

**KOTON MAĞAZACILIK TEKSTİL  
SANAYİ VE TİCARET A.Ş.**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY – 31 MARCH 2024**

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**KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.****INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2024 AND 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2024, unless otherwise stated)

	<i>Notes</i>	<b>Unaudited 31 March 2024</b>	<b>Audited 31 December 2023</b>
<b>ASSETS</b>			
Cash and cash equivalents	4	384,131,979	413,171,684
Trade receivables	5	1,447,853,138	1,319,002,968
- <i>Trade receivable from third parties</i>		<i>1,447,853,138</i>	<i>1,319,002,968</i>
Other receivables		15,786,405	4,041,934
- <i>Other receivable from third parties</i>		<i>15,786,405</i>	<i>4,041,934</i>
Inventories	6	5,565,532,736	5,884,981,754
Prepaid expenses	7	497,125,202	494,478,781
Current tax assets		24,248,842	18,139,963
Other current assets	15	290,503,758	312,274,548
<b>Total current assets</b>		<b>8,225,182,060</b>	<b>8,446,091,632</b>
Financial investmensts		2,825,000	3,250,547
Other receivables		112,355,766	104,064,664
- <i>Other receivable from third parties</i>		<i>112,355,766</i>	<i>104,064,664</i>
Property and equipment	8	1,512,110,350	1,637,905,194
Intangible assets	9	495,476,165	441,586,922
Right of use assets	10	3,357,930,393	3,206,625,696
Prepaid expenses		4,566,275	4,210,102
Deferred tax assets	21	254,468,615	275,324,576
Other non-current assets		17,804,434	19,769,133
<b>Total non-current assets</b>		<b>5,757,536,998</b>	<b>5,692,736,834</b>
<b>TOTAL ASSETS</b>		<b>13,982,719,058</b>	<b>14,138,828,466</b>

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

**KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.****INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 MARCH 2024 AND 31 DECEMBER 2023**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2024, unless otherwise stated)

	<i>Notes</i>	<b>Unaudited 31 March 2024</b>	<b>Audited 31 December 2023</b>
<b>LIABILITIES</b>			
Short-term borrowings		2,767,982,040	2,575,359,467
<i>Short-term borrowings</i>	11	1,523,920,254	1,255,942,318
Short-term Portion of Long-term Borrowings	11	317,285,793	351,359,473
Lease liabilities	11	926,775,993	968,057,676
Trade payables	5	3,557,206,987	3,836,875,552
<i>Trade payables to related parties</i>	22	1,177,155	-
<i>Trade payables to third parties</i>		3,556,029,832	3,836,875,552
Payables related to employee benefits	14	263,423,676	237,438,255
Other payables		26,258,652	20,678,877
<i>Other payable to third parties</i>		26,258,652	20,678,877
Deferred income	7	144,145,074	92,560,132
Current tax liabilities		76,203	30,795,953
Short-term provisions		224,519,885	254,515,355
<i>Provisions for employee benefits</i>	14	197,082,333	218,762,368
<i>Other short-term provisions</i>	12	27,437,552	35,752,987
Other short-term liabilities		102,273,963	124,919,841
<b>Total current liabilities</b>		<b>7,085,886,480</b>	<b>7,173,143,432</b>
Long-term borrowings	11	1,537,574,185	1,700,697,327
<i>Long-term borrowings</i>	11	42,710,765	124,141,103
<i>Lease liabilities</i>	11	1,494,863,420	1,576,556,224
Other payables		26,160,429	28,056,359
<i>Other payables to third parties</i>		26,160,429	28,056,359
Deferred income		8,506,948	7,647,096
Long term provisions	14	106,491,805	102,281,838
<i>Long-term provisions for employee benefits</i>	14	106,491,805	102,281,838
Deferred tax liabilities	21	476,972,427	483,665,420
<b>Total non-current liabilities</b>		<b>2,155,705,794</b>	<b>2,322,348,040</b>
<b>TOTAL LIABILITIES</b>		<b>9,241,592,274</b>	<b>9,495,491,472</b>
Paid-in share capital	16	795,500,000	795,500,000
Capital adjustment differences	16	3,826,842,647	3,826,842,647
Other comprehensive loss not to be reclassified to profit or loss	16	(117,458,131)	(107,029,572)
<i>- Loss on remeasurement of defined benefit plans</i>		(117,458,131)	(107,029,572)
Other comprehensive loss to be reclassified to profit or loss		(1,537,843,569)	(1,643,697,197)
<i>- Foreign currency translation differences</i>	16	(1,451,751,876)	(1,565,759,882)
<i>- Loss on cash flow hedge</i>	16	(86,091,693)	(77,937,315)
Restricted reserves	16	139,289,896	139,289,896
Retained earnings		1,632,431,220	(443,977,927)
Net profit/(loss) for the period		2,364,721	2,076,409,147
<b>TOTAL EQUITY</b>		<b>4,741,126,784</b>	<b>4,643,336,994</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>13,982,719,058</b>	<b>14,138,828,466</b>

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

**KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.****INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIODS ENDED 1 JANUARY – 31 MARCH 2024 AND 2023**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2024, unless otherwise stated.)

	Notes	Unaudited 1 January - 31 March 2024	Audited 1 January - 31 March 2023
Revenue	17	4,487,775,117	4,396,436,205
Cost of sales (-)	17	(2,310,075,019)	(2,495,060,226)
<b>GROSS PROFIT</b>		<b>2,177,700,098</b>	<b>1,901,375,979</b>
General administrative expenses (-)		(344,977,573)	(305,711,351)
Marketing expenses (-)		(1,693,941,912)	(1,526,028,292)
Research and development expenses (-)		(55,919,619)	(48,828,569)
Other operating income	19	240,509,709	135,901,683
Other operating expenses (-)	19	(534,915,253)	(273,511,993)
<b>OPERATING PROFIT</b>		<b>(211,544,550)</b>	<b>(116,802,543)</b>
Income from investment activities		668,270	2,215,183
Losses from investment activities (-)		(165,690)	(12,834,689)
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSES</b>		<b>(211,041,970)</b>	<b>(127,422,049)</b>
Financial income	20	47,088,914	35,634,294
Financial expenses (-)	20	(318,936,058)	(268,656,694)
Net monetary position gains		492,306,125	528,883,119
<b>PROFIT BEFORE TAX</b>		<b>9,417,011</b>	<b>168,438,670</b>
Tax income	21	(7,052,290)	(169,311,974)
Current tax expense	21	(73,326)	(8,443,537)
Deffered tax expense	21	(6,978,964)	(160,868,437)
<b>PROFIT FOR THE PERIOD</b>		<b>2,364,721</b>	<b>(873,304)</b>
<b>Earnings Per Share ("TL")</b>	<b>23</b>	<b>0,003</b>	<b>(0,001)</b>
<b>OTHER COMPREHENSIVE LOSS</b>			
<b>Items not to be reclassified to profit or loss</b>		<b>(10,428,559)</b>	<b>(27,238,350)</b>
Defined benefit plans remeasurement losses	14	(13,904,746)	(34,047,937)
<b>Taxes relating to components of other comprehensive income that will not be reclassified to other profit or loss</b>			
Deffered tax income	21	3,476,187	6,809,587
<b>Other comprehensive income that will be reclassified to profit or loss</b>		<b>105,853,628</b>	<b>(58,853,490)</b>
Foreing currency translation differences		114,008,006	(91,142,900)
Cash flow hedge gains/losses		(10,872,504)	43,052,547
<b>Other comprehensive income that will be reclassified to profit or loss</b>			
Deffered tax (expense) / income	21	2,718,126	(10,763,137)
<b>OTHER COMPREHENSIVE INCOME/ (EXPENSE)</b>		<b>95,425,069</b>	<b>(86,091,840)</b>
<b>TOTAL COMPREHENSIVE INCOME/ (EXPENSE)</b>		<b>97,789,790</b>	<b>(86,965,144)</b>

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

# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

## INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 1 JANUARY – 31 MARCH 2024 AND 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2024, unless otherwise stated)

			Other comprehensive loss not to be reclassified to profit or loss	Other comprehensive loss to be reclassified to profit or loss					
	Pain in share capital	Capital adjustment differences	Loss on remeasurement of defined benefit plans	Foreign currency translation differences	Loss on cash flow hedge	Restiricted reserves	Retained earnings	Net profit/(loss) for the period	Total equity
<b>Balances as of 1 January 2024</b>	<b>795,500,000</b>	<b>3,826,842,647</b>	<b>(107,029,572)</b>	<b>(1,565,759,882)</b>	<b>(77,937,315)</b>	<b>139,289,896</b>	<b>(443,977,927)</b>	<b>2,076,409,147</b>	<b>4,643,336,994</b>
Transfers	-	-	-	-	-	-	2,076,409,147	(2,076,409,147)	-
<b>Total comprehensive income</b>	-	-	<b>(10,428,559)</b>	<b>114,008,006</b>	<b>(8,154,378)</b>	-	-	<b>2,364,721</b>	<b>97,789,790</b>
Profit for the period	-	-	-	-	-	-	-	2,364,721	2,364,721
Cash flow hedge gains	-	-	-	-	(8,154,378)	-	-	-	(8,154,378)
Foreing currency translation differences	-	-	-	114,008,006	-	-	-	-	114,008,006
Actuarial loss	-	-	(10,428,559)	-	-	-	-	-	(10,428,559)
<b>Balances as of 31 March 2024</b>	<b>795,500,000</b>	<b>3,826,842,647</b>	<b>(117,458,131)</b>	<b>(1,451,751,876)</b>	<b>(86,091,693)</b>	<b>139,289,896</b>	<b>1,632,431,220</b>	<b>2,364,721</b>	<b>4,741,126,784</b>
<b>Balances as of 1 January 2023</b>	<b>795,500,000</b>	<b>3,826,842,647</b>	<b>(80,431,157)</b>	<b>(648,011,907)</b>	<b>(114,302,629)</b>	<b>139,289,896</b>	<b>(2,455,103,455)</b>	<b>2,011,125,528</b>	<b>3,474,908,923</b>
Transfers	-	-	-	-	-	-	2,011,125,528	(2,011,125,528)	-
<b>Total comprehensive income</b>	-	-	<b>(27,238,350)</b>	<b>(91,142,900)</b>	<b>32,289,410</b>	-	-	<b>(873,304)</b>	<b>(86,965,144)</b>
Profit for the period	-	-	-	-	-	-	-	(873,304)	(873,304)
Cash flow hedge gains	-	-	-	-	32,289,410	-	-	-	32,289,410
Foreing currency translation differences	-	-	-	(91,142,900)	-	-	-	-	(91,142,900)
Actuarial loss	-	-	(27,238,350)	-	-	-	-	-	(27,238,350)
<b>Balances as of 31 March 2023</b>	<b>795,500,000</b>	<b>3,826,842,647</b>	<b>(107,669,507)</b>	<b>(739,154,807)</b>	<b>(82,013,219)</b>	<b>139,289,896</b>	<b>(443,977,927)</b>	<b>(873,304)</b>	<b>3,387,943,779</b>

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

# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

## INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 31 MARCH 2024 AND 2023

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2024, unless otherwise stated)

