KOTON MAĞAZACILIK TEKSTİL
SANAYİ VE TİCARET A.Ş.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD 1 JANUARY - 30 JUNE 2025
TOGETHER WITH THE AUDITOR'S REVIEW REPORT

(CONVENIENCE TRANSLATION OF THE REPORT AND THE FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH)

DRT Bağımsız Denetim ve
Serbest Muhasebeci
Mali Müşavirlik A.Ş.
Maslak No1 Plaza
Eski Büyükdere Caddesi
Maslak Mahallesi No:1
Maslak, Sarıyer 34485
İstanbul, Türkiye

Tel: +90 (212) 366 60 00
Fax: +90 (212) 366 60 10
www.deloitte.com.tr

Mersis No :0291001097600016
Ticari Sicil No: 304099

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

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

To the General Assembly of Koton Mağazacılık Tekstil A.Ş.

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Koton Mağazacılık Tekstil A.Ş. ("the Company") and its subsidiaries (together will be referred as "the Group") as of 30 June 2025 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended. Management Group management is responsible for the preparation and presentation of this consolidated interim financial information in accordance with Turkish Accounting Standards 34 "Interim Financial Reporting" ("TAS 34"). Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

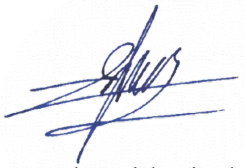
Scope of Review

We conducted our review in accordance with Independent Auditing Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Independent Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

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



Tolga Sirkecioğlu
Partner

İstanbul, 14 August 2025

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	Notes	Reviewed 30 June 2025	Audited 31 December 2024
ASSETS			
Cash and cash equivalents	4	855,847,520	682,550,579
Trade receivables	5	1,602,463,163	2,076,861,358
- Trade receivable from third parties		*1,602,463,163*	*2,076,861,358*
Other receivables		33,318,850	7,638,550
- Other receivable from third parties		*33,318,850*	*7,638,550*
Inventories	6	9,532,537,183	9,307,837,527
Prepaid expenses	7	1,702,896,561	1,593,726,208
Current tax assets	21	56,475,661	73,045,405
Other current assets	15	487,302,639	544,508,127
Total current assets		**14,270,841,577**	**14,286,167,754**
Financial investments		3,975,000	4,637,789
Other receivables		206,030,719	170,069,562
- Other receivable from third parties		*206,030,719*	*170,069,562*
Property, plant and equipment	8	2,343,258,740	2,218,099,797
Intangible assets	9	724,934,573	741,644,046
Right of use assets	10	4,826,451,138	4,838,789,389
Prepaid expenses		3,707,849	4,544,847
Deferred tax assets	21	369,863,504	298,993,346
Other non-current assets		7,687,481	8,561,006
Total non-current assets		**8,485,909,004**	**8,285,339,782**
TOTAL ASSETS		**22,756,750,581**	**22,571,507,536**

	Notes	Reviewed 30 June 2025	Audited 31 December 2024
LIABILITIES			
Short-term borrowings	11	6,687,415,173	5,361,800,270
Short-term borrowings	11	*5,022,444,881*	*3,468,275,151*
Short-term Portion of Long-term Borrowings	11	*96,089,991*	*330,131,894*
Lease liabilities	11	*1,568,880,301*	*1,563,393,225*
Trade payables		5,127,413,103	6,080,713,017
Trade payables to third parties	*5*	*5,127,413,103*	*6,080,713,017*
Payables related to employee benefits	14	333,797,916	358,924,019
Other payables		31,095,557	31,774,279
Other payable to third parties		*31,095,557*	*31,774,279*
Deferred income	7	200,282,549	135,028,577
Short-term provisions		301,997,438	266,484,146
Provisions for employee benefits	*14*	*277,051,144*	*237,336,310*
Other short-term provisions	*12*	*24,946,294*	*29,147,836*
Other current short-term liabilities	15	223,792,409	180,794,427
Total current liabilities		**12,905,794,145**	**12,415,518,735**
Long-term borrowings	11	2,189,852,113	2,163,409,281
Long-term borrowings	*11*	*8,020,079*	*28,431,997*
Lease liabilities	*11*	*2,181,832,034*	*2,134,977,284*
Other payables		36,446,885	30,836,950
Other payables to third parties		*36,446,885*	*30,836,950*
Deffered income		38,104,219	74,392,971
Long term provisions	14	148,487,707	129,660,682
Long-term provisions for employee benefits	*14*	*148,487,707*	*129,660,682*
Deffered tax liabilities	21	558,714,767	552,728,745
Total non-current liabilities		**2,971,605,691**	**2,951,028,629**
TOTAL LIABILITIES		**15,877,399,836**	**15,366,547,364**
Paid-in share capital	16	829,650,000	829,650,000
Capital adjustment differences	16	5,985,883,847	5,985,883,847
Share issued premium/discount	16	1,264,805,821	1,264,805,821
Accumulated other comprehensive expenses not to be reclassified to profit or loss	16	(194,313,281)	(159,461,698)
- Loss on remeasurement of defined benefit plans		*(194,313,281)*	*(159,461,698)*
Accumulated other comprehensive income to be reclassified to profit or loss		(3,070,212,557)	(2,848,960,758)
- Foreign currency translation differences	*16*	*(2,820,260,095)*	*(2,809,626,064)*
- Loss on cash flow hedge	*16*	*(249,952,462)*	*(39,334,694)*
Restricted reserves appropriated from profit	16	203,919,492	203,919,492
Retained earnings prior year’s profit / (losses)		1,927,051,888	2,389,868,564
Net loss for the period		(72,772,803)	(462,816,676)
Equity of the parent company		6,874,012,407	7,202,888,592
Non-Controlling Interests		5,338,338	2,071,580
TOTAL EQUITY		**6,879,350,745**	**7,204,960,172**
TOTAL LIABILITIES AND EQUITY		**22,756,750,581**	**22,571,507,536**

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIODS ENDED 1 JANUARY - 30 JUNE 2025 AND 2024

(Amounts expressed in Turkish Lira (”TL”) in terms of the purchasing power of Turkish Lira ("TL") as of 30 June 2025, unless otherwise stated.)

	Notes	Reviewed 1 January - 30 June 2025	Reviewed 1 January - 30 June 2024	Not Reviewed 1 April - 30 June 2025	Not Reviewed 1 April - 30 June 2024
Revenue	17	13,902,579,632	14,458,674,780	7,143,662,035	7,888,601,543
Cost of sales (-)		(6,365,435,128)	(6,456,360,200)	(2,505,480,523)	(3,074,425,575)
GROSS PROFIT		**7,537,144,504**	**8,002,314,580**	**4,638,181,512**	**4,814,175,968**
General administrative expenses (-)		(1,394,944,104)	(1,234,417,848)	(761,707,322)	(729,372,952)
Marketing expenses (-)		(5,101,811,235)	(4,900,235,380)	(2,564,426,929)	(2,420,315,569)
Research and development expenses (-)		(168,078,596)	(192,487,918)	(86,217,496)	(110,621,964)
Other operating income19		1,229,041,041	602,417,985	505,191,525	250,313,354
Other operating expenses (-)	19	(1,224,507,169)	(1,416,826,057)	(621,059,534)	(633,713,647)
OPERATING PROFIT		**876,844,441**	**860,765,362**	**1,019,961,756**	**1,170,465,190**
Income from investment activities		2,956,095	1,659,899	1,138,827	681,557
Losses from investment activities (-)		(478,143)	(1,217,630)	17,696	(975,061)
OPERATING PROFIT BEFORE FINANCE EXPENSES		**879,322,393**	**861,207,631**	**1,111,118,279**	**1,170,171,686**
Finance income	20	88,511,337	216,407,908	40,731,365	147,470,048
Finance expenses (-)	20	(1,545,572,560)	(1,051,393,564)	(827,076,113)	(584,473,273)
Net monetary position gains		605,311,291	773,374,838	150,777,544	52,641,906
PROFIT BEFORE TAX		**27,572,461**	**799,596,813**	**475,551,075**	**785,810,367**
Tax income	21	(97,078,506)	77,555,996	(142,919,040)	87,880,503
Current tax expense	21	(259,891)	(76,153)	-	31,196
Deffered tax expense	21	*(96,818,615)*	*77,632,149*	*(142,919,040)*	*87,849,307*
(LOSS) / PROFIT FOR THE PERIOD		**(69,506,045)**	**877,152,809**	**332,632,035**	**873,690,870**
Distrubution of Profit/ (Loss) for the period					
Non-Controlling Interests		3,266,758	-	(8,739,393)	-
Equity of the parent company		(72,772,803)	(877,152,809)	341,371,428	873,690,870
(Loss)/Earning per share (“TRY”)	**23**	**(0,087)**	**1,057**	**0,383**	**1,053**
OTHER COMPREHENSIVE (EXPENSE)/INCOME					
Items not to be reclassified to profit or loss		**(34,851,583)**	**(2,567,385)**	**(3,261,230)**	**(469,706)**
Defined benefit plans remeasurement losses	*14*	(46,468,778)	(3,423,182)	(4,348,307)	(626,276)
Taxes related to components of other comprehensive ıncome that will not be reclassified to other profit or loss					
Deffered tax income / (expense)	21	11,617,195	855,797	1,087,077	156,570
Items that will be reclassified to profit or loss		**(221,251,799)**	**(249,249,120)**	**(684,047,180)**	**(606,470,091)**
Foreing currency translation differences		(10,634,031)	(264,323,451)	(587,104,434)	(623,892,428)
Cash flow hedge gains		(280,823,691)	20,099,108	(129,256,995)	23,229,782
Taxes related to other comprehensive ıncome that will be reclassified to profit or loss					
Deffered tax (expense) / income	21	70,205,923	(5,024,777)	32,314,249	(5,807,445)
OTHER COMPREHENSIVE EXPENSE		**(256,103,382)**	**(251,816,505)**	**(687,308,410)**	**(606,939,797)**
TOTAL COMPREHENSIVE INCOME		**(325,609,427)**	**625,336,304**	**(354,676,375)**	**266,751,073**
Distribution of Total Comprehensive Income					
Minority shareholders		3.266.758	-	(8,739,393)	-
Equity of the parent company		(328,876,185)	625,336,304	(345,936,982)	266,751,073

