

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

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD 1 JANUARY – 31 MARCH 2025**

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# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

## INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2025 AND 31 DECEMBER 2024

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated)

	<i>Notes</i>	<b>Unaudited 31 March 2025</b>	<b>Audited 31 December 2024</b>
<b>ASSETS</b>			
Cash and cash equivalents	4	1,025,356,409	643,874,812
Trade receivables	5	1,758,180,607	1,959,178,935
- <i>Trade receivable from third parties</i>		<i>1,758,180,607</i>	<i>1,959,178,935</i>
Other receivables		26,343,388	7,205,722
- <i>Other receivable from third parties</i>		<i>26,343,388</i>	<i>7,205,722</i>
Inventories	6	9,006,945,886	8,780,422,028
Prepaid expenses	7	1,597,382,130	1,503,419,958
Current tax assets		63,369,866	68,906,390
Other current assets	15	517,249,583	513,654,340
<b>Total current assets</b>		<b>13,994,827,869</b>	<b>13,476,662,185</b>
Financial investmensts		3,975,000	4,374,995
Other receivables		188,573,041	160,432,810
- <i>Other receivable from third parties</i>		<i>188,573,041</i>	<i>160,432,810</i>
Property and equipment	8	2,126,645,389	2,092,414,297
Intangible assets	9	705,103,913	699,619,831
Right of use assets	10	4,845,873,575	4,564,606,205
Prepaid expenses		1,079,863	4,287,320
Deferred tax assets	21	338,592,514	282,051,310
Other non-current assets		8,539,286	8,075,908
<b>Total non-current assets</b>		<b>8,218,382,581</b>	<b>7,815,862,676</b>
<b>TOTAL ASSETS</b>		<b>22,213,210,450</b>	<b>21,292,524,861</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 2025 AND 31 DECEMBER 2024**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated)

	<i>Notes</i>	<b>Unaudited 31 March 2025</b>	<b>Audited 31 December 2024</b>
<b>LIABILITIES</b>			
Short-term borrowings		6,254,382,663	5,057,981,412
<i>Short-term borrowings</i>	11	4,319,758,062	3,271,750,226
Short-term Portion of Long-term Borrowings	11	418,098,935	311,425,435
Lease liabilities	11	1,516,525,666	1,474,805,751
Trade payables	5	5,215,688,602	5,736,157,981
<i>Trade payables to related parties</i>	22	5,215,688,602	5,736,157,981
<i>Trade payables to third parties</i>		-	-
Payables related to employee benefits	14	421,895,218	338,586,095
Other payables		29,093,252	29,973,833
<i>Other payable to third parties</i>		29,093,252	29,973,833
Deferred income	7	202,538,117	127,377,373
Current tax liabilities		263,676	-
Short-term provisions		228,132,086	251,384,198
<i>Provisions for employee benefits</i>	14	203,307,275	223,887,983
<i>Other short-term provisions</i>	12	24,824,811	27,496,215
Other short-term liabilities		126,686,234	170,549,966
<b>Total current liabilities</b>		<b>12,478,679,848</b>	<b>11,712,010,858</b>
Long-term borrowings	11	2,278,102,735	2,040,822,743
<i>Long-term borrowings</i>	11	26,725,029	26,820,938
<i>Lease liabilities</i>	11	2,251,377,706	2,014,001,805
Other payables		32,750,200	29,089,618
<i>Other payables to third parties</i>		32,750,200	29,089,618
Deffered income		25,440,675	70,177,597
Long term provisions	14	142,437,287	122,313,642
<i>Long-term provisions for employee benefits</i>	14	142,437,287	122,313,642
Deffered tax liabilities	21	431,678,541	521,409,149
<b>Total non-current liabilities</b>		<b>2,910,409,438</b>	<b>2,783,812,749</b>
<b>TOTAL LIABILITIES</b>		<b>15,389,089,286</b>	<b>14,495,823,607</b>
Paid-in share capital	16	829,650,000	829,650,000
Capital adjustment differences	16	5,599,691,224	5,599,691,224
Share issuance premiums/discounts	16	1,193,137,381	1,193,137,381
Other comprehensive loss not to be reclassified to profit or loss	16	(180,226,356)	(150,426,026)
<i>- Loss on remeasurement of defined benefit plans</i>		(180,226,356)	(150,426,026)
Other comprehensive loss to be reclassified to profit or loss		(2,250,956,678)	(2,687,528,411)
<i>- Foreign currency translation differences</i>	16	(2,106,617,042)	(2,650,422,562)
<i>- Loss on cash flow hedge</i>	16	(144,339,636)	(37,105,849)
Restricted reserves	16	192,364,681	192,364,681
Retained earnings		1,817,858,208	2,254,450,029
Net profit/(loss) for the period		(390,677,332)	(436,591,821)
<b>Equity of the parent company</b>		<b>6,810,841,128</b>	<b>6,794,747,057</b>
<b>Minority Shareholders</b>		<b>13,280,036</b>	<b>1,954,197</b>
<b>TOTAL EQUITY</b>		<b>6,824,121,164</b>	<b>6,796,701,254</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>22,213,210,450</b>	<b>21,292,524,861</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 2025 AND 2024**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated.)

	Notes	Unaudited 1 January - 31 March 2025	Audited 1 January - 31 March 2024
Revenue	17	6,375,933,054	6,197,789,294
Cost of sales (-)	17	(3,641,235,716)	(3,190,302,064)
<b>GROSS PROFIT</b>		<b>2,734,697,338</b>	<b>3,007,487,230</b>
General administrative expenses (-)		(597,355,312)	(476,427,239)
Marketing expenses (-)		(2,393,606,999)	(2,339,398,649)
Research and development expenses (-)		(77,222,556)	(77,227,135)
Other operating income	19	682,833,603	332,153,118
Other operating expenses (-)	19	(569,254,125)	(738,738,449)
<b>OPERATING PROFIT</b>		<b>(219,908,051)</b>	<b>(292,151,124)</b>
Income from investment activities		1,714,295	922,906
Losses from investment activities (-)		(467,743)	(228,824)
<b>OPERATING PROFIT BEFORE FINANCIAL EXPENSES</b>		<b>(218,661,499)</b>	<b>(291,457,042)</b>
Financial income	20	45,072,587	65,031,594
Financial expenses (-)	20	(677,783,858)	(440,462,910)
Net monetary position gains		428,778,233	679,893,614
<b>PROFIT BEFORE TAX</b>		<b>(422,594,537)</b>	<b>13,005,256</b>
Tax income	21	43,243,044	(9,739,483)
<i>Current tax expense</i>	21	<i>(245,165)</i>	<i>(101,266)</i>
<i>Deffered tax expense</i>	21	<i>43,488,209</i>	<i>(9,638,217)</i>
<b>PROFIT FOR THE PERIOD</b>		<b>(379,351,493)</b>	<b>3,265,773</b>
<b>Distrubution of Profit for the period</b>			
Minority shareholders		11,325,839	-
Equity of the parent company		(390,677,332)	3,265,773
<b>Earnings Per Share ("TL")</b>	<b>23</b>	<b>(0,471)</b>	<b>0,003</b>
<b>OTHER COMPREHENSIVE LOSS</b>			
<b>Items not to be reclassified to profit or loss</b>		<b>(29,800,330)</b>	<b>(14,402,240)</b>
Defined benefit plans remeasurement losses	14	(39,733,774)	(19,202,987)
<b>Taxes relating to components of other comprehensive income that will not be reclassified to other profit or loss</b>			
Deffered tax income	21	9,933,444	4,800,747
<b>Other comprehensive income that will be reclassified to profit or loss</b>		<b>436,412,650</b>	<b>146,187,914</b>
Foreing currency translation differences		543,646,437	157,449,422
Cash flow hedge gains/losses		(142,978,383)	(15,015,344)
<b>Other comprehensive income that will be reclassified to profit or loss</b>			
Deffered tax (expense) / income	21	35,744,596	3,753,836
<b>OTHER COMPREHENSIVE INCOME/ (EXPENSE)</b>		<b>406,612,320</b>	<b>135,785,674</b>
<b>TOTAL COMPREHENSIVE INCOME/ (EXPENSE)</b>		<b>27,260,827</b>	<b>135,051,447</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 2025 AND 2024

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated)