	Notes	Unaudited 1 January - 31 March 2024	Audited 1 January - 31 March 2023
<b>A. Cash Flows From Operating Activities</b>		<b>255,501,541</b>	<b>(103,011,975)</b>
<b>Net Profit/(Loss) For The Period</b>		<b>2,364,721</b>	<b>(873,304)</b>
<b>Adjustments To Reconcile Loss For The Year</b>		<b>793,749,926</b>	<b>665,934,705</b>
Adjustments related to depreciation and amortization expense	8,9,10	530,240,993	528,664,294
Adjustments related to impairment		36,157,085	15,781,976
Adjustments related to impairment / (reversals) on inventory	6	26,509,643	15,517,927
Adjustments related to impairment loss recognised on receivables	5	9,647,442	264,049
Adjustments related to provisions		61,337,401	36,130,650
Adjustments Related to for Employee Benefits	14	61,444,816	46,258,836
Adjustments Related to Provisions for Legal Claims	12	1,738,469	(190,211)
Adjustments Related to Other Provisions		(1,845,884)	(9,937,975)
Adjustments Related to Interest (Income) and Expense		608,359,568	340,038,125
Adjustments Related to Interest Income	20	(5,072,234)	(5,873,910)
Adjustments Related to Interest Expense	20	219,990,849	187,050,697
Deferred Financing Expense from Forward Purchases		393,440,953	158,861,338
Adjustments Related to Income From Government Grants		-	(2,034,250)
Adjustments Related to Unrealised Currency Translation Differences		(162,437,589)	(29,725,721)
Other Adjustments Related to Non-Cash Items		5,617,416	(1,035,335)
Adjustments Related to Tax Expense	21	7,052,290	169,311,974
Adjustments Related to Losses/(Gains) on Disposal of Non-Current Assets		(502,580)	10,619,505
Other Adjustments Related to Net Profit / Loss		35,132,019	(33,603,376)
Monetary Loss / Gain		(327,206,677)	(368,213,137)
<b>Changes in Working Capital</b>		<b>(540,613,106)</b>	<b>(768,073,376)</b>
Adjustments Related to Increase in Inventories		126,611,275	(22,060,511)
Adjustments Related to Increase in Trade Receivables		(311,175,678)	(161,491,286)
Adjustments Related to Decrease (Increase) in Prepaid Expenses		(65,979,776)	(52,627,162)
Adjustments Related to Decrease (Increase) in Other Receivables		(53,922,623)	(75,052,950)
Adjustments Related to Increase (Decrease) in Trade Payables		(170,802,651)	(260,158,212)
Adjustments Related to Increase (Decrease) in Employee Benefits		57,069,793	(43,072,946)
Adjustments Related to Increase (Decrease) in Other Payables		(76,790,722)	35,062,730
Adjustments Related to Increase (Decrease) in Deferred Income		46,827,378	(69,618,000)
Payments Related to Employee Benefits		(50,966,552)	(74,547,222)
Tax Returns (Payments)	21	(36,904,832)	(44,038,546)
Other Cash Inflows (Outflows)		(4,578,718)	(469,271)
<b>B. Cash Flows Used in Investing Activities</b>		<b>(109,379,253)</b>	<b>(166,211,509)</b>
Cash Outflows for the Purchase of Shares or Debt Instruments of Other Entities or Funds Proceeds from Sale of Property, Plant and Equipment and Intangible Assets		15,082,687	20,669,328
Proceeds from Sale of Property, Plant and Equipment		15,082,687	20,661,127
Proceeds from Sale of Intangible Assets	9	-	8,201
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		(124,461,940)	(186,880,837)
Cash Outflows from Purchase Property, Plant and Equipment	8	(79,715,077)	(149,763,859)
Cash Outflows from Purchase Intangible Assets	9	(44,746,863)	(37,116,978)
<b>C. Cash Flows Generated from/(Used in) Financing Activities</b>		<b>(121,071,374)</b>	<b>(430,552,828)</b>
Proceeds from Borrowings	11	655,361,545	360,211,107
Cash Outflows Repayment of Borrowings	11	(348,975,341)	(398,539,000)
Cash Outflows Repayment of Borrowings Arising from Lease Agreements	11	(333,801,935)	(331,242,621)
Interest Received	20	5,072,234	5,873,910
Interest Paid		(98,727,877)	(66,856,224)
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>		<b>25,050,914</b>	<b>(699,776,312)</b>
<b>D. MONETARY LOSSES AND GAINS ON CASH AND CASH EQUIVALENTS</b>		<b>(54,090,619)</b>	<b>(111,631,123)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>(29,039,705)</b>	<b>(811,407,435)</b>
Change in Blocked Accounts	4	-	135,163,794
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>4</b>	<b>413,171,684</b>	<b>890,331,749</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>4</b>	<b>384,131,979</b>	<b>214,088,108</b>

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

# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2024

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2024, unless otherwise stated.)

### 1. ORGANIZATION AND OPERATIONS OF THE GROUP

Koton Mağazacılık Tekstil Sanayi ve Ticaret Anonim Şirketi ("Koton Mağazacılık" or "the Company") started its activities in 1988 and was registered under the Turkish Commercial Code on 25 March 2005. The main field of activity of the Company is to design and manufacture all kinds of textile products under the trade name of "Koton Mağazacılık" and to sell them wholesale or retail through its own retail network.

The registered address of the Company is Ayağaza Mah. Maslak Ayazağa Cad. No: 3 İç Kapı No:5, Sarıyer, İstanbul

As explained in Note 16, as of 31 March 2024, the main partner of the Company is the Netherlands-based Nemo Apparel BV owned by Turkven Private Equity and Yılmaz family.

The company's shares started trading on Borsa İstanbul as of May 10, 2024.

As of 31 March 2024 the Company's subsidiaries are shown below. The Company and its subsidiaries will be referred to as the "Group" in the consolidated financial statements.

Subsidiaries	Registered Country	Field of Activity
Koton Textile Group Gmbh ("Koton Almanya") (*)	Germany	Retailing
Koton Textile Limited Doo Sarajevo ("Koton Bosna Hersek")	Bosnia and Herzegovina	Retailing
Koton Textile Limited Llc ("Koton Gürcistan")	Georgia	Retailing
Koton Textile D.O.O Zagreb ("Koton Hırvatistan") (*)	Croatia	Retailing
TOO "Koton Textile" Limited ("Koton Kazakistan")	Kazakhstan	Retailing
Koton Mağazacılık Doo El Skopje ("Koton Makedonya")	Macedonia	Retailing
Koton Textile Retail Srl ("Koton Romanya")	Romania	Retailing
Ooo Koton Textile Llc ("Koton Rusya")	Russia	Retailing
Koton Textile Limited Doo Beograd ("Koton Sırbistan")	Serbia	Retailing
Koton Textile Limited S.R.O ("Koton Slovakya") (*)	Slovakia	Retailing
Koton Tekstil Emboria Endimaton Monoprosopi Epe ("Koton Yunanistan") (*)	Greece	Retailing
Koton Mağazacılık Sarl Au ("Koton Fas")	Morocco	Retailing
Koton Mağazacılık Sasu ("Koton Fransa") (*)	France	Retailing
LLC Koton Textile ("Koton Belarus")	Belarus	Retailing
Limited Liability Company Koton Textile ("Koton Ukrayna")	Ukraine	Retailing
Koton Textil Limited ("Koton Hong Kong") (*)	Hong Kong	Retailing
Koton Mağazacılık Limited ("Koton Azerbaycan") (*)	Azerbaijan	Retailing
Koton Textil Korlátolt Felelősségű Társaság ("Koton Macaristan")	Hungary	Retailing

(\*) As of 31 March 2024 there are active no store.

The Company and its subsidiaries together will be referred as "the Group".

As of 31 March 2024, the total number of stores of the Group is 431 (31 December 2023: 437). 241 of these stores (31 December 2023: 241) has been operating in Türkiye. The Group has 241 stores in Türkiye, 29 of which are franchise stores (31 December 2023: 29). The Group has 190 stores abroad (31 December 2023: 196). 79 of these stores are franchise stores (31 December 2023: 81 stores as of 31 March 2024, the Group's average number of employees is 7,927 (31 December 2023: 8,391).

The condensed consolidated financial statements were approved for publication by the Company's Board of Directors on 21 June 2024, and were signed by the Chairman of the Board, Yılmaz Yılmaz, and the General Manager, A. Bülent Sabuncu. The General Assembly and certain regulatory boards have the authority to make changes following the publication of the statutory financial statements.



**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**2.1 Basis of Presentation**

**2.1.1 Basis of preparation and presentation of financial statements**

The Group companies, that operate in Turkey, keep their accounting books and their statutory financial statements in Turkish Lira in accordance with the Generally Accepted Accounting Principles in Turkey accepted by the Capital Markets Board (CMB), Turkish Commercial Code, Tax Legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. The foreign subsidiaries and joint ventures keep their accounting books and statutory financial statements in their local currencies and in accordance with the rules and regulations of the countries in which they operate.

Consolidated financial statements are based on the statutory financial statements of the Group's subsidiaries and joint ventures and presented in TRY in accordance with CMB Financial Reporting Standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for business combinations, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets and liabilities, derivative instruments carried from their fair values and assets and liabilities included in business combinations application, financial statements are prepared on historical cost basis.

The condensed consolidated interim financial statements have been prepared in accordance with the Communiqué Serial II, No: 14.1 "Communiqué on the Principles of Financial Reporting in Capital Markets" (the Communiqué) published in the Official Gazette No: 28676 dated June 13, 2013 and based on the Turkish Accounting Standards (TAS) / Turkish Financial Reporting Standards (TFRS) promulgated by the Public Oversight Accounting and Auditing Standards Authority in accordance with Article 5 of the Communiqué.

In accordance with the IAS, the entities are allowed to prepare a complete or condensed set of interim financial statements in accordance with IAS 34, "Interim Financial Reporting". In this respect, the Group has preferred to prepare condensed consolidated financial statements in the interim periods and prepared the aforementioned interim condensed consolidated financial statements in compliance with CMB Financial Reporting Standards. Furthermore, in accordance with the Communiqué and announcements regarding the explanations of the Communiqué, guarantee pledge mortgage table, foreign currency position table, total export and total import amounts and hedging amount of total foreign currency liabilities are presented in the interim condensed consolidated financial statement disclosures.

**2.1.2 Comparative information and restatement of prior period financial statements**

The consolidated financial statements of the Group are prepared comparatively with the previous period in order to enable the determination of financial position and performance trends. In order to comply with the presentation of the current period consolidated financial statements, comparative information is reclassified when it is necessary and significant differences are disclosed.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2024**

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**2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.1 Basis of preparation and presentation of financial statements (cont'd)**

**2.1.3 Changes in the accounting policies, estimates and errors**

In case of changes and errors in accounting policies and accounting estimates, significant changes and significant accounting errors are applied retrospectively and the previous period financial statements are restated. Changes in accounting estimates are applied in the current period if the change is made for only one period, and both in the period when the change is made and prospectively if it is related to future periods.

**2.1.4 Functional and reporting currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in TRY, which is the functional currency the reporting currency of the Group.

**Group companies**

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised in other comprehensive income.

**2.2 Financial reporting in hyperinflationary economy**

The Group prepared its consolidated financial statements as at and for the period ended 31 March 2024 by applying TAS 29 "Financial Reporting in Hyperinflationary Economies" in accordance with the announcement made by POA on 23 November 2023 and the "Application Guidance on Financial Reporting in Hyperinflationary Economies". TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. Therefore, the Group has presented its consolidated financial statements as of 31 March 2023 and 31 December 2023 on a purchasing power basis as of 31 March 2024.

Pursuant to the decision of the Capital Markets Board (SPK) dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on 31 December 2023.

# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2024

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2024, unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

#### 2.2 Financial reporting in hyperinflationary economy (cont'd)

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TSI). As of 31 March 2024, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Coefficeient	Three – year cumulavite inflation rates
31 March 2024	2,139.47	1,00000	%211
31 December 2023	1,859.38	1,15064	%268
31 March 2023	1,269.75	1,68495	%152

The main elements of the Group's adjustment process for financial reporting in hyperinflationary economies are as follows:

- As of the balance sheet date, all items other than those stated in terms of current purchasing power are restated by using the relevant price index coefficients. Prior year amounts are also restated in the same way.
- Monetary assets and liabilities are expressed in terms of the purchasing power at the balance sheet date and are therefore not subject to restatement. Monetary items are cash and items to be received or paid in cash.
- Fixed assets, subsidiaries and similar assets are indexed to their acquisition values, which do not exceed their market values. Depreciation has been adjusted in a similar manner. Amounts included in shareholders' equity have been restated by applying general price indices for the periods in which they were contributed to or arose within the Company.
- All items in the income statement, except for the effects of non-monetary items in the balance sheet on the income statement, have been restated by applying the multiples calculated over the periods when the income and expense accounts were initially recognized in the financial statements.
- The gain or loss arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

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

#### Restatement of the Statement of Financial Position

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

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

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**2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.2 Financial reporting in hyperinflationary economy (cont'd)**

*Restatement of the Statement of Profit or Loss*

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

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

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

*Restatement of Statement of Cash Flows*

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

*Consolidated financial statements*

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

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

For the year ended 31 March 2024, the consolidated statement of financial position is translated into Turkish Lira at the closing rate of 31 March 2024. The consolidated income statement for the period 1 January 2024 – 31 March 2024 has been translated into Turkish Lira at the average monthly exchange rates and indexed to the purchasing power of 31 March 2024. For the year ended 31 December 2023 the consolidated statement of financial position is translated into Turkish Lira at the closing rate of.