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED 1 JANUARY - 30 JUNE 2025 AND 2024

(Amounts expressed in Turkish Lira (”TL”) in terms of the purchasing power of Turkish Lira ("TL") as of 30 June 2025, unless otherwise stated)

				Items to be reclassified to profit or loss	Items to be reclassified to profit or loss						
	Pain in share capital	Capital adjustment diffrences	Share premiums discounts	Loss on remeasurement of defined benefit plans	Foreign currency translation diffrences	Loss on cash flow hedge	Restiricted Reserves appropriated	Retained earnings	Minority Shareholders	Net Profit/(Loss) for the period	Total equity
Balances as of 1 January 2024	**795,500,000**	**5,971,579,214**	**-**	**(156,690,588)**	**(2,292,262,164)**	**(114,099,716)**	**203,919,492**	**(649,980,764)**	**-**	**3,039,849,327**	**6,797,814,801**
Transfers	-	-	-	-	-	-	-	2,250,928,955	-	(2,250,928,955)	-
Capital Increase	34,150,000	14,304,636	-	-	-	-	-		-	-	**48,454,636**
Increase (Decrease) Due to Share-Based Transactions	-	-	1,345,682,233	-	-	-	-	-	-	-	**1,345,682,233**
Total comprehensive expense	**-**	**-**	**-**	**(2,567,385)**	**(264,323,451)**	**15,074,331**	**-**	**-**	**-**	**877,152,809**	**625,336,304**
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	-	877,152,809	877,152,809
Cash flow hedge gains	-	-	-	-	-	15,074,331	-	-	-	-	15,074,331
Foreing currency translation diffrences	-	-	-	-	(264,323,451)	-	-	-	-	-	(264,323,451)
Actuarial loss	-	-	-	(2,567,385)	-	-	-	-	-	-	(2,567,385)
Balances as of 30 June 2024	**829,650,000**	**5,985,883,850**	**1,345,682,233**	**(159,257,973)**	**(2,556,585,615)**	**(99,025,385)**	**203,919,492**	**1,600,948,191**	**-**	**1,666,073,181**	**8,817,287,974**
Balances as of 1 January 2025	**829,650,000**	**5,985,883,847**	**1,264,805,821**	**(159,461,698)**	**(2,809,626,06)**	**(39,334,694)**	**203,919,492**	**2,389,868,564**	**2,071,580**	**(462,816,676)**	**7,204,960,172**
Transfers	-	-	-	-	-	-	-	(462,816,676)	-	462,816,676	-
Total comprehensive income	**-**	**-**	**-**	**(34,851,583)**	**(10,634,031)**	**(210,617,768)**	**-**	**-**	**3,266,758**	**(72,772,803)**	**(325,609,427)**
Profit/ (Loss) for the period	-	-	-	-	-	-	-	-	3,266,758	(72,772,803)	(69,506,045)
Cash flow hedge gains	-	-	-	-	-	(210,617,768)	-	-	-	-	(210,617,768)
Foreing currency translation diffrences	-	-	-	-	(10,634,031)	-	-	-	-	-	(10,634,031)
Actuarial loss	-	-	-	(34,851,583)	-	-	-	-	-	-	(34,851,583)
Balances as of 30 June 2025	**829,650,000**	**5,985,883,847**	**1,264,805,821**	**(194,313,281)**	**(2,820,260,095)**	**(249,952,462)**	**203,919,492**	**1,927,051,888**	**5,338,338**	**(72,772,803)**	**6,879,350,745**

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

	Notes	Reviewed 1 January - 30 June 2025	Reviewed 1 January - 30 June 2024
A. Cash Flows From Operating Activities		**1,019,970,213**	**913,382,865**
Net (Loss)/Profit For The Period		**(69,506,045)**	**877,152,809**
Adjustments Related To Reconciliation of net Profit Of The Year		**2,078,402,761**	**1,229,080,114**
Adjustments related to deprecation and amortization expense	8,9,10	1,783,392,962	1,528,434,328
Adjustments related to impairment		10,826,937	53,378,887
Adjustments related to impairment / (reversals) on inventory	6	*6,132,004*	*40,411,763*
Adjustments related to impairment loss recognised on receivables	5	*4,694,933*	*12,967,124*
Adjustments related to provisions		148,424,624	173,247,368
Adjustments Related to for Employee Benefits	*14*	*141,457,904*	*171,928,999*
Adjustments Related to Provisions for Legal Claims	*12*	*6,966,720*	*5,178,338*
Adjustments Related to Other Provisions		-	*(3,859,969)*
Adjustments Related to Interest (Income) and Expense		1,773,587,318	1,594,259,053
Adjustments Related to Interest Income	*20*	*(88,511,337)*	*(138,436,981)*
Adjustments Related to Interest Expense	*20*	*978,776,398*	*649,128,708*
Deferred Financing Expense from Forward Purchases		*883,322,257*	*1,083,567,326*
Adjustments Related to Income From Government Grants		(79,539,960)	(4,356,533)
Adjustments Related to Unrealised Currency Tranlation Differences		(667,113,231)	(389,620,509)
Other Adjustments Related to Non-Cash Items		30,861,718	67,992,490
Adjustments Related to Tax Expense	21	97,078,506	(77,555,997)
Adjustments Related to Losses/(Gains) on Disposal of Non-Current Assets		(2,477,952)	(442,269)
Other Adjustments Related to Net Profit /(Loss)		78,687,499	26,403,746
Adjustments Related toTo Monetary Loss / Gain		(1,095,325,660)	(1,742,660,450)
Changes in Working Capital		**(988,926,503)**	**(1,192,850,058)**
Changes Related to Increase in Inventories		58,878,887	(182,736,531)
Changes Related to Increase in Trade Receivables		201,349,250	(668,836,059)
Change in Prepaid Expenses		(300,332,307)	(230,303,610)
Changes Related to Decrease (Increase) in Other Operating Receivables		(148,020,588)	(12,715,745)
Changes Related to Increase (Decrease) in Trade Payables		(967,624,484)	(213,416,970)
Changes Related to Increase (Decrease) in Employee Benefits		(39,435,113)	194,283,125
Changes Related to Increase (Decrease) in Other Operating Payables		266,672,132	49,931,520
Related to Increase (Decrease) in Deferred Income		(1,896,498)	113,720,559
Payments Related to Employee Benefits		(68,517,541)	(170,812,167)
Tax Returns (Payments)	21	16,569,744	(61,316,820)
Other Cash Inflows (Outflows)		(6,569985)	(10,647,360)
B. Cash Flows Used in Investing Activities		**(455,108,810)**	**(364,236,524)**
Cash İnflows from sale of Property Plant and Equıpment and intagible assest		16,585,478	44,884,375
-Proceeds from Sale of Property, Plant and Equipment	*9*	*14,096,519*	*44,884,375*
- Proceeds from Sale of Intangible Assets	*9*	*2,488,959*	-
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		(471,694,303)	(409,120,899)
-Cash Outflows from Purchase Property, Plant and Equipment	*8*	*(378,755,504)*	*(311,881,785)*
-Cash Outflows from Purchase Intangible Assets	*9*	*(92,938,799)*	*(97,239,114)*
C. Cash Flows Generated from/(Used in) Financing Activities		**(298,627,361)**	**838,658,206**
Proceeds from Borrowings	11	3,205,976,769	1,461,616,877
Cash Outflows Repayment of Borrowings	11	(1,930,814,088)	(1,101,275,791)
Cash Outflows Repayment of Borrowings Arising from Lease Agreements	11	(1,055,806,890)	(854,571,332)
Cash Inflows from the Issuance of Shares and Other Equity-Based Instruments		-	1,379,832,233
Cash Inflows from the Issuance of Shares		-	*1,379,832,233*
Interest Received	5,20	86,974,768	86,386,891
Interest Paid	5,20	(604,957,920)	(133,330,672)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)		**266,234,027**	**1,387,804,547**
D. EFFECT OF MONETARY LOSSES AND GAINS ON CASH AND CASH EQUIVALENTS		**(97,543,649)**	**(119,946,474)**
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		**168,690,078**	**1,267,858,073**
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**4**	**682,550,579**	**604,880,626**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	**4**	**851,240,957**	**1,872,738,699**

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

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

As explained in Note 16, as of 30 June 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 commenced trading on Borsa İstanbul as of 10 May 2024.

As of 30 June 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 Germany") (*)	Germany	Retailing
Koton Textile Limited Doo Sarajevo ("Koton Bosnia and Herzegovina")	Bosnia and Herzegovina	Retailing
Koton Textile Limited Llc ("Koton Georgia")	Georgia	Retailing
Koton Textile D.O.O Zagreb ("Koton Crotia") (*)	Croatia	Retailing
TOO "Koton Textile" Limited ("Koton Kazakhstan")	Kazakhstan	Retailing
Koton Mağazacılık Doo El Skopje ("Koton Macedonia")	Macedonia	Retailing
Koton Textile Retail Srl ("Koton Romania")	Romania	Retailing
Ooo Koton Textile Llc ("Koton Russia")	Russia	Retailing
Koton Textile Limited Doo Beograd ("Koton Serbia")	Serbia	Retailing
Koton Textile Limited S.R.O ("Koton Slovakia") (*)	Slovakia	Retailing
Koton Tekstil Emboria Endimaton Monoprosopi Epe ("Koton Greece") (*)	Greece	Retailing
Koton Mağazacılık Sarl Au ("Koton Morocco")	Morocco	Retailing
Koton Mağazacılık Sasu ("Koton France") (*)	France	Retailing
LLC Koton Textile ("Koton Belarus")	Belarus	Retailing
Limited Liability Company Koton Textile ("Koton Ukraine")	Ukraine	Retailing
Koton Textil Limited ("Koton Hong Kong") (*)	Hong Kong	Retailing
Koton Mağazacılık Limited ("Koton Azerbaijan") (*)	Azerbaijan	Retailing
Koton Textil Korlátolt Felelősségű Társaság ("Koton Hungary") (*)	Hungary	Retailing
Koton A.G. Tradıng L.L.C. ("Koton UAE") (*)(**)	UAE	Retailing
Koton India Private Limited ("Koton India") (*)(**)	India	Retailing
Koton Tradıng LLC ("Koton KSA")	Saudi Arabia	Retailing
Koton Bahrain Trading W.L.L ("Koton Bahreyn") (*)	Bahrain	Retailing
Koton Fashıon Trading L.L.C ("Koton Umman") (*)(**)	Oman	Retailing
Koton Trading L.L.C ("Koton Katar") (*)(**)	Qatar	Retailing

(*) As of 30 June 2025 there are active no store.
(**) It was established in 2025.

