

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

CONSOLIDATED FINANCIAL STATEMENTS
AS OF 31 DECEMBER 2025 INDEPENDENT AUDITOR'S
REPORT

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

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KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2025 AND 1 JANUARY - 31 DECEMBER 2024

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

	Notes	Audited/ current period 31 December 2025	Audited/ prior period 31 December 2024
ASSETS			
Cash and Cash Equivalents	4	1,442,990,839	765,729,192
Trade Receivables	5	1,474,210,145	2,329,956,807
- <i>Trade Receivables from Third Parties</i>		<i>1,474,210,145</i>	<i>2,329,956,807</i>
Other Receivables	6	49,155,229	8,569,417
- <i>Other Receivables from Third Parties</i>		<i>49,155,229</i>	<i>8,569,417</i>
Inventories	7	9,287,693,259	10,442,131,510
Prepaid Expenses	8	1,901,445,191	1,787,944,687
Current Tax Assets	24	84,192,988	81,947,039
Other Current Assets	16	485,414,753	610,864,282
Current Assets		14,725,102,404	16,027,142,934
Financial Investments	12	8,459,171	5,202,970
Other Receivables		208,443,912	190,794,986
- <i>Other Receivables from Third Parties</i>	6	<i>208,443,912</i>	<i>190,794,986</i>
Property, Plant and Equipment	9	2,666,922,251	2,488,407,185
Intangible Assets	10	912,782,095	832,024,048
Right-of-Use Assets	11	5,143,747,021	5,428,465,527
Prepaid Expenses	8	4,010,802	5,098,703
Deferred Tax Asset	24	488,034,708	335,429,990
Other Non-Current Assets	16	6,438,870	9,604,287
Other Non- Current Assets		9,438,838,830	9,295,027,696
TOTAL ASSETS		24,163,941,234	25,322,170,630

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2025 AND 1 JANUARY - 31 DECEMBER 2024

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

	Notes	Audited/ current period 31 December 2025	Audited/ prior period 31 December 2024
LIABILITIES			
Short-Term Borrowings	12	6,846,596,269	6,015,212,813
<i>Short-Term Borrowings</i>	12	4,752,903,886	3,890,934,402
<i>Short-Term Portion of Long-term Borrowings</i>	12	303,603,647	370,363,217
<i>Lease Liabilities</i>	12	1,790,088,736	1,753,915,194
Trade Payables	5	6,201,549,561	6,807,738,637
<i>Trade Payables to Related Parties</i>	25	704,171	983,075
<i>Trade Payables to Third Parties</i>		6,200,845,390	6,806,755,562
Payables Related to Employee Benefits	15	396,767,320	402,664,077
Other Payables	6	33,658,352	35,646,433
<i>Other Payables to Third Parties</i>		33,658,352	35,646,433
Deferred Income	8	234,150,792	151,483,753
Short-Term Provisions		308,589,827	298,959,075
<i>Short-Term Provisions for</i>			
<i>Employee Benefits</i>	15	284,610,377	266,259,156
<i>Other Short-Term Provisions</i>	13	23,979,450	32,699,919
Other Current Liabilities	16	313,645,236	216,823,619
Current Liabilities		14,334,957,357	13,928,528,407
Long-Term Borrowings	12	2,372,333,738	2,427,051,843
<i>Long-Term Borrowings</i>	12	44,815,397	31,896,845
<i>Lease Liabilities</i>	12	2,327,518,341	2,395,154,998
Other Payables	6	39,167,826	34,594,873
<i>Other Payables to third parties</i>		39,167,826	34,594,873
Deferred Income	8	16,239,649	83,458,826
Long-Term Provisions	15	146,114,541	145,461,702
<i>Long-term Provisions for Employee Benefits</i>	15	146,114,541	145,461,702
Deferred Tax Liability	24	556,742,965	620,086,698
Non-Current Liabilities		3,130,598,719	3,310,653,942
TOTAL LIABILITIES		17,465,556,076	17,239,182,349
Share Capital	17	829,650,000	829,650,000
Capital Adjustment Differences	17	6,816,454,751	6,816,454,751
Share Issues Premiums/(Discounts)	17	1,418,940,616	1,418,940,616
Accumulated Other Comprehensive Expenses that will not be Reclassified to Profit or Loss	17	(190,239,724)	(178,894,401)
- <i>Loss on Remeasurement of Defined Benefit Plans</i>		(190,239,724)	(178,894,401)
Accumulated Other Comprehensive Expenses That will be Reclassified to Profit or Loss		(3,610,732,106)	(3,196,147,635)
- <i>Foreign Currency Translation Differences</i>	17	(3,491,864,381)	(3,152,019,442)
- <i>Cash Flow Hedge Losses</i>	17	(118,867,725)	(44,128,193)
Restricted Reserves Appropriated from Profit	17	228,770,017	228,770,017
Prior Years Losses		2,161,890,902	2,681,108,449
Net Profit for the Period		(963,673,931)	(519,217,547)
Major Shareholders	17	6,691,060,525	8,080,664,250
Minority Shareholders	17	7,324,633	2,324,031
EQUITY		6,698,385,158	8,082,988,281
TOTAL LIABILITIES AND EQUITY		24,163,941,234	25,322,170,630

