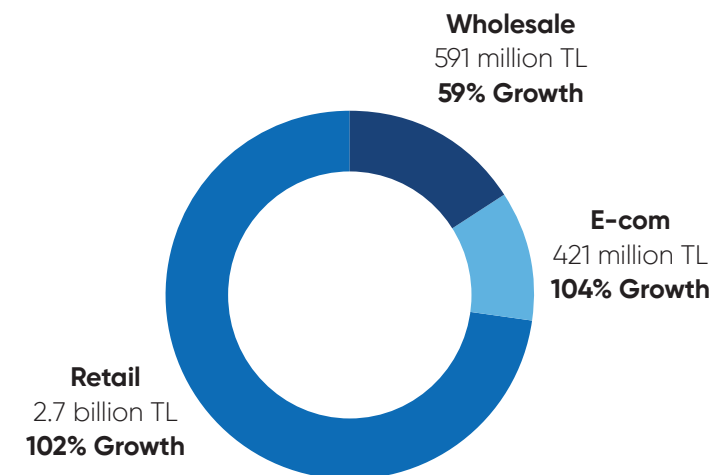
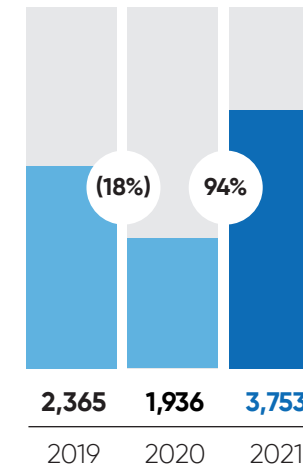
Local sourcing

120+

Global suppliers

Turkey

REVENUE (million TL)



2021 TR Channel Revenue
2021 TR Channel Growth

327 retail, **68** franchise stores
~500 wholesale doors

7 net store openings
8 retail store expansion

164k sqm total selling space, average
501 sqm per store

35% women, **65%** men
41% denim, **59%** lifestyle
(TL-value)

8.1m customers
4.6m active for the last two years

Turkey's leading jeans brand with a market share of **~20%**¹

Among top four brands in women's and men's apparel market

¹According to IPSOS data, 14+ age

02

**CHAIRMAN &
CEO LETTERS**

LETTER FROM THE CHAIRMAN



Ersin Akarlılar
CHAIRMAN

I am certain that this period will have a special place in the heart of each member of the Mavi team, not only because we demonstrated the strongest performance in the company's history but also because it was a year when we made strides in sustainability and digitalization, became more active in international markets, and inched closer to our long-term strategies. Thank you to each one of you, from the experienced leadership to our newest and youngest colleagues.

As we marked Mavi's 30th anniversary, we were still seeing the fallout of the pandemic. Yet it did not deter us from moving forward and we remained committed to our vision and passion while we kept revising our plans to stay on top of the game. Always aiming for the better, we worked harder than ever.

I feel rightfully proud to see that the Mavi team more than delivered on their commitments in the last two unprecedented years of our lives. Our business associates, shareholders, and customers were with us every moment along the way.

I am certain that this period will have a special place in the heart of each member of the Mavi team, not only because we demonstrated the strongest performance in the company's history but also because it was a year when we made progress in sustainability and digitalization, became more active in international markets, and inched closer to our long-term strategies. Thank you to each one of you, from the experienced leadership to our newest and youngest colleagues.

We are a global company with a people-oriented culture and strong financial management. Our brand positioning, our strategy of offering the right product at the right price with high quality and customer-focus, a flexible supply chain, and product planning and inventory management systems made it possible for us to close the year with a growth rate and profit beyond expectations.

Our key priority throughout the year was

managing the critical issues such as supply chain and logistics challenges, lower supply vs higher demand, exchange rate fluctuations, and high inflation rates, all factors that curtailed economic growth. Meanwhile, we enjoyed the advantages of having 80% of our supply chain in Turkey and being in proximity to local manufacturers and managed our procurement successfully when the whole world struggled with sourcing problems.

I am pleased to report that the cash generated from our operations enabled us to increase our net cash position significantly and strengthened our balance sheet further.

We made informed decisions and acted quickly in strategic and operational matters and the strong financial results are a testament to this agility. And we feel privileged to have built a company culture that drives change.

Our sustainability transformation gained significant momentum in 2021. And we published our first sustainability report, in which we disclosed our goals and All Blue strategy focused on People, Planet, Community, and Denim. Our "All Blue. All Better. For All." vision forms the foundation of our goal to start building a better future today.

We completed the majority of the investments planned for a more digitalized future. In this process, we focused on fully deploying the SAP conversion project, achieving further digitalization through data-driven projects, and increasing the effectiveness of the CRM activities, to name a few of our priorities.

Continued investments in retail, especially in mavi.com and new store concepts in the fourth quarter, played a major role in enhancing the customer experience and acquiring new consumers.

In 2022, we will proceed with our investments in Mavi quality and innovation, inspire future generations with our sustainability focus and people-oriented culture, grow further in international markets, and make headways on our strong global brand journey, all driven by our denim passion.

In addition to all the progress last year, we were named among the top twenty most reputable and admired companies in Turkey, which was a great 30th anniversary present that made us proud once again. As a leading brand, we will continue to support youth, empower women, and stand by the community as we always do.

Wishing health and peace to the whole world in 2022.

LETTER FROM THE CEO



Cüneyt Yavuz
CEO

We made significant progress toward integrating sustainability into our corporate culture, vision, business practices, products, and growth targets, in line with our All Blue strategy focused on People, Planet, Community, and Denim. Driven by our brand values and corporate culture, we believe that a better world is possible with a better Mavi, and we take responsibility for sustainability and continue to innovate. With our commitment "All Blue. All Better. For All.", we strive to do better every day and work for a better future for all.

I am pleased to report that 2021 was a year of speedy recovery for Mavi, driven by the gradual easing in the pandemic restrictions and signs of normalization in the global economy. In addition to capturing growth beyond our annual targets, we also marked the 30th anniversary of our brand. I am grateful to our entire team, business associates, investors, and customers for helping us drive Mavi forward, guided by our brand values and corporate culture.

As a global company with a people-oriented culture and sound financial management, we closed the year with a growth rate and profit beyond expectations, thanks to our brand positioning and strategy of offering the right product at the right price with high quality and customer-focus, a flexible supply chain, and product planning and inventory management systems. In addition, the cash generated from our operations enabled us to increase our net cash position significantly and further strengthened our balance sheet.

As Turkey's leading jeans and apparel brand, we increased our consolidated revenues by 92%, reaching TL 4 billion 619 million. Demonstrating strong performance, we posted TL 423 million in net profit. As we recorded TL 1 billion 38 million in EBITDA, we captured an EBITDA margin of 22.5% and an EBITDA growth of 165%. I am pleased to note that the Board of Directors presented its proposal to distribute 30% of our 2021 profit as dividend to the General Assembly for approval.

Throughout the year, we primarily focused on managing critical issues that slowed down

economic growth such as supply chain and logistics problems, lower supply vs higher demand, exchange rate fluctuations, and high inflation rates. On the other hand, having 80% of our supply chain in Turkey and being in proximity to local manufacturers gave us the upper hand in managing our procurement while the whole world struggled with sourcing problems.

We continued to invest in our brand and kept creating the happiest Mavi customers.

We maintained our growth trend with a strong retail network in Turkey, operations in international markets, and a global e-commerce and omnichannel sales organization. As our retail operations in Turkey further strengthened and foot traffic returned to pre-pandemic levels, LFL sales increased by 73.3% in Turkish retail stores, driven by 42.7% growth in UPT and 21.4% in basket size. With net seven store openings and expansions in eight stores, we reached 456 stores and over 4,500 sales points globally. Enhancing the physical shopping experience with a refreshed store concept and 1,000sqm store projects will remain a key priority for us this year.

Mavi's e-commerce continues to grow at full steam as we expand our digital strategy across all our markets to enhance the online experience. In addition to our owned channels, we also grew and diversified our marketplace partnerships, which resulted in increasing our online sales by 95% globally and 104% in Turkey, with e-commerce accounting for 13% of our consolidated revenues. As we maintained our e-commerce growth with Mavi's strong digitalization and CRM infrastructure, we completed our ERP transformation with the move to SAP. With the freshly redesigned mavi.com, we aim to create an even better and easier shopping experience for our customers in the times to come.

We focus on doing what we do best, interpreting change through the lens of a jeans culture.

We kept our focus on what we do best, interpreting change from a jeans culture perspective and reinforcing our leadership with denim innovations. In 2021, we sold over 10 million denim pieces, including the innovative Mavi Black Pro, Mavi Icon, and Mavi Pro Sport Repreve® collections, and captured volume growth in all categories, increasing our share in casual lifestyle products with logo, sweatshirt, and "sporty" lines.

We continue to offer brand new products, invest in our brand, make a difference with designer collaborations, and create strong customer engagement through seamless, exciting celebrity campaigns and influencers to attract customers to Mavi. The fact that 70% of the new Mavi customers are younger than 35 is a testament that our efforts are paying off.

LETTER FROM THE CEO

Sustainability transformation gaining momentum with our slogan, "All Blue. All Better. For All."

We made significant progress toward integrating sustainability into our corporate culture, vision, business practices, products, and growth targets, in line with our All Blue strategy focused on People, Planet, Community, and Denim. Driven by our brand values and corporate culture, we believe that a better world is possible with a better Mavi, and we take responsibility for sustainability and continue to innovate. With our commitment "All Blue. All Better. For All.", we strive to do better every day and work for a better future for all. We built our strategy, which supports the United Nations Sustainable Development Goals and the United Nations Global Compact (UNGC), on four pillars: Better.Empower, Better.Protect, Better.Transform, and Better.Mobilize. We recently published our first sustainability report and shared our long-term sustainability goals. Accordingly, we aim for all our denim collections to consist of environment-friendly All Blue products by 2030 and commit to being a climate-positive company by 2050. Having a fully inclusive and responsible value chain and driving impact-focused and measurable social change are also among our primary goals. As of 2021, the All Blue collection already accounted for 9.7% of our revenues. In addition to our CDP Climate reporting, for which we received a score of B, outperforming the global industry average, we also submitted our first report to the CDP Water Security and Forests Programs this year. Our successful efforts in these fields were recognized with our inclusion in the Borsa Istanbul (BIST) Sustainability Index. As always, we will continue to work with passion for a better Mavi and a better world.

As a people-oriented brand that looks to the future, we remain focused on our long-term goals. Therefore, we will continue to prioritize efficiency in all our operations and increase our market share by considering the changing customer behaviors. Our "All Blue. All Better. For All." strategy will form the foundation of our goal to start building a better future today. I want to thank once again all the Mavi team and all our customers, suppliers, business associates, and shareholders for accompanying us on this journey.

03

MAVI BRAND HIGHLIGHTS

- 3.1 About Mavi
- 3.2 Sustainable Growth Strategy
- 3.3 Growth In Each Category
- 3.4 Diversified and Reliable Sourcing Model
- 3.5 Multi-Channel Execution with Retail,
International Markets and Online
- 3.6 Market Positioning and Brand Investment

3.1 ABOUT MAVI

Mavi, incorporated in 1991 in Istanbul, is recognized as a highly successful **global lifestyle brand**, rooted in **30 years of denim expertise**. Mavi has been publicly traded since 2017 and has a presence in 34 countries, including Turkey, the USA, Canada, Germany, Russia, and Australia, selling its products through approximately ~4,500 points, including 456 Mavi shops.

Mavi's trusted brand image translates into high quality and strong pricing power with products positioned between the upper end of the core and the premium segments of the ready-to-wear market. **Perfect Fit** philosophy guides Mavi in designing jeans that perfectly fit its customers' lifestyles, body types, and quality expectations. Mavi ranks among the world's leading premium denim brands and stands apart as the preferred lifestyle brand across female and male consumer segments.

The loyalty program Kartuş, recognized as Turkey's best-in-class with more than 8 million members, serves as a key tool for Mavi to analyze and leverage customer data. Mavi has a unique brand position with fashion-savvy young adults and continues to gain **1 million new customers every year** with its vision of creating the **Happiest Mavi Customers**.

In line with its global strategy, All Blue, built on **sustainable growth through quality**, the company integrates sustainability into its corporate culture, vision, products, and growth targets, believing that **a better world is possible with a better Mavi**. A **global team of 5,111 employees**, whose hearts beat with denim, works passionately to develop the world's best and most innovative jeans, driving Mavi to the future on a path focused on people, planet, denim, and community.



3.2 MAVI'S PEOPLE-ORIENTED SUSTAINABLE GROWTH STRATEGY DRIVING THE BRAND ON ITS 30TH ANNIVERSARY

Aspirational denim-centric lifestyle brand positioning, inspiring the customer, employees, and business partners.

Strong brand commitment to **superior quality, the happiest Mavi customer, and sustainability**, maintaining the customer's trust across all touchpoints, from product and service approach to marketing and communications.

Global Perfect Fit strategy and the right fit, right product, and right price approach to address different customer groups and maintain growth. **Brand recognition, product strategy, quality, and innovation** focus supporting the **pricing and segment expansion** capabilities.

Updated consumer insights, market knowledge, and digital data enriching the **organizational structure that manages key product categories, innovation and profitability** from design to the customer.

Managing the **quality and efficiency** with a focus on sustainability and innovation as a priority. Effective supply chain and **flexible product planning**, leveraging proximity to local manufacturers.

Innovative and creative collaborations differentiating the brand, **communication and market share** driven by sustainable products and projects.

Effective and leading communication strategy and **best-in-class loyalty** card management **enhancing brand awareness**.

Strong retail network in Turkey, international presence, and global e-commerce and omnichannel sales operations. **Online experience in Turkey and international markets**, digital strategy to drive growth.

Elevating the shopping experience and adding value to the brand with **new retail and digital concepts** and sustainable materials.

Strong and **sustainable financial performance**.

Mavi All Blue strategy built on '**sustainable growth through quality**' and incorporated into the global brand culture, product structure, and company goals. Responsibility with all employees for achieving **sustainability goals** with the '**All Blue. All Better. For All.**' narrative.

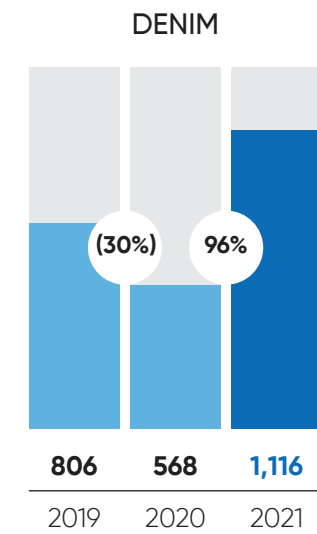
Experienced management team, fast and result-oriented organizational structure. Corporate culture, focused on **reaching common goals**, embracing diversity, and responding to change while earning **the trust of the customers and business partners**.

SERENAY x mavi icon

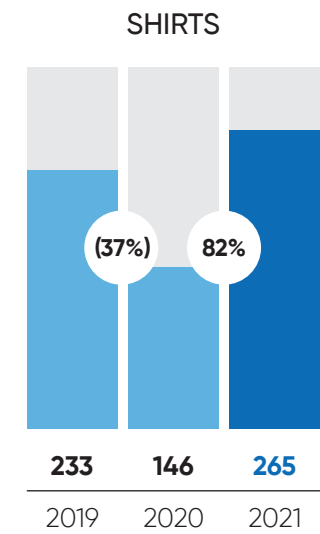
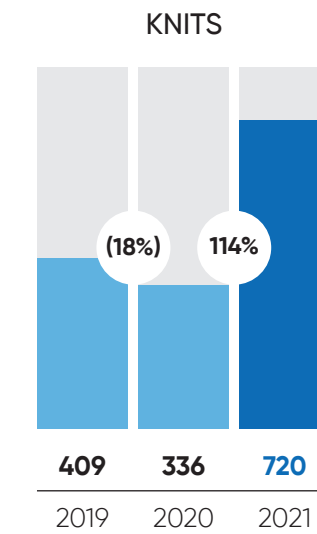


3.3 GROWTH IN EACH CATEGORY

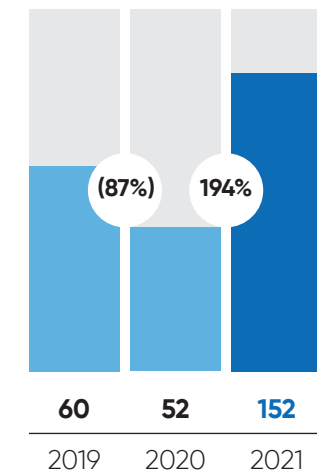
Denim Products (million TL)



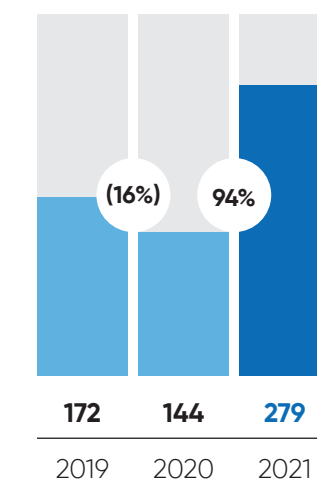
Lifestyle Products (million TL)



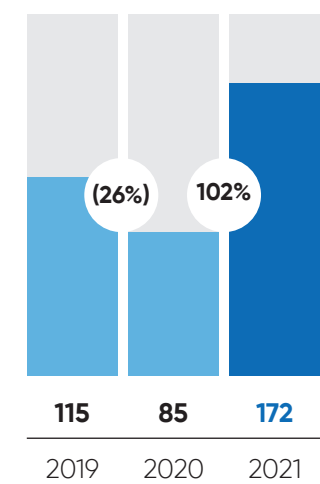
NON-DENIM BOTTOMS



JACKETS



ACCESSORIES



Share in 2021 Turkey retail net sales.

Note: Total Growth in Lifestyle Category is 108% vs 2020 and 59% vs 2019. Remaining 1% consists of skirts, dresses and kids which grew 96% yoy.

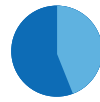
PRODUCT PORTFOLIO AND CATEGORY SHARES

Turkey Retail Net Sales

35% Women 65% Men

Product Category Shares in Sales

41%



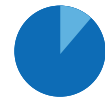
Denim

26%



Knits

10%



Shirts



PRODUCT PORTFOLIO AND CATEGORY SHARES

Turkey Retail Net Sales

41% Denim 59% Lifestyle

Product Category Shares in Sales

10%



Jackets

6%

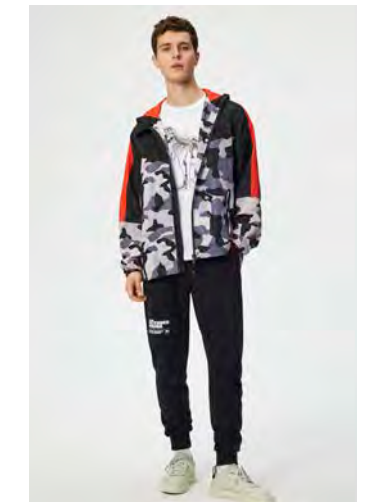
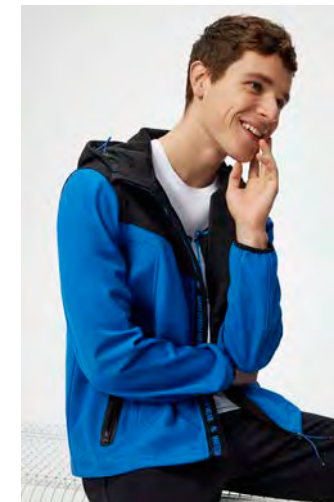


Accessories

6%



Non-denim Bottoms



WOMEN

MEN

Monetary Value



3.4 DIVERSIFIED AND RELIABLE SOURCING MODEL

As a denim-centric ready-to-wear company, Mavi does not engage directly in any production activities. Mavi works with over 120 suppliers that manufacture at world standards through its global purchasing network.

Quality-Driven Efficient Sourcing Structure

41% Denim 59% Lifestyle	~80% Made in Turkey	~20% imported	+120 responsible suppliers <small>(18 strategic, 38 critical)</small> 485 sub-suppliers
<ul style="list-style-type: none"> Turkey Retail Net Sales Split Denim-lifestyle balance of sales 	<ul style="list-style-type: none"> Quality textile ecosystem Proximity improving speed and RFT 	<ul style="list-style-type: none"> Mainly outerwear and accessories 35 suppliers in 7 countries 	<ul style="list-style-type: none"> Well-established, long term relationships Internal audit team ensuring social compliance

MAVI DENIM BUSINESS

50% of Product Cost

Owned by Mavi	Controlled by Mavi	
Design & Development	Fabric & Raw Materials	Manufacturing (Cutting, Sewing and Washing)
<ul style="list-style-type: none"> Multinational denim design & development team Fit blocks are created and owned by Mavi Wash recipes and development managed by Mavi 	<ul style="list-style-type: none"> Direct relationship with denim fabric mills Fabric selection and management are handled by Mavi teams Working with top-quality mills in Turkey that manufacture for premium global denim brands Fabric R&D, exclusive development and innovation bring distinguished quality and look 	<ul style="list-style-type: none"> Cutting, sewing & washing ~70% from ERAK Four manufacturers tendered for best price/quality Sustainable process and production <div style="border-left: 1px solid black; padding-left: 10px; margin-top: 10px;"> <p>ERAK</p> <ul style="list-style-type: none"> Best-in-class production facility Sourcing to top global brands Advantage on delivery times and manufacturing capacity Competent cooperation in sustainability and innovation projects Improved energy & water efficiency </div>

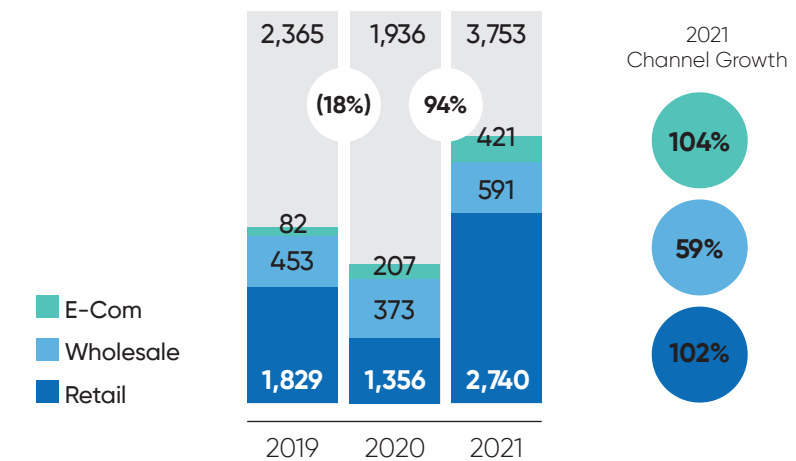


3.5 MULTI-CHANNEL EXECUTION WITH RETAIL, INTERNATIONAL MARKETS AND ONLINE

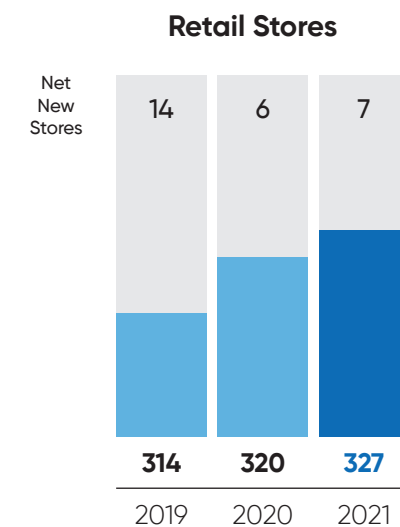
Sustainable And Efficient Growth In Turkey

Mavi's sales operations in Turkey consist of 73% retail, 16% wholesale, and 11% e-commerce.

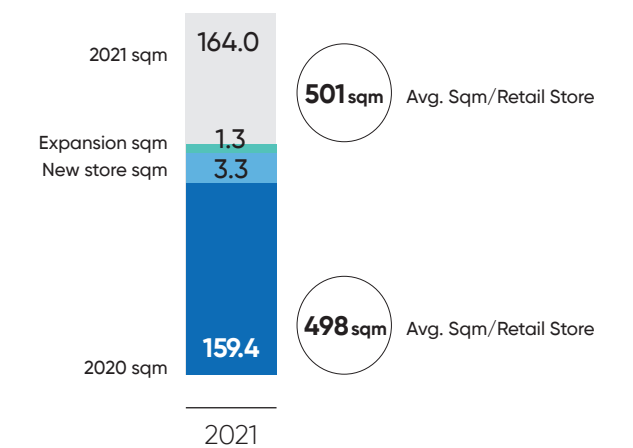
Turkey Revenue (Million TL)



Expanding Retail And New Stores



Gross Selling Space In Turkey (K Sqm)



Complementary Wholesale Growth And Growing Multi-Channel Execution

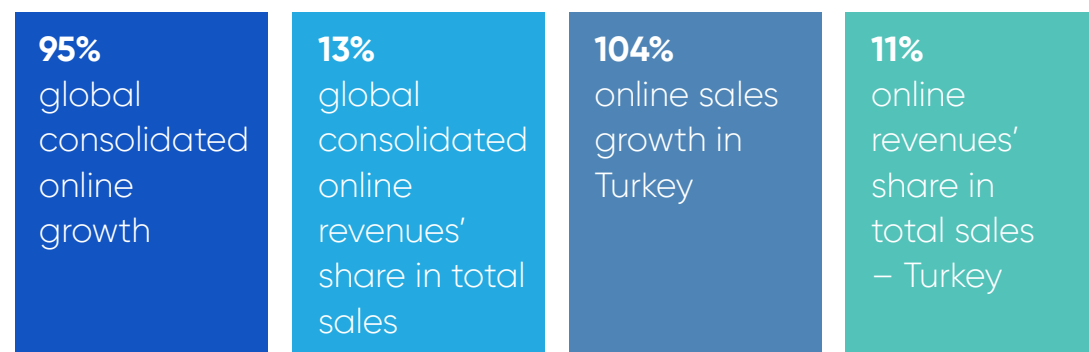


Investing in Online Platform as a Priority Growth Strategy

The pandemic created a springboard effect on digitalization while driving online shopping fast forward. Mavi's revenues in owned e-commerce channels (including mavi.com and B2C marketplaces), with strong growth potential in global markets and in Turkey increased by 95%. Mavi's owned mavi.com e-commerce site in Turkey, the US, Canada, Germany and Russia as well as B2C marketplaces accounted for 13% of total sales. With wholesale online channels included, the online revenues' share in total sales reached 15.6%. While capturing this growth, Mavi also proceeded to make further investments to offer an even better user experience and steadily enhance the online infrastructure.

Since its launch in 2013, mavi.com Turkey has grown by 104% year-on-year and accounted for 11% of Turkish revenues in 2021 together with direct marketplace sales to the customers. The number of mobile app users rose to 2.7 million, with sales via the app representing 43% of the online channels. The mission of mavi.com, upgraded with a new face in 2022, is to create a better and more convenient shopping experience for the customers.

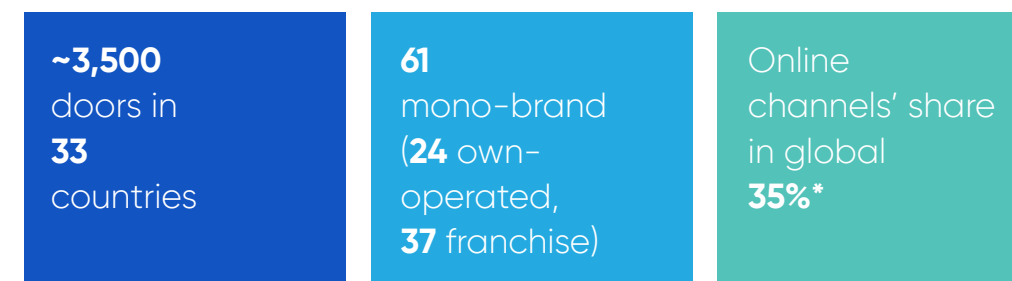
Mavi's move to the SAP system was completed in 2021, accelerating the development of various omnichannel applications.



International Growth and Profitability

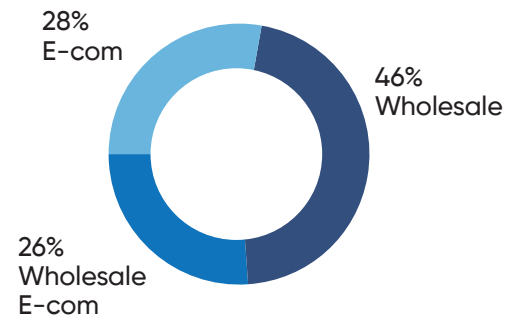
Mavi's international operations are focused on the United States, Canada, European countries, with Germany as base, and Russia. The international distribution network includes 61 mono-brand stores and mavi.com as well as wholesale and e-commerce business partners such as Bloomingdale's, Nordstrom, Zappos.com, Amazon, Simons, David Jones, and Zalando.com. These include 34 franchise stores and nearly 3500 multi-brand stores.

Other than the four main international markets, Mavi operates in the neighboring regions and has 20 mono-brand and 25 multi-brand franchise stores in 21 countries. The operations in these countries, mainly in the Middle East, North Africa, Balkan and Caucasus countries, are managed as wholesale channels completely from the Istanbul head office.



*Wholesale included

USA Operation



~1,200
wholesale
multi-brand
doors

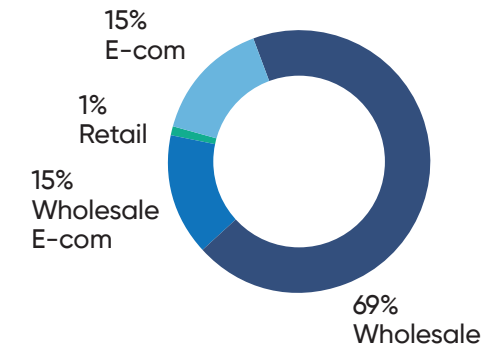
Wholesale:
**Nordstrom,
Bloomingdale's,
Von Maur,
Patrick James,
Tom James,
Scheels**

Online wholesale
partners:
**Stitchfix, Amazon,
Zappos,
Nordstrom**

America **mavi.com,**
34heritage.com

Channel share

Europe Operation



Mono-brand
retail stores: **1**

~800
wholesale
multi-brand doors

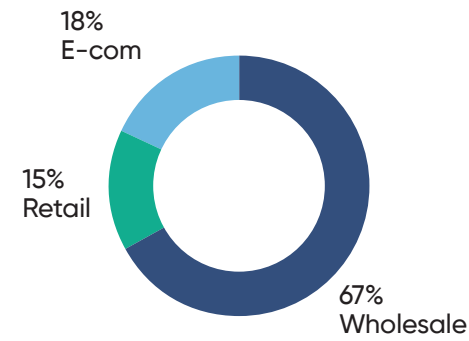
Wholesale:
**About You,
Amazon, Otto,
Zalando**

Online wholesale
partners: **Karstadt
& Kaufhof,
Modemark Röther,
Breuninger,
Beutin, Sinn Leffers,
Maratex, Retail
Active, Peek &
Cloppenburg**

Germany
mavi.com

Channel share

Canada Operation



Mono-brand
retail stores: **4**

~1,000
wholesale
multi-brand
doors

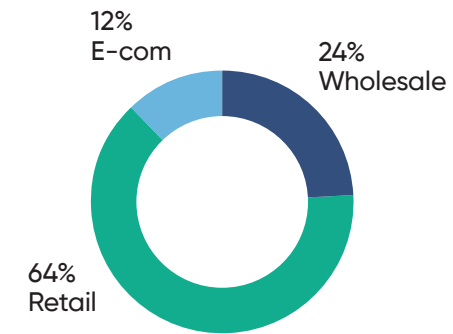
Wholesale:
**Nordstrom,
Harry Rosen,
Simons, Ernest,
Mark's**

Online wholesale
partners:
Simons, Mark's

Canada **mavi.com**
and
34heritage.com

Channel share

Russia Operation

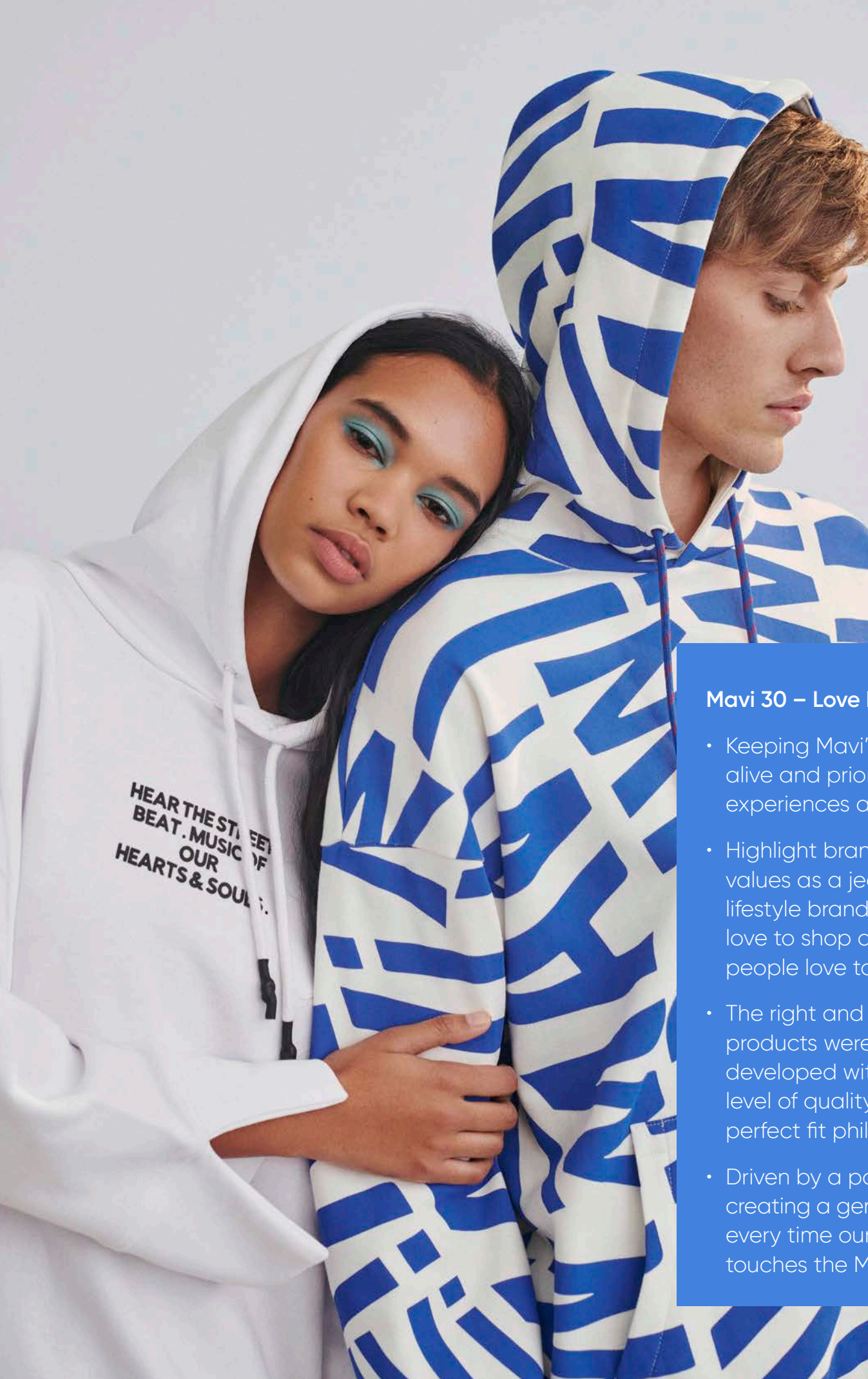


Mono-brand
retail stores: **19**

Franchise retail
stores: **17**

125 wholesale
multi-brand
doors

Channel share



3.6 MARKET POSITIONING AND BRAND INVESTMENT

- Leverage the strong, trusted brand identity along with a denim-focused, casual lifestyle positioning.
- The right product and the right pricing segments were created by focusing on understanding the customer through CRM and insights.
- Focused on the changing customer and competition through shifts in price points, new product segments, and communication mediums.
- Aspirational brand positioning with accessible pricing and higher market share was captured with increased traffic, higher ticket items, new customers, and conversion.
- Continued growth in denim as the differentiator product group. Logos, t-shirts, and sweatshirts were leveraged to drive UPT, while jackets (FW) were positioned as a key differentiator with high ticket, high-quality items.

Mavi 30 – Love Brand Priorities

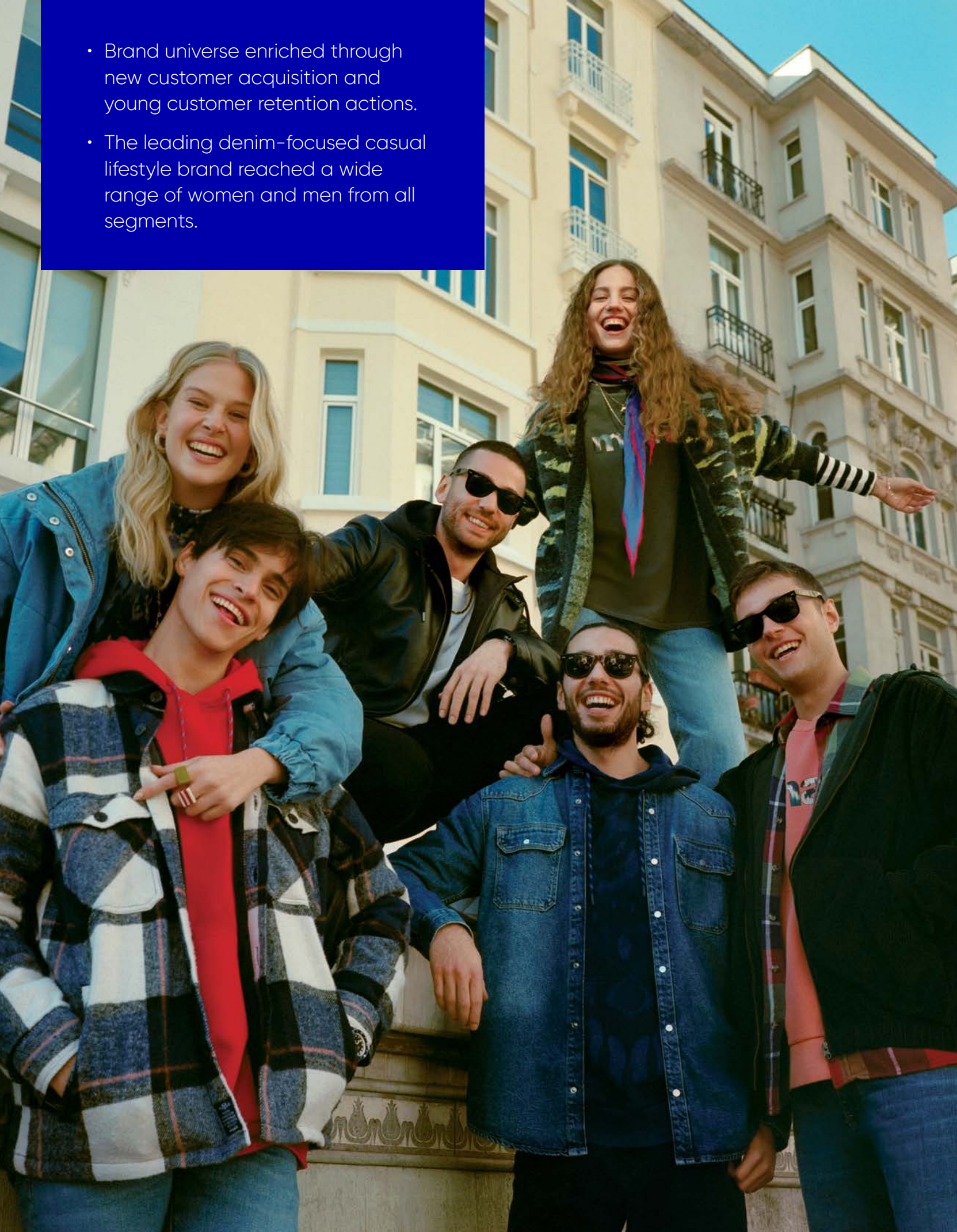
- Keeping Mavi’s mission alive and prioritized across all experiences and channels.
- Highlight brand’s positive values as a jean-centric lifestyle brand where people love to shop and where people love to work.
- The right and responsible products were designed and developed with the highest level of quality and Mavi’s perfect fit philosophy.
- Driven by a passion for creating a genuine experience every time our customer touches the Mavi brand.

mavi
all blue

- Significant progress was achieved in integrating sustainability into the corporate culture, vision, business practices, products, and growth targets, in line with the All Blue strategy focused on People, Planet, Community, and Denim. Product innovations and communications continued in line with Mavi’s sustainability targets.
- Mavi All Blue strategy was used to build a global tone for Mavi’s role to influence a positive change and empower women and youth.



- Brand universe enriched through new customer acquisition and young customer retention actions.
- The leading denim-focused casual lifestyle brand reached a wide range of women and men from all segments.



- Elevated the brand through creative collaborations, new product lines, and exciting communications with celebrities and influencers.
- Newness was introduced in all areas to increase the frequency and to reach new and different customers.
- The new Mediterranean and Istanbul collections were designed with inspiration from Mavi's brand story and spirit; a unique communication was built around these product groups.

- Social media engagement and online shopping penetration increased through collaborations with marketing, online, and product teams.
- Mavi.com was refreshed, and the shopping experience was enhanced to best inform the customer on fits, fabrics, and the feel of the brand with a new communication language.



- Continued utilization of CRM and new tools to understand the customer, increased app usage, drove offline-online customer conversion and analyzed the customer.

- Mavi 30 and eco-store concepts were designed to represent the modern tone of the Mavi brand and present different product groups in a new format.



MARKETING COMMUNICATIONS EXCLUSIVE COLLECTIONS, DESIGNER COLLABORATIONS, AND CAMPAIGNS

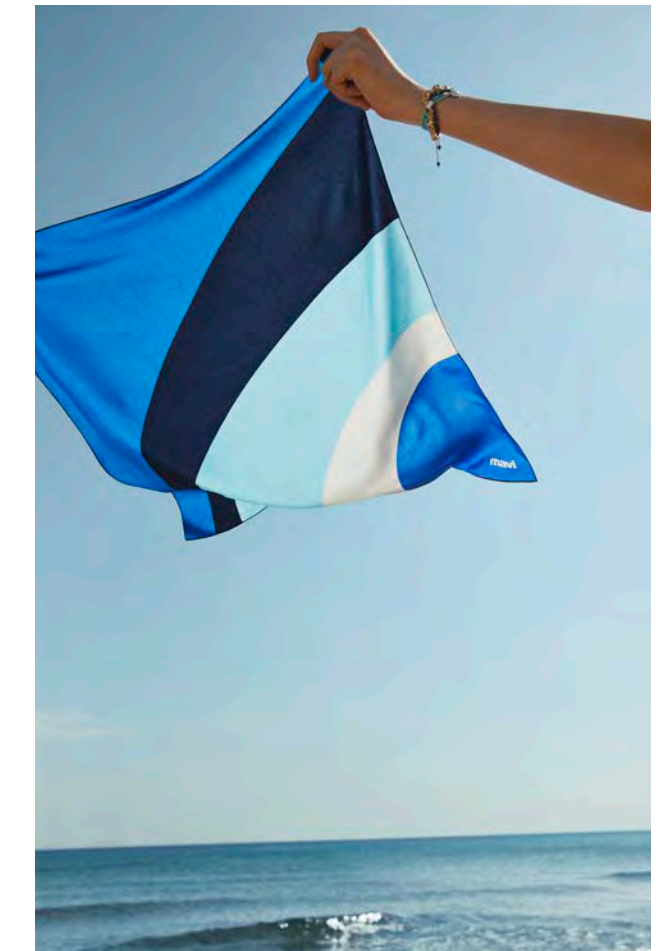
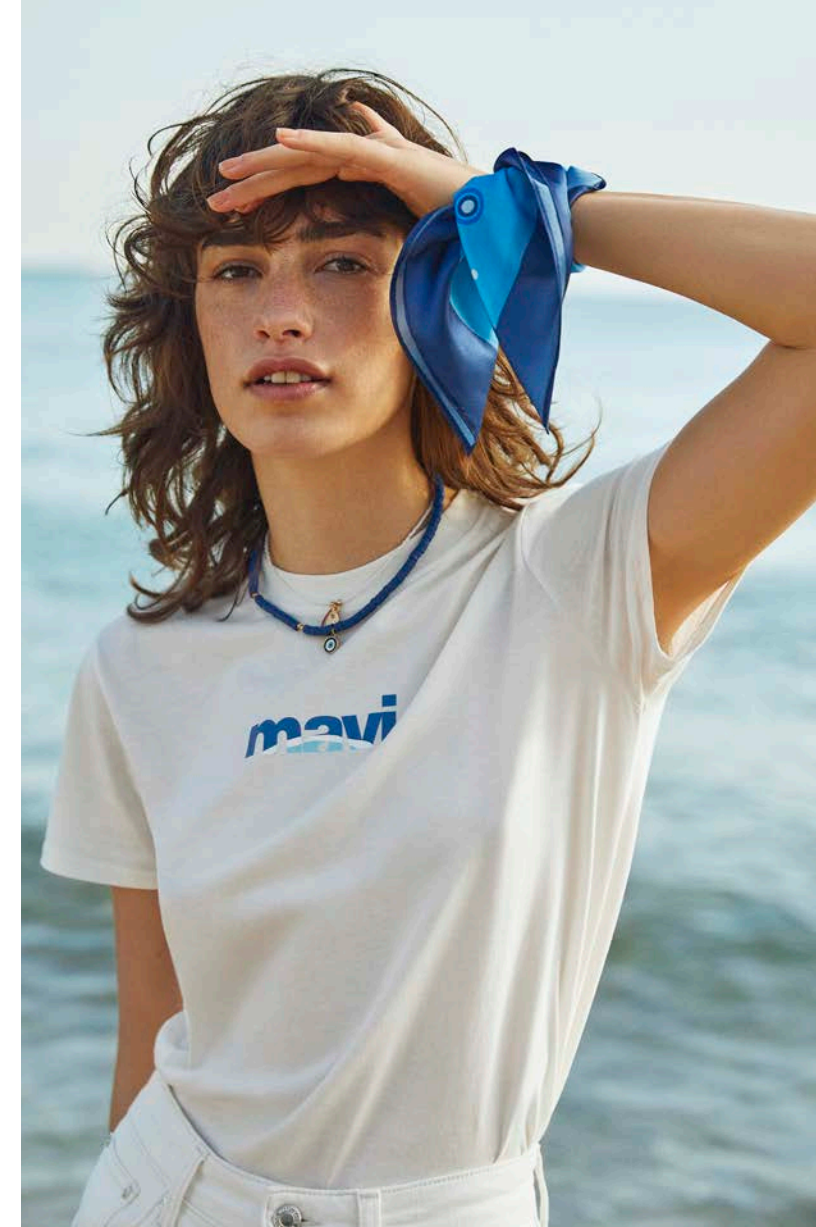


LES BENJAMINS X MAVI SS21

- The collection, designed by the luxury streetwear brand Les Benjamins with inspiration from Mavi's thirty-year denim archives, was made with sustainable materials.
- Product creativity was integrated into the digital platforms using special applications.
- This collaboration targeted new & premium young men and women in the under 24-age group.