	Pain in share capital	Capital adjustment differences	Share Premiums	Other comprehensive loss not to be reclassified to profit or loss Loss on remeasurement of defined benefit plans	Other comprehensive loss to be reclassified to profit or loss Foreign currency translation differences	Loss on cash flow hedge	Restiricted reserves	Retained earnings	Minority Shareholders	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>-</b>	<b>(147,811,938)</b>	<b>(2,162,374,357)</b>	<b>(107,634,416)</b>	<b>192,364,680</b>	<b>(613,150,519)</b>	<b>-</b>	<b>2,867,600,547</b>	<b>4,651,336,994</b>
Transfers	-	-	-	-	-	-	-	2,867,600,547	-	(2,867,600,547)	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(14,402,240)</b>	<b>157,449,422</b>	<b>(11,261,512)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,265,773</b>	<b>135,051,443</b>
Profit for the period	-	-	-	-	-	-	-	-	-	3,265,773	3,265,773
Cash flow hedge gains	-	-	-	-	-	(11,261,512)	-	-	-	-	(11,261,512)
Foreing currency translation differences	-	-	-	-	157,449,422	-	-	-	-	-	157,449,422
Actuarial loss	-	-	-	(14,402,240)	-	-	-	-	-	-	(14,402,240)
<b>Balances as of 31 March 2024</b>	<b>795,500,000</b>	<b>3,826,842,647</b>	<b>-</b>	<b>(162,214,178)</b>	<b>(2,004,924,935)</b>	<b>(118,895,928)</b>	<b>192,364,680</b>	<b>2,254,450,028</b>	<b>-</b>	<b>3,265,773</b>	<b>4,786,388,087</b>
<b>Balances as of 1 January 2025</b>	<b>829,650,000</b>	<b>5,599,691,224</b>	<b>1,193,137,181</b>	<b>(150,426,026)</b>	<b>(2,650,422,562)</b>	<b>(37,105,849)</b>	<b>192,364,681</b>	<b>2,254,450,029</b>	<b>1,954,197</b>	<b>(436,591,821)</b>	<b>6,796,701,254</b>
Transfers	-	-	-	-	-	-	-	(436,591,821)	-	436,591,821	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(29,800,330)</b>	<b>543,805,520</b>	<b>(107,233,787)</b>	<b>-</b>	<b>-</b>	<b>11,325,939</b>	<b>(390,677,332)</b>	<b>27,419,910</b>
Profit for the period	-	-	-	-	-	-	-	-	11,325,939	(390,677,332)	(379,351,493)
Cash flow hedge gains	-	-	-	-	-	(107,233,787)	-	-	-	-	(107,233,787)
Foreing currency translation differences	-	-	-	-	543,805,520	-	-	-	-	-	543,805,520
Actuarial loss	-	-	-	(29,800,330)	-	-	-	-	-	-	(29,800,330)
<b>Balances as of 31 March 2025</b>	<b>829,650,000</b>	<b>5,599,691,224</b>	<b>1,193,137,181</b>	<b>(180,226,356)</b>	<b>(2,106,617,042)</b>	<b>(144,339,636)</b>	<b>192,364,681</b>	<b>1,817,858,208</b>	<b>13,280,036</b>	<b>(390,677,332)</b>	<b>6,824,121,164</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 2025 AND 2024

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated)

	Notes	Unaudited 1 January - 31 March 2025	Audited 1 January - 31 March 2024
<b>A. Cash Flows From Operating Activities</b>		<b>131,500,202</b>	<b>352,857,416</b>
<b>Net Profit/(Loss) For The Period</b>		<b>(379,351,393)</b>	<b>3,265,773</b>
<b>Adjustments To Reconcile Loss For The Year</b>		<b>1,115,539,715</b>	<b>1,096,199,045</b>
Adjustments related to depreciation and amortization expense	8,9.10	693,138,099	732,283,117
Adjustments related to impairment		1,510,129	49,934,319
Adjustments related to impairment / (reversals) on inventory	6	(1,284,804)	36,610,832
Adjustments related to impairment loss recognised on receivables	5	2,794,933	13,323,487
Adjustments related to provisions		50,435,889	84,709,300
Adjustments Related to for Employee Benefits	14	43,469,169	84,857,644
Adjustments Related to Provisions for Legal Claims	12	6,966,720	2,400,892
Adjustments Related to Other Provisions		-	(2,549,236)
Adjustments Related to Interest (Income) and Expense		896,530,502	840,167,861
Adjustments Related to Interest Income	20	(305,589)	(7,004,949)
Adjustments Related to Interest Expense	20	501,344,520	303,815,787
Deferred Financing Expense from Forward Purchases		395,491,571	543,357,023
Adjustments Related to Income From Government Grants		(28,089,258)	-
Adjustments Related to Unrealised Currency Translation Differences		(446,627,189)	(224,332,531)
Other Adjustments Related to Non-Cash Items		52,513,231	7,757,867
Adjustments Related to Tax Expense	21	(42,715,692)	9,739,482
Adjustments Related to Losses/(Gains) on Disposal of Non-Current Assets		(1,246,552)	(694,083)
Other Adjustments Related to Net Profit / Loss		34,014,247	48,518,664
Monetary Loss / Gain		(93,923,691)	(451,884,951)
<b>Changes in Working Capital</b>		<b>(604,688,020)</b>	<b>(746,607,402)</b>
Adjustments Related to Increase in Inventories		(22,646,625)	174,855,019
Adjustments Related to Increase in Trade Receivables		45,085,547	(429,745,528)
Adjustments Related to Decrease (Increase) in Prepaid Expenses		(118,067,001)	(91,120,697)
Adjustments Related to Decrease (Increase) in Other Receivables		(62,292,794)	(74,469,207)
Adjustments Related to Increase (Decrease) in Trade Payables		(380,824,967)	(235,885,002)
Adjustments Related to Increase (Decrease) in Employee Benefits		114,265,212	78,815,570
Adjustments Related to Increase (Decrease) in Other Payables		(111,625,417)	(106,050,928)
Adjustments Related to Increase (Decrease) in Deferred Income		(22,089,410)	64,670,402
Payments Related to Employee Benefits		(45,294,930)	(70,386,660)
Tax Returns (Payments)	21	5,536,524	(50,966,986)
Other Cash Inflows (Outflows)		(6,734,159)	(6,323,385)
<b>B. Cash Flows Used in Investing Activities</b>		<b>(198,756,359)</b>	<b>(151,056,937)</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		6,345,477	20,829,768
Proceeds from Sale of Property, Plant and Equipment		5,249,975	20,829,768
Proceeds from Sale of Intangible Assets	9	1,095,502	-
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		(205,101,836)	(171,886,705)
Cash Outflows from Purchase Property, Plant and Equipment	8	(151,738,529)	(110,089,574)
Cash Outflows from Purchase Intangible Assets	9	(53,363,307)	(61,797,131)
<b>C. Cash Flows Generated from/(Used in) Financing Activities</b>		<b>509,417,490</b>	<b>(167,204,207)</b>
Proceeds from Borrowings	11	2,121,744,326	905,079,390
Cash Outflows Repayment of Borrowings	11	(891,952,859)	(481,948,310)
Cash Outflows Repayment of Borrowings Arising from Lease Agreements	11	(475,309,997)	(460,993,255)
Interest Received	20	3,201,626	7,004,947
Interest Paid		(248,265,606)	(136,346,979)
<b>NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)</b>		<b>442,161,333</b>	<b>34,596,274</b>
<b>D. MONETARY LOSSES AND GAINS ON CASH AND CASH EQUIVALENTS</b>		<b>(58,867,888)</b>	<b>(74,701,219)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>		<b>383,293,445</b>	<b>(40,104,945)</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>4</b>	<b>640,978,775</b>	<b>570,605,918</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>4</b>	<b>1,024,272,220</b>	<b>530,500,973</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 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, 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: 3İç Kapı No:5, Sarıyer, İstanbul

As explained in Note 16, as of 31 March 2025, 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 2025 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
Koton A.G. Trading L.L.C. ("Koton UAE")	UAE	Retailing
Koton India Private Limited ("Koton India")	India	Retailing
Koton Trading LLC ("Koton KSA")	Saudi Arabia	Retailing
Koton Bahrain Trading W.L.L ("Koton Bahrain") (*)	Bahrain	Retailing
Koton Fashion Trading L.L.C ("Koton Oman") (*)(**)	Oman	Retailing
Koton Trading L.L.C ("Koton Qatar") (*)(**)	Qatar	Retailing

(\*) As of 31 March 2025 there are active no store.

(\*\*) Established in 2025.



# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated.)

### 1. ORGANIZATION AND OPERATIONS OF THE GROUP(cont'd)

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

As of 31 March 2025, the total number of stores of the Group is 449 (31 December 2024: 451). 242 of these stores (31 December 2024: 244) has been operating in Türkiye. The Group has 242 stores in Türkiye, 31 of which are franchise stores (31 December 2024: 31). The Group has 207 stores abroad (31 December 2024: 207). 71 of these stores are franchise stores (31 December 2024: 73 stores as of 31 March 2025, the Group's average number of employees is 8,036 (31 December 2024: 7,979).

The condensed consolidated financial statements were approved for publication by the Company's Board of Directors on 12 May 2025, 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.

### 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.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated.)

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

**2.1 Basis of Presentation(cont'd)**

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

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.

**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.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2025**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated.)

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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)**

**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 2025 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 2024 and 31 December 2024 on a purchasing power basis as of 31 March 2025.

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 March 2025.

# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, 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 2025, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Coefficient	Three – year cumulative inflation rates
31 March 2025	2,954.69	1,00000	% 250
31 December 2024	2,684.55	1,10063	% 291
31 March 2024	2,139.47	1,38104	% 309

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.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2025**

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated.)

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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)**

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.

*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 2025 purchasing power according to the following principles.

For the year ended 31 March 2025, the consolidated statement of financial position is translated into Turkish Lira at the closing rate of 31 March 2025. The consolidated income statement for the period 1 January 2025 – 31 March 2025 has been translated into Turkish Lira at the average monthly exchange rates and indexed to the purchasing power of 31 March 2025. For the year ended 31 December 2024 the consolidated statement of financial position is translated into Turkish Lira at the closing rate of 31.03.2025 and indexed to the purchasing power of 31 March 2025. 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 2025

*Comparative figures*

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

**2.3 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 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, 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 2025 and 31 December 2024:

	31 March 2025 Effective partnership rate (%)	31 December 2024 Effective partnership orani (%)
<b>Subsidiaries</b>		
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
Koton United Arab Emirates	51.00	51.00
Koton India (*)	100.00	100.00
Koton Saudi Arabia	51.00	51.00
Koton Saudi Bahrain (*)	51.00	51.00
Koton Saudi Oman (*) (**)	51.00	-
Koton Saudi Qatar (*) (**)	51.00	-

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

(\*\*) Koton Oman and Koton Qatar was established in 2025.