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

AUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2025 AND 1 JANUARY - 31 DECEMBER 2024

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

	Notes	Audited/current period 1 January- 31 December 2025	Audited/prior period 1 January- 31 December 2024
Revenue	18	32,872,814,234	32,836,034,854
Cost Of Sales (-)	18	(15,074,637,252)	(15,158,621,346)
GROSS PROFIT		17,798,176,982	17,677,413,508
General Administrative Expenses (-)	19	(3,257,887,982)	(3,043,871,606)
Marketing Expenses (-)	19	(11,804,318,405)	(11,600,108,484)
Research and Development Expenses (-)	19	(397,281,714)	(490,418,571)
Other Income from Operating Activities	21	2,040,479,366	1,150,985,898
Other Expenses from Operating Activities (-)	21	(2,688,421,616)	(3,538,945,399)
OPERATING PROFIT		1,690,746,631	155,055,346
Income from Investing Activities	22	12,382,066	5,014,933
Expenses from Investing Activities (-)	22	(9,053,215)	(12,146,152)
OPERATING PROFIT BEFORE FINANCE EXPENSE		1,694,075,482	147,924,127
Finance Income	23	166,716,084	148,597,200
Finance Expenses	23	(3,512,989,715)	(2,257,737,014)
Net Monetary Position Gains	29	596,523,718	1,240,426,482
PROFIT BEFORE TAX		(1,055,674,431)	(720,789,205)
Tax (Expense) / Income	24	97,001,102	203,895,689
<i>Current Tax Expense</i>	24	-	-
<i>Deferred Tax Income</i>	24	97,001,102	203,895,689
PROFIT FOR THE PERIOD		(958,673,329)	(516,893,516)
Net Profit / (Loss) Distribution			
<i>Minority Shareholders</i>		5,000,602	2,324,031
<i>Major Shareholders</i>		(963,673,931)	(519,217,547)
Earnings per share	26	(1,162)	(0,625)
LOSS FOR THE PERIOD		(958,673,329)	(516,893,516)
OTHER COMPREHENSIVE EXPENSES			
Items not to be reclassified to Profit or Loss		(11,345,323)	(3,108,809)
Defined Benefit Plans Remeasurement Losses	15	(15,127,098)	(4,145,080)
Deferred Tax Income	24	3,781,775	1,036,271
Items to be Reclassified to Profit or Loss		(414,584,471)	(496,535,922)
Foreign Currency Translation Differences		(339,844,939)	(580,412,139)
Cash Flow Hedge		(99,652,709)	111,834,956
Deferred Tax (Expense) / Income	24	24,913,177	(27,958,739)
OTHER COMPREHENSIVE INCOME		(425,929,794)	(499,644,731)
TOTAL COMPREHENSIVE INCOME		(1,384,603,123)	(1,016,538,247)
Distributon of Total Comprehensive Income			
Minority Shareholders		5,000,602	2,324,031
Major Shareholders		(1,389,603,725)	(1,018,862,278)