DIRECT MESSAGE X MAVI SS21

- Mavi created a space for the rising beach fashion and trends in collaboration with Direct Message, bringing excitement to the accessories category and accelerating new customer acquisition.
- This exclusive premium-priced collection targeted especially young & adult fashion-savvy women.
- Effective influencer communications focused on beach wardrobes for iconic fashion-savvy women.



MAVI 30 SPECIAL MAVITERRANEAN COLLECTION SS21

- The Mavi Design team created a special collection for the 30th anniversary inspired by the brand's key stories.
- The product group created excitement among Mavi's core and mass women customers and delivered higher visit frequency, conversion and UPT with wide SKU range and availability.
- The launch event, hosted with a creative concept due to the pandemic restrictions, brought the collection to the homes of prominent fashion influencers. This format created record viewing and engagement numbers on social media.



MAVİ X İSTANBUL COLLECTION

Ad Campaign - FW21

- Mavi's trendy Icon collection was updated with a special thirtieth anniversary concept. The brand connected with the city where it was born for design inspiration and brought the endless dynamism of Istanbul and the season's high fashion trends together in a genderless collection.
- Mavi X Istanbul was launched with a TV commercial featuring Serenay Sarıkaya. The campaign aimed to support the company's goal of growing its share in the women's market.

MAVİ PRO SPORT REPREVE®

Ad Campaign - FW21

As part of the brand's ongoing efforts to develop nature-friendly products for a sustainable future, Mavi Pro SPORT Repreve jeans were created with fabrics made from recycled plastic bottles. This premium line was promoted with a commercial featuring Kivanç Tatlıtuğ, drawing attention to the company's sustainability transformation, values, and passion for innovation.



LET THE SUMMER BEGIN WITH MAVİ & KIVANÇ!

Ad Campaign - SS21

In the post-pandemic era, men's wearing habits have evolved into more casual styles and colorful garments. As the leader of this wearing style in Turkey, Mavi aimed to drive its growth in men's through communications focused on owning casualwear more in this new period. The commercial featuring Kivanç Tatlıtuğ highlighted the brand's colorful summer offering, which included jeans, T-shirts, shorts, dresses, shirts, and beach combinations. The brand, a favorite of men for its high quality, comfortable and soft products, differentiated itself among the competition with this campaign.

"WE ARE BETTER TOGETHER"

Ad Campaign - SS21

The commercial, featuring Merih Demiral, the star of the Turkish National Team and Atalanta, was launched during the Euro 2020 European Football Championship. With the campaign and its slogan, "We Are Better Together," Mavi highlighted the power of being a team and the spirit of unity. In addition to the TeamMavi collection, the campaign also promoted items with the number M28, inspired by Merih's jersey number, and licensed products with the Euro 2020 logo, demonstrating Mavi's aspirational style with its sporty line.



EURO 2020 EXCITEMENT ON THE TEAMMAVİ DIGITAL BLEACHER

Mavi brought together hundreds of sports fans who missed the joy of Euro 2020 in the stadiums due to pandemic restrictions, with the TeamMavi Digital Bleacher. Thousands of people joined the live stream and shared the excitement of the TeamMavi Digital Bleacher on the brand's official YouTube channel. Mavi engaged an accurately identified target audience with its ad communications, while the fans found an opportunity to cheer for the national team with the slogan "We are better together" prior to the opening match.

Mavi App.

Take your Mavi store anywhere!



Download and start shopping now.

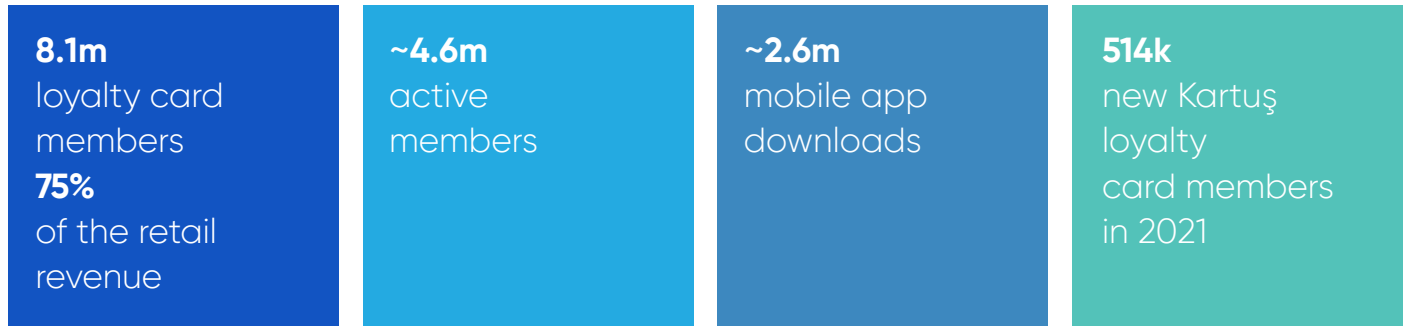


Customer Loyalty Program: Kartuş

Customer data and product strategy are at the core of the brand's communication activities, supported by the loyalty program (Kartuş) of 8.1m members. The Kartuş loyalty program, with approximately 4.6m members active for the last two years, is a card and mobile app, with ~2.6m downloads and used extensively in retail transactions in Turkey.

Customer data derived largely from Mavi's best-in-class loyalty program (Kartuş) since 2007 is at the core of the brand strategy. The loyalty card/program is used widely in shopping and accounts for 75% of retail revenues, serving as an exceptional tool to provide the marketing team with data and a deep understanding about Mavi customers.

Mavi makes effective use of CRM data to develop opportunities and advantages that respond to customer expectations and needs, and runs personalized campaigns and communications to drive customer frequency, basket size and lifetime value. Effective CRM analyses guide brand and product strategy. Mavi leverages customer insights and technology to create innovative products. CRM data offers significant advantage in the new product development process by analyzing customer profiles and matching products to identify potential areas.



Rapid Growth with Young Generation



AWARDS



Leading denim brand with ~20% market share in 14+ segments, ranking among top four women's and men's apparel brands in Turkey (IPSOS).



In the "Fortune 500" survey, Mavi is ranked 147th among the largest 500 enterprises in Turkey, and 1st among apparel, underwear, and sportswear brands (Fortune).



Mavi is named "coolest Turkish brand" and "coolest jeans brand" in Turkey's Cool Brands Survey (Marketing Türkiye).



Merit award in the internal communication management – PR category for the Women's Day project "Our Name Your Name" at the Felis Awards (Mediacat).



According to Inbusiness Women's Rise survey (in the category of companies with 1,000-10,000 employees) 2nd among companies with the highest number of senior female executives, 7th in number of female employees, 11th among companies with the highest number of midlevel female managers.



43rd among women-friendly companies and 26th among women executive-friendly companies (Capital).



2nd in the apparel - retail and textiles category among the business world's top 20 favorite brands in "Turkey's Most Admired Brands Survey" (Capital).



Ranked among the top 3 menswear brands at The One Integrated Marketing Awards (Marketing Türkiye).



Ranked among Turkey's top 20 most reputable brands according to "Turkey Reputation Index Survey" and among the top 10 in men's, women's and kids' apparel categories (Turkey Reputation Academy).



2nd among apparel brands according to "Brands Setting the Standards" survey (Marketing Türkiye).



1st in the apparel retail category in the "Customer Experience" survey and awards (Fast Company).



Gold award winner in the apparel category at the ACE (Achievement in Customer Excellence) Awards (Sikayetvar.com).



Named Most Sustainable Collection at The Rivet Awards (Sourcing Journal).



2nd eco-sensitive sustainable brand according to the "Sustainable Fashion" survey (Marketing Türkiye).



3rd in the apparel category according to the "Brands .Adding Meaning to Life" survey (Marketing Türkiye).



2nd in top-of-mind for Gen Y among apparel brands according to "Generations' Brand Choices" survey (Marketing Türkiye).



2nd company to employ most Gen Z among companies with fewer than 10 thousand employees according to Inbusiness Gen Z Survey (Inbusiness).



Most admired brand in the casual sportswear category at AYD Turkey's Number One Brands Awards.



Serenay Sarıkaya in the female brand face category and Kivanç Tatlıtuğ in the male brand face category at The One Integrated Marketing Awards (Marketing Türkiye).



"The Best Celebrity Ad Collaboration" award for "Mavi and Serenay Sarıkaya" at the Mavi Elma Awards (Istanbul University School of Business).



4th womenswear brands in the "My Brand" Survey (Z Raporu, Areda PR).



4th most successful brand in digital transformation in the fashion industry according to the "Digital Brands of Turkey" survey (Marketing Türkiye).



3rd in the "Best Brand of the Year Using E-commerce" category at the Webrazzi Awards.



Silver medal in the casual apparel category at the Social Media Awards Turkey Data Analytics Awards (Marketing Türkiye).

04

MAVI'S

SUSTAINABILITY

EVOLUTION

- 4.1 Strategy: Mavi All Blue. All Better. For All.
- 4.2 Sustainability Goals
- 4.3 Sustainability Management
- 4.4 Material Sustainability Issues
- 4.5 People - Better.Empower
- 4.6 Planet - Better.Protect
- 4.7 Denim - Better.Transform
- 4.8 Community - Better.Mobilize
- 4.9 Sustainability Journey
- 4.10 Performance Indicators, GRI Content and Other Indexes

ABOUT THE SUSTAINABILITY SECTION

The Sustainability Section included in Mavi's 2021 Annual Report is based on the sustainability performance of Mavi Giyim Sanayi ve Ticaret A.Ş. in the fiscal year from February 1, 2021 to January 31, 2022. This section provides information on the company's environmental, social, and governance activities based on Mavi's sustainability strategy "All Blue. All Better. For All." and the progress achieved in these areas.

This section has been prepared in accordance with the Global Reporting Initiative (GRI) Standards' "Core" option. In addition to the company's contribution to the United Nations Sustainable Development Goals (SDGs), this section also includes information on activities carried out in line with UN Global Compact (UNGC) and Women's Empowerment Principles (WEPs), both of which Mavi is a signatory.

For all your questions, comments, and suggestions related to this section, please contact us at: sustainability@mavi.com.

**All Blue.
All Better.
For All.**



MAVI'S SUSTAINABILITY EVOLUTION

The textile industry is undergoing a transformation with the impact of global trends, including climate change, evolving consumer behavior, finite natural resources, technology, and digitalization. Meanwhile, the challenging times that started in early 2020 with the outbreak of the COVID-19 pandemic and the ensuing process disrupted the business world and especially supply chains as well. In this period, the companies that managed the environmental, social and corporate governance (ESG) risks and opportunities proactively tended to be less affected by the consequences of the pandemic.

As Turkey's leading jeans and apparel brand, Mavi accelerated its sustainability efforts starting from 2020 to drive its vision of industry leadership to encompass sustainability. Grounded in strategic priorities, Mavi's sustainability strategy was developed to respond to the global trends that guide the textiles industry and to contribute to the United Nations Sustainable Development Goals (SDGs). The company's **All Blue. All Better. For All.** sustainability strategy defines the areas where Mavi creates value and related goals.



4.1 MAVI ALL BLUE. ALL BETTER. FOR ALL.

The company believes that a better world is possible with a better Mavi. On the journey to achieve the best, quality remains at the heart of all the activities. Empowered by every individual touched in the process, particularly its employees, Mavi knows that its every step and action will bring about massive transformations, and it will continue to explore and innovate for a brighter future.

Mavi cares about today and is taking action for tomorrow now.

The company grows with people who inspire each other and share similar aspirations. A better Mavi means All Blue. All Better. For All.

**All Blue.
All Better.
For All.**

As part of its sustainability strategy and driven by its core values focused on people, planet, denim, and community, Mavi will:

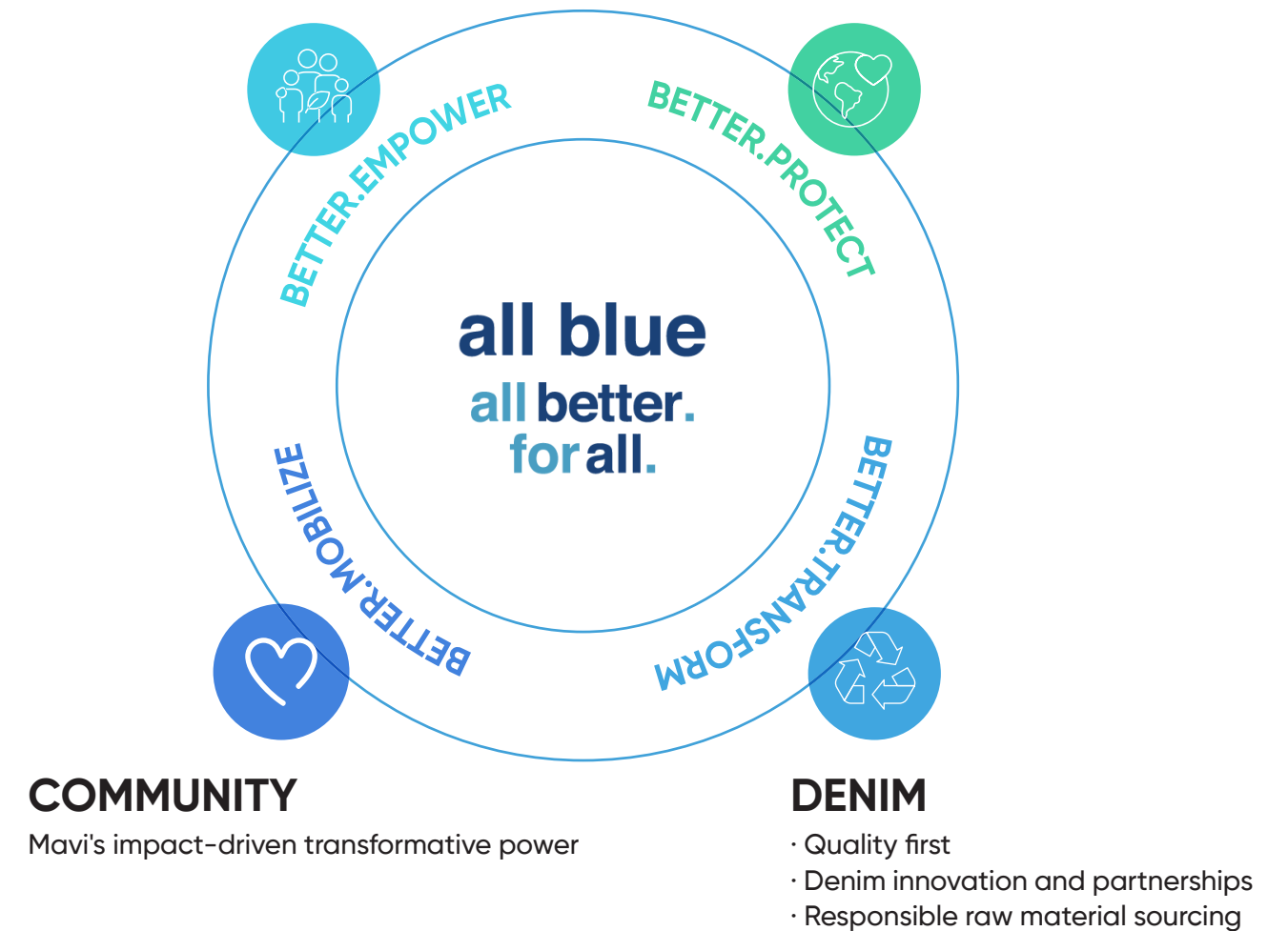
Better.Empower, Better.Protect, Better.Transform and Better.Mobilize.

PEOPLE

- People-oriented Mavi culture
- Inclusive business model and responsible value chain

PLANET

- Tackling climate crisis
- Ecosystem restoration



BETTER. EMPOWER



Driven by the people-oriented Mavi culture, transformation for a better future starts with the value chain. Mavi fulfills its responsibility for providing fair living and working conditions for its employees, suppliers, and business partners. Empowered by its employees and suppliers who share its responsibilities on the journey toward becoming better, Mavi also supports their development.

PEOPLE-ORIENTED MAVİ CULTURE:

Mavi's work culture is focused on people. In the company culture, Mavi upholds human rights, respects the diversity and differences of its employees, and promotes gender equality. Accordingly, practices are implemented to support the professional development of the employees across their career journey at Mavi.

INCLUSIVE BUSINESS MODEL AND RESPONSIBLE VALUE CHAIN:

Ensuring that environmental, social and governance principles and standards are applied across the value chain is important to Mavi. Therefore, the company has adopted an inclusive business model that aims to improve sustainability performances of all suppliers and support their development. Supplier audits serve to achieve traceability across the entire supply chain.

BETTER. PROTECT

As a denim-centric brand, Mavi regards the protection and restoration of what nature offers as a fundamental responsibility. Accordingly, Mavi promotes a net-zero business model by tackling the climate crisis to protect natural resources and restore the ecosystem.

TACKLING CLIMATE CRISIS:

The textile industry is responsible for generating significant amounts of greenhouse gas emissions across the value chain, from cotton grown in the fields to the end products purchased by the consumers. Mavi focuses on reducing its carbon footprint along the entire value chain to tackle the global climate crisis. Therefore, the company brings its suppliers into the process and encourages them to reduce their environmental impact caused by production. In addition to designing collections with innovative and sustainable materials, Mavi also aims to gradually increase the share of these products in its revenues. As more investment is made in sourcing renewable energy, Mavi continues to launch pioneering projects such as energy efficient eco stores to pave the way for the industry.

ECOSYSTEM RESTORATION:

Mitigating the intense stress on nature and restoring the frail ecosystem is a key priority for Mavi. Therefore, the company focuses on areas such as efficient use of water resources, controlled use of chemicals, packaging and waste management, and biodiversity across the supply chain. Accordingly, Mavi encourages making sustainable products that require less water and recycling water in production processes. To protect the health of manufacturers and consumers, and minimize environmental impact, Mavi strives to reduce the consumption of chemicals and comply with the Zero Discharge of Hazardous Chemicals (ZDHC) criteria. Furthermore, the company aims to use only FSC-certified (Forest Stewardship Council) packaging, making sure that all packaging materials are recycled. Adopting the circular economy approach to waste management, the company works to reintroduce the scraps and other excess materials back into the system. Mavi also develops and launches projects to raise social awareness about protecting biodiversity.



BETTER. TRANSFORM



Mavi transforms denim with unique, innovative ideas and the power of technology. The customers are included in the sustainability transformation process with quality and sustainable products to change their consumption habits. Mavi aims to inspire the industry with innovative products with low environmental impact by embracing the circular economy model. This approach is supported by innovative partnerships to shape the future of sustainable fashion. With responsible raw material sourcing and production, the company spreads this transformation to every aspect of the value chain, from the farmer to the end-consumer.

QUALITY FIRST:

Since the very beginning, Mavi has continued to meet customer expectations with the right price-quality balance with its Perfect Fit philosophy guiding the company. Taking it one step further, Mavi now aims to make quality and sustainable products accessible to all its customers. As a result, the company helps consumers make better choices with its eco-friendly All Blue collection.

DENIM INNOVATION:

Mavi believes that the best denim is sustainable denim and therefore, invests more in R&D and product development. The All Blue sustainability approach is built on people, nature, innovation, digitalization, and efficiency. All Blue, the eco-friendly collection with the same name, is developed with innovative methods and produced with less water, less chemicals, and less energy. Mavi continues to lead the industry with its All Blue collection, made with recycled, upcycled and organic materials.

INNOVATION PARTNERSHIPS:

Partnerships play a key role in the industry's sustainability transformation and driving innovation. Accordingly, Mavi engages in innovative partnerships with various other brands, designers, and universities to expand its positive impact and inspire the industry.

RESPONSIBLE RAW MATERIAL SOURCING:

Manufacturers are encouraged to make responsible raw material choices and supported toward transforming their production processes. Mavi traces and steadily increases the ratio of sustainable materials (organic, recycled, upcycled, and Better Cotton-certified cotton, recycled metal, etc.) in its products.

BETTER. MOBILIZE

Aiming to create shared values in the community, Mavi uses its transformative and mobilizing brand power to achieve better. Therefore, the company particularly focuses on empowering young people and women for social development so that no one is left behind. Customers who choose Mavi and other stakeholders are also included in this movement.

MAVİ'S IMPACT-DRIVEN TRANSFORMATIVE POWER:

Mavi intends to mobilize its stakeholders, starting with the customers, by leveraging its brand power. Therefore, impact-driven and measurable social projects that involve customers, employees, suppliers, universities, and non-governmental organizations (NGOs) are launched.



4.2 SUSTAINABILITY GOALS



PEOPLE
BETTER.EMPOWER



PLANET
BETTER.PROTECT



DENIM
BETTER.TRANSFORM



COMMUNITY
BETTER.MOBILIZE

MAVI'S SUSTAINABILITY TARGETS

Having a fully inclusive and responsible value chain by 2030.

Becoming a climate-positive company by 2050.

Ensuring that the whole denim collection consists of sustainable All Blue products by 2030.

Driving an impact-focused and measurable social change.

MONITORING TARGETS

Keeping employee satisfaction and engagement scores over 70% every year.

Reducing Scope 1 + 2 GHG emissions 50% by 2030.

Sourcing 100% of the cotton used in denim products from sustainable resources³ by 2030.

Keeping the social return of social investment programs at SROI>1⁴ levels.

Increasing female manager ratio to 50% and maintaining this balance by 2023.

Reducing Scope 3 GHG emissions from purchased goods and services by 20% by 2030.

Increasing the revenues of innovative products in the sustainable All Blue collection by 20% year on year through R&D activities and partnerships.

Allocating 1% of EBITDA for social investments from 2025 onward.

Ensuring compliance of all main suppliers and their subcontractors with the Global Purchasing Principles and Supplier Code of Conduct by 2025.

Becoming a carbon neutral company by 2040.

Continuing to procure all electricity for Mavi operations from renewable sources by 2030.

Reaching 1 million people every year through sustainability awareness projects.

Achieving 100% traceability in the supply chain by 2030.

Conducting environmental audits at all critical suppliers and wet process sub-manufacturers by 2025.

Ensuring all strategic suppliers and wet process sub-manufacturers comply with the ZDHC MRSL¹ by 2030.

Ensuring that all label, cardboard, and paper packaging materials are FSC-certified² by 2025.



¹ ZDHC MRSL compliance: Zero Discharge of Hazardous Chemicals-ZDHC Manufacturing Restricted Substances List-MRSL

² FSC: Forest Stewardship Council

³ Sustainable materials: Organic, recycled, Better Cotton, etc.

⁴ SROI>1: Social return on investment (SROI) higher than investment.

2021 HIGHLIGHTS

BETTER.EMPOWER

58%
Female
employment
ratio

51%
Female
manager
ratio

80%
Local
supplier
ratio

BETTER.TRANSFORM

9.7%
Sustainable
product's share
in total
revenues

43
Products in
Life Cycle
Assessment
(LCA)

593,750
Plastic bottles
used to create
the Mavi Pro
Sport Repreve®
collection

BETTER.PROTECT

B
Mavi's score
in the CDP
Climate Change
Program

101
Stores using
renewable
energy

20%*
Less water
consumption

BETTER.MOBILIZE

150,000
Hatchlings
reached the sea
with the Indigo
Turtles project

30
Female university
students benefit
from the TEV Mavi
Scholarship Fund

25,000
Saplings
donated
to TEMA
Foundation

15%*
Less energy
consumption

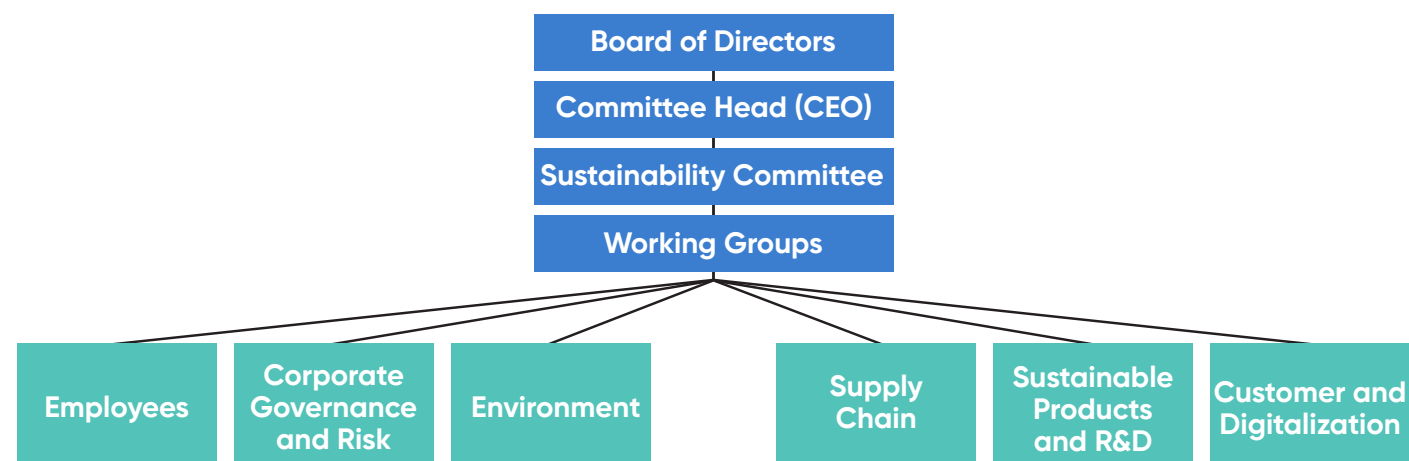
70%*
of products treated with
laser and sustainable
washing processes

*In the manufacturing process with Mavi's strategic partners Erak and Tayeks

4.3 SUSTAINABILITY MANAGEMENT

A Sustainability Committee functions under the Mavi Board of Directors to ensure that sustainability management is carried out in integration with the company's business strategy and objectives. The Committee, headed by the CEO, has formed six working groups – Employees, Corporate Governance and Risk, Environment, Supply Chain, Sustainable Products and R&D, Customer and Digitalization – to report to the leadership team. Over 60 people work in the six working groups. Each working group follows a roadmap to assist in determining and realizing Mavi's sustainability goals. As of 2021, these groups proceed along their roadmaps, regularly updating their actions in line with the changes in the company's future plans and global developments.

For more information on the Mavi Sustainability Committee, its Duties and Working Principles, please click [here](#).



As a company that aspires to lead the industry's sustainability transformation, Mavi recognizes the importance of participating in the international sustainability platforms. Therefore, Mavi has become a signatory of United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative. With this signature, Mavi has declared its commitment to aligning its strategies, ways of doing business, and operations with the ten UNGC principles on human rights, labor, environment, and anti-corruption. Mavi is also a signatory of the United Nations Women's Empowerment Principles (WEPs) and a member of the 30% Club, confirming its concrete support of gender equality. As the first Turkish apparel brand to disclose its carbon footprint transparently, Mavi submitted its report to the Climate Change Program, run by CDP (Carbon Disclosure Project), and received a score of B in environmental performance and A- in the Supplier Engagement Rating (SER). Marking another first in the Turkish apparel industry, the company has signed the CEO Water Mandate, a UNGC initiative, to support the global effort to find sustainable solutions to the water issue. Furthermore, the company has joined the Climate Ambition Accelerator, a program led by the UNGC, aiming to achieve progress toward setting science-based emission targets. Mavi has also taken action to work with the Science Based Targets initiative

(SBTi) to reduce its greenhouse gas emissions. Once the emission reduction targets that Mavi sets are verified by SBTi, they will be disclosed publicly.

In 2022, Mavi was included in the Borsa Istanbul Sustainability Index in recognition of its sustainability performance. At the time it was included in the Sustainability Index, whose constituents are companies with high corporate sustainability performance and that are traded on Borsa Istanbul, Mavi was the only apparel brand listed in the index.

4.4 MATERIAL ISSUES

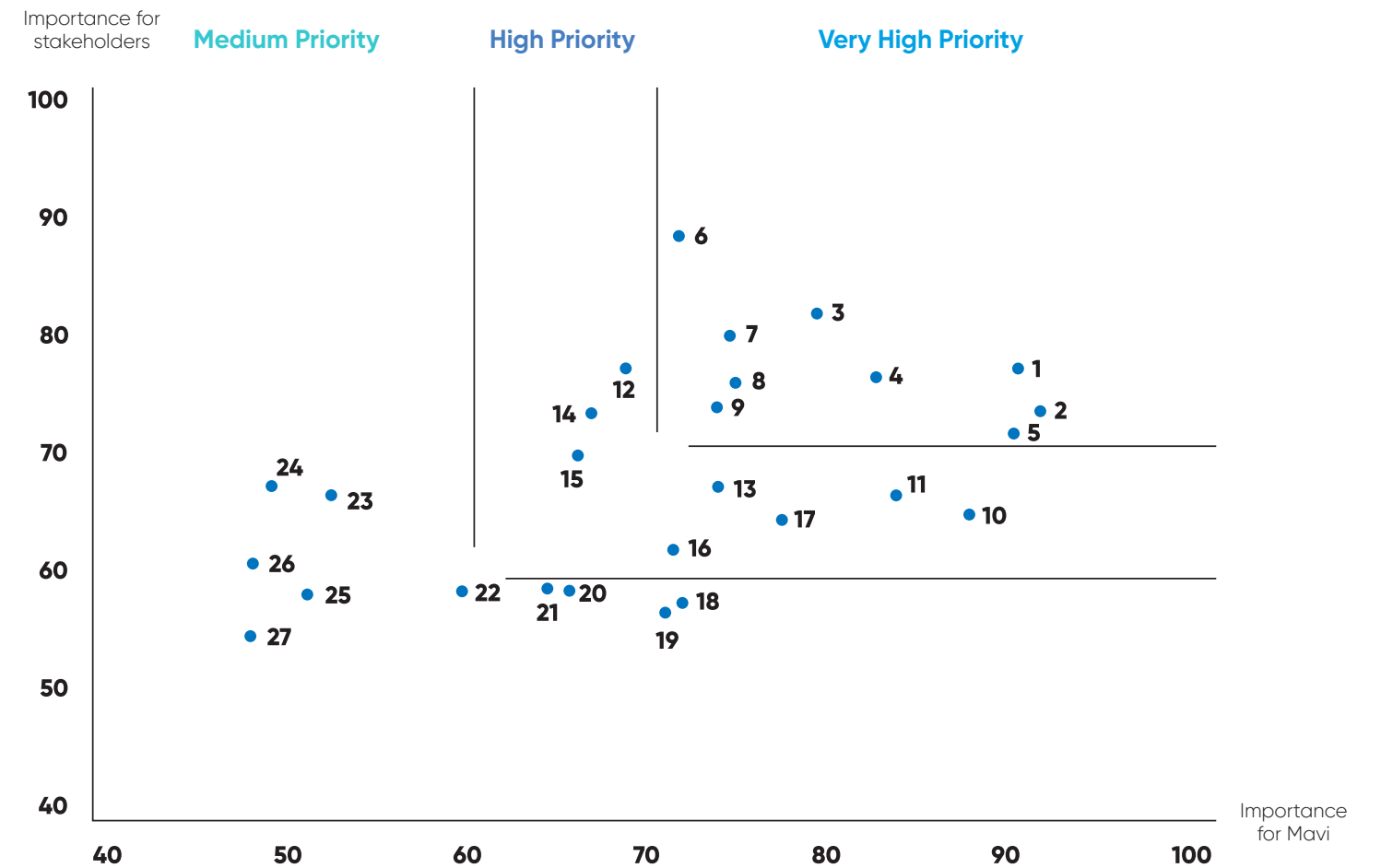
The material issues for sustainability were identified based on a stakeholder analysis in accordance with the AA1000 Stakeholder Engagement Standard. These analyses involved obtaining the opinions of various internal and external stakeholders, including Mavi employees and franchisees, analysts, investors, financial institutions, business partners, and suppliers. In addition to one-on-one meetings with senior management, focus group studies were used for the franchisees to share their opinions while the other stakeholders were asked to respond to an online questionnaire. The external trends included the global risks published by the World Economic Forum (WEF), the industry-specific material issues prepared by the Sustainability Accounting Standards Board (SASB), Sustainable Development Goals (SDGs), and the priorities of other leading companies in the industry.

In the process, SASB's materiality analysis methodology, which enables addressing each issue in terms of different impacts and opportunities, was used. As a result of this analysis, the material issues were categorized as medium, high, and very high priority. Then, the sustainability team started working on the six main topics.

Stakeholder Group	Stakeholders	Methods
Direct economic impact	Senior Management Employees Suppliers Franchisees Business Partners Investors Customers	Online surveys One-to-one meetings Focus group study
Indirect economic impact	Analysts Financial Institutions Media NGOs	Online surveys Literature reviews
New opportunity, knowledge, and approach drivers	Universities	Online surveys Literature reviews



MATERIALITY MATRIX



Very High Priority









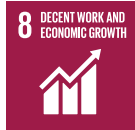




- 1 Water and wastewater
- 2 Customer satisfaction
- 3 R&D and innovation
- 4 Raw material management
- 5 Brand reputation
- 6 Human rights and fair working conditions
- 7 Climate change and energy
- 8 Wastes
- 9 Chemicals management












High Priority




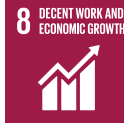

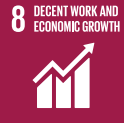





- 10 Digitalization and customer experience
- 11 Talent management
- 12 Supply chain management
- 13 Sustainable products
- 14 Women's empowerment
- 15 Circular economy
- 16 Business ethics
- 17 Risk management











Medium Priority

- 18 Employee loyalty and satisfaction
- 19 Data privacy and security
- 20 Occupational health and safety
- 21 Corporate governance
- 22 Youth empowerment
- 23 Equal opportunity and diversity
- 24 Industry-specific sustainability transformation
- 25 Entrepreneurship
- 26 Biodiversity
- 27 Community investment programs

Importance	Priority aspect	How it is managed?	Related SDG	Place in Strategy and Relevant Section
Very High Priority	Water and wastewater	Production of sustainable products with less water and recycling water from manufacturing processes is promoted.	  	Better.Protect – Ecosystem Restoration
	Customer satisfaction	Customer expectations are met with the right price-quality balance and after-sales service approach to create the “Happiest Mavi Customers”.	 	Better.Transform – Quality First
	R&D and innovation	Mavi aims to offer sustainable products like the innovative All Blue collection, which are made with less water, chemicals and energy consumption and contain responsible materials, to meet customer needs. R&D and innovation activities proceed at full steam to achieve this goal.	  	Better.Transform – Denim Innovation
	Raw material management	Manufacturers are encouraged to make responsible raw material choices to continuously increase the sustainable material content of Mavi products.	  	Better.Transform – Responsible Raw Material Sourcing
	Brand reputation	To maintain and enhance Mavi's global brand reputation, quality across the value chain is never compromised and the stakeholders are included in the sustainability transformation by leveraging brand power.	 	Better.Transform – Quality First Better.Mobilize – Mavi's Impact-driven Transformative Power

Importance	Priority aspect	How it is managed?	Related SDG	Place in Strategy and Relevant Section
Very High Priority	Human rights and fair working conditions	Company policies and the business model guide Mavi in providing fair work environments where human rights are respected for the employees and suppliers.	   	Better.Empower – People-oriented Mavi Culture & Inclusive Business Model and Responsible Value Chain
	Climate change and energy	As part of the efforts to tackle climate crisis, Mavi uses renewable energy in its operations and works with suppliers to focus on energy efficiency. Mavi reduces its conventional raw material consumption and increases the use of raw materials with less climate impact.	  	Better.Protect – Tackling Climate Crisis
	Wastes	Mavi adopts the circular economy approach and works to manage wastes effectively through recycling, reuse, and energy recovery.	 	Better.Protect – Ecosystem Restoration
	Chemicals management	Mavi increases the rate of products that contain less chemicals and prefers to work with manufacturers that hold ZDHC certification.	 	Better.Protect – Ecosystem Restoration

Importance	Priority aspect	How it is managed?	Related SDG	Place in Strategy and Relevant Section
High Priority	Digitalization and customer experience	The shopping and feedback channels are diversified and enriched through digitalization to provide better experiences for Mavi customers and improve customer satisfaction. With the digital transformation that started in 2020 with the move to SAP, Mavi redesigned the operating procedures of all the departments, achieving more efficiency and digitalization in its operations.	 	Better.Transform – Quality First & Denim Innovation
	Talent management	Mavi aims to attract new talent to the company, retain existing talent, and support their development.	  	Better.Empower – People-oriented Mavi Culture
	Supply chain management	ESG performance of the suppliers is audited and monitored and steps are taken to improve their performance.	  	Better.Empower – Inclusive Business Model and Responsible Value Chain
	Sustainable products	With the All Blue collection, less energy, water, and chemicals are consumed and organic, recycled, and upcycled materials are preferred. Mavi aims to expand the sustainable product range and increase its share in revenues.	  	Better.Transform – Denim Innovation

Importance	Priority aspect	How it is managed?	Related SDG	Place in Strategy and Relevant Section
High Priority	Women's empowerment	Mavi seeks to achieve balanced representation of women among employees and managers and focuses on empowering women in the society.	  	Better.Empower – People-oriented Mavi Culture Better.Mobilize – Mavi's Impact-driven Transformative Power
	Circular economy	A circular approach to waste management and work is adopted to reintroduce surplus materials and other waste into the system. Mavi uses recycled and upcycled materials to make innovative products with low environmental impact.	  	Better.Protect – Ecosystem Restoration Better.Transform – Denim Innovation
	Business ethics	Relations with stakeholders are managed based on fairness, transparency, responsibility, and accountability principles in line with Mavi's ethical business approach of compliance with local and international legislation.	 	Corporate Governance – Business Ethics
	Risk management	Mavi manages financial and non-financial risks with an integrated approach, proactively mitigates the risks, and seizes opportunities.	 	Corporate Governance – Risk Management and Internal Control Systems



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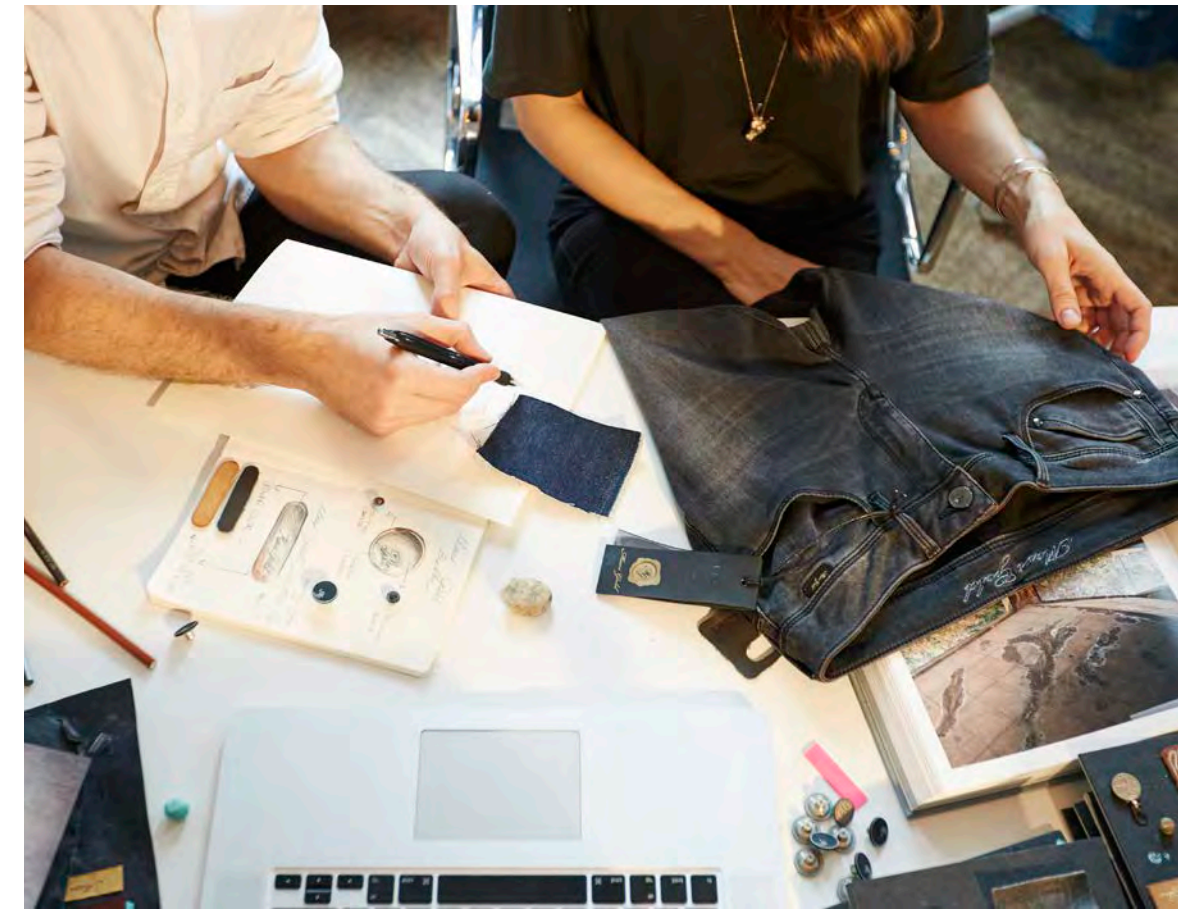
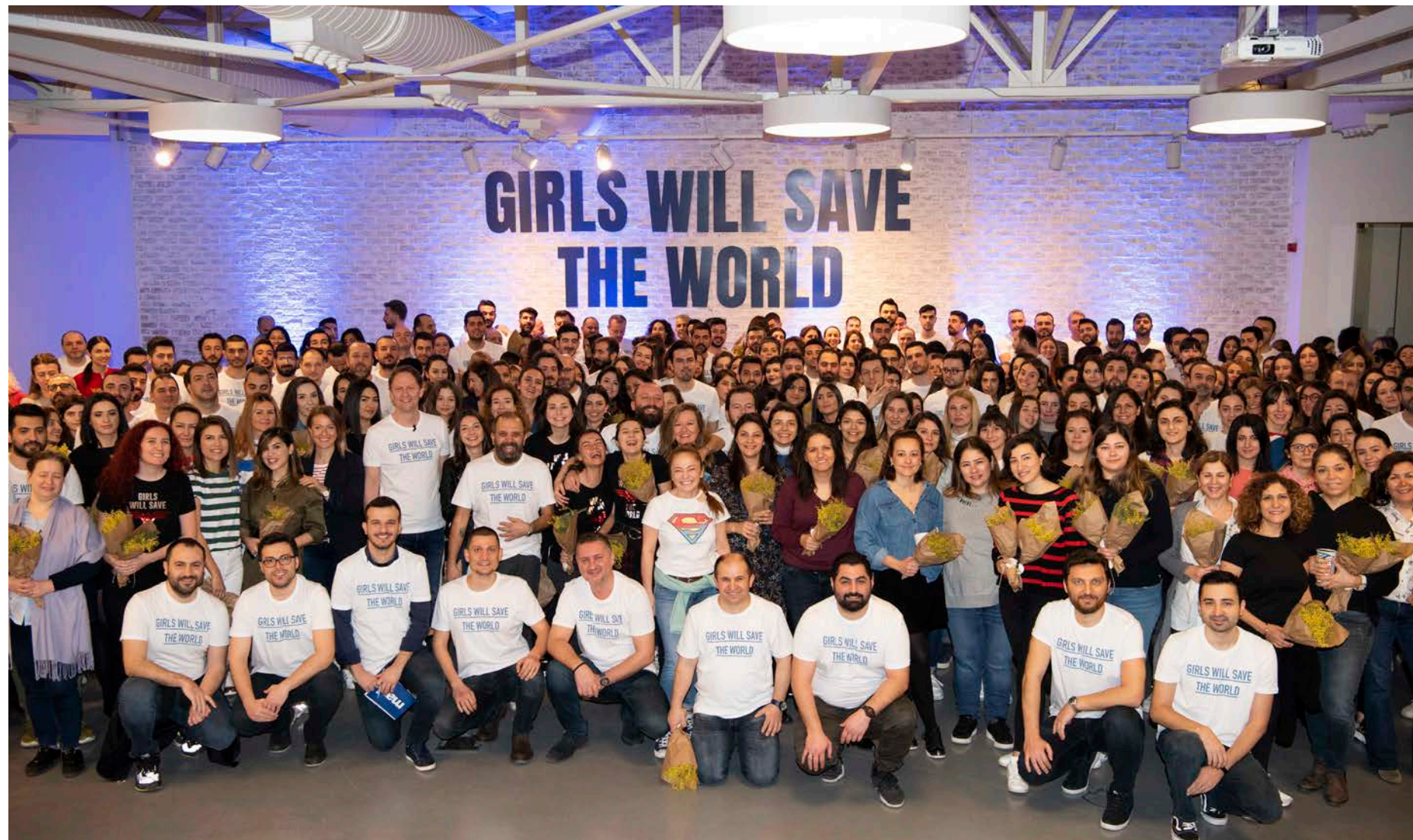
PEOPLE

BETTER.EMPOWER

PEOPLE-ORIENTED MAVI CULTURE

Driven by the people-oriented Mavi culture, transformation for a better future starts in the value chain, and Mavi fulfills its responsibility for providing fair living and working conditions for its employees, suppliers, and business partners. Mavi is empowered by its employees and suppliers who share the company's responsibilities on the journey toward becoming better and support their development.

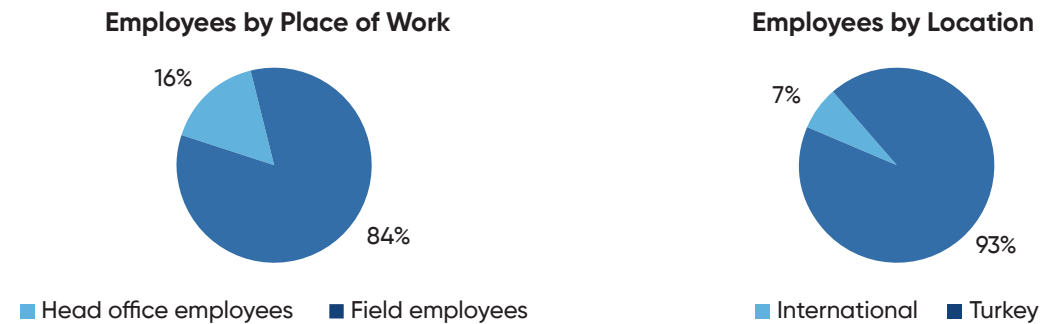
People are at the core of Mavi's work culture. Therefore, the company upholds human rights, respects the differences of its employees, and promotes gender equality in line with Mavi Culture. Furthermore, various practices are introduced to support the employees' professional development throughout their careers at Mavi.