*Comparative figures*

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

**2.3 Going concern assumption**

The consolidated financial statements have been prepared on the basis of going concern, assuming that the Company and its subsidiaries subject to consolidation will benefit from its assets and fulfill its obligations in the next year and within the natural flow of its operations.

# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2024

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2024, unless otherwise stated.)

### 2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)

#### 2.4 Basis for Consolidation

The consolidated financial statements include the Group's accounts prepared on the basis determined in the following items. During the preparation of the financial statements of the companies included in the consolidation, necessary adjustments and classifications were made in terms of compliance with the Turkish Financial Reporting Standards and the accounting policies and presentation styles applied by the Group. The results of operations of the subsidiaries are included or excluded on the effective dates of the related transactions in accordance with the acquisition or disposal transactions.

The control is achieved by having control over the financial and operational policies of an entity to obtain benefits from its activities.

Subsidiaries are businesses controlled by the Company. The company controls the business when it is exposed to variable returns due to its relationship with a business or is entitled to these returns, and also has the opportunity to influence these returns with its power over the business. The financial statements of the subsidiaries are included in the consolidated financial statements from the date control occurs until the date control disappears. The accounting policies of the subsidiaries are changed in order to comply with the Group's policies when needed.

All of the subsidiaries included in the consolidation were established by the Company, and the table below shows the ownership rates as of 31 March 2024 and 31 December 2023:

Subsidiaries	31 March 2024 Effective partnership rate (%)	31 December 2023 Effective partnership oranı (%)
Koton Germany (*)	100.00	100.00
Koton Azerbaijan (*)	100.00	100.00
Koton Bosnia and Herzegovina	100.00	100.00
Koton Georgia	100.00	100.00
Koton Croatia (*)	100.00	100.00
Koton Hong Kong (*)	100.00	100.00
Koton Kazakhstan	100.00	100.00
Koton Macedonia	100.00	100.00
Koton Romania	100.00	100.00
Koton Russia	100.00	100.00
Koton Slovakia (*)	100.00	100.00
Koton Greece (*)	100.00	100.00
Koton France (*)	100.00	100.00
Koton Morocco	100.00	100.00
Koton Belarus	100.00	100.00
Koton Ukraine	100.00	100.00
Koton Serbia	100.00	100.00
Koton Hungary (*) (**)	100.00	100.00

(\*) There is no activity as of the balance sheet date.

(\*\*) Koton Hungary was established in 2023

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**2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.4 Basis for Consolidation (cont'd)**

Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and they are deconsolidated from the date that control ceases. Accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the Group.

The result of operations of subsidiaries acquired or sold during the year are included in the consolidated statement of comprehensive income from the date of acquisition or until the date of sale.

The balance sheets and statements of income of the subsidiaries are consolidated and the carrying value of the investment held by the Company and its subsidiaries is netted off against the related shareholders' equity. Intercompany transactions and balances between the Company and its Subsidiaries are netted off during the consolidation. The cost of and the dividends arising from, shares held by the Group in its subsidiaries are netted off from shareholders' equity and other comprehensive income, respectively.

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

Amendments that are mandatorily effective from 2024

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

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

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

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

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

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

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

**2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (cont'd)**

**2.5 New and Amended Turkish Financial Reporting Standards (cont'd)**

Amendments that are mandatorily effective from 2024 (cont'd)

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

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

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

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

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

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

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

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

**TSRS 2 Climate-related Disclosures**

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

The aforementioned standards, amendments, and improvements are not expected to have a significant impact on the Group's consolidated financial position and performance.

## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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#### 3. SEGMENT REPORTING

The Group's operating segments are identified based on the information provided to and analyzed by the Board of Directors, which represents the chief operating decision maker (CODM), as a result of the performance and resource allocation assessments made by the management responsible for monitoring the day-to-day operations of the Group.

The information reported includes information used by the Board of Directors to evaluate the performance of operating segments and to make decisions about resource allocation. In measuring and reporting segment income from transactions between the Group's operating segments and other segments, intersegment transfers are recognized at normal market prices and terms. Information regarding the segment reporting of the Group's domestic and foreign subsidiaries is as follows:

##### 1 January - 31 March 2024

	<b>Türkiye</b>	<b>CIS Countries(*)</b>	<b>Other International Countries(**)</b>	<b>Total</b>
-Retail	2,539,156,580	676,308,826	465,503,430	<b>3,680,968,836</b>
-E-Commerce	340,576,396	99,782,202	31,281,381	<b>471,639,979</b>
-Wholesale	271,120,242	9,090,360	54,955,700	<b>335,166,302</b>
<b>Total sales</b>	<b>3,150,853,218</b>	<b>785,181,388</b>	<b>551,740,511</b>	<b>4,487,775,117</b>
<b>Cost of sales</b>	<b>(1,477,085,489)</b>	<b>(451,733,786)</b>	<b>(381,255,744)</b>	<b>(2,310,075,019)</b>
<b>Gross profit</b>	<b>1,673,767,729</b>	<b>333,447,602</b>	<b>170,484,767</b>	<b>2,177,700,098</b>
<b>EBITDA</b>	<b>632,086,103</b>	<b>76,646,992</b>	<b>23,297,557</b>	<b>732,030,652</b>
<b>Adjusted EBITDA</b>	<b>438,873,615</b>	<b>(31,942,905)</b>	<b>(8,701,993)</b>	<b>398,228,717</b>
<b>Profit / (loss) for the period</b>	<b>188,218,826</b>	<b>(118,582,721)</b>	<b>(67,271,384)</b>	<b>2,364,721</b>

The Group Management utilizes Earnings Before Interest, Depreciation, Tax and Amortization (EBITDA) values to measure the financial performance of the Group on a consolidated basis. EBITDA is calculated by adding finance income/(expenses), discount interest expenses on purchases of goods, income/(expense) from investing activities and depreciation and amortization expenses and other one-off provisions to profit before tax and deducting gains from net monetary position.

The Chief Operating Decision Maker (CODM) relies primarily on EBITDA and Adjusted EBITDA to assess the performance of the segment and to make decisions about resources to be allocated to the segment.

(\*) The Commonwealth of Independent States (CIS) consists of the countries Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Ukraine, and Turkmenistan.

(\*\*) The foreign subsidiaries of the Group operating in different countries are aggregated as "Other" due to their similar economic characteristics and individual revenues, profits and losses, or asset sizes not exceeding 10% of the total revenues, profits and losses, or asset amounts, respectively.



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### 3. SEGMENT REPORTING (cont'd)

The reconciliation of Adjusted EBITDA to consolidated Operating Profit Before Finance Income/Expense and the components of Adjusted EBITDA are as follows:

#### 1 January - 31 March 2024 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries (**)	Total
<b>Profit/loss before tax</b>	<b>196,648,485</b>	<b>(120,271,813)</b>	<b>(66,959,661)</b>	<b>9,417,011</b>
Finance expense, net	(257,962,490)	(10,101,506)	(3,783,148)	(271,847,144)
Monetary loss/gain	492,306,125	--	--	492,306,125
<b>Operating profit / (loss) before finance income / (expense)</b>	<b>(37,695,150)</b>	<b>(110,170,307)</b>	<b>(63,176,513)</b>	<b>(211,041,970)</b>
Income from investing activities	668,270	-	-	668,270
Expenses from investing activities	(165,690)	-	-	(165,690)
<b>Operating profit/loss</b>	<b>(38,197,730)</b>	<b>(110,170,307)</b>	<b>(63,176,513)</b>	<b>(211,544,550)</b>
Depreciation and amortization expenses (Note 18)	384,186,436	94,790,015	51,264,542	530,240,993
Discount interest expense on purchases of goods (Note 19)	285,594,817	92,027,284	35,209,528	412,831,629
<b>EBITDA</b>	<b>632,086,103</b>	<b>76,646,992</b>	<b>23,297,557</b>	<b>732,030,652</b>
Cash outflows related to debt payments arising from lease agreements (Note 11)	(193,212,488)	(108,589,897)	(31,999,550)	(333,801,935)
<b>Adjusted EBITDA</b>	<b>438,873,615</b>	<b>(31,942,905)</b>	<b>(8,701,993)</b>	<b>398,228,717</b>

#### 1 January - 31 March 2023

	Türkiye	CIS Countries (*)	Other International Countries (**)	Total
-Retail	2,226,950,490	946,048,322	425,522,431	3,598,521,243
-E-Commerce	381,427,074	79,919,577	27,760,590	489,107,241
-Wholesale	288,674,060	1,582,094	18,551,567	308,807,721
<b>Total sales</b>	<b>2,897,051,624</b>	<b>1,027,549,993</b>	<b>471,834,588</b>	<b>4,396,436,205</b>
<b>Cost of sales</b>	<b>(1,563,378,943)</b>	<b>(570,950,088)</b>	<b>(360,731,195)</b>	<b>(2,495,060,226)</b>
<b>Gross profit</b>	<b>1,333,672,681</b>	<b>456,599,905</b>	<b>111,103,393</b>	<b>1,901,375,979</b>
<b>EBITDA</b>	<b>368,000,571</b>	<b>187,277,720</b>	<b>(4,183,523)</b>	<b>551,094,768</b>
<b>Adjusted EBITDA</b>	<b>166,538,099</b>	<b>93,901,090</b>	<b>(40,587,042)</b>	<b>219,852,147</b>
<b>Profit / (loss) for the period</b>	<b>82,952,267</b>	<b>(32,180,634)</b>	<b>(51,644,937)</b>	<b>(873,304)</b>

The reconciliation of Adjusted EBITDA to consolidated Operating Profit Before Finance Income/Expense and the components of Adjusted EBITDA are as follows:

# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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### 3. SEGMENT REPORTING (cont'd)

#### 1 January - 31 March 2023 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
<b>Profit/loss before tax</b>	<b>242,816,016</b>	<b>(22,715,084)</b>	<b>(51,662,262)</b>	<b>168,438,670</b>
Finance expense, net	(218,982,345)	(30,131,080)	16,091,025	(233,022,400)
Monetary loss/gain	528,883,119	-	-	528,883,119
<b>Operating profit / (loss) before finance income / (expense)</b>	<b>(67,084,758)</b>	<b>7,415,996</b>	<b>(67,753,287)</b>	<b>(127,422,049)</b>
Income from investing activities	2,215,183	-	-	2,215,183
Expenses from investing activities	(12,834,689)	-	-	(12,834,689)
<b>Operating profit/loss</b>	<b>(56,465,252)</b>	<b>7,415,996</b>	<b>(67,753,287)</b>	<b>(116,802,543)</b>
Depreciation and amortization expenses (Note 18)	335,727,899	141,422,054	51,514,341	528,664,294
Discount interest expense on purchases of goods (Note 19)	99,357,430	38,439,670	12,055,423	149,852,523
<b>EBITDA</b>	<b>368,000,571</b>	<b>187,277,720</b>	<b>(4,183,523)</b>	<b>551,094,768</b>
Cash outflows related to debt payments arising from lease agreements (Note 11)	(201,462,472)	(93,376,630)	(36,403,519)	(331,242,621)
<b>Adjusted EBITDA</b>	<b>166,538,099</b>	<b>93,901,090</b>	<b>(40,587,042)</b>	<b>219,852,147</b>

(\*) The Commonwealth of Independent States (CIS) consists of the countries Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Ukraine, and Turkmenistan.

(\*\*) The foreign subsidiaries of the Group operating in different countries are aggregated as "Other" due to their similar economic characteristics and individual revenues, profits and losses, or asset sizes not exceeding 10% of the total revenues, profits and losses, or asset amounts, respectively.

### 4. CASH AND CASH EQUIVALENTS

	<u>31 March 2024</u>	<u>31 December 2023</u>
Cash	30,132,889	34,880,610
Cash at banks	227,905,786	261,657,133
- Time deposits	2,338,200	16,351,746
- Demand deposits	225,567,586	245,305,387
Credit card receivables (*)	126,093,304	116,633,941
	<b>384,131,979</b>	<b>413,171,684</b>

(\*) The maturity of credit card receivables is less than 1 week.

## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2024

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#### 4. CASH AND CASH EQUIVALENTS(cont'd)

As of 31 March 2024 and 31 December 2023 the details of time deposits, maturity dates and interest rates of the Group are as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>31 March 2024</u>
Tenge	29 March 2024 - 1 April 2024	% 15	2,338,200
	<u>Maturity</u>	<u>Interest Rate</u>	<u>31 December 2023</u>
TL	29 December 2023 - 2 January 2024	% 40	11,506,362
Tenge	29 December 2023 - 2 January 2024	% 15	4,845,384

#### 5. TRADE RECEIVABLES AND PAYABLES

##### a) Trade Receivables:

As of reporting date, details of the Group's trade receivables are as follows:

	<u>31 March 2024</u>	<u>31 December 2023</u>
<u>Short-term trade receivables</u>		
Trade receivables	1,367,842,936	1,265,158,756
Notes receivable	138,685,591	111,615,035
Provision for doubtful trade receivables (-)	(58,675,389)	(57,770,823)
	<b>1,447,853,138</b>	<b>1,319,002,968</b>

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. The average maturity of trade receivables is 67 days (31 December 2023: 61 days).

Movement of doubtful trade receivables during the period are as follows:

	<u>2024</u>	<u>2023</u>
<b>Opening balance</b>	<b>57,770,822</b>	<b>69,017,125</b>
Expense for the period (Note 19)	9,647,442	264,049
Collections	-	(510,511)
Translation gain	186,901	122,550
Inflation effect	(8,929,776)	(7,687,134)
<b>Closing balance</b>	<b>58,675,389</b>	<b>61,206,079</b>

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#### 5. TRADE RECEIVABLES AND PAYABLES (cont'd)

##### b) Trade Payables:

The Group's trade payables are as follows as of the reporting date:

	<b>31 March 2024</b>	<b>31 December 2023</b>
<u>Short-term trade payables</u>		
Trade payables (*)	1,609,500,026	1,349,052,512
Notes payable	2,233,625,959	2,779,682,889
Trade payables to related parties (Note 22)	1,177,155	-
Less: Deferred finance income from forward purchases	(287,096,153)	(291,859,849)
	<b>3,557,206,987</b>	<b>3,836,875,552</b>

(\*) A total of TL 183,457,3661 (31 December 2023: TL 170,175,409) of trade payables consist of supplier financing payables. The Group's payment terms do not change after supplier financing.

The average payment maturity for the purchase of trade goods is 169 days (31 December 2023: 178 days). The annual average effective interest rate in TL used in discount calculation is 50% (31 December 2023: 50%).

#### 6. INVENTORIES

	<b>31 March 2024</b>	<b>31 December 2023</b>
Raw materials and supplies	895,064,916	777,217,225
Semi-finished goods	8,445,976	9,787,370
Finished goods	225,669,990	260,046,610
Trade goods	4,417,780,391	4,798,457,170
Other inventories	113,572,809	110,950,547
Provision for impairment in inventory (-)	(95,001,346)	(71,477,168)
	<b>5,565,532,736</b>	<b>5,884,981,754</b>

In the current year, the Group has identified inventory items where the net realizable values were below the cost of the related inventory. Consequently, the Group has written down TL 95,001,346 (31 December 2023: TL 71,477,168) of inventory. As of 31 March 2024, the total amount of inventory presented as net realizable value is TL 5,565,532,736 (31 December 2023: TL 5,884,981,754)

## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2024

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#### 6. INVENTORIES (cont'd)

Movement table of provision for impairment on inventories for the years ended 31 March 2024 and 31 March 2023 is as follows:

	<u>2024</u>	<u>2023</u>
<b>Opening balance</b>	<b>71,477,168</b>	<b>73,134,906</b>
Charge for the period	69,115,227	52,020,621
Reversed provision	(42,605,584)	(36,502,694)
Translation gain	(2,985,465)	(7,300,783)
<b>Closing balance</b>	<b>95,001,346</b>	<b>81,352,050</b>

As of 31 March 2024, there is no pledge/mortgage on inventories (31 December 2023: None)

#### 7. PREPAID EXPENSES AND DEFERRED INCOME

<u>Short-Term Prepaid Expenses</u>	<u>31 March 2024</u>	<u>31 December 2023</u>
Inventory advances given	451,704,278	446,840,171
Prepaid expenses (*)	43,851,244	47,329,918
Other	1,569,680	308,692
	<b>497,125,202</b>	<b>494,478,781</b>

(\*) Consists of prepaid insurance and transportation expenses for the following months and years.

<u>Short-Term Deferred Income</u>	<u>31 March 2024</u>	<u>31 December 2023</u>
Order advances received (*)	137,350,322	91,382,797
Deferred income (**)	6,794,752	1,177,335
	<b>144,145,074</b>	<b>92,560,132</b>

(\*)TL 35,179,246 of the order advances received (31 December 2022: TL 37,130,660) consists of unused and unexpired gift and return checks.

(\*\*) Deferred income consists of lease incentives. Lease incentives received are the result of the lessor paying this construction cost to the Group in advance, in cases where the Group has completed the interior decoration construction of new stores rented by the Group in certain shopping centers. This amount paid in advance to the Group is recorded as deferred income and transferred proportionally to profit or loss during the lease period.

**KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**8. PROPERTY, PLANT AND EQUIPMENT**

	<b>Plant, machinery and Equipment</b>	<b>Vehicles</b>	<b>Furniture and Fixtures</b>	<b>Leasehold Improvements</b>	<b>Construction in progress(*)</b>	<b>Total</b>
<b><u>Cost Value</u></b>						
<b>Opening balance as of 1 January 2024</b>	<b>70,973,598</b>	<b>15,755,786</b>	<b>4,556,747,747</b>	<b>3,583,034,080</b>	<b>52,111,576</b>	<b>8,278,622,787</b>
Foreign currency translation differences	(1,813,817)	(132,717)	(40,729,428)	(79,110,363)	229,117	(121,557,208)
Additions	2,119,857	-	22,039,425	33,217,815	22,337,980	79,715,077
Transfers	-	-	-	-	(*)(34,095,572)	(34,095,572)
Disposals	(1,126,455)	-	(19,041,495)	(33,850,147)	(392,705)	(54,410,802)
<b>Closing balance as of 31 March 2024</b>	<b>70,153,183</b>	<b>15,623,069</b>	<b>4,519,016,249</b>	<b>3,503,291,385</b>	<b>40,190,396</b>	<b>8,148,274,282</b>
<b><u>Accumulated Depreciation</u></b>						
<b>Opening balance as of 1 January 2024</b>	<b>(52,215,219)</b>	<b>(12,737,416)</b>	<b>(3,910,469,770)</b>	<b>(2,665,295,188)</b>		<b>(6,640,717,593)</b>
Foreign currency translation differences	1,756,233	38,693	43,702,240	38,334,710	-	83,831,876
Charge for the period	(1,835,086)	(126,200)	(53,030,295)	(59,492,572)	-	(114,484,153)
Disposals	917,095	-	11,109,596	23,179,247	-	35,205,938
<b>Closing balance as of 31 March 2024</b>	<b>(51,376,977)</b>	<b>(12,824,923)</b>	<b>(3,908,688,229)</b>	<b>(2,663,273,803)</b>	<b>-</b>	<b>(6,636,163,932)</b>
<b>Net book value as of 31 March 2024</b>	<b>18,776,206</b>	<b>2,798,146</b>	<b>610,328,020</b>	<b>840,017,582</b>	<b>40,190,396</b>	<b>1,512,110,350</b>

(\*) Amounts transferred from ongoing investments to rights and licenses consist of projects capitalized by the design center.

## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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#### 8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Plant, machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Construction in progress	Total
<b><u>Cost Value</u></b>						
Opening balance as of 1 January 2023	78,015,953	16,542,594	4,508,508,944	3,627,574,238	42,484,787	8,273,126,516
Foreign currency translation differences	(4,070,457)	(214,130)	(86,061,263)	(138,653,739)	(64,668)	(229,064,257)
Additions	389,737	18,949	79,052,484	54,331,308	15,971,381	149,763,859
Transfers	-	-	(13,523,172)	13,523,172	(32,323,376)	(32,323,376)
Disposals	-	(693,576)	(32,262,919)	(49,677,541)	(5,141,854)	(87,775,890)
Closing balance as of 31 March 2023	74,335,233	15,653,837	4,455,714,074	3,507,097,438	20,926,270	8,073,726,852
<b><u>Accumulated Depreciation</u></b>						
Opening balance as of 1 January 2023	(48,568,906)	(12,209,670)	(3,829,674,665)	(2,615,453,050)	-	(6,505,906,291)
Foreign currency translation differences	3,393,736	45,385	66,364,503	74,299,720	-	144,103,344
Charge for the period	(569,769)	(289,199)	(56,369,555)	(76,034,974)	-	(133,263,497)
Disposals	-	577,980	14,609,626	38,827,212	-	54,014,818
Closing balance as of 31 March 2023	(45,744,939)	(11,875,504)	(3,805,070,091)	(2,578,361,092)	-	(6,441,051,626)
Net book value as of 31 March 2023	28,590,294	3,778,333	650,643,983	928,736,346	20,926,270	1,632,675,226

TL 16,875 (31 March 2023: TL 40,210) of depreciation expenses are included in research and development expenses, TL 88,703,879 (31 March 2023: TL 116,932,898) in marketing expenses and TL 25,763,399 (31 March 2023: TL 16,290,390) in general administrative expenses.

As of 31 March 2024, the Company has capitalized personnel expenses amounting to TL 28,981,236 within the scope of design center activities. (31 March 2023: TL 27,487,911).

As of 31 March 2024 and 31 March 2023, there are no guarantees, pledges and mortgages on property, plant and equipment.

## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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#### 9. INTANGIBLE ASSETS

Cost Value	Rights and Licenses
<b>Opening balance as of 1 January 2024</b>	<b>1,116,824,328</b>
Foreign currency translation differences	2,725,501
Additions	44,746,863
Transfers	34,095,572
<b>Closing balance as of 31 March 2024</b>	<b>1,198,392,264</b>
<b>Accumulated Amortization</b>	
<b>Opening balance as of 1 January 2024</b>	<b>(675,237,406)</b>
Foreign currency translation differences	(1,805,393)
Charge for the period	(25,873,300)
<b>Closing balance as of 31 March 2024</b>	<b>(702,916,099)</b>
<b>Net book value as of 31 March 2024</b>	<b>495,476,165</b>
<b>Cost Value</b>	<b>Rights and Licenses</b>
<b>Opening balance as of 1 January 2023</b>	<b>980,056,608</b>
Foreign currency translation differences	2,564,999
Additions	37,116,978
Transfers	32,323,376
Disposals	(15,876)
<b>Closing balance as of 31 March 2023</b>	<b>1,052,046,085</b>
<b>Accumulated Amortization</b>	
<b>Opening balance as of 1 January 2023</b>	<b>(556,407,757)</b>
Foreign currency translation differences	(3,154,696)
Charge for the period	(29,590,549)
Disposals	7,675
<b>Closing balance as of 31 March 2023</b>	<b>(589,145,327)</b>
<b>Net book value as of 31 March 2023</b>	<b>462,900,758</b>

TL 12,530,668 (31 March 2023: TL 9,975,388) of depreciation expenses are included in research and development expenses, TL 10,304,687 (31 March 2023: TL 6,124,208) in marketing expenses and TL 3,037,945 (31 March 2023: TL 13,490,953) in general administrative expenses.



**KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**10. RIGHT-OF-USE ASSETS**

The details of the items recognized in the consolidated profit and loss statement related to right-of-use assets for the periods 1 January – 31 March 2024 and 1 January – 31 March 2023 are as follows:

<b><u>Cost Value</u></b>	<b><u>Building</u></b>	<b><u>Motor vehicles</u></b>	<b><u>Total</u></b>
<b>Opening balance as of 1 January 2024</b>	<b>9,121,376,834</b>	<b>106,110,253</b>	<b>9,227,487,087</b>
Additions	14,670,768	-	14,670,768
Rent change	777,955,826	3,822,681	781,778,507
Disposals	(633,426,357)	(1,447,026)	(634,873,383)
Foreign currency translation differences	(183,355,695)	-	(183,355,695)
<b>Closing balance as of 31 March 2024</b>	<b>9,097,221,376</b>	<b>108,485,908</b>	<b>9,205,707,284</b>

**Accumulated Depreciation**

<b>Opening balance as of 1 January 2024</b>	<b>(5,941,243,570)</b>	<b>(79,617,821)</b>	<b>(6,020,861,391)</b>
Charge for the period	(379,676,667)	(10,206,873)	(389,883,540)
Disposals	455,583,518	1,445,043	457,028,561
Foreign currency translation differences	105,939,479	-	105,939,479
<b>Closing balance as of 31 March 2024</b>	<b>(5,759,397,240)</b>	<b>(88,379,651)</b>	<b>(5,847,776,891)</b>
<b>Net book value as of 31 March 2024</b>	<b>3,337,824,136</b>	<b>20,106,257</b>	<b>3,357,930,393</b>

<b><u>Cost Value</u></b>	<b><u>Building</u></b>	<b><u>Motor vehicles</u></b>	<b><u>Total</u></b>
<b>Opening balance as of 1 January 2023</b>	<b>8,368,401,522</b>	<b>103,684,220</b>	<b>8,472,085,742</b>
Additions	50,529,328	215,650	50,744,978
Rent change	233,332,172	-	233,332,172
Disposals	(165,839,830)	(8,293,105)	(174,132,935)
Foreign currency translation differences	(324,215,000)	-	(324,215,000)
<b>Closing balance as of 31 March 2023</b>	<b>8,162,208,192</b>	<b>95,606,765</b>	<b>8,257,814,957</b>

**Accumulated Depreciation**

<b>Opening balance as of 1 January 2023</b>	<b>(4,810,600,295)</b>	<b>(38,803,675)</b>	<b>(4,849,403,970)</b>
Charge for the period	(356,890,850)	(8,919,397)	(365,810,247)
Disposals	144,766,955	7,628,042	152,394,997
Foreign currency translation differences	182,444,471	-	182,444,471
<b>Closing balance as of 31 March 2023</b>	<b>(4,840,279,719)</b>	<b>(40,095,030)</b>	<b>(4,880,374,749)</b>
<b>Net book value as of 31 March 2023</b>	<b>3,321,928,473</b>	<b>55,511,735</b>	<b>3,377,440,208</b>

The average useful lives of right-of-use assets is between 2-15 years.

Depreciation expenses amounting to TL 389,883,540 (31 March 2023 TL 365,810,247) are included in marketing expenses.

## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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#### 10. RIGHT OF USE ASSETS (cont'd)

##### *Depreciation expenses:*

	31 March 2024	31 March 2023
Buildings	379,676,667	356,890,850
Motor vehicles	10,206,873	8,919,397
	<b>389,883,540</b>	<b>365,810,247</b>

##### *Profit or loss statement items related to leasing transactions*

	31 March 2024	31 March 2023
Depreciation and amortization expenses	389,883,540	365,810,247
Interest expenses	36,036,794	58,205,590
Foreign exchange expenses	(17,471,320)	(2,310,309)
	<b>408,449,014</b>	<b>421,705,528</b>

#### 11. BORROWINGS

##### Financial Borrowings

Details of borrowings at amortized cost are as follows:

<u>Financial Borrowings</u>	31 March 2024	31 December 2023
Short-term bank loans	1,523,920,254	1,255,942,318
Short-term portion of long-term financial borrowings	317,285,793	351,359,473
Short-term lease liabilities	926,775,993	968,057,676
Long-term bank loans	42,710,765	124,141,103
Long-term lease liabilities	1,494,863,420	1,576,556,224
	<b>4,305,556,225</b>	<b>4,276,056,794</b>

##### **Bank Loans**

As of 31 March 2024 and 31 December 2023 bank loan details are as followed:

	31 March 2024	31 December 2023
To be paid within 1 year	1,841,206,047	1,607,301,791
To be paid within 1 - 2 years	42,710,765	124,141,103
	<b>1,883,916,812</b>	<b>1,731,442,894</b>

**KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**11. BORROWINGS (cont'd)****Bank Loans (cont'd)****Short-Term Financial Borrowings as of 31 March 2024**

<b>Currency</b>	<b>Effective interest rate(%)</b>	<b>Nominal value (*)</b>	<b>Carrying value</b>
TL	%26 - %64	917,284,261	835,610,168
Euro	%8 - %11	723,663,172	670,830,594
US Dollar	%10 - %11	49,629,481	47,364,676
Georgian Lari	%15 - %16	98,738,340	97,963,102
Kazakhstan Tenge	%18 - %22	72,488,619	67,362,922
Other	%12 - %22	126,792,723	122,074,585
		<b>1,988,596,596</b>	<b>1,841,206,047</b>

**Short-Term Financial Borrowings as of 31 December 2023**

<b>Currency</b>	<b>Effective interest rate(%)</b>	<b>Nominal value (*)</b>	<b>Carrying value</b>
TL	%26 - %52	728,667,808	629,981,060
Euro	%3 - %10	768,336,133	698,425,411
US Dolllar	%11 - %14	47,294,611	43,984,046
Georgian Lari	%17	78,833,242	77,549,888
Kazakhstan Tenge	%19 - %21	63,216,651	57,318,838
Other	%12 - %22	108,792,434	100,042,548
		<b>1,795,140,879</b>	<b>1,607,301,791</b>

(\*) Financial debts consist of principal and interest payments based on nominal amounts.

**Long-Term Financial Borrowings as of 31 March 2024**

<b>Currency</b>	<b>Effective interest rate(%)</b>	<b>Nominal value (*)</b>	<b>Carrying value</b>
Euro	%8 - %10	48,884,192	42,710,765
		<b>48,884,192</b>	<b>42,710,765</b>

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**11. BORROWINGS (cont'd)****Bank Loans (cont'd)****Long-Term Financial Borrowings as of 31 December 2023**

<b>Currency</b>	<b>Effective interest rate(%)</b>	<b>Nominal value (*)</b>	<b>Carrying value</b>
Euro	% 8 - % 10	127,363,039	120,568,333
Other	% 12	3,608,498	3,572,770
		<b>130,971,537</b>	<b>124,141,103</b>

(\*) Financial debts consist of principal and interest payments based on nominal amounts.

**Financial Lease Liabilities**

As of 31 March 2024 and 31 December 2023, details of finance lease payables are as follows:

<b><u>Financial Borrowings</u></b>	<b>31 March 2024</b>	<b>31 December 2023</b>
Short-term lease liabilities	926,775,993	968,057,676
Long-term lease liabilities	1,494,863,420	1,576,556,224
	<b>2,421,639,413</b>	<b>2,544,613,900</b>

<b><u>Net Financial Debt Reconciliation</u></b>	<b>31 March 2024</b>	<b>31 December 2023</b>
Cash and cash equivalents	384,131,979	413,171,684
Bank loans	(1,883,916,812)	(1,731,442,894)
Financial lease liabilities	(2,421,639,413)	(2,544,613,900)
<b>Total borrowings</b>	<b>(3,921,424,246)</b>	<b>(3,862,885,110)</b>

**KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**11. BORROWINGS (cont'd)**

	<b>Bank loans</b>	<b>Lease liabilities</b>	<b>Financial lease liabilities</b>	<b>Net borrowings</b>
<b>1 January 2024</b>	<b>1,731,442,894</b>	<b>2,544,613,900</b>	<b>-</b>	<b>4,276,056,794</b>
Cash inflows from borrowings	655,361,545	-	-	655,361,545
Cash outflows related to debt payments	(348,975,341)	(333,801,935)	-	(682,777,276)
Effect of contract changes/reversals	-	594,766,192	-	594,766,192
Change in foreign exchange differences	48,942,291	(17,471,317)	-	31,470,974
Change in interest accruals	12,912,594	34,675,873	-	47,588,467
Foreign currency translation differences	10,905,715	(68,013,643)	-	(57,107,928)
Inflation effect	(226,672,886)	(333,129,657)	-	(559,802,543)
<b>31 March 2024</b>	<b>1,883,916,812</b>	<b>2,421,639,413</b>	<b>-</b>	<b>4,305,556,225</b>
	<b>Bank loans</b>	<b>Lease liabilities</b>	<b>Financial lease liabilities</b>	<b>Net borrowings</b>
<b>1 January 2023</b>	<b>2,421,872,225</b>	<b>2,879,622,480</b>	<b>4,598,419</b>	<b>5,306,093,124</b>
Cash inflows from borrowings	360,211,107	-	-	360,211,107
Cash outflows related to debt payments	(396,718,617)	(331,242,621)	(1,820,383)	(729,781,621)
Effect of contract changes/reversals	-	255,485,841	-	255,485,841
Change in foreign exchange differences	36,975,872	(2,468,956)	46,467	34,553,383
Change in interest accruals	(19,883,133)	85,864,602	-	65,981,469
Foreign currency translation differences	6,646,196	35,029,683	-	41,675,879
Inflation effect	(269,510,172)	(320,449,425)	(511,720)	(590,471,317)
<b>31 March 2023</b>	<b>2,139,593,478</b>	<b>2,601,841,604</b>	<b>2,312,783</b>	<b>4,743,747,865</b>

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#### 12. PROVISIONS

<u>Short-term provisions</u>	<b>31 March 2024</b>	<b>31 December 2023</b>
Provision for litigation	21,252,904	27,722,455
Other (*)	6,184,648	8,030,532
	<b>27,437,552</b>	<b>35,752,987</b>

(\*) Other provisions consists of provisions made for franchise companies in Türkiye based on discounts.

As of 31 March 2024 and 31 March 2023, the movement of provisions for litigation is as follows:

	<b>2024</b>	<b>2023</b>
<b>Provision as at 1 January</b>	<b>27,722,455</b>	<b>41,689,186</b>
Provision recognised in the period	2,193,374	624,403
Payments	(4,578,718)	(469,271)
Provision used in the period	(454,905)	(814,614)
Inflation effect	(3,629,302)	(4,639,246)
<b>Provision as of 31 March</b>	<b>21,252,904</b>	<b>36,390,458</b>

#### *Significant litigations*

In 2012, the Company became a party to damage compensation lawsuits concerning a fire that occurred in a shopping center where it had leased a store to a third party, with whom it had a franchise relationship through a sublease agreement. The claim asserted that the Company is strictly liable for the damage arising from the sub-tenant's fault. The Company has been named as a party in the damage compensation lawsuits, some of which have been notified to the Company, and has intervened in the criminal case.

The first-instance court where the criminal case, in which the Company intervened, was heard found the Company's sub-tenant, who was the operational manager, to be at fault, and the criminal case resulted against the individual in question. The Company appealed the decision in the criminal case in which it intervened. The Court of Cassation completed its review of the appeal, and the decision of the first-instance court was overturned by the Court of Cassation on the grounds of insufficient evidence. The first-instance court, Kocaeli 8th Criminal Court of First Instance, complied with the Court of Cassation's decision, and the defendant was acquitted. Subsequently, the acquittal decision was appealed by the parties involved, and following the appellate review, on 25 June 2019, the decision confirmed that the appeal objections indicating the fire originated from the Koton Store were rejected, affirming the acquittal decision for the sub-tenant and the franchise's store manager.

However, in the compensation lawsuit filed by Iss Management Services Inc. through the file numbered 2020/40 E. of Istanbul 18th Commercial Court, imputed due to the fire, the court ruled in favor of the Company by rejecting the lawsuit, stating that the fire originated from the cleaning room.

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**12. PROVISIONS (cont'd)**

*Significant litigations (cont'd)*

Following the appeal to the Supreme Court of Appeals against the decision, the decision of the Local Court in favor of the Company was approved as a result of the appeal review carried out by the Supreme Court of Appeals. A request for correction of decision has been made against the approval decision given by the Supreme Court of Appeals and the file is at the Court of Cassation for revision review.

The Group management, in the opinion of the Group management and lawyers, has not recognized any provision amount in the consolidated financial statements for the liabilities that may arise in relation to these lawsuits, taking into account the defenses that the building owner has the primary responsibility because of the fact that Koton cannot be held legally liable even if the sub-lessee and its employee are at fault, since there is no service or auxiliary person/employee relationship between the sub-lessee and Koton even if the fire started in the Koton store and that there is no primary fault; at the same time, that the fate of these cases is directly related to the final outcome of the criminal case, that in some of the existing compensation cases, it was decided that the finalization of the decision given in this criminal case should be made as a matter of waiting, and that the proceedings should be suspended, and in some of them, although the proceedings continue, it has been decided to wait for the finalization of the decision given in the criminal case; the store was not a defendant in some of these compensation cases, but only a reported one; the verdict of the court of first instance acquitting the accused employee in the criminal case was upheld by the relevant criminal chamber of the Court of Cassation "rejecting the grounds of appeal that the fire originated from the Koton store"; the high probability that the lawsuits filed on behalf of our group would have been rejected due to the fact that the aforementioned acquittal decision would have affected the fault examinations in the damage compensation lawsuits and the shopping mall is a defective building built in violation of the building license and does not have a fire report.