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD 1 JANUARY - 31 DECEMBER 2025, AND 1 JANUARY - 31 DECEMBER 2024

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

	Paid- In Capital	Capital Adjustment Differences	Share Issues Premiums/ Discounts	Comprehensive Income and Expenses not to be Reclassified In Profit or Loss Gain/(Loss) on Remeasurement of Defined Benefit Plans	Other Comprehensive Income and Expenses to be reclassified to Profit or Loss Foreign Currency Translation Differences	Gain/Losses On Hedge Accounting	Restricted Reserves Appropriated from Profit	Prior Years Profit/(Loss)	Minority Shareholders	Net Profit/(Loss) for the Period	Equity
Balance as of January 2024	795,500,000	6,796,245,225	-	(175,785,592)	(2,571,607,303)	(128,004,410)	228,770,017	(729,190,275)	-	3,410,298,724	7,626,226,386
Transfers	-	-	-	-	-	-	-	3,410,298,724	-	(3,410,298,724)	-
Capital Increase	34,150,000	20,209,526	-	-	-	-	-	-	-	-	54,359,526
Increase/ Decrease due to Share-Based Transactions	-	-	1,418,940,616	-	-	-	-	-	-	-	1,418,940,616
Total Comprehensive Income	-	-	-	(3,108,809)	(580,412,139)	83,876,217	-	-	2,324,031	(519,217,547)	(1,016,538,247)
Profit for the Period	-	-	-	-	-	-	-	-	2,324,031	(519,217,547)	(516,893,516)
Cash Flow Hedge Gains	-	-	-	-	-	83,876,217	-	-	-	-	83,876,217
Foreign Currency Translation Differences	-	-	-	-	(580,412,139)	-	-	-	-	-	(580,412,139)
Actuarial Loss	-	-	-	(3,108,809)	-	-	-	-	-	-	(3,108,809)
Balance of 31 December 2024	829,650,000	6,816,454,751	1,418,940,616	(178,894,401)	(3,152,019,442)	(44,128,193)	228,770,017	2,681,108,449	2,324,031	(519,217,547)	8,082,988,281
Balance as of 1 January 2025	829,650,000	6,816,454,751	1,418,940,616	(178,894,401)	(3,152,019,442)	(44,128,193)	228,770,017	2,681,108,449	2,324,031	(519,217,547)	8,082,988,281
Transfers	-	-	-	-	-	-	-	(519,217,547)	-	519,217,547	-
Capital Increase	-	-	-	-	-	-	-	-	-	-	-
Increase/Decrease due to Share-Based Transactions	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	(11,345,323)	(339,844,939)	(74,739,532)	-	-	5,000,602	(963,673,931)	(1,384,603,123)
Profit for the Period	-	-	-	-	-	-	-	-	5,000,602	(963,673,931)	(958,673,329)
Cash Flow Hedge Loss	-	-	-	-	-	(74,739,532)	-	-	-	-	(74,739,532)
Foreign Currency Translation Differences	-	-	-	-	(339,844,939)	-	-	-	-	-	(339,844,939)
Actuarial Loss	-	-	-	(11,345,323)	-	-	-	-	-	-	(11,345,323)
Balance of 31 December 2025	829,650,000	6,816,454,751	1,418,940,616	(190,239,724)	(3,491,864,381)	(118,867,725)	228,770,017	2,161,890,902	7,324,633	(963,673,931)	6,698,385,158