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

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

As of 30 June 2025, the total number of stores of the Group is 453 (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 211 stores abroad (31 December 2024: 207). 73 of these stores are franchise stores (31 December 2024: 73 stores as of 30 June 2025, the Group's average number of employees is 7,842 (31 December 2024: 7,979).

The condensed consolidated financial statements were approved for publication by the Company's Board of Directors on 14 August 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 INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Basis of preperation and presentation of financial statements

The Group's companies operating in Turkey prepare their accounting records and statutory financial statements in Turkish Lira in accordance with the accounting and financial reporting standards ("CMB Financial Reporting Standards") adopted by the Capital Markets Board ("CMB"), the provisions of the Turkish Commercial Code ("TCC") and Tax Legislation, and the requirements of the Uniform Chart of Accounts published by the Ministry of Finance. Subsidiaries operating abroad have prepared their statutory financial statements in accordance with the laws and regulations applicable in the countries in which they operate.

The interim condensed consolidated financial statements are based on the statutory financial statements of the Group's subsidiaries and presented in Turkish Lira in accordance with the 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 deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities, financial statements are prepared on historical cost basis.

The interim condensed consolidated financial statements have been prepared in accordance with the provisions of the Capital Markets Board's Communiqué Series II, No. 14.1 "Principles of Financial Reporting in the Capital Markets" ("Communiqué") published in the Official Gazette dated 13 June 2013 and numbered 28676. Pursuant to Article 5, the Turkish Financial Reporting Standards, which were put into effect by the Public Oversight, Accounting and Auditing Standards Authority, and their annexes and comments are taken as basis.

The Group has prepared its condensed interim consolidated financial statements for the interim period ended 30 June 2025, in accordance with the CMB's Communiqué Series: II, No. 14.1 and the announcements clarifying this Communiqué, in accordance with TAS 34, "Interim Financial Reporting."

The interim condensed consolidated financial statements and notes are presented in accordance with the formats recommended by the CMB and include the required information. Entities are free to prepare their interim financial statements in full or in summary form in accordance with TAS 34.

Within this framework, the Group has chosen to prepare condensed interim consolidated financial statements. The significant accounting policies used in preparing the condensed consolidated financial statements are consistent with the accounting policies detailed in the consolidated financial statements as of 31 December 2024.

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

2.1 Basis of Presentation (cont'd)

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

Therefore, the interim consolidated financial statements should be evaluated together with the financial statements for the year ending December 31, 2024.

Furthermore, in accordance with the Communiqué and its accompanying announcements, the collateral and mortgage table, foreign exchange position table, total import amounts, and the hedged portion of the total foreign exchange liability are presented in the footnotes to the summary financial statements.

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.

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

2.2 Financial reporting in hyperinflationary economy

The Group prepared its consolidated financial statements as at and for the period ended 30 June 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 30 June 2024 and 31 December 2024 on a purchasing power basis as of 30 June 2025.

Pursuant to the decision of the Capital Markets Board (CMB) 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 TAS 29 starting from their annual financial reports for the periods ending on 31 December 2023

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 30 June 2025, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Coefficeient	Three – year cumulavite inflation rates
30 June 2025	3,132.17	1,00000	220%
31 December 2024	2,684.55	1,16674	291%
30 June 2024	2,319,29	1,35049	324%

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.

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 arising on the net monetary position as a result of general inflation is the difference between the adjustments to non-monetary assets, equity items and income statement accounts. This gain or loss on the net monetary position is included in net profit.

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

Restatement of the Statement of Financial Position

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

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

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 30 June 2024 purchasing power according to the following principles.

For the year ended 30 June 2025, the consolidated statement of financial position is translated into Turkish Lira at the closing rate of 30 June 2025. The consolidated income statement for the period 1 January 2025 – 30 June 2025 has been translated into Turkish Lira at the average monthly exchange rates and indexed to the purchasing power of 30 June 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 December 2024 and indexed to the purchasing power of 30 June 2025. For the period

1 January 2024 – 30 June 2024, the income statement is translated into Turkish Lira at the average monthly exchange rates and indexed to the purchasing power of 30 June 2025.

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

2.2 Financial reporting in hyperinflationary economy (cont'd)

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.

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.

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

2.4 Basis for Consolidation (cont'd)

All of the subsidiaries included in the consolidation were established by the Company, and the table below shows the ownership rates as of 30 June 2025 and 31 December 2024:

Subsidiaries	30 June 2025 Effective partnership rate (%)	31 December 2024 Effective partnership oranı (%)
Koton Germany (*)	100.00	100.00
Koton Azerbaijan (*)	100.00	100.00
Koton Bosnia and Herzegovina	100.00	100.00
Koton Georgia	100.00	100.00
Koton Croatia (*)	100.00	100.00
Koton Hong Kong (*)	100.00	100.00
Koton Kazakhstan	100.00	100.00
Koton Macedonia	100.00	100.00
Koton Romania	100.00	100.00
Koton Russia	100.00	100.00
Koton Slovakia (*)	100.00	100.00
Koton Greece (*)	100.00	100.00
Koton France (*)	100.00	100.00
Koton Morocco	100.00	100.00
Koton Belarus	100.00	100.00
Koton Ukraine	100.00	100.00
Koton Serbia	100.00	100.00
Koton Hungary (*)	100.00	100.00
Koton United Arab Emirates	51.00	51.00
Koton India(*)	100.00	100.00
Koton Saudi Arabia	51.00	51.00
Koton Bahrain	51.00	51.00
Koton Oman (*)(**)	51.00	-
Koton Qatar (*)(**)	51.00	-

(*) There is no activity as of the balance sheet date.
(**) Koton Oman and Koton Qatar was established in 2025.

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) Amendments that are mandatorily effective from 2025

TAS 21 (Amendments) Lack of Exchangeability

TAS 21 (Amendments) Lack of Exchangeability

These amendments include guidance on determining when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after 1 January 2025.

The potential impact of these standards, amendments, and improvements on the Group's consolidated financial position and performance is being evaluated.

b) Amendments and interpretations of standards that have not yet entered into force and existing previous standards.

The Group has not yet implemented the following standards that have not yet entered into force and the following amendments and interpretations to existing previous standards:

TFRS 17	*Insurance Contracts*
TFRS 17 (Amendments)	*Insurance Contracts and First-Time Adoption of TFRS 17 and TFRS 9 – Comparative Information*
TFRS 18	*Presentation and Disclosures in Financial Statements.*
TFRS 9 and TFRS 7 (Amendments)	*Changes to the Classification and Measurement of Financial Instruments*
TFRS 9 and TFRS 7 (Amendments)	*Changes Regarding Electricity Purchase Agreements*
TFRS 19	*Subsidiaries Without Public Accountability: Disclosures*

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

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

TFRS 17 Insurance Contracts

TFRS 17 requires insurance liabilities to be measured at a present value and provides a more streamlined measurement and presentation approach for all insurance contracts. These requirements are designed to achieve consistent, principle-based accounting for insurance contracts. TFRS 17 has been postponed for insurance, reinsurance, and pension companies by one year and will replace TFRS 4 Insurance Contracts as of 1 January 2026.

TFRS 17 (Amendments) Insurance Contracts and Initial Adoption of TFRS 17 and TFRS 9 – Comparative Information

Amendments have been made to TFRS 17 to reduce implementation costs, facilitate the disclosure of results, and facilitate the transition.

Furthermore, the amendment regarding comparative information allows companies that initially adopt TFRS 7 and TFRS 9 simultaneously to present comparative information on their financial assets as if the classification and measurement requirements of TFRS 9 had previously been applied to that financial asset. The changes will be applied when TFRS 17 is first applied.

TFRS 18 ***Financial Statement Presentation and Disclosures***

This standard includes requirements for the presentation and disclosure of information in financial statements for all entities applying IFRS. It is effective for annual reporting periods beginning on or after 1 January 2027.

TFRS 9 and TFRS 7 (Amendments) - Amendments to the Classification and Measurement of Financial Instruments

The amendments address issues identified during the post-implementation review of the classification and measurement requirements of TFRS 9 Financial Instruments. They are effective for annual reporting periods beginning on or after 1 January 2026.

TFRS 9 and TFRS 7 (Amendments) - Amendments Regarding Power Purchase Agreements

The amendments are intended to enable entities to include information about contracts referencing nature-based electricity in their financial statements, with the view that this more accurately reflects such contracts. They are effective for annual reporting periods beginning on or after 1 January 2026.

TFRS 19 - Subsidiaries Without Public Accountability: Disclosures

TFRS 19 specifies the disclosure requirements that a qualifying subsidiary is permitted to apply in lieu of the disclosure requirements in other TFRS Accounting Standards. It is effective for annual reporting periods beginning on or after 1 January 2027.