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**13. COMMITMENTS****Guarantee-Pledge-Mortgages ("GPM")**

The Group's guarantees/pledges/mortgage position ("GPM") as of 31 March 2024 and 31 December 2023 are as follows:

**31 March 2024**

	Original currency			
	TL	US Dollar (*)	Euro(*)	TL Equivalents
A. GPMs Given for Company's Own Legal Personality	118,569,772	292,274	4,732,003	292,690,543
-Guarantee	118,569,772	292,274	4,732,003	292,690,543
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies	-	42,238	1,100,728	39,671,537
-Guarantee	-	42,238	1,100,728	39,671,537
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
C. GPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	-	-	-	-
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
D. Total Amount of Other GPMs				
i. Total GPM given in favour of parent entity				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
ii. Total GPM given in favour of other Group companies				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
iii. Total GPM given in favour of other 3rd parties out of the scope of clause C				
-Guarantee	-	-	-	-
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
<b>Total</b>	<b>118,569,772</b>	<b>334,512</b>	<b>5,832,731</b>	<b>332,362,080</b>

Guarantees, pledges and mortgages given to the equity ratio of the Group is 0% as of 31 March 2024.

(\*) The related amounts are presented in original currency and TL equivalents are expressed in terms of the purchasing power of 31 March 2024.



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**13. COMMITMENTS (cont'd)****Guarantee-Pledge-Mortgages ("GPM")****31 December 2023**

	Original currency			
	TL	US Dollar (*)	Euro(*)	TL Equivalents
A. GPMs Given for Company's Own Legal Personality	161,084,795	291,967	6,052,566	397,828,963
- Guarantee	161,084,795	291,967	6,052,566	397,828,963
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies	-	42,238	1,121,737	43,474,206
- Guarantee	-	42,238	1,121,737	43,474,206
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
C. GPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	-	-	-	-
- Guarantee	-	-	-	-
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
D. Total Amount of Other GPMs				
i. Total GPM given in favour of parent entity				
- Guarantee	-	-	-	-
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
ii. Total GPM given in favour of other Group Companies				
- Guarantee	-	-	-	-
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
iii. Total GPM given in favour of other 3rd parties out of the scope of clause C				
- Guarantee	-	-	-	-
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
<b>Total</b>	<b>161,084,795</b>	<b>334,205</b>	<b>7,174,303</b>	<b>441,303,169</b>

Guarantees, pledges and mortgages given to the equity ratio of the Group is 0% as of 31 March 2024.

(\*) The related amounts are presented in original currency and TL equivalents are expressed in terms of the purchasing power of 31 March 2024.

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#### 13. COMMITMENTS (cont'd)

##### Guarantee-Pledge-Mortgages ("GPM") (cont'd)

Guarantees given in relation to the loans obtained from Eximbank are included in the guarantees given on behalf of the Company's legal entity. Loans related to these guarantees are recognized in the financial liabilities note (Note 11) and the Group's liabilities are limited to the amounts disclosed in Note 11.

The financial liabilities of the Group's subsidiaries are recognized on a line-by-line basis in the consolidated financial statements and disclosed in the financial liabilities note (Note 11). Koton Mağazacılık has given guarantees to the financial institutions as a guarantor for the use of these loans. The Group's liabilities are limited to the amounts disclosed in Note 11. As at 31 March 2024, the total amount of these loans, for which the Company is a guarantor and which are already recognized as financial liabilities in the consolidated financial statements due to full consolidation method of accounting, is GEL 8 million (TL 95,995,200) and RUB 342 million (TL 118,988,533), respectively. (As at 31 December 2023, the total amount of these loans, for which the Company is a guarantor and which are already recognized as financial liabilities in the consolidated financial statements due to full consolidation method of accounting, is 6 million GEL (TL 65,769,600) and 276 million RUB (TL 90,003,600))

#### 14. EMPLOYEE BENEFITS

##### Payables related to employee benefits

	31 March 2024	31 December 2023
Payables to personnel	160,069,368	131,297,622
Social security premiums payable	103,354,308	106,140,633
	<b>263,423,676</b>	<b>237,438,255</b>

##### Short-term provisions for employee benefits

	31 March 2024	31 December 2023
Unused vacation provision	131,714,377	139,390,018
Bonus provisions	65,367,956	79,372,350
	<b>197,082,333</b>	<b>218,762,368</b>

The Group provides reserve for the vacation pay liability due to the earned and unused vacation rights of its employees in accordance with the labor laws of the respective countries where the Group operates since the Group has to make payments for unused vacation days when the employment agreement was discharged for any reason. Vacation pay liability is the undiscounted amount calculated over the unused vacation days of the employee as of the reporting date.

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### 14. EMPLOYEE BENEFITS (cont'd)

#### Short-term provisions for employee benefits (cont'd)

##### Movement of unused vacation provisions:

	2024	2023
<b>Provision as of 1 January</b>	<b>139,390,018</b>	<b>112,741,314</b>
Period expense / Used (Net)	40,795,451	16,588,085
Vacation provision paid	(30,796,120)	(6,778,178)
Foreign currency translation differences	573,356	(1,363,791)
Inflation effect	(18,248,328)	(12,546,052)
<b>Provision as of 31 March</b>	<b>131,714,377</b>	<b>108,641,378</b>

##### Movement of provisions for bonuses:

	2024	2023
<b>Provision as of 1 January</b>	<b>79,372,350</b>	<b>90,711,338</b>
Bonus provision paid	(3,981,271)	(1,666,343)
Charge for the period	367,956	2,786,516
Inflation effect	(10,391,079)	(10,094,517)
<b>Provision as of 31 March</b>	<b>65,367,956</b>	<b>81,736,994</b>

#### Long-term provisions for employee benefits

##### Provision for employment termination benefits:

Under Turkish Labor Law, the Group is required to pay termination benefits to each employee who has completed certain years of service and whose employment is terminated without due cause, is called up for military service, dies or achieves the retirement age (58 for women and 60 for men).

The amount payable consists of one month's salary limited to a maximum of TL 35,058.58 for each period of service as of 31 March 2024 (31 March 2023: TL 19,982.83).

Retirement pay liability is not subject to any kind of funding legally. Provision for retirement pay liability is calculated by estimating the present value of probable liability amount arising due to retirement of employees. TAS 19 Employee Benefits stipulates the development of Group's liabilities by using actuarial valuation methods under defined benefit plans. In this direction, actuarial assumptions used in calculation of total liabilities are described as follows:

:

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#### 14. EMPLOYEE BENEFITS (cont'd)

##### Long-term provisions for employee benefits (cont'd)

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 March 2024, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 27.05% real discount rate (31 December 2023: 27.05%) calculated by using 22.50% annual inflation rate and 3.71% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 15.97% (31 December 2023: 16.05%). The maximum amount of TL 35,058.58 effective from 1 April 2024 has been taken into account in the calculation of the severance pay provision of the Group (1 April 2023: TL 19,982.83TL)

Significant assumptions used in the calculation of employee termination benefit is likely to leave the job depends on the discount rate and demand.

	2024	2023
<b>Provision as of January 1</b>	<b>102,281,838</b>	<b>104,959,005</b>
Service cost	9,707,321	13,879,656
Interest cost	10,574,088	13,004,579
Employment termination benefit paid	(16,189,161)	(52,588,560)
Actuarial loss	13,904,746	34,047,939
Inflation effect	(13,787,027)	(11,907,012)
<b>Provision as of 31 March</b>	<b>106,491,805</b>	<b>101,395,607</b>

#### 15. OTHER ASSETS AND LIABILITIES

As of 31 March 2024, and 31 December 2023, other current assets and short-term liabilities are as follows:

	31 March 2024	31 December 2023
Deferred VAT	283,692,770	294,849,605
Other	6,810,988	17,424,943
	<b>290,503,758</b>	<b>312,274,548</b>

## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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#### 16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

##### Paid-in capital

As of 31 March 2024 and 31 December 2023, the structure of paid in capital is as follows:

	%	31 March 2024	%	31 December 2023
Nemo Apparel BV	%50	397,750,000	%50	397,750,000
Yılmaz Yılmaz	%25	198,875,000	%25	198,875,000
Şükriye Gülden Yılmaz	%25	198,875,000	%25	198,875,000
	<b>%100</b>	<b>795,500,000</b>	<b>%100</b>	<b>795,500,000</b>
Capital adjustment differences (*)		3,826,842,647		3,826,842,647
Adjusted capital		4,622,342,647		4,622,342,647

(\*) Adjustment to share capital represents the restatement effect of cash and cash equivalent contributions to share capital in accordance with CMB Financial Reporting Standards. Adjustment to share capital is not available for any other use except to be added to share capital

On 31 March 2024, at the extraordinary general assembly meeting held, it was decided to divide the Company's paid-in capital amounting to TL 795,500,000 into 795,500,000 registered nominal shares with a unit nominal share value of TL 1. (As of 31 December 2023, the Company's paid-in capital amounting to TL 795,500,000 consists of 795,500,000 registered nominal shares with a unit nominal share value of TL 1).

In addition, inflation adjustment differences arising from reserves, on which there is no record preventing profit distribution, can be used in profit distribution.

##### Restricted reserves appropriated from profit

Restricted reserves are reserves which are reserved for specific purposes from previous period profit other than due to law or contractual obligations or dividend payments. These reserves are presented as the same amount in Company's statutory books and differences arising preparing the financial statements in accordance with TFRS are associated with prior years' profit or losses.

In accordance with the Turkish Commercial Code TCC numbered 519, the first legal reserve is appropriated out of statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's paid-in share capital. The second legal reserve is appropriated at the rate of 10% per annum of all cash distributions in excess of 5% of the paid-in share capital.

As of 31 March 2024, the Group has allocated reserves amounting to TL 139,289,896 (31 December 2023: TL 139,289,896) in the restricted reserves in the consolidated financial statements for the treasury shares of the Group.

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### 16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS (cont'd)

#### Other accumulated comprehensive income or expenses that will be reclassified in profit or loss

##### Foreign currency translation differences

Foreign currency translation differences consist of foreign currency exchange differences arising from the translation of the Group's financial statements from the functional currency to the reporting currency. As of 31 March 2024, the Group has foreign currency translation differences amounting to TL 1,451,751,876 (31 December 2023: TL 1,565,759,882) in the accompanying consolidated financial statements.

#### Other accumulated comprehensive income or expenses that will not be reclassified in profit or loss

##### Defined benefit plans remeasurement losses

As of 31 March 2024, actuarial losses amounting to TL 117,458,131 (31 December 2023: TL 107,029,572) consist of actuarial losses recognized as other comprehensive expense related to provision for employment termination benefits.

##### Profit Distribution:

Listed companies processes their profit distributions according to the II-19.1 numbered CMB profit distribution declaration become effective on or after 1 February 2014.

Companies distributes dividends within the frame of dividend distribution policies determined by general assembly and according to the related declaration by the approval of general assembly. Within the mentioned declaration, minimum rate of distribution is not determined. Companies distribute their dividends according to the predetermined terms in their articles of incorporation or dividend distribution policies.

##### Defined benefit plans remeasurement losses (cont'd)

##### *Resources that may be subject to profit distribution:*

As of the reporting date, the Group has no resources that can be subject to profit distribution in the financial statements prepared in accordance with the Tax Procedure Law (31 December 2023: None).

##### Analysis of other comprehensive expense items

	31 March 2024	31 December 2023
Defined Benefit Plans Remeasurement Losses	(117,458,131)	(107,029,572)
Hedge Fund	(86,091,693)	(77,937,315)
Foreign Currency Translation Fund	(1,451,751,876)	(1,565,759,882)
	<b>(1,655,301,700)</b>	<b>(1,750,726,769)</b>

## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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#### 17. REVENUE AND COST OF SALES

##### a) Sales

Sales of goods and services	1 January – 31 March 2024	1 January - 31 March 2023
-Retail	3,680,968,836	3,598,521,243
-E-Commerce	471,639,979	489,107,241
-Wholesale	335,166,302	308,807,721
	<b>4,487,775,117</b>	<b>4,396,436,205</b>

The Group fulfills its performance obligations by transferring goods and services at a certain point in time.