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

CONSOLIDATED STATEMENTS OF CASH FLOWS THE PERIOD 1 JANUARY - 31 DECEMBER 2025 AND 1 JANUARY - 31 DECEMBER 2024

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

Notes	Audited/current period 1 January- 31 December 2025	Audited/prior period 1 January- 31 December 2024
A. Cash Flows From Operating Activities	4,605,650,482	260,358,875
Profit/Losses for the Period	(958,673,329)	(516,893,516)
Adjustments Related to Reconciliation of Net Profit for the Period	5,511,057,440	4,098,550,099
Adjustments Related to Depreciation and Amortization Expense	9,10,11 3,935,584,530	3,464,413,122
Adjustments Related to Impairment	7 21,574,131	35,998,079
-Adjustments Related to Impairment /(Reversals) on Inventory	(6,724,811)	3,515,518
-Adjustments Related to Impairment Loss Recognised on Receivables	5 28,298,942	32,482,561
Adjustments Related to Provisions	261,720,027	256,013,111
-Adjustments Related to for Employee Benefits	15 255,729,319	259,682,248
-Adjustments Related to Provisions for Legal Claims	13 5,990,708	9,520,226
-Adjustments Related to Other Provisions	-	(13,189,363)
Adjustments Related to Interest (Income) and Expense	3,973,771,192	3,771,138,379
-Adjustments Related to Interest Income	23 (166,716,084)	(69,284,291)
-Adjustments Related to Interest Expense	23 2,102,204,142	1,325,141,256
- Deferred Financing Expense from Forward Purchases	2,038,283,134	2,515,281,414
Adjustments Related to Income From Government Grants	16 (100,742,997)	(4,081,570)
Adjustments Related to Unrealised Currency Translation Differences	(104,707,690)	60,617,159
Adjustments related to other uncash items	87,227,632	23,128,991
Adjustments Related to Tax Expense	24 (97,001,102)	(203,895,689)
Adjustments Related to Losses/(Gains) on Disposal of Non-Current Assets	22 (3,328,851)	7,131,220
Other Adjustments Related to Net Profit / Loss	44,479,255	(44,249,518)
Monetary Loss / Gain	(2,507,518,687)	(3,267,663,185)
Changes in Working Capital	53,266,371	(3,321,297,702)
Adjustments Related to Increase in Inventories	1,199,452,672	(805,985,607)
Adjustments Related to Increase in Trade Receivables	259,873,313	(861,999,360)
Adjustments Related to Decrease (Increase) in Prepaid Expenses	(358,093,749)	(1,173,741,748)
Adjustments Related to Decrease (Increase) in Other Receivables	78,374,750	(311,160,378)
Adjustments Related to Increase (Decrease) in Trade Payables	(1,031,641,216)	(58,240,579)
Adjustments Related to Increase (Decrease) in Employee Benefits	89,137,314	132,562,675
Adjustments Related to Increase (Decrease) in Other Payables	131,311,670	51,403,635
Adjustments Related to Increase (Decrease) in Deferred Income	(71,779,770)	47,233,025
Payments Related to Employee Benefits	13,15 (152,831,811)	(226,682,473)
Tax Returns (Payments)	24 (84,192,988)	(102,733,263)
Other Cash Inflows (Outflows)	(6,343,814)	(11,953,629)
B. Cash Flow Used In Investing Activities	(1,096,618,329)	(1,060,451,949)
Proceeds from Sale of Property, Plant and Equipment and Intangible Assets	34,532,587	35,904,252
- Proceeds from Sale of Property, Plant and Equipment	9 34,065,924	35,833,486
- Proceeds from Sale of Intangible Assets	10 466,663	68,766
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets	(1,131,150,916)	(1,094,850,933)
- Cash Outflows from Purchase of Property, Plant and Equipment	9 (923,989,673)	(899,209,696)
- Cash Outflows from Purchase of Intangible Assets	10 (207,161,233)	(195,641,237)
Cash Outflows for the Purchase of Shares or Debt Instruments of Other Entities or Fund	-	(1,505,268)
C. Cash Flows Generated from/(Used in) Financing Activities	(2,652,256,886)	(1,092,368,577)
Proceeds from Borrowings	12 8,496,169,874	4,832,150,954
Cash Outflows Repayment of Borrowings	12 (7,478,892,729)	(2,722,780,467)
Cash Outflows Repayment of Borrowings Arising from Lease Agreements	12 (2,588,966,657)	(1,878,859,514)
Cash Inflows from Issuing Capital Share and Other Equity Instruments	17 -	1,554,372,713
Cash inflows from capital shares	17 -	1,554,372,713
Interest Received	4,23 168,951,580	65,840,175
Interest Paid	(1,249,518,953)	(758,355,284)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)	856,775,268	292,275,509
D. MONETARY LOSSES AND GAINS ON CASH AND CASH EQUIVALENTS	(180,722,262)	(208,584,471)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	676,053,006	83,691,038
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	762,285,075	678,594,037
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	1,438,338,081	762,285,075