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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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**

**a. New standards in force as of March 31, 2025 and amendments and interpretations to existing previous standards:**

- **IAS 21 Lack of Interchangeability;** It is effective for annual reporting periods beginning on or after January 1, 2025. An entity is affected by these changes when it has a transaction or activity in a foreign currency that cannot be converted into another currency at a specified measurement date for a specified purpose. A currency can be converted when the ability to obtain another currency is available (with a normal administrative delay) and the transaction occurs through a market or exchange mechanism that creates enforceable rights and obligations.

**b. Standards, amendments and interpretations published but not yet effective as of March 31, 2025:**

- **Changes in IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments;** Effective for annual reporting periods beginning on or after January 1, 2026 (early application permitted). These changes:
  - Clarification of timing requirements for the recognition and derecognition of certain financial assets and liabilities along with a new exemption for certain financial liabilities paid through electronic cash transfer systems
  - Providing further guidance and clarification on assessing whether a financial asset meets the criteria of payments of principal and interest only;
  - Adding new footnote disclosures for certain instruments with contractual terms that could alter cash flows (such as some instruments with features linked to the achievement of environmental, social and governance (ESG) objectives); and
  - Updates are made to the footnote disclosures regarding equity instruments at fair value through other comprehensive income.

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

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

- **Annual Improvements to IFRS – 11th Amendment;** 1 Effective for annual reporting periods beginning on or after January 1, 2026 (early adoption permitted). Annual improvements are limited to amendments that clarify language in an Accounting Standard or correct relatively minor unintended consequences, oversights, or inconsistencies among provisions in an Accounting Standard. The 2025 amendments relate to the following standards:
  - IFRS 1 First-time Application of Turkish Financial Reporting Standards
  - IFRS 7 Financial Instruments: Disclosures and Guidance for the Application of IFRS 7 Accompanying the Standard
  - IFRS 9 Financial Instruments;
  - IFRS 10 Consolidated Financial Statements and
  - IAS 7 Cash Flow Statement.
- **Amendments to IFRS 9 and IFRS 7 regarding contracts referring to nature-dependent electricity;** 1 Ocak Effective for annual reporting periods beginning on or after January 1, 2026 (early application permitted subject to local approvals). These amendments replace the ‘own-use’ and hedge accounting provisions of IFRS 9 and introduce the intended disclosure requirements in IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the electricity generation depends on uncontrollable natural conditions (such as weather) of the source. These contracts are defined as ‘contracts referring to nature-dependent electricity.
- **IFRS 18 Presentation and Disclosure in Financial Statements;** 1 Ocak 2027 It is effective for annual reporting periods beginning on or after January 1, 2027. This is the new standard on presentation and disclosure of financial statements, focusing on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to the following:
  - structure of the profit or loss statement
  - required disclosures in the financial statements for specific profit or loss performance measures reported outside the entity's financial statements (that is, performance measures defined by management); and
  - Improved principles for aggregation and disaggregation generally applicable to primary financial statements and notes



# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated.)

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

#### 2.5 New and Revised Turkish Financial Reporting Standards (cont'd)

- **IFRS 19 Subsidiaries with No Public Accountability:Remarks;** It is effective for annual reporting periods beginning on or after January 1, 2027. The new standard is applied in conjunction with other IFRSs. A qualifying subsidiary shall apply the requirements of other IFRS Accounting Standards, except for the disclosure requirements, and instead apply the reduced disclosure requirements in IFRS 19. The reduced disclosure requirements of IFRS 19 balance the information needs of users of the financial statements of qualifying subsidiaries with the cost savings for financial statement preparers. IFRS 19 is a standard that can be applied voluntarily by qualifying subsidiaries. A subsidiary shall meet the relevant requirements in the following cases:

- lack of public accountability and
- Having a parent or sub-parent that produces consolidated financial statements that are available for public use and comply with IFRS Accounting Standards.

These changes are not expected to have a significant impact on the Group's financial position and performance.

### 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 2025

	Türkiye	CIS Countries(*)	Other International Countries(**)	Total
-Retail	4,141,114,832	587,562,738	561,123,537	5,289,801,107
-E-Commerce	342,310,941	193,886,170	105,630,297	641,827,408
-Wholesale	383,994,273	3,195,542	57,114,724	444,304,539
<b>Total sales</b>	<b>4,867,420,046</b>	<b>784,644,450</b>	<b>723,868,558</b>	<b>6,375,933,054</b>
<b>Cost of sales</b>	<b>(2,693,592,377)</b>	<b>(495,767,196)</b>	<b>(451,876,143)</b>	<b>(3,641,235,716)</b>
<b>Gross profit</b>	<b>2,173,827,669</b>	<b>288,877,254</b>	<b>271,992,415</b>	<b>2,734,697,338</b>
<b>EBITDA</b>	<b>596,747,140</b>	<b>211,929,512</b>	<b>120,075,882</b>	<b>928,752,534</b>
<b>Adjusted EBITDA</b>	<b>275,006,292</b>	<b>115,392,707</b>	<b>63,043,538</b>	<b>453,442,537</b>
<b>Profit / (loss) for the period</b>	<b>(362,890,432)</b>	<b>(16,867,462)</b>	<b>406,401</b>	<b>(379,351,493)</b>

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

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated.)

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

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.

#### 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 2025 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries (**)	Total
<b>Profit/loss before tax</b>	<b>(403,491,952)</b>	<b>(18,540,386)</b>	<b>(562,199)</b>	<b>(422,594,537)</b>
Finance expense, net	(594,309,880)	(43,779,283)	5,377,892	(632,711,271)
Monetary loss/gain	428,778,233	--	--	428,778,233
<b>Operating profit / (loss) before finance income / (expense)</b>	<b>(237,960,305)</b>	<b>25,238,897</b>	<b>(5,940,091)</b>	<b>(218,661,499)</b>
Income from investing activities	1,659,295	-	55,000	1,714,295
Expenses from investing activities	(412,743)	-	(55,000)	(467,743)
<b>Operating profit/loss</b>	<b>(239,206,857)</b>	<b>25,238,897</b>	<b>(5,940,091)</b>	<b>(219,908,051)</b>
Depreciation and amortization expenses (Note 18)	(496,381,923)	(108,836,410)	(87,919,766)	(693,138,099)
Discount interest expense on purchases of goods (Note 19)	(339,572,074)	(77,854,205)	(38,096,204)	(455,522,483)
<b>EBITDA</b>	<b>596,747,140</b>	<b>211,929,512</b>	<b>120,075,882</b>	<b>928,752,534</b>
Cash outflows related to debt payments arising from lease agreements (Note 11)	(321,740,848)	(96,536,805)	(57,032,344)	(475,309,997)
<b>Adjusted EBITDA</b>	<b>275,006,292</b>	<b>115,392,707</b>	<b>63,043,538</b>	<b>453,442,537</b>

# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2025

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

#### 1 January - 31 March 2024

	Türkiye	CIS Countries (*)	Other International Countries (**)	Total
-Retail	3,506,672,473	934,008,388	642,878,062	5,083,558,923
-E-Commerce	470,349,045	137,803,042	43,200,786	651,352,873
-Wholesale	374,427,437	12,554,135	75,895,926	462,877,498
<b>Total sales</b>	<b>4,351,448,955</b>	<b>1,084,365,365</b>	<b>761,974,774</b>	<b>6,197,789,294</b>
<b>Cost of sales</b>	<b>(2,039,911,625)</b>	<b>(623,861,657)</b>	<b>(526,528,782)</b>	<b>(3,190,302,064)</b>
<b>Gross profit</b>	<b>2,311,537,330</b>	<b>460,503,908</b>	<b>235,445,992</b>	<b>3,007,487,230</b>
<b>EBITDA</b>	<b>872,241,031</b>	<b>105,852,431</b>	<b>32,174,819</b>	<b>1,010,268,281</b>
<b>Adjusted EBITDA</b>	<b>605,407,188</b>	<b>(44,114,375)</b>	<b>(12,017,786)</b>	<b>549,275,027</b>
<b>Profit / (loss) for the period</b>	<b>259,937,406</b>	<b>(163,767,279)</b>	<b>(92,904,354)</b>	<b>3,265,773</b>

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>271,579,088</b>	<b>(166,099,980)</b>	<b>(92,473,852)</b>	<b>13,005,256</b>
Finance expense, net	(356,256,077)	(13,950,567)	(5,224,672)	(375,431,316)
Monetary loss/gain	679,893,614	-	-	679,893,614
<b>Operating profit / (loss) before finance income / (expense)</b>	<b>(52,058,446)</b>	<b>(152,149,413)</b>	<b>(87,249,183)</b>	<b>(291,457,042)</b>
Income from investing activities	922,906	-	-	922,906
Expenses from investing activities	(228,824)	-	-	(228,824)
<b>Operating profit/loss</b>	<b>(52,752,528)</b>	<b>(152,149,413)</b>	<b>(87,249,183)</b>	<b>(292,151,124)</b>
Depreciation and amortization expenses (Note 18)	(530,576,180)	(130,908,641)	(70,798,296)	(732,283,117)
Discount interest expense on purchases of goods (Note 19)	(394,417,379)	(127,093,203)	(48,625,707)	(570,136,289)
<b>EBITDA</b>	<b>872,241,031</b>	<b>105,852,431</b>	<b>32,174,819</b>	<b>1,010,268,281</b>
Cash outflows related to debt payments arising from lease agreements (Note 11)	(266,833,844)	(149,966,806)	(44,192,604)	(460,993,254)
<b>Adjusted EBITDA</b>	<b>605,407,188</b>	<b>(44,114,375)</b>	<b>(12,017,786)</b>	<b>549,275,027</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.