##### b) Cost of sales

	1 January – 31 March 2024	1 January - 31 March 2023
Cost of trade goods sold	(2,205,823,292)	(2,361,358,893)
Cost of goods sold	(104,251,727)	(133,701,333)
	<b>(2,310,075,019)</b>	<b>(2,495,060,226)</b>

#### 18. EXPENSES BY NATURE

The details of depreciation and amortization expenses for the periods ended 31 March 2024, 31 March 2023 are as follows:

Depreciation and amortization expenses	1 January - 31 March 2024	1 January - 31 March 2023
Research and development expenses	12,547,543	10,015,599
Marketing expenses	488,892,106	488,867,358
General administrative expenses	28,801,344	29,781,337
	<b>530,240,993</b>	<b>528,664,294</b>

The details of personnel expenses for the periods ended 31 March 2024, 31 March 2023 are as follows:

Personnel expenses	1 January - 31 March 2024	1 January - 31 March 2023
Research and development expenses	33,507,976	29,080,835
Marketing expenses	613,104,968	527,637,586
General administrative expenses	207,914,981	178,082,248
	<b>854,527,925</b>	<b>734,800,669</b>

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**19. OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES**

<b>Other Income From Operating Activities</b>	<b>1 January - 31 March 2024</b>	<b>1 January - 31 March 2023</b>
Foreign exchange gains from operating activities	191,834,236	99,620,589
Discount interest income from trade transactions	19,395,522	-
Turquality income	-	2,034,250
Other income	29,279,951	34,246,844
	<b>240,509,709</b>	<b>135,901,683</b>

<b>Other Expense From Operating Activities</b>	<b>1 January - 31 March 2024</b>	<b>1 January - 31 March 2023</b>
Discount interest expense on purchases of goods	412,831,629	149,852,523
Foreign exchange losses from operating activities	83,481,309	83,657,100
Provision for doubtful trade receivables (Note 5)	9,647,442	264,049
Litigation provision expenses	-	9,444,215
Other	28,954,873	30,294,106
	<b>534,915,253</b>	<b>273,511,993</b>

**20. FINANCE INCOME AND EXPENSES**

The details of finance income for the years ended 31 March 2024 and 31 March 2023 are as follows:

	<b>1 January - 31 March 2024</b>	<b>1 January - 31 March 2023</b>
Lease concessions (*)	42,016,680	29,760,384
Interest income	5,072,234	5,873,910
	<b>47,088,914</b>	<b>35,634,294</b>

(\*) It consists of the rent discounts received by the Group from the lessor regarding the lease agreements within the scope of TFRS 16 standard in the years ended 31 March 2024 and 31 March 2023.

The details of finance expenses for the years ended 31 March 2024 and 31 March 2023 are as follows:

	<b>1 January - 31 March 2024</b>	<b>1 January - 31 March 2023</b>
Interest expenses	141,937,375	99,084,724
Credit card commissions	81,441,137	36,654,581
Interest expense on lease liabilities	78,053,474	87,965,973
Foreign exchange losses (net)	9,679,723	37,593,886
Banking and guarantee expenses	5,556,095	5,257,209
Other	2,268,254	2,100,321
	<b>318,936,058</b>	<b>268,656,694</b>



## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2024

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2024, unless otherwise stated.)

#### 21. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)

Current Period Tax Assets	1 January - 31 March 2024	1 January - 31 December 2023
Corporate tax and income tax payable	73,326	324,681,824
Less: prepaid taxes (-)	(24,248,842)	(253,601,272)
Inflation effect	2,877	(58,424,562)
	<b>(24,172,639)</b>	<b>12,655,990</b>

	1 January - 31 March 2024	1 January - 31 March 2023
Current period corporate tax expense (-)	(73,326)	(8,443,537)
Deferred tax (expense) / income	(6,978,964)	(160,868,437)
	<b>(7,052,290)</b>	<b>(169,311,974)</b>

#### Corporate Tax

##### Türkiye

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Group's results for the years and periods.

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 tax-exempt earnings, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

The effective tax rate in 2024 is 25% in Türkiye (2023: 25%).

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.

There is also a withholding tax on the dividends paid and is accrued only at the time of such payments. The withholding tax rate on the dividend payments other than the ones paid to the non-resident institutions generating income in Türkiye through their operations or permanent representatives and the resident institutions is 15%. In applying the withholding tax rates on dividend payments to the non-resident institutions and the individuals the withholding tax rates covered in the related Double Tax Treaty Agreements are taken into account.

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FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2024**

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**21. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES)  
(cont'd)**

*Corporate Tax (cont'd)*

Under the Turkish taxation system, tax losses can be carried forward to be offset against future taxable income for up to five years. Tax losses cannot be carried back.

In Türkiye, there is no procedure for a final and definitive agreement on tax assessments. Companies file their corporate tax returns within four months following the close of the related fiscal year. 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 reassessments based on their findings.

In Türkiye, the tax legislation does not permit a parent company and its subsidiaries to file a consolidated tax return. Therefore, provision for taxes shown in the consolidated financial statements reflects the total amount of taxes calculated on each entity that are included in the consolidation.

*Transfer pricing regulations*

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

If a taxpayer 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.

*Russia*

The taxation system in the Russia is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions. The applicable tax rate for current and deferred tax is 25% (31 December 2023: 20%). Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russia suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation. Tax losses can be carried forward to be offset against future taxable income for the next ten taxable years after the year when this loss appeared.

## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2024

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#### 21. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

##### Deferred Tax:

The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between its financial statements as reported for TFRS purposes and its statutory tax financial statements. These differences usually result in the recognition of revenue and expenses in different reporting periods for TFRS and tax purposes and they are given below.

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.

The Group recognizes deferred tax assets and liabilities on the temporary timing differences between the legal books and the financial statements prepared in accordance with TFRS. Such differences generally arise from timing differences of some revenue and expense balances in legal books and financial statements prepared in accordance with TFRS and are explained below.

	<u>Accumulated Temporary Differences</u>		<u>Deferred Tax Assets/Liabilities</u>	
	<b>31 March 2024</b>	<b>31 December 2023</b>	<b>31 March 2024</b>	<b>31 December 2023</b>
Inventories	1,547,948,054	1,483,863,057	(393,853,983)	(365,234,946)
Property, plant and equipment and intangible Assets	893,185,139	889,913,063	(178,637,028)	(217,138,927)
Provision for vacation	(127,049,663)	(132,360,332)	31,237,841	32,006,817
Provision for employment termination benefits	(104,626,205)	(100,601,447)	20,925,241	24,526,633
Litigation provision	(21,252,904)	(27,722,455)	5,313,227	6,799,256
Cash capital deduction	(117,483,752)	-	29,370,938	-
Adjustments related to trade payables	286,148,149	290,986,076	(71,494,519)	(71,207,762)
Adjustments related to trade receivables	(10,327,124)	(38,752,063)	2,581,781	10,444,440
Prior years losses	(1,255,860,936)	(1,338,871,627)	250,964,607	267,215,199
Adjustments related to financial liabilities	1,458,499	(136,562)	(364,625)	33,493
Right-of-use asset and liability	922,888,032	699,538,523	(184,843,014)	(172,315,287)
Hedge accounting	(114,788,924)	(103,064,429)	28,697,231	25,127,108
Premium accrual	-	(2,655,891)	-	541,321
Property, plant and equipment revaluation adjustment	(523,712,018)	(673,106,194)	130,928,004	165,087,144
Inflation accounting effect	(404,442,755)	(366,502,972)	101,110,689	89,353,425
Return provisions	(14,738,109)	(21,676,039)	3,684,527	5,316,301
Design centre discount	(14,112,536)	-	3,528,134	-
Other	6,691,081	31,936,883	(1,652,863)	(8,895,059)
<b>Net, deferred tax assets/(liabilities)</b>	<b>949,924,028</b>	<b>590,787,591</b>	<b>(222,503,812)</b>	<b>(208,340,844)</b>

The tax rate used in the calculation of deferred tax assets and liabilities is 25% on temporary timing differences expected to reverse in 2024 and beyond (2023 : 25%).

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#### 21. INCOME TAXES (INCLUDING DEFERRED TAX ASSETS AND LIABILITIES) (cont'd)

##### *Deferred Tax (cont'd):*

The movement of deferred tax (assets) / liabilities for the years ended 31 March 2024, 31 March 2023 is given below:

	2024	2023
<b>Opening balance as of 1 January</b>	<b>(208,340,844)</b>	<b>27,881,224</b>
Tax (expense)/income for the period	(6,978,964)	(160,868,437)
Recognized in other comprehensive income	6,194,313	(3,953,550)
Translation (gain) / loss	(13,378,317)	(43,606,980)
<b>Closing balance as of 31 March</b>	<b>(222,503,812)</b>	<b>(180,547,743)</b>

#### 22. RELATED PARTY DISCLOSURES

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Payables due to related parties generally arise from lease transactions and have approximate maturities of one month.

The details of the trade payables between the Group and related parties

<b>Trade payables to related parties</b>	<b>31 March 2024</b>	<b>31 December 2023</b>
Gülyılmaz Gayrimenkul Yatırım Geliştirme İşletme ve Ticaret A.Ş. (*)	1,177,155	-
	<b>1,177,155</b>	<b>-</b>

(\*) *Company managed by the shareholders*

The trade payables to related parties consist of lease payments for the stores leased by Gülyılmaz Yatırım, Geliştirme, İşletme ve Ticaret A.Ş.

<b>Transactions with related parties</b>	<b>31 March 2024</b>	<b>31 March 2023</b>
Gülyılmaz Gayrimenkul Yatırım Geliştirme İşletme ve Ticaret A.Ş. (*)	2,857,518	6,931,622
	<b>2,857,518</b>	<b>6,931,622</b>

## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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#### 22. RELATED PARTY DISCLOSURES (cont'd)

Compensation of key management personnel:

	1 January- 31 March 2024	1 January- 31 March 2023
Salaries and other short-term benefits	22,080,307	23,939,202
	<b>22,080,307</b>	<b>23,939,202</b>

Key management personnel consists of Company's Senior Management and members of Board of Directors. The key management personnel consists of the General Manager, Deputy General Managers and Directors. The compensation of key management personnel includes salaries, bonus, health insurance and transportation.

#### 23. EARNINGS PER SHARE

Earnings per share disclosed in the consolidated statements of income are determined by dividing net income by the weighted average number of shares in existence during the period concerned.

Companies can increase their share capital by making a pro-rata distribution of shares ("Bonus Shares") to existing shareholders from retained earnings. For the purpose of earnings per share computations, such bonus shares are regarded as issued shares. Accordingly, the weighted average number of shares used in the computation of earnings per share is derived by giving retroactive effect to the bonus issue of shares.

Earning per share	1 January- 31 March 2024	1 January- 31 March 2023
Average number (full value) of shares outstanding during the period	795,500,000	795,500,000
Net profit for the parent company shareholders	2,364,721	(873,304)
Earnings per share (TL)	<b>0,003</b>	<b>(0,001)</b>

On 24 November 2024, at the extraordinary general assembly meeting held, it was decided to divide the Company's paid-in capital amounting to TL 795,500,000 into 795,500,000 registered nominal shares with a unit nominal share value of TL 1.

There have been no other transactions involving shares or potential shares between the balance sheet date and the date of approval of these financial statements.

#### 24. EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

##### Foreign currency risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Market risks are also evaluated with sensitivity analyzes and stress scenarios.

In the current period, there has been no change in the market risk that the Group is exposed to or in the risk management and measurement methods compared to the previous year.

## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2024

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#### 24. EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (cont'd)

##### Foreign currency risk management

	31 March 2024			
	TL Equivalent (Functional Currency)	US Dollar	Euro	GBP
1. Trade Receivables	263,185,394	6,763,946	1,287,521	-
2a. Monetary Financial Assets	74,576,011	965,737	1,245,848	945
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	20,250,230	598,138	26,984	-
<b>4. Current Assets (1+2+3)</b>	<b>358,011,632</b>	<b>8,327,821</b>	<b>2,560,353</b>	<b>945</b>
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>				
<b>9. Total Assets (4+8)</b>	<b>358,011,632</b>	<b>8,327,821</b>	<b>2,560,353</b>	<b>945</b>
10. Trade Payables	694,618,157	21,007,613	464,937	4,871
11. Financial Liabilities	718,195,271	1,467,062	19,275,467	-
12a. Other Monetary Liabilities	11,627,425	232,200	118,692	-
12b. Other Non-Monetary Liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>1,424,440,853</b>	<b>22,706,875</b>	<b>19,859,096</b>	<b>4,871</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	42,710,766	-	1,227,240	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>42,710,766</b>	<b>-</b>	<b>1,227,240</b>	<b>-</b>
<b>18. Total Liabilities(13+17)</b>	<b>1,467,151,619</b>	<b>22,706,875</b>	<b>21,086,336</b>	<b>4,871</b>
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	(86,091,693)	-	(2,473,736)	-
19a. Amount of foreign currency derivative products out of statement of financial position with active character	-	-	-	-
19b. Amount of foreign currency derivative products excluded from the financial position statement with liable character	86,091,693	-	2,473,736	-
<b>20. Net foreign currency asset/(liability) position (9-18+19)</b>	<b>(1,195,231,680)</b>	<b>(14,379,054)</b>	<b>(20,999,719)</b>	<b>(3,926)</b>
<b>21. Monetary items net foreign currency liability position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1,129,390,217)</b>	<b>(14,977,192)</b>	<b>(18,552,967)</b>	<b>(3,926)</b>
22. . Financial instruments used for currency hedging total fair value	-	-	-	-
23. The amount of the hedged portion of foreign currency assets	-	-	-	-
24. The amount of the hedged portion of foreign currency liabilities	-	-	-	-
23. Export	159,549,624	4,099,606	983,954	-
24. Import	397,851,375	12,880,539	11,341	-

# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2024

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### 24. EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (cont'd)

#### Foreign currency risk management

31 December 2023

	TL Equivalent (Functional Currency)	US Dollar	Euro	GBP
1. Trade Receivables	222,281,512	5,120,657	1,302,836	-
2a. Monetary Financial Assets	95,070,676	1,437,101	1,236,941	715
2b. Non-Monetary Financial	-	-	-	-
3. Other	15,783,278	439,159	24,220	-
<b>4. Current Assets (1+2+3)</b>	<b>333,135,466</b>	<b>6,996,917</b>	<b>2,563,997</b>	<b>715</b>
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
<b>8. Non-Current Assets (5+6+7)</b>				
<b>9. Total Assets (4+8)</b>	<b>333,135,466</b>	<b>6,996,917</b>	<b>2,563,997</b>	<b>715</b>
10. Trade Payables	681,990,639	19,692,883	395,625	2,600
11. Financial Liabilities	742,409,458	1,298,512	18,634,263	-
12a. Other Monetary Liabilities	267,893,795	2,587,112	4,809,446	-
12b. Other Non-Monetary Liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>1,692,293,892</b>	<b>23,578,507</b>	<b>23,839,334</b>	<b>2,600</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	120,568,333	-	3,216,810	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>120,568,333</b>	<b>-</b>	<b>3,216,810</b>	<b>-</b>
<b>18. Total Liabilities(13+17)</b>	<b>1,812,862,225</b>	<b>23,578,507</b>	<b>27,056,144</b>	<b>2,600</b>
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	(77,937,317)	-	(2,079,398)	-
19a. . Amount of foreign currency derivative products out of statement of financial position with active character	-	-	-	-
19b. Amount of foreign currency derivative products excluded from the financial position statement with liable character	77,937,317	-	2,079,398	-
20. Net foreign currency asset/(liability) position (9-18+19)	(1,557,664,076)	(16,581,590)	(26,571,545)	(1,885)
21. Monetary items net foreign currency liability position (1+2a+5+6a-10-11-12a-14-15-16a)	(1,495,510,037)	(17,020,749)	(24,516,367)	(1,885)
22. Financial instruments used for currency hedging total fair value	-	-	-	-
23. The amount of the hedged portion of foreign currency assets	-	-	-	-
24. The amount of the hedged portion of foreign currency liabilities	-	-	-	-
23. Export	644,276,866	24,243,307	22,457,656	-
24. Import	1,104,137,401	38,912,661	78,335	-

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#### 24. EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (cont'd)

##### Foreign currency risk management (cont'd)

##### Foreign currency sensitivity

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar and Euro.

The following table details the Group's sensitivity to a 20% appreciation and depreciation in US Dollar and Euro against TL. 20% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 20% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number below indicates an increase in profit/loss or equity.

##### **31 March 2024**

In case of US Dollar appreciation by 20 % against TL

	<b>Profit/Loss</b>		<b>Equity(*)</b>	
	<b>Appreciation of Foreign Currency</b>	<b>Depreciation of Foreign Currency</b>	<b>Appreciation of Foreign Currency</b>	<b>Depreciation of Foreign Currency</b>
In case of US Dollar appreciation by 20 % against TL				
1 - US Dollar net asset / liability	(92,846,704)	92,846,704	(92,846,704)	92,846,704
2- The portion hedged from US Dollar risk (-)	-	-	-	-
<b>3- Net effect of US Dollar</b>	<b>(92,846,704)</b>	<b>92,846,704</b>	<b>(92,846,704)</b>	<b>92,846,704</b>
In case of Euro appreciation by 20 % against TL				
4 - Euro net asset / liability	(146,167,704)	146,167,704	(146,167,704)	146,167,704
5 - The portion hedged from Euro risk (-)	(1,630,876)	1,630,876	(17,218,339)	17,218,339
<b>6- Net effect of Euro</b>	<b>(147,798,579)</b>	<b>147,798,579</b>	<b>(163,386,042)</b>	<b>163,386,042</b>
<b>TOTAL (3+6)</b>	<b>(240,645,283)</b>	<b>240,645,283</b>	<b>(256,232,746)</b>	<b>256,232,746</b>



## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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#### 24. EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION (cont'd)

##### Foreign currency risk management (cont'd)

##### Foreign currency sensitivity (cont'd)

##### **31 December 2023**

In case of US Dollar appreciation by 20 % against TL

	<b>Profit/Loss</b>		<b>Equity(*)</b>	
	<b>Appreciation of Foreign Currency</b>	<b>Depreciation of Foreign Currency</b>	<b>Appreciation of Foreign Currency</b>	<b>Depreciation of Foreign Currency</b>
In case of US Dollar appreciation by 20 % against TL				
1 - US Dollar net asset / liability	(112,332,500)	112,332,500	(112,332,500)	112,332,500
2- The portion hedged from US Dollar risk (-)	-	-	-	-
<b>3- Net effect of US Dollar</b>	<b>(112,332,500)</b>	<b>112,332,500</b>	<b>(112,332,500)</b>	<b>112,332,500</b>
In case of Euro appreciation by 20 % against TL				
4 - Euro net asset / liability	(199,184,072)	199,184,072	(105,487,370)	105,487,370
5 - The portion hedged from Euro risk (-)	7,273,063	( 7,273,063)	(15,587,463)	15,587,463
<b>6- Net effect of Euro</b>	<b>(191,911,009)</b>	<b>191,911,009</b>	<b>(214,771,535)</b>	<b>214,771,535</b>
<b>TOTAL (3+6)</b>	<b>(304,243,509)</b>	<b>304,243,509</b>	<b>(327,104,035)</b>	<b>327,104,035</b>

#### 25. EVENTS AFTER REPORTING PERIOD

##### **Public Offering Approval and Changes in Capital**

In accordance with the Board of Directors' decision dated April 15, 2024, and numbered 2024/21, it was decided to increase the Company's issued capital from TL 795,500,000 to TL 829,650,000, with the preemptive rights of the existing shareholders being restricted. In this context, a total of 34,150,000 shares with a nominal value of TL 34,150,000 will be issued, and all of these shares will be issued as Class B shares. Additionally, the following shares will be offered for public offering: up to TL 94,350,000 nominal value of Class B shares owned by Nemo Apparel B.V. (inclusive of TL 94,350,000), up to TL 4,050,000 nominal value of Class B shares owned by Yılmaz Yılmaz (inclusive of TL 4,050,000), and up to TL 4,050,000 nominal value of Class B shares owned by Şükriye Gülden Yılmaz (inclusive of TL 4,050,000). The Prospectus prepared for the public offering in connection with this decision was approved at the Capital Markets Board (SPK) meeting dated April 25, 2024, with resolution number 22/582.

The Company conducted a public offering with a share price of TL 30.50, a free float rate of 16.5%, a sale of shares with a nominal value of TL 136,600,000, and a total offering size of TL 4,166,300,000 between April 30 and May 2-3, 2024. The shares started trading on Borsa İstanbul A.Ş. in the Star Market (Yıldız Pazar) on May 10, 2024. Of the total public offering, TL 34,150,000 was raised through a capital increase as part of the offering.

## KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2024

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2024, unless otherwise stated.)

#### 25. EVENTS AFTER REPORTING PERIOD(cont'd)

##### Public Offering Approval and Changes in Capital(cont'd)

With the public offering, the Company's capital has been increased from TL 795,500,000 to TL 829,650,000. In order to add the newly issued 34,150,000 TL nominal value of shares to the capital, an application for the approval of the amendment to the Articles of Association was submitted to the Capital Markets Board (CMB). Following the approval, the new version of the capital article of the Articles of Association will be registered with the Trade Registry and published in the Turkish Trade Registry Gazette (TTSG).

The Company's shareholding structure before and after the public offering is provided in the table below

##### Pre-Offering (as of 31 March 2024)

Shareholder	Nominal Value	(%)	Share Group
Yılmaz Yılmaz	99,437,500	12.50	A
	99,437,500	12.50	B
Şükriye Gülden Yılmaz	99,437,500	12.50	A
	99,437,500	12.50	B
Nemo Apparel B.V.	397,750,000	50.00	B
<b>Total</b>	<b>795,500,000</b>	<b>100.00</b>	<b>-</b>

##### Post-Offering (as of 10 May 2024)

Shareholder	Nominal Value	(%)	Share Group
Yılmaz Yılmaz	99,437,500	12.00	A
	95,387,500	11.50	B
Şükriye Gülden Yılmaz	99,437,500	12.00	A
	95,387,500	11.50	B
Nemo Apparel B.V.	303,400,000	36.60	B
Public Offering	136,600,000	16.50	B
<b>Total</b>	<b>829,650,000</b>	<b>100.00</b>	<b>-</b>

**25. EVENTS AFTER REPORTING PERIOD(cont'd)**

**Price Stabilizing Transactions**

The Company's publicly offered shares started trading on Borsa İstanbul's Star Market (BIST Yıldız Pazar) as of May 10, 2024. The 15-day period announced in the Prospectus for price stabilizing transactions, which were planned to be carried out through the Consortium Leader İş Yatırım Menkul Değerler A.Ş., ended on May 24, 2024. During the 15-day period following the commencement of trading of the Company's shares on BIST, price stabilizing transactions were carried out on the Company's shares. A total of 27,264,030 shares were repurchased from the market for a total of TL 779,280,153.92, using the funds raised from the public offering by Nemo Apparel B.V., Yılmaz Yılmaz, and Gülden Yılmaz, in proportion to the number of shares they offered in the public offering. The details of the repurchase of these 27,264,030 shares by the shareholders were disclosed by İş Yatırım Menkul Değerler A.Ş. on the Public Disclosure Platform (KAP).

As a result of the price stabilizing transactions, the number of shares held by Nemo Apparel B.V., Yılmaz Yılmaz, and Gülden Yılmaz in the Company's capital increased on the first trading day.

**New Store Openings and Total Store Sales Area Size**

"As of the date of this activity report, a total of 7 new stores have been opened by the Company under franchise operations: 2 in Azerbaijan, 1 in Lebanon, 1 in Palestine, 2 in Turkmenistan, and 1 in Turkey. During the same period, 2 stores were opened in Kazakhstan, directly operated by the Company. As a result, the Group's total number of retail stores has reached 440, consisting of 325 directly operated stores and 115 franchise-operated stores.

**Launch of the 'koton.ro' E-Commerce Channel in Romania**

In Romania, one of the Company's key international markets, an investment was made in the e-commerce channel after the reporting period, and product sales through e-commerce began on April 29, 2024, via koton.ro. It is expected that this channel will make a positive contribution to the Company's international e-commerce revenues in the upcoming period.

**Establishment of a New Subsidiary in the United Arab Emirates**

As part of the Group's growth objectives in the Gulf Cooperation Council (GCC) region, the establishment of a subsidiary named Koton A G Trading L.L.C. has been completed in the United Arab Emirates.