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

AUDITED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS OF 31 DECEMBER 2025 AND 31 DECEMBER 2024

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

The registered address of the Company is Ayağaza Mah. Maslak Ayazağa Yolu, No: 3/5, Sarıyer, İstanbul. As explained in Note 17, as of 31 December 2025, the main partner of the Company is the owned by Turkven Private Equity and Yılmaz family.

The company's shares began trading on the Istanbul Stock Exchange on May 10, 2024.

As of 31 December 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.

<u>Subsidiaries</u>	<u>Registered Country</u>	<u>Field of Activity</u>
Koton Textile Group Gmbh ("Koton Germany") (*)	Germany	Retailing
Koton Textile Limited Doo Sarajevo ("Bosnia Herzegovina")	Bosnia and Herzegovina	Retailing
Koton Textile Limited Llc ("Koton Georgia")	Georgia	Retailing
Koton Textile D.O.O Zagreb ("Croatia") (*)	Croatia	Retailing
TOO "Koton Textile" Limited ("Kazakhstan")	Kazakhstan	Retailing
Koton Mağazacılık Doo El Skopje ("North Macedonia")	North Macedonia	Retailing
Koton Textile Retail Srl ("Romania")	Romania	Retailing
Ooo Koton Textile Llc ("Russia")	Russia	Retailing
Koton Textile Limited Doo Beograd ("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 Mağazacılık Limited ("Koton Azerbaijan") (*)	Azerbaijan	Retailing
Koton Textil Limited ("Koton Hong Kong") (*)	Hong Kong	Retailing
Koton Textil Korlátolt Felelősségű Társaság ("Koton Hungary")	Hungary	Retailing
Koton A.G. Trading L.L.C. ("Koton United Arab Emirates")	United Arab Emirates	Retailing
Koton India Private Limited ("Koton India") (*)	India	Retailing
Koton Trading LLC ("Koton Saudi Arabia")	Saudi Arabia	Retailing
Koton Fashion Trading LLC ("Koton Oman") (**)	Oman	Retailing
Koton Bahrain Trading W.L.L ("Koton Bahrain") (**)	Bahrain	Retailing
Koton Trading L.L.C ("Koton Qatar") (**)	Qatar	Retailing
Koton I.N.C ("Koton U.S.A") (**)	Amerika	Retailing

(*) As of 31 December 2025, there are active no stores.

(**) Established in 2025.

As of 31 December 2025, the total number of stores of the Group is 464 (31 December 2024: 451), 243 of these stores (31 December 2024: 244) has been operating in Türkiye. The Group has 243 stores in Türkiye, 32 of which are franchise stores (31 December 2024: 31). The Group has 221 stores abroad (31 December 2024: 207), 72 of these stores are franchise stores (31 December 2024: 73 stores). As of 31 December 2025, the Group's average number of employees is 7,852 (31 December 2024: 7,979).

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2. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

The consolidated financial statements were approved for publication by the Company's Board of Directors as of 3 March 2026.