The human resources approach is built on [Mavi's People and Its Principles](#). Mavi provides a work environment where human rights are respected in conformity with the Universal Declaration of Human Rights, United Nations Global Compact (UNGC), UN Convention on the Rights of the Child, International Labor Organization (ILO) conventions, Organization for Economic and Development Cooperation (OECD) Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and applicable laws.

EQUAL OPPORTUNITY AND DIVERSITY

At Mavi, the team of 5,111 employees is provided with a work environment where human rights are respected in compliance with national and international principles. Of the entire workforce, 93% is located in Turkey and 7% in the other markets of operation. Head office employees account for 16% of the total human resource and the field employees for 84%. Mavi offers employment opportunities to the youth and taps into the country's young and dynamic workforce potential. At Mavi, the average employee age is 26, with 78% under 30.



Mavi recognizes that a work environment where each individual is respected and inclusive practices are offered improves efficiency. Therefore, cultural diversity and equal opportunity are promoted. All employees are treated equally in line with the [Diversity and Inclusion Policy](#). In all human resources processes, including recruitment, training and development, performance and talent management, career management, and remuneration, Mavi acts without any discrimination against gender, race, skin color, religious belief, spiritual or political ideology, ethnicity, economic status, sexual orientation, health condition, disability, age, or physical appearance.

Mavi extends its gender equality approach to the career development and remuneration of all the employees, with performance being the only factor to affect differences in remuneration. Base salaries and compensation packages are reviewed regularly to ensure remuneration is not gender-biased. Accordingly, the gender wage ratio in 2021 was 4% in favor of women among store employees and 6% among head office employees (excluding the CEO).

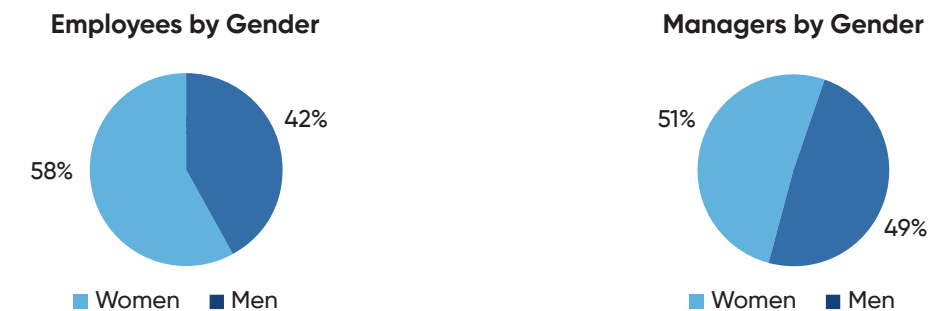
Gender Equality

As part of its sustainability efforts, Mavi remained focused on women's empowerment and became a signatory of the United Nations Women's Empowerment Principles (WEPs) in early 2021. Mavi also joined the 30% Club, a global platform that takes action to increase gender diversity at board and senior management levels. Mavi promotes the active participation of men in addressing all kinds of challenges and biases that cause gender-based discrimination. To serve this purpose, Mavi is a member of the Yanındayız Association, whose

mission is to contribute to the transformation of social life to achieve gender equality. Mavi also proudly supports female university students through the Turkish Education Foundation (TEV) Mavi Scholarship Fund. Participating in such international platforms is a testament to Mavi's commitment to promoting gender equality across all levels of the organization.

Women constitute 58% of the total workforce and approximately 51% of the managers. At the head office, women account for 60% of the employees and 55% of the managers. Mavi strives to ensure a balanced male/female employment ratio both in the head office and in the field. In 2021, women accounted for 61% of all store recruitment and men for 39% and 48% of the managers. As part of the Career Management Procedure, 57% of the employees who were promoted to Maviolog status were women in 2021. The job description of a Maviolog, which is a basis for promotion in the stores, is to enhance the product knowledge of the teammates in the store where they serve, ensure that every customer leaves the store with the right product and combination, and create an excellent shopping experience for the customer. At the head office, 52% of the employees who were promoted to an upper position in 2021 were women.

To encourage women's participation in the workforce and help them achieve work/life balance, all female employees with children in the 1-6 age group are offered daycare support, shuttle, and breakfast. In 2021, 68 employees took maternity leave and 95% returned to work later. Private health insurance, which offers wide coverage and extra child coverage at discounted premiums after birth, is available for women employees. Annual check-up is an added benefit offered to women aged 40 and over. The nursing rooms for female employees who return to work after maternity leave to spend their nursing time in the early period of motherhood were recently renovated in a private, calm and comfortable space. Furthermore, parenting seminars are organized to help mothers and fathers improve in their roles as parents.



TALENT MANAGEMENT

Mavi strives to attract and hire the talent required for sustainable corporate success. The company also aims to tap into the talent within the organization, help them unlock their potential, retain them and train the leaders of the future.

The Human Resources Policy and practices are designed to support Mavi's strategic goals and the performance needed for sustainable growth. All the investment made in human resources aims to reinforce Mavi's objective to become the employer of choice. Mavi's most important asset is its human resource. Therefore, ensuring that the employees work with high effectiveness and efficiency, and achieve ultimate satisfaction, loyalty and motivation, are among the key corporate objectives.

The Mavi Competency Model, introduced within the framework of talent management, defines the competencies and skills needed to drive the company further. This model also defines the personality and behavioral traits that the employees need to display to become the leaders that will support the company's vision.



Attracting and Retaining Talent

Mavi aims to acquire young talent through an effectively planned talent attraction and recruitment process. For this purpose, the company works in close collaboration with universities and student associations and organizes a range of effective activities such as projects, internships, interview simulations, and case studies. Mavi actively participates in career day events on digital platforms, which bring together universities from various provinces across Turkey. Taking part in these platforms allows Mavi to communicate with the students to advise them about career and job opportunities and introduce the company's retail units and business practices. In 2021, the company participated in more than 60 events on digital platforms, reaching 100+ universities and more than 8,000 students in Turkey and engaging with over 60 thousand. The company also provided training programs on interview tips and communication for more than 1,000 students and held interview simulations with 160 students.

The employees' career development is supported through an internal job application system, which prioritizes in-house applications. All vacancies at Mavi are announced on the intranet, which allows the company to give the employees a chance to move between departments and/or stores and the head office. In 2021, 17 store employees moved to head office positions and 436 received internal promotions while seven head office employees changed departments. Mavi also has an International Assignment Program for employees who intend to continue their careers in another country. With this program, Mavi aims to transfer the important knowledge of the head office employees to different cultures to build a wealth of experience and support their career development in the international arena. Since 2016, six employees have benefited from this program and found the opportunity to work for Mavi's international operations.

The Employee Referral Program was introduced in Germany, enabling Mavi employees to refer candidates to vacant positions. One third of the employees hired by Mavi Europe in 2021 were acquired through this program.

All the complaints and feedback received from the employees are carefully considered. Some issues communicated through the Ethics Line concern human and employee rights, while some are related to human resources practices. Certain measures have been introduced to resolve these issues with a sustainable approach. Meetings were organized at regular intervals to prevent ethics violations complaints that may be reported by the stores and enable the store managers to be better informed about the issues communicated to the Ethics Line.

Performance Management

Talent management at Mavi includes a systematic assessment of the employees. To plan HR management processes accordingly, a performance management system based on objective criteria is applied in the annual performance assessments. The results obtained from these assessments are taken into consideration in career planning, identifying development needs, and establishing performance-based remuneration. Annual performance assessments provide all employees with feedback on their development and career plans.

As part of career planning, 522 people, including 86 head office employees and 436 store employees (261 sales representatives, 73 Maviolog employees, 60 assistant store managers, and 42 deputy store managers) were promoted to one higher position. The employee turnover rates were 15% (12% voluntary) at the head office and 73% (59% voluntary) in the stores. In 2021, the ratio of high-performing mid-level and higher managers who resigned was 10%.



Total Compensation

Mavi continuously strives to improve the compensation and benefits offered to encourage the employees' positive performance and ensure their satisfaction and loyalty.

Total Remuneration and Benefits

Mavi supports its employees with competitive remuneration and benefits that reward high performance. At Mavi, remunerations are aligned with the company's ethical values, internal balances, and strategic goals while making sure that the employees are compensated in accordance with the highest standards and for their performance and the value that they create. Mavi aims to ensure that a remuneration policy of similar pay for equal work is applied and individual differences are based on performance. Therefore, different remunerations

are not applied for male and female employees. On the other hand, the company monitors the economic conditions regularly to ensure that the employees maintain their positions in the job market and keeps the compensation packages balanced and competitive. Furthermore, Mavi strives to meet the employees' social needs and raise their working and living standards by offering a variety of fringe benefits, including personnel shuttles, lunch, private health insurance, company vehicle, Kartuş discounts, breakfast, and day care support, birth, and marriage subsidies, etc. Depending on the position and job categories, private health insurance, family benefits and annual check-ups can also be offered. A workplace physician is available to employees at the head office two days a week and a nurse every weekday.

The monthly salaries are determined on the basis of market and/or industry conditions, inflation rates, the employee's position, tenure in the company, qualifications, and individual performance. Base salaries are revised and determined annually following the recommendations of the Corporate Governance Committee. Salary surveys conducted by independent consulting firms are also taken into account in every pay raise period.

Monthly Sales Commissions

Monthly sales commissions are an integral part of Mavi's compensation system, which rewards the store employees' commitment to certain criteria, including customer satisfaction (Happiest Mavi Customer), product reviews, store coordination, new customer acquisitions, and sales results.

Annual Bonuses

The objective of bonus payments is to improve the efficiency of the executives to reach the corporate targets, ensure the sustainability of performance, distinguish successful executives by emphasizing individual performance, and reward the executives who create added value for the company. Bonuses are paid if the EBITDA target set for the calendar year and approved by the Board of Directors is exceeded and in proportion to the extent that individual executives meet their own KPIs. Some of the top executive level KPIs include net indebtedness, opex management, inventory turnover, sell-through and mark-down ratios, new customer acquisition, new store ROI and ramp-up management, and capex management.

Long-term Incentives

The Board of Directors may grant executives with administrative responsibilities a performance-based long-term incentive by taking into account the net profit and share price targets set for a period of three years ("Incentive Period") in accordance with the principles defined by the Board itself. Mavi announced its short, medium and long-term ESG targets in 2021. These targets are integrated into the performance criteria of the long-term incentive allowances of all senior management positions.

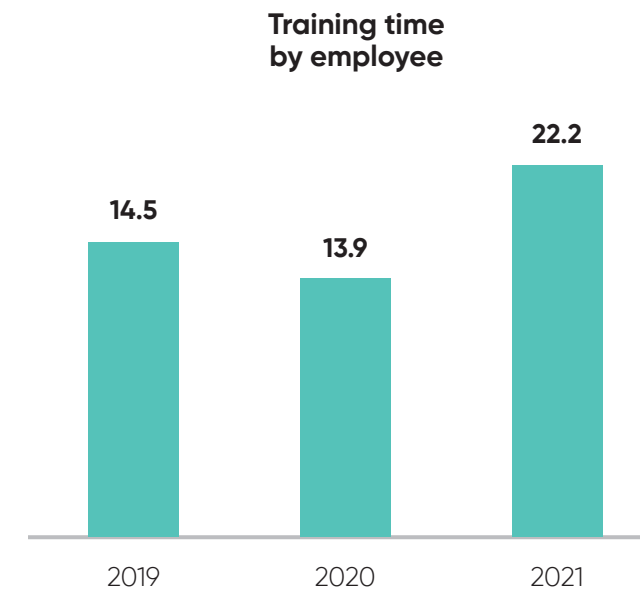


EMPLOYEE DEVELOPMENT

Mavi's brand identity as an industry leader is driven by its strong human resource, which continually helps the company move forward and keeps pace with change and innovations. Accordingly, the employees are offered various learning and development opportunities to improve their skills throughout their careers.

The company's approach to in-house training has evolved from basic to personalized and targeted training programs. The requirements for training and development programs are identified according to the performance system results and by conducting needs analyses via one-to-one interviews with all department managers. Accordingly, individual development plans consisting of professional, technical, and personal development training modules are designed for all employees in line with the Mavi Competency Model. The employees are provided with opportunities to attend conferences, seminars, and summits on a range of subjects in Turkey and abroad. In addition, the employees are also offered foreign language support.

Various tools are developed to leverage digital resources in training programs. In this context, the company compiled a Digital Training Library, created video training programs, and designed online Manager Development Programs. In 2021, total training time was nearly 114,000 hours, with an average of 22.2 hours of training per employee.



Development of Head Office Employees

Mavi offers training opportunities to the head office employees for their professional, technical, and personal development and support them with classroom trainings, while planning and encouraging their participation in events such as summits, seminars, and conferences. The training programs are designed for individual development based on basic and functional competencies to help the participants understand the behaviors expected of the employee, display the behaviors required for the role and prepare for the next role. In 2021, 451 head office employees took 11,392 person x hours of training.

Furthermore, onboarding programs are delivered to help the newly recruited employees become familiar with corporate culture, the company's operations, organizational structure, and practices so that they can adapt more easily to their new responsibilities.

A Development Handbook is provided for all competency levels defined in the Mavi Competency Model, which includes developmental activities that the employees can apply at work and in their free time. This handbook promotes behavioral change through activities that support various aspects in both professional and personal life.

The sales teams are also supported with the Turkey Sales Group Development Center App, Regional Manager Development Program, and "Haydi Sahaya" ("To the Field") programs to encourage head office employees to visit the stores.

Leadership Development Model with the MaviKampüs program

The MaviKampus program was launched in 2016 to support the personal and professional development of the managers that will drive Mavi's strategic goals further. In 2021, this program, carried out in partnership with Koç University, expanded with the retail expertise of Sabancı University and Harvard Business Review's digital subscription. The program, featuring a modular structure to accommodate digital learning methodologies, is based on Mavi's leadership development model and strategic priorities. The program, delivered as a 12-day classroom training, aims to equip the participants with knowledge, skills, and experience to become market-driven leaders with global awareness and social responsibility in an evolving and developing world, able to make informed decisions for strategic targets. In 2021, 26 employees participated in the program.

Mentoring Program

A mentoring program has been launched to build on Mavi's corporate culture and pass on knowledge and experiences to new generation employees. The program provides personal and professional development opportunities through interaction between the mentor and mentee. In 2021, 15 mentees and 12 mentors actively participated in the program.

Sustainability Training Programs

During employee onboarding, Mavi provides information on its ESG policies. The employees are informed about the content of the policies and where they can find them. As part of the Environmental Management System, the company also communicates the environmental criteria that the employees should observe in the working environment.

In 2021, a group of 120 people, including senior management, the Sustainability Committee, and volunteers, took a 10-week sustainability training provided by Boğaziçi University Lifelong Education Center. The training, which consisted of 10 modules, covered topics such as the basics of sustainability, system transformation, integrated approach and ESG management, innovation, intrapreneurship, volunteering, and inclusivity and diversity. Mavi aims for more employees to benefit from the trainings in the times to come.

Technology and Product Development Training Program

Mavi partnered with Marmara University and launched the Technology and Product Development Training Program to enhance the technical knowledge of the design and product development teams. 72 people participated in the Sustainable Fibers and Textile Applications module, 45 people in the Antimicrobial Fibers and Textile Applications module, and 47 people in the Microcapsule Based Textile Surfaces module. Furthermore, a training program consisting of five modules – Brazilian Fashion, Ecological Printing Technique and Application Stages, Sustainable Fashion Design, Biomimicry, and Sustainability in Textiles – was introduced in collaboration the Department of Fashion and Textile Design at Eskişehir Technical University.

In-house Trainer Development Program

Mavi launched the In-house Trainer Development Program to promote a continuous learning and development environment and benefit from the employees' expertise by enabling them to share their know-how with others. In 2021, 13 in-house trainers prepared digital training content and shared their expertise with the other Mavi employees.



A New Leader Development Program

Seven young talents of Mavi participated in A New Leader Development Program, organized in collaboration with Yenibirlider Association and Boğaziçi University. The 72-hour program, which addresses 13 topics, aims to assist young professionals in gaining knowledge, understanding, and skills through classroom training, mentoring and coaching support.

Go Mavi Culture

As part of Go Mavi culture, which aims for continuous progress and development, Mavi creates various working and project groups with the employees and organizes extensive monthly, annual, and seasonal meetings to encourage employee participation in management.

- **MassMavi meetings:** Open to all head office employees, these meetings provide a platform for departments to share their monthly business plans.
- **Management Forum meetings:** The company's activities over the previous six months are presented at these biannual meetings, open to all head office employees.
- **Marketing Direction meetings:** These are seasonal meetings where brand strategy and priorities are evaluated together with customer, market, product, and competition analyses and results are shared with the management teams, particularly the sales and category departments.
- **GoMavi:** This refers to the working/project groups that consist of a multidisciplinary team with members from all functions within the company including mid-level and senior managers in line with the GoMavi culture. These working groups convene at the GoForward meeting held at the beginning of each year to determine Mavi's priorities and goals and continue to work in coordination with the teams to meet the set targets.
- **Field Strategy and Goal Meetings:** Outdoor meetings for store managers and assistant store managers. Through presentations by directors about the company's strategies, common goals are set and a common culture is built across Mavi.

Even though many of the routine meetings with wide participation could not be held due to COVID-19, the frequency of online MassMavi meetings increased to maintain continued communication with the employees.

Adding Variety to Work Life with GoSocial

Mavi organizes a range of arts and sports activities to reinforce the sense of belonging and team spirit among the colleagues and enhance their social life. The social clubs

established under the GoSocial umbrella include yoga, photography, sailing, painting, handcrafts, and rowing clubs. The employees also represent Mavi at various intercompany tournaments such as basketball, running, bowling, and tennis throughout the year. In 2021, club activities could not be actively carried out due to the pandemic; however, yoga, painting, and handcrafts classes continued online.

Development of Store Employees

Creating the happiest Mavi customers is the foremost priority of the field teams. An intensive training program is delivered throughout the year to ensure that store employees provide world-class service to Mavi customers.

In addition to classroom training on onboarding, store responsibilities, and team management, on-the-job training and digital trainings for store managers, function-specific training programs are provided for leadership development. The mentoring program in the Head Office has been extended to the field since last year, with 21 mentees including store managers, regional managers and sales managers participating so far.

The Store Manager Development Program offers the store managers an opportunity to improve their knowledge, leadership skills and technical competencies in line with strategic priorities. Furthermore, assistant store managers, Maviolog employees, sales representatives, cashiers, and warehouse workers receive orientation, classroom, on-the-job, and digital training throughout the year. To date, 128 different training contents were delivered via Mavi Connect, the digital training and communication platform, to support the development of the employees' technical and behavioral skills.

Maviolog

The job of a Maviolog is to enhance the product knowledge of the teammates in the store where they serve, ensure every customer leaves the store with the right product and combination, and create an excellent shopping experience for the customer. The employees to serve as Maviologs are selected very carefully and trained specifically to provide customers with product and style advice in line with Mavi's identity as a denim specialist and fashion brand. Three apps in the concepts "What to Recommend Today," "Grab and Go" and "Where Are We Going?" are used to reinforce theory with practice. As part of the program running since 2012, the number of Maviolog employees working at Mavi stands at 208 as of year-end 2021.

Secret Customer Surveys and Field Development

Secret customer surveys are conducted 12 times a year to assess the performance of the field teams and the results are regularly monitored by the sales, marketing, training,

and HR teams. In 2021, a total of 3,447 secret customer visits took place in more than 380 stores in 72 cities. In all the visits, Net Promoter Scores (NPS) were measured in objective and subjective standards. Accordingly, the development areas and the stores that have room for improvement were identified and training was planned.

EMPLOYEE ENGAGEMENT

Mavi has developed a suggestion system to encourage the active participation of the employees in the decision mechanisms and to benefit from innovative ideas. All the suggestions submitted to the suggestion/comment section of the Maviletisim platform are collected and evaluates systematically. The field team can also submit their suggestions and complaints via the "Jean Fikir" ("Jean-ious") section on the Mavi Connect app.

According to the results of the employee satisfaction survey conducted among Mavi employees in 2021, the employee satisfaction score was 80% in the stores and 78% in the head office. The employee engagement scores, which is another output of the same survey, were 77% and 76% among store and head office employees, respectively. The consultancy firm that conducted the survey analyzed the results and submitted a report with their evaluations. The report was shared with both the senior management and all employees. Based on the evaluations, workshops will be organized while the company also has plans to carry out activities and projects to improve satisfaction levels in light of employee suggestions.

HEALTHY AND SAFE WORK ENVIRONMENT

Mavi's top priority is to create and provide a secure, healthy and peaceful workplace that complies with environment and occupational health and safety. Therefore, activities are designed to foster a culture of occupational health and safety (OHS) beyond legal requirements and manage the process with a systematic and proactive approach. The Occupational Health and Safety Committee is tasked with ensuring that occupational health and safety practices are implemented. This committee manages OHS-related processes including regular review of the occupational health and safety practices, recommends improvements and enhancements, and ensures regulatory compliance. The senior executive responsible for occupational health and safety is the Chief Human Resources Officer (CHRO), who reports directly to the CEO.

Risk analyses are conducted and emergency action plans are made by OHS specialists at the head office and stores, and preventive measures are implemented based on the findings. OHS performance is monitored regularly and no workplace fatality has occurred at Mavi with only some minor incidents reported.



Occupational Health and Safety Performance	2019	2020	2021
Injury rate (IR)*	0.16	0.28	0.63
Occupational disease rate (ODR)	0.00	0.00	0.00
Lost day rate (LDR) **	0.82	1.63	2.14

* Injury rate is calculated using the formula (number of lost time accidents / annual total working hours) x 200,000.

** Lost day rate is calculated using the formula of (absenteeism due to injury / annual total working hours) x 200,000.

During the recruitment process, the candidates are asked to provide health information and health reports confirming suitability for the job. A workplace physician and OHS specialists are available to provide assistance to employees when needed. Employees in management and higher positions are entitled to private health insurance at the time they start their jobs while store managers, deputy managers, and assistant managers earn this right six months into their jobs.

Training sessions are held to reinforce and raise occupational health and safety awareness. Training content also includes information on specific occupational health issues such as back pain, lumbar and neck disorders. In 2021, head office and store employees received a total of 27,576 person x hours of OHS training, averaging 8 hours per person while employees of the subcontractors took 736 person x hours of training. The training sessions are repeated at regular intervals.

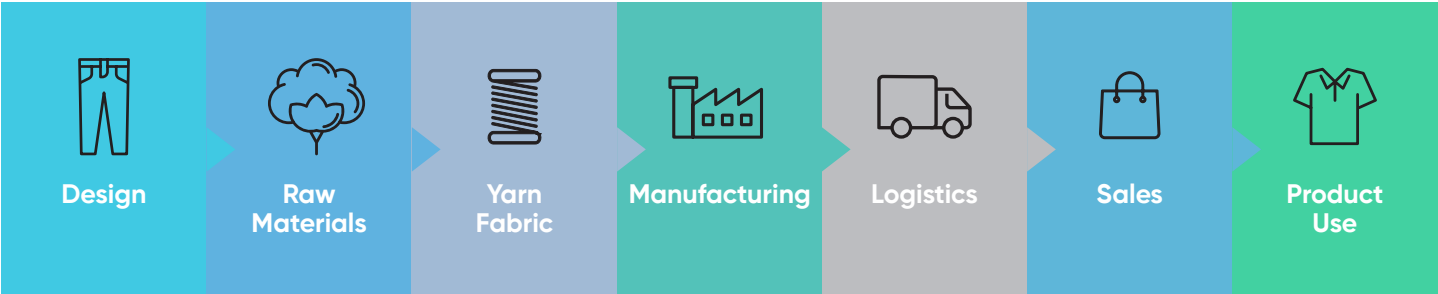
To enhance workplace ergonomics, Mavi implements various practices to improve lighting and indoor air quality, optimize noise, humidity and heat levels and upgrade equipment.

INCLUSIVE BUSINESS MODEL AND RESPONSIBLE VALUE CHAIN

As a denim-centric ready-to-wear company, Mavi does not engage directly in any production activities. However, the company works with over 120 responsible suppliers with world-class production capabilities through its global sourcing network and 485 sub-suppliers through these suppliers.

In addition to using general parameters such as product and service quality and capacity, Mavi applies various performance criteria, including quantity and revenue volume, speed and flexibility, contribution to collections, unique product creation capability, risk level, scope, compliance, and cooperation to evaluate and select strategic and critical suppliers. Furthermore, Mavi expects its entire value chain, especially the 18 strategic and 38 critical suppliers, to comply with and contribute to its sustainability goals and objectives.

Implementation of the established ESG principles and standards across the value chain is important to Mavi. Accordingly, the company adopts an inclusive business model to improve the sustainability performance of all suppliers and support their development. The suppliers are audited to achieve traceability across the supply chain.



Responsible purchasing strategies and actions are a critical part of sustainable value chain management. As part of its sustainability strategy, Mavi strives to ensure traceability and continuity across the supply chain by developing innovative, inclusive, and sustainable practices that can be applied throughout the value chain. During the pandemic, production continuity was ensured by quickly introducing measures across the value chain, while protecting human health remained the top priority. In these trying times, Mavi supported its suppliers and business partners in various ways, focusing on the resiliency of the supply chain and enabling the suppliers to continue their businesses.

SUSTAINABILITY IN THE SUPPLY CHAIN

In all its activities, Mavi aims to offer quality and innovative products by considering ESG responsibilities. The relations with suppliers are regulated by the [Supplier Code of Conduct](#) and Global Purchasing Principles. These guidelines, used to monitor the ESG performance of the suppliers, are in conformity with the Universal Declaration of Human Rights, the International Labor Organization (ILO) conventions, and the 10 Principles of the United Nations Global Compact (UNGC). Mavi only works with suppliers that meet the high standards defined for supply chain management and supports their continuous development. The majority of Mavi's production takes place in Turkey and nearly 80% of the suppliers are local manufacturers. The company also supports the socio-economic development of the country by making 79% of its total payments to local suppliers.

SOCIAL COMPLIANCE AUDITS

Mavi conducts social compliance assessments for all the new suppliers that join the supply chain and only works with those that pass these inspections. Child labor and fire safety are crucial issues for Mavi, which therefore does not work with suppliers that fail to comply with the related practices. Furthermore, the business relationship with any existing supplier is terminated if such non-compliance is determined. In addition to the Supplier Code of Conduct and Global Purchasing Principles introduced in March 2017, field and documentation audits have been conducted with suppliers and their subcontractors in all production categories since June 2017. The Social Compliance Department positioned under the Quality Assurance Department conducts inspections to determine social compliance in suppliers. These inspections focus on identifying the extent that the suppliers apply and comply with restrictions and regulations in areas such as child labor, health, safety, and the environment, working hours and payments, forced labor, the right to association and collective bargaining, discrimination, discipline, and management responsibility as required by international standards. Compliance with the Social Compliance Criteria established within the framework of ILO conventions, local legislation, and internationally accepted reporting standards (such as BSCI, SMETA, SA8000), including environmental criteria established under local legislation, management systems, operational efficiency, product safety, and risk assessment is verified by an integrated audit structure.

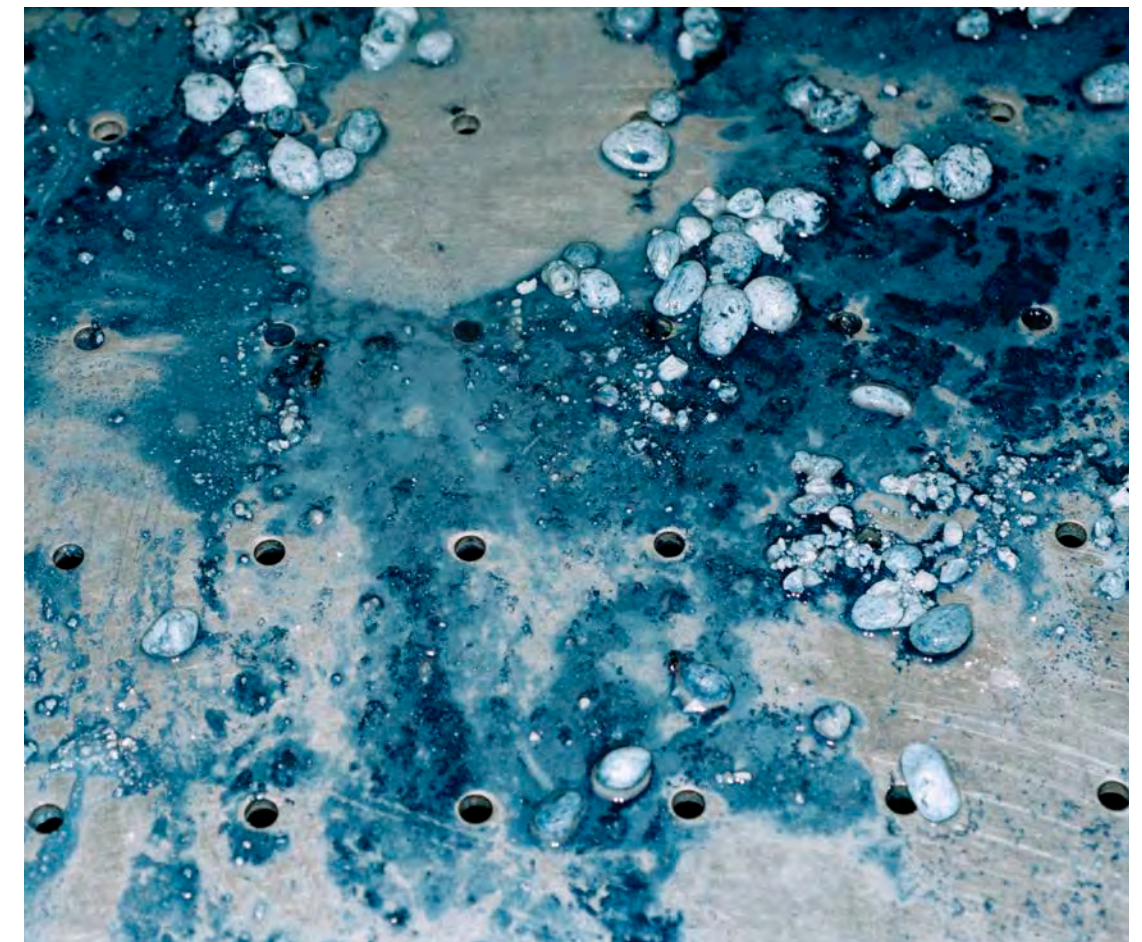
Due to the pandemic restrictions, the social compliance audits were restructured. To ensure the continuity of these audits, self-assessment forms covering the COVID-19 compliance criteria, and in particular the topics specified as critical in the audit procedure, were shared with all local and international suppliers and their subcontractors. Then, a more comprehensive self-assessment survey, including the sustainability criteria, was conducted in the first half of 2021. The survey consisting of 160 questions was sent to 396 suppliers. To analyze the social and environmental sustainability performances of suppliers based on

their answers to the survey, a scoring scale was prepared. Next, each supplier responding to the survey was scored in terms of their social and environmental risks. This analysis served as a guide for determining the scope of the future environmental audits and the suppliers with high ESG risk.

The audits were paused in 2021 due to the pandemic. On the other hand, 100% of the new suppliers were assessed for social compliance before starting production. All new suppliers and sub-manufacturers are subjected to full documentation review and asked to provide site photographs and documents in accordance with OHS practices and Labor Law before they are approved for production. During the audits, suppliers are regularly informed about the requirements of Mavi's corporate social compliance procedures, broken needle policy, fire safety, follow-through actions and given feedback to improve their ESG performance.

In international markets, Mavi only works with suppliers who are members of programs such as Business Social Compliance Initiative (BSCI) and Supplier Ethical Data Exchange (Sedex).

ERAK, one of the two major producers of Mavi in Turkey in terms of production volume and revenues, holds BSCI certification while the



other, TAYEKS, has BSCI and Sedex certificates. The purpose of these certifications and audits is to minimize environmental impact by prioritizing the health and social security of the employees across all production processes. Mavi accepts such certificates only if the audits of institutions like Sedex and BSCI are valid for at least one year and their results are favorable.

ERAK and TAYEKS are also included in the Higg Index, developed by SAC (Sustainable Apparel Coalition), which provides the tools to measure the sustainability performance of a company or product.

Mavi also takes actions to improve environmental performance in the supply chain. Please see the [Water, Energy, and Chemicals Management with the Suppliers](#) section for more information on this topic.



4.6

PLANET

BETTER.PROTECT

BETTER.PROTECT

As a denim-centric brand, Mavi sees the protection and restoration of what nature offers us as a fundamental responsibility. Accordingly, the company promotes a net-zero business model by tackling the climate crisis to protect natural resources and restore the ecosystem.

The majority of the impact that the apparel industry has on the environment is created in the raw material sourcing and textile production stages. However, the scale that the climate crisis, environmental pollution, and biodiversity loss reached calls for all to take action, regardless of their operational capacities. Mavi takes steps and develops projects and applications to improve its environmental performance related to water, waste, biodiversity, and in particular climate change. The company also complies with environmental laws and other applicable regulations and discloses its compliance efforts.

In its environmental investments and expenditures, Mavi aims for effective management of natural resources and protection of biodiversity, with particular focus on the efforts to tackle climate change. In 2021, the company's investments for these purposes amounted to TL 15.2 million.

B
CDP Climate
Change Program
score

15.2 million
TL investment

5,968
tonnes
CO₂ eq. emission
reduction

TACKLING CLIMATE CRISIS

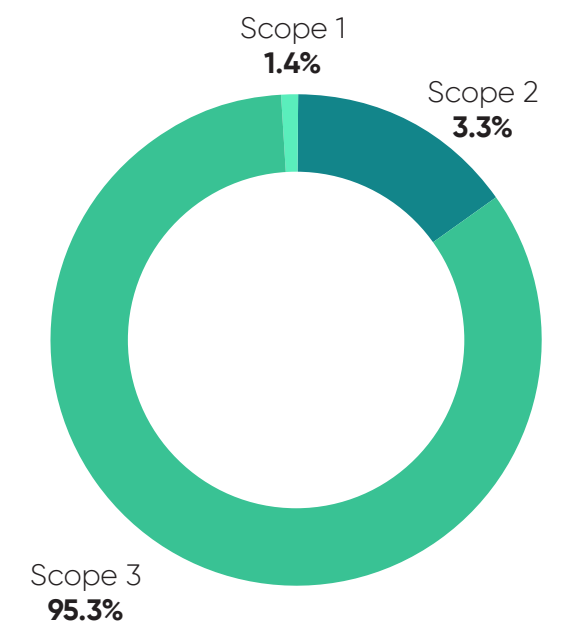
The textile industry is responsible for generating significant amount of greenhouse gas emissions across the value chain, from growing cotton in the field to the final product sold to the consumer. In tackling the global climate crisis, Mavi's focus is on reducing its carbon footprint along the entire value chain. Therefore, the company involves its suppliers in the process to encourage the reduction of environmental impact of their production, designs collections with innovative and sustainable products, and works to gradually increase the share of these products in total sales revenues. In addition to making more investment in renewable energy, Mavi also launches pioneering projects, such as the eco store with a focus on energy efficiency. In 2022, Mavi was granted ISO 14001 Environmental Management System certification for its head office building in Turkey.

Reducing Carbon Footprint

Mavi became the first Turkish apparel brand to disclose its carbon footprint transparently by submitting its report to the Climate Change Program, run by CDP (Carbon Disclosure Project), the global disclosure system, and received a score of B in environmental performance. Based on the detailed analyses drawn from the report, the company also earned A- in the Supplier Engagement Rating (SER). This rating aims to enable companies to measure the impact of their suppliers on climate change. In 2021, in Mavi's second submission to the program, which is open to all publicly traded companies in Turkey and which stands out as one of the world's most trusted scoring methodologies, the company outperformed the global industry average in terms of both the CDP score and the SER rating. In 2021, the company's energy efficiency and renewable energy purchasing projects resulted in eliminating 5,968 tonnes of CO₂ eq. emissions per year.

In 2021, Scope 1 emissions, the greenhouse gas emissions from directly owned or controlled sources, such as fuel consumed by vehicles or heating buildings, were measured as 2,465 tonnes of CO₂ eq. Meanwhile, Scope 2 greenhouse gas emissions from the consumption of purchased electricity, heating and cooling amounted to 5,570 tonnes of CO₂ eq. (location based). The other indirect greenhouse gas emissions from employee transportation and business trips, waste management, and purchased goods are included in Scope 3. The Scope 3 emissions, which make up 95.3% of Mavi's total emissions, were measured as 162,898 tonnes of CO₂ eq.

2021 Greenhouse Gas Emissions
by Category

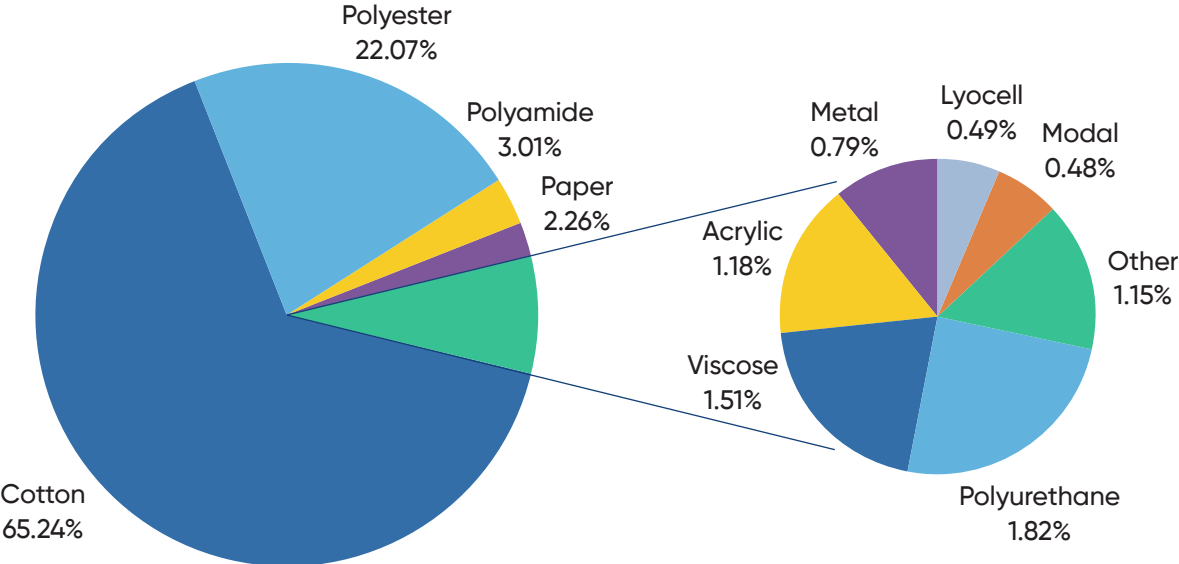


Carbon Disclosure Project

In addition to the CDP Climate Change Program, Mavi also started responding to the Water Security and Forests Programs in 2021. These programs will enable Mavi to focus on water and raw material consumption across the supply chain and identify its risks in these areas. The company also aims to engage in partnerships for mapping risks and reducing its environmental impact through increased efficiency in water and raw materials.

Mavi is the first Turkish company to respond to the CDP Forests Program, which allowed the company to map its approximate material/raw material footprint. Accordingly, around 87% of Mavi’s footprint consists of polyester and cotton alone. Mavi aims to concentrate on these fibers, expand the scope of mapping, and achieve progress toward its sustainable raw material target.

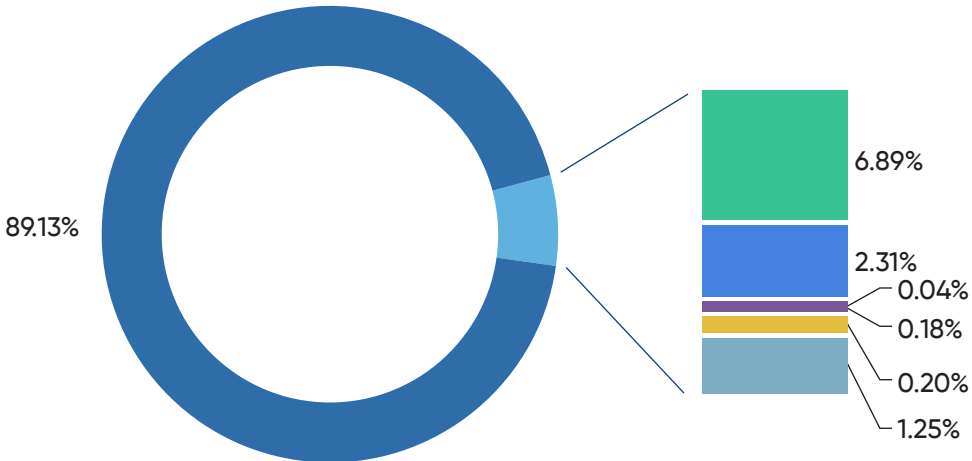
Material Footprint



In its submission to the 2021 CDP Climate Change Program, Mavi expanded the scope of the report by including its international operations. Furthermore, including greenhouse gas emissions from its material footprint in the Scope 3 reporting brought Mavi one step closer to an emission profile that fully reflects its value chain. The next goal is to include greenhouse gas emissions from the production processes of the non-denim products.

In addition to these programs, Mavi also helps its business partners manage their environmental impact with the CDP Supply Chain Module. Accordingly, the specific carbon footprint of 11 products out of the 43 denim items included in life cycle assessments were shared with a business partner, enabling them to measure and better manage their Scope 3 emissions in 2021.

Mavi's Scope 3 Emissions



- Purchased goods and services
- Energy and fuel emissions not included in Scope 1 and Scope 2
- Upstream transportation and distribution
- Operational wastes
- Business trips
- Personnel shuttles
- Franchisees

Renewable Energy and Energy Efficiency

Mavi takes significant steps toward purchasing renewable energy to reduce carbon emissions created through electricity consumption. Accordingly, a renewable energy purchasing agreement was signed with Selenka Energy to use electricity from renewable sources where possible. As of January 2021, wind energy is used at the head office and 101 Mavi stores, where electricity meters are controlled by Mavi. With the company’s guidance, fifteen franchisees also voluntarily chose to source their energy from wind farms.

Remote Energy Management System

In 2019, Mavi partnered with Reengen, an IoT (Internet of Things) platform for integrated energy, to conduct an energy efficiency and management study in 10 pilot stores. With the pilot study delivering positive results, the scope of the agreement was expanded in August 2020 to cover all Mavi stores and the head office, resulting in eliminating unnecessary energy consumption this year as well. With the Reengen system and deployment of alert devices along with increased user awareness, energy consumption in the stores decreased by 6% in 2021. The installation of the Reengen system also allowed the company to monitor the energy consumption amounts in the shopping mall stores that do not have electricity meters controlled by Mavi. Since 2021, full energy consumption data has been reported with actualized values.

Mavi Eco-Store Concept

To reduce the environmental impact and in particular the carbon footprint of its stores, Mavi designed a sustainable store concept and opened its first eco store at the Zorlu Shopping Mall in Istanbul. The store, featuring an architectural design focused on consuming less energy and using less raw material, was built with materials with sustainability and greenhouse gas emission certifications.

The efficiency results of this store demonstrate that an eco-store consumes 25% less energy and 20% less water than a standard Mavi store and is built with 30% less raw materials.



- Aisle systems were redesigned to reduce the total quantity of materials used in the construction of the eco-store. The new design features lacquered MDF panels, cabinet style product sections, raw OSB and natural coated walls instead of plaster primer and paint, as well as naturally painted cork wall tiles and two-dimensional section and column systems.
- With a new, industrial ceiling design, many systems and materials used in the old store design were eliminated, reducing resource consumption. The ventilated air is released directly into the store through the open ceiling system, preventing capacity loss in the process. More efficient lighting fixtures resulted in reduced electricity consumption while the waste heat generated by the luminaires in the store also decreased.
- In the design process of the eco-store design, the life cycle assessment reports of the selected products, required to have international sustainability certifications, were studied and the locally produced options were prioritized.

THE ENVIRONMENTAL IMPACT THAT ONE PAIR OF TESS GOLD LUX MOVE TENCEL™ JEANS CREATES DURING PRODUCTION

(EXCLUDING THE LOGISTICS, SALES AND CUSTOMER EFFECTS)



CLIMATE CHANGE



(CARBON FOOTPRINT)
7.64 KG CO₂ EQ.

30KM DRIVEN BY AN AVERAGE CAR.

WATER CONSUMPTION



861 LITRES

WATER USE OF AN AVERAGE PERSON IN TURKEY FOR 3.8 DAYS.

LAND USE



3 M²/YEAR

TWO PEOPLE HOLDING HANDS TOGETHER WOULD MAKE ONE SIDE OF A SQUARE THIS SIZE

EUTROPHICATION



0.0132 KG PO₄ EQ.

ACIDIFICATION




32.3 GRAM SO₂ EQ.

OZONE LAYER DEPLETION



8.69 X 10⁻⁷ CFC-11 EQ.

PHOTOCHEMICAL OXIDATION



1.5 GRAM C₂H₄ EQ.

People-focused Lighting and Its Effects Study

Mavi works to introduce more efficient and healthier lighting systems by utilizing LED lighting technologies in the stores. Accordingly, the visual architecture team developed a project to study how the lighting in the stores where employees and customers spend long periods affect human health and performance. With the project, launched in response to the call for "On-Demand R&D" as part of TÜBİTAK-TEYDEB's Innovation Grant Program, the effects and interconnection of changes in light colors and luminous intensity with employee performance and customers' shopping behavior are studied. This helps Mavi save energy in luminaires through the use of automated lighting systems and LEDs in the stores. Mavi also aims to create a healthier and more comfortable shopping experience for its customers and a more efficient work environment for its employees while strengthening its industry leadership in this field.

Life Cycle Assessment

In 2021, Mavi continued to carry out Life Cycle Assessment (LCA) studies to identify the environmental impact of its products. Life Cycle Assessment involves calculating and reporting how a product, service, process, or activity affects the environment throughout its life using a specific methodology. This enables scientific calculation and reporting of the products' environmental impact across all the related production, shipping, consumer use, and waste disposal processes. This approach also facilitates the decision-making process by considering sustainability starting from the design stage of the product.

As a denim-centric lifestyle brand, Mavi prioritized denim products in the LCA studies. The fabrics used in the denim orders of 2019 were analyzed in detail and 50 fabrics that constitute more than 50% of the fabric consumption were identified. The fabric selection included samples of the most common textile materials used in Mavi products, fabrics with sustainable raw material content, and fabrics of the items sold in all markets where Mavi operates. Then, 12 domestic and international suppliers that produced these 50 fabrics were contacted to exchange data and build life cycle inventories. The data obtained enabled Mavi to build a significant fabric database, which will form the foundation of the life cycle inventory of several products.