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

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated.)

#### 4. CASH AND CASH EQUIVALENTS

	<u>31 March 2025</u>	<u>31 December 2024</u>
Cash	41,868,690	22,151,060
Cash at banks	798,061,227	540,661,252
- <i>Time deposits</i>	222,324,885	259,686,687
- <i>Demand deposits</i>	575,736,342	280,974,565
Credit card receivables (*)	184,342,303	78,166,463
	<b>1,024,272,220</b>	<b>640,978,775</b>
Interest income accruals	1,084,189	2,896,037
	<b>1,025,356,409</b>	<b>643,874,812</b>

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

As of 31 March 2025 and 31 December 2024 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 2025</u>
Tenge	28 March 2025 - 2 April 2025	%42,25-46,25	222,324,885
	<u>Maturity</u>	<u>Interest Rate</u>	<u>31 December 2024</u>
TL	31 December 2024 - 2 January 2025	%46,5-49,75	259,686,687

#### 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 2025</u>	<u>31 December 2024</u>
<u>Short-term trade receivables</u>		
Trade receivables	1,782,078,307	1,765,422,703
Notes receivable	45,724,398	266,558,175
Provision for doubtful trade receivables (-)	(69,622,098)	(72,801,943)
	<b>1,758,180,607</b>	<b>1,959,178,935</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 61 days (31 December 2024: 61 days).

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

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

	<u>2025</u>	<u>2024</u>
<b>Opening balance</b>	<b>104,554,911</b>	<b>79,783,717</b>
Expense for the period (Note 19)	2,794,933	13,323,487
Collections	(390,054)	-
Translation gain	(5,584,724)	258,117
Inflation effect	(31,752,968)	(12,332,363)
<b>Closing balance</b>	<b>69,622,098</b>	<b>81,032,958</b>

#### b) Trade Payables:

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

	<u>31 March 2025</u>	<u>31 December 2024</u>
<b>Short-term trade payables</b>		
Trade payables (*)	2,623,937,816	2,411,539,135
Notes payable	3,161,577,410	3,861,512,276
Less: Deferred finance income from forward purchases	(569,826,624)	(536,893,430)
	<b>5,215,688,602</b>	<b>5,736,157,981</b>

(\*) A total of TL 152,969,839 (31 December 2024: TL 197,364,425) 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 2024: 159 days). The annual average effective interest rate in TL used in discount calculation is 59% (31 December 2024: 59%).

#### 6. INVENTORIES

	<u>31 March 2025</u>	<u>31 December 2024</u>
Raw materials and supplies	1,363,908,355	1,269,878,357
Semi-finished goods	10,255,807	17,130,760
Finished goods	372,654,175	417,077,612
Trade goods	7,280,071,373	7,122,941,177
Other inventories	58,708,073	33,330,823
Provision for impairment in inventory (-)	(78,651,897)	(79,936,701)
	<b>9,006,945,886</b>	<b>8,780,422,028</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 78,651,897 as of 31 March 2025 (31 December 2024: TL 79,936,701) of inventory, As of 31 March 2025, the total amount of inventory presented as net realizable value is TL 7,201,419,476 (31 December 2024: TL 7,043,004,476)

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

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated.)

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

Movement table of provision for impairment on inventories for the years ended 31 March 2025 and 31 March 2024 is as follows:

	<u>2025</u>	<u>2024</u>
<b>Opening balance</b>	<b>84,147,421</b>	<b>98,712,706</b>
Charge for the period	78,987,176	95,450,775
Reversed provision	(80,271,980)	(58,839,943)
Translation gain	(4,210,720)	(4,123,041)
<b>Closing balance</b>	<b>78,651,897</b>	<b>131,200,497</b>

As of 31 March 2025, there is no pledge/mortgage on inventories (31 December 2024: None)

#### 7. PREPAID EXPENSES AND DEFERRED INCOME

<u>Short-Term Prepaid Expenses</u>	<u>31 March 2025</u>	<u>31 December 2024</u>
Inventory advances given	1,493,024,571	1,429,702,347
Prepaid expenses (*)	102,741,095	73,294,499
Other	1,616,464	423,112
	<b>1,597,382,130</b>	<b>1,503,419,958</b>

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

<u>Short-Term Deferred Income</u>	<u>31 March 2025</u>	<u>31 December 2024</u>
Order advances received (*)	128,950,584	106,303,071
Deferred income (**)	73,587,533	21,074,302
	<b>202,538,117</b>	<b>127,377,373</b>

(\*) TL 56,366,267 of the order advances received (31 December 2024: TL 55,777,870) 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 2025</b>	<b>132,055,553</b>	<b>19,122,358</b>	<b>6,223,744,247</b>	<b>4,833,110,686</b>	<b>43,178,360</b>	<b>11,251,211,204</b>
Foreign currency translation differences	(751,090)	9,311	62,506,642	92,546,986	(846,872)	153,464,977
Additions	755,136	-	60,939,090	57,299,619	32,744,684	151,738,529
Transfers	(23,152,903)	-	20,434,360	2,718,556	(9,145,858)	(9,145,845)
Disposals	(1,260,027)	-	(19,655,655)	(2,335,978)	(3,548,956)	(26,800,616)
<b>Closing balance as of 31 March 2025</b>	<b>107,646,669</b>	<b>19,131,669</b>	<b>6,347,968,684</b>	<b>4,983,339,869</b>	<b>62,381,358</b>	<b>11,520,468,249</b>
<b><u>Accumulated Depreciation</u></b>						
<b>Opening balance as of 1 January 2025</b>	<b>(68,104,856)</b>	<b>(16,635,118)</b>	<b>(5,411,136,655)</b>	<b>(3,662,920,278)</b>	<b>-</b>	<b>(9,158,796,907)</b>
Foreign currency translation differences	(13,909,560)	1,194,295	75,816,765	(227,327,298)	-	(164,225,798)
Charge for the period	(1,218,702)	(93,248)	(40,408,582)	(51,876,816)	-	(93,597,348)
Disposals	927,402	-	20,919,435	950,356	-	22,797,193
<b>Closing balance as of 31 March 2025</b>	<b>(82,305,716)</b>	<b>(15,534,071)</b>	<b>(5,354,809,037)</b>	<b>(3,941,174,036)</b>	<b>-</b>	<b>(9,393,822,860)</b>
<b>Net book value as of 31 March 2025</b>	<b>25,340,953</b>	<b>3,597,598</b>	<b>993,159,647</b>	<b>1,042,165,833</b>	<b>62,381,358</b>	<b>2,126,645,389</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.****NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS  
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**8. PROPERTY, PLANT AND EQUIPMENT (cont'd)**

	<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>98,017,257</b>	<b>21,759,344</b>	<b>6,293,043,137</b>	<b>4,948,307,275</b>	<b>71,968,082</b>	<b>11,433,095,095</b>
Foreign currency translation differences	(2,504,951)	(183,287)	(56,248,900)	(109,254,440)	316,419	(167,875,159)
Additions	2,927,604	-	30,437,290	45,875,074	30,849,606	110,089,574
Transfers	-	-	-	-	(47,087,291)	(47,087,291)
Disposals	(1,555,677)	-	(26,297,035)	(46,748,349)	(542,340)	(75,143,401)
<b>Closing balance as of 31 March 2024</b>	<b>96,884,233</b>	<b>21,576,057</b>	<b>6,240,934,492</b>	<b>4,838,179,560</b>	<b>55,504,476</b>	<b>11,253,078,818</b>
<b><u>Accumulated Depreciation</u></b>						
<b>Opening balance as of 1 January 2024</b>	<b>(72,111,217)</b>	<b>(17,590,859)</b>	<b>(5,400,508,502)</b>	<b>(3,680,874,721)</b>	<b>-</b>	<b>(9,171,085,299)</b>
Foreign currency translation differences	2,425,425	53,437	60,354,466	52,941,703	-	115,775,031
Charge for the period	(2,534,324)	(174,287)	(73,236,868)	(82,161,520)	-	(158,106,999)
Disposals	1,266,543	-	15,342,779	32,011,427	-	48,620,749
<b>Closing balance as of 31 March 2024</b>	<b>(70,953,573)</b>	<b>(17,711,709)</b>	<b>(5,398,048,125)</b>	<b>(3,678,083,111)</b>	<b>-</b>	<b>(9,164,796,518)</b>
<b>Net book value as of 31 March 2024</b>	<b>25,930,660</b>	<b>3,864,348</b>	<b>842,886,367</b>	<b>1,160,096,449</b>	<b>55,504,476</b>	<b>2,088,282,300</b>

TL 1,535,814 (31 March 2024: TL 23,305) of depreciation expenses are included in research and development expenses, TL 83,136,799 (31 March 2024: TL 122,503,454) in marketing expenses and TL 8,924,735 (31 March 2024: TL 35,580,241) in general administrative expenses.