Statement of Compliance with TFRS

The accompanying consolidated financial statements are prepared in accordance with the requirements of Capital Markets Board ("CMB") Communiqué Serial II, No: 14.1 "Basis of Financial Reporting in Capital Markets" ("the Communiqué"), which was published in the Official Gazette No:28676 on 13 June 2013. The accompanying financial statements are prepared based on the Turkish Financial Reporting Standards ("TFRS") and interpretations that have been put into effect by the Public Oversight Accounting and Auditing Standards Authority ("POA") under Article 5 of the Communiqué. In addition, the consolidated financial statements have been prepared in accordance with the "Announcement on TFRS Taxonomy" published by POA and the resolution of CMB about the Illustrations of Financial Statements and Application Guidance published on 4 October 2022.

The Group in Türkiye maintain their books of accounts and prepare their statutory financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation, the Uniform Chart of Accounts issued by the Ministry of Finance and principles issued by CMB. The foreign subsidiaries maintain their books of account in accordance with the laws and regulations in force in the countries in which they are registered. The consolidated financial statements have been prepared on the basis of historical cost and the necessary adjustments and classifications have been reflected in the statutory records in order to provide accurate presentation in accordance with TFRS.

In addition, the Group has prepared its consolidated financial statements prepared in accordance with the Turkish Commercial Code within the framework of the accounting policies specified in Note 2.5 in order to ensure correct presentation in legal records in accordance with TFRS.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Currency Used

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements. "Koton Germany", "Koton France", "Koton Greece", "Koton Croatia" and "Koton Slovakia" use Euro ("EUR") as the functional currency, "Koton Russia", "Koton Kazakhstan", "Koton Romania", "Koton Serbia", "Koton Georgia", "Koton Macedonia", "Koton Bosnia and Herzegovina", "Koton Azerbaijan", "Koton Hong Kong" , "Koton Morocco" , "Koton Belarus", "Koton Ukraine", "Koton Hungary", "Koton UAE", "Koton India", "Koton KSA", "Koton Oman", "Koton Bahrein", "Koton Qatar" and "Koton USA" use Ruble ("RUB"), Kuna ("HRK"), Tenge ("KZT"), Ley ("RON"), Dinar (RSD), Lari ("GEL"), Macedonian Denar ("MKD"), Bosnian Mark ("BAM"), New Manat ("AZN") Hong Kong Dollar ("HKD"), Moroccan Dirham ("MAD"), Belarusian Ruble ("BYR"), Ukrainian Hryvnia ("UAH"), Hungary Forint ("HUF"), United Arab Emirates Dirham ("AED"), India Rupee ("INR"), Saudi Arabia Rial ("SAR"), Omani Rial ("OMR"), Bahrain Dinar ("BHD"), Qatar Rial ("QAR") ve US Dollar ("USD") respectively as the functional currency. However, the financial statements are presented in TL, which is the functional currency of the parent company. All financial information is presented in TL and in full unless otherwise stated.

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

2.1 Basis of Presentation (cont'd)

Companies of the Group operating in foreign countries, keep their accounting records and prepare their legal financial statements in accordance with the generally accepted accounting principles of the countries in which they operate and the legislation of those countries.

The exchange rates used in the translation of foreign currency transactions of companies included in the consolidation are as follows:

	31 December 2025	31 December 2024		
	<u>End of the</u>	<u>Average for the</u>	<u>End of the</u>	<u>Average for the</u>
Currency	<u>year</u>	<u>year</u>	<u>year</u>	<u>Period</u>
US.Dollar	42.8623	42.5841	35.2233	34.9028
Euro	50.4532	49.8603	36.7429	36.5735
Ruble	0.5445	0.5402	0.3348	0.3381
Tenge	0.0848	0.0827	0.0672	0.0672
Lei	2.5592	2.5235	1.9160	1.9094
Dinar	0.4299	0.4247	0.3132	0.3126
Lari	15.9305	15.8042	12.5687	12.4503
Macedonian Dinar	0.8198	0.8102	0.5986	0.5948
Bosnian Mark	25.7834	25.4673	18.7867	18.6772
Moroccan Dirham	4.7083	4.6344	3.4837	3.4866
Belarusian Ruble	12.3273	12.3273	10.7970	10.6965
Ukrainian Hryvnia	1.0114	1.0100	0.8377	0.8364
Hungarian Forint	0.1308	0.1295	0.0895	0.0889
United Arab Emirates				
Dirham	11.6054	11.5295	9.5361	9.4494
Indian Rupi	0.4778	0.4735	0.4123	0.4123
Saudi Arabia Rial	11.4286	11.3503	9.3804	9.2906
Omani Rial	111.5759	110.7113	-	-
Bahrain Dinar	113.7850	113.0461	-	-
Qatar Rial	11.6928	11.6160	-	-

Restatement of financial statements during periods of high inflation:

The financial statements and related figures for previous periods have been restated for changes in the general purchasing power of the functional currency and, consequently, the financial statements and related figures for previous periods are expressed in terms of the measuring unit current at the end of the reporting period in accordance with TAS 29 "Financial Reporting in Hyperinflationary Economies".

TAS 29 applies to the financial statements, including the financial statements, of each entity whose functional currency is the currency of a hyperinflationary economy. If an economy is subject to hyperinflation, TAS 29 requires an entity whose functional currency is the currency of a hyperinflationary economy to present its financial statements in terms of the measuring unit current at the end of the reporting period.

As at the reporting date, entities operating in Türkiye are required to apply TAS 29 "Financial Reporting in Hyperinflationary Economies" for the reporting periods ending on or after 31 December 2023, as the cumulative change in the general purchasing power of the last three years based on the Consumer Price Index ("CPI") is more than 100%.

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

2.1 Basis of Presentation (cont'd)

Restatement of financial statements during periods of high inflation (cont'd)

POA made an announcement on 23 November 2023 regarding the scope and application of TAS 29. It stated that the financial statements of the entities applying Turkish Financial Reporting Standards for the annual reporting period ending on or after 31 December 2023 should be presented in accordance with the related accounting principles in TAS 29, adjusted for the effects of inflation.

In accordance with the CMB's decision dated 28 December 2023 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards are required to apply inflation accounting by applying the provisions of TAS 29 to their annual financial statements for the accounting periods ending on 31 December 2025.

In this framework, while preparing the financial statements dated 31 December 2025, inflation adjustment has been made in accordance with TAS 29.

The table below shows the inflation rates for the relevant years calculated by taking into account the Consumer Price Indices published by the Turkish Statistical Institute ("TURKSTAT"):

Date	Index	Adjustment coefficient	Three-year cumulative inflation rates
31.12.2025	3,513.87	1.00000	211%
31.12.2024	2,684.55	1.30890	291%
31.12.2023	1,859,38	1.88981	268%

The main lines of TAS 29 indexation transactions are as follows:

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

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

2.1 Basis of Presentation (cont'd)

Restatement of financial statements during periods of high inflation (cont'd)

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 31 December 2025 purchasing power according to the following principles.

The consolidated financial position statement for the year ending on 31 December 2025 has been translated into Turkish Lira at the closing rate of 31 December 2025. The consolidated income statement for the period of 1 January 2025 - 31 December 2025 has been translated into Turkish Lira at the monthly average rates and indexed to the purchasing power of 31 December 2025 from the relevant months. The consolidated financial position statement for the year ending on 31 December 2024 has been translated into Turkish Lira at the closing rate of 31 December 2024 and indexed to the purchasing power of 31 December 2025. The income statement for the period of 1 January 2024 - 31 December 2024 has been translated into Turkish Lira at the monthly average rates and indexed to the purchasing power of 31 December 2025 from the relevant months.