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 - 30 June 2025

	Türkiye	CIS Countries(*)	Other International Countries(**)	Total
-Retail	8,939,208,471	1,391,700,757	1,242,067,908	**11,572,977,136**
-E-Commerce	809,590,633	529,953,184	266,746,905	**1,606,290,722**
-Wholesale	613,566,329	9,022,343	100,723,102	**723,311,774**
Total sales	**10,362,365,433**	**1,930,676,284**	**1,609,537,915**	**13,902,579,632**
Cost of sales	**(4,280,110,916)**	**(1,284,902,989)**	**(800,421,223)**	**(6,365,435,128)**
Gross profit	**6,082,254,517**	**645,773,295**	**809,116,692**	**7,537,144,504**
EBITDA	**3,032,736,829**	**229,512,152**	**353,182,118**	**3,615,431,099**
Adjusted EBITDA	**2,328,360,298**	**26,474,319**	**204,789,592**	**2,559,624,209**
Profit / (loss) for the period	**111,554,461**	**(254,720,746)**	**73,660,240**	**(69,506,045)**

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 - 30 June 2025 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
Profit/(loss) before tax	**218,423,937**	**(262,564,910)**	**71,713,434**	**27,572,461**
Finance expense, net	(1,333,827,178)	(88,983,567)	(34,250,478)	(1,457,061,223)
Monetary loss/gain	605,311,291	-	-	605,311,291
Operating loss before finance income / (expense)	**946,939,824**	**(173,581,343)**	**105,963,912**	**879,322,393**
Income from investing activities	2,901,095	-	55,000	2,956,095
Expenses from investing activities	(423,143)	-	(55,000)	(478,143)
Operating profit/(loss)	**944,461,872**	**(173,581,343)**	**105,963,912**	**876,844,441**
Depreciation and amortization expenses (Note 18)	(1,389,049,041)	(226,203,574)	(168,140,347)	(1,783,392,962)
Discount interest expense on purchases of goods (Note 19)	(699,225,916)	(176,889,921)	(79,077,859)	(955,193,696)
EBITDA	**3,032,736,829**	**229,512,152**	**353,182,118**	**3,615,431,099**
Cash outflows related to debt payments arising from lease agreements (Note 11)	(704,376,531)	(203,037,833)	(148,392,526)	(1,055,806,890)
Adjusted EBITDA	**2,328,360,298**	**26,474,319**	**204,789,592**	**2,559,624,209**

1 January - 30 June 2024

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
-Retail	8,317,190,313	2,407,079,266	1,326,064,149	**12,050,333,728**
-E-Commerce	986,614,318	242,296,985	141,745,155	**1,370,656,458**
-Wholesale	729,988,639	114,732,544	192,963,411	**1,037,684,594**
Total sales	**10,033,793,270**	**2,764,108,795**	**1,660,772,715**	**14,458,674,780**
Cost of sales	**(3,945,870376)**	**(1,306,990,439)**	**(1,203,499,385)**	**(6,456,360,200)**
Gross profit	**6,087,922,894**	**1,457,118,356**	**457,273,330**	**8,002,314,580**
EBITDA	**2,685,850,088**	**830,439,719**	**78,682,981**	**3,594,972,788**
Adjusted EBITDA	**2,164,592,447**	**581,318,014**	**(5,509,005)**	**2,740,401,456**
Profit / (loss) for the period	**785,640,264**	**242,541,700**	**(151,029,155)**	**877,152,809**

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 - 30 June 2024 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
Profit before tax	**762,541,236**	**189,234,308**	**(152,178,731)**	**799,596,813**
Finance expense, net	(720,554,607)	(115,057,481)	626,432	(834,985,656)
Monetary loss/gain	773,374,838	-	-	773,374,838
Operating loss before finance income / (expense)	**709,721,005**	**304,291,789**	**(152,805,163)**	**861,207,631**
Income from investing activities	1,659,899	-	-	1,659,899
Expenses from investing activities	(1,217,630)	-	-	(1,217,630)
Operating profit/(loss)	**709,278,736**	**304,291,789**	**(152,805,163)**	**860,765,362**
Depreciation and amortization expenses (Note 18)	(1,120,429,805)	(268,189,729)	(139,814,794)	(1,528,434,328)
Discount interest expense on purchases of goods (Note 19)	(856,141,547)	(257,958,201)	(91,673,350)	(1,205,773,098)
EBITDA	**2,685,850,088**	**830,439,719**	**78,682,981**	**3,594,972,788**
Cash outflows related to debt payments arising from lease agreements (Note 11)	(521,257,641)	(249,121,705)	(84,191,986)	(854,571,332)
Adjusted EBITDA	**2,164,592,447**	**581,318,014**	**(5,509,005)**	**2,740,401,456**

(*) 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.

Information regarding the Group's domestic and international subsidiaries, including segment reporting is as follows:

1 April - 30 June 2025

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
-Retail	4,549,348,403	768,844,762	647,239,243	**5,965,432,408**
-E-Commerce	446,718,026	324,420,812	154,771,691	**925,910,529**
-Wholesale	206,506,588	5,634,853	40,177,657	**252,319,098**
Total sales	**5,202,573,017**	**1,098,900,427**	**842,188,591**	**7,143,662,035**
Cost of sales	**(1,424,721,946)**	**(759,356,438)**	**(321,402,139)**	**(2,505,480,523)**
Gross profit	**3,777,851,071**	**339,543,989**	**520,786,452**	**4,638,181,512**
EBITDA	**2,400,144,749**	**4,852,623**	**225,893,616**	**2,630,890,988**
Adjusted EBITDA	**2,036,835,143**	**(95,849,708)**	**137,959,065**	**2,078,944,500**
Profit / (loss) for the period	**496,242,711**	**(236,840,103)**	**73,229,427**	**332,632,035**

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 April - 30 June 2025 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
Profit before tax	**646,152,527**	**(242,910,856)**	**72,309,404**	**475,551,075**
Finance expense, net	(703,818,758)	(42,574,584)	(39,951,406)	(786,344,748)
Monetary loss/gain	150,777,544	-	-	150,777,544
Operating profit / loss before finance income / (expense)	**1,199,193,741**	**(200,336,272)**	**112,260,810**	**1,111,118,279**
Income from investing activities	1,142,131	-	(3,304)	1,138,827
Expenses from investing activities	14,392	-	3,304	17,696
Operating profit/(loss)	**1,198,037,218**	**(270,336,270)**	**112,260,810**	**1,109,961,756**
Depreciation and amortization expenses (Note 18)	(862,850,838)	(110,829,664)	(74,939,486)	(1,048,619,988)
Discount interest expense on purchases of goods (Note 19)	(339,256,693)	(94,359,231)	(38,693,320)	(472,309,244)
EBITDA	**2,400,144,749**	**4,852,623**	**225,893,616**	**2,630,890,998**
Cash outflows related to debt payments arising from lease agreements	(363,309,606)	(100,702,331)	(87,934,551)	(551,946,488)
Adjusted EBITDA	**2,036,835,143**	**(95,849,708)**	**137,959,065**	**2,078,944,500**

Information regarding the Group's domestic and international subsidiaries, including segment reporting is as follows:

1 April - 30 June 2024

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
-Retail	4,599,881,791	1,416,967,596	644,570,190	6,661,419,577
- E-Commerce	488,012,715	96,216,498	95,949,420	680,178,633
-Wholesale	333,070,389	101,424,316	112,508,628	547,003,333
Total sales	**5,420,964,895**	**1,614,608,410**	**853,028,238**	**7,888,601,543**
Cost of sales	**(1,783,426,941)**	**(645,655,149)**	**(645,343,485)**	**(3,074,425,575)**
Gross profit	**3,637,537,954**	**968,953,261**	**207,684,753**	**4,814,175,968**
EBITDA	**1,761,215,968**	**718,229,028**	**44,575,508**	**2,524,020,504**
Adjusted ABITDA	**1,522,820,138**	**628,082,217**	**7,230,653**	**2,158,133,008**
Profit / (loss) for the period	**510,089,140**	**416,146,023**	**(52,544,293)**	**873,690,870**

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 April - 30 June 2024 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
Profit before tax	**474,649,148**	**365,311,451**	**(54,150,232)**	**785,810,367**
Finance expense, net	(342,899,217)	(100,268,943)	6,164,935	(437,003,225)
Monetary loss/gain	52,641,906	--	--	52,641,906
Operating loss before finance income / (expense)	**764,906,459**	**(465,580,394)**	**(60,315,167)**	**1,170,171,686**
Income from investing activities	681,557	--	--	681,557
Expenses from investing activities	(975,061)	--	--	(975,061)
Operating Profit / (Loss)	**765,199,963**	**(465,580,394)**	**(60,315,167)**	**1,170,465,190**
Depreciation and amortization expenses (Note 18)	(557,983,391)	(129,417,771)	(64,763,842)	(752,165,004)
Discount interest expense on purchases of goods (Note 19)	(438,032,614)	(123,230,863)	(40,126,833)	(601,390,310)
EBITDA	**1,761,215,968**	**718,229,028**	**44,575,508**	**2,524,020,504**
Cash outflows related to debt payments arising from lease agreements	(238,395,830)	(90,146,811)	(37,344,855)	(365,887,496)
Adjusted EBITDA	**1,522,820,138**	**628,082,217**	**7,230,653**	**2,158,133,008**

4. CASH AND CASH EQUIVALENTS

	30 June 2025	31 December 2024
Cash	23,389,912	23,481,612
Cash at banks	772,066,524	573,137,268
-Time deposits	*349,568,763*	*275,285,343*
- Demand deposits	*422,497,761*	*297,851,925*
Credit card receivables (*)	55,784,521	82,861,705
Cash And Cash Equivalents In Statement Of Cash	**851,240,957**	**679,480,585**
Interest income accruals	4,606,563	3,069,994
	855,847,520	**682,550,579**

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

4. CASH AND CASH EQUIVALENTS(cont'd)

As of 30 June 2025 and 31 December 2024 the details of time deposits, maturity dates and interest rates of the Group are as follows:

	Maturity	Interest Rate	30 June 2025
TL	30 June 2025 - 1 July 2025	44%-49%	243,033,875
EUR	30 June 2025 - 1 July 2025	1,50%	106,534,888
			349,568,763

	Maturity	Interest Rate	31 December 2024
TL	31 December 2024 - 2 January 2025	46,5-49,75%	275,285,343
			275,285,343

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	30 June 2025	**31 December 2024**
Short-term trade receivables		
Trade receivables	1,468,272,493	1,871,466,728
Notes receivable	204,393,745	282,569,582
Provision for doubtful trade receivables (-)	(70,203,075)	(77,174,952)
	1,602,463,163	**2,076,861,358**

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 59 days (31 December 2024: 61 days).