As of 31 March 2025, the Company has capitalized personnel expenses amounting to TL 23,922,019 within the scope of design center activities. (31 March 2024: TL 40,024,197).

As of 31 March 2025 and 31 March 2024, 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 2025</b>	<b>1,795,255,784</b>
Foreign currency translation differences	4,144,382
Additions	53,363,307
Transfers	9,145,858
Disposals	(1,095,502)
<b>Closing balance as of 31 March 2025</b>	<b>1,860,813,829</b>
<b>Accumulated Amortization</b>	
<b>Opening balance as of 1 January 2025</b>	<b>(1,095,635,953)</b>
Foreign currency translation differences	(30,751,533)
Charge for the period	(29,322,430)
<b>Closing balance as of 31 March 2025</b>	<b>(1,155,709,916)</b>
<b>Net book value as of 31 March 2025</b>	<b>705,103,913</b>
<b>Cost Value</b>	<b>Rights and Licenses</b>
<b>Opening balance as of 1 January 2024</b>	<b>1,542,377,165</b>
Foreign currency translation differences	(49,545,217)
Additions	164,507,852
Transfers	138,064,168
Disposals	(148,184)
<b>Closing balance as of 31 March 2024</b>	<b>1,795,255,784</b>
<b>Accumulated Amortization</b>	
<b>Opening balance as of 1 January 2024</b>	<b>(932,528,716)</b>
Foreign currency translation differences	(6,458,520)
Charge for the period	(162,858,814)
Transfers	6,119,733
Disposals	90,464
<b>Closing balance as of 31 March 2024</b>	<b>(1,095,635,953)</b>
<b>Net book value as of 31 March 2024</b>	<b>699,619,831</b>

TL 481,144 (31 March 2024: TL 17,305,332) of depreciation expenses are included in research and development expenses, TL 26,045,321 (31 March 2024: TL 14,231,167) in marketing expenses and TL 2,795,965 (31 March 2024: TL 4,195,518) 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 2025 and 1 January – 31 March 2024 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 2025</b>	<b>13,195,797,952</b>	<b>82,013,020</b>	<b>13,277,810,972</b>
Additions	452,344,956	-	452,344,956
Rent change	443,998,718	-	443,998,718
Disposals	(154,638,076)	(73,983,944)	(228,622,020)
Foreign currency translation differences	225,461,059	-	225,461,059
<b>Closing balance as of 31 March 2025</b>	<b>14,162,964,609</b>	<b>8,029,076</b>	<b>14,170,993,685</b>

**Accumulated Depreciation**

<b>Opening balance as of 1 January 2025</b>	<b>(8,625,662,752)</b>	<b>(87,542,015)</b>	<b>(8,713,204,767)</b>
Charge for the period	(565,650,650)	(4,567,671)	(570,218,321)
Disposals	59,591,192	73,899,579	133,490,771
Foreign currency translation differences	(175,187,793)	-	(175,187,793)
<b>Closing balance as of 31 March 2025</b>	<b>(9,306,910,003)</b>	<b>(18,210,107)</b>	<b>(9,325,120,110)</b>
<b>Net book value as of 31 March 2025</b>	<b>4,856,054,606</b>	<b>(10,181,031)</b>	<b>4,845,873,575</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 2024</b>	<b>12,596,970,706</b>	<b>146,542,323</b>	<b>12,743,513,029</b>
Additions	20,260,892	-	20,260,892
Rent change	1,074,386,787	5,279,269	1,079,666,056
Disposals	(874,786,056)	(1,998,398)	(876,784,454)
Foreign currency translation differences	(253,221,235)	-	(253,221,235)
<b>Closing balance as of 31 March 2024</b>	<b>12,563,611,094</b>	<b>149,823,194</b>	<b>12,713,434,288</b>

**Accumulated Depreciation**

<b>Opening balance as of 1 January 2024</b>	<b>(8,205,084,887)</b>	<b>(109,955,260)</b>	<b>(8,315,040,147)</b>
Charge for the period	(524,348,017)	(14,096,082)	(538,444,099)
Disposals	629,178,284	1,995,660	631,173,944
Foreign currency translation differences	146,306,477	-	146,306,477
<b>Closing balance as of 31 March 2024</b>	<b>(7,953,948,143)</b>	<b>(122,055,682)</b>	<b>(8,076,003,825)</b>
<b>Net book value as of 31 March 2024</b>	<b>4,609,662,951</b>	<b>27,767,512</b>	<b>4,637,430,463</b>

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

Depreciation expenses amounting to TL 506,490,057 (31 March 2024 TL 538,444,099) 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 2025	31 March 2024
Buildings	565,650,650	534,130,952
Motor vehicles	4,567,671	4,313,147
	<b>570,218,321</b>	<b>538,444,099</b>

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

	31 March 2025	31 March 2024
Depreciation and amortization expenses	570,218,321	538,444,099
Interest expenses	92,159,287	80,384,149
Foreign exchange expenses	(17,471,320)	(3,190,624)
	<b>644,906,288</b>	<b>615,637,624</b>

#### 11. BORROWINGS

##### Financial Borrowings

Details of borrowings at amortized cost are as follows:

<u>Financial Borrowings</u>	31 March 2025	31 December 2024
Short-term bank loans	4,319,758,062	3,271,750,226
Short-term portion of long-term financial borrowings	418,098,935	311,425,435
Short-term lease liabilities	1,516,525,666	1,474,805,751
Long-term bank loans	26,725,029	26,820,938
Long-term lease liabilities	2,251,377,706	2,014,001,805
	<b>8,532,485,398</b>	<b>7,098,804,155</b>

##### **Bank Loans**

As of 31 March 2025 and 31 December 2024 bank loan details are as followed:

	31 March 2025	31 December 2024
To be paid within 1 year	4,737,856,997	3,583,175,661
To be paid within 1 - 2 years	26,725,029	26,820,938
	<b>4,764,582,026</b>	<b>3,609,996,599</b>

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**11. BORROWINGS (cont'd)****Bank Loans (cont'd)****Short-Term Financial Borrowings as of 31 March 2025**

<b>Currency</b>	<b>Effective interest rate(%)</b>	<b>Nominal value (*)</b>	<b>Carrying value</b>
TL	% 27 - % 64	2,336,588,991	2,387,687,717
Euro	% 7 - % 10	1,992,882,042	2,001,905,933
US Dollar	% 9 - % 11	15,106,240	15,117,157
Georgian Lari	% 15 - % 16	82,024,800	83,930,471
Kazakhstan Tenge	% 17 - % 22	90,044,821	90,044,821
Other	% 12 - % 24	159,170,895	159,170,898
		<b>4,675,817,789</b>	<b>4,737,856,997</b>

**Short-Term Financial Borrowings as of 31 December 2024**

<b>Currency</b>	<b>Effective interest rate(%)</b>	<b>Nominal value (*)</b>	<b>Carrying value</b>
TL	% 27 - % 64	2,213,754,596	2,133,807,732
Euro	% 7 - % 10	1,167,622,823	1,098,176,923
US Dolllar	% 9 - % 11	59,292,104	55,990,805
Georgian Lari	% 15 - % 16	93,334,374	92,415,724
Kazakhstan Tenge	% 17 - % 22	46,182,063	40,540,579
Other	% 12 - % 24	170,613,496	162,243,898
		<b>3,750,799,456</b>	<b>3,583,175,661</b>

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

**Long-Term Financial Borrowings as of 31 March 2025**

<b>Currency</b>	<b>Effective interest rate(%)</b>	<b>Nominal value (*)</b>	<b>Carrying value</b>
TL	% 46	966,074	966,073
Euro	% 7 - % 10	31,858,979	25,758,956
		<b>32,825,053</b>	<b>26,725,029</b>

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**11. BORROWINGS (cont'd)****Bank Loans (cont'd)****Long-Term Financial Borrowings as of 31 December 2024**

<b>Currency</b>	<b>Effective interest rate(%)</b>	<b>Nominal value (*)</b>	<b>Carrying value</b>
Euro	%7 - %10	33,719,096	26,820,938
		<b>33,719,096</b>	<b>26,820,938</b>

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

**Financial Lease Liabilities**

As of 31 March 2025 and 31 December 2024, details of finance lease payables are as follows:

<b>Financial Borrowings</b>	<b>31 March 2025</b>	<b>31 December 2024</b>
Short-term lease liabilities	1,516,525,666	1,474,805,751
Long-term lease liabilities	2,251,377,706	2,014,001,805
	<b>3,767,903,372</b>	<b>3,488,807,556</b>

<b>Net Financial Debt Reconciliation</b>	<b>31 March 2025</b>	<b>31 December 2024</b>
Cash and cash equivalents	1,025,356,409	643,874,812
Bank loans	(4,764,582,026)	(3,609,996,599)
Financial lease liabilities	(3,767,903,372)	(3,488,807,556)
<b>Total borrowings</b>	<b>(7,507,128,989)</b>	<b>(6,454,929,343)</b>