Once the database was built, 70 products that best represent these fabrics were identified and the life cycle inventory of these products was created on the garment side in collaboration with ERAK, Mavi's strategic business partner that supplies 70% of the denim production. Next, Mavi worked with two major accessory suppliers to create the inventories of 85 different denim accessories. This study allowed the company to differentiate between the impact of accessories such as buttons, rivets, plackets, flaps, and snap fasteners.

Using the information compiled in the inventory, environmental impacts including global warming potential (carbon footprint), eutrophication, acidification, ozone layer depletion,

photochemical oxidation, cumulative energy demand, and water consumption during the manufacturing processes of the 43 Mavi products selected in 2020 were calculated.

A further LCA study was conducted in 2021 to compare the environmental impact of the components of denim products. This study enabled Mavi to compare fabrics, rivets, inner and back labels made of different materials according to the environmental impact, guiding the design process of a new collection slated for launch in 2022 with superior environmental performance.

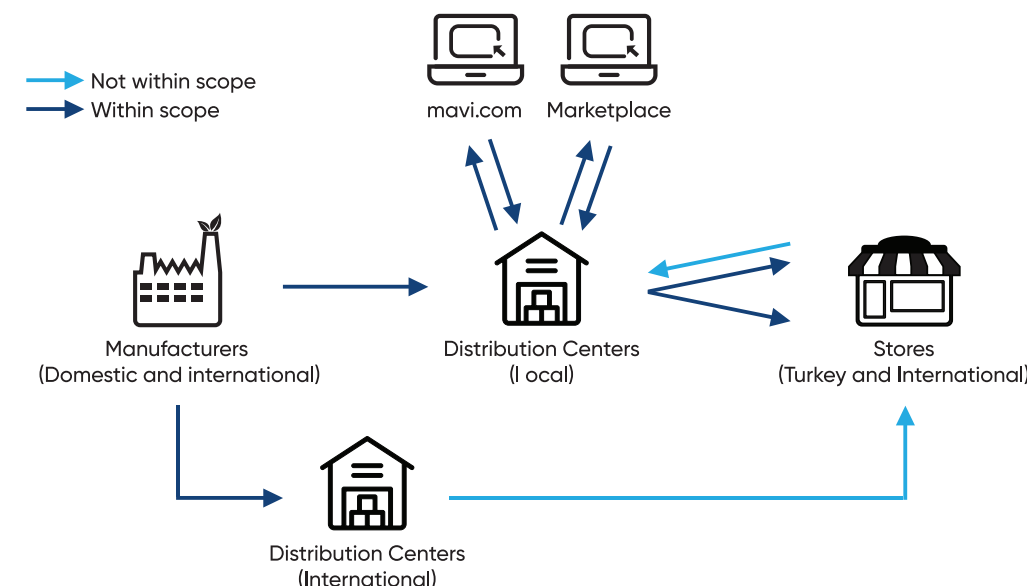
Using LCA, the environmental impact, and in particular the carbon footprint, water consumption and environmental footprint of the products was analyzed in detail, drilled down to production stages. In addition to offering a roadmap, these results also provided direction to the denim design and product development teams to consider reducing environmental impact in their decision-making processes. This inventory now enables Mavi to compare the environmental impact of fabric suppliers and their different fabrics. As the LCA studies continue, Mavi aims to expand the scope with the non-denim hero product groups in the next stage.

Logistics Activities

To calculate its logistics-related greenhouse gas emissions, Mavi mapped its logistics network based on supplier data such as shipping volume, departure and destinations, and engine class. Greenhouse gas emissions of the logistics activities from manufacturers to distribution centers to stores, marketplaces, and mavi.com customers were calculated.

Since December 2020, the company has partnered with a logistics provider and shifted to intermodal shipment for land transportation to Mavi Germany, achieving more fuel efficiency in product shipments. In 2021, the same provider queried the locations of the warehouses through heat maps and achieved improvements through increased efficiency in the transfer centers with route optimizations. The reduction in fuel consumption with this mode of transportation results in lower Scope 3 greenhouse gas emissions from logistics.

Logistics activities included within the scope of emission calculations



ECOSYSTEM RESTORATION

Mavi's priority is to reduce the stress on nature and protect the fragile ecosystem. Therefore, the company focuses on using water resources efficiently, controlling the use of chemicals, packaging and waste management, and biodiversity across the supply chain. Accordingly, efforts such as making sustainable products that require less water and recycling water in production processes are encouraged. To protect the health of manufacturers and consumers and minimize environmental impact, Mavi aims to reduce the use of chemicals and comply with the ZDHC criteria. Mavi recognizes the importance of using recycled materials in packaging and plans to use only FSC certified packaging. Furthermore, the company adopts a circular approach to waste management and works to reintroduce textile waste and other wastes into the system. Mavi also develops projects to raise social awareness about protecting biodiversity.

Water, Energy, and Chemicals Management with the Suppliers

Mavi focuses on more efficient energy and water use and reducing environmental impact both in its own operations and across the supply chain. In addition to conducting inspections, the company also develops various projects, collaborations, and applications for this purpose. ERAK and TAYEKS, the two major suppliers of Mavi that account for nearly 80% of the denim, have practices in place to improve energy efficiency and water use.

In 2021, ERAK and TAYEKS consumed 20% less water and 15% less energy year-on-year while laser and sustainable washes and treatments accounted for 70% - with an increase of 16% - of denim production, thanks to their machinery parks.

The heat, hot water and steam generated during the production process (especially in

With Mavi's strategic manufacturing partners **ERAK** and **TAYEKS**, compared to last year;

20%
LESS WATER

15%
LESS ENERGY

70%
OF TOTAL DENIM
PRODUCTION IS DONE
WITH LASER AND
SUSTAINABLE
WASH TREATMENT

washing and drying machines) are reused in the facility, ensuring efficient energy use in production. Furthermore, 56% of the electricity that ERAK used in the last three years came from natural gas cogeneration. With the solar panels installed in the factory, TAYEKS started using renewable energy.

All the chemicals that these two major suppliers use are ZDHC (Zero Discharge of Hazardous Chemicals) certified. These chemicals undergo tests and controls and are used only after approval. In line with international and local regulations, the companies work to minimize the employees' contact with these chemicals, and only safe chemicals that are not harmful to humans are preferred. Furthermore, the dosage system used in the stage where washing chemicals are added to the machines eliminate using excessive chemicals.

Mavi takes utmost care to keep the discharged water from production below the legal limits. Mechanical, chemical and biological membrane treatment systems are used at the manufacturing sites. With the enhancements implemented, fewer chemicals, less water, and less energy are used in the processes. Starting with the All Blue collection, Mavi has started to focus on using e-flow technology more to reduce water consumption.

Waste Management

In 2021, Mavi's operations generated 3,010 tonnes of non-hazardous waste - including the wastes within the scope of Recycling Participation Share (GEKAP) and 0.33 tonnes hazardous waste. 20% of this waste was delivered to recycling while 8% was incinerated at a licenced facility. In logistics, 65% of the boxes that manufacturers use for delivery of Mavi products are reused. All packaging waste is delivered to licensed waste collectors for recycling.

Cardboard and Paper Packaging Materials

In 2021, 37% (in mass units - tonnes) of indirectly purchased cardboard and paper materials that Mavi supplied had Forest Stewardship Council (FSC) certificate. For gift and courier envelopes, cardboard boxes, shopping bags, and printed materials, FSC-certified alternatives were preferred.

Biodiversity

The population sizes of mammals, birds, amphibians, reptiles, and fish have shown an average 68% decrease in the last 50 years¹. Meanwhile, the increasing urbanization, deforestation, and changing consumer habits are impacting natural life more than ever. This interaction with nature became more apparent during the COVID-19 pandemic. The effects of humans and human-related activities on biodiversity should be studied and programs and projects should be developed to protect the species in their natural habitats to prevent future pandemics and stop the endangered species from extinction.

¹ World Wildlife Foundation, Living Planet Report 2020



Indigo Turtles Project

As a Mediterranean fashion brand, Mavi has supported the activities of the Ecological Research Society (EKAD) with the Indigo Turtles project since 2014, helping to protect the endangered sea turtles. The aim of the project, which raises awareness about biodiversity, is to protect and ensure continuity of the *Caretta caretta* and *Chelonia Mydas*, two species of sea turtles native to the Mediterranean for 110 million years. EKAD, which focuses its activities on Belek, the largest nesting area in the Mediterranean, has helped over one million *Caretta caretta* make it to the sea in the last 22 years. The number of nests, which was only 500 when the activities started in the region, has reached 3,850 in 2021. The number of hatchlings that made it to the sea exceeded 150,000, breaking a record and tripling the number of 2014. Please [click here](#) to read more about the project.

	2014	2015	2016	2017	2018	2019	2020	2021
Number of nests	1,998	2,111	2,478	2,283	2,069	2,165	3,191	3,850
Number of adult turtle eggs	149,850	151,992	183,372	157,527	144,830	155,880	232,943	300,300
Number of hatchlings	75,824	75,540	106,172	81,284	79,512	77,472	130,914	168,000
Number of hatchlings that reach the sea	56,643	64,901	92,236	69,942	63,291	66,561	114,375	150,800



4.7

DENIM

BETTER.TRANSFORM

BETTER.TRANSFORM

Mavi transforms denim with unique, innovative ideas and the power of technology. Involving its customers in the sustainability transformation process with quality and sustainable products, Mavi Mavi helps change their consumption habits. Mavi also aims to inspire the industry with innovative products with low environmental impact by embracing the circular economy model. This approach is supported with innovative partnerships to shape the future of sustainable fashion. With responsible raw material sourcing and production, this transformation extends to every aspect of the value chain, from the farmer to the end-consumer.

QUALITY FIRST

The Perfect Fit philosophy that has guided Mavi since the very beginning allows the company to meet customer expectations with the right price-quality balance. Taking this one step further, Mavi aims to make quality and sustainable products accessible to all its customers. With the eco-friendly All Blue collection, Mavi plays a role in helping consumers make more informed choices.



PRODUCT QUALITY AND SAFETY

Mavi aims to bring quality and safe products to its customers by ensuring the highest standards across the value chain. The quality control team of experts under the Global Purchasing Directorate is responsible for product quality and assurance and conducts regular quality controls in all processes from production to distribution. The interim controls during production and final controls for the finished products are performed by Mavi's quality control team and accredited independent inspectors.

Mavi performs regular inspections to measure and score quality at the companies in the supply chain. This assurance process enables the manufacturers to produce according to the specified quality and safety standards and procedures. The Mavi Manufacturer Handbook, where these standards are explained in procedures, is shared with the suppliers. These standards include Global Purchasing Principles, Fabric Performance Standards, Ecological and Physical Test Matrices, Audit Procedure, Wash and Dye Machine Approval Procedure, Error Definitions, Error Examples, and Measurement Guide.

At the sample stage, technical product refinements are made for fit, performance, and functionality. Furthermore, customer feedback is carefully evaluated to achieve the highest product quality and ultimate customer satisfaction through the work of the product development and procurement teams and improvements made with manufacturers.

Mavi tests every fabric, model, and related options in international test laboratories and follows the world standards defined by global organizations to the letter. Mavi also requires chemical analyses and quality performance tests from the manufacturers to check that the products are manufactured in the declared standards. The products, beginning at the sample stage, are tested by third-party laboratories for levels of chemicals. Furthermore, raw materials are tested under the manufacturers' responsibility within the scope of EU legislation (REACH - Registration, Evaluation, Authorization and Restriction of Chemicals) for other chemicals. The tests are conducted according to specified criteria by accredited laboratories, the results are evaluated, and only the approved products are shipped. Each item is tested and products that fail to conform are canceled and not purchased.

mavi
allblue

no filter
all vegan
less water
much love



PERFECT FIT STRATEGY

Mavi's Perfect Fit strategy means that Mavi understands and tracks the customer needs while offering high quality for great value in response to expectations. Therefore, the latest global fashion trends as well as those in local and international markets are followed to identify the target consumers' requirements and offer the optimal options to meet their needs. This approach brings global recognition to Mavi as a denim-focused lifestyle brand that offers world-class quality products.

In 2021, Mavi offered its expanding sustainable collection All Blue, Mavi Pro Sport Repreve® jeans collection made from recycled plastics, Les Benjamins x Mavi, the collaborative collection with the luxury streetwear brand Les Benjamins, and Mavi x İstanbul, the exclusive 30th anniversary collection inspired by the Mediterranean and İstanbul. Being the preferred brand in jeans as well as casualwear elevated the customer's interest in Mavi during the pandemic when shopping behavior changed and smart-casual became the style choice. The brand continued to stand apart by understanding and responding to the needs of all age groups, maintaining its market share in women's while growing its men's share.

Mavi is the leader of the Turkish denim market with ~20% share and ranks among the top four womenswear and menswear brands in the apparel market. In addition to ranking first in top-of-mind jeans brand awareness and powerful brand recognition in Turkey, Mavi also stands apart as the preferred jeans brand across both male and female consumer segments. With a diverse design team that feels the market and an R&D team with strong technical expertise, the brand's broad denim assortment for all markets includes more than 200 fits and over 1,500 model options. The CRM applications used in analyzing matrices of jeans fits and customer demographics serve as a key tool in differentiating the brand. During the pandemic, Mavi remained focused on doing what it does best, interpreting change from a denim culture perspective and maintaining its leadership with jean innovations.

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much love



CUSTOMER SATISFACTION AND COMMUNICATION

Creating the “Happiest Mavi Customers” is a top priority for the company. To spread this approach that places customer happiness at its heart across the field, Mavi formed a special project group called GoCustomer. Employees from the marketing, HR, sales, and training departments actively participate in this group, which works throughout the year to deliver an excellent shopping experience to the customer with premium products and service quality.

Mavi’s best-in-class loyalty program (Kartuş) has grown to 8.1m members since its launch in 2007. Kartuş data is used effectively to develop opportunities and advantages that respond to customer expectations and needs and personalized campaigns and communications are run to drive customer frequency, basket size, and lifetime value.

Responding to the evolving needs and expectations of the consumers creates a significant competitive advantage. Therefore, companies that focus their skills and assets from human resources to data-driven tools on understanding the changing consumer behaviors are able to adapt to the evolving conditions faster. Mavi adapts to the rapidly changing dynamics of the fashion industry without compromising quality and brand reputation in the eyes of the customer and continues to create the Happiest Mavi Customers. In 2021, Mavi’s efforts in this area were recognized with the gold award in the apparel category at the A.C.E. (Achievement in Customer Excellence) Awards.

Mavi diversifies and enriches the shopping and feedback channels through digitalization to always provide better experiences for Mavi customers and improve customer satisfaction:

- Mavi.com, which was upgraded with a new face, offers a closer look into each product and creates a convenient, fast, understanding, and engaging customer experience with smart suggestions that consider the user’s tastes.
- Managing the customer experience from a single platform with an omnichannel CRM approach enabled monitoring the campaign and loyalty processes in integration with the cash registers, mavi.com, Mavi App, and all future channels.
- The return and exchange processes on mavi.com were moved to the online platform, enabling users to create tickets and track requests more easily.
- To facilitate the other customers’ selection and decision making, customer reviews were added to mavi.com. In 12 months, nearly 80 thousand reviews were received.
- The option to purchase physical and online gift cards both in stores and online was offered. Digital coupons accounted for 75% of the total gift card sales online.



- With machine learning, Mavi aims to facilitate the selection process of the users by suggesting the most accurate size according to the details they enter, reduce returns due to mismatched sizes, and enhance user satisfaction.

Mavi customers are able to provide feedback regarding products or services and communicate their thoughts and ideas about Mavi and all kinds of recommendations to us by phone, email, social media channels, and stores. In November 2019, Mavi made a major organizational change and signed an agreement with Global Bilgi to outsource its call center operations, which were managed in-house until then. In this new system, the customer relations teams continue to provide service at the head office while Global Bilgi has a dedicated team of 48 at its Bursa location to serve only Mavi. With the new structure that integrates the customer call center processes in stores and e-commerce, Mavi now serves customers from 8:00 am to 12:00 am seven days a week. The call center team manages the flow of communications and responds to customers by taking the necessary actions. In 2021, 84% of the complaints communicated to Mavi were resolved. According to the surveys conducted by the call center, customer satisfaction was 91% as of year-end 2021.

Mavi manages customer relations according to the EN 15838 Customer Contact Centers -Requirements for Service Provision and ISO 10002 Customer Satisfaction Management System. The sales representatives and managers at Mavi stores received 8,357 hours of customer relations training, which included topics such as customer psychology, handling customer objections, happiest Mavi customer, seamless shopping experience, customer relationship management, and next-generation customer experience.

The company procures services from a third-party to monitor all customer posts and engagements on social media about Mavi. This service delivers valuable insights about Mavi, enabling swift response to the issues that require action. Over 80% of the content shared and the conversations on social media regarding Mavi are positive.

The company conducts regular surveys to collect information on the brand's impression among customers and consumers' shopping habits in relation to the Mavi brand, products and ad campaigns. The secret customer surveys at Mavi stores and franchisees enable inspection of every single sales point, and monitoring and reporting on their service quality. Net Promoter Score (NPS) is monitored with secret customer surveys. In 2021, Mavi outperformed the industry average with an NPS score of 41.51 according to the results of the secret customer survey.

[The Information Security Policy](#) defines the actions required for implementing, running, monitoring, reviewing, maintaining, and enhancing information security. Furthermore, the customers can access the [Privacy Notice for Protection of Personal Data](#) at the stores, on the website, the Mavi mobile app, or via the call center at all times.

DENIM INNOVATION

Mavi believes that the best denim is sustainable denim and continues to invest more in R&D and product development processes. The sustainable All Blue collection is built on people, nature, innovation, digitalization, and efficiency as key values of the brand. The innovative All Blue collection, which consumes less energy, water, and chemicals, and uses organic, recycled, and upcycled materials, drives denim innovation in the industry.

Turkey maintains an unrivalled position worldwide in terms of R&D investments, innovation and technology development in denim fabric and blue jeans manufacturing, giving Mavi a competitive edge in shaping the industry. The company combines its denim expertise with product development, optimally leveraging Turkey's high quality supply ecosystem. As a denim innovator, Mavi has become a force to contend with in setting quality and price in the market. For the design and product teams, accurate interpretation of fashion trends for the brand and the customer with their technical expertise is a key priority. To ensure the softness, comfort and wearability that Mavi aims to deliver to the customer, the R&D activities focus on detailed fabric research, product trials and wearability tests together with suppliers.

The budget allocated for R&D in 2021 corresponded to 1.1% of the company's revenues. The sales of the sustainable All Blue products accounted for 9.7% of total revenues. To date, Life Cycle Assessment (LCA)* has been conducted on more than 2.3% of all denim products. As of 2021, the R&D employees constitute 3% of the white-collar workforce.

* For more information on LCA, please see the Life Cycle Assessment section.

Mavi's Denim Innovations in 2021

- Mavi Pro Sport collection was designed with Repreve® blend fabrics made from recycled plastic bottles.
- The exclusive "Akdeniz" collection, reflecting the Mediterranean spirit of the brand, was created for the 30th anniversary of Mavi with modernized graphics of the evil eye bead. The collection features tie dye and special washing techniques.
- Mavi Move line, made with Bi-Stretch fabric technology developed in collaboration with Orta Anadolu, offers high wearing comfort. The product group includes Lucy, which hugs the waist and the hips completely, and the flare fit Broadway jean, which features an elasticated waistband to wrap the body's curves elegantly, delivering an on-trend style and capturing Mavi's Perfect Fit philosophy.
- Mavi x Les Benjamins collection was created with sustainable fabrics and innovative techniques. In addition to the use of organic and recycled fabrics in the collection, laser

technology was utilized in the patterns. The collection was presented with 100% recycled paper materials. The buttons and rivets were made from stainless steel while 100% recycled polyester was used in all woven labels.

- The Pro Move product line was developed with high performance fabrics to enhance wearing comfort and designed with special branding and embroidery techniques.
- Colorful ikat pattern accessory finishes and details were used in the Mavi x Istanbul Collection, which featured Istanbul landscapes with laser-engraved applications on denim.
- The plus-sized Marli for women and Alex for men were developed with the Perfect Fit approach.





ALL BLUE: MAVI'S MOST SUSTAINABLE COLLECTION

All Blue, Mavi's most sustainable collection yet, reflects the brand's love of nature in various ways and drives a change in shopping habits by instilling an awareness about sustainable products in the consumers. The All Blue collection, is made with innovative techniques and sustainable, upcycled materials, while using less water and energy.

The products in Mavi's All Blue collection are made with sustainable organic, recycled or Better Cotton-certified cotton, recycled polyester, TENCEL™ modal and lyocell, cottonized hemp, and upcycled materials. The sustainable fiber content in fabrics is shaped around Mavi's quality first focus, design approach, and product performance specifications.

All Blue products contain sustainable fibers and are made with efficient technologies that consume less water and energy than conventional production techniques. Mavi collaborates with its strategic partners ERAK and Tayeks to use the E-flow technology to reduce water, energy, and chemicals consumption, laser technology that guarantees product standards, reduces the use of chemicals and protects the health of the employees, and an automated dosing system that eliminates faulty and excessive use of chemicals in washing due to manual processes. Environmental impact measurement methods such as EIM Score and LCA are used to evaluate these processes.

The products - true, unfiltered versions of denim - are 100% vegan and the patches and labels are made from recycled paper.

The pioneering role Mavi plays in sustainability resonates with the customers and is recognized on international platforms. Mavi won the Most Sustainable Collection category at Rivet Awards, which recognize the brands bringing newness and creativity to the global denim market, with the All Blue collection in the 2021 edition and with its sustainable products made with cotton, recycled cotton and brushed hemp in the 2022 edition, respectively. Rivet, affiliated with the Sourcing Journal, one of the world's most important sectoral publications, evaluated brands that made a difference with their innovations in denim design, product development and sustainability during the Las Vegas fair, and as a result of the evaluations, the best jean brands were awarded in seven different categories.

Sustainable Product Focus Areas in 2021

- Mavi aims to develop environment-friendly products and expand the sustainable product collection every year.
- The use of recycled and organic raw materials in fabrics increased. In addition to Mavi x Les Benjamins and Pro Sport Repreve® collections, the Spring-Summer 2021 collection also featured two upcycled products made with waste fabrics.
- The use of water, energy, and chemicals in fabrics, washing processes and accessories

decreased.

- Mavi began to use TENCEL™, the eco-friendly fiber, more in the collections.
- The use of laser in distressed and worn treatments instead of washing increased. The usage ratio reached 70% with a 16% increase from 2020.
- All-vegan materials are used in product accessories.
- Minimum 60% recycled yarn is used in all the woven labels inside the waistlines.
- All rivets are made with 20% recycled zamak.
- All back label notes are made from cloth material containing 65% recycled polyester.
- For paper materials on the product, 50% recycled and recyclable paper is used on average.
- Paper label suppliers with FSC certification are preferred.
- The jacron back patches are made from FSC-certified raw materials.

NATURE-FRIENDLY PRODUCTS

The “Nature-Friendly” collection features pieces made from organic cotton, and recycled yarn to protect soil, energy, and water resources. Featuring graphics that draw attention to environmental responsibility, this exclusive line continues to expand each season.

INNOVATION PARTNERSHIPS

Partnerships play a significant role in the sustainability transformation of the industry and driving innovation. Mavi engages in innovation partnerships with various other brands, designers, and universities to expand its positive impact and inspire the industry.

The Latest Version of Recycling: Mavi Pro Sport Repreve® Collection

Mavi drove its sustainability efforts forward with the “Mavi Transformation Launched” narrative in 2021. With work ongoing to develop environment-friendly products for a sustainable future, Mavi Pro Sport, a collection made with Repreve® blend fabrics was designed. In total, 593,750 plastic bottles were recycled, which corresponds to eight bottles per product in the Pro Sport collection.

The eco-friendly fabrics are made with Repreve® recycled performance fiber of Unifi, the trusted, sustainable global solutions provider and one of the most advanced recycling facilities in the US. These fabrics are not only breathable, but they also have wicking and thermal regulation properties while meeting superior health and hygiene standards with the OEKO-TEX Annex 6 certification.

Mavi Pro Sport Repreve® Collection's features:

- Repreve® blended sustainable fabric made from recycled PET bottles
- Breathable texture, moisture wicking, and heat regulation
- Technology and innovation for freedom of movement
- Flexibility with high stretch content to ensure day-long recovery
- Outstanding Mavi Black Pro branding and the comfort of sporty jeans
- OEKO-TEX EK-6 Hygiene certification for compliance with advanced health and hygiene standards

Mavi Pro Sport Repreve® is a part of the All Blue collection, all-vegan, and made with less water and less energy. This eco-friendly collection offers smart and casual styles with high stretch content to ensure day-long recovery and technology to enhance freedom of movement.

"MAVI TRANSFORMATION" LAUNCHED FOR A SUSTAINABLE FUTURE

Recycled plastic bottles and materials
were brought back to life as jeans, as part of Mavi's
30th anniversary capsule collection.



mavi

#maviallblue

Les Benjamins x Mavi

For SS21, Mavi launched a collaborative capsule collection with the luxury streetwear brand Les Benjamins. Inspired by Mavi's 30-year denim archives, the collection fused the urban-tech sensibility of Les Benjamins into each piece, featuring carpet patterns and combining the functionality, modernity, and youthfulness of jeans with sustainable materials. All the denim and non-denim products in the 50-piece collection, designed separately for men and women, were made with organic, recycled, and eco-friendly materials.

Mavi Move Collection x Orta Anadolu BI-STR Fabric Collaboration

Mavi partnered with Orta Anadolu in the FW21 season for a BI-STR fabric collaboration to develop special denim products by combining its denim expertise with the industry's innovative technologies. Designed to respond to the evolving customer needs and in search of comfortable wear, the Mavi Move collection consists of products with elevated wearing performance and made with new technology fabrication and fit techniques. The collection, featuring innovative printing and accessory techniques, is adapted to Broadway, a new fit with a special elasticated waistband and all-stretch fabric, and the new skinny fit Lucy, which hugs the female body while offering all day comfort.

University Collaboration

Mavi carries out the "Assessing the Use of 3D Simulation Software in Design Processes" project in partnership with Eskişehir Technical University. The objective of the project is to design with 3D simulation software, evaluate whether these designs can replace the need for actual sample production, reduce the sample fit processes by assessing the viability of the molds/sewing created by the software, and avoid excess sample production. The project that started in December 2021 is currently in the data collection phase.



RESPONSIBLE RAW MATERIAL SOURCING

Mavi encourages manufacturers to make responsible raw material choices and helps them transform their production processes. Accordingly, Mavi traces and steadily increases the ratio of sustainable materials (organic, recycled, upcycled and Better Cotton-certified cotton, recycled metal, etc.) in its products.

In 2021, Mavi received OCS and RCS certificates in 2021, earning the right to sell products with proven organic and recycled content across the supply chain. RCS certification verifies recycled content, and OCS certification verifies organically grown content, ensuring that these materials can be traced from their origins to the final product. Starting in 2022, Mavi plans to introduce RCS- and OCS-certified products in its new collections. In addition to Mavi's two major suppliers, ERAK and TAYEKS, Rimaks is also a manufacturer with international Global Organic Textile Standard (GOTS) and Organic Content Standard (OCS) certifications. Overall, 24 suppliers have the capability to manufacture organic jeans.

For 2022, Mavi has plans to use Better Cotton-certified cotton and support the world's leading sustainability initiative for cotton. Accordingly, Better Cotton addresses cotton production with its environmental, social and economic impacts, trains farmers with the necessary knowledge, skills and tools, and aims to continuously improve agricultural practices. As a result, farmers who grow cotton by following factors such as mitigating the harmful effects of plant protection practices, managing and using water resources effectively, ensuring soil health, protecting and enriching biodiversity, maintaining fiber quality, and improving the welfare of agricultural workers, attain an internationally recognized standard. Mavi remains focused on more responsible raw material sourcing by purchasing cotton from such sustainable sources.

In 2021, the sustainable alternatives monitored for various fibers were used in the ratios shown in the table below.

Fiber	Sustainable Alternative	Sustainable Alternative Usage Ratio
Cotton	Organic Cotton	2.1%
Polyester	Recycled Polyester (Repreve®)	0.2%
Lyocell	TENCEL™ Lyocell	72%
Modal	TENCEL™ Modal	11%



4.8

COMMUNITY

BETTER.MOBILIZE

BETTER.MOBILIZE

Mavi aims to create shared values in the community and use its transformative and mobilizing brand power to achieve better things. The company is particularly focused on empowering young people and women for social development so that no one is left behind. Mavi involves its customers and other stakeholders in this movement.

Mavi's Impact-Driven Transformative Power

Mavi intends to mobilize its stakeholders, especially the customers, by leveraging its brand power. Therefore, impact-driven and measurable social projects that involve customers, employees, suppliers, universities, and non-governmental organizations (NGOs) are launched.



Indigo Turtles

Mavi has supported the activities of the Ecological Research Society (EKAD) with the Indigo Turtles project since 2014, helping to protect the endangered the *Caretta caretta* and *Chelonia mydas*, two species of sea turtles native to the Mediterranean for 110 million years. EKAD, which focuses its activities on Belek, the largest nesting area in the Mediterranean, has helped over one million *Caretta caretta* make it to the sea in the last 22 years. The number of nests, which was only 500 when the activities started in the region, has reached 3,850 in 2021. The number of hatchlings that made it to the sea exceeded 150,000, breaking a record and tripling the number of 2014. Facing many difficulties, only 40% of hatchling turtles reach the water and only one in a thousand survives. This is why the Indigo Turtles project raises awareness about supporting the survival efforts of the sea turtles, supports protection of biodiversity, and promotes the importance of volunteering. Young volunteers join the Indigo Turtles project and camp on the 30km-long beaches for four months, working every day to protect the mature female turtles' eggs from external factors and help hatchlings climbing out of their nests to reach the water. Along with hundreds of university volunteers from Turkey and around the world, customers, scholars, social media followers, brand ambassadors, and employees of Mavi also join the project voluntarily. To date, 120 people from Mavi including directors, managers, and employees have joined the project while 41 people from social media followers, customers, and women scholars have joined the Indigo Turtles camp and supported the efforts in the June-September period. Since the launch of the project, each customer that purchased an Indigo Turtles T-shirt has adopted five sea turtles and contributed to the efforts. The T-shirts, designed for all customer groups, are sold in Turkey as well as online stores in the US, Canada, and Germany. Every year, thousands of Mavi customers become voluntary ambassadors of the project with their T-shirts. Supported by the awareness seminars hosted at universities, the project gains more recognition as the number of applications to volunteer increases every year. In 2020 and 2021, only university students could volunteer for the program due to the COVID-19 pandemic restrictions.

Mavi Scholarship Fund

Since 2016, Mavi has granted annual scholarships to female students in a number that corresponds to the age of the company through the Turkish Education Foundation. For the 2021–2022 academic year, 31 students received grants under the Mavi Scholarship project, which supports them throughout their university education. Mavi has also supported the education of one student as part of Koç University's Anatolian Scholars program, which gives a second chance to successful students that achieve scores in the top 1% in the university exams despite limited education privileges but are unable to qualify for scholarships.

Mavi's Activities for Social Benefit

During the wildfires in Turkey in July 2021, Mavi stood by the affected people and animals, extending its support to the Ahbap Association, which carried out coordinated and planned activities in all the affected areas, and the Animal Rights Federation (HAYTAP), which mobilized efforts for the rescue, treatment, and transportation of animals.

On behalf of the entire Mavi family, the company donated 25,000 saplings to the TEMA Foundation for the reforestation of the areas damaged by the wildfires.

Mavi aims to create sustainable social benefit through social responsibility activities that draw inspiration from and empower young people. With the slogan "Mavi Stands by University Students," the company supported the #YouthLifePoints campaign of "Askıda Ne Var," a social enterprise that provides free products and services to university students. In 2021, 100 Mavi gift cards - worth TL 250 - were donated to support the university students during the back-to-school period.

Recognizing that there is power in unity, Mavi supported the education of young athletes on May 19th, Commemoration of Atatürk, Youth and Sports Day, with the participation of football player Merih Demiral and through the Turkish Education Foundation.

Mavi celebrated April 23rd, National Sovereignty and Children's Day by supporting the Inclusive Education activities carried out by UNICEF Turkey, which aims to ensure that every child has access to education, and the music, painting, dance, game and invention workshops organized by the SosyalBen Foundation.

On Mother's Day, Mavi supported the Mother Child Education Foundation (AÇEV), which assists and empowers mothers on their journey as parents.

On Father's Day, Mavi extended support to AÇEV's "Father Support Program", which aims to assist fathers in spending more time with their children to build healthy communication, raise awareness about their needs, and develop loving behaviors instead of violence.

The Mavi volunteers participated in the World Cleanup Day event, organized by Let's Do It Turkey and held simultaneously across the world to draw attention to environmental pollution and eliminate trash blindness.

In the 43rd Istanbul Marathon, The Mavi Running Team ran for charity and raised funds for the Tree Fellowship project of TEMA Foundation. The donations collected contributed to educating children about the environment and planting saplings on behalf of children in the Hayrettin Karaca Tree Fellowship Forest.

Mavi supported ENCANDER, the association that works to meet the needs of stray and disabled animals and takes care of animals in need.



4.9 MAVİ'S SUSTAINABILITY JOURNEY

Mavi became one of the first brands worldwide to start the organic cotton movement with the Mavi Organic collection made with 100% organic Aegean cotton.

2006

2010

- » Innovative and sustainable materials such as TENCEL™ and modal were introduced in the Mavi Premium line.
- » Mavi Kids T-shirt collection made with 100% organic cotton was launched.

- » Indigo Turtles project was launched in partnership with the Ecological Research Society (EKAD) to protect the endangered sea turtles.
- » Indigo Turtles T-shirt collection was created with 100% organic cotton. Mavi customers began to support the efforts to protect baby sea turtles with each T-shirt they purchased.

2014

2017

- » Mavi started trading on Borsa Istanbul with IPO.
- » Social compliance guidelines were shared with the suppliers and social compliance audits started.
- » Mavi replaced the light bulbs in the stores with energy-saving LED luminaires.

- » Mavi's social compliance statement was added to the agreements, which the suppliers were asked to sign.
- » Mavi partnered with the eco-friendly material producer Lenzing and started using TENCEL™ branded lyocell and modal fibers.

2018

- » Mavi's sustainable, eco-friendly products were grouped under the All Blue collection.
- » Leather was completely eliminated from back labels of jeans, which became all vegan.
- » Paper used in all product labels was reduced by half, shifting to recycled materials.
- » Packaging materials used in online shipments dropped from three to one, both in number and type.
- » Remote Energy Management System based on instant monitoring was launched in partnership with Reengen in 10 pilot stores.
- » Lighting fixtures in stores were replaced with LED luminaires for energy savings.
- » Mavi All Blue won in the "Most Sustainable Collection" category at the Rivet Awards.
- » Supplier Code of Conduct was published.

2019

- » Mavi signed UN Global Compact.
- » Materiality analysis was completed.
- » Sustainability Committee and working groups were formed.
- » Activities to determine the sustainability strategy and goals began.
- » Mavi became the first Turkish apparel brand to disclose its carbon footprint transparently. With the first report submitted to the Carbon Disclosure Project's (CDP) Climate Change Program, Mavi received a score of B, outperforming the global industry.
- » Mavi earned A- in the Supplier Engagement Rating (SER) by the CDP platform, outperforming its peers.
- » The sustainable All Blue collection doubled in scope and variety.
- » All Blue collection was expanded with 100% organic cotton, eco-friendly T-shirts.
- » Mavi collaborated with Coca-Cola for an exclusive collection made with organic cotton and sustainable recycled materials.
- » Life Cycle Assessment (LCA) activities started.
- » Mavi switched to renewable energy at the head office and the stores with controlled meters

2020

- » Jeans made from recycled plastic bottles were introduced with the Mavi Pro Sport Repreve® collection and the "Mavi Transformation Launched" ad campaign was launched.
- » The sustainable Les Benjamins x Mavi collection was designed and produced with organic, recycled, and eco-friendly materials in collaboration with the luxury streetwear brand Les Benjamins.
- » The use of sustainable fibers was extended further with a global partnership with TENCEL™.
- » Better Cotton Initiative certified cotton was used in the special 30th anniversary Maviterranean collection.
- » OCS (Organic Content Standard) and RCS (Recycled Claim Standard) certifications were obtained.
- » First reports were submitted to the CDP Water Security and Forests Programs. Mavi became the first and only Turkish company to report to the CDP Forests Program in Turkey. With the 2021 report submitted to Carbon Disclosure Project's (CDP) Climate Change Program, Mavi received a score of B, outperforming the global industry, and an A- in the Supplier Engagement Rating (SER) by the CDP platform, outperforming its peers.
- The Remote Energy Management System with Reengen was deployed in all Mavi stores.
- » Women's Empowerment Principles (WEPIs), the joint initiative of UNGC and UN Women, was signed.
- » Mavi joined the 30% Club, the initiative that aims for diversity in business.
- » CEO Water Mandate was signed.
- » Mavi CEO Cüneyt Yavuz entered the Fast Company Sustainability Leaders 50 Survey list at 18th place.
- » Board Diversity, Human Rights, Diversity and Inclusion, Biodiversity, Environment and Energy, Forest and Paper Products, and Animal Welfare policies were published.
- » All Blue won in the "Most Sustainable Collection" category at the Rivet x Project Awards for the second time.

2021

2022

- » First sustainability report, disclosing the sustainability strategy and goals, published.
- » Mavi was included in Borsa Istanbul Sustainability Index in recognition of its sustainability performance.
- » Mavi CEO Cüneyt Yavuz moved up to 16th place in the Fast Company Sustainability Leaders 50 Survey list.
- » Mavi became a member of the Better Cotton program.
- » Mavi won its third award in the "Most Sustainable Collection" category at the Rivet Awards, this time for its hemp and recycled cotton products.
- » The Turkey head office building was granted ISO 14001 Environmental Management System certification.



4.10 PERFORMANCE INDICATORS, GRI CONTENT AND OTHER INDEXES

MEMBERSHIPS

- United Nations Global Compact (UNGC)
- United Nations Women's Empowerment Principles (WEPs)
- 30% Club
- CEO Water Mandate
- Yanındayız Association
- United Brands Association of Turkey (BMD)
- Ethics and Reputation Society (TEİD)
- Turkish Investor Relations Society (TÜYİD)
- Corporate Governance Association of Turkey (TKYD)
- The Institute of Internal Auditing – Turkey (TİDE)
- Istanbul Chamber of Commerce

STAKEHOLDER ENGAGEMENT

Stakeholder Group	Communication Methods
Employees	Maviletişim and Maviconnect internal communication portals, digital channels (website and social media platforms), internal meetings (Massmavi, Management Forum, Go meetings, etc.), info mailings, employee engagement and satisfaction surveys, campaign impact surveys, volunteering activities, social clubs, field visits, annual reports, and sustainability reports
Customers	Sales points (stores, mavi.com, and marketplaces), digital channels, call center, satisfaction surveys, annual reports and sustainability reports, media coverage
Suppliers	Supplier meetings, field visits, audits, innovation projects, annual reports and sustainability reports, digital channels
Franchisees	Franchisee meetings, field visits, one-to-one meetings, annual reports and sustainability reports, digital channels
Shareholders, Investors, and Analysts	General Assembly meetings, material event disclosures, press releases, one-to-one meetings and correspondence, broker and bank reports, periodic briefings, annual reports and sustainability reports, digital channels
Non-Governmental Organizations	Social responsibility projects, one-to-one meetings, participation in meetings and working groups, seminars and conferences, annual reports and sustainability reports, digital channels
Universities	Training programs, internship programs, career days, conferences, Mavi Scholarship Fund, industry-specific projects, digital channels, annual reports, and sustainability reports
Media	Press conferences and launch events, special features and interviews, press releases, digital channels, annual reports, and sustainability reports

PERFORMANCE INDICATORS

SOCIAL PERFORMANCE INDICATORS

Employees by Gender and Category	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Total employees	2,209	1,877	2,211	1,849	2,976	2,135
Head office employees	426	301	418	296	477	324
Store employees	1,783	1,576	1,793	1,553	2,499	1,811
Employees with disabilities	14	69	16	73	24	78
Total	4,086		4,060		5,111	

Employees by Type of Employment	2019		2020		2021	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Employees	2,862	1,224	2,790	1,270	3,054	2,057

Employees by Location	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
U.S.A.	33	23	37	28	42	29
Canada	49	25	43	23	50	24
Russia	84	46	97	44	101	45
Europe	40	27	33	26	34	28
Turkey	2,003	1,756	2,001	1,728	2,749	2,009

Subcontractor Employees by Gender	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Subcontractor employee by gender – total	20	82	18	91	12	104
Subcontractor Employees by Type of Employment	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Subcontractor employees by work time – total	92	10	97	12	43	73

Employees by Tenure	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
0-5 years	1,781	1,472	1,715	1,338	2,423	1,615
5-10 years	332	318	377	395	427	389
10+ years	96	87	119	116	126	131

Newly Hired Employees*	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Newly hired employees – total	1,470	1,030	705	555	2,425	1,499
-30 years old	1,439	989	686	524	2,362	1,437
30-50 years old	31	38	19	31	62	62
+50 years old	0	3	0	0	1	0

*Number of newly hired employees refers only to Turkish operations.

Employee Turnover*	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Number of voluntary resignations	1,326	978	662	557	1,666	1,190
-30 years old	1,264	903	618	519	1,564	1,061
30-50 years old	62	74	44	37	102	129
+50 years old	0	1	0	1	0	0

* Number of voluntary resignations refers only to Turkish operations.

Managers and Executives by Gender and Age	2019		2020*		2021	
	Female	Male	Female	Male	Female	Male
-30 years old	63	77	215	222	296	248
30-50 years old (including ages 30 and 50)	176	212	244	307	349	378
+50 years old	1	8	4	12	8	12
All employees with manager titles	324	359	463	541	653	638
Junior level managers	227	289	338	414	421	433
Mid-level managers	51	32	62	33	73	49
Senior managers	46	38	51	34	57	44
Employees in revenue-generating functions	1,828	1,644	1,834	1,629	2,541	1,885
Board of Directors	1	5	1	5	2	4

*2020 figures have been updated after the definition of 'manager' was revised.

Performance Management	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Employees subjected to regular performance and career development reviews	288	194	294	185	307	210
Employees assessed according to measurable goal realization	288	194	294	185	307	210

Parental Leave*	2019		2020		2021	
	Female	Male	Female	Male	Female	Male
Employees who took parental leave – total	59	0	42	0	68	0
Employees who returned to work after parental leave – total	52	0	38	0	65	0

*Number of employees who took parental leave and returned to work later refers only to the Turkish operations.

Training Times*	2019	2020	2021
Total training time	59,082	56,505	113,614
Average training time by employee	14.,5	13.9	22.2

OHS Training*	2019	2020	2021
Total training time	8,264	4,984	27,576
Training time by employee	8	8	8

OHS Training – Subcontractors*	2019	2020	2021
Total training time	3,212	4,524	736
Training time by employee	31.5	41.5	6.3

*Training time covers only Turkish operations.

ENVIRONMENTAL PERFORMANCE INDICATORS

Greenhouse Gas Emissions (tonnes CO ₂ eq.)*	2019	2020	2021
Scope 1***	-	2,444.49	2,464.76
Scope 2 (location based)**	-	4,674.36	5,570.43
Scope 2 (market based)**	-	2,046.24	10.42
Scope 3	-	135,606.52	162,898.10

*Greenhouse gas emissions are calculated according to the GHG Protocol. Scope 1 refers to Mavi's emissions from natural gas and fuel consumption; Scope 2 refers to emissions from electricity and heat energy purchased for the Mavi organization; and Scope 3 data includes franchisees, personnel shuttles, business trips, operational waste, upstream transportation and distribution, and energy consumption not included in other scopes, and the procured services and goods.

**Scope 1 and Scope 2 emissions refer to the operations in Turkey, the USA, EU, Canada, and Russia.

***The scopes used in corporate carbon footprint calculations were revised in 2021. Emissions generated in locations that cannot be converted into energy for contractual reasons and leased locations within the Mavi organization are included in Scope 3. 2020 data was recalculated based on the revised methodology and presented herein in comparable figures with 2021 data.

Raw Materials and Other Materials Used in Packaging (tonnes)	2019	2020	2021
Paper	-	1,895.57	2,544.13
Plastic	-	131.00	178.33
Glass	-	23.02	62.03

Waste Quantity (tonnes)	2019	2020	2021
Total non-hazardous waste	-	2,308.39	3,010.41
Total hazardous waste	-	1.24	0.33
Recycled	361.19	370.65	608.68
Burned	165.23	260.04	226.25

Water Withdrawal Quantity (m ³)	2019	2020	2021
Municipal water	-	9,422	6,338

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UNGC REFERENCES

Impact Area	Principles	Related Section in the Report
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.	Better.Empower – People-oriented Mavi Culture & Inclusive Business Model and Responsible Value Chain
	Principle 2: Businesses should make sure that they are not complicit in human rights abuses.	
Labor	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	Better.Empower – People-oriented Mavi Culture & Inclusive Business Model and Responsible Value Chain
	Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	
	Principle 5: Businesses should uphold the effective abolition of child labor.	
	Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges.	Better.Protect – Tackling Climate Crisis & Ecosystem Restoration
	Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.	
	Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance – Business Ethics

WEPs REFERENCES

Principles	Related Section in the Report
Principle 1: Establish high-level corporate leadership for gender equality.	Better.Empower – Equal Opportunity and Diversity
Principle 2: Treat all women and men fairly at work – respect and support human rights and nondiscrimination.	
Principle 3: Ensure the health, safety and well-being of all women and men workers.	
Principle 4: Promote education, training, and professional development for women.	
Principle 5: Implement enterprise development, supply chain and marketing practices that empower women.	
Principle 6: Promote equality through community initiatives and advocacy.	
Principle 7: Measure and publicly report on progress to achieve gender equality.	