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

	2025	**2024**
Opening balance 1 January	**77,174,952**	**84,576,104**
Expense for the period (Note 19)	4,694,933	12,967,124
Collections	(554,229)	(303,670)
Translation gain	349,662	289,343
Inflation effect	(11,462,243)	(18,407,516)
Closing balance 30 June	**70,203,075**	**79,121,385**

5. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables:

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

	30 June 2025	31 December 2024
Short-term trade payables		
Trade payables (*)	2,695,759,100	2,556,393,575
Notes payable	3,028,746,679	4,093,462,565
Less: Deferred finance income from forward purchases	(597,092,676)	(569,143,123)
	5,127,413,103	**6,080,713,017**

(*) A total of TL 131,298,784 (31 December 2024: TL 209,219,557) 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 125 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

	30 June 2025	31 December 2024
Raw materials and supplies	1,310,455,717	1,346,156,413
Semi-finished goods	11,502,569	18,159,757
Finished goods	321,836,260	442,130,302
Trade goods	7,947,395,343	7,550,796,418
Other inventories	30,928,111	35,332,912
Provision for impairment in inventory (-)	(89,580,817)	(84,738,275)
	9,532,537,183	**9,307,837,527**

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 89,580,817 (31 December 2024: TL 84,738,275) of inventory,

6. INVENTORIES (cont’d)

Movement table of provision for impairment on inventories for the years ended 30 June 2025 and 30 June 2024 is as follows:

	2025	2024
Opening balance 1 January	**84,738,275**	**104,642,104**
Charge for the period	86,007,722	89,108,499
Reversed provision	(79,875,718)	(48,696,736)
Translation gain	(1,289,462)	(15,516,130)
Closing balance 30 June	**89,580,817**	**129,537,737**

As of 30 June 2025, there is no pledge/mortgage on inventories (31 December 2024: None)

7. PREPAID EXPENSES AND DEFERRED INCOME

Short-Term Prepaid Expenses	30 June 2025	31 December 2024
Inventory advances given	1,591,249,007	1,515,580,586
Prepaid expenses (*)	110,353,257	77,697,095
Other	1,294,297	448,527
	1,702,896,561	**1,593,726,208**

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

Short-Term Deferred Income	30 June 2025	31 December 2024
Order advances received (*)	147,080,654	112,688,400
Deferred income (**)	53,201,895	22,340,177
	200,282,549	**135,028,577**

(*)TL 61,112,923 of the order advances received (31 December 2024: TL 59,128,291) 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.

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8. PROPERTY, PLANT AND EQUIPMENT

	Plant, machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Construction in progress(*)	Total
Cost Value						
Opening balance as of 1 January 2025	**139,987,762**	**20,270,985**	**6,597,587,232**	**5,123,422,184**	**45,771,965**	**11,927,040,128**
Foreign currency translation differences	(23,659,825)	(42,496)	102,245,942	165,043,233	474,968	244,061,822
Additions	3,254,634	-	151,611,441	155,333,687	68,555,742	378,755,504
Transfers	-	-	-	-	(11,418,156)	(11,418,156)
Disposals	(3,140,417)	-	(21,136,157)	(14,460,044)	-	(38,736,618)
Closing balance as of 30 June 2025	**116,442,154**	**20,228,489**	**6,830,308,458**	**5,429,339,060**	**103,384,519**	**12,499,702,680**
Accumulated Depreciation						
Opening balance as of 1 January 2025	(72,195,725)	(17,634,343)	(5,736,168,565)	(3,882,941,698)	-	(9,708,940,331)
Foreign currency translation differences	2,232,359	(116,676)	(39,706,249)	(121,719,464)	-	(159,310,030)
Charge for the period	(5,511,061)	(292,996)	(144,003,217)	(165,504,356)	-	(315,311,630)
Disposals	1,586,692	-	12,109,938	13,421,421	-	27,118,051
Closing balance as of 30 June 2025	**(73,887,735)**	**(18,044,015)**	**(5,907,768,093)**	**(4,156,744,097)**	**-**	**(10,156,443,940)**
Net book value as of 30 June 2025	**42,554,419**	**2,184,474**	**922,540,365**	**1,272,594,963**	**103,384,519**	**2,343,258,740**

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

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

	Plant, machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Construction in progress(*)	Total
Cost Value						
Opening balance as of 1 January 2024	**103,904,882**	**23,066,369**	**6,671,048,714**	**5,245,538,315**	**76,290,999**	**12,119,849,279**
Foreign currency translation differences	6,013,996	(693,598)	(110,723,495)	(220,399,134)	664,998	(325,137,233)
Additions	4,422,145	-	94,757,266	120,961,609	91,740,765	311,881,785
Transfers	25,262,803	-	(24,305,882)	5,120,081	(74,539,081)	(68,462,079)
Disposals	(559,536)	(774,488)	(39,120,399)	(63,155,051)	(1,007,246)	(104,616,720)
Closing balance as of 30 June 2024	**139,044,290**	**21,598,283**	**6,591,656,204**	**5,088,065,820**	**93,150,435**	**11,933,515,032**
Accumulated Depreciation						
Opening balance as of 1 January 2024	**(76,442,738)**	**(18,647,494)**	**(5,724,902,006)**	**(3,901,974,616)**	**-**	**(9,721,966,854)**
Foreign currency translation differences	7,042,125	239,917	107,595,544	133,332,964	-	248,210,550
Charge for the period	(5,670,823)	(374,493)	(152,994,961)	(167,961,885)	-	(327,002,162)
Disposals	160,590	427,669	19,807,801	33,346,489	-	53,742,549
Closing balance as of 30 June 2024	**(74,910,846)**	**(18,354,401)**	**(5,750,493,622)**	**(3,903,257,048)**	**-**	**(9,747,015,917)**
Net book value as of 30 June 2024	**64,133,444**	**3,243,882**	**841,162,582**	**1,184,808,772**	**93,150,435**	**2,186,499,115**

TL 4,610,166 (30 June 2024: TL 8,008,621) of depreciation expenses are included in research and development expenses, TL 295,134,095 (30 June 2024: TL 301,152,229) in marketing expenses and TL 15,567,368 (30 June 2024: TL 17,841,312) in general administrative expenses.

As of 30 June 2025, the Company has capitalized personnel expenses amounting to TL 87,876,841 within the scope of design center activities. (30 June 2024: TL 79,177,870)

As of 30 June 2025 and 30 June 2024, there are no guarantees, pledges and mortgages on property, plant and equipment.

9. INTANGIBLE ASSETS

Cost Value	**Rights and Licenses**
Opening balance as of 1 January 2025	**1,903,091,799**
Foreign currency translation differences	1,024,537
Additions	92,938,799
Transfers	11,418,157
Disposals	(2,488,959)
Closing balance as of 30 June 2025	**2,005,984,333**
Accumulated Amortization	
Opening balance as of 1 January 2025	**(1,161,447,753)**
Foreign currency translation differences	(21,235,210)
Charge for the period	(98,366,797)
Closing balance as of 30 June 2025	**(1,281,049,760)**
Net book value as of 30 June 2025	**724,934,573**

Cost Value	**Rights and Licenses**
Opening balance as of 1 January 2024	**1,635,023,466**
Foreign currency translation differences	(2,202,355)
Additions	97,239,114
Transfers	68,462,079
Closing balance as of 30 June 2024	**1,798,522,304**
Accumulated Amortization	
Opening balance as of 1 January 2024	**(988,543,118)**
Foreign currency translation differences	(3,396,772)
Charge for the period	(90,281,423)
Closing balance as of 30 June 2024	**(1,082,221,313)**
Net book value as of 30 June 2024	**716,300,991**

TL 1,438,220 (30 June 2024: TL 2,211,085) of depreciation expenses are included in research and development expenses, TL 92,072,073 (30 June 2024: TL 83,144,563) in marketing expenses and TL 4,856,504 (30 June 2024: TL 4,925,775) in general administrative expenses.

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 – 30 June 2025 and 1 January – 30 June 2024 are as follows:

Cost Value	**Building**	**Motor vehicles**	**Total**
Opening balance as of 1 January 2025	**13,974,431,914**	**100,940,187**	**14,075,372,101**
Additions	303,246,984	14,999,998	318,246,982
Rent change	1,016,913,720	-	1,016,913,720
Disposals	(219,287,198)	(100,940,192)	(320,227,390)
Foreign currency translation differences	366,695,072	-	366,695,072
Closing balance as of 30 June 2025	**15,442,000,492**	**14,999,993**	**15,457,000,485**
Accumulated Depreciation			
Opening balance as of 1 January 2025	**(9,136,198,487)**	**(100,384,225)**	**(9,236,582,712)**
Charge for the period	(1,368,590,182)	(1,124,353)	(1,369,714,535)
Disposals	216,702,346	89,446,702	306,199,048
Foreign currency translation differences	(331,625,501)	1,174,353	(330,451,148)
Closing balance as of 30 June 2025	**(10,619,661,824)**	**(10,887,523)**	**(10,630,549,347)**
Net book value as of 30 June 2025	**4,822,338,668**	**4,112,470**	**4,826,451,138**

Cost Value	**Buildings**	**Motor vehicles**	**Total**
Opening balance as of 1 January 2024	**13,353,635,657**	**155,344,711**	**13,508,980,368**
Additions	228,031,386	-	228,031,386
Rent change	1,646,772,406	5,125,814	1,651,898,220
Disposals	(1,233,614,746)	(5,804,302)	(1,239,419,048)
Foreign currency translation differences	(520,322,756)	-	(520,322,756)
Closing balance as of 30 June 2024	**13,474,501,947**	**154,666,223**	**13,629,168,170**
Accumulated Depreciation			
Opening balance as of 1 January 2024	**(8,697,941,486)**	**(116,559,967)**	**(8,814,501,453)**
Charge for the period	(1,081,842,806)	(29,307,937)	(1,111,150,743)
Disposals	823,900,728	5,735,194	829,635,922
Foreign currency translation differences	350,397,991	-	350,397,991
Closing balance as of 30 June 2024	**(8,605,485,573)**	**(140,132,710)**	**(8,745,618,283)**
Net book value as of 30 June 2024	**4,869,016,374**	**14,533,513**	**4,883,549,887**

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

Depreciation expenses amounting to TL 1,369,714,535 (30 June 2024 TL 1,111,150,743) are included in marketing expenses.