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**11. BORROWINGS (cont'd)**

	<b>Bank loans</b>	<b>Lease liabilities</b>	<b>Net borrowings</b>
<b>1 January 2025</b>	<b>3,609,996,599</b>	<b>3,488,807,556</b>	<b>7,098,804,155</b>
Cash inflows from borrowings	2,121,744,326	-	2,121,744,326
Cash outflows related to debt payments	(891,952,859)	(475,309,997)	(1,367,262,856)
Effect of contract changes/reversals	-	799,843,115	799,843,115
Change in foreign exchange differences	199,174,894	(22,859,981)	176,314,913
Change in interest accruals	34,503,287	112,452,675	146,955,962
Foreign currency translation differences	21,168,839	183,943,053	205,111,892
Inflation effect	(330,053,060)	(318,973,049)	(649,026,109)
<b>31 March 2025</b>	<b>4,764,582,026</b>	<b>3,767,903,372</b>	<b>8,532,485,398</b>
	<b>Bank loans</b>	<b>Lease liabilities</b>	<b>Net borrowings</b>
<b>1 January 2024</b>	<b>2,391,188,941</b>	<b>3,514,209,241</b>	<b>5,905,398,182</b>
Cash inflows from borrowings	905,079,390	-	905,079,390
Cash outflows related to debt payments	(481,948,310)	(460,993,255)	(942,941,565)
Effect of contract changes/reversals	-	821,394,887	821,394,887
Change in foreign exchange differences	67,591,178	(24,128,558)	43,462,620
Change in interest accruals	17,832,787	47,888,708	65,721,495
Foreign currency translation differences	15,061,211	(93,929,445)	(78,868,234)
Inflation effect	(313,043,936)	(460,064,813)	(773,108,749)
<b>31 March 2024</b>	<b>2,601,761,261</b>	<b>3,344,376,765</b>	<b>5,946,138,026</b>

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

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#### 12. PROVISIONS

<u>Short-term provisions</u>	<b>31 March 2025</b>	<b>31 December 2024</b>
Provision for litigation	24,824,811	27,496,215
	<b>24,824,811</b>	<b>27,496,215</b>

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

As of 31 March 2025 and 31 March 2024, the movement of provisions for litigation is as follows:

	<b>2025</b>	<b>2024</b>
<b>Provision as at 1 January</b>	<b>27,496,215</b>	<b>38,285,772</b>
Provision recognised in the period	7,377,983	3,029,133
Payments	(7,124,213)	(6,323,385)
Provision used in the period	(411,263)	(628,241)
Inflation effect	(2,513,911)	(5,012,205)
<b>Provision as of 31 March</b>	<b>24,824,811</b>	<b>29,351,074</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 2025 and 31 December 2024 are as follows:

#### 31 March 2025

	Original currency			
	TL	US Dollar (*)	Euro(*)	TL Equivalents
A. GPMs Given for Company's Own Legal Personality	274,796,607	230,634	3,197,350	413,644,858
-Guarantee	274,796,607	230,634	3,197,350	413,644,858
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies	-	774,690	1,167,705	76,784,445
-Guarantee	-	774,690	1,167,705	76,784,445
-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>274,796,607</b>	<b>1,005,324</b>	<b>4,365,055</b>	<b>490,429,303</b>

Guarantees, pledges and mortgages given to the equity ratio of the Group is 0% as of 31 March 2025.

(\*) The related amounts are presented in original currency and TL equivalents are expressed in terms of the purchasing power of 31 March 2025.

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**13. COMMITMENTS (cont'd)****Guarantee-Pledge-Mortgages ("GPM")****31 December 2024**

	Original currency			
	TL	US Dollar (*)	Euro(*)	TL Equivalents
A. GPMs Given for Company's Own Legal Personality	293,911,705	230,634	4,405,018	480,992,903
- Guarantee	293,911,705	230,634	4,405,018	480,992,903
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies	-	42,238	1,199,398	50,141,430
- Guarantee	-	42,238	1,199,398	50,141,430
- 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>293,911,705</b>	<b>272,872</b>	<b>5,604,416</b>	<b>531,134,333</b>

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

(\*) The related amounts are presented in original currency and TL equivalents are expressed in terms of the purchasing power of 31 March 2025.

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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 2025, 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 6 million (TL 82,024,800) and RUB 355 million (TL 159,253,000) and KZT 1,3 billion (TL 97,500,000), respectively. (As at 31 December 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 6,5 million GEL (TL 83,966,389), 405 million RUB (TL 135,594,000) and 48 million KZT (TL 36,834,054).

#### 14. EMPLOYEE BENEFITS

##### Payables related to employee benefits

	31 March 2025	31 December 2024
Payables to personnel	247,681,975	231,127,837
Social security premiums payable	174,213,243	107,458,258
	<b>421,895,218</b>	<b>338,586,095</b>

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

	31 March 2025	31 December 2024
Unused vacation provision	193,019,531	207,799,506
Bonus provisions	10,287,744	16,088,477
	<b>203,307,275</b>	<b>223,887,983</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:

	2025	2024
<b>Provision as of 1 January</b>	<b>207,799,506</b>	<b>192,502,953</b>
Period expense / Used (Net)	24,922,689	56,340,080
Vacation provision paid	(20,111,537)	(42,530,621)
Foreign currency translation differences	953,244	791,827
Inflation effect	(20,544,371)	(25,201,640)
<b>Provision as of 31 March</b>	<b>193,019,531</b>	<b>181,902,599</b>

##### Movement of provisions for bonuses:

	2025	2024
<b>Provision as of 1 January</b>	<b>16,088,477</b>	<b>109,616,255</b>
Bonus provision paid	(4,181,787)	(5,498,288)
Charge for the period	-	508,161
Inflation effect	(1,618,946)	(14,350,478)
<b>Provision as of 31 March</b>	<b>10,287,744</b>	<b>90,275,650</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 46,655.43 for each period of service as of 31 March 2025 (31 March 2024: TL 35,058.58).

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 2025, 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 27.87% real discount rate (31 December 2024: 26.25%) calculated by using 22.70% annual inflation rate and 4.21% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 14.58% (31 December 2024: 15.41%). The maximum amount of TL 46,655.43 effective from 1 April 2025 has been taken into account in the calculation of the severance pay provision of the Group (1 April 2024: TL 35,058.58TL)

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

	2025	2024
<b>Provision as of January 1</b>	<b>122,313,642</b>	<b>141,255,135</b>
Service cost	7,972,392	13,406,182
Interest cost	10,574,088	14,603,220
Employment termination benefit paid	(21,001,606)	(22,357,851)
Actuarial loss	39,733,774	19,202,987
Foreign currency translation differences	250,488	180,463
Inflation effect	(17,405,491)	(19,220,875)
<b>Provision as of 31 March</b>	<b>142,437,287</b>	<b>147,069,261</b>

#### 15. OTHER ASSETS AND LIABILITIES

As of 31 March 2025, and 31 December 2024, other current assets and short-term liabilities are as follows:

	31 March 2025	31 December 2024
Deferred VAT	421,190,584	484,320,897
Turququality income accruals (*)	52,070,916	1,451,304
Other	43,988,083	27,882,139
	<b>517,249,583</b>	<b>513,654,340</b>

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**15. OTHER ASSETS AND LIABILITIES (cont'd)****Turquality income accrual movement table:**

	<b>2025</b>	<b>2024</b>
Opening Balance – 1 January	1,451,304	-
Period charge	50,486,923	-
Collections	-	-
Inflation affect	132,689	-
<b>Closing Balance – 31 March</b>	<b>52,070,916</b>	<b>-</b>

(\*) Koton Mağazacılık has the right to receive a government incentive calculated periodically in return for investments made abroad within the scope of a branding program conducted by the Ministry of Economy of the Republic of Turkey under the name of "Turquality". Turquality income accruals consist of the part of the incentive amount calculated on the investment costs and certain expenses applied for within the scope of this brand program that has not yet been paid. As of March 31, 2024, there are no Turquality incentives applied for.

<b>Other Short-term liabilities</b>	<b>31 March 2025</b>	<b>31 December 2024</b>
Tax and Fund Payables	92,745,034	170,549,966
Other	33,941,200	-
	<b>126,686,234</b>	<b>170,549,966</b>

**16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS****Paid-in capital**

As of 31 March 2025 and 31 December 2024, the structure of paid in capital is as follows:

	<b>%</b>	<b>31 March 2025</b>	<b>%</b>	<b>31 December 2024</b>
Nemo Apparel BV	% 39,6	328,508,456	% 39,6	328,508,456
Yılmaz Yılmaz	% 23,6	195,902,787	% 23,6	195,902,787
Şükriye Gülden Yılmaz	% 23,6	195,902,787	% 23,6	195,902,787
Publicly traded shares	% 13,2	109,335,970	% 13,2	109,335,970
	<b>%100</b>	<b>829,650,000</b>	<b>%100</b>	<b>829,650,000</b>
Capital adjustment differences (*)		5,599,691,224		5,599,691,224
Adjusted capital		6,429,341,224		6,429,341,224

(\*) 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

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

##### **Paid-in capital (cont'd)**

On 31 March 2025, at the extraordinary general assembly meeting held, it was decided to divide the Company's paid-in capital amounting to TL 829,650,000 into 829,650,000 registered nominal shares with a unit nominal share value of TL 1. (As of 31 December 2024, the Company's paid-in capital amounting to TL 829,650,000 consists of 829,650,000 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 2025, the Group has allocated reserves amounting to TL 192,364,681 (31 December 2024: TL 192,364,681) in the restricted reserves in the consolidated financial statements for the treasury shares of the Group.