GRI CONTENT INDEX

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission	
GRI 101: Foundation 2016				
GRI 102: General Disclosures 2016				
GRI 102: General Disclosures 2016	Company Profile			
	102-1	20	-	
	102-2	20	-	
	102-3	198	-	
	102-4	6-7	-	
	102-5	Shareholder Structure & Subsidiaries	-	
	102-6	6-7	-	
	102-7	5, 6, 7, 8	-	
	102-8	149-152	-	
	102-9	29, 96	-	
	102-10	There is no change.	-	
	102-11	194	-	
	102-12	147	-	
	102-13	147	-	
	Strategy			
	102-14	11-17	-	
	102-15	194	-	
	Ethics and Integrity			
102-16	185-187	-		
102-17	185-187	-		
Governance				
102-18	68, 180-185	-		

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission
GRI 102: General Disclosures 2016	102-19	68	-
	Stakeholder Engagement		
	102-40	69, 148	-
	102-41	There are no employees covered by collective bargaining agreements.	-
	102-42	69, 148	-
	102-43	69, 148	-
	102-44	71-75	-
	Reporting Practice		
	102-45	5	-
	102-46	50	-
	102-47	71-75	-
	102-48	151, 153	-
	102-49	There is no change.	-
	102-50	50	-
	102-51	145	-
	102-52	The reporting cycle is annual.	-
	102-53	50	-
	102-54	50	-
	102-55	156-161	-
	102-56	No assurance has been performed.	-
GRI 200: Economic Performance Series 2016			
Economic Performance			
GRI 103: Management Approach 2016	103-1	20, 22, 23	-
	103-2	20	-
	103-3	20	-

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission
GRI 201: Economic Performance 2016	201-1	5	-
	202-3	275-276	-
GRI 300: Environmental Standart Series 2016			
Energy			
GRI 103: Management Approach 2016	103-1	73, 102	-
	103-2	73, 102	-
	103-3	73, 102	-
GRI 302: Energy 2016	302-1	Mavi CDP Climate 2021 Report, p. 20, 21	-
Water and Effluents			
GRI 103: Management Approach 2016	103-1	72, 111-113	-
	103-2	72, 111-113	-
	103-3	72, 111-113	-
GRI 303: Water and Effluents 2018	303-3	153	-
Biodiversity			
GRI 103: Yönetim Yaklaşımı 2016	103-1	113-115	-
	103-2	113-115	-
	103-3	113-115	-
GRI 304: Biodiversity 2016	304-3	115	-
Emissions			
GRI 103: Management Approach 2016	103-1	73, 102, 103	-
	103-2	73, 102, 103	-
	103-3	73, 102, 103	-

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission
GRI 305: Emissions 2016	305-1	103, 153	-
	305-2	103, 153	-
	305-3	103, 153	-
	305-4	Mavi CDP Climate 2021 Report, p. 19	-
Waste			
GRI 103: Management Approach 2016	103-1	73, 113	-
	103-2	73, 113	-
	103-3	73, 113	-
GRI 306: Waste 2020	306-3	113, 153	-
	306-4	113, 153	-
GRI 400: Social Standard Series 2016			
Employment			
GRI 103: Management Approach 2016	103-1	78-80	-
	103-2	78-80	-
	103-3	78-80	-
GRI 401: Employment 2016	401-1	150	-
	401-2	80-81, 84-85	-
	401-3	80-81, 152	-
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	93-95	-
	103-2	93-95	-
	103-3	93-95	-

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission
GRI 403: Occupational Health and Safety 2018	403-1	93-95	-
	403-2	93-95	-
	403-3	93-95	-
	403-5	95, 152	-
	403-9	93-95	-
	403-10	93-95	-
Training and Education			
GRI 103: Management Approach 2016	103-1	87-93	-
	103-2	87-93	-
	103-3	87-93	-
GRI 404: Training and Education	404-1	87-93	-
	404-2	87-93	-
	404-3	84, 151	-
Diversity and Equal Opportunity			
GRI 103: Management Approach 2016	103-1	80-81	-
	103-2	80-81	-
	103-3	80-81	-
GRI 405: Diversity and Equal Opportunity 2016	405-1	80-81, 149-152	-
	405-2	80	-
Supplier Social Assessment			
GRI 103: Management Approach 2016	103-1	96-99	-
	103-2	96-99	-
	103-3	96-99	-
GRI 414: Supplier Social Assessment 2016	414-1	97	-

GRI Standard	Disclosure	Page Number(s) and/or URL(s)	Omission
Material Topics That Are Not Covered by the GRI Standards			
Customer Satisfaction			
GRI 103: Management Approach 2016	103-1	72, 123-125	-
	103-2	72, 123-125	-
	103-3	72, 123-125	-
R&D and Innovation			
GRI 103: Management Approach 2016	103-1	72, 126-133	-
	103-2	72, 126-133	-
	103-3	72, 126-133	-
Raw Material Management			
GRI 103: Management Approach 2016	103-1	72, 111, 119, 135	-
	103-2	72, 111, 119, 135	-
	103-3	72, 111, 119, 135	-
Brand Reputation			
GRI 103: Management Approach 2016	103-1	72, 118, 138	-
	103-2	72, 118, 138	-
	103-3	72, 118, 138	-
Chemical Management			
GRI 103: Management Approach 2016	103-1	73, 111-113, 119	-
	103-2	73, 111-113, 119	-
	103-3	73, 111-113, 119	-

SUSTAINABILITY PRINCIPLES COMPLIANCE FRAMEWORK

Principle Type	Principle Code	Principle No	Principle Description	Page Number and/or Link	Compliance	Description (if required)
A.GENERAL	A1. Strategy, Policy and Targets	1	The Board of Directors determines material ESG issues, risks and opportunities and creates appropriate ESG policies. For effective implementation of these policies, internal directives and business procedures, etc. can be prepared for the company. The Board of Directors decides on these policies and discloses them publicly.	Duties and Working Principles of the Sustainability Committee	Full Compliance	-
	A1. Strategy, Policy and Targets	2	Determines the Company Strategy in accordance with ESG policies, risks, and opportunities. Determines short- and long-term goals in line with the Company strategy and ESG policies and discloses them publicly.	Annual Report, Sustainability, page 54-65 Duties and Working Principles of the Sustainability Committee	Full Compliance	-
	A2. Implementation/ Monitoring	3	Determines the committees/ units responsible for implementing and executing ESG policies and discloses them publicly. The responsible committee/unit reports the activities in line with policies to the Board of Directors at least once a year and in any case within the maximum periods defined in the applicable regulations of the Board for the public disclosure of annual reports	Duties and Working Principles of the Sustainability Committee	Full Compliance	-
	A2. Implementation/ Monitoring	4	Creates and publicly discloses implementation and action plans in accordance with the short- and long-term goals.	Annual Report, Sustainability, page 54-65 Duties and Working Principles of the Sustainability Committee	Full Compliance	-
	A2. Implementation/ Monitoring	5	Determines Key ESG Performance Indicators (KPIs) and discloses them with yearly comparisons. If verifiable data is available, presents KPIs with local and international industry benchmarks.	Annual Report, Sustainability, page 149-153	Full Compliance	-

Principle Type	Principle Code	Principle No	Principle Description	Page Number and/or Link	Compliance	Description (if required)
A.GENERAL	A2. Implementation/ Monitoring	6	Discloses the innovation work to improve sustainability performance for business processes or products and services.	Annual Report, Sustainability, page 102-135	Full Compliance	-
	A3. Reporting	7	Reports sustainability performance, goals and actions at least once a year and discloses them publicly. Discloses the information on sustainability activities in the annual report	Annual Report, Sustainability, page 54-65	Full Compliance	-
	A3. Reporting	8	Disclosing information, which is important for stakeholders to understand the position, performance and development of the Company, in a direct and concise manner is essential. Detailed information and data can also be disclosed on the corporate website; separate reports that directly meet the needs of different stakeholders can be prepared.	Annual Report Sustainability Report 2020 Mavi Sustainability	Full Compliance	-
	A3. Reporting	9	Takes utmost care to ensure transparency and reliability. Provides objective information on all types of developments regarding material issues in disclosures and reports with a balanced approach.	Annual Report, Sustainability, page 69-75	Full Compliance	Mavi identified its material aspects in 2019 and disclosed them for the first time in the 2019 Annual Report. Mavi will include updates in the following annual reports and sustainability reports.

Principle Type	Principle Code	Principle No	Principle Description	Page Number and/or Link	Compliance	Description (if required)
A.GENERAL	A3. Reporting	10	Provides information about its activities with reference to the related United Nations (UN) 2030 Sustainable Development Goals.	Annual Report, Sustainability, page 72-75	Full Compliance	-
	A3. Reporting	11	Provides detailed information on the lawsuits filed and/ or concluded against environmental, social and corporate governance issues.	-	Full Compliance	No lawsuits have been filed regarding this matter.
	A4. Assurance	12	If verified by independent third parties (independent sustainability assurance providers), discloses its sustainability performance measurements to the public and strives to enhance such verification processes.	Mavi CDP Climate 2021 Scope 1 + 2 Assurance Mavi CDP Climate 2021 Scope 3 Assurance	Full Compliance	As an indicator of environmental performance, which is one of Mavi's sustainability priorities, Scope 1, Scope 2 and Scope 3 emissions from wastes in Turkey operations have gone through a limited independent assurance process by PwC Turkey for the CDP Climate Change 2021 report. It is aimed that the emissions of 2021 will also pass through the assurance process.

Principle Type	Principle Code	Principle No	Principle Description	Page Number and/or Link	Compliance	Description (if required)
B.ENVIRONMENT	B. Environmental Principles	13	Discloses environmental management policies and practices, action plans, environmental management systems (known as the ISO 14001 standard) and programs.	Annual Report, Sustainability, page 103	Full Compliance	Mavi has been awarded the ISO 14001 Environmental Management System certificate for its Turkey Head Office building.
	B. Environmental Principles	14	Complies with environmental laws and other applicable regulations and discloses them.	Annual Report, Sustainability, page 102	Full Compliance	-
	B. Environmental Principles	15	Discloses the limitations of the environmental report to be included in the report according to the Sustainability Principles, reporting period, reporting date, data collection process, and reporting conditions.	Annual Report, Sustainability, page 50	Full Compliance	-
	B. Environmental Principles	16	Discloses the highest responsible officer, relevant committees, and responsibilities in the Company for environment and climate change.	Duties and Working Principles of the Sustainability Committee	Full Compliance	-
	B. Environmental Principles	17	Discloses the incentives offered for the management of environmental issues, including the achievement of objectives.	Annual Report, Sustainability, page 85 Mavi CDP Climate Change 2021, Page 2-3	Full Compliance	Mavi has publicly announced its short, medium and long-term ESG targets in 2021. The targets are integrated into the performance criteria of all executive managers.
	B. Environmental Principles	18	Discloses how environmental problems are integrated into business goals and strategies.	Annual Report, Sustainability, page 64, 102-115 Mavi CDP Climate Change 2021, Page 10	Full Compliance	-
	B. Environmental Principles	19	Discloses the sustainability performance of business processes or products and services, and performance-enhancing activities.	Annual Report, Sustainability, page 54-153	Full Compliance	-

Principle Type	Principle Code	Principle No	Principle Description	Page Number and/or Link	Compliance	Description (if required)
B.ENVIRONMENT	B. Environmental Principles	20	Discloses how environmental issues are managed across the company's value chain in terms of direct operations and how suppliers and customers are integrated into its strategies	Annual Report, Sustainability, page 61, 96-99, 129-135	Full Compliance	-
	B. Environmental Principles	21	Discloses whether it is involved in policy-making processes on environmental issues (sectoral, regional, national and international); discloses cooperation with environmental associations, institutions, and non-governmental organizations it is a member of, and the duties assumed, if any, and the activities supported.	Annual Report, Sustainability, page 138-139, 147	Full Compliance	-
	B. Environmental Principles	22	Reports information on its impact with period comparisons based on environmental indicators (Greenhouse gas emissions (Scope-1 (Direct), Scope-2 (Energy indirect), Scope-3 (Other indirect)), air quality, energy management, water and wastewater management, waste management, biodiversity impact).	Annual Report, Sustainability, page 115, 153	Full Compliance	-
	B. Environmental Principles	23	Discloses details such as the standards, protocols, methodologies and base year used to collect and calculate its data.	Annual Report, Sustainability, page 153	Full Compliance	-
	B. Environmental Principles	24	Discloses the status of environmental indicators for the reporting year (increase or decrease) in comparison with previous years.	Annual Report, Sustainability, page 153	Full Compliance	-
	B. Environmental Principles	25	Sets short- and long-term goals to reduce its environmental impact and discloses these goals. It is recommended to determine Science-based goals as suggested by the United Nations Conference of the Parties on Climate Change. If there is progress in the reporting year according to the previously set targets, provides information on the subject.	Annual Report, Sustainability, page 64-69	Full Compliance	-

Principle Type	Principle Code	Principle No	Principle Description	Page Number and/or Link	Compliance	Description (if required)
B.ENVIRONMENT	B. Environmental Principles	26	Discloses the strategy and actions to combat climate crisis.	Annual Report, Sustainability, page 64, 103-111 Mavi CDP Climate Change 2021, Page 10	Full Compliance	-
	B. Environmental Principles	27	Discloses the program or procedures to prevent or mitigate the potential impact of the products and/or services offered; discloses the actions of third parties to reduce greenhouse gas emissions.	Annual Report, Sustainability, page 129-130	Full Compliance	-
	B. Environmental Principles	28	Discloses the actions taken to reduce its environmental impact, total number of projects and initiatives carried out, and environmental benefits/revenues and cost savings they deliver.	Annual Report, Sustainability, page 102-115	Full Compliance	-
	B. Environmental Principles	29	Reports its total energy consumption data (excluding raw materials) and discloses energy consumption as Scope-1 and Scope-2.	Mavi CDP Climate Change 2021, Page 20-22	Full Compliance	-
	B. Environmental Principles	30	Provides information on electricity, heat, steam, and cooling generated and consumed in the reporting year.	Mavi CDP Climate Change 2021, Page 20-22	Full Compliance	-
	B. Environmental Principles	31	Conducts studies on increasing the use of renewable energy, transition to zero- or low-carbon electricity and discloses these studies.	Annual Report, Sustainability, page 105 Mavi CDP Climate Change 2021, Page 20-22	Full Compliance	-

Principle Type	Principle Code	Principle No	Principle Description	Page Number and/or Link	Compliance	Description (if required)
B. ENVIRONMENT	B. Environmental Principles	32	Discloses its renewable energy generation and consumption data.	Mavi CDP Climate Change 2021, Page 20-22	Full Compliance	-
	B. Environmental Principles	33	Carries out energy efficiency projects and discloses the amount of energy consumption and emission reduction achieved through these efforts.	Annual Report, Sustainability, page 105-109 Mavi CDP Climate Change 2021, Pages 11-12	Full Compliance	-
	B. Environmental Principles	34	Reports the amount of water withdrawn from underground or above ground resources, water used, recycled and discharged, its sources and procedures (Total water withdrawal by source, water resources affected by water withdrawal; percentage and total volume of recycled and reused water, etc.).	Annual Report, Sustainability, page 153	Full Compliance	-
	B. Environmental Principles	35	Discloses whether operations or activities are included in any carbon pricing system (Emission Trading System, Cap & Trade, or Carbon Tax).	-	Irrelevant	Mavi is not part of a carbon pricing system. However, the company follows the developments in this area.
	B. Environmental Principles	36	Discloses information on the carbon credit accumulated or purchased during the reporting period.	-	Irrelevant	Mavi does not have accumulated or purchased carbon credits.
	B. Environmental Principles	37	Discloses the details if carbon pricing is applied within the company.	-	Irrelevant	Carbon pricing is not applied.
	B. Environmental Principles	38	Discloses all mandatory and voluntary platforms where it discloses environmental information.	Annual Report, Sustainability, page 103-104, 147	Full Compliance	-

Principle Type	Principle Code	Principle No	Principle Description	Page Number and/or Link	Compliance	Description (if required)
C. SOCIAL	C1. Human Rights and Employee Rights	39	Creates Corporate Human Rights and Employee Rights Policy, where the company commits to comply with the Universal Declaration of Human Rights, the ILO conventions, to which Turkey is a party, and the legal framework and legislation that regulate human rights and labor conditions in Turkey. Discloses this policy and the roles and responsibilities related to its implementation.	Annual Report, Sustainability, page 79 Mavi's People and Its Principles Mavi Human Rights Policy	Full Compliance	-
	C1. Human Rights and Employee Rights	40	Ensures equal opportunity in recruitment processes. Includes fair labor, improvement of labor standards, women's employment and inclusivity issues (such as women, men, religious belief, language, race, ethnic origin, age, disability, refugee, etc.) in its policies by considering the supply and value chain effects.	Annual Report, Sustainability, page 80-81 Mavi's People and Its Principles Mavi Diversity and Inclusion Policy Supplier Code of Conduct	Full Compliance	-
	C1. Human Rights and Employee Rights	41	Discloses the measures taken across the value chain to protect groups sensitive to certain economic, environmental, social factors (low-income groups, women, etc.) or minority rights/ equal opportunity.	Annual Report, Sustainability, page 80-81 Supplier Code of Conduct	Full Compliance	-

Principle Type	Principle Code	Principle No	Principle Description	Page Number and/or Link	Compliance	Description (if required)
C.SOCIAL	C1. Human Rights and Employee Rights	42	Reports developments regarding preventive and corrective practices to eliminate discrimination, inequality, human rights violations, and forced labor. Discloses its regulations against child labor.	Annual Report, Sustainability, page 79, 97-98 Mavi's People and Its Principles Mavi Human Rights Policy Mavi Diversity and Inclusion Policy Supplier Code of Conduct	Full Compliance	-
	C1. Human Rights and Employee Rights	43	Discloses policies regarding investment in employees (training, development policies), compensation, benefits, unionization right, work/life balance solutions, and talent management. Determines dispute resolution processes by creating mechanisms for employee complaints and dispute resolution. Regularly discloses the activities carried out to ensure employee satisfaction.	Annual Report, Sustainability, page 82-93 Mavi's People and Its Principles Compensation Policy Remuneration Policy	Full Compliance	-
	C1. Human Rights and Employee Rights	44	Creates occupational health and safety policies and discloses them publicly. Discloses the precautions taken to prevent work accidents and health and injury statistics.	Annual Report, Sustainability, page 93-95	Full Compliance	-
	C1. Human Rights and Employee Rights	45	Creates and publicly discloses personal data protection and data security policies.	Privacy Policy on Protection of Personal Data Privacy Notice on Protection of Personal Data	Full Compliance	-
	C1. Human Rights and Employee Rights	46	Creates an ethics policy (including work, business ethics, compliance processes, advertising and marketing ethics, and open disclosure, etc.) and discloses it to the public.	Mavi's People and Its Principles Supplier Code of Conduct	Full Compliance	-

Principle Type	Principle Code	Principle No	Principle Description	Page Number and/or Link	Compliance	Description (if required)
C.SOCIAL	C1. Human Rights and Employee Rights	47	Discloses activities related to community investment, social responsibility, financial inclusivity, and access to financing.	Annual Report, Sustainability, page 138-141	Full Compliance	-
	C1. Human Rights and Employee Rights	48	Holds briefings and training programs for employees on ESG policies and practices.	Annual Report, Sustainability, page 89	Full Compliance	-
	C2. Stakeholders, International Standards and Initiatives	49	Engages in sustainability activities by considering the needs and priorities of all stakeholders (employees, customers, suppliers and service providers, public institutions, shareholders, community, and non-governmental organizations, etc.).	Annual Report, Sustainability, page 69-71	Full Compliance	-
	C2. Stakeholders, International Standards and Initiatives	50	Publishes and publicly discloses a customer satisfaction policy regarding the management and resolution of customer complaints.	Annual Report, Sustainability, page 123-125 Customer Satisfaction Policy	Full Compliance	-
	C2. Stakeholders, International Standards and Initiatives	51	Carries out continuous and transparent stakeholder communications; discloses the stakeholders, purpose, topic and frequency of communications, and the developments in sustainability activities.	Annual Report, Sustainability, page 69-71	Full Compliance	-
	C2. Stakeholders, International Standards and Initiatives	52	Discloses the international reporting standards adopted (Carbon Disclosure Project (CDP), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), Sustainability Accounting Standards Board (SASB), and Climate-Related Financial Disclosures Task Force (TCFD), etc.).	Annual Report, Sustainability, page 50, 156-161 Mavi CDP Climate Change 2021	Full Compliance	-
	C2. Stakeholders, International Standards and Initiatives	53	Discloses the international organizations or principles (Equator Principles, United Nations Environment Program Finance Initiative (UNEP-FI), United Nations Global Compact (UNGC), and United Nations Principles for Responsible Investment (UNPRI) etc.), of which it is a signatory or member, and international principles adopted (International Capital Market Association (ICMA) Green/Sustainable Bond Principles).	Annual Report, Sustainability, page 147	Full Compliance	-
C2. Stakeholders, International Standards and Initiatives	54	Makes firm efforts to be included in Borsa Istanbul Sustainability Index and international sustainability indices (Dow Jones Sustainability Index, FTSE4Good, and MSCI ESG Indices, etc.).	Annual Report, Corporate Governance, page 198	Full Compliance	-	

Principle Type	Principle Code	Principle No	Principle Description	Page Number and/or Link	Compliance	Description (if required)
D. CORPORATE GOVERNANCE	Corporate Governance Principles	55	Makes maximum effort to comply with all Corporate Governance principles as well as the mandatory Corporate Governance principles stated in the Capital Markets Board's Corporate Governance Communiqué II-17.1.	Annual Report, Declaration of Compliance with Corporate Governance Principles, page 177-179	Full Compliance	-
	Corporate Governance Principles	56	Considers sustainability, the environmental impact of its activities, and the applicable principles when determining its corporate governance strategy.	Annual Report, Corporate Governance, page 177, 198	Full Compliance	-
	Corporate Governance Principles	57	Takes necessary measures to comply with the principles regarding the stakeholders and to strengthen the communication with the stakeholders as stated in the Corporate Governance Principles. Seeks the opinions of stakeholders when determining sustainability-related measures and strategies.	Annual Report, Sustainability, page 69 Corporate Governance, page 178-180	Full Compliance	-
	Corporate Governance Principles	58	Works to raise sustainability awareness and promotes its importance through social responsibility projects, awareness activities, and training programs.	Annual Report, Sustainability, page 89, 139	Full Compliance	-
	Corporate Governance Principles	59	Works to become a member of international standards and initiatives on sustainability and to contribute to activities.	Annual Report, Sustainability, page 147	Full Compliance	-
	Corporate Governance Principles	60	Discloses anti-bribery and anticorruption policies and programs and promotes the principle of tax integrity.	Anti-bribery and Anti-corruption Policy	Full Compliance	-

05

CORPORATE GOVERNANCE

- 5.1 Declaration of Compliance with Corporate Governance Principles
- 5.2 Explanations Regarding Corporate Governance
- 5.3 Board of Directors
- 5.4 Risk Management
- 5.5 Internal Control System and Internal Audit
- 5.6 Board of Directors' Discussion and Analysis
- 5.7 Legal Disclosures
- 5.8 Responsibility Statement
- 5.9 Related Party Transactions Report
- 5.10 Corporate Governance Compliance Report and Information Form

CORPORATE GOVERNANCE

Mavi's corporate culture is defined by remaining close to its customers, being passionate for its product quality, earning the trust of its employees, and building long-term partnerships. Mavi conducts its operations with a corporate governance and sustainability approach based on the principles of transparency, fairness, responsibility, and accountability. Mavi continues to design its corporate governance processes to enable transparency for both internal and external shareholders. In determining its corporate governance strategy, Mavi considers the sustainability principles and the environmental impact of its operations.

Following the introduction of an organizational structure dedicated to sustainability in 2020, Mavi has made strides in managing its business processes with an integrated approach and in line with measurable targets in 2021.

5.1 DECLARATION OF COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

Mavi began trading on Borsa Istanbul on June 15, 2017 (ticker symbol "MAVI") and has been subject to CMB regulations since then. As a matter of policy, Mavi fully complies with the mandatory principles set out in the Corporate Governance Communiqué No. II-17.1. Mavi aims to achieve full compliance with non-mandatory corporate governance principles and currently works on the principles that have yet to be implemented.

The Corporate Governance Compliance Report (URF) and Corporate Governance Information Form (KYBF) pertaining to the Company's special accounting period of February 1, 2021-January 31, 2022 have been prepared in accordance with the presentation principles laid out by CMB's resolution no. 2/49 dated January 10, 2019, published in the CMB Weekly Bulletin, and duly approved by the Company's Board of Directors.

The non-mandatory Corporate Governance principles – marked "partially" or "no" in the above mentioned Corporate Principles Compliance Report (URF) published on the Public Disclosure Platform – that Mavi has yet to implement are indicated below, along with their respective descriptions. Mavi has not been exposed to any conflicts of interest due to lack of full compliance with the non-mandatory principles.

Article 1.3.10. Donations made by the Company during the reporting year are disclosed in a separate agenda item in the General Assembly Meeting as an overall figure without the details of the beneficiaries of such donations.

Article 1.5.2. Under the Articles of Association, minority rights are not granted to shareholders who hold less than one twentieth of capital and in line with general practices, minority shareholders hold rights accorded by the general provisions of law.

Article 3.1.3. Policies that address stakeholders' rights are published on the corporate website while other procedures are provided on the internal disclosure platform Maviletişim.

Article 4.4.7. The Board members are made sure to allocate sufficient time to company business and they are not restricted in terms of assuming other positions outside the company. Considering the professional and sector-specific experience that the members bring to the Board of Directors, imposing restrictions on their external duties is not deemed necessary. The Board members' résumés and the duties they hold outside the company are presented to the shareholders before the General Assembly Meeting.

Article 4.5.5. Considering various factors such as the volume of operations and administrative needs, Mavi has determined the number of independent members to serve on the Board of Directors as three. Currently, the Board has three committees. Given that the committee chairs are required to be independent members according to the relevant principle, these independent directors serve on multiple committees. These committee assignments do not give rise to any conflicts of interest within the Company.

Article 4.6.1. A specific performance appraisal has not been conducted on Board level.

Article 4.6.5. The remunerations of the Board members are determined by the General Assembly. Furthermore, remunerations of Board members and senior executives are disclosed to the public in the Company's financial table footnotes as a total figure in line with general practices.

In 2021, corporate governance activities were carried out in accordance with the Capital Markets Law, which includes the CMB's corporate governance principles and the communiqués based on this Law. At the 2021 Ordinary General Assembly meeting, Board of Directors and Board committees were formed in accordance with provisions of the Corporate Governance Communiqué. The company followed the applicable regulations in determining and publicly disclosing the independent Board member

nominees. The Board committees perform their duties effectively. The general assembly information note and information on privileged shares, voting rights, organizational changes, résumés of the Board candidates, remuneration policy for the Board of Directors and senior executives, other information required to be disclosed per the Principles were made available for the investors there weeks before the General Assembly meeting. Furthermore, the corporate website and annual report were reviewed and updated to ensure full compliance with the principles. In addition to these activities, the "Board Diversity Policy" was approved in early 2021. The company aims to reach and maintain a female membership of minimum 1/3 on the Board of Directors.

5.2 EXPLANATIONS REGARDING CORPORATE GOVERNANCE

Shareholders

The Investor Relations Department is responsible for informing local and foreign investors in an accurate, consistent and timely manner (while protecting trade secrets and confidential information and respecting equality in communicating information), elevating the company's profile and credibility, ensuring two-way communication and information flow between the Board of Directors and the capital markets regulators and participants, complying with legislation and the Articles of Association related to shareholder rights, and fulfilling the public disclosure obligations in accordance with applicable legislation and the Company's Disclosure Policy. The Investor Relations Department reports directly to the CFO.

No discrimination is made among shareholders in terms of exercising the right to view and request information, and all information, other than those considered trade secrets, is disseminated to shareholders in accordance with the company's Disclosure Policy to avoid inequality in obtaining information.

The Investor Relations Department at Mavi promptly responds to shareholders' and other stakeholders' information requests and questions via various channels and the most effective means of communication. Furthermore, in order to enable shareholders to exercise their right to information in the most efficient manner, the Department maintains an Investor Relations tab on the corporate website (mavicompany.com) – also linked from the official website (www.mavi.com) – where investors and other stakeholders are provided with all publicly available financial and operational data, all the company's material event disclosures, and public announcements and notifications.

The website is available in English and Turkish. Additionally, the department emails the latest operational and financial announcements to the individuals or institutions that register for the Investor Relations mailing list.

In the special accounting period from February 1, 2021 to January 31, 2022, the Investor Relations Department attended 1q virtual investor conferences and held over 200 teleconferences to share Mavi's financial, operational, and strategic developments with investors and analysts. At these events and meetings, the company had contact with 330 investors and analysts from 115 local or international institutions and funds. Furthermore, throughout the year, the Department held four earnings webcasts aimed at investors and analysts to announce quarterly financial results. The recordings and transcriptions of the webcasts, presentations, and the questions addressed to the management as well as the answers were duly posted on the corporate website for the investors and analysts who were unable to participate in the events on the announced days and times.

All the requests for information received by phone or email in the special accounting period from February 1, 2021 to January 31, 2022 were answered in accordance with the company's Disclosure Policy and in line with the publicly available information.

The Investor Relations Department submits monthly and quarterly reports to the Board of Directors on macroeconomic and industry developments and stock performance and reports annually to the Corporate Governance Committee on investor relations activities throughout the year. The Investor Relations Department also informs the Board of Directors regularly on the developments about the issues raised in investor meetings.

Contact details of the Investor Relations Department:

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Senior Director, Investor Relations
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Board of Directors

The Board of Directors at Mavi is primarily responsible for defining the company's strategic targets, determining the workforce and financial resources needed, and overseeing the performance of the executive management.

The Board of Directors consists of two types of members: executive members and non-executive members. Non-executive members, free of any other administrative duties at the company, will constitute the majority of Board members.

The company is managed and represented by a Board of Directors consisting of six members. Half of Mavi's Board members are elected from among candidates proposed by Class-A shareholders. The Chairperson of the Board of Directors is elected from among the Board members proposed by Class-A shareholders.

A sufficient number of independent members are appointed to the Board of Directors by the General Assembly, in line with the principles concerning independence of the members of Boards of Directors, as set out in the CMB's Corporate Governance Principles. In the special accounting period from February 1, 2021 to January 31, 2022, no circumstances that would impair the independence of the independent members occurred.

In line with Mavi's Board Diversity Policy, the company aims to increase the female membership ratio on its Board of Directors to one-third by 2024 and to maintain this ratio thereafter. Accordingly, two women were selected to the Board of Directors at the General Assembly Meeting on April 28, 2021.

Board meeting agendas are determined by the Chairperson, or the Vice Chairperson in the absence of the Chairperson, by considering the executive management's suggestions. The Board will convene and/or pass resolutions as and when the company's affairs necessitate upon the request of the Chairperson or the Vice Chairperson in the absence of the Chairperson. In the special accounting period from February 1, 2021 to January 31, 2022, the Board of Directors convened 5 times and passed 54 resolutions. All members generally attend the Board meetings held in accordance with Article 390/1 of the Turkish Commercial Code. Mavi's Articles of Association include no provision granting Board members casting votes or vetoes in Board meetings. In the 2021 reporting period, no related party transactions or material transactions, which were disapproved by the independent members and therefore required presentation to the General Assembly for approval, took place.

The Company has executive liability insurance coverage of \$3 million, which extends to all members of the Board of Directors and the senior management of Mavi's affiliates/subsidiaries

Currently, the Board of Directors of Mavi consists of six members whose positions are detailed below.

Name	Position	Other Positions Within the Group and Name of the Relevant Company	Positions External to the Group and Name of the Relevant Company
Ragıp Ersin Akarlilar	Chairman Non-executive	President - Mavi USA Head of Supervisory Board - Mavi Germany Company Secretary - Mavi Canada	-
Ahmet F. Ashaboğlu	Independent Director Non-executive	-	CFO - Koç Holding Board Member - several Koç Group companies
Ahmet Cüneyt Yavuz	Board Member Executive CEO	Supervisory Board Member - Mavi Germany	-
Fatma Elif Akarlilar	Board Member Executive Chief Brand Officer	Supervisory Board Member - Mavi Germany	-
Nevzat Aydın	Independent Director Non-executive	-	Board Member & former CEO - Yemeksepeti Board Member - Endeavor, TOBB Young Entrepreneurs, American Turkish Society; Chairman of GEN Turkey (Global Entrepreneurship Network); Member of the Board of Trustees, Boğaziçi University Founding Member, Galata Business Angels; WTech (Women in Technology)
Yonca Dervişoğlu	Independent Director Non-executive	-	Chief Marketing Officer of Europe, Middle East, and Africa - Google

Board Committees and the Board of Directors' Review of the Committees' Effectiveness

The Board of Directors has established an Audit Committee, a Corporate Governance Committee and an Early Identification of Risk Committee to ensure that the Board fulfills its duties and responsibilities in a safe and sound manner. The committees carry out their duties in accordance with the specified operating principles, which are also available on the corporate website.

The Board of Directors appointed members to these committees on April 28, 2021 and disclosed the resolution on the Public Disclosure Platform (PDP).

The company did not form a Nomination Committee or a Remuneration Committee in 2021 and the relevant functions are delegated to the Corporate Governance Committee.

The Board of Directors provides all resources and extends full support to the committees for performance of their assigned duties.

Executive members are not eligible for appointment to these committees. The heads of the three Board committees and the Audit Committee members are Independent Directors.

Audit Committee

Name	Title on the Committee	Independent/Non-executive
Ahmet F. Ashaboğlu	Head	Independent, non-executive
Nevzat Aydın	Member	Independent, non-executive

The Audit Committee oversees the company's accounting system, public disclosure of financial information, and functioning and effectiveness of the internal control system and the Internal Audit department. Accordingly, the Committee ensures that financial and operational activities are supervised, and all internal and independent audits are carried out in a healthy manner. The Committee also offers opinion about the accuracy of financial statements and recommendations to the Board of Directors about the selection of the independent auditor, and reviews company policies related to investigations about legal compliance, ethical codes, conflicts of interest, poor management and fraudulent transactions, as well as suitability of corporate governance policies through the internal audit department.

The Audit Committee convenes at least four times a year and at least every three months at the company's head office or another location upon the Committee head's invitation. The Committee can also be called to convene extraordinarily by the Chairman or the Committee head and hold meetings with the auditors and executives on a special agenda. The Audit Committee convened four times during the 2021 reporting period and reviewed and approved the internal audit reports.

In addition to convening four times to review the internal audit activities in 2021, the Audit Committee also passed four resolutions and submitted them to the Board of Directors in writing, expressing its observations on the accuracy, correctness and compliance of the annual and interim financial statements prepared for public disclosure with the company's accounting principles.

Corporate Governance Committee

Name	Title on the Committee	Independent/Non-executive
Yonca Dervişoğlu	Head	Independent, non-executive
Ragıp Ersin Akarlılar	Member	Non-independent, non-executive
Duygu İnceöz	Member	-

The Corporate Governance Committee was established to monitor the company's compliance with corporate governance principles, examine the reasons for non-implementation of the principles that have yet to be implemented, and recommend to the Board of Directors ways to improve corporate governance practices. The Committee also works in coordination with the Investor Relations department to review the requests and opinions communicated to the company by investors and shareholders, ensuring that they are resolved, and develops proposals to make sure that public disclosures and analyst presentations are made in compliance with the laws and regulations and particularly in accordance with the company's public disclosure policy.

Since Nomination and Remuneration Committees are not yet established within Mavi, it has been accepted as a principle that the Corporate Governance Committee should fulfill the duties and responsibilities of these committees. The Committee submits reports of its activities and recommendations to the Board of Directors in writing.

In the fiscal year 2021, the Committee assessed the company's corporate governance practices and the Corporate Governance Principles Compliance Report and monitored the activities of the Investor Relations department, served as the nomination committee for the election of the board of directors and took part in the preparation of the Board Diversity Policy.

Early Identification of Risks Committee

Name	Title on the Committee	Independent/Non-executive
Ahmet F. Ashaboğlu	Head	Independent, non-executive
Ragıp Ersin Akarlılar	Member	Non-independent, non-executive
Bigge İşcan Aksaray	Member	-

The Early Identification of Risk Committee was established to identify the risks that pose a threat to the company's existence, development and continuity ahead of time, implement risk mitigation and risk management measures, and manage the risks. The Committee submits opinions to the Board of Directors to identify the risks that might affect the company's stakeholders and especially the shareholders and to establish the internal control mechanisms that include risk management and information systems processes to minimize the impact.

The Early Identification of Risk Committee convenes at least six times a year. In the fiscal year 2021, the Committee submitted six written reports to the Board of Directors, with four on enterprise risk management that involves detection of risks and determining the steps and actions to avoid or mitigate risks, and two on the efficacy of the risk control mechanisms in place to ensure that the company's capital structure is preserved.

The Board of Directors is of the opinion that the Board committees' activities have delivered the expected benefits.

Business Ethics

As a brand that elicits confidence from the consumer, Mavi is a reputable business partner for suppliers and offers its employees a career open to development as it nurtures a strong sense of belonging and loyalty. These attributes are rooted in principles that the Company embraces and practices in all its business affairs. Since its founding, Mavi's core principles, which ensure the sustainability of its corporate direction, have been uncompromising integrity, fairness and full compliance with laws and codes of conduct.

Working under the Mavi umbrella demands professionalism and integrity under all conditions and identifying one's personal reputation with that of the brand and the organizational structure. Accordingly, Mavi expects each employee to respect all living creatures and the environment, to maintain a sense of social responsibility, and to internalize all aspects of the business code of conduct. Mavi secures its brand image

by ensuring that the employees put the brand's interests above their own and avoid any behavior to the detriment of the company and its reputation.

Codes of conduct are detailed in a booklet, Mavi's People and Its Principles, and made available on the corporate website for all stakeholders and the intranet (Maviletişim) for the employees. With Mavi's People and Its Principles, the Company aims to ensure that employees embrace business ethics and comply with the codes of conduct and relevant procedures. The principles that govern key aspects such as protecting brand interests, preserving company assets, privacy and information security, non-discrimination, and anti-bribery and anti-corruption lay out the responsibilities with which the employees and executives are required to comply.

The Senior Manager of Legal and Compliance delivers training programs on the topics included in Mavi's People and Its Principles. In 2020, 376 head office employees took the Code of Ethics training for an average of one hour per employee as part of the efforts to ensure that the ethical principles are understood and embraced by all the employees. Announcements regarding the Ethics Line are posted on the intranet and posters are placed in all the stores. The training programs, which were temporarily suspended in 2021 for revision purposes, will resume in 2022 with updates.

For Mavi's People and Its Principles (Code of Conduct), [please click here](#).

Situations deemed to violate laws and regulations, internal policies and procedures, best corporate governance practices, and ethical principles (especially code of conduct stipulated in Mavi's People and Its Principles) at Mavi, should be reported with integrity as soon as they are observed or witnessed, respecting the rights of the persons involved. The Ethics Line is a 24/7 support system managed by a third party (parties), completely independently from the company management, and enables the Mavi employees in Turkey and other countries to report the non-compliances they detect or witness, voice their concerns, or ask questions.

Ethic Line website: www.mavietikhat.com / www.maviethicsline.com

The Ethics Line is a channel where every employee can communicate verbally in their native language and voice their complaints without having to disclose their identity.

Mavi assures that the identity of the individual who reports a violation will be protected. In the reports submitted via the Ethics Line channels, individuals are not obligated to disclose their identity, and anonymous reporting option is available.

In April 2021, the Board of Directors launched the Mavi Compliance Project to review the existing ethics and compliance policies, procedures, and applications and respond to all stakeholder expectations with best practices by elevating the compliance maturity levels.

Working with an independent consultancy firm specialized in this field, the company reviewed ongoing compliance activities and assessed related risks. During the project, the internal regulations, related documentation, and all relevant processes, including Mavi's People and Its Principles, the company's code of conduct, and the Anti-bribery and Anti-corruption Policy, were revised and updated. Furthermore, the Compliance Policy, which includes all of these processes and provides a framework for Mavi's approach to best corporate governance practices and ethical codes and defines where Mavi stands and how Mavi addresses compliance topics, was published and made available on the corporate website for all stakeholders and the intranet (Maviletişim) for the employees. Once the project is finalized in the first quarter of 2022 as planned, all employees of Mavi and its subsidiaries will receive regular training based on the project output.

The Code of Conduct for Suppliers includes a complaint procedure to report violation of ethical codes or irregularities. Such complaints or reports may always be communicated anonymously, if desired, by sending an email to suppliercompliance@mavi.com. Customers may also report irregular and unethical transactions by phone or email.

[Please click here for the Mavi Code of Conduct for Suppliers.](#)

The Ethics Committee, consisting of three permanent members and one substitute member, is responsible for investigating and resolving complaints and reports of code of conduct infractions. The head and members of the Ethics Committee act independently of their departmental managers and the corporate hierarchy without external influence. No one may exert pressure on the Ethics Committee, whose decisions are implemented promptly. In 2021, the Ethics Board received 260 reports via the Ethics Line and investigated each one, resolving 232 (89%) of all calls.

Anti-bribery and Anti-corruption

Mavi does not tolerate any form of bribery and corruption. Mavi has an Anti-Bribery and Anti-Corruption Policy, which lays out the company's stance against bribery and corruption. This policy is available on the corporate website and intranet (Maviletisim) for all stakeholders. The policy aims to achieve compliance with the anti-bribery and anti-corruption laws and regulations in all the countries where the company operates, ethical and professional principles, as well as universal codes. The policy applies to Mavi's Board members, managers and employees, Mavi's subsidiaries, affiliates, and their Board members, managers and employees, and all types of entities ("Business Partners") and Business Partners that carry out work on behalf of Mavi, including suppliers, manufacturers, subcontractors, franchisees, consultants, etc., and their employees. The company's anti-bribery and anti-corruption practices are addressed in Mavi's People and Its Principles and defined in the Anti-Bribery and Anti-Corruption Policy.

- Bribery or corruption will not be tolerated under any circumstances whatsoever.
- Job-related financial favors, so-called commission or by any other name, will not be accepted or offered.
- Direct or indirect propositions to public or private persons or entities to secure any preference or favors, whether related to business or not, as well as written or verbal agreements for such purposes are strictly prohibited.
- Relationships with third parties will not be abused to secure favors against the promise of preferential treatment, and any propositions for such must be rejected.
- Utmost care must be taken to ensure that no act or behavior, whatever the intention may be, creates even the slightest suspicion or impression of a favor.

The Code of Conduct for Suppliers stipulates that all business partners and their employees are obligated to act ethically and morally to avoid any personal dependence, obligation, or influence in all their business dealings in line with anti-bribery and anti-corruption principles. All employees and business partners are expected to behave professionally with a sense of fairness and in full compliance with all applicable national and international laws and regulations.

Relations with suppliers and state institutions, payment terms, human resources processes, accounting and purchasing processes are regarded as activities prone to high risk of corruption. Operational processes with high risk are within the purview of the Audit Committee. An annual internal audit calendar is prepared with the approval

of the Audit Committee, which consists of independent board members. The processes prone to corruption risk have been reviewed by the internal audit team and the findings were shared with the company's senior management and the Audit Committee.

Any suspicions that involve employees or persons acting on behalf of Mavi to be in violation of the Anti-bribery and Anti-corruption Policy must be reported to the Mavi Ethics Line or the relevant compliance manager. In cases that are in violation of the Procedure, the issue is investigated by the Mavi Ethics Committee without endangering the safety and reputation of the reporting individual and sanctions are imposed if impropriety or irregularity is determined.

The "Corporate Compliance and Ethics at Mavi" training organized for head office employees is designed to cover two topics included in the Anti-bribery and Anti-corruption Policy and its Annex, Implementation Guidelines for Accepting Gifts and Hospitality. In 2020, 103 managers and higher level executives took the Corporate Compliance and Ethics at Mavi training. The training programs, which were temporarily suspended in 2021 for revision purposes, will resume in 2022 with updates.

In 2021, the Ethics Line did not receive any reports or notifications of bribery or corruption.

[Please click here for the Anti-bribery and Anti-corruption Policy.](#)

5.3 BOARD OF DIRECTORS



Ersin Akarlılar / Chairman



Ahmet F. Ashaboğlu/ Vice Chairman



Cüneyt Yavuz / Member



Elif Akarlılar / Member



Nevzat Aydın / Independent Member



Yonca Dervişoğlu/ Independent Member

Board of Directors Résumés

Ersin Akarlılar | Chairman

Ersin Akarlılar holds a bachelor's degree in Economics from Boğaziçi University and an MBA in finance and international business from New York University, Leonard N. Stern School of Business. He joined Mavi in 1991 and was elected as a member of Mavi's Board of Directors in August 2008. Ersin Akarlılar, who has been the chairman of the Company since July 2017, currently serves as President at Mavi USA, which he established in 1996 in New York City.

Ahmet F. Ashaboğlu | Vice Chairman

Mr. Ashaboğlu holds a BSc degree from Tufts University and a Master of Science degree from Massachusetts Institute of Technology (MIT), both in Mechanical Engineering. He began his career as a Research Assistant at MIT in 1994, followed by various positions in capital markets within UBS Warburg, New York (1996-1999). After serving as a management consultant at McKinsey & Company, New York (1999-2003), Ahmet Ashaboğlu moved back to Turkey and joined Koç Holding as Finance Group Coordinator in 2003. He has been serving as Group Chief Financial Officer (CFO) at Koç Holding since 2006. Ahmet Ashaboğlu has served on the Board of Directors of Mavi as a member since July 2017.

Cüneyt Yavuz | Member

Cüneyt Yavuz, who holds a bachelor's degree in Political Science from Boğaziçi University and a graduate degree in International Relations from Johns Hopkins University, started his professional career in 1992 at Procter & Gamble where he held various senior sales and marketing management positions. During his tenure, he was appointed Country Manager for Poland in 2003 and lived in Warsaw for five years. Cüneyt Yavuz joined Mavi in 2008 as Chief Executive Officer and has served as a member of the Board of Directors since March 2017.

Elif Akarlılar | Member

Elif Akarlılar, who holds an undergraduate degree in International Politics from the University of Vienna and an MA in Visual Culture and History of Design from New York University, joined Mavi in 1991 and prior to her appointment as global brand director, she held various product development and brand management positions within the Mavi organizations in Istanbul and New York City. Elif Akarlılar continues to serve as a member of the Board of Directors since August 2008.

Nevzat Aydın | Independent Member

Nevzat Aydın is the co-founder and former CEO of Yemeksepeti, the leading quick commerce platform in Turkey. Born in 1976, Nevzat Aydın holds a computer engineering degree from Boğaziçi University. After completing his studies, he went to University of San Francisco to do his MBA. During his stay in Silicon Valley he had his inspiration to start "yemeksepeti.com" and returned to Istanbul to pursue his endeavor. In May 2015, Yemeksepeti was acquired by the global leader Delivery Hero with the highest valuation ever in Turkish internet history. Nevzat Aydın was among the 150 entrepreneurs invited from all around the world to the Entrepreneurship Summit held by USA President Barack Obama in 2010. In 2013 and 2015, he was named number one on Fortune's "40 Under 40" list. He was honored with the Philanthropy Award of American Turkish Society in 2017. In 2018, he was included in Turkey's Best Minds list by Forbes. He has received many awards as the top angel investor in Turkey by many leading industry organizations such as Webrazzi. Currently, Mr. Aydın is the chairman of GEN Turkey (Global Entrepreneurship Network), board member of Endeavor Turkey, TOBB (Union of Chambers and Commodity Exchanges of Turkey) Young Entrepreneurs and American Turkish Society, a member on Boğaziçi University's board of trustees, and a founding member of Galata Business Angels and Wtech (Women's Association in Technology). Nevzat Aydın is an independent member of Mavi Giyim's Board of Directors.