10. RIGHT OF USE ASSETS (cont'd)

Depreciation expenses:

	30 June 2025	30 June 2024
Buildings	1,368,590,182	1,081,842,806
Motor vehicles	1,124,353	29,307,937
	1,369,714,535	**1,111,150,743**

Profit or loss statement items related to leasing transactions

	30 June 2025	30 June 2024
Depreciation and amortization expenses	1,369,714,535	1,111,150,743
Interest expenses	224,948,453	144,238,902
Foreign exchange expenses	(4,969,463)	1,952,257
	1,589,693,525	**1,257,341,902**

11. BORROWINGS

Financial Borrowings

Details of borrowings at amortized cost are as follows:

Financial Borrowings	30 June 2025	31 December 2024
Short-term bank loans	5,022,444,881	3,468,275,151
Short-term portion of long-term financial borrowings	96,089,991	330,131,894
Short-term lease liabilities	1,568,880,301	1,563,393,225
Long-term bank loans	8,020,079	28,431,997
Long-term lease liabilities	2,181,832,034	2,134,977,284
	8,877,267,286	**7,525,209,551**

Bank Loans

As of 30 June 2025 and 31 December 2024 bank loan details are as followed:

	30 June 2025	31 December 2024
To be paid within 1 year	5,118,534,872	3,798,407,045
To be paid within 1 - 2 years	8,020,079	28,431,997
	5,126,554,951	**3,826,839,042**

11. BORROWINGS (cont'd)

Bank Loans (cont'd)

Short-Term Financial Borrowings as of 30 June 2025

Currency	Effective intereset rate(%)	Nominal value (*)	Carrying value
TL	23% - 59%	2,841,029,353	2,394,282,444
Euro	6% - 10%	2,390,554,375	2,315,002,588
US Dollar	5% - 9%	71,655,531	71,545,364
Georgian Lari	16%	98,253,552	89,762,385
Kazakhstan Tenge	17% - 19%	65,065,172	61,021,210
Other	24% - 27%	202,817,503	186,920,881
		5,669,375,487	**5,118,534,872**

Short-Term Financial Borrowings as of 31 December 2024

Currency	Effective intereset rate(%)	Nominal value (*)	Carrying value
TL	26% - 52%	2,346,728,670	2,261,979,620
EUR	3% - 10%	1,237,758,675	1,164,141,353
US Dollar	11% - 14%	62,853,616	59,354,017
Georgian Lari	17%	98,940,710	97,966,879
Kazakhstan Tenge	19% - 21%	48,956,091	42,975,739
Other	12% - 22%	180,861,772	171,989,437
		3,976,099,534	**3,798,407,045**

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

Long-Term Financial Borrowings as of 30 June 2025

Currency	Effective intereset rate(%)	Nominal value (*)	Carrying value
TL	46%	773,670	679,632
EUR	6% - 10%	7,793,342	7,340,447
		8,567,012	**8,020,079**

11. BORROWINGS (cont’d)

Bank Loans (cont’d)

Long-Term Financial Borrowings as of 31 December 2024

Currency	Effective intereset rate(%)	Nominal value (*)	Carrying value
EUR	8% - 10%	35,744,508	28,431,997
		35,744,508	**28,431,997**

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

Financial Lease Liabilities

As of 30 June 2025 and 31 December 2024, details of finance lease payables are as follows:

Financial Borrowings	30 June 2025	31 December 2024
Short-term lease liabilities	1,568,880,301	1,563,393,225
Long-term lease liabilities	2,181,832,034	2,134,977,284
	3,750,712,335	**3,698,370,509**

Net Financial Debt Reconciliation	30 June 2025	31 December 2024
Cash and cash equivalents	855,847,520	682,550,579
Bank loans	(5,126,554,951)	(3,826,839,042)
Lease liabilities	(3,750,712,335)	(3,698,370,509)
Total borrowings	**(8,021,419,766)**	**(6,842,658,972)**

11. BORROWINGS (cont’d)

	Bank loans	Lease liabilities	Financial lease liabilities	Net borrowings
1 January 2025	**3,826,839,042**	**3,698,370,509**	**-**	**7,525,209,551**
Cash inflows from borrowings	3,205,976,769	-	-	3,205,976,769
Cash outflows related to debt payments	(1,930,814,088)	(1,055,806,890)	-	(2,896,620,978)
Effect of contract changes/reversals	-	1,134,778,636	-	1,134,778,636
Change in foreign exchange differences	536,019,343	(48,739,665)	-	487,279,678
Change in interest accruals	13,095,342	226,229,691	-	239,325,033
Foreign currency translation differences	22,334,046	324,416,056	-	346,750,102
Inflation effect	(546,895,503)	(528,536,002)	-	(1,075,431,505)
30 June 2025	**5,126,554,951**	**3,750,712,335**	**-**	**8,877,267,286**

	Bank loans	Lease liabilities	Financial lease liabilities	Net borrowings
1 January 2024	**2,534,821,003**	**3,725,298,003**	**-**	**6,260,119,006**
Cash inflows from borrowings	1,461,616,877	-	-	1,461,616,877
Cash outflows related to debt payments	(1,101,275,791)	(854,571,332)	-	(1,955,847,123)
Effect of contract changes/reversals	-	1,524,414,006	-	1,524,414,006
Change in foreign exchange differences	89,337,257	1,952,263	-	91,289,520
Change in interest accruals	15,109,830	131,088,494	-	146,198,324
Foreign currency translation differences	11,390,898	(165,353,441)	-	(153,962,543)
Inflation effect	(502,649,314)	(738,718,230)	-	(1,241,367,544)
30 June 2024	**2,508,350,760**	**3,624,109,763**	**-**	**6,132,460,523**

12. PROVISIONS

Short-term provisions	**30 June 2025**	**31 December 2023**
Provision for litigation	24,946,294	29,147,836
	24,946,294	**29,147,836**

As of 30 June 2025 and 30 June 2024, the movement of provisions for litigation is as follows:

	2025	**2024**
As of 1 January	**29,147,836**	**40,585,491**
Provision recognised in the period	7,377,983	5,981,102
Payments	(7,124,213)	(6,935,898)
Provision used in the period	(411,263)	(802,764)
Inflation effect	(4,044,049)	(8,048,011)
As of 30 June	**24,946,294**	**30,779,920**

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.

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.

13. COMMITMENTS

Guarantee-Pledge-Mortgages ("GPM")

The Group's guarantees/pledges/mortgage position ("GPM") as of 30 June 2025 and 31 December 2024 are as follows:

30 June 2025

	Original currency			
	TL	**US Dollar**	**Euro**	**TL Equivalents**
A. GPMs Given for Company's Own Legal Personality	267,574,942	852,452	2,789,136	462,623,761
-Guarantee	267,574,942	852,452	2,789,136	462,623,761
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies	34,605,638	42,238	817,404	43,007,773
-Guarantee	34,605,638	42,238	817,404	43,007,773
-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	-	-	-	-
Total	**302,180,580**	**894,690**	**3,606,540**	**505,631,534**

Guarantees, pledges and mortgages given to the equity ratio of the Group is 0% as of 30 June 2025.

13. COMMITMENTS (cont'd)

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

31 December 2024

	Original currency			
	TL	**US Dollar (*)**	**Euro(*)**	**TL Equivalents**
A. GPMs Given for Company's Own Legal Personality	311,566,163	230,634	4,405,018	509,884,807
-Guarantee	311,566,163	230,634	4,405,018	509,884,807
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies	-	42,238	1,199,398	53,153,286
-Guarantee	-	42,238	1,199,398	53,153,286
-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	-	-	-	-
Total	**311,566,163**	**272,872**	**5,604,416**	**563,038,093**

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 30 June 2025.

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 30 June 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 89,762,385) , RUB 367 million (TL 186,920,881) and KZT 798 million (TL 61,021,210), 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 97,966,879), 405 million RUB (TL 171,989,437) and 548 million KZT (TL 42,975,739) .

14. EMPLOYEE BENEFITS

Payables related to employee benefits

	30 June 2025	31 December 2024
Payables to personnel	217,136,504	245,011,042
Social security premiums payable	116,661,412	113,912,977
	333,797,916	**358,924,019**

Short-term provisions for employee benefits

	30 June 2025	31 December 2024
Unused vacation provision	260,717,010	220,281,444
Bonus provisions	16,334,134	17,054,866
	277,051,144	**237,336,310**

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.

14. EMPLOYEE BENEFITS (cont'd)

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

Movement of unused vacation provisions:

	2025	2024
As of 1 January	**220,281,444**	**204,066,069**
Period expense / Used (Net)	100,260,504	114,709,082
Vacation provision paid	(26,280,282)	(34,261,553)
Foreign currency translation differences	3,184,919	1,207,484
Inflation effect	(36,729,575)	(40,465,843)
As of 30 June	**260,717,010**	**245,255,239**

Movement of provisions for bonuses:

	2025	2024
As of 1 January	**17,054,866**	**116,200,598**
Provision made during the period	2,122,984	1,832,655
Bonus provision paid	(406,396)	(93,158,280)
Inflation effect	(2,437,320)	(23,042,318)
As of 30 June	**16,334,134**	**1,832,655**

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 53,919.68 for each period of service as of 30 June 2025 (30 June 2024: TL 41,828.42).

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:

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 30 June 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 19.19% (31 December 2024: 15.41%). The maximum amount of TL 53,919.68 effective from 1 January 2025 has been taken into account in the calculation of the severance pay provision of the Group (1 July 2024: TL 41,828.42 TL).

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**
As of January 1	**129,660,682**	**149,739,937**
Service cost	17,926,240	26,826,934
Interest cost	21,148,176	28,560,328
Employment termination benefit paid	(41,830,862)	(43,392,334)
Actuarial loss	46,468,778	3,423,182
Foreign currency translation differences	330,387	247,144
Inflation effect	(25,215,694)	(29,321,163)
As of 30 June	**148,487,707**	**136,084,028**

15. OTHER ASSETS AND LIABILITIES

As of 30 June 2025, and 31 December 2024, other current assets and short-term liabilities are as follows:

	30 June 2025	**31 December 2024**
Turquality income accruals (*)	79,539,960	1,538,480
Deferred VAT	302,122,336	513,412,704
Other	105,640,343	29,556,943
	487,302,639	**544,508,127**

15. OTHER ASSETS AND LIABILITIES (cont'd)

Movements of Turquality income accruals

	2025	2024
As of 1 January	**1,538,480**	**-**
Period Income (Note 21)	79,539,960	4,356,533
Collections	(1,318,615)	(4,015,131)
Inflation effect	(219,865)	(341,402)
As of 30 June	**79,539,960**	**-**

(*) Koton Mağazacılık is entitled to receive a government incentive calculated periodically for investments made abroad under a branding program called "Turquality" conducted by the Ministry of Economy of the Republic of Turkey. Turquality income accruals consist of the portion of the incentive amount calculated based on the investment costs and certain expenses applied for under this branding program that has not yet been paid. As of June 30, 2024, there were no Turquality incentive applications.