##### **Share issue premiums / discounts**

The Company increased its paid-in capital from TL 795,500,000 to TL 829,650,000 through the public offering method, and the public offering income obtained above the nominal capital increase amount was recognized in the share premiums account after the public offering expenses were deducted.

The Group's share issue premiums as of March 31, 2025 are explained below:

	31 March 2025
Share issue premiums/ discounts	1,307,017,480
Capital Increase	(37,586,435)
Initial public offering expenses	(106,085,377)
Inflation affect	29,791,713
	<b>1,193,137,381</b>

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

##### Additional Information on Capital, Reserves and Other Equity Items

The reserve items such as "Capital Adjustment Differences", "Premiums (discounts) Relating to Shares" (Emission Premiums) and "Legal Reserves" and "Other Reserves", including status reserves and special reserves, etc. in the financial statements prepared in accordance with the CMB legislation, have been shown in terms of CPI starting from the TFRS balance sheets for the reporting period ending in 2024, and in terms of PPI in the VUK financial statements.

31 March 2025	PPI Indexed Legal records	CPI Indexed Differences to be followed amounts	in Retained Earnings
Capital adjustment differences	6,990,970,050	5,599,833,245	1,391,136,805
Legal reserve inflation adjustment differences	263,025,794	192,381,743	70,644,051
Premiums related to shares	1,098,476,641	1,193,137,381	(94,660,740)
	<b>8,352,472,484</b>	<b>6,985,352,369</b>	<b>1,367,120,116</b>

##### 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 2025, the Group has foreign currency translation differences amounting to TL(2,106,776,125) (31 December 2024: TL(2,650,422,562)) 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 2025, actuarial losses amounting to TL(180,226,356) (31 December 2024: TL(150,426,026)) 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.



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

#### 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 2024: None).

#### Analysis of other comprehensive expense items

	31 March 2025	31 December 2024
Defined Benefit Plans Remeasurement Losses	(180,226,356)	(150,426,026)
Hedge Fund	(144,339,636)	(37,105,849)
Foreign Currency Translation Fund	(2,106,617,042)	(2,650,422,562)
	<b>(2,431,183,034)</b>	<b>(2,837,954,437)</b>

### 17. REVENUE AND COST OF SALES

#### a) Sales

Sales of goods and services	1 January – 31 March 2025	1 January - 31 March 2024
-Retail	5,289,801,107	5,083,558,923
-E-Commerce	641,827,408	651,352,873
-Wholesale	444,304,539	462,877,498
	<b>6,375,933,054</b>	<b>6,197,789,294</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 2025	1 January- 31 March 2024
Cost of trade goods sold	(3,404,794,367)	(3,046,326,437)
Cost of goods sold	(236,441,349)	(143,975,627)
	<b>(3,641,235,716)</b>	<b>(3,190,302,064)</b>

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#### 18. EXPENSES BY NATURE

The details of depreciation and amortization expenses for the periods ended 31 March 2025, 31 March 2024 are as follows:

<b>Depreciation and amortization expenses</b>	<b>1 January - 31 March 2025</b>	<b>1 January - 31 March 2024</b>
Research and development expenses	11,373,518	17,328,637
Marketing expenses	615,672,177	675,178,720
General administrative expenses	66,092,404	39,775,760
	<b>693,138,099</b>	<b>732,283,117</b>

The details of personnel expenses for the periods ended 31 March 2025, 31 March 2024 are as follows:

<b>Personnel expenses</b>	<b>1 January - 31 March 2025</b>	<b>1 January - 31 March 2024</b>
Research and development expenses	53,469,087	46,275,798
Marketing expenses	819,813,144	846,721,439
General administrative expenses	372,097,443	287,138,551
	<b>1,245,379,674</b>	<b>1,180,135,788</b>

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

<b>Other Income From Operating Activities</b>	<b>1 January - 31 March 2025</b>	<b>1 January - 31 March 2024</b>
Foreign exchange gains from operating activities	496,972,463	264,930,426
Discount interest income from trade transactions	72,295,404	26,785,959
Turquality income	50,486,923	-
Other income	63,078,813	40,436,733
	<b>682,833,603</b>	<b>332,153,118</b>

<b>Other Expense From Operating Activities</b>	<b>1 January - 31 March 2025</b>	<b>1 January - 31 March 2024</b>
Discount interest expense on purchases of goods	455,522,485	570,136,290
Foreign exchange losses from operating activities	78,560,677	115,290,884
Provision for doubtful trade receivables (Note 5)	2,794,933	13,323,487
Other	32,376,030	39,987,788
	<b>569,254,125</b>	<b>738,738,449</b>

**20. FINANCE INCOME AND EXPENSES**

The details of finance income for the years ended 31 March 2025 and 31 March 2024 are as follows:

	<b>1 January - 31 March 2025</b>	<b>1 January - 31 March 2024</b>
Lease concessions (*)	44,766,998	58,026,645
Interest income	305,589	7,004,949
	<b>45,072,587</b>	<b>65,031,594</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 2025 and 31 March 2024.

The details of finance expenses for the years ended 31 March 2025 and 31 March 2024 are as follows:

	<b>1 January - 31 March 2025</b>	<b>1 January - 31 March 2024</b>
Interest expenses	386,491,574	196,020,950
Credit card commissions	129,826,477	112,473,329
Interest expense on lease liabilities	114,852,946	107,794,837
Foreign exchange losses (net)	30,973,580	13,368,068
Banking and guarantee expenses	10,060,894	7,673,180
Other	5,578,387	3,132,546
	<b>677,783,858</b>	<b>440,462,910</b>

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

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

Current Period Tax Assets	1 January - 31 March 2025	1 January - 31 December 2024
Corporate tax and income tax payable	263,676	-
Less: prepaid taxes (-)	(63,369,866)	(68,906,390)
Inflation effect	-	-
	<b>(63,106,190)</b>	<b>(68,906,390)</b>

	1 January - 31 March 2025	1 January - 31 March 2024
Current period corporate tax expense (-)	(245,165)	(101,266)
Deferred tax (expense) / income	43,488,209	(9,638,217)
	<b>43,243,044</b>	<b>(9,739,483)</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 2025 is 25% in Türkiye (2024: 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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**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 20% (31 December 2024: 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.

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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.

	<b>Accumulated Temporary Differences</b>		<b>Deferred Tax Assets/Liabilities</b>	
	<b>31 March 2025</b>	<b>31 December 2024</b>	<b>31 March 2025</b>	<b>31 December 2024</b>
Inventories	1,936,124,304	1,852,440,975	(519,140,884)	(493,332,457)
Property, plant and equipment and intangible Assets	410,385,103	(560,404,442)	(102,596,276)	(71,047,823)
Provision for vacation	(160,748,994)	(200,100,172)	45,679,439	49,667,918
Provision for employment termination benefits	(142,437,287)	(122,313,642)	35,609,322	30,578,410
Litigation provision	(24,824,811)	(27,496,215)	6,206,203	6,874,054
Cash capital deduction	(239,469,860)	(159,707,110)	59,867,465	39,926,778
Adjustments related to trade payables	561,288,168	534,653,245	(141,594,752)	(133,587,743)
Adjustments related to trade receivables	(171,024,675)	(100,207,712)	42,756,169	25,051,928
Prior years losses	(3,546,768,582)	(2,252,085,525)	765,881,461	570,720,656
Adjustments related to financial liabilities	142,409,947	170,541,444	(35,602,487)	(42,635,361)
Right-of-use asset and liability	1,195,305,185	1,079,133,668	(271,748,031)	(272,100,338)
Hedge accounting	(192,452,848)	(49,474,464)	48,113,212	12,368,616
Premium accrual	(7,235,888)	(13,018,421)	1,951,719	3,228,463
Return provisions	(8,392,878)	16,436,965	2,098,219	(4,109,242)
Design centre discount	(65,413,771)	(71,996,207)	16,353,443	17,999,052
Other	53,265,222	(84,157,019)	(46,920,249)	21,039,250
<b>Net, deferred tax assets/(liabilities)</b>	<b>(259,991,665)</b>	<b>12,245,368</b>	<b>93,086,027</b>	<b>(239,357,839)</b>

The tax rate used in the calculation of deferred tax assets and liabilities is 25% on temporary timing differences expected to reverse in 2025 and beyond (2024 : 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 2025, 31 March 2024 is given below:

	2025	2024
<b>Opening balance as of 1 January</b>	<b>(239,357,839)</b>	<b>(287,726,684)</b>
Tax (expense)/income for the period	43,488,209	60,909,802
Recognized in other comprehensive income	45,678,040	(9,638,217)
Translation (gain) / loss	78,989,458	8,554,583
Inflation affect	(21,883,895)	(79,385,840)
<b>Closing balance as of 31 March</b>	<b>(93,086,027)</b>	<b>(307,286,285)</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

Trade payables to related parties	31 March 2025	31 December 2024
Gülyılmaz Gayrimenkul Yatırım Geliştirme İşletme ve Ticaret A.Ş. (*)	6,019,017	3,946,342
	<b>6,019,017</b>	<b>3,946,342</b>

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

Compensation of key management personnel:

	1 January- 31 March 2025	1 January- 31 March 2024
Salaries and other short-term benefits	31,652,224	30,493,750
	<b>31,652,224</b>	<b>30,493,750</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 2025	1 January- 31 December 2024
Average number (full value) of shares outstanding during the period	829,650,000	829,650,000
Net profit	(379,351,493)	(434,637,624)
Less: Minority shareholders	11,325,839	1,954,196
Net Loss for the period attributable to the parent company	(390,677,332)	(436,591,821)
Earnings per share (TL)	(0,471)	(0,483)

The Company's shares began trading on the stock exchange on May 10, 2024. With the public offering, the Company's capital was increased from TL 795,500,000 to TL 829,650,000, and shares with a nominal value of TL 34,150,000, which were increased in cash, were added to the capital. The Company's paid-in capital of TL 829,650,000 consists of 829,650,000 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.