Yonca Dervişoğlu | Independent Member

Yonca Dervişoğlu is Google's Chief Marketing Officer of Europe, Middle East and Africa. She joined Google in 2006 and manages teams across 35 countries. Yonca was a driving force behind Grow with Google, an initiative that has trained 17 million people across EMEA in digital skills and which will help 10 million find a job or grow their business by the end of 2020. Grow with Google has received two awards from the European Commission. Yonca also co-founded Google Arts and Culture. Prior to Google, Yonca held senior marketing positions at Unilever and Yahoo!, after starting her career at the Kale Group who also sponsored her Master's degree. She currently sits on the Digital Advisory board of the Natural History Museum UK and the Board of AccelerateHer, born out of the Founders Forum and championing women in tech. Previously, she served on the Supervisory Board of Heineken, was a member of the Innovation Circle of the Serpentine Galleries and is a fellow of the Marketing Society. Yonca holds a bachelor's degree in Business Administration from Istanbul University and a master's degree in international business from Ohio State University. Born and raised in Turkey, she lives with her daughters in London.

Executive Management Résumés

Cüneyt Yavuz | CEO

Cüneyt Yavuz, who holds a bachelor's degree in Political Science from Boğaziçi University and a graduate degree in International Relations from Johns Hopkins University, started his professional career in 1992 at Procter & Gamble where he held various senior sales and marketing management positions. During his tenure, he was appointed Country Manager for Poland in 2003 and lived in Warsaw for five years. Cüneyt Yavuz joined Mavi in 2008 as Chief Executive Officer and has served as a member of the Board of Directors since March 2017.

Elif Akarlılar | Chief Brand Officer

Elif Akarlılar, who holds an undergraduate degree in International Politics from the University of Vienna and an MA in Visual Culture and History of Design from New York University, joined Mavi in 1991 and prior to her appointment as global brand director, she held various product development and brand management positions within the Mavi organizations in Istanbul and New York City. Elif Akarlılar continues to serve as a member of the Board of Directors since August 2008.

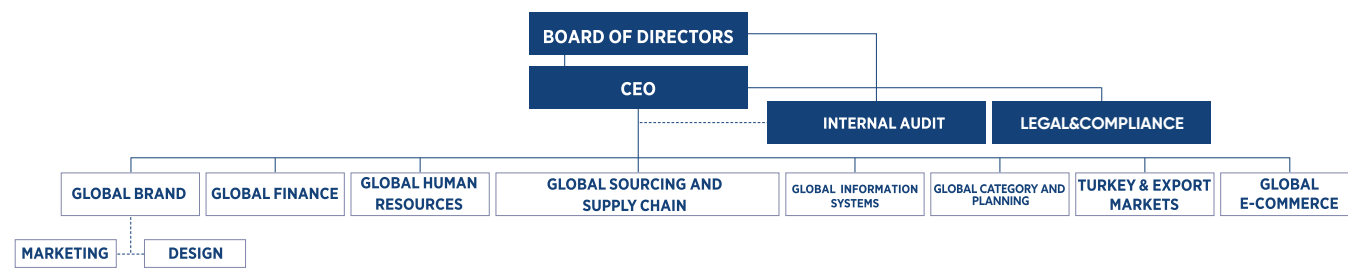
Bige İşcan Aksaray | CFO

Bige İşcan Aksaray holds a bachelor's degree in Economics from Boğaziçi University and an MBA from Boston University. She started her professional career at EY's Istanbul office (1991) and later joined Procter & Gamble (Gillette) as a financial analyst (1993), serving in various management positions in the company's Istanbul and London offices, and finally as Regional Finance & Treasury Manager, Turkey, the Balkans and the Mediterranean Hub. She then joined Avon Turkey (2005) as Finance Director, later serving as Executive Finance Director - Turkey, North Africa & Middle East. She was appointed CFO at Mavi in 2019.

Okan Gürsan | Chief Commercial Officer (Turkey & Export Markets)

Okan Gürsan holds a bachelor's degree in Economics (in English) from Dokuz Eylül University, and graduate degrees in Business Administration from the Georgia Tech and Bilgi Universities. Mr. Gürsan started his career in 2001 at Ernst & Young and went on to work in various audit, finance, and sales and marketing roles from 2004 onward for 11 years at Coca-Cola America, Turkey and Azerbaijan. After joining Boyner Group in 2015 and serving in senior management positions at Beymen and Boyner, Okan Gürsan became part of the Mavi family in 2018 as Chief Commercial Officer (Turkey & Export Markets).

ORGANIZATIONAL CHART AND CHANGES DURING THE REPORTING PERIOD



5.4 RISK MANAGEMENT

The Early Identification of Risk Committee identifies the risks that may jeopardize Mavi's existence, development and continuity ahead of time, thereby supporting the Board of Directors' implementation of risk-mitigation and management measures. The Committee reports to the Board of Directors at each meeting of the Board, and the company forwards these reports to the independent auditors. The Board of Directors regularly assesses the risks that the company faces based on the information provided by the Early Identification of Risk Committee.

Responsibility for the management and reporting of risks is supervised by the CFO in coordination with other departments. The risks are evaluated with periodical analyses and reports to determine potential risk exposure and probability. Then, risk levels are identified and the risks are assigned to relevant risk officers to take action. In this process, actions for "Very High" and "High" level risks are monitored closely and frequently. The principal risks that Mavi is exposed to are categorized and followed under four main headings: financial risks, reputation risks, strategic and operational risks, and legal risks.

Financial risks

The exchange rate risks that could arise from the changes in the value of different currencies with respect to assets and liabilities in such currencies, liquidity and cash flow issues in line with working capital requirements or due to disruptions in sales, and interest rate risks within the scope of financial borrowing strategy are among the key financial risks. Aiming to keep financial risks under control, various financial indicators, including Net Financial Debt/EBITDA and liquidity ratios, foreign exchange position, maturity and distribution of debt are monitored both on company basis and also on consolidated and combined basis, ensuring that they are maintained within specified limits. In managing foreign exchange risk, natural hedges are preferred while financial

hedge instruments related to commodity imports are also utilized regularly and systematically. In the fiscal year 2021, all foreign currency liabilities on the balance sheet were hedged with natural and financial hedge instruments in line with the decision to minimize open position on the balance sheet. The chronic physical impact of climate change and the changes in sustainable raw material prices due to rising demand are also monitored within the scope of financial risks. Macroeconomic developments such as slowing economic growth, decline in consumer confidence index and tighter consumer spending are also considered among financial risks. To detect the risks that may arise in such conditions early on, the company monitors specific macroeconomic indicators regularly and has defined strategic policies such as not exceeding minimum liquidity levels, keeping indebtedness levels low and having adequate and diverse credit lines.

Operational and strategic risks

Key operational risks include failing to realize expansion plans due to inability to secure required retail space, the need to increase operating capital due to ineffective inventory management and decline in profitability, supply shortages, and capacity loss or service disruptions due to natural disasters as a results of climate change. Mavi introduces continuous improvements in all its systems to increase efficiency of its operational processes. For this purpose, a project team (Go Operations) operating across functions has been established and working toward concrete measurable targets for the last three years. Key strategic risks include the issues and decisions that can adversely affect the future existence and sustainability of the company such as material mistakes in assumptions and measurements in short-, medium- and long-term business plans, making insufficient investments or misguided investments, and failing to anticipate evolving consumer preferences, fashion trends and the competitive landscape. Mavi creates three-year strategic roadmaps, with the first year in detail and subsequent two years in macro scale, and annually reviews and updates this roadmap in light of the latest developments. Mavi exercises due diligence in selecting the markets where it will operate strategically and avoids direct investments in risky geographical zones. The Company's R&D and innovation culture serves to maintain its competitive strength. The World Economic Forum's (WEF) 2021 Global Risks Report perceives "extreme weather, climate action failure and human-led environmental damage as well as digital power concentration, digital inequality and cybersecurity failure among the highest likelihood risks of the next ten years". These are addressed under non-financial risks and studied in working groups to determine action plans.

Reputation risks

Within the scope of the franchise activities that are not directly under the company's control, failure of the dealers and wholesalers to act in accordance with the company's product quality, pricing and marketing strategy and other conditions, social and/or environmental violations across the product lifecycle from production to sales caused by suppliers, dealers, sales teams or support staff that may harm brand image are among reputation risks. For this purpose, the company has incorporated relevant provisions that impose various obligations into the agreements and established control and audit processes for compliance. Mavi also obtained ISO 27001 Information Security Management System certification as part of the efforts toward full compliance with the Information Systems Management Communiqué. All processes are now carried out in accordance with the ISO standard. The ISO 9001 Quality Management System standard, adopted since 2020, ensures that the products and services are provided in the quality that the customers expect from Mavi.

Legal risks

Legal regulations and changes that may decrease competitive strength, social, legal or political instability or material legislative changes that may adversely affect trade with countries of operation or sourcing, security breaches that may result in third party access to customer information, environmental law, trade regulations, personal data protection legislation, occupational health and safety, and failure to comply with statutory and other regulatory provisions within the scope of consumer protection issues are considered legal risks.

5.5 INTERNAL CONTROL SYSTEM AND INTERNAL AUDIT

The internal control system is composed of standard definitions, job descriptions, authorization system, and policies and written procedures included in the workflows. The senior management of the company and its subsidiaries hold responsibility for ensuring that the internal control mechanisms function. The internal control system is periodically reviewed and audited by the Internal Audit Department for effectiveness. The audit results are submitted to the Audit Committee, which consists of independent Board members and the company managements, and the planned actions are monitored.

The Internal Audit Department, established during the public offering process in 2017, reports directly to the Audit Committee, which consists of independent Board members, within the organizational structure of the company in accordance with the principle of independence.

The Internal Audit Department's duties include checking the reliability and accuracy of the financial statements of the company and its subsidiaries, ensuring that the activities are carried out in accordance with applicable laws and accepted ethical codes of the company, analyzing processes and identifying current and potential risks to improve the effectiveness and efficiency of operations, and contributing to finding solutions to minimize such risks. The Audit Committee is regularly briefed about the Internal Control System and internal audits.

The Board of Directors is of the opinion that the internal control system is functioning effectively and the internal audit activities can be executed independently.

5.6 BOARD OF DIRECTORS' DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of Financial Condition and Results of Operations

The restrictions and measures imposed due to the COVID-19 outbreak, which the World Health Organization (WHO) declared a pandemic in early 2020, started to ease in the second quarter of 2021 with the acceleration of vaccine rollouts. Starting from June 1, Mavi resumed normal working hours in all operations in Turkey. As the customer shopping habits adapted to the new normal, foot traffic in our stores returned to pre-pandemic levels. Thanks to our strong brand recognition, active communication strategy, the advantage of a casual and sporty product range, high quality and customer-focused approach, effective risk management, and data-driven decision-making mechanisms, Mavi closed 2021 with successful results.

Due to the uncertain environment during the pandemic, the management disclosed its first 2021 guidance on September 14, 2021, along with the first half results, and revised it upward on December 7, 2021. Year-end financial results exceeded management expectations published on both of the aforementioned dates in terms of sales growth, profitability, cash generation, and robust balance sheet.

Management's Discussion and Analysis on ESG Integration

In 2021, Mavi accelerated the sustainability-focused efforts that started in 2020, making significant progress toward integrating sustainability into the business processes and managing it with measurable targets. In addition to defining the details of the 'All Blue. All Better. For All' sustainability strategy, Mavi also set long-term sustainability targets in material aspects. Publishing the first Sustainability Report, which includes the All Blue approach, focused on People, Planet, Community, and Denim, and defines the future goals marked an important milestone. The All Blue collection, all vegan and made with sustainable organic, recycled or Better Cotton-certified cotton, recycled polyester, TENCEL™ modal and lyocell, cottonized hemp, and upcycled materials, using innovative techniques using less water and energy, continued to expand, and was recognized as the "Most Sustainable Collection" at the "The Rivet Awards". In recognition of the strides made in sustainability, Mavi was included in the Borsa Istanbul (BIST) Sustainability Index. As the first Turkish apparel brand to support the CEO Water Mandate, Mavi aims to achieve progress in setting science-based emission targets by participating in the Climate Ambition Accelerator program led by the UN Global Compact.

5.7 LEGAL DISCLOSURES

Company Information and Shareholding Structure

Trade Name	: Mavi Giyim Sanayi Ve Ticaret A.Ş.
Address	: Sultan Selim Mah. Eski Büyükdere Cad. No:53 34418 Kağıthane/İSTANBUL
Trade Registry and number	: Istanbul Trade Registry Directorate / 309315
Web address	: www.mavi.com , www.mavicompany.com, www.maviyatirimciliskileri.com
Registered Capital Ceiling	: TL 245,000,000
Issued Capital	: TL 49,657,000
BIST Code	: MAVI

Information On Extraordinary General Assembly Meetings During The Year, If Any

No Extraordinary General Assembly Meeting was held during the year.

Subsidiaries Report

Pursuant to Article 199, paragraphs (1) through (3) of the Turkish Commercial Code

No.6102, within the first three months of the fiscal year, the Board of Directors of Mavi is obligated to issue a report regarding the relations of Mavi during the past fiscal year with the controlling shareholders of Mavi and the subsidiaries of such controlling shareholders.

As stated in this Subsidiaries Report, issued by Mavi's Board of Directors on March 30, 2021, it has been concluded that with respect to all transactions carried out between Mavi on one side and Mavi's controlling shareholders and their subsidiaries on the other side during the accounting period of February 1, 2021 – January 31, 2022, the consideration received in each transaction was appropriate under the conditions and circumstances then known to Mavi, there were no measures that should have been taken or avoided that could give rise to damages to be suffered by Mavi, and accordingly, there were no measures or actions to be taken for the purpose of compensation.

Information on Lawsuits Filed Against Mavi that Could Materially Affect the Financial Standing and Activities of the company and Potential Outcome of Such Lawsuits

No lawsuit has been filed against Mavi that could materially affect the Company's financial standing or activities.

Disclosures Regarding Administrative and Judicial Sanctions Imposed on the Company and its Board Members Due to Acts Violating Applicable Legislation

There is no administrative or judicial sanction imposed on Mavi or its Board Members due to acts violating the applicable legislation.

Information on the Amendments to the Articles of Association in the Reporting Period

No amendments were made to the articles of association in the special accounting period of February 1, 2021 – January 31, 2022.

Disclosures Regarding the Private And Public Audits Conducted In the Reporting Period

A tax inspection for the accounting period between 01.02.2017-31.01.2018 has been initiated by the Turkish Ministry of Treasury and Finance Tax Inspection Board during the special accounting period of 01.02.2019- 31.01.2020. This inspection was completed during the special accounting period of 01.02.2021- 31.01.2022.

Information Regarding the Company Shares Acquired

The Company has not acquired any of its own shares in the special accounting period of February 1, 2021 – January 31, 2022.

Review Under Article 376 of the Turkish Commercial Code

Upon review of whether Mavi's capital was preserved and not lost as per Article 376 of the Turkish Commercial Code, it has been ascertained that as of January 31, 2022, Mavi Giyim San. ve Tic. A.Ş.'s issued capital of TL 49,657,000 was well preserved, with the main shareholder having a shareholder's equity of TL 1,114,503,000 and with a net cash position, the company's indebtedness level was adequate for the continuation of its activities in a sound and safe manner.

5.8 RESPONSIBILITY STATEMENTS

RESPONSIBILITY STATEMENT FOR FINANCIAL STATEMENTS

RESPONSIBILITY STATEMENT PURSUANT TO CAPITAL MARKET BOARD'S COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1) ARTICLE 9

Regarding the financial statements pertaining to the special accounting period from February 1, 2021 to January 31, 2022, which were prepared by the Company and audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. in compliance with the Turkish Accounting Standards/Turkish Financial Reporting Standards and formats determined by the Capital Markets Board (CMB) in accordance with CMB's Communiqué on Principles of Financial Reporting in Capital Markets ("Financial Reporting Communiqué") II.14.1 including the consolidated statement of financial position, comprehensive income statement, statement of cash flow and statement of changes in equity as well as notes to year-end financial statements, we hereby declare our responsibility for the following:

- We have examined the financial statements,
- Within the frame of information that we hold in our fields of duty and responsibility in the Company, the financial statements do not contain any untrue statement on material events or any deficiency, which may make them misleading as of the date of statement,
- Within the frame of information that we hold in our fields of duty and responsibility in the Company, the financial statements prepared pursuant to the Financial Reporting Communiqué – together with those covered by consolidation – fairly reflect the truth relating to assets, liabilities, financial statements, profits and losses of the Company.

Sincerely,
Mavi Giyim San. ve Tic. A.Ş.
Audit Committee

RESPONSIBILITY STATEMENT FOR THE ANNUAL REPORT

RESPONSIBILITY STATEMENT FOR THE ANNUAL REPORT PURSUANT TO CAPITAL MARKET BOARD'S COMMUNIQUÉ ON PRINCIPLES OF FINANCIAL REPORTING IN CAPITAL MARKETS (II-14.1) ARTICLE 9

Regarding the Annual Report prepared by the Company for the special accounting period from February 1, 2021 to January 31, 2022 and audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., which includes Corporate Governance Compliance Report and Corporate Governance Information Form and the Company's disclosures in line with the CMB's Sustainability Principles Compliance Framework and which is in compliance with the Turkish Commercial Code and Capital Markets Board's (CMB) "Communiqué on Principles of Financial Reporting in Capital Markets" ("Communiqué") II.14.1, we hereby declare our responsibility for the following:

- We have examined the Annual Report,
- Within the frame of the information that we hold in our fields of duty and responsibility in the Company, the Annual Report does not contain any untrue statement on material events or any deficiency, which may make them misleading as of the date of the statement,
- Within the frame of the information that we hold in our fields of duty and responsibility in the Company, the Annual Report fairly reflects the progress and performance of the business and the financial situation of the entity – together with the financial situation of the consolidated entities – along with material risks and uncertainties encountered by the Company.

Sincerely,
Mavi Giyim San ve Tic. A.Ş.
Audit Committee

5.9 RELATED PARTY TRANSACTIONS REPORT

TO THE BOARD OF DIRECTORS OF MAVİ GİYİM SANAYİ VE TİCARET ANONİM ŞİRKETİ RELATED PARTY TRANSACTIONS REPORT

In accordance with "Principles on Related Party Transactions" dated 13.04.2017 and numbered 2017/15 and "Audit Committee Working Principles" dated 24.05.2017 and numbered 2017/28, approved by the Board of Directors of Mavi Giyim Sanayi ve Ticaret A.Ş. ("Company"),

1. the Audit Committee, at the quarterly meetings held following the announcement of the respective quarterly financials, shall review annually board-approved frequent and continuous related party transactions which were conducted during the relevant quarter,
2. the Audit Committee, following its annual review of the related party transactions, shall provide a report to the Board of Directors regarding such transactions,
3. the Board of Directors shall incorporate this report into the Company's annual activity report.

Based on the above internal regulations, we have reviewed actual implementations and practices observed during the period of 01.02.2021-31.01.2022 with regard to the "Frequent and Continuous Related Party Transactions Planned to be Conducted During the Special Accounting Period of 01.02.2021 - 31.01.2022" approved by the Board of Directors Resolution dated 14.09.2021 and numbered 2021/42 ("General Resolution of the Board of Directors") by analyzing the management reports and the tables annexed to these reports. As a result of the analysis, we observe that:

1. the frequent and continuous related party transactions by and between the Company, its subsidiaries and the related parties stated in the General Resolution of the Board of Directors were conducted,
2. with respect to the frequent and continuous related party transactions which were conducted between 01.02.2021-31.01.2022; it has been determined that there are some differences between the "estimated transaction volumes" stated in the General Resolution of the Board of Directors and the "actual transaction volumes", and that the explanations, provided by the management of the Company in respect of the justifications for such differences, have been deemed satisfactory,

3. the terms and conditions governing frequent and continuous related party transactions, as well as the methods and procedures, indicated to be used for measuring whether such transactions are conducted at arm's length or not, were all implemented between 01.02.2021–31.01.2022.

With respect to any and all information and documentation submitted to us, we have not found any substantial matter during the period of 01.02.2021–31.01.2022 that might be against the General Resolution of the Board of Directors.

Audit Committee

5.10 CORPORATE GOVERNANCE COMPLIANCE REPORT AND INFORMATION FORM

Corporate Governance Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.1. FACILITATING THE EXERCISE OF SHAREHOLDER RIGHTS						
1.1.2-Up-to-date information and disclosures which may affect the exercise of shareholder rights are available to investors at the corporate website.	X					
1.2. RIGHT TO OBTAIN AND REVIEW INFORMATION						
1.2.1-Management did not enter into any transaction that would complicate the conduct of special audit.	X					
1.3. GENERAL ASSEMBLY						
1.3.2-The company ensures the clarity of the General Assembly agenda, and that an item on the agenda does not cover multiple topics.	X					
1.3.7-Insiders with privileged information have informed the Board of Directors about transactions conducted on their behalf within the scope of the company's activities in order for these transactions to be presented at the General Shareholders' Meeting.					X	There was no notification made regarding such a transaction.
1.3.8-Members of the Board of Directors who are concerned with specific agenda items, auditors, and other related persons, as well as the officers who are responsible for the preparation of the financial statements were present at the General Shareholders' Meeting.	X					

Corporate Governance Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.3.10-The agenda of the General Shareholders' Meeting included a separate item detailing the amounts and beneficiaries of all donations and contributions.		X				The agenda of the General Shareholders' Meeting included a separate item for the total amount of the donations and contributions made, details of the beneficiaries have not been specified.
1.3.11-The General Shareholders' Meeting was held open to the public, including the stakeholders, without having the right to speak.	X					
1.4. VOTING RIGHTS						
1.4.1-There is no restriction preventing shareholders from exercising their shareholder rights.	X					
1.4.2-The company does not have shares that carry privileged voting rights.	X					
1.4.3-The company withholds from exercising its voting rights at the General Shareholders' Meeting of any company with which it has cross-ownership, in case such cross-ownership provides management control.					X	No cross ownerships exist that are associated with a controlling relationship within our Company.

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.5. MINORITY RIGHTS						
1.5.1-The company pays maximum diligence to the exercise of minority rights.	X					
1.5.2-The Articles of Association extend the use of minority rights to those who own less than one twentieth of the outstanding shares, and expand the scope of the minority rights.			X			Minority rights are not vested by the Articles of Association in shareholders holding less than one twentieth of the capital and rights are vested within the general framework of the regulations
1.6. DIVIDEND RIGHT						
1.6.1-The dividend policy approved by the General Shareholders' Meeting is posted on the company website.	X					
1.6.2-The dividend distribution policy comprises the minimum information to ensure that the shareholders can have an opinion on the procedure and principles of dividend distributions in the future.		X				
1.6.3-The reasons for retaining earnings, and their allocations, are stated in the relevant agenda item.					X	Dividend distribution has been made.
1.6.4-The board reviewed whether the dividend policy balances the benefits of the shareholders and those of the company.	X					

Corporate Governance Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
1.7. TRANSFER OF SHARES						
1.7.1-There are no restrictions preventing shares from being transferred.	X					
2.1. CORPORATE WEBSITE						
2.1.1-The company website includes all elements listed in Corporate Governance Principle 2.1.1.	X					
2.1.2-The shareholding structure (names, privileges, number and ratio of shares, and beneficial owners of more than 5% of the issued share capital) is updated on the website at least every 6 months.	X					
2.1.4-The company website is prepared in other selected foreign languages, in a way to present exactly the same information with the Turkish content.	X					
2.2. ANNUAL REPORT						
2.2.1-The Board of Directors ensures that the annual report represents a true and complete view of the company's activities.	X					
2.2.2-The annual report includes all elements listed in Corporate Governance Principle 2.2.2.	X					
3.1. CORPORATION'S POLICY ON STAKEHOLDERS						
3.1.1-The rights of the stakeholders are protected pursuant to the relevant regulations, contracts and within the framework of bona fides principles.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.1.3-Policies or procedures addressing stakeholders' rights are published on the company's website.		X				Policies that address stakeholders' rights are published on the company's website, other procedures are published via the internal disclosure platform Maviletişim.
3.1.4-A whistleblowing program is in place for reporting legal and ethical issues.	X					
3.1.5-The company addresses conflicts of interest among stakeholders in a balanced manner.	X					
3.2. SUPPORTING THE PARTICIPATION OF THE STAKEHOLDERS IN THE CORPORATION'S MANAGEMENT						
3.2.1-The Articles of Association, or the internal regulations (terms of reference/manuals), regulate the participation of employees in management.	X					
3.2.2-Surveys/other research techniques, consultation, interviews, observation method etc. were conducted to obtain opinions from stakeholders on decisions that significantly affect them.	X					
3.3. HUMAN RESOURCES POLICY						
3.3.1-The company has adopted an employment policy ensuring equal opportunities, and a succession plan for all key managerial positions.	X					

Corporate Governance Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.3.2-Recruitment criteria are documented.	X					
3.3.3-The company has a policy on human resources development, and organises trainings for employees.	X					
3.3.4-Meetings have been organised to inform employees on the financial status of the company, remuneration, career planning, education and health.	X					
3.3.5-Employees, or their representatives, were notified of decisions impacting them. The opinion of the related trade unions was also taken.	X					
3.3.6-Job descriptions and performance criteria have been prepared for all employees, announced to them and taken into account to determine employee remuneration.	X					
3.3.7-Measures (procedures, trainings, raising awareness, goals, monitoring, complaint mechanisms) have been taken to prevent discrimination, and to protect employees against any physical, mental, and emotional mistreatment.	X					
3.3.8-The company ensures freedom of association and supports the right for collective bargaining.	X					
3.3.9-A safe working environment for employees is maintained.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
3.4. RELATIONS WITH CUSTOMERS AND SUPPLIERS						
3.4.1-The company measured its customer satisfaction, and operated to ensure full customer satisfaction.	X					
3.4.2-Customers are notified of any delays in handling their requests.	X					
3.4.3-The company complied with the quality standards with respect to its products and services.	X					
3.4.4-The company has in place adequate controls to protect the confidentiality of sensitive information and business secrets of its customers and suppliers.	X					
3.5. ETHICAL RULES AND SOCIAL RESPONSIBILITY						
3.5.1-The board of the corporation has adopted a code of ethics, disclosed on the corporate website.	X					
3.5.2-The company has been mindful of its social responsibility and has adopted measures to prevent corruption and bribery.	X					
4.1. ROLE OF THE BOARD OF DIRECTORS						
4.1.1-The Board of Directors has ensured strategy and risks do not threaten the long-term interests of the company, and that effective risk management is in place.	X					

Corporate Governance Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.1.2-The agenda and minutes of board meetings indicate that the Board of Directors discussed and approved strategy, ensured resources were adequately allocated, and monitored company and management performance.	X					
4.2. ACTIVITIES OF THE BOARD OF DIRECTORS						
4.2.1-The Board of Directors documented its meetings and reported its activities to the shareholders.	X					
4.2.2-Duties and authorities of the members of the Board of Directors are disclosed in the annual report.	X					
4.2.3-The Board has ensured the company has an internal control framework adequate for its activities, size and complexity.	X					
4.2.4- Information on the functioning and effectiveness of the internal control system is provided in the annual report.	X					
4.2.5-The roles of the Chairman and Chief Executive Officer are separated and defined.	X					
4.2.7-The Board of Directors ensures that the Investor Relations department and the corporate governance committee work effectively. The Board works closely with them when communicating and settling disputes with shareholders.	X					
4.2.8-The company has subscribed to a Directors and Officers liability insurance covering more than 25% of the capital.	X					

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.3. STRUCTURE OF THE BOARD OF DIRECTORS						
4.3.9-The Board of Directors has approved the policy on its own composition, setting a minimal target of 25% for female directors. The Board annually evaluates its composition and nominates directors so as to be compliant with the policy.	X					
4.3.10-At least one member of the audit committee has 5 years of experience in audit/accounting and finance.	X					
4.4. BOARD MEETING PROCEDURES						
4.4.1-Each board member attended the majority of the board meetings in person.	X					
4.4.2-The Board has formally approved a minimum time by which information and documents relevant to the agenda items should be supplied to all board members.	X					
4.4.3-The opinions of board members that could not attend the meeting, but did submit their opinion in written format, were presented to other members.					X	Although there is the possibility to present an opinion in such a case, there has not been any notification made by the BoD members who could not attend the meetings.
4.4.4-Each member of the Board has one vote.	X					

Corporate Governance Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.4.5-The Board has a charter/written internal rules defining the meeting procedures of the Board.	X					
4.4.6-Board minutes document that all items on the agenda are discussed, and board resolutions include director's dissenting opinions if any.	X					
4.4.7-There are limits to external commitments of board members. Shareholders are informed of board members' external commitments at the General Shareholders' Meeting.		X				While board members are required to pay sufficient time to the Company's affairs, there is no restriction on their duties outside of the Company. Considering the significant contribution board members make to Mavi's Board of Directors with their professional and sector specific experience, imposing restrictions on their external duties is not deemed necessary. Prior to each General Assembly, the curricula vitae of the board members and their duties external to the Company are submitted for the attention of shareholders.

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.5. BOARD COMMITTEES						
4.5.5-Board members serve in only one of the Board's committees.			X			Mavi has determined the number of its independent board members at three. In so doing, the Company considered various factors such as the volume of its operations and its administrative needs. Currently, the Board has three committees. In respect of the principle requiring committee chairs to be independent members, it is necessary to delegate multiple committee chairs to the independent members. This does not give rise to any conflict of interest within the Company.
4.5.6-Committees have invited persons to the meetings as deemed necessary to obtain their views.					X	In accordance with the working principles of the committees, the committees may make use of the opinions of the independent experts. During the past year, no such request was brought up by the committees.
4.5.7-If external consultancy services are used, the independence of the provider is stated in the annual report.					X	There has not been any external consultancy services used.

Corporate Governance Compliance Report

	Yes	Partial	No	Exempted	Not Applicable	Explanation
4.5.8-Minutes of all committee meetings are kept and reported to board members.	X					
4.6. FINANCIAL RIGHTS						
4.6.1-The Board of Directors has conducted a board performance evaluation to review whether it has discharged all its responsibilities effectively.			X			No specific study was conducted at board level regarding performance evaluation.
4.6.4-The company did not extend any loans to its board directors or executives, nor extended their lending period or enhanced the amount of those loans, or improve conditions thereon, and did not extend loans under a personal credit title by third parties or provided guarantees such as surety in favour of them.	X					
4.6.5-The individual remuneration of board members and executives is disclosed in the annual report.			X			The General Assembly determines remuneration rates payable to members of Mavi's Board of Directors. In line with general practice, total amount of remunerations of board members and senior executives are disclosed to the public in the Company's financial table footnotes.

Corporate Governance Information Form

1. SHAREHOLDERS

1.1. Facilitating the Exercise of Shareholders Rights

The number of investor meetings (conference, seminar/ etc.) organised by the company during the year	Investor Relations Department attended 11 virtual investor conferences meeting local and international investors and held over 200 teleconferences. At these events and meetings, the Company had contact with 330 investors and analysts from 114 local or international institutions.
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1.2. Right to Obtain and Examine Information

The number of special audit request(s)	-
The number of special audit requests that were accepted at the General Shareholders' Meeting	-

1.3. General Assembly

Link to the PDP announcement that demonstrates the information requested by Principle 1.3.1. (a-d)	https://www.kap.org.tr/tr/Bildirim/922248
Whether the company provides materials for the General Shareholders' Meeting in English and Turkish at the same time	Yes
The links to the PDP announcements associated with the transactions that are not approved by the majority of independent directors or by unanimous votes of present board members in the context of Principle 1.3.9	There is no such transaction
The links to the PDP announcements associated with related party transactions in the context of Article 9 of the Communique on Corporate Governance (II-17.1)	There is no such transaction
The links to the PDP announcements associated with common and continuous transactions in the context of Article 10 of the Communique on Corporate Governance (II-17.1)	https://www.kap.org.tr/tr/Bildirim/941720 https://www.kap.org.tr/tr/Bildirim/963886
The name of the section on the corporate website that demonstrates the donation policy of the company	Corporate Governance - Policies and Ethics
The relevant link to the PDP with minute of the General Shareholders' Meeting where the donation policy has been approved	https://www.kap.org.tr/tr/Bildirim/680430

Corporate Governance Information Form

The number of the provisions of the articles of association that discuss the participation of stakeholders to the General Shareholders' Meeting	Article 10-e
Identified stakeholder groups that participated in the General Shareholders' Meeting, if any	According to the General Assembly internal directive article 5, press members, guests that have been invited by the management and other persons for whom the Meeting Chairman permits can attend the General Meetings
1.4. Voting Rights	
Whether the shares of the company have differential voting rights	No
In case that there are voting privileges, indicate the owner and percentage of the voting majority of shares.	-
The percentage of ownership of the largest shareholder	9,06%
1.5. Minority Rights	
If yes, specify the relevant provision of the articles of association.	No
1.6. Dividend Right	
The name of the section on the corporate website that describes the dividend distribution policy	Corporate Governance - Policies and Ethics
Minutes of the relevant agenda item in case the Board of Directors proposed to the general assembly not to distribute dividends, the reason for such proposal and information as to use of the dividend.	-
PDP link to the related general shareholder meeting minutes in case the board of directors proposed to the general assembly not to distribute dividends	-
GENERAL ASSEMBLY MEETINGS	
General Meeting Date	28.04.2021
The number of information requests received by the company regarding the clarification of the agenda of the General Shareholders' Meeting	0
Shareholder participation rate to the General Shareholders' Meeting	%65,05

GENERAL ASSEMBLY MEETINGS

Percentage of shares directly present at the GSM	0,0000003%
Percentage of shares represented by proxy	65,05%
Specify the name of the page of the corporate website that contains the General Shareholders' Meeting minutes, and also indicates for each resolution the voting levels for or against	Corporate Governance / General Assembly
Specify the name of the page of the corporate website that contains all questions asked in the general assembly meeting and all responses to them	Corporate Governance / General Assembly
The number of the relevant item or paragraph of General Shareholders' Meeting minutes in relation to related party transactions	-
The number of declarations by insiders received by the board of directors	0
The link to the related PDP general shareholder meeting notification	https://www.kap.org.tr/tr/Bildirim/931749

2. DISCLOSURE AND TRANSPARENCY

2.1. Corporate Website

Specify the name of the sections of the website providing the information requested by the Principle 2.1.1.	Financial Reports and Presentations, Annual Report, Announcements, Corporate Governance
If applicable, specify the name of the sections of the website providing the list of shareholders (ultimate beneficiaries) who directly or indirectly own more than 5% of the shares.	Corporate Governance -Shareholder Structure and Subsidiaries
List of languages for which the website is available	Turkish, English

Corporate Governance Information Form

2.2. Annual Report

The page numbers and/or name of the sections in the Annual Report that demonstrate the information requested by principle 2.2.2.

a) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the duties of the members of the Board of Directors and executives conducted out of the company and declarations on independence of board members	2020 Annual Report, Corporate Governance Section and Statements of Independence
b) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on committees formed within the board structure	Annual Report Corporate Governance Section
c) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the number of board meetings in a year and the attendance of the members to these meetings	Annual Report Corporate Governance Section
ç) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on amendments in the legislation which may significantly affect the activities of the corporation	Annual Report Corporate Governance Section - Legal Disclosures
d) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on significant lawsuits filed against the corporation and the possible results thereof	Annual Report Corporate Governance Section- Legal Disclosures
e) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the conflicts of interest of the corporation among the institutions that it purchases services on matters such as investment consulting and rating and the measures taken by the corporation in order to avoid from these conflicts of interest	There is no such case
f) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on the cross ownership subsidiaries that the direct contribution to the capital exceeds 5%	Annual Report Corporate Governance Section - Legal Disclosures
g) The page numbers and/or name of the sections in the Annual Report that demonstrate the information on social rights and professional training of the employees and activities of corporate social responsibility in respect of the corporate activities that arises social and environmental results	Annual Report Sustainability Section

3. STAKEHOLDERS

3.1. Corporation's Policy on Stakeholders

The name of the section on the corporate website that demonstrates the employee remedy or severance policy	Corporate Governance - Policies and Ethics
The number of definitive convictions the company was subject to in relation to breach of employee rights	-
The position of the person responsible for the alert mechanism (i.e. whistleblowing mechanism)	Ethics Board
The contact detail of the company alert mechanism	www.mavietikhat.com / www.maviethicsline.com

3.2. Supporting the Participation of the Stakeholders in the Corporation's Management

Name of the section on the corporate website that demonstrates the internal regulation addressing the participation of employees on management bodies	Internal regulation does not have a public link on company website
Corporate bodies where employees are actually represented	GoMavi, Masmavi, Management Forum, Marketing Direction, GoSeason meetings, GoWellness Work Group and Occupational Health and Safety Board

3.3. Human Resources Policy

The role of the Board on developing and ensuring that the company has a succession plan for the key management positions	Within Mavi Succession Policy the Board of Directors approve the succession plan for top level management
The name of the section on the corporate website that demonstrates the human resource policy covering equal opportunities and hiring principles. Also provide a summary of relevant parts of the human resource policy.	Corporate Governance - Policies and Ethics, Diversity and Inclusion Policy
Whether the company provides an employee stock ownership program	There isn't an employee stock ownership program
The name of the section on the corporate website that demonstrates the human resource policy covering discrimination and mistreatments and the measures to prevent them. Also provide a summary of relevant parts of the human resource policy.	Corporate Governance - Policies and Ethics - Mavi Code of Conduct, Human Rights Policy, Diversity and Inclusion Policy
The number of definitive convictions the company is subject to in relation to health and safety measures	-

Corporate Governance Information Form

3.5. Ethical Rules and Social Responsibility	
The name of the section on the corporate website that demonstrates the Code of Ethics	Corporate Governance - Policies and Ethics
The name of the section on the company website that demonstrates the Corporate Social Responsibility Report. If such a report does not exist, provide the information about any measures taken on environmental, social and corporate governance issues.	https://www.mavi.com/sustainability
Any measures combating any kind of corruption including embezzlement and bribery	Corporate Governance - Policies And Ethics, Anti-Bribery and Anti-Corruption Policy

4. BOARD OF DIRECTORS-I

4.2. Activity of the Board of Directors	
Date of the last Board evaluation conducted	-
Whether the Board evaluation was externally facilitated	No
Whether all board members released from their duties at the GSM	Yes
Name(s) of the board member(s) with specific delegated duties and authorities, and descriptions of such duties	No delegation was made among the board members
Number of reports presented by internal auditors to the Audit Committee or any relevant committee to the Board	4
Specify the name of the section or page number of the Annual Report that provides the summary of the review of the effectiveness of internal controls	Annual Report Corporate Governance Section
Name of the Chairman	Ragıp Ersin Akarlılar
Name of the CEO	Ahmet Cüneyt Yavuz
If the CEO and Chair functions are combined: provide the link to the relevant PDP announcement providing the rationale for such combined roles	-
Link to the PDP notification stating that any damage that may be caused by the members of the Board of Directors during the discharge of their duties is insured for an amount exceeding 25% of the company's capital	https://www.kap.org.tr/tr/Bildirim/923994
The name of the section on the corporate website that demonstrates current diversity policy targeting women directors	-
The number and ratio of female directors within the Board of Directors	2 board member - 1/3

Composition of Board of Directors

Name, Surname of Board Member	Whether Executive Director Or Not	Whether Independent Director Or Not	The First Election Date To Board	Link To PDP Notification That Includes The Independency Declaration	Whether the Independent Director Considered By The Nomination Committee	Whether She/ He is the Director Who Ceased to Satisfy The Independence or Not	Whether The Director Has At Least 5 Years' Experience On Audit, Accounting And/ Or Finance Or Not
Ragıp Ersin Akarlılar	Non executive	Not independent director	12/01/1994	-	Not applicable	Not applicable	Not applicable
Ahmet Cüneyt Yavuz	Executive	Not independent director	22/03/2017	-	Not applicable	Not applicable	Not applicable
Fatma Elif Akarlılar	Executive	Not independent director	12/01/1994	-	Not applicable	Not applicable	Not applicable
Ahmet Fadıl Ashaboğlu	Non executive	independent director	17/07/2017	https://www.kap.org.tr/tr/Bildirim/922248	Considered	No	Yes
Nevzat Aydın	Non executive	independent director	17/07/2017	https://www.kap.org.tr/tr/Bildirim/922248	Considered	No	No
Yonca Dervişoğlu	Non executive	independent director	28/04/2021	https://www.kap.org.tr/tr/Bildirim/922248	Considered	No	No

4. BOARD OF DIRECTORS-II

4.4. Meeting Procedures of the Board of Directors	
Number of physical board meetings in the reporting period (meetings in person)	The meeting were held virtually given the COVID-19 conditions. 4 meeting were held.
Director average attendance rate at board meetings	% 98
Whether the Board uses an electronic portal to support its work or not	No
Number of minimum days ahead of the board meeting to provide information to directors, as per the board charter	5 working days
The name of the section on the corporate website that demonstrates information about the board charter	There is no public link available for the internal board charter document
Number of maximum external commitments for board members as per the policy covering the number of external duties held by directors	There is no such policy
4.5. Board Committees	
Page numbers or section names of the Annual Report where information about the board committees are presented	Annual Report Corporate Governance Section
Link(s) to the PDP announcement(s) with the Board Committee charters	https://www.kap.org.tr/tr/Bildirim/627118

Composition of Board Committees-I

Names Of The Board Committees	Name Of Committees Defined As "Other" In The First Column	Name-Surname of Committee Members	Whether Committee Chair Or Not	Whether Board Member Or Not
Audit Committee		Ahmet F. Ashaboğlu	Yes	Board member
Audit Committee		Nevzat Aydın	No	Board member
Committee of Early Detection of Risk		Ahmet F. Ashaboğlu	Yes	Board member
Committee of Early Detection of Risk		Ragıp Ersin Akarlılar	No	Board member
Committee of Early Detection of Risk		Bige İşcan Aksaray	No	Not board member
Corporate Governance Committee		Yonca Dervişoğlu	Yes	Board member
Corporate Governance Committee		Ragıp Ersin Akarlılar	No	Board member
Corporate Governance Committee		Duygu İnceöz	No	Not board member

4. BOARD OF DIRECTORS-III

4.5. Board Committees-II

Specify where the activities of the Audit Committee are presented in your annual report or website (Page number or section name in the Annual Report/website)	Annual Report Corporate Governance Section
Specify where the activities of the Corporate Governance Committee are presented in your annual report or website (Page number or section name in the Annual Report/website)	Annual Report Corporate Governance Section
Specify where the activities of the Nomination Committee are presented in your annual report or website (Page number or section name in the Annual Report/website)	Annual Report Corporate Governance Section
Specify where the activities of the Early Detection of Risk Committee are presented in your Annual Report or website (Page number or section name in the annual report/website)	Annual Report Corporate Governance Section

Corporate Governance Information Form

Specify where the activities of the Remuneration Committee are presented in your Annual Report or website (Page number or section name in the Annual Report/website)	Annual Report Corporate Governance Section
4.6. Financial Rights	
Specify where the operational and financial targets and their achievement are presented in your Annual Report (Page number or section name in the Annual Report)	Annual Report Corporate Governance Section
Specify the section of website where Remuneration Policy for executive and non-executive directors are presented.	Corporate Governance - Policies and Ethics
Specify where the individual remuneration for board members and senior executives are presented in your Annual Report (Page number or section name in the Annual Report)	Annual Report Corporate Governance Section

Composition of Board Committees-II

Names Of The Board Committees	Name of committees defined as "Other" in the first column	Percentage Of Non-executive Directors	Percentage Of Independent Directors In The Committee	Number Of Meetings Held In Person	Number Of Reports On Its Activities Submitted To The Board
Audit Committee		100%	100%	4	8
Committee of Early Detection of Risk		66,6%	33,3%	4	6
Corporate Governance Committee		66,6%	33,3%	2	5

06

**INDEPENDENT
AUDITORS REPORT
& CONSOLIDATED
FINANCIAL
STATEMENTS**

AUDITORS REPORT & CONSOLIDATED FINANCIAL STATEMENTS

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries

Consolidated Financial Statements
As At and For The Year Ended
31 January 2022

With Independent Auditor's Report on
Consolidated Financial Statements Thereon

14 March 2022
This report includes 6 pages of independent auditor's report and 80 pages of consolidated financial statements together with their explanatory notes.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors 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 2022, 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 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. 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
<p>Right of use assets amounting to TL 450,505 thousand and lease liabilities amounting to 505,925 thousand TL were recognized in the consolidated financial statements as of 31 January 2022.</p> <p>The amounts recognized as a result of the application of IFRS 16 are significant in terms of consolidated financial statements and the issue of determining the accounting policies depends on the Group management's choices. In addition, the calculation of the right-of-use assets and related lease liabilities includes important estimates and assumptions of the management. The most important of these assumptions are the evaluation of the options for extending the lease terms, early termination, and interest rate.</p> <p>Considering the aforementioned reasons, the effects of the application of IFRS 16 on the consolidated financial statements and the notes related to the consolidated financial statements have been identified as an important issue for our audit.</p> <p>Please refer to notes 2.5, and 14 to the consolidated financial statements for the relevant disclosures, including the accounting policy and related amounts.</p>	<p>We performed the following procedures in relation to IFRS 16 and evaluation of the significant estimates and assumptions:</p> <p>Understanding and evaluating the important processes affecting financial reporting regarding the IFRS 16 Standard,</p> <p>Testing the reports received from the system for the completeness of the contract lists,</p> <p>Recalculation of the right of use assets and lease liabilities, which are accounted for in the consolidated financial statements by taking into account the lease contracts within the scope of IFRS 16,</p> <p>Audit of the appropriateness of the rent increase rate, interest rates etc. used in these calculations,</p> <p>To check the appropriateness of the evaluation of the matters related to the duration of the lease contracts and the extension options used in these calculations by selecting the sample contracts subject to the calculation of the right-of-use assets and the lease liabilities,</p> <p>Through involvement of our internal IFRS 16 specialists, assessing the reasonableness of interest rates, extension options</p> <p>Testing of the disclosures in the consolidated financial statements in relation to IFRS 16 and and evaluating the adequacy of these disclosures for IFRS 16 requirements.</p>

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Key Audit Matter	How the matter was addressed in the audit
<p>The key audit matter</p> <p>The Group's inventories include a risk of impairment due to changes in consumer demands and fashion trends.</p> <p>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.</p>	<p>Our audit procedures for testing the impairment on inventories included the following:</p> <p>Understanding and evaluating the reasonableness of the provisioning policy and the assessment of its compliance,</p> <p>Inquiry with the Group management about the risk of impairment as a result of changes in customer demands and fashion trends,</p> <p>Evaluation of adequacy of the provision for impairment on inventories through comparing with prior periods,</p> <p>Evaluation of the accuracy and completeness of the inventory reports which are used to calculate the provision for inventories,</p> <p>Testing the net selling prices used in the calculation of the net realizable value of inventories on a sample basis,</p> <p>Observation of obsolete and damaged inventories during the inventory counts.</p> <p>The disclosures in the consolidated financial statements in relation to the inventory impairment provision is tested and the adequacy of such disclosures are evaluated.</p>

Other Information

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

Our 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 IFRSs, 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

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 ISAs 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.