	30 June 2025	31 December 2024
Taxes and funds payable	223,792.409	180,794,427
	223,792,409	**180,794,427**

16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-in capital

As of 30 June 2025 and 31 December 2024, the structure of paid in capital is as follows:

	%	30 June 2025	%	31 December 2024
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
Shares publicly held	13.2%	109,335,970	13.2%	109,335,970
	100.0%	**829,650,000**	**100.0%**	**829,650,000**
Capital adjustment differences (*)		5,985,883,847		5,985,883,847
Adjusted capital		6,815,533,847		6,815,533,847

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

On 30 June 2025, at the extraordinary general assembly meeting held, it was decided to divide the Company's paid-in capital amounting consists Group A and Group B shares 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 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 30 June 2025, the Group have allocated reserves amounting to TL 203,919,492 (31 December 2024: TL 203,919,492) in the restricted reserves in the consolidated financial statements for the treasury shares of the Group.

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

Share issuance premiums / discounts

The Company has increased its paid-in capital from 795,500,000 TL to 829,650,000 TL through a public offering, and has accounted for the excess amount of the nominal capital increase, after deducting the costs of the public offering, in the share premium account.

The share issuance premiums is as follows:

Share issuance premiums / discounts	1,379,832,233
Capital increase	(34,150,000)
Public share expenses	(112,457,630)
Inflation effect	31,581,218
	1,264,805,821

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 TPL financial statements.

30 June 2025	PPI Indexed Legal records	CPI Indexed amounts	Differences to be followed in Retained Earnings
Capital adjustment differences	6,990,970,050	5,985,883,847	1,005,086,203
Legal reserve inflation adjustment differences	263,025,794	203,919,492	59,106,302
Premiums related to shares	1,098,476,641	1,264,805,821	(166,329,180)
	8,352,472,485	**7,454,609,160**	**897,863,325**

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

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

Foreign currency translation differences

Foreign currency translation differences consist of foreign currency exchange differences arising from the translation of the Group's financial statements from the functional currency to the reporting currency. As of 30 June 2025, the Group has foreign currency translation differences amounting to TL (2,820,260,095), 31 December 2024: TL (2,809,626,064) 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 30 June 2025, actuarial losses amounting to TL (194,313,281) (31 December 2024: TL 159,461,698) consist of actuarial losses recognized as other comprehensive expense related to provision for employment termination benefits.
Other accumulated comprehensive income or expenses that will not be reclassified in profit or loss

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.

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

	30 June 2025	**31 December 2024**
Defined Benefit Plans Remeasurement Losses	(194,313,281)	(159,461,698)
Hedge Fund	(249,952,462)	(39,334,694)
Foreign Currency Translation Fund	(2,820,260,095)	(2,809,626,064)
	(3,264,525,838)	**(3,008,422,456)**

17. REVENUE AND COST OF SALES

a) Sales

Sales of goods and services	1 January 30 June 2025	1 January 30 June 2024	1 April 30 June 2025	1 April 30 June 2024
-Retail	11,572,977,136	12,050,333,728	5,965,432,408	6,661,419,577
-E-Commerce	1,606,290,722	1,370,656,458	925,910,529	680,178,633
-Wholesale	723,311,774	1,037,684,594	252,319,098	547,003,333
	13,902,579,632	**14,458,674,780**	**7,143,662,035**	**7,888,601,543**

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

b) Cost of sales

	1 January 30 June 2025	1 January 30 June 2024	1 April 30 June 2025	1 April 30 June 2024
Cost of trade goods sold	(5,896,818,661)	(6,105,764,685)	(2,287,507,778)	(2,876,453,902)
Cost of goods sold	(468,616,467)	(350,595,515)	(217,972,745)	(197,971,673)
	(6,365,435,128)	**(6,456,360,200)**	**(2,505,480,523)**	**(3,074,425,575)**

18. EXPENSES BY NATURE

The details of depreciation and amortization expenses for the periods ended 30 June 2025, 30 June 2024 are as follows:

Depreciation and amortization expenses	1 January - 30 June 2025	1 January - 30 June 2024	1 April- 30 June 2025	1 April - 30 June2024
Research and development expenses	26,074,959	37,432,937	14,018,265	19,063,416
Marketing expenses	1,669,269,440	1,407,609,668	1,016,615,550	691,874,843
General administrative expenses	88,048,563	83,391,723	17,986,173	41,226,745
	1,783,392,962	**1,528,434,328**	**1,048,619,988**	**752,165,004**

The details of personnel expenses for the periods ended 30 June 2025, 30 June 2024 are as follows:

Personnel expenses	1 January - 30 June 2024	1 January - 30 June 2023	1 April - 30 June 2024	1 April - 30 June2023
Research and development expenses	119,556,120	127,480,275	56,680,826	78,424,819
Marketing expenses	1,847,616,517	1,856,001,263	869,057,036	958,419,625
General administrative expenses	892,706,037	773,619,417	394,448,300	469,233,252
	2,859,878,674	**2,757,100,955**	**1,320,186,162**	**1,506,077,696**

19. OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES

Other Income From Operating Activities	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Foreign exchange gains from operating activities	977,952,016	406,684,261	451,127,801	125,840,201
Discont interest income from trade transactions	98,076,015	122,205,772	21,438,027	93,810,856
Turquality income	79,539,960	4,356,533	26,020,428	4,356,533
Other income	73,473,050	69,171,419	6,605,269	26,305,764
	1,229,041,041	**602,417,985**	**505,191,525**	**250,313,354**

Other Expense From Operating Activities	1 January - 30 June 2025	January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Discount interest expense on purchases of goods	955,193,696	1,205,773,098	472,309,244	601,390,308
Foreign exchange losses from operating activities	183,518,235	163,744,898	100,238,637	41,528,811
Provision for doubtful trade receivables (Note 5)	4,694,933	12,967,124	1,732,116	(1,156,667)
Litigation provision expenses	7,377,983	5,981,102	7,377,983	5,981,102
Other	73,722,322	28,359,835	39,401,554	(14,029,907)
	1,224,507,169	**1,416,826,057**	**621,059,534**	**633,713,647**

20. FINANCE INCOME AND EXPENSES

The details of finance income for the years ended 30 June 2025 and 30 June 2024 are as follows:

	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Lease concessions (*)	-	77,970,927	-	16,458,784
Interest income	88,511,337	138,436,981	40,731,365	131,011,264
	88,511,337	**216,407,908**	**40,731,365**	**147,470,048**

(*) 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 30 June 2025 and 30 June 2024.

The details of finance expenses for the years ended 30 June 2025 and 30 June 2024 are as follows:

	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Interest expenses	733,089,724	426,918,879	323,382,678	219,123,496
Credit card commissions	304,627,519	274,574,817	167,002,727	155,345,529
Interest expense on lease liabilities	245,686,674	222,209,829	123,934,831	107,940,057
Foreign exchange losses (net)	208,561,626	103,692,413	175,727,549	89,521,362
Banking and guarantee expenses	25,590,483	18,587,294	14,925,259	10,453,208
Other	28,016,534	5,410,332	22,103,069	2,089,621
	1,545,572,560	**1,051,393,564**	**827,076,113**	**584,473,273**

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

Current Period Tax Assets	1 January - 30 June 2025	1 January - 31 December 2024
Corporate tax and income tax payable	-	-
Less: prepaid taxes (-)	(56,475,661)	(73,045,405)
	(56,475,661)	**(73,045,405)**

	1 January - 30 June 2025	1 January - 30 June 2024
Current period corporate tax expense (-)	(259,891)	(76,153)
Deferred tax (expense) / income	(96,818,615)	77,632,149
	(97,078,506)	**77,555,996**

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.

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

Corporate Tax (cont’d)

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

In Türkiye, there is no procedure for a final and definitive agreement on tax assessments. Companies file their corporate tax returns within four months following the close of the related fiscal year. Returns are open for five years from the beginning of the year that follows the date of filing during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue reassessments based on their findings.

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

Transfer pricing regulations

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

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

Russia

The taxation system in the Russia is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions. The applicable tax rate for current and deferred tax is 25% (31 December 2024: 25%). 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.

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.

	Accumulated Temporary Differences		Deferred Tax Assets/Liabilities	
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
Inventories	2,327,954,036	1,963,711,946	(615,374,064)	(522,965,563)
Property, plant and equipment and intangible assets	510,962,394	301,261,870	(127,740,598)	(75,315,468)
Provision for vacation	(250,965,083)	(212,119,632)	62,300,603	52,651,331
Provision for employment termination benefits	(148,487,707)	(129,660,682)	37,121,927	32,415,170
Litigation provision	(24,946,294)	(29,147,836)	6,236,574	7,286,959
Cash capital deduction	(94,364,376)	(169,300,271)	23,591,094	42,325,068
Adjustments related to trade payables	593,540,752	566,768,377	(148,296,293)	(141,611,987)
Adjustments related to trade receivables	(316,487,198)	(106,226,911)	79,121,800	26,556,727
Prior years' losses	(3,143,778,062)	(2,387,362,031)	777,982,762	605,002,257
Adjustments related to financial liabilities	170,429,490	180,785,394	(42,607,373)	(45,196,348)
Right-of-use asset and liability	1,045,667,919	1,143,954,222	(264,259,110)	(288,444,648)
Hedge accounting	(333,269,950)	(52,446,257)	83,317,487	13,111,564
Premium accrual	(12,170,537)	(13,800,401)	2,943,364	3,422,388
Return provisions	(3,857,342)	17,424,288	964,334	(4,356,073)
Design centre discount	(36,868,480)	(76,320,819)	9,217,110	19,080,205
Other	303,293,010	(89,212,096)	(73.370.880)	22,303,019
Deferred Tax Asset Net	**586,652,572**	**908,309,161**	**(188,851,263)**	**(253,735,399)**

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%).