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

#### Foreign currency risk management

31 March 2025

	TL Equivalent (Functional Currency)	US Dollar	Euro	GBP	Ruble
1. Trade Receivables	578,558,503	11,927,601	3,127,859	-	1,773,676
2a. Monetary Financial Assets	64,670,124	1,129,317	531,703	3,347	481,793
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	13,706,063	331,908	28,779	-	-
<b>4. Current Assets (1+2+3)</b>	<b>656,934,690</b>	<b>13,388,826</b>	<b>3,688,341</b>	<b>3,347</b>	<b>2,255,469</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>656,934,690</b>	<b>13,388,826</b>	<b>3,688,341</b>	<b>3,347</b>	<b>2,255,469</b>
10. Trade Payables	1,284,371,959	33,141,491	802,928	1,700	-
11. Financial Liabilities	2,017,023,091	400,289	49,184,582	-	-
12a. Other Monetary Liabilities	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>3,301,395,050</b>	<b>33,541,780</b>	<b>49,987,510</b>	<b>1,700</b>	<b>-</b>
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	25,758,957	-	632,869	-	-
16a. Other Monetary Liabilities	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>25,758,957</b>	<b>-</b>	<b>632,869</b>	<b>-</b>	<b>-</b>
<b>18. Total Liabilities(13+17)</b>	<b>3,327,154,007</b>	<b>33,541,780</b>	<b>50,620,379</b>	<b>1,700</b>	<b>-</b>
<b>19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)</b>	<b>(144,339,636)</b>	<b>-</b>	<b>(3,546,263)</b>	<b>-</b>	<b>-</b>
<b>19a. Amount of foreign currency derivative products out of statement of financial position with active character</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b. Amount of foreign currency derivative products excluded from the financial position statement with liable character</b>	<b>144,339,636</b>	<b>-</b>	<b>3,546,263</b>	<b>-</b>	<b>-</b>
<b>20. Net foreign currency asset/(liability) position (9-18+19)</b>	<b>(2,814,558,953)</b>	<b>(20,152,954)</b>	<b>(50,478,301)</b>	<b>1,647</b>	<b>2,255,469</b>
<b>21. Monetary items net foreign currency liability position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(2,683,925,380)</b>	<b>(20,484,862)</b>	<b>(46,960,817)</b>	<b>1,647</b>	<b>2,225,469</b>
<b>22. . Financial instruments used for currency hedging total fair value</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. The amount of the hedged portion of foreign currency assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. The amount of the hedged portion of foreign currency liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>23. Export</b>	<b>1,269,945,957</b>	<b>10,403,368</b>	<b>26,004,073</b>	<b>-</b>	<b>-</b>
<b>24. Import</b>	<b>525,503,446</b>	<b>14,529,708</b>	<b>-</b>	<b>-</b>	<b>-</b>

# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated.)

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

#### Foreign currency risk management

31 December 2024

	TL Equivalent (Functional Currency)	US Dollar	Euro	GBP
1. Trade Receivables	514,416,509	10,496,127	2,658,376	-
2a. Monetary Financial Assets	124,491,771	1,452,680	1,682,931	2,391
2b. Non-Monetary Financial	-	-	-	-
3. Other	12,904,767	304,092	27,591	-
<b>4. Current Assets (1+2+3)</b>	<b>651,813,047</b>	<b>12,252,899</b>	<b>4,368,898</b>	<b>2,391</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>651,813,047</b>	<b>12,252,899</b>	<b>4,368,898</b>	<b>2,391</b>
10. Trade Payables	1,270,805,749	31,781,886	955,131	1,400
11. Financial Liabilities	1,154,167,730	1,444,263	27,155,541	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
<b>13. Current Liabilities (10+11+12)</b>	<b>2,424,973,479</b>	<b>33,226,149</b>	<b>28,110,672</b>	<b>1,400</b>
14. Trade Payables	-	-	-	-
15. Financial Liabilities	25,476,032	-	629,967	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
<b>17. Non-Current Liabilities (14+15+16)</b>	<b>25,476,032</b>	<b>-</b>	<b>629,967</b>	<b>-</b>
<b>18. Total Liabilities(13+17)</b>	<b>2,450,449,511</b>	<b>33,226,149</b>	<b>28,740,639</b>	<b>1,400</b>
<b>19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)</b>	<b>(37,105,849)</b>	<b>-</b>	<b>(917,547)</b>	<b>-</b>
<b>19a. . Amount of foreign currency derivative products out of statement of financial position with active character</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>19b. Amount of foreign currency derivative products excluded from the financial position statement with liable character</b>	<b>37,105,849</b>	<b>-</b>	<b>917,547</b>	<b>-</b>
<b>20. Net foreign currency asset/(liability) position (9-18+19)</b>	<b>(1,835,742,313)</b>	<b>(20,973,250)</b>	<b>(25,289,288)</b>	<b>991</b>
<b>21. Monetary items net foreign currency liability position (1+2a+5+6a-10-11-12a-14-15-16a)</b>	<b>(1,811,541,231)</b>	<b>(21,277,342)</b>	<b>(24,399,332)</b>	<b>991</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	709,108,943	24,243,307	22,457,656	-
24. Import	1,215,244,170	38,912,661	78,335	-

# KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

## NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated.)

### 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 2025

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	(152,217,680)	152,217,680	(152,217,680)	152,217,680
2- The portion hedged from US Dollar risk (-)	-	-	-	-
<b>3- Net effect of US Dollar</b>	<b>(152,217,680)</b>	<b>152,217,680</b>	<b>(152,217,680)</b>	<b>152,217,680</b>
In case of Euro appreciation by 20 % against TL				
4 - Euro net asset / liability	(410,912,552)	410,912,552	(410,912,552)	410,912,552
5 - The portion hedged from Euro risk (-)	(21,446,757)	21,446,757	(28,867,927)	28,867,927
<b>6- Net effect of Euro</b>	<b>(432,359,309)</b>	<b>432,359,309</b>	<b>(439,780,479)</b>	<b>439,780,479</b>
<b>TOTAL (3+6)</b>	<b>(584,576,989)</b>	<b>584,576,989</b>	<b>(591,998,159)</b>	<b>591,998,159</b>

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

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated.)

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

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

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

##### **31 December 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	(91,926,112)	91,926,112	(91,926,112)	91,926,112
2- The portion hedged from US Dollar risk (-)	-	-	-	-
<b>3- Net effect of US Dollar</b>	<b>(91,926,112)</b>	<b>91,926,112</b>	<b>(91,926,112)</b>	<b>91,926,112</b>
In case of Euro appreciation by 20 % against TL				
4 - Euro net asset / liability	(156,668,158)	156,668,158	(156,668,158)	156,668,158
5 - The portion hedged from Euro risk (-)	6,956,963	(6,956,963)	(14,910,006)	14,910,006
<b>6- Net effect of Euro</b>	<b>(149,711,195)</b>	<b>149,711,195</b>	<b>(171,578,164)</b>	<b>171,578,164</b>
<b>TOTAL (3+6)</b>	<b>(241,637,307)</b>	<b>241,637,307</b>	<b>(263,504,276)</b>	<b>263,504,276</b>

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

### NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2025, unless otherwise stated.)

#### 25. MONETARY GAIN/(LOSSES)

The monetary position gains / losses for the period of March 31, 2025 are as follows:

Non Monetary Items	31 March 2025
<b>Balance Sheet Items</b>	<b>(211.944.067)</b>
Subsidiaries	53.764.596
Deffered Income	(5.178.155)
Tangible Assets	57.434.766
Intangible Assets	(46.926.645)
Rigt of use Assets	28.394.347
Prepaid Expenses	(10.751.349)
Stocks	56.461.575
Restricted reserves set aside from profits	-
Capital Adjustments Differences	(183.946.331)
Accumulated other comprehensive expenses not to be reclassified to profit or loss	12.525.928
Retained Earnings	(173.722.799)
<b>Income Statement Items</b>	<b>640.722.301</b>
Revenue	(116.437.033)
Cost of Sales (-)	412.576.829
Research and Development Expenses (-)	7.293.730
Marketing Expenses (-)	265.040.406
General Administrative Expenses (-)	27.582.178
Other Income from operating activities	(17.750.187)
Other Expenses from operating activities (-)	24.175.326
Income from investing activities	(39.149)
Expense from investing activites	9.738
Financial expenses	11.553.772
Deffered tax Expense/Income	26.716.692
<b>Total</b>	<b>428.778.235</b>

#### 26. EVENTS AFTER REPORTING PERIOD

After the reporting period of March 31, 2025, three stores were opened abroad and one store was closed abroad. Thus, the total number of stores increased to 451 as of May 12, 2025.