As part of an audit in accordance with ISAs, 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.

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, 14 March 2022

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Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries Consolidated Statements of Financial Position As at 31 January 2022

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

	Notes	Audited 31 January 2022	Audited 31 January 2021
ASSETS			
Current assets			
Cash and cash equivalents	4	1,508,641	893,483
Trade receivables		394,487	231,378
- Due from third parties	7	394,487	231,378
Other receivables		33,211	9,680
- Due from third parties	8	33,211	9,680
Inventories	9	751,398	560,084
Derivatives	32	28,882	--
Prepayments	10	120,666	50,326
- Due from related parties	6	86,982	25,869
- Due from third parties		33,684	24,457
Current tax assets	30	7,453	17,738
Other current assets	19	11,445	24,055
Total current assets		2,856,183	1,786,744
Non-current assets			
Other receivables		6,354	3,190
- Due from third parties	8	6,354	3,190
Property and equipment	11	258,987	197,679
Right of use assets	14	450,505	435,019
Intangible assets		473,907	262,718
- Other intangible assets	12	130,889	73,773
- Goodwill	13	343,018	188,945
Prepayments		7	149
- Due from third parties	10	7	149
Deferred tax assets	30	49,361	22,251
Total non-current assets		1,239,121	921,006
TOTAL ASSETS		4,095,304	2,707,750

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Financial Position (continued)

As at 31 January 2022

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

	Notes	Audited 31 January 2022	Audited 31 January 2021
LIABILITIES			
Current liabilities			
Short term borrowings	5	644,828	445,406
Short term contractual lease liabilities	5	229,295	218,574
- Due to related parties	6	3,872	2,047
- Due to third parties		225,423	216,527
Short portion of long term borrowings	5	245,780	375,566
Trade payables		1,188,646	638,195
- Due to related parties	6	212,803	156,296
- Due to third parties	7	975,843	481,899
Payables to employees	18	100,056	38,863
Other payables		19,019	4,047
- Due to related parties	6	41	176
- Due to third parties	8	18,978	3,871
Deferred revenue	10	29,826	18,150
Provisions		43,303	19,813
- Provisions for employee benefits	15	8,773	4,144
- Other provisions	15	34,530	15,669
Derivatives	32	--	8,601
Current tax liabilities	30	51,501	6,307
Other current liabilities	19	18,119	12,484
Total current liabilities		2,570,373	1,786,006
Non-current liabilities			
Loans and borrowings	5	--	105,569
Long term contractual lease liabilities	5	276,630	260,044
- Due to related parties	6	330	2,189
- Due to third parties		276,300	257,855
Deferred revenue	10	730	1,425
Payables to employees		19,921	--
Provisions		23,176	9,081
- Provisions for employee benefits	15,17	23,176	9,081
Deferred tax liabilities	30	11,117	11,616
Total non-current liabilities		331,574	387,735
TOTAL LIABILITIES		2,901,947	2,173,741

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Financial Position (continued)

As at 31 January 2022

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

	Notes	Audited 31 January 2022	Audited 31 January 2021
EQUITY			
Equity attributable to owners of the Company			
Paid in share capital	20	49,657	49,657
Purchase of share of entities under common control		(35,757)	(35,757)
Other comprehensive expense not to be reclassified to profit or loss		(12,293)	(6,245)
Remeasurement of defined benefit liability		(12,293)	(6,245)
Other comprehensive income to be reclassified to profit or loss		375,518	134,853
Foreign currency translation reserve		353,279	141,733
Hedging reserve		22,239	(6,880)
Legal reserves		19,771	19,771
Retained earnings		317,166	342,930
Net Income		400,441	4,583
Non-controlling interests		78,854	24,217
Total equity		1,193,357	534,009
TOTAL EQUITY AND LIABILITIES		4,095,304	2,707,750

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 January 2022

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

	Notes	Audited 1 February 2021 – 31 January 2022	Audited 1 February 2020 – 31 January 2021
Revenue	21	4,619,319	2,401,808
Cost of sales (-)	22	(2,247,656)	(1,241,704)
Gross profit		2,371,663	1,160,104
Administrative expenses (-)	23	(302,490)	(173,283)
Selling, marketing and distribution expenses (-)	23	(1,366,067)	(880,147)
Research and development expenses (-)	24	(45,065)	(33,673)
Other operating income	25	47,761	20,542
Other operating expenses (-)	25	(7,162)	(2,901)
Operating profit		698,640	90,642
Gains from investment activities	26	158	--
Losses from investment activities (-)	26	(12)	(1,410)
Operating profit before finance costs		698,786	89,232
Finance income	28	163,132	167,847
Finance costs (-)	29	(322,896)	(244,602)
Net finance costs		(159,764)	(76,755)
Profit before tax		539,022	12,477
Income tax expense	30	(116,004)	(4,434)
- Tax expense	30	(155,823)	(9,560)
- Deferred tax income	30	39,819	5,126
Net Profit		423,018	8,043
Non-controlling interests		22,577	3,460
Owners of the Company		400,441	4,583
Earnings per share	31	8.0641	0.0923

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 January 2022

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

	Notes	Audited 1 February 2021 – 31 January 2022	Audited 1 February 2020 – 31 January 2021
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit liability	17	(7,560)	(1,106)
- Deferred tax income	30	1,512	198
Items that are or may be reclassified to profit or loss			
Foreign operations - foreign currency translation differences		243,606	57,037
Cash flow hedging reserves		37,482	(9,815)
- Deferred tax income/expense	30	(8,363)	1,988
Other comprehensive income net of tax		266,677	48,302
Total comprehensive income		689,695	56,345
Total comprehensive income attributable to:			
Non-controlling interests		54,637	6,777
Owners of the Company		635,058	49,568

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Consolidated Statements of Changes In Equity
For the year ended 31 January 2022

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

	Share capital	Legal reserves	Purchase of share of entities under common control	Other comprehensive income that will not reclassified to profit or loss		Other comprehensive income that will reclassified to profit or loss		Retained earnings		Attributable to owners of the Company	Attributable to non-controlling interest	Total equity
				Remeasurement of defined benefit liability	Foreign currency translation reserve	Hedging reserve	Retained earnings	Net profit				
Balance as at 1 February 2020	49,657	19,771	(35,757)	(5,337)	88,013	947	248,086	94,844	460,224	17,440	477,664	
Transfers	--	--	--	--	--	--	94,844	(94,844)	--	--	--	
Total comprehensive income	--	--	--	(908)	53,720	(7,827)	--	4,583	49,568	6,777	56,345	
Total balance as at 31 January 2021	49,657	19,771	(35,757)	(6,245)	141,733	(6,880)	342,930	4,583	509,792	24,217	534,009	
Balance as at 1 February 2021	49,657	19,771	(35,757)	(6,245)	141,733	(6,880)	342,930	4,583	509,792	24,217	534,009	
Transfers	--	--	--	--	--	--	4,583	(4,583)	--	--	--	
Dividend payment	--	--	--	--	--	--	(30,347)	--	(30,347)	--	(30,347)	
Total comprehensive income	--	--	--	(6,048)	211,546	29,119	--	400,441	635,058	54,637	689,695	
Total balance as at 31 January 2022	49,657	19,771	(35,757)	(12,293)	353,279	22,239	317,166	400,441	1,114,503	78,854	1,193,357	

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Statements of Cash Flow
As at for the year ended 31 January 2022

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

		Audited	Audited
	Notes	31 January 2022	31 January 2021
Cash flow from operating activities			
Net profit for the year		423,018	8,043
Adjustments for:			
Depreciation and amortization expense	11,12,14,27	358,049	311,665
Finance income	28	(134,294)	(158,201)
Finance costs	29	298,560	222,121
Provision for unused vacation	15	3,722	1,227
Provision for employee severance indemnity	17	19,996	4,925
Impairment losses on receivables	34	147	2,805
Interest (income)/expense on trade payables	25	(6,477)	(6,164)
Expected credit losses	25	(1,248)	163
Inventory obsolescence	9	491	(1,005)
Short term and long-term provisions	15	10,006	(589)
Losses on sale of property and equipment	26	(146)	1,410
Tax expenses	30	116,004	4,434
Unrealized currency translation differences		192,298	58,587
		1,280,126	449,421
Changes in:			
Change in trade receivables		(177,430)	(6,628)
Change in inventory		(198,017)	(65,541)
Change in prepaid expenses		(73,357)	(7,358)
Change in other receivables		(26,692)	7,566
Change in other current and non-current assets		12,610	(6,329)
Change in employee benefits liabilities		81,114	4,149
Change in trade payables		500,421	87,584
Change in payables to related parties		56,372	(40,458)
Change in deferred revenue		10,979	(2,747)
Change in other payables		15,107	(2,975)
Change in short term and long-term provisions		(891)	--
Change in other liabilities		5,034	3,296
		1,485,376	419,980
Employee benefits paid	15,17	(15,022)	(5,377)
Income tax paid	30	(100,343)	(25,225)
Net cash from operating activities		1,370,011	389,378
Cash flows from investing activities			
Acquisition of tangible assets	11	(130,292)	(79,035)
Proceeds from sale of tangible and intangible assets		411	2,730
Acquisition of intangible assets	12	(33,537)	(22,301)
Interest received	28	83,683	54,330
Net cash flow used in investing activities		(79,735)	(44,276)
Proceeds from loans and borrowings		736,901	1,421,905
Repayment of loans and borrowings		(886,251)	(857,906)
Payments of contractual lease liabilities		(269,864)	(180,563)
Other financial payments	29	(133,633)	(66,853)
Dividend paid		(30,347)	--
Interest paid	28	(91,324)	(82,648)
Net cash flow used in financing activities		(674,518)	233,935
Net increase in cash and cash equivalent		615,758	579,037
Cash and cash equivalents at the beginning of the year	4	889,875	310,838
Cash and cash equivalents at the end of the year	4	1,505,633	889,875

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at for the year ended 31 January 2022

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

1 Reporting entity

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

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

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

Shares of the Company has been traded at Borsa Istanbul ("BIST") since 15 June 2017. As of 31 January 2022, the Company's main shareholders are Blue International Holding B.V., which owns 0.22% of the Company's share capital, and Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar, each of whom own 9.062% of the Company's share capital (31 January 2021: Blue International Holding B.V., which owns 0.22% of the Company's share capital, and Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar, each of whom own 9.062% of the Company's share capital). Blue International Holding B.V. is controlled by Fatma Elif Akarlılar, Hayriye Fethiye Akarlılar and Seyhan Akarlılar.

The consolidated financial statements as at 31 January 2022 include financial position and the results of Mavi Giyim, Mavi Europe AG ("Mavi Europe"), Mavi Nederland BV ("Mavi Nederland") and Mavi LLC ("Mavi Russia"), Eflatun Giyim Yatırım Ticaret Anonim Şirketi ("Eflatun Giyim"), Mavi Jeans Incorporated ("Mavi Canada"), Mavi Jeans Incorporated ("Mavi United States of America ("USA"), Mavi Kazakhstan LLP and its subsidiaries are referred here as the "Group" and individually "the Group entity" in this report.

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1 Reporting entity (continued)

The ownership interest of and voting power held by the Company as at and for the years ended 31 January 2022 and 2021 are as follows:

Subsidiaries	Place of Incorporation	Principal Activities	Effective Shareholding %	
			31 January 2022	31 January 2021
Mavi Europe	Germany	Wholesale and retail sales of apparel	100.00	100.00
Mavi Nederland ⁽¹⁾	Netherland	Wholesale sales of apparel	--	100.00
Mavi Russia	Russia	Wholesale and retail sales of apparel	100.00	100.00
Mavi USA	USA	Wholesale and retail sales of apparel	51.00	51.00
Eflatun Giyim	Turkey	Holding company	51.00	51.00
Mavi Canada	Canada	Wholesale and retail sales of apparel	63.25	63.25
Mavi Kazakhstan ⁽²⁾	Kazakhstan	Retail sales of apparel	100.00	100.00

⁽¹⁾ Mavi Nederland completed the liquidation process as of 26 July 2021.

⁽²⁾ Mavi Kazakhstan is in the liquidation process and does no longer proceed any operations as of 31 October 2015. Mavi Kazakhstan financials have not been consolidated since its operations insignificant in terms of consolidated financial statements, as of 31 January 2022.

As of 31 January 2022, Group's total number of employees is 5,111 (31 January 2021: 4,060).

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2 Basis of presentation of financial statements

2.1 Basis of presentation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB.

The consolidated financial statements were authorised for issue by the Board of Directors on 15 March 2021. General Assembly and other regulatory institutions have the authority to modify the consolidated financial statements.

(b) Basis of measurement

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

(c) Functional and presentation currency

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

These accompanying consolidated financial statements are presented in TL which is the Company's functional currency except when the otherwise indicated.

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2 Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

(c) Functional and presentation currency (continued)

The table below summarises functional currencies of the Group entities.

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

(d) Use of 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.

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2 Basis of presentation of financial statements (continued)

2.1 Basis of presentation (continued)

(d) Use of judgements and estimates (continued)

- Note 10 Deferred revenue: 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.

Restatement of financial statements during periods of high inflation

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

As per the announcement published by the Public Oversight, Accounting and Auditing Standards Authority ("POA") on 20 January 2022, since the cumulative change in the general purchasing power of the last three years has been 74.41% according to the Consumer Price Index ("CPI") rates, it has been stated that entities applying the Turkish Financial Reporting Standards ("TFRS") are not required to make any restatements in their financial statements for 2021 within the scope of TAS 29 "Financial Reporting in High Inflation Economies".

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2 Basis of presentation of financial statements (continued)

2.2 Basis of consolidation

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

The accompanying consolidated financial statements include the accounts of the parent company and its subsidiaries on the basis set out in the section below.

Subsidiaries are consolidated based on the following methods:

- Mavi Russia, Mavi Nederland and Mavi Europe are fully consolidated without non-controlling interest.
- Eflatun Giyim, Mavi Canada and Mavi USA are fully consolidated. Non-controlling interest has been accounted for Eflatun.

(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.

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2 Basis of presentation of financial statements (continued)

2.2 Basis of consolidation (continued)

(a) Business combinations (continued)

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.

(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.

(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.

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2 Basis of presentation of financial statements (continued)

2.2 Basis of consolidation (continued)

(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.

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2 Basis of presentation of financial statements (continued)

(f) Foreign currency (continued)

i) Foreign currency transactions (continued)

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.

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.

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2 Basis of presentation of financial statements (continued)

(f) Foreign currency (continued)

ii) Foreign operations (continued)

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 financial statements of subsidiaries that report in the currency of an economy formerly accepted as hyperinflationary (Turkey) are restated in terms of the measuring unit current at the reporting dates as the reporting currency. The above-mentioned decision dated 17 March 2005 as a result of the application of hyperinflation accounting ended as of 31 December 2005 and TL came off as not highly inflationary status for the period beginning after 1 January 2006.

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

	31 January 2022	31 January 2021
TL / EUR	14.9676	8.8718
TL / USD	13.4015	7.3216
TL / RUB	0.1719	0.0957
TL / CAD	10.5121	5.6936

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2 Basis of presentation of financial statements (continued)

(f) Foreign currency (continued)

ii) Foreign operations (continued)

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

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
TL / EUR	10.9760	8.2200
TL / USD	9.3764	7.1282
TL / RUB	0.1262	0.0967
TL / CAD	7.4663	5.3333

2.3 Change 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.

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2 Basis of presentation of financial statements (continued)

2.4 Changes in accounting estimates and errors (continued)

Comparative information and restatement of prior period financial statements

In the current year, the Group has reclassified a certain comparative balance in order to conform to current year's presentation. The nature, amount and reason for the reclassifications is described below:

- Time deposit interest accrual amounting to TL 3,608, which was accounted as other receivables in the consolidated statement of financial position for the accounting period ending on 31 January 2021, is reclassified to "cash and cash equivalents" in comparative financial statements.

The reclassification has no impact on the profit for the period ended on 31 January 2021.

2.5 Summary of significant accounting policies

Certain comparative amounts in the statement of financial position and profit or loss and other comprehensive income have been reclassified or represented, either as a result of correction of errors or change in classification to conform current year presentation.

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except the initial application of IFRS 16.

(a) Leases

The Group has applied IFRS 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 IAS 17 and IFRS Interpretation 4. The details of accounting policies under IAS 17 and IFRS Interpretation 4 are disclosed separately.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(a) Leases (continued)

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 IFRS 16.

This policy is applied to contracts entered into, on or after 1 February 2019.

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, 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 using the straight-line method 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 that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(a) Leases (continued)

As a lessee (continued)

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Amounts expected to be paid by the lessee under residual value commitments

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

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(b) Property and equipment

(i) Recognition and measurement

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

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Any gain and loss on disposal of an item of property 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 and equipment are depreciated from the date they are available for use. Depreciation is calculated to write off the cost of items of property 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.

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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

c) Intangible assets and goodwill (continued)

(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.

(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

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(i) Recognition and initial measurement (continued)

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.

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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)

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.

Financial assets – Business model assessment

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 information considered includes:

- 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 realising cash flows through the sale of the assets;
- the purpose of the business model; managing daily liquidity needs, maintaining a certain interest yield, or aligning the maturity of financial assets with the maturity of debts funding these assets.
- how the performance of the portfolio is evaluated and reported to the Company'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.

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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)

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.

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).

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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 – Subsequent measurement and gains and losses

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 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.

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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 – Subsequent measurement and gains and losses (continued)

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.

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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(e) Financial instruments (continued)

(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

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.

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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

The Group uses derivative financial instruments for the purpose of hedging foreign currency and interest rate risk. Embedded derivative instruments are separated from the host contract and recognized separately when the underlying contract is not a financial asset and met certain criteria.

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.

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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)

In the cash flow hedge relationship, the group defines only the change in the spot item of the forward contract as a means of hedging.

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 fair value of forward value of forward foreign exchange purchase contracts is recognized as hedging reserve as a hedging cost in equity as a hedging cost. In the event that a non-financial asset or liability is subsequently recognized in the financial statements, the amount accumulated in the hedging fund and the cost of hedging 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. In case of discontinuation of cash flow hedge accounting, the retained amount in the hedging fund shall continue to be classified under equity until the hedged estimate of the non-financial item is recorded; hedging cost is classified as profit or loss in the periods in which the estimated future cash flows are affected by profit or loss. If the expected future cash flows are no longer expected to materialize, the amount accumulated in the hedge fund and the cost of that fund are immediately classified in profit or loss.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(f) Impairment of assets

(i) 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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(f) Impairment of assets (continued)

(i) Non-derivative financial assets (continued)

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.

For trade receivables, other receivables, other assets and contract assets the Group applies the simplified approach to providing for expected credit losses prescribed in IFRS 9, which requires the use of the lifetime expected loss provision 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 credit-impaired. 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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(f) Impairment of assets (continued)

(i) Non-derivative financial assets (continued)

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.

(ii) 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 or groups of CGUs that are expected to benefit from the synergies of the combination.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(f) Impairment of assets (continued)

(ii) 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

Provision for employee termination benefits

In accordance with existing social legislation in Turkey, 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. IAS 19 "Employee Benefits" requires actuarial valuation method to be developed to estimate the enterprise's obligation under defined benefit plans.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(g) Employee benefits (continued)

(i) Long term employee benefits (continued)

Provision for employee termination benefits (continued)

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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(g) Employee benefits (continued)

(ii) Short term employee benefits (continued)

Vacation pay liability is measured on an undiscounted basis and is recognised in profit or loss as the related service is provided.

(h) Provisions; contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money where appropriate and the risks specific to the liability.

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').

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(i) Related parties (continued)

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.

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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 IFRS 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.

A contract may contain promises to deliver a series of distinct goods or services that are substantially the same. At contract inception, an entity determines whether the series of goods or services is a single performance obligation.

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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)

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.

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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(j) Revenue (continued)

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 IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits.

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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(j) Revenue (continued)

Stage 5: Revenue recognition (continued)

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.

Ecommerce represents direct sales that the Group makes to consumers on own mavi.com websites. Revenue from the sale of goods through wholesale business in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

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.

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

Corporate card sales to corporate customers are initially recognized as deferred revenue and the revenue is recognized when the card is used by the ultimate customer.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(j) Revenue (continued)

Stage 5: Revenue recognition (continued)

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.

(k) Income/(expense) from investing activities

Income / (expense) from investing activities are generated from gain or loss of sale 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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(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' designs. 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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(o) Tax (continued)

(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.

(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.

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 be 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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(o) Tax (continued)

(ii) Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(o) Tax (continued)

(iv) Transfer pricing (continued)

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.

(p) Government grants

The Group obtains government incentives under the Turquality program from Turkish Republic Ministry of Economy. The Group is initially recognises government grants related to trade mark developments in international markets in profit or loss as deduction of relevant selling and marketing 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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(q) Measurement of fair value (continued)

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.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(q) Measurement of fair value (continued)

Important evaluation problems are reported to the Audit Committee of the Group.

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.

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2 Basis of presentation of financial statements (continued)

2.5 Summary of significant accounting policies (continued)

(q) Measurement of fair value (continued)

(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 and equipment

The fair value of property 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.

(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.

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2 Basis of presentation of financial statements (continued)

2.6 Application of New and Revised International Financial Reporting Standards (IFRSs)

a) New and revised Standards that are effective for the current year

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

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

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

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

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

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

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

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2 Basis of presentation of financial statements (continued)

2.6 Application of New and Revised International Financial Reporting Standards (IFRSs) (continued)

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

Amendments to IFRS 4	<i>Extension of the Temporary Exemption from Applying IFRS 9</i>
Amendments to IFRS 16	<i>COVID-19 Related Rent Concessions beyond 30 June 2021</i>
Amendments to IAS 1	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 - Comparative Information</i>

IFRS 17 Insurance Contracts

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

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

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

Amendment defers the effective date by one year. Amendments to IAS 1 are effective for annual reporting periods beginning on or after 1 January 2023 and earlier application is permitted.

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2 Basis of presentation of financial statements (continued)

2.6 Application of New and Revised International Financial Reporting Standards (IFRSs) (continued)

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

Amendments to IFRS 3 Reference to the Conceptual Framework

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

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

Amendments to IAS 16 Proceeds before Intended Use

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

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

Amendments to IAS 37 Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts.

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

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2 Basis of presentation of financial statements (continued)

2.6 Application of New and Revised International Financial Reporting Standards (IFRSs) (continued)

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

Annual Improvements to IFRS Standards 2018-2020

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

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

Amendments to IFRS 9 Financial Instruments

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

Amendments to IAS 41 Agriculture

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

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

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

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

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2 Basis of presentation of financial statements (continued)

2.6 Application of New and Revised International Financial Reporting Standards (IFRSs) (continued)

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

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

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

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

The new amendment is effective for lessees for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

Amendments to IAS 1 Disclosure of Accounting Policies

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

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

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2 Basis of presentation of financial statements (continued)

2.6 Application of New and Revised International Financial Reporting Standards (IFRSs) (continued)

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

Amendments to IAS 8 Definition of Accounting Estimates

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

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

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

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

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

Amendments to IFRS 17 Initial Application of IFRS 17 and IFRS 9 – Comparative Information

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

The amendments are applied when IFRS 17 is first applied.

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

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3 Operating segments

	1 February 2021- 31 January 2022			1 February 2020- 31 January 2021		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Segment revenue ⁽¹⁾	3,752,851	866,468	4,619,319	1,935,643	466,165	2,401,808
-Retail	2,740,432	90,526	2,830,958	1,356,457	45,622	1,402,079
-Wholesale	591,437	600,586	1,192,023	372,582	321,867	694,449
-E-commerce	420,982	175,356	596,338	206,604	98,676	305,280
Segment profit before tax	459,786	79,236	539,022	35,146	(22,669)	12,477
	31 January 2022			31 January 2021		
	Reportable segment			Reportable segment		
	Turkey	International	Total	Turkey	International	Total
Total segment assets	3,185,132	910,172	4,095,304	2,238,952	468,798	2,707,750
Total segment liabilities	2,455,586	446,361	2,901,947	1,870,235	303,506	2,173,741

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

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

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4 Cash and cash equivalents

As at 31 January 2022 and 2021 cash and cash equivalents comprises the following:

	31 January 2022	31 January 2021
Cash on hand	2,974	1,681
Cash at banks	1,237,997	777,224
Demand deposits	91,449	73,455
Time deposits	1,146,548	703,769
Other cash and cash equivalents	264,662	110,970
Cash and cash equivalents in the statement of cash flow	1,505,633	889,875
Time deposit interest accrual	3,008	3,608
Cash and cash equivalents in the statement of consolidated financial statement	1,508,641	893,483

As at 31 January 2022 and 2021, other cash and cash equivalents consist of credit card receivables with maturities less than 3 months.

As at 31 January 2022 and 2021, the details of time deposits based on maturity dates and interest rates of the Groups are as below:

	Maturity	Interest rate	31 January 2022
TL	1 February -1 August 2022	14.5%-21.25%	1,092,959
USD	1 February 2022	0.50%	33,132
EUR	1 February 2022	0.25%	20,457
			1,146,548
	Maturity	Interest rate	31 January 2020
TL	1 February-2 March 2021	17.75%-18.75%	665,201
USD	1 February 2021	1.00%	29,652
EUR	12 February 2021	2.00%	8,916
			703,769

As at 31 January 2022 and 2021, 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 34.

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5 Loans and borrowings

As at 31 January 2022 and 2021, financial borrowings comprise the following:

	31 January 2022	31 January 2021
Current liabilities		
Unsecured bank loans	644,828	445,406
Current portion of unsecured bank loans	245,780	375,566
Contractual lease liabilities	229,295	218,574
	1,119,903	1,039,546
Non-current liabilities		
Unsecured bank loans	--	105,569
Contractual lease liabilities	276,630	260,044
	276,630	365,613

As at 31 January 2022 and 2021 loan and borrowings comprised the following:

	31 January 2022	31 January 2021
Bank loans ⁽¹⁾	890,608	926,541
Contractual lease liabilities	505,925	478,618
	1,396,533	1,405,159

⁽¹⁾Bank loans comprise financial liabilities to participation banks amounting to TL 86,846 (31 January 2021 : TL 62,698).

As at 31 January 2022 and 2021 the repayments of bank loan agreements according to the original maturities comprised the following:

	31 January 2022	31 January 2021
Less than one year	890,608	820,972
One to two years	--	105,569
	890,608	926,541

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5 Loans and borrowings (continued)

As of 31 January 2022 and 2021 maturities and conditions of outstanding bank loans comprised the following:

	31 January 2022				Carrying amount
	Currency	Nominal interest rate%	Maturity	Face value	
Unsecured bank loans	EUR	0.70%	2022	60,614	60,828
Unsecured bank loans	TL	8.72%-25.20%	2022-2023	682,234	692,835
Unsecured bank loans	USD	2.00%-3.26%	2022	40,205	40,524
Unsecured bank loans	RUB	9.50%-12.00%	2022-2023	91,134	91,891
Unsecured bank loans	CAD	2.95%	2022	4,530	4,530
				878,717	890,608

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

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 34.

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5 Loans and borrowings (continued)

The movement of borrowings for the year ended 31 January 2022 and 31 January 2021 is as follows:

	31 January 2022	31 January 2021
Opening balance	926,541	319,792
Proceeds from borrowings	736,901	1,421,905
Repayment of borrowings	(886,251)	(857,906)
Interest accrual	2,893	6,050
Currency translation differences	86,993	15,559
Change in exchange rates	23,531	21,141
Closing balance	890,608	926,541

The movement of lease liabilities for the year ended 31 January 2022 and 31 January 2021 is as follows:

	31 January 2022	31 January 2021
Opening balance	478,618	438,723
Payments of lease liabilities	(269,864)	(180,563)
COVID-19 discount (Note 28)	(51,211)	(100,300)
Lease modifications	168,248	173,724
Interest on lease liabilities	70,711	66,568
New lease contracts	43,830	78,679
Currency translation differences	71,077	11,441
Change in exchange rates	610	1,151
Terminations	(6,094)	(10,805)
Closing balance	505,925	478,618

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5 Loans and borrowings (continued)

	31 January 2022	31 January 2021
Short term portion of long term liabilities		
Lesase liabilities	273,248	233,163
Deferred lease borrowing cost (-)	(43,953)	(14,589)
	229,295	218,574
Long term lease liabilities		
Leases liabilities	334,258	369,453
Deferred lease borrowing costs (-)	(57,628)	(109,409)
	276,630	260,044
Total contractual lease liabilities	505,925	478,618

6 Related party

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 2022, 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

	31 January 2022	31 January 2021
Prepayments given to related parties		
Erak Giyim Sanayi Ticaret A.Ş.("Erak") ⁽¹⁾	86,982	25,869
	86,982	25,869

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

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6 Related party (continued)

(a) Related party balances (continued)

	31 January 2022	31 January 2021
Due to related parties		
Erak ⁽¹⁾	144,281	121,166
Akay Lelmalabis Elgazhizah LLC ("Akay") ⁽²⁾	68,522	35,130
	212,803	156,296

⁽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 2022 and 31 January 2021, other short term payables to related parties comprised the following:

	31 January 2022	31 January 2021
Other payables to related parties		
Eflatun Giyim shareholders	41	176
Short term other payables to related parties	41	176

As at 31 January 2022 and 31 January 2021, contractual lease liabilities to related parties comprised the following:

	31 January 2022	31 January 2021
Short term contractual lease liabilities to related parties		
Sylvia House Inc.	1,464	793
Mavi Jeans Holding Inc.	2,408	1,254
	3,872	2,047

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6 Related party (continued)

(a) Related party balances (continued)

	31 January 2022	31 January 2021
Long term contractual lease liabilities to related parties		
Sylvia House Inc.	133	832
Mavi Jeans Holding Inc.	197	1,357
	330	2,189

(b) Related party transactions

For the years ended 31 January 2022 and 2021, purchases from related parties of the Group comprised the following:

	31 January 2022	31 January 2021
Purchase from related parties		
Erak	730,510	377,578
Akay	110,200	63,561
	840,710	441,139

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

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6 Related party (continued)

(b) Related party transactions (continued)

For the years ended 31 January 2022 and 2021, the services from related parties of the Group comprised the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Services from related parties		
Erak ⁽¹⁾	2,255	1,591
Mavi Jeans Holding Inc. ⁽²⁾	1,799	1,342
Sylvia House Inc. ⁽³⁾	1,442	942
	5,496	3,875

⁽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 2022, 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 TL121,538 (31 January 2021: TL 48,422).

As at 31 January 2022, the Group does not have any payables to any board of director or key management personnel of the Group (31 January 2021-nil).

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7 Trade receivables and payables

Short term trade receivables

As at 31 January 2022 and 31 January 2021, short term trade receivables are as follows:

	31 January 2022	31 January 2021
Trade receivables from third parties	394,487	231,378
	394,487	231,378

As at 31 January 2022 and 31 January 2021, short term trade receivables from others are as follows:

	31 January 2022	31 January 2021
Trade receivables	344,531	178,492
Post-dated cheques	5,322	22,303
Endorsed cheques	6,179	6,930
Notes receivables	40,622	25,635
Expected credit losses (-)	(2,167)	(1,982)
Doubtful receivables	37,265	22,175
Allowance for doubtful receivables (-)	(37,265)	(22,175)
	394,487	231,378

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 34.

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7 Trade receivables and payables (continued)

Short term trade payables

As at 31 January 2022 and 31 January 2021, short term trade payables of the Group are as follows:

	31 January 2022	31 January 2021
Trade payables to third parties	975,843	481,899
Trade payables to related parties (Note 6)	212,803	156,296
	1,188,646	638,195

As at 31 January 2022 and 31 January 2021, short term trade payables from others are as follows:

	31 January 2022	31 January 2021
Trade payables ⁽¹⁾	932,373	468,297
Expense accruals	43,470	13,602
	975,843	481,899

Trade payables comprises of the unpaid amounts of trade purchases and ongoing expenditures.

⁽¹⁾ Trade payables to third parties comprise factoring payables amounting TL 243,372 (31 January 2021: TL 195,519) and supplier financing payables amounting TL 278,358 (31 January 2021: TL 140,740).

The Group's exposure to foreign currency and liquidity risk for short term trade payables are disclosed in Note 34.

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8 Other receivables and payables

Other short term trade receivables

As at 31 January 2022 and 2021, short term other receivables of the Group are as follows:

	31 January 2022	31 January 2021
Other receivables from third parties	33,211	9,680
	33,211	9,680

As at 31 January 2022 and 2021, short term other receivables from third parties of the Group are as follows:

	31 January 2022	31 January 2021
Receivables from public institutions ⁽¹⁾	5,394	7,217
Other short-term receivables	27,817	2,463
	33,211	9,680

⁽¹⁾ Receivables from public institutions consist of the Group's receivables related to Turquality incentive program amounting to TL 76 (31 January 2021: TL 120), previous period incentive receivables amounting to TL 1,018 (31 January 2021: 2,130) and value added tax receivables amounting to TL 4.300 (31 January 2021: TL 4,367).

The Group's exposure to credit and foreign currency risk for short term other receivables are disclosed in Note 34.

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8 Other receivables and payables (continued)

Long term other receivables

As at 31 January 2022 and 2021, long term other receivables of the Group are as follows:

	31 January 2022	31 January 2021
Other receivables from third parties	6,354	3,190
	6,354	3,190

The Group's exposure to credit and foreign currency risk for long term other receivables are disclosed in Note 34.

Short term other payables

As at 31 January 2022 and 2021, short term other payables of the Group are as follows:

	31 January 2022	31 January 2021
Other payables to third parties	18,978	3,871
Other payables to related parties (Note 6)	41	176
	19,019	4,047

As at 31 January 2022 and 2021, other payables to third parties of the Group are as follows:

	31 January 2022	31 January 2021
Taxes and duties payable	18,401	3,490
Other payables	577	381
	18,978	3,871

The Group's exposure to foreign currency and liquidity risk for other short term payables is disclosed in Note 34.

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9 Inventories (continued)

As at 31 January 2022 and 2021, inventories are as follows:

	31 January 2022	31 January 2021
Trade goods	737,768	557,010
Consignment trade goods	41,290	27,995
Goods in transit	5,265	1,301
Provision for impairment on inventory (-)	(32,925)	(26,222)
	751,398	560,084

As at 31 January 2022 there is no restriction/ pledge on inventories (31 January 2021: nil).

As at 31 January 2022 and 2021, the provision for impairment on inventory is as follows:

	31 January 2022	31 January 2021
Opening balance	26,222	24,701
Provision for the year	20,572	27,850
Effect of movements in exchange rates	6,212	2,526
Write-off	(20,081)	(28,855)
Closing balance	32,925	26,222

As of the year ending on 31 January 2022, inventories of TL 28,986 (31 January 2021: TL 27,850) 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 2022, inventories of TL 20,081 (31 January 2021; TL 28,855) were disposed and written off.

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10 Prepayments and deferred revenues

Prepayments

As at 31 January 2022 and 2021, the remaining balance of prepayments under current and non-current assets is as follows:

	31 January 2022	31 January 2021
Advances given ⁽¹⁾	90,731	32,689
Prepaid advertising and marketing expenses	10,080	3,026
Prepaid rent expenses	5,653	983
Prepaid general administrative expenses	4,563	2,740
Prepaid license expenses	3,347	1,103
Prepaid insurance expenses	1,789	887
Prepaid stamp tax and duties expenses	274	231
Prepaid general financing expenses	44	7,116
Other prepaid expenses	4,192	1,700
Total prepaid expenses	120,673	50,475
Long term prepaid expenses	7	149
Short term prepaid expenses	120,666	50,326

⁽¹⁾Advances given mainly comprise of advances given to producers and service providers including fabric advances given to Erak (Note 6).

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10 Prepayments and deferred revenues (continued)

Deferred revenue

As at 31 January 2022 and 2021, deferred revenue of the Group are as follows:

	31 January 2022	31 January 2021
Customer loyalty programme ⁽¹⁾	19,159	11,315
Salary protocol	1,318	3,296
Corporate sales ⁽²⁾	8,835	3,097
Rent income	1,244	1,867
Total deferred revenue	30,556	19,575
Short term deferred revenue	29,826	18,150
Long term deferred revenue	730	1,425

⁽¹⁾ The deferred revenue related to loyalty credits granted has been estimated with reference to the fair value of apparel for which could be redeemed.

⁽²⁾ Corporate sales consist of prepaid cards which are given to corporate firms.

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11 Property and equipment

The movement of property and equipment for the year ended 31 January 2022 and 31 January 2021 is as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Cost					
1 February 2020 opening balance	186	286,828	208,466	1,719	497,199
Additions	--	13,576	18,980	46,479	79,035
Disposals	--	(5,190)	(7,140)	(2,666)	(14,996)
Effect of movements in exchange rates	--	3,875	8,435	57	12,367
Transfers ⁽¹⁾	--	19,002	9,428	(29,346)	(916)
31 January 2021 closing balance	186	318,091	238,169	16,243	572,689
1 February 2021 opening balance	186	318,091	238,169	16,243	572,689
Additions	--	58,179	40,971	31,142	130,292
Disposals	(41)	(1,724)	(2,067)	--	(3,832)
Effect of movements in exchange rates	--	34,469	25,862	2,460	62,791
Transfers ⁽¹⁾	--	6,036	7,524	(40,973)	(27,413)
31 January 2022 closing balance	145	415,051	310,459	8,872	734,527

⁽¹⁾ Transfers of TL 27,413 as at 31 January 2022, and TL 916 as at 31 January 2021 are related to transfers to intangible assets.

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11 Property and equipment (continued)

The movement of property and equipment for the year ended 31 January 2022 and 2021 is as follows:

	Vehicles	Furniture and fixtures	Leasehold improvements	Construction in progress	Total
Accumulated Depreciation					
1 February 2020 opening balance	166	178,816	137,498	--	316,480
Effect of movements in exchange rates	--	3,662	5,392	--	9,054
Depreciation for the year	20	33,682	26,630	--	60,332
Disposals	--	(5,107)	(5,749)	--	(10,856)
31 January 2021 closing balance	186	211,053	163,771	--	375,010
1 February 2021 opening balance	186	211,053	163,771	--	375,010
Effect of movements in exchange rates	--	24,358	17,736	--	42,094
Depreciation for the year	--	34,036	27,970	--	62,006
Disposals	(41)	(1,641)	(1,888)	--	(3,570)
31 January 2022 closing balance	145	267,806	207,589	--	475,540
31 January 2021 carrying amount	--	107,038	74,398	16,243	197,679
31 January 2022 carrying amount	--	147,245	102,870	8,872	258,987

For the year ended 31 January 2022, TL 10,501 (and for the year ended 31 January 2021: TL 8,520) of depreciation expenses are included under administrative expenses, TL 51,457 (31 January 2021: TL 51,812) under selling and marketing expenses and TL 48 (31 January 2021: nil) under research and development expenses.

As of 31 January 2022, there is no pledge on property and equipment (31 January 2021: nil).

As at 31 January 2022 the amount of insurance on property and equipment is TL 472,454 (31 January 2021: TL 449,007).

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12 Intangible assets

The movement of intangible assets As at 31 January 2022 and 2021 are as follows:

Cost	Licenses	Customer relationships	Brand	Development Costs ⁽¹⁾	Total
1 February 2020 balance	62,909	67,130	923	17,477	148,439
Additions	10,420	--	--	12,235	22,655
Effect of movements in exchange rates	1,541	15,114	--	--	16,655
Transfers	916	--	--	--	916
Disposals	(1,149)	--	--	--	(1,149)
31 January 2021 balance	74,637	82,244	923	29,712	187,516
1 February 2021 balance	74,637	82,244	923	29,712	187,516
Additions ⁽²⁾	15,546	--	--	18,109	33,655
Effect of movements in exchange rates	9,599	65,788	--	--	75,387
Transfers	27,413	--	--	--	27,413
Disposals	(17)	--	--	--	(17)
31 January 2022 balance	127,178	148,032	923	47,821	323,954

⁽¹⁾Consist of capitalized design and development expenses in accordance with incentive programme.

⁽²⁾Development costs consist TL 118 capitalized amortisation expenses (31 January 2021: TL 354).

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12 Intangible assets (continued)

	Licenses	Customer relationships	Brand	Development Costs	Total
Amortisation					
1 February 2020 balance	49,148	26,179	298	4,763	80,388
Effect of movements in exchange rates	1,270	5,741	--	--	7,011
Current year amortization	7,565	8,053	86	11,787	27,491
Disposals	(1,147)	--	--	--	(1,147)
31 January 2021 balance	56,836	39,973	384	16,550	113,743
1 February 2021 balance	56,836	39,973	384	16,550	113,743
Effect of movements in exchange rates	6,865	35,529	--	--	42,394
Current year amortisation	13,556	10,645	43	12,698	36,942
Disposals	(14)	--	--	--	(14)
31 January 2022 balance	77,243	86,147	427	29,248	193,065
Carrying amount					
31 January 2021 balance	17,801	42,271	539	13,162	73,773
31 January 2022 balance	49,935	61,885	496	18,573	130,889

For the year ended 31 January 2022, TL 18,465 (31 January 2021: TL 11,436) of amortisation expenses are included under general administrative expenses and TL 7,979 (31 January 2021: TL 4,911) under selling and marketing expenses, and TL 10,380 (31 January 2021: TL 10,790) under research and development expenses.

The depreciation charge of TL 118 for the period ended 31 January 2022 is capitalized in accordance with incentive program. (31 January 2021: TL 354).

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13 Goodwill

The movement of goodwill as at 31 January 2022 and 2021 is as follows:

Cost	31 January 2022	31 January 2021
As of 1 February	190,242	155,695
Effect of movements in exchange rates	154,073	34,547
As of 31 January	344,315	190,242
Impairment loss		
As of 1 February	(1,297)	(1,297)
Impairment losses on goodwill	--	--
As of 31 January	(1,297)	(1,297)
Carrying amount		
As of 31 January	343,018	188,945

Impairment test for cash generating units with allocated goodwill

Goodwill is allocated to cash generating units for impairment test purposes. As of 31 January 2022 and 2021, 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 2022	31 January 2021
Mavi America	307,641	168,072
Mavi Canada	31,644	17,140
Other	3,733	3,733
	343,018	188,945

As of 31 January 2022, the increase in goodwill is related to foreign currency translation differences on goodwill recognized at foreign subsidiaries.

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13 Goodwill (continued)

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 2022 and 2021. 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 2022, 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.

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 %10.9; %2.0; %18.9(31 January 2021:9.6%, 2.0%, 21.7%) 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 %10.7; %1.7; %13.0 (31 January 2021:9.5%, 1.9%, 16.0%) 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.

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13 Goodwill (continued)

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 10.9% (31 January 2021:9.6%).

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 10.7% (31 January 2021:9.5%).

Terminal growth rate

The discounted cash flow models of Mavi USA and Mavi Canada are based on the cash flows projected from 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 capitalising an assumed stabilised cash flow figure. Then, the determined period cash flows and terminal value are discounted to present value.

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14 Right of use assets

The movement of right of use assets for the years ended 31 January 2022 and 31 January 2021 is as follows:

Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2021 balance	78,936	716,742	18,115	26,217	840,010
Additions	--	36,509	7,321	--	43,830
Modification	4,250	163,045	871	82	168,248
Disposals	(1,741)	(26,300)	(2,126)	--	(30,167)
Effect of movements in exchange rates	32,478	57,591	2,926	21,177	114,172
Closing balance as of 31 January 2022	113,923	947,587	27,107	47,476	1,136,093

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2021 balance	31,629	363,050	7,545	2,767	404,991
Charge for the year	21,901	227,299	6,302	3,717	259,219
Disposals	(1,740)	(20,762)	(2,126)	--	(24,628)
Effect of movements in exchange rates	18,543	22,061	1,946	3,456	46,006
Closing balance as of 31 January 2022	70,333	591,648	13,667	9,940	685,588

Carrying value as of 31 January 2022	43,590	355,939	13,440	37,536	450,505
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14 Right of use assets (continued)

Cost	Buildings	Store	Vehicles	Warehouse	Total
1 February 2020 balance	54,570	538,768	6,970	4,309	604,617
Additions	3,254	40,613	13,038	21,774	78,679
Modification	13,766	159,020	178	760	173,724
Disposals	(58)	(25,970)	(2,913)	(2,108)	(31,049)
Effect of movements in exchange rates	7,404	4,311	842	1,482	14,039
Closing balance as of 31 January 2021	78,936	716,742	18,115	26,217	840,010

Accumulated depreciation	Buildings	Store	Vehicles	Warehouse	Total
1 February 2020 balance	13,629	178,029	4,353	1,927	197,938
Charge for the year	15,901	200,062	5,718	2,515	224,196
Disposals	(58)	(16,353)	(2,919)	(2,108)	(21,438)
Effect of movements in exchange rates	2,157	1,312	393	433	4,295
Closing balance as of 31 January 2021	31,629	363,050	7,545	2,767	404,991

Carrying value as of 31 January 2021	47,307	353,692	10,570	23,450	435,019
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For the year ended 31 January 2022 TL 13,706 (31 January 2021 : TL 15,332) of amortisation expenses are included under general administrative expenses and TL 244.467 (31 January 2021 : TL 208,289) under selling and marketing expenses, and TL 1.046 (31 January 2021 : TL 575) under research and development expenses.

15 Provisions, contingent assets and liabilities

Short term provisions

As at 31 January 2022 and 2021, short term provisions are as follows:

	31 January 2022	31 January 2021
Provision for employee benefits	8,773	4,144
Other short term provisions	34,530	15,669
	43,303	19,813

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15 Provisions, contingent assets and liabilities (continued)

Short term provisions (continued)

Short term provision for employee benefits consists of provision for vacation pay liability. For the years ended 31 January 2022 and 2021, the movement of provision for vacation liability is as follows:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
1 February balance	4,144	3,118
Current period provision	3,722	1,227
Effect of movements in exchange rates	1,815	256
Paid benefits	(908)	(457)
31 January balance	8,773	4,144

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.

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15 Provisions, contingent assets and liabilities (continued)

Short term provisions (continued)

For the years ended 31 January 2022 and 2021, the movement of other short term provisions is as follows:

	31 January 2022	31 January 2021
Sales return provision	27,183	10,947
Legal provision ⁽¹⁾	4,098	2,843
Other provisions	3,249	1,879
	34,530	15,669

⁽¹⁾Legal provisions mainly comprise of labor lawsuits.