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 30 June 2025, 30 June 2024 is given below:

	2025	2024
Opening balance as of 1 January	**(253,735,399)**	**(305,009,624)**
Tax (expense)/income for the period	(97,078,506)	77,632
Recognized in other comprehensive income	81,823,118	(4,168,980)
Translation (gain) / loss	80,139,524	14,465,174
Closing balance as of 30 June	**(188,851,263)**	**(217,081,281)**

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.

As of 30 June 2025 and 31December 2024, there are no trade payables to related parties.

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

Transactions with related parties	1 January- 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Gülyılmaz Gayrimenkul Yatırım Geliştirme İşletme ve Ticaret A.Ş.	12,859,826	9,329,072	6,479,263	5,145,685
	12,859,826	**9,329,072**	**6,479,263**	**5,145,685**

22. RELATED PARTY DISCLOSURES (cont'd)

Compensation of key management personnel:

	1 January-30 June 2025	1 January-30 June 2024
Salaries and other short-term benefits	78,610,062	126,500,527
	78,610,062	**126,500,527**

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.

Earnings per share	1 January - 30 June 2025	1 January - 30 June 2024	1 April - 30 June 2025	1 April - 30 June 2024
Average number (full value) of shares outstanding during the period	829,650,000	829,650,000	829,650,000	829,650,000
Average weighted number (full value) of shares outstanding during the period	829,650,000	829,650,000	829,650,000	829,650,000
Net profit for the parent company shareholders	(72,772,803)	877,152,809	341,371,428	873,690,870
Earnings per share (TL)	(0.087)	1.057	0.383	1.053

On May 10, 2024, the Company's shares began trading on the stock exchange. With this public offering, the Company's capital was increased from TL 795,500,000 to TL 829,650,000, and the additional TL 34,150,000 in nominal value shares were added to the capital. It was decided to divide the Company's paid-in capital of TL 829,650,000 into 829,650,000 registered nominal shares, each with a nominal 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.

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

Foreign currency risk management

	30 June 2025			
	TL Equivalent (Functional Currency)	**US Dollar**	**Euro**	**GBP**
1. Trade Receivables	870,368,514	10,498,336	9,733,924	-
2a. Monetary Financial Assets	268,786,009	2,340,860	3,761,119	1,685
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	6,614,999	165,770	578	-
4. Current Assets (1+2+3)	**1,145,769,522**	**13,004,966**	**13,495,621**	**1,685**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)				
9. Total Assets (4+8)	**1,145,769,522**	**13,004,966**	**13,495,621**	**1,685**
10. Trade Payables	1,196,242,768	29,314,311	668,685	1,700
11. Financial Liabilities	2,386,547,955	1,800,228	49,728,749	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	(92,600)	(2,330)	-	-
13. Current Liabilities (10+11+12)	**3,582,698,123**	**31,112,209**	**50,397,434**	**1,700**
14. Trade Payables				
15. Financial Liabilities	7,340,449	-	157,681	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**7,340,449**	**-**	**157,681**	**-**
18. Total Liabilities(13+17)	**3,590,038,572**	**31,112,209**	**50,555,115**	**1,700**
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	**(249,952,462)**	**-**	**(5,369,248)**	**-**
19a. Amount of foreign currency derivative products out of statement of financial position with active character	**-**	**-**	**-**	**-**
19b. Amount of foreign currency derivative products excluded from the financial position statement with liable character	**249,952,462**	**-**	**5,369,248**	**-**
20. Net foreign currency asset/(liability) position (9-18+19)	**(2,694,221,512)**	**(18,107,243)**	**(42,428,742)**	**(15)**
21. Monetary items net foreign currency liability position (1+2a+5+6a-10-11-12a-14-15-16a)	**(2,450,976,649)**	**(18,275,343)**	**(37,060,072)**	**(15)**
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	**3,023,812,814**	**25,406,147**	**74,901,340**	**-**
24. Import	**960,078,263**	**25,700,952**	**-**	**-**

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	545,316,076	10,496,127	2,658,376	-
2a. Monetary Financial Assets	131,969,645	1,452,680	1,682,931	2,391
2b. Non-Monetary Financial	-	-	-	-
3. Other	13,679,920	304,092	27,591	-
4. Current Assets (1+2+3)	**690,965,641**	**12,252,899**	**4,368,898**	**2,391**
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)				
9. Total Assets (4+8)	**690,965,641**	**12,252,899**	**4,368,898**	**2,391**
10. Trade Payables	1,347,139,511	31,781,886	955,131	1,400
11. Financial Liabilities	1,223,495,372	1,444,263	27,155,541	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	**2,570,634,883**	**33,226,149**	**28,110,672**	**1,400**
14. Trade Payables				
15. Financial Liabilities	27,006,306	-	629,967	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	**27,006,306**	**-**	**629,967**	**-**
18. Total Liabilities(13+17)	**2,597,641,189**	**33,226,149**	**28,740,639**	**1,400**
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	**(39,334,694)**	**-**	**(917,547)**	**-**
19a. Amount of foreign currency derivative products out of statement of financial position with active character	**-**	**-**	**-**	**-**
19b. Amount of foreign currency derivative products excluded from the financial position statement with liable character	**39,334,694**	**-**	**917,547**	**-**
20. Net foreign currency asset/(liability) position (9-18+19)	**(1,946,010,242)**	**(20,973,250)**	**(25,289,288)**	**991**
21. Monetary items net foreign currency liability position (1+2a+5+6a-10-11-12a-14-15-16a)	**(1,920,355,468)**	**(21,277,342)**	**(24,399,332)**	**991**
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	**6,411,962,956**	**43,870,262**	**119,974,756**	**-**
24. Import	**1,819,273,182**	**55,184,836**	**91,309**	**-**

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.

30 June 2025

	Profit/Loss		Equity(*)	
	Appreciation of Foreign Currency	**Depreciation of Foreign Currency**	**Appreciation of Foreign Currency**	**Depreciation of Foreign Currency**
In case of US Dollar appreciation by 20 % against TL				
1 - US Dollar net asset / liability	(143,925,059)	143,925,059	(143,925,059)	143,925,059
2- The portion hedged from US Dollar risk (-)	-	-	-	-
3- Net effect of US Dollar	**(143,925,059)**	**143,925,059**	**(143,925,059)**	**143,925,059**
In case of Euro appreciation by 20 % against TL				
4 - Euro net asset / liability	(395,033,651)	395,033,651	(395,033,651)	395,033,651
5 - The portion hedged from Euro risk (-)	(42,123,554)	42,123,554	(49,990,492)	49,990,492
6- Net effect of Euro	**(437,157,205)**	**437,157,205**	**(445,024,143)**	**445,024,143**
TOTAL (3+6)	**(581,082,263)**	**581,082,263**	**(588,949,202)**	**588,949,202**

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

Foreign currency risk management (cont'd)

Foreign currency sensitivity (cont'd)

31 December 2024

If the US Dollar appreciates by 20% against the Turkish Lira;

	Profit/Loss		Equity(*)	
	Appreciation of Foreign Currency	Depreciation of Foreign Currency	Appreciation of Foreign Currency	Depreciation of Foreign Currency
In case of US Dollar appreciation by 20 % against TL				
1 - US Dollar net asset / liability	(147,749,415)	147,749,415	(147,749,415)	147,749,415
2- The portion hedged from US Dollar risk (-)	-	-	-	-
3- Net effect of US Dollar	**(147,749,415)**	**147,749,415**	**(147,749,415)**	**147,749,415**
In case of Euro appreciation by 20 % against TL				
4 - Euro net asset / liability	(185,840,356)	185,840,356	(185,840,356)	185,840,356
5 - The portion hedged from Euro risk (-)	12,816,063	(12,816,063)	(6,742,671)	6,742,671
6- Net effect of Euro	**(173,024,293)**	**173,024,293**	**(192,583,027)**	**192,583,027**
TOTAL (3+6)	**(320,773,708)**	**320,773,708**	**(340,332,442)**	**340,332,442**

25. MONETARY GAIN/(LOSSES)

The monetary position gains / losses for the period of 30 June 2025 and 2024 are as follows:

Non Monetary Items	**30 June 2025**	**30 June 2024**
Balance Sheet Items		
Subsidiaries	89,208,897	153,426,389
Deffered Income	315,737	(341,788)
Property, Plant and Equipment	37,759,169	117,325,083
Intangable Assets	(50,982,373)	79,940,235
Right of use Assets	(67,701,063)	585,339,713
Prepaid Expenses	29,310,542	100,884,900
Inventories	326,535,823	470,709,715
Restricted reserves appropriated from profit	-	(6,006,846)
Capital Adjustments Differences	(304,797,720)	(268,062,192)
Accumulated other comprehensive expenses not to be reclassified to profit or loss	17,850,093	40,750,403
Retained Earnings	(287,857,405)	(472,910,346)
Total Balance Sheet Items	**(210,358,300)**	**801,055,266**

25. MONETARY GAIN/(LOSSES) (cont’d)

	30 June 2025	30 June 2024
Income Statement Items	**815,669,591**	**(27,680,418)**
Revenue	(530,812,949)	(746,895,052)
Cost of Sales	467,294,601	298,420,077
Research and Development Expenses	20,312,434	9,764,033
Marketing Expenses	650,092,801	180,192,287
General Administrative Expenses	88,933,135	55,260,195
Other Income from operating activities	(58,923,185)	(66,349,637)
Other Expenses from operating activities	76,609,406	117,378,760
Income from investing activities	(138,150)	(113,029)
Expense from investing activites	20,150	73,236
Financial expenses	58,011,986	36,118,043
Deffered tax Expense/Income	44,269,362	88,470,669
	605,311,291	**773,374,848**

26. EVENTS AFTER THE REPORTING PERIOD

After the reporting period of 30 June 2025, three stores abroad were opened. Thus, as of 14 August 2025, the total number of stores increased to 456.

100% subsidiary named Koton INC was established in the USA on 7 July 2025.