For the years ended 31 January 2022 and 2021, the movement of short term provision is as follows:

	Legal provision	Return provisions	Other provision	Total
1 February 2020 balance	2,487	7,220	3,740	13,447
Current year provision	356	2,112	424	2,892
Effect of movements in exchange rates	--	1,851	960	2,811
Provision cancellations	--	(236)	(3,245)	(3,481)
31 January 2021 balance	2,843	10,947	1,879	15,669
1 February 2021 balance	2,843	10,947	1,879	15,669
Current year provision	2,269	10,211	1,251	13,731
Effect of movements in exchange rates	--	8,334	1,412	9,746
Provisions used during year	(891)	--	--	(891)
Provision cancellations	(123)	(2,309)	(1,293)	(3,725)
31 January 2022 balance	4,098	27,183	3,249	34,530

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15 Provisions, contingent assets and liabilities (continued)

Long term provisions

For the years ended 31 January 2022 and 2021, the movement of long term provisions is as follows:

	31 January 2022	31 January 2021
Long term provisions for employee benefits	23,176	9,081
	23,176	9,081

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

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16 Commitments

(a) Warranties, pledges and mortgages

As of 31 January 2022 and 2021, the Group's guarantee / pledge / mortgage ("GPM") position statement is as follows:

	31 January 2022					
	TL Equivalent	TL	EUR	RUB	USD	CAD
A. On behalf of its own legal personality of the total amount of GPMs	190,152	51,842	8,122	--	1,249	--
Guarantee	190,152	51,842	8,122	--	1,249	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
B. Total amount of GPM included in the scope of consolidation given on behalf of subsidiaries	47,644	--	156	13,131	75	4,000
Guarantee	47,644	--	156	13,131	75	4,000
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
C. Total amount of GPM given to conduct other 3rd parties to guarantee the depts.	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
D. Total amount of other GPM	--	--	--	--	--	--
i. Total amount of GPM given on behalf of the main partners	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
ii. Total amount of GPM given on behalf of other group companies which are not in the scope of B and C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
iii. Total amount of GPM given on behalf of other group companies which are not in the scope of C section	--	--	--	--	--	--
Guarantee	--	--	--	--	--	--
Pledge	--	--	--	--	--	--
Mortgage	--	--	--	--	--	--
Total GPM	237,796	51,842	8,278	13,131	1,324	4,000

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16 Commitments (continued)

(a) Warranties, pledges and mortgages (continued)

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

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16 Commitments (continued)

(a) Warranties, pledges and mortgages (continued)

As of 31 January 2022, ratio of other GPM given by the Group to equity was 0% (31 January 2021: 0%).

As of 31 January 2022, letter of guarantees given to third parties for the amount of TL 67,349 are representing guarantees given to Eximbank for the purpose of importing goods (31 January 2021: TL 127,735).

The Group has purchase commitments related to inventory amounting to TL 1,852,521 as of 31 January 2022 (31 January 2021: TL 737,448).

(b) Guarantees received

As of 31 January 2022, Group has received letter of guarantees for the amount of TL 16,827 as in the form of security (31 January 2021: TL 10,315).

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 10,849 at 31 January 2022 (31 January 2021: TL 7,638) 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.

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17 Employee benefits (continued)

Provision for employment termination benefits (continued)

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. IAS 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 2022 and 2021, 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 2022	31 January 2021
Discount rate (%)	3,83	4,86
Estimated inflation (%)	17,50	7,00

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

For the years ended 31 January 2022 and 2021 the movement of provision for severance pay liability is as follows:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Opening balance	9,081	7,931
Interest cost	401	689
Service cost	19,595	4,236
Paid benefits	(14,114)	(4,920)
Effect of movements in exchange rates	653	39
Actuarial difference	7,560	1,106
Ending balance	23,176	9,081

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18 Payables to employees

As at 31 January 2022 and 2021 payables to employees are as follows:

	31 January 2022	31 January 2021
Payables to personnel ⁽¹⁾	88,184	28,196
Social security premiums payable	11,872	10,667
	100,056	38,863

⁽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 2022 and 2021, other current assets are as follows:

	31 January 2022	31 January 2021
Deductible value added tax ("VAT")	11,445	24,055
	11,445	24,055

Other current liabilities

As at 31 January 2022 and 2021, other current liabilities are as follows:

	31 January 2022	31 January 2021
Advances received	18,119	12,484
	18,119	12,484

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20 Capital, reserves and other capital reserves

Paid-in capital

As at 31 January 2022 and 2021, paid capital is as follows:

	% 31 January 2022	31 January 2022	% 31 January 2021	31 January 2021
Akarlılar Family	27.19	13,500	27.19	13,500
Blue International	0.22	108	0.22	108
Publicly held	72.60	36,049	72.60	36,049
	100.00	49,657	100.00	49,657

As of 31 January 2022 paid-in capital of the Company comprises 49,657,000 shares (31 January 2021: 49,657,000 shares) of TL 1 each (31 January 2021: TL 1 each).

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.

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20 Capital, reserves and other capital reserves (continued)

Paid-in capital (continued)

- 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 privilege 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 automatically 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 TL245.000.000 , which is divided into 245.000.000 registered shares, each with a nominal value of TL 1 (one Turkish Lira).

Remeasurement loss on defined benefit plans

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

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20 Capital, reserves and other capital reserves (continued)

Translation reserve

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 at 31 January 2022, the Company's legal reserves are amounting to TL 19,771 (31 January 2021: TL 19,771).

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.

Dividend Payment

At the Ordinary General Assembly meeting held at 28 April 2021, dividend distribution of TL 30,347 (dividend per gross share : TL0.61) from 2020 and previous years distributable net income was approved unanimously. Dividend payment started on 30 July 2021 and entire dividend payment has been completed as of reporting date.

Purchase of share of entities under common control

On 2 December 2011 the Company merged with Mavi Grup Giyim Ticaret A.Ş. ("Mavi Grup"). Mavi Grup had owned the Company's shares in amount of 99.9% until the date of this merger. The difference between investment and share capital of the Company amounting to TL 35,757 has been recognized as an equity transaction as purchase of share of entities under common control.

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21 Revenue

For the years ended 31 January 2022 and 2021, revenue comprised the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Goods and service revenue		
-Retail	2,830,958	1,402,079
-Wholesale	1,192,023	694,449
-E-commerce	596,338	305,280
	4,619,319	2,401,808

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 IFRS 8 (Note 4).

22 Cost of sales

For the years ended 31 January 2022 and 2021, cost of sales comprised the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Cost of trade goods sold	2,247,656	1,241,704
	2,247,656	1,241,704

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23 Administrative expenses, selling and marketing expenses

For the years ended 31 January 2022 and 2021, administrative expenses comprised the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Personnel expenses	202,543	101,178
Depreciation and amortization expenses (Note 11, 12, 14)	42,672	35,288
Consultancy expenses	14,212	7,929
Office materials expenses	11,381	7,146
General office expenses	3,942	3,408
Rent expenses ⁽¹⁾	2,374	2,033
Travel expenses	2,123	1,272
Other	23,243	15,029
	302,490	173,283

For the years ended 31 January 2022 and 2021, selling and marketing expenses comprised the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Depreciation and amortization expenses (Note 11, 12, 14)	303,903	265,012
Personnel expenses	447,052	262,434
Rent expenses ⁽¹⁾	171,328	91,542
Outsourced logistics expenses	89,355	60,518
Advertising expenses	77,230	44,396
Freight-out expenses	75,436	38,841
Travel expenses	9,603	4,443
Consultancy expenses	20,834	10,933
Shopping bags expenses	21,175	9,591
Other	150,151	92,437
	1,366,067	880,147

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

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24 Research and development expenses

For the years ended 31 January 2022 and 2021, research and development expenses comprised the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Personnel expenses	31,191	20,571
Depreciation and amortization expenses (Note 11, 12, 14)	11,474	11,365
Travel expenses	692	317
Other	1,708	1,420
	45,065	33,673

25 Other income and expense

For the years ended 31 January 2022 and 2021, other operating income comprised the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Foreign exchange gain	16,116	3,408
Covid 19 incentive	10,337	--
Interest income on payables, net	6,477	6,164
Investment support income	4,762	2,990
Salary protocol income	1,977	1,977
Reversal of expected credit loss	1,585	254
Income from lease contract terminations	434	1,185
Other	6,073	4,564
	47,761	20,542

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25 Other income and expense (continued)

For the years ended 31 January 2022 and 2021, other expenses comprised the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Foreign exchange gain and loss, net	3,498	945
Non-deductible tax expense related with previous period	505	597
Expected credit loss	337	417
Other	2,822	942
	7,162	2,901

26 Gains and losses from investment activities

For the years ended 31 January 2022 and 2021, gains from investment activities comprised the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Gain on sale of fixed assets	158	--
	158	--

For the years ended 31 January 2022 and 2021, losses from investment activities comprised the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Losses on sale of fixed assets	12	1,410
	12	1,410

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27 Expenses by nature

For the years ended 31 January 2022 and 2021, expenses by nature are as follows:

Depreciation and amortization expenses

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Selling and marketing expenses (Note 23)	303,903	265,012
Administrative expenses (Note 23)	42,672	35,288
Research and development expenses (Note 24)	11,474	11,365
	358,049	311,665

Expenses related to personnel

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Selling and marketing expenses (Note 23)	447,052	262,434
Administrative expense (Note 23)	202,543	101,178
Research and development (Note 24)	31,191	20,571
	680,786	384,183

For the years ended 31 January 2022 and 2021, the details of expenses related to personnel are as follows:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Wages and salaries	351,903	246,332
Bonus expense	166,627	54,027
Social security premiums	64,437	34,801
Meal expenses	28,658	17,961
Employee termination benefit expenses	28,228	5,464
Overtime expenses	9,843	6,163
Personnel travel expenses	7,397	5,319
Other	23,693	14,116
	680,786	384,183

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27 Expenses by nature (continued)

Expenses related to personnel (continued)

Fees for services received from independent auditor / independent audit firm

The Group's explanation regarding the fees for the services received from the independent 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 official gazette on 30 March 2021, are as follows :

	2021	2020
Independent audit fee for the reporting period	1,359	833
Systemic data tracking control	--	6
Other assurance services fee	5	4
Other	173	34
	1,537	877

28 Finance income

For the years ended 31 January 2022 and 2021, finance income comprised the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Interest income on time deposits	83,083	57,901
Foreign exchange gain	28,838	9,640
Other ⁽¹⁾	51,211	100,306
	163,132	167,847

⁽¹⁾Other finance income consists of discounts related with rent payments amounting TL 51,211 due to Covid-19 pandemic according to the announcement published by the Public Oversight Authority on 17 April 2020 (31 January 2021: TL 100,300).

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29 Finance costs

For the years ended 31 January 2022 and 2021, finance costs comprised the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Interest expenses on purchases	77,858	31,241
Financial liabilities measured at amortised cost	94,216	88,700
Interest expenses on contractual lease liabilities	70,711	66,568
Credit card commission expenses	18,248	8,420
Foreign exchange loss	24,336	22,481
Import financing expenses	32,495	19,829
Other	5,032	7,363
	322,896	244,602

30 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 Turkey, advance tax returns are filed on a quarterly basis. Advance corporate income tax rate applied in 2021 is 25%, for 2022 it will be 23%, after 2022 corporate tax rate will be 20%. (31 January 2021: 22%).

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30 Income taxes (continued)

Corporate tax (continued)

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

According to the Law No. 7352 Amendments to the Tax Procedure Law and the Corporate Tax Law published in the Official Gazette dated 29 January 2022 and numbered 31734, the application of inflation accounting in the financial statements based on the Tax Procedure Law was postponed to 31 December 2023.

Tax rate used in the calculation of deferred tax assets and liabilities was %23 over temporary timing differences expected to be reversed in 2022, and %20 over temporary timing differences expected to be reversed in 2023 and the following years (31 January 2021: 22%).

As of 31 January 2022 and 2021 tax rates used in deferred tax calculation according to the tax laws of the countries except Turkey is as follows:

Country	31 January 2022	31 January 2021
Russia	20%	20%
Germany	28.9%	28.4%
Netherlands	20%	20%
America	23.25%	23.14%
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.

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30 Income taxes (continued)

Corporate tax (continued)

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 (if any, past year losses and investment incentives if preferred). In Turkey, 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 Turkey, 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 the 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 25% is subject to corporate tax.

The tax legislation in Turkey 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.

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30 Income taxes (continued)

Corporate tax (continued)

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.

Russia

In Russia, the tax system has a legislative nature that is often changed by the authorities. 20%. 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 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 28.4%. 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% (5.5 % of the corporate income tax) 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.

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30 Income taxes (continued)

Corporate tax (continued)

Netherland

The Dutch corporate tax rate for corporations is 20% for profits up to EUR 200,000 and 25% for excess. There is a one-sided decree issued to prevent double taxation for established companies in the Netherlands and, if there is no tax treaty, items such as profits from permanent foreign operations are not taxed. Dividend payments are subject to 5% tax.

In the Dutch tax system, financial losses can be carried forward for nine years to be deducted from future taxable income. Financial losses can be carried back up to one year ago. Companies must file their tax declarations within nine months of the end of the relevant year unless they request additional time (under normal circumstances for an additional period of nine months). Tax declarations are open for five years following their completion.

Tax authorities have the right to audit tax returns and related accounting records, and disclosures may be amended according to audit findings.

Canada

Canada's federal-provincial general corporate income tax rate is 26.88%. Tax losses can be carried forward for 20 years.

Withholding income tax

Except for the dividends paid to non-resident corporations which have a representative office in Turkey 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.

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30 Income taxes (continued)

Tax Expense

For the years ended 31 January 2022 and 2021, tax expense recognized in profit loss comprised the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Current tax expense:		
Current year tax expense	(153,666)	(9,560)
Revaluation tax expense	(2,157)	--
	(155,823)	(9,560)
Deferred tax income		
Deferred tax (expense)/ income on temporary differences	39,819	5,126
Total tax expense	(116,004)	(4,434)

For the years ended 31 January 2022 and 2021, tax income recognized in other comprehensive income the following:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Tax income/(expense), net:		
Deferred taxes related to remeasurements of defined benefit liability/assets, net	1,512	198
Deferred taxes related to cash flow hedge reserve	(8,363)	1,988

As at 31 January 2022 and 2021, the details of the current tax assets/liabilities is as follows:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Taxes (receivable)/ payable related to prior year, net	(11,432)	4,234
Current year tax expense	155,823	9,560
Corporate taxes paid	(100,343)	(25,225)
Total tax (assets)/liabilities, net	44,048	(11,431)
Current tax asset	(7,453)	(17,738)
Current tax liabilities	51,501	6,307

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30 Income taxes (continued)

Tax Expense (continued)

Reconciliation of effective tax rate

The reported taxation charge For the years ended 31 January 2022 and 2021 are different than the amounts computed by applying the statutory tax rate to profit before tax as shown in the following reconciliation:

		1 February 2021– 31 January 2022		1 February 2020 – 31 January 2021
	%		%	
Profit for the year		423,018		8,043
Total income tax expense		(116,004)		(4,434)
Profit before tax		539,022		12,477
Income tax using domestic tax rate	(25.0)	(134,756)	(22)	(2,745)
Effect of tax rates in foreign jurisdictions	0.2	1,320	(2.6)	(324)
Non-deductible expenses ⁽¹⁾	(1.5)	(7,878)	(20.7)	(2,585)
Tax exempt income	1.0	5,389	20.4	2,546
Change in unrecognized temporary differences	--	--	(2.7)	(334)
Tax incentive	--	--	4.1	510
Impact of change in tax rate	(1.3)	6,947	(12.1)	(1,509)
Impact of revaluation reserve	2.9	15,843	--	--
Other	(0.5)	(2,869)	0.1	7
Current tax expense	(21.5)	(116,004)	(35.5)	(4,434)

⁽¹⁾For the year ended 31 January 2022 tax effect of non-deductible expenses mainly consists of inventory counting differences amounting to TL 12,955 (31 January 2021: TL 6,400).

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30 Income taxes (continued)

Tax Expense (continued)

Unrecognized deferred tax asset

For the year ended 31 January 2022 the Group has not any deferred tax assets from tax losses carried forward (31 January 2021: nil).

Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities As at 31 January 2022 and 2021 are attributable to the items detailed in the table below:

	31 January 2022		
	Assets	Liabilities	Net amount
Property and equipment	12,969	(2,821)	10,148
Intangible assets	1,081	(14,949)	(13,868)
Right of use assets	--	(64,049)	(64,049)
Inventories	15,497	(967)	14,530
Due from related parties	1	(401)	(400)
Trade and other receivables	5,527	(655)	4,872
Derivatives	--	(6,643)	(6,643)
Trade and other payables	11,482	(668)	10,814
Provisions	5,305	--	5,305
Employee benefits	4,142	--	4,142
Loans and borrowings	--	(38)	(38)
Contractual lease liabilities	71,932	--	71,932
Other temporary differences	1,627	(128)	1,499
Total	129,563	(91,319)	38,244
Set-off tax	(80,202)	80,202	
	49,361	(11,117)	

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30 Income taxes (continued)

Tax Expense (continued)

Recognized deferred tax assets and liabilities (continued)

	31 January 2021		
	Assets	Liabilities	Net amount
Property and equipment	32,678	440	33,118
Intangible assets	(114)	(43,060)	(43,174)
Right of use assets	437	(72,538)	(72,101)
Inventories	6,982	(532)	6,450
Due from related parties	--	(221)	(221)
Trade and other receivables	863	63	926
Derivatives	1,721	--	1,721
Trade and other payables	(563)	(373)	(936)
Provisions	2,650	--	2,650
Employee benefits	2,344	--	2,344
Loans and borrowings	(35)	--	(35)
Contractual lease liabilities	78,229	--	78,229
Other temporary differences	2,309	(645)	1,664
Total	127,501	(116,866)	10,635
Set-off tax	(105,250)	105,250	
	22,251	(11,616)	

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30 Income taxes (continued)

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

	1 February 2021	Recognised in profit or loss	Recognised in comprehensive income	Effect of	31 January 2022
				movements in exchange rates	
Property and equipment	33,117	(23,338)	--	369	10,148
Intangible assets	(43,174)	37,587	--	(8,281)	(13,868)
Inventories	6,450	7,216	--	863	14,529
Due from related parties	(221)	1	--	(180)	(400)
Trade and other receivables	927	3,434	--	511	4,872
Derivatives	1,720	--	(8,363)	--	(6,643)
Right of use asstes	(72,101)	9,037	--	(985)	(64,049)
Trade and other payables	(936)	12,049	--	(299)	10,814
Contractual lease liabilities	78,229	(6,297)	--	--	71,932
Provisions	2,650	2,526	--	129	5,305
Employee benefits	2,344	(85)	1,512	371	4,142
Loans and borrowings	(35)	(3)	--	--	(38)
Other temporary differences	1,665	(2,308)	--	2,143	1,500
	10,635	39,819	(6,851)	(5,359)	38,244

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30 Income taxes (continued)

	1 February 2020	Recognised in profit or loss	Recognised in comprehensive income	Effect of movements in exchange rates	31 January 2021
Property and equipment	29,032	4,091	--	(6)	33,117
Intangible assets	(40,714)	(241)	--	(2,218)	(43,173)
Inventories	3,869	2,475	--	106	6,450
Due from related parties	(217)	--	--	(3)	(220)
Trade and other receivables	(155)	1,027	--	54	926
Derivatives	(267)	--	1,988	--	1,721
Right of use assets	(77,299)	5,100	--	98	(72,101)
Trade and other payables	1,386	(2,317)	--	(5)	(936)
Contractual lease liabilities	83,914	(5,684)	--	--	78,230
Provisions	2,428	220	--	2	2,650
Employee benefits	1,464	676	198	5	2,343
Loans and borrowings	11	(46)	--	--	(35)
Other temporary differences	1,599	(175)	--	239	1,663
	5,051	5,126	2,186	(1,728)	10,635

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31 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 2022 and 2021 is as follows:

	31 January 2022	31 January 2021
Net profit for the year attributable to owners of the Company	400,441	4,583
Weighted average number of ordinary shares (basic)	49,657	49,657
Earnings per ordinary share	8.0641	0.0923

32 Derivatives

As at 31 January 2022 and 2021, short term derivatives are as follows:

	31 January 2022	31 January 2021
Assets from the forward exchange contracts	28,882	--
Liability from the forward exchange contracts	--	(8,601)
	28,882	(8,601)

As of 31 January 2022, the Group has open forward exchange contracts to hedge the foreign currency risk on inventory purchases in amount of USD 35,399 thousand in equivalent of TL 490,039. By applying hedge accounting, the fair value difference of TL 28,882, resulting from such forward transactions, is recognized in other comprehensive income.

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33 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.

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.

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33 Financial instruments (continued)

Credit risk (continued)

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 Turkey, 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 2022, the DDS limit of the Company is amounting TL 237,066 thousand (31 January 2021: 175,369 thousand). 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.

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33 Financial instruments (continued)

Market risk

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

Currency risk

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

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

Interest rate risk

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

Capital management

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

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34 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:

31 January 2022	Receivables				Cash and cash equivalents ⁽²⁾
	Trade receivables		Other receivables		
	Related party	Other	Related party	Other ⁽¹⁾	
The maximum exposure to credit risk as financial instruments (A+B+C+D)	--	394,487	--	33,211	1,505,667
- Portion of maximum risk covered by guarantees	--	--	--	--	--
A. Net book value of financial assets that are neither past due not impaired	--	355,638	--	33,211	1,505,667
B. Net book value of financial assets which are overdue, but not impaired	--	38,849	--	--	--
C. Net book value of impaired assets	--	--	--	--	--
- Overdue (gross book value)	--	37,265	--	--	--
- Impairment (-)	--	(37,265)	--	--	--
- 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 2022	Receivables	
	Trade receivables	Other receivables
Past due between 1-30 days	22,780	--
Past due between 1-3 months	13,816	--
Past due between 3-12 months	2,253	--
Total past due	38,849	--

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

⁽²⁾ Cash and cash equivalents exclude cash on hand

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

Credit risk (continued)

	Receivables				Cash and cash equivalents ⁽²⁾
	Trade receivables		Other receivables		
	Related party	Other	Related party	Other ⁽¹⁾	
31 January 2021					
The maximum exposure to credit risk as financial instruments (A+B+C+D)	--	231,378	--	16,478	888,194
- Portion of maximum risk covered by guarantees	--		--		
A. Net book value of financial assets that are neither past due not impaired	--	208,690	--	16,478	888,194
B. Net book value of financial assets which are overdue, but not impaired	--	22,688	--	--	--
C. Net book value of impaired assets	--	--	--	--	--
- Overdue (gross book value)	--	22,175	--	--	--
- Impairment (-)	--	(22,175)	--	--	--
-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 2021	Receivables	
	Trade receivables	Other receivables
Past due between 1-30 days	9,698	--
Past due between 1-3 months	12,462	--
Past due between 3-12 months	528	--
Total past due	22,688	--

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

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

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

Credit risk (continued)

Impairment

For the years ended 31 January 2022 and 2021, movement of the provision for doubtful receivables is as follows:

	1 February 2021 – 31 January 2022	1 February 2020 – 31 January 2021
Balance beginning	22,175	17,709
Current year provision	1,561	2,866
Allowances no longer required	(1,414)	(61)
Write-offs	(479)	(1,726)
Effect of movements in exchange rates	15,422	3,387
Balance ending	37,265	22,175

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.

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

Liquidity risk

As at 31 January 2022 and 2021, maturities of financial liabilities including estimated interest payments based on repayment schedules are included below:

31 January 2022	Note	Carrying amount	Contractual cash	3 month or less	3-12 months	1-5 year	5 year than more
Non derivative financial liabilities							
Bank loans	5	890,608	958,680	279,507	679,173	--	--
Contractual lease liabilities	5	505,925	607,506	108,199	165,049	301,234	33,024
Trade payables to third parties	7	975,843	979,457	786,429	193,028	--	--
Trade payables to related parties	6	212,803	214,489	206,008	8,481	--	--
Other payables to related parties	6	41	41	41	--	--	--
Payables to employees	18	119,977	119,977	100,056	--	19,921	--
Total		2,705,197	2,880,150	1,480,240	1,045,731	321,155	33,024

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

Liquidity risk *(continued)*

31 January 2021	Note	Carrying amount	Contractual cash	3 month or less	3-12 months	1-5 year	5 year than more
Non derivative financial liabilities							
Bank loans	5	926,541	1,156,889	94,698	721,581	340,610	--
Contractual lease liabilities	5	478,618	602,617	69,580	163,583	333,889	35,565
Trade payables to third parties	7	481,899	601,527	510,176	91,351	--	--
Trade payables to related parties	6	156,296	148,767	141,103	7,664	--	--
Other payables to related parties	6	176	176	176	--	--	--
Payables to employees	18	38,863	38,863	38,863	--	--	--
Total		2,082,393	2,548,839	854,596	984,179	674,499	35,565

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

Market risk

Currency risk

As of 31 January 2022 the Group's foreign currency position specified in the following table arises from foreign currency is denominated as assets and liabilities.

	TL	USD	Euro	Other
	Equivalent			
1. Trade receivables	12,962	582	--	5,162
2a. Monetary financial assets (including cash. banks)	65,150	2,645	1,511	7,087
2b. Non-monetary financial assets	--	--	--	--
3. Other	13,924	1,039	--	--
4. Current assets (1+2+3)	92,036	4,266	1,511	12,249
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)	92,036	4,266	1,511	12,249
10. Trade payables	21,264	1,001	509	239
11. Financial liabilities	67,751	340	4,222	--
12a. Monetary other liabilities	--	--	--	--
12b. Non-monetary other liabilities	--	--	--	--
13. Short term liabilities (10+11+12)	89,015	1,341	4,731	239
14. Trade payables	--	--	--	--
15. Financial liabilities	12,373	505	376	--
16a. Monetary other liabilities	--	--	--	--
16b. Non-monetary other liabilities	--	--	--	--
17. Long term liabilities (14+15+16)	12,373	505	376	--
18. Total liabilities (13+17)	101,388	1,846	5,107	239
19. Net Asset/(Liability) Position of derivative instruments (19a-19b)	(134,385)	(10,028)	--	--
19a. Hedged total asset	--	--	--	--
19b. Hedged total liabilities	134,385	10,028	--	--
20. Position of net foreign currency assets/liabilities (9-18+19)	(143,737)	(7,608)	(3,596)	12,010
21. Position of net foreign currency monetary assets/liabilities (=1+2a+5+6a-10-11-12a-14-15-16a)	(23,276)	1,381	(3,596)	12,010

As at 31 January 2022, Mavi Turkey has trade receivables amounting to TL 23,261 from consolidated subsidiaries which comprise; USD 81 thousand , CAD 143 thousand EUR (112) thousand and RUB 127,618 thousand. These amounts have been eliminated in consolidation. Considering these receivables, the Group's net foreign currency monetary assets position amounts to TL 16.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
As at for the year ended 31 January 2022

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

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

Market risk *(continued)*

Currency risk *(continued)*

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

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

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

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

Market 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.

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

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

Market risk *(continued)*

Currency risk *(continued)*

Foreign Currency Sensitivity Analysis				
31 January 2022				
	Profit/Loss		Equity	
	Appreciation of foreign currency	Devaluation of foreign currency	Appreciation of foreign currency	Devaluation of foreign currency
10% change of the USD against TL				
1- Net USD denominated asset/liability	1,851	(1,851)	1,851	(1,851)
2- Hedged portion of TL against USD risk(-)	--	--	13,439	(13,439)
3- Net effect of USD (1+2)	1,851	(1,851)	15,290	(15,290)
10% change of the EURO against TL				
4- Net EURO denominated asset/liability	(5,380)	5,380	(5,380)	5,380
5- Hedged portion of TL against EURO risk(-)	--	--	--	--
6- Net effect of EURO (4+5)	(5,380)	5,380	(5,380)	5,380
10% change of other against TL				
7- Net other denominated asset/liability	1,201	(1,201)	1,201	(1,201)
8- Hedged portion of TL against other risk(-)	--	--	--	--
9- Net effect of other (7+8)	1,201	(1,201)	1,201	(1,201)
Total (3+6+9)	(2,328)	2,328	11,111	(11,111)

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

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

Market risk *(continued)*

Currency risk *(continued)*

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

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

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

Profile

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

Fixed interest rate items	31 January 2022	31 January 2021
Financial assets	1,149,556	707,377
Financial liabilities	(1,396,533)	(1,405,159)

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 in order 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 amount 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.

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

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

Capital risk management *(continued)*

As at 31 January 2022 and 2021, net debt / equity ratios are as follows:

	31 January 2022	31 January 2021
Loans and borrowings (Note 5) ⁽¹⁾	1,396,533	1,405,159
Cash and cash equivalents (Note 4)	(1,508,641)	(893,483)
Net financial liabilities	(112,108)	511,676
Equity	1,193,357	534,009
Net financial liabilities / equities rate	(0.09)	0.96

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

35 Financial risk management

Fair values

	Carrying amount			Fair value			
	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
31 January 2022							
Financial liabilities measured at fair value							
Derivatives	28,882	--	28,882	--	28,882	--	28,882
Total	28,882	--	28,882	--	28,882	--	28,882

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

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
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(Amounts are expressed in thousands of Turkish Lira ("TL") unless otherwise stated.)

35 Financial risk management *(continued)*

Fair values *(continued)*

Fair value disclosures

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

36 Important developments related to the current period

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

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

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

36 Important developments related to the current period (continued)

In preparing 31 January 2022 consolidated financial statements, management has assessed the potential impacts of Covid-19 pandemic on financial statements and reviewed estimates and assumptions used in the preparation of these financial statements.

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

37 Subsequent events

Russia's invasion of Ukraine started on 24 February 2022. Mavi does not have any monobrand stores or active operations in Ukraine. On the other hand, the Group's operations in Russia cover 36 stores, 19 owned and 17 franchise stores, mainly located in and around Moscow and St. Petersburg. Sales in Russia constitute 2.2% of total consolidated sales. The Group does not expect any material impact on its business due to the latest developments in the region.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Unaudited Supplementary Information

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

APPENDIX 1 Ebitda reconciliation

EBITDA is not a defined performance measure in IFRS. EBITDA reconciliation for the year ended 31 January 2022 and 2021 are as follows:

The Directors of the Group have presented the performance measure EBITDA as they monitor this performance measure at a consolidated level and they believe this measure is relevant to an understanding of the Group's financial performance. Profit from continuing operations to exclude the impact of taxation, net finance costs, depreciation and amortization.

EBITDA is not a defined performance measure under IFRS. Reconciliation of EBITDA For the years ended 31 January 2022 and 2021 are as follows:

	Note	31 January 2022	31 January 2021
Profit		423,018	8,043
Income tax expense	30	116,004	4,434
Profit before tax		539,022	12,477
Adjustment for:			
-Net finance costs		159,764	76,755
Payables interest income (net)		(6,477)	(6,164)
Foreign exchange gain and loss (net)		(12,618)	(2,463)
-Depreciation and amortisation	27	358,049	311,665
EBITDA		1,037,740	392,270

As of 31 January 2022 IFRS 16 has an impact of TL 272,409 (31 January 2021 : TL 181,758) on EBITDA.

Mavi Giyim Sanayi ve Ticaret Anonim Şirketi and Its Subsidiaries
Notes to the Consolidated Financial Statements
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APPENDIX 2 Effect of IFRS 16 on Financial Statements

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

	31 January 2022	IFRS 16 Effect	After IFRS 16
Current assets	2,858,093	(1,910)	2,856,183
Non-current assets	780,717	458,404	1,239,121
Current liabilities	2,341,078	229,295	2,570,373
Non-current liabilities	58,728	272,846	331,574
Equity	1,239,004	(45,647)	1,193,357
	1 February – 31 January 2022	IFRS 16 Effect	After IFRS 16
Operating profit	685,446	13,194	698,640
Operating profit before finance costs	685,592	13,194	698,786
Finance income	111,920	51,212	163,132
Finance expense	(251,575)	(71,321)	(322,896)
Profit before tax	545,937	(6,915)	539,022
Net profit	429,422	(6,404)	423,018
EBITDA	765,331	272,409	1,037,740

07

GENERAL ASSEMBLY

- 7.1 Agenda of the Ordinary General Assembly
- 7.2 Dividend Distribution Policy
- 7.3 Dividend Distribution Proposal
- 7.4 Dividend Distribution Table

7.1 AGENDA OF THE ORDINARY GENERAL ASSEMBLY OF MAVİ GİYİM SANAYİ VE TİCARET A.Ş. DATED 27 APRIL 2022 FOR THE SPECIAL ACCOUNTING PERIOD OF FEBRUARY 1, 2021–31 JANUARY 2022

1. Opening and Election of the Meeting's Chairperson,
2. Reading, discussion and approval of the Annual Report prepared by the Company's Board of Directors for the special accounting period of 1 February 2021–31 January 2022,
3. Reading of the Independent Audit Report Summary for the special accounting period of 1 February 2021–31 January 2022,
4. Reading, discussion and approval of the Financial Statements relating to the special accounting period of 1 February 2021–31 January 2022,
5. Release of the Board of Directors' members separately and individually from their liabilities with respect to their activities within the Company's special accounting period of 1 February 2021–31 January 2022,
6. Approval of the Board of Directors' proposal prepared within the framework of the Dividend Distribution Policy on the determination of the manner of utilization and distribution of the profit for the special accounting period of 1 February 2021–1 January 2022 the applicable dividend distribution ratios and the date of dividend distribution,
7. Informing the shareholders on the Remuneration Policy which sets out the principles of remuneration of the Board Members and the Senior Executives in accordance with the Capital Markets Board's regulations and providing information regarding the attendance fees paid to the Board of Directors' members in accordance with such Policy within the special accounting period of 1 February 2021–31 January 2022,
8. Determination of the salaries and other rights of Board of Directors' Members such as attendance fee, bonuses, and premiums,
9. Appointment of the auditor,

10. Approval of the Board of Directors' proposal regarding the amendment of the Principles of Operation of the Audit Committee as shown in the first annex of the agenda,
11. It has been decided that the payment of TRY 120,428,712.01 total gross amount of cash covered from the 2021 financial year dividend resulting in TRY 2.4252 (%242.52) gross payment per TRY 1 nominal value share to the approval of the shareholders at the Ordinary General Assembly Meeting in which the operating results of 2021 financial year will be discussed. According to the proposal, dividend payments will commence as of 16.08.2022.*
12. Informing the shareholders on the donations made by the Company within the special accounting period of 1 February 2021–31 January 2022 and determination of an upper limit for the donations to be made within the special accounting period of 1 February 2022–31 January 2023,
13. Informing the shareholders on the securities, pledges, collaterals and mortgages granted to third parties within the special accounting period of 1 February 2021–31 January 2022 in accordance with the Capital Markets Board regulations and the revenues or benefits obtained in connection therewith,
14. Granting authority to the members of the Board of Directors in accordance with sections 395 and 396 of the Turkish Commercial Code, and informing the shareholders on the transactions carried out during the special accounting period between 1 February 2021–31 January 2022, in accordance with the mandatory principle 1.3.6 of the Corporate Governance Communiqué as promulgated by the Capital Markets Board,
15. Wishes and requests.

**The General Assembly Information Note, which contains detailed explanation about two agenda items, namely amendment to the Articles of Association, and amendment to the Working Principles of the Audit Committee, can be accessed on the company's official website (www.mavi.com), under Investor Relations tab on the corporate website (mavicompany.com), and the links (<https://www.kap.org.tr/en/Bildirim/1014146>) on the Public Disclosure Platform website (www.kap.org.tr).*

7.2 DIVIDEND DISTRIBUTION POLICY

The purpose of the dividend distribution policy is to ensure that a balanced and consistent policy is implemented pursuant to the applicable legislation in relation to the interests of the investors and the Company, inform the investors sufficiently and maintain a transparent policy toward the investors.

The general assembly, upon the proposal of the Board of Directors, resolves on the distribution of dividends and the timing and manner of such distribution. To the extent allowed by applicable regulations and financial resources, and taking into account market expectations, long term strategies of the Company, needs of the subsidiaries and affiliates, investment and financing policies and profitability and cash reserves, the Company aims to distribute to the shareholders and other persons sharing the profit at least 30% of the distributable net profit calculated for the relevant period pursuant to the Articles of Association, TCC, CMB's Dividend Distribution Communiqué No. II-191 and tax legislation. Dividends may be distributed in cash and/or bonus shares and/or as a combination of both in certain ratios. Dividends are distributed equally to all shares in existence at the time of distribution, pro rata to their respective ratios and regardless of their date of issuance or their date of acquisition. Dividend payments may be made in equal or varying installments, provided that this is resolved upon during the general assembly meeting where the general assembly has resolved to make dividend distribution. The dividend distribution will commence on the date determined by the General Assembly, provided that the distribution is initiated before the end of the accounting period within which that General Assembly meeting takes place. The General Assembly's dividend distribution resolution, passed in accordance with the Articles of Association, may not be revoked unless permitted by applicable law. Should the Board of Directors propose not to distribute dividends, the reasons for this proposal and the manner in which the retained profit would be used will be explained under the agenda item concerning dividend distribution, and this information will be submitted to the shareholders during the General Assembly.

The Board of Directors' dividend distribution proposal or the Board resolutions relating to the distribution of advance dividends will be announced to the public in accordance with the relevant regulations, with the form and content of the relevant proposal/resolution, and the tables showing the dividend distribution or the advance dividend distribution, as applicable. Furthermore, to the extent any amendments to this dividend distribution policy are to be introduced, the Board resolution regarding such amendments shall be announced to the public with the reasons of amendment.

7.3 THE BOARD OF DIRECTORS' DIVIDEND DISTRIBUTION PROPOSAL FOR THE SPECIAL ACCOUNTING PERIOD DATED 1 FEBRUARY 2021–31 JANUARY 2022

It has been decided that the payment of TRY 120,428,712.01 total gross amount of cash covered from the 2021 financial year dividend resulting in TRY 2.4252 (%242.52) gross payment per TRY 1 nominal value share to the approval of the shareholders at the Ordinary General Assembly Meeting in which the operating results of 2021 financial year will be discussed. According to the proposal, dividend payments will commence as of 16.08.2022.

7.4 DIVIDENT DISTRIBUTION TABLE

Mavi Giyim Sanayi ve Ticaret A.Ş. Profit Distribution Proposal for 2021 (TL)			
1. Paid-in Capital			49,657,000,00
2. General legal reserves (as per statutory records)			19,165,758,02
Information concerning preferred shares, if, as per the company Articles of Association, there are any privileges for preferred shares in distribution of dividends:			
No		As per Capital Markets Board	As per Statutory Records
3.	Profit for the period	539,022,382,00	514,912,958,79
4.	Taxes (-)	116,003,383,00	131,153,823,58
5.	Net Profit (=)	400,440,871,00	383,759,135,21
6.	Prior years' losses (-)	--	--
7.	Legal reserve fund (-)	--	--
8.	NET DISTRIBUTABLE PROFIT FOR THE PERIOD (=)	400,440,871,00	383,759,135,21
	Dividend Advance Distributed (-)	--	--
	Dividend Advance Less Net Distributable Current Period Profit	400,440,871,00	383,759,135,21
9.	Grants made during the year (+)	988,169,00	0,00
10.	Net distributable profit including grants	401,429,040,00	383,759,135,21
	First category dividend to shareholders	--	--
11.	-Cash	120,428,712,00	2,482,850,00
	-Shares	--	--
	-Total	120,428,712,00	2,482,850,00
12.	Dividends distributed to preferred shareholders	--	--
	Other dividends distributed	--	--
13.	-Members of the Board of Directors	--	--
	-Employees	--	--
	-Non-shareholders	--	--
14.	Dividends distributed to holders of usufruct right certificates	--	--
15.	Second category dividend to shareholders	--	117,945,862,00
16.	Legal reserve fund	11,794,586,20	11,794,586,20
17.	Status reserves	--	--
18.	Special reserves	--	--
19.	EXTRAORDINARY RESERVES	268,217,572,80	251,535,837,01
20.	Other sources planned for distribution	--	--
	Retained Earnings	--	--
	-Extraordinary reserves	--	--
	-Other distributable reserves as per the legislation and Articles of Association	--	--

Mavi Giyim Sanayi ve Ticaret A.Ş. Information on Dividend per Share for 2021						
GROUP	TOTAL DIVIDEND AMOUNT*		TOTAL DIVIDEND AMOUNT/ NET DISTRIBUTABLE PROFIT FOR THE PERIOD*	DIVIDEND PER SHARE FOR 1 TL NOMINAL VALUE		
	CASH (TL)	SHARES (TL)	RATIO (%)	AMOUNT (TL)	SHARE (%)	
Gross	A (**)	262,633,40	--	0,07	2,4252	242,52
	B (***)	120,166,078,61	--	30,01	2,4252	242,52
	Total	120,428,712,01	--	30,07		
Net	A (**)	236,370,06	--	0,06	2,1827	218,27
	B (***)	108,149,470,75	--	27,01	2,1827	218,27
	Total	108,385,840,81	--	27,07		

* Group A shares representing 0,22% of the capital are owned by Blue International Holding BV. The Company shall be subject to withholding tax within the framework of the provisions of the Double Taxation Prevention Agreement.

**The Company does not have information regarding the entity type of Group B shareholders ("limited liability, full liable, legal entity or real person"). The calculation is based on the assumption that all shareholders in this group are subject to withholding tax at the local rate.

(CONVENIENCE TRANSLATION OF
INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT
ORIGINALLY ISSUED IN TURKISH)

INDEPENDENT AUDITOR'S REPORT ON THE MANAGEMENT'S ANNUAL REPORT

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

1) Opinion

As we have audited the full set consolidated financial statements of Mavi Giyim Sanayi ve Ticaret A.Ş. ("the Company") and its subsidiaries ("the Group") for the period between 01/02/2021–31/1/2022, we have also audited the annual report for the same period.

In our opinion, the consolidated financial information provided in the Management's annual report and the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from our audit.

2) Basis for Opinion

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the Standards on Independent Auditing ("SIA") which is a part of Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA"). Our responsibility is disclosed under *Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report* in detail. We declare that we are independent from the Group in accordance with the *Code of Ethics for Independent Auditors* ("Code of Ethics") issued by POA and ethical provisions stated in the regulation of audit. We have fulfilled other 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 audit opinion.

3) Auditor's Opinion for the Full Set Consolidated Financial Statements

We have presented unqualified opinion for the Group's full set consolidated financial statements for the period between 01/02/2021–31/1/2022 in our Auditor's Report dated 14 March 2022.

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4) Management's Responsibility for the Annual Report

The Group's Management is responsible for the following in accordance with Article 514 and 516 of the Turkish Commercial Code No. 6102 ("TCC") and "Communiqué on Principles of Financial Reporting in Capital Markets" with No.14.1 of the Capital Markets Board ("the Communiqué"):

- Preparing the annual report within the three months following the reporting date and presenting it to the General Assembly,
- Preparing the annual report with the all respects of the Group's flow of operations for that year and the Group's consolidated financial performance accurately, completely, directly and fairly. In this report, the consolidated financial position is assessed in accordance with the consolidated financial statements. The Group's development and risks that the Group may probably face are also pointed out in this report. The Board of Director's evaluation on those matters are also stated in this report.
- The annual report also includes the matters stated below:
 - The significant events occurred in the Group's activities subsequent to the financial year ends,
 - The Group's research and development activities,
 - The compensation paid to key management personnel and members of Board of Directors including financial benefits such as salaries, bonuses and premiums, allowances, travelling, accommodation and representation expenses, in cash and kind facilities, insurances and other similar guarantees.

The Board of Directors also considers the secondary regulations prepared by the Ministry of Trade and related institutions while preparing the annual report.

5) Responsibilities of the Independent Auditor on the Independent Audit of the Annual Report

Our aim is to express an opinion and prepare a report about whether the Management's discussions and consolidated financial information in the annual report within the scope of the provisions of the TCC and the Communiqué are fairly presented and consistent with the information obtained from our audit.

We conducted our audit in accordance with the standards on auditing issued by Capital Markets Board and the SIA. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Management's discussions on the Group's financial performance, are fairly presented in all material respects, and are consistent with the full set audited consolidated financial statements and the information obtained from 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, 6 April 2022

DISCLAIMER

This Annual Report is prepared in accordance with the legal requirements to be presented to the Ordinary General Assembly, for the special accounting period of 1 February 2021–31 January 2022. Report is prepared only to provide information to the shareholders, and it is not intended to form the basis of any investment decision.

To the extent available, the industry, market and competitive position data contained in this Report come from independent official or third party sources. Although the Company believes that these information are provided by reliable sources, it has not, however, independently verified accuracy and completeness of the information contained therein. In addition, some of the market and competitive position data contained in this Report come from the internal research and estimates based on the knowledge and experience of the Company's management in the markets that the Company operates. Although, the Company believes that the internal research and estimates are reasonable, accuracy and completeness of these research and estimates and methodologies and assumptions relevant with these research and estimates have not verified by independent third parties. The Company, its management and/or its employees and/or other related persons may not be held responsible for any direct or indirect loss that could arise from the use of the data stated in this Report.

Forward-looking statements included in this Report are subject to risks, uncertainties and other important factors which are known or unknown to the Company or which cannot be controlled or which can be controlled in a limited manner by the Company. These risks, uncertainties and other important factors may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such statements. Changes in customer tastes and spending patterns; changes in customer traffic; ability to accurately predict customer preferences and demands; ability to successfully implement new store rollout and retail strategy; effectiveness of brand awareness and marketing programs; difficulties that can be observed in retail fashion and fragility that can be observed in customer loyalty; competitive factors in retail fashion; impact of extreme unseasonal weather conditions on retail fashion; ability to retain key management and personnel; circumstances affecting relationships with major suppliers and distributors; currency and interest rate risks and fluctuations and other changes in financial markets and macro economic conditions; changes in tax rates, applicable laws and government policies and operational disruptions, natural disasters, wars, terrorist activities, work stoppages, slowdowns or strikes are, without any limitation of the foregoing, among these risks, uncertainties and other important factors. Explanations regarding risks, uncertainties and other important factors that may affect forward looking statements can be found in the explanatory notes of financial statements and in the "Risk Management and Internal Control System" section of this Report.

Forward-looking statements included in this Report are based on a number of assumptions relevant to the current and future business strategies of the Company and the business environment in which the Company operates. Forward-looking statements speak only as at the date on which they are made. The Company warns addressees of this Report that forward -looking statements does not constitute a guarantee as to the future performance and results of the Company and that actual results as to Company's financial position, expectations, growth, business strategy, plans and future operations may differ materially from forward-looking statements stated in this Report. In addition, even if the actual results and achievements as to Company's financial position, expectations, growth, business strategy, plans and future operations will be consistent with the forward-looking statements included in this Report, this consistency cannot be considered as an indicator as to any further future results and achievements. The Company, its management and/or its employees and/or other related persons may not be held responsible for any direct or indirect loss that could arise from the use of the forward-looking statements stated in this Report. The Report and the accompanying disclaimer are provided both in Turkish and English languages. In case of any discrepancy between Turkish and English version of Zthe Report and the accompanying disclaimer, Turkish version shall prevail. The Company believes that the information included in this Report is accurate as of the date of the Report and accepts no responsibility for any spelling or printing errors that may occur during the Report's preparation.