Tax Procedure Law

Within the scope of the temporary article added to the Tax Procedure Law ("VUK") by the Omnibus Law No. 7571 published in the Official Gazette dated December 24, 2025, it has been stipulated that even if the conditions are met, the PPI-based inflation adjustment will not be applied in the accounting periods of 2025, 2026 and 2027. Accordingly, inflation adjustment has not been applied to the VUK financial statements that will be used as the basis for the corporate tax returns for these periods..

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

2.1 Basis of Presentation (cont'd)

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.

Comparative Information and Restatement of Prior Period Consolidated Financial Statements

The financial statements of the Group include comparative financial information to enable the determination of the financial position and performance trends. In order to comply with the presentation of the current period financial statements, comparative information is reclassified, and significant changes are disclosed if necessary.

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.

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

2.1 Basis of Presentation (cont'd)

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 31 December 2025 and 31 December 2024:

Subsidiaries	31 December 2025 Partnership rate (%)	31 December 2024 Partnership rate (%)
Koton Germany (*)	100.00	100.00
Koton Azerbaijan (*)	100.00	100.00
Koton Hong Kong (*)	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 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	-
Koton Oman (**)	51.00	-
Koton Qatar (**)	51.00	-
Koton U.S.A (*)(**)	100.00	-

(*) There is no active store as of balance sheet date.

(**) Established in 2025.

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.

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

2.1 Basis of Presentation (cont'd)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to prior years' profit as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under TFRS 9 *Financial Instruments*, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Developments regarding tensions between Russia and Ukraine

The sanctions imposed on Russia and the ongoing Ukraine-Russia tension may affect the Group's operations in this country. The mentioned impacts are beyond the control of the companies operating in the country. Companies operating in Russia must consider certain risks that are not generally observable in other markets. The accompanying consolidated financial statements include the Group's management assumptions regarding its operations and financial position in Russia. Russia's future economic situation may differ from the assumptions made by the Group's management.

2.2 Changes in Accounting Policies

Significant changes in accounting policies have been applied retrospectively and prior period consolidated financial statements are restated. The Group has not made any changes in its accounting policies due to the effects of the changes in standards in the current year.

2.3 Change in Accounting Estimates and Errors

If changes in accounting estimates relate only for one period, changes are applied only in the current period but if changes in estimates relate more than one period, changes are applied both in the current and following periods prospectively. In the current period, there is no significant change in the accounting estimates. The consolidated financial statements have been restated retrospectively in accordance with TAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" which requires changes in accounting policies and accounting estimates to be accounted for and corrections of errors to be recognized.

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

2.4 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2025

Amendments to TAS 21 *Lack of Exchangeability*

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. Amendments are effective from annual reporting periods beginning on or after 1 January 2025.

The aforementioned standard, amendments and improvements do not have any significant effect on the Group's consolidated financial position and performance.

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

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

TFRS 17	<i>Insurance Contracts</i>
Amendments to TFRS 17	<i>Initial Application of TFRS 17 and TFRS 9 — Comparative Information</i>
TFRS 18	<i>Presentation and Disclosures in Financial Statements</i>
TFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>
Amendments to TFRS 9 and TFRS 7	<i>Classification and Measurement of Financial Instruments</i>
Amendments to TFRS 9 and TFRS 7	<i>Power Purchase Arrangements</i>
Annual Improvements	<i>Annual Improvements to TFRSs – Volume 11</i>
Amendments to TFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>

TFRS 17 *Insurance Contracts*

TFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. TFRS 17 has been deferred for insurance, reinsurance and pension companies for a further year and will replace TFRS 4 *Insurance Contracts* on 1 January 2027.

Amendments to TFRS 17 *Insurance Contracts* and *Initial Application of TFRS 17 and TFRS 9 – Comparative Information*

Amendments have been made in TFRS 17 in order to reduce the implementation costs, to explain the results and to facilitate the initial application. The amendment permits entities that first apply TFRS 17 and TFRS 9 at the same time to present comparative information about a financial asset as if the classification and measurement requirements of TFRS 9 had been applied to that financial asset before. Amendments are effective with the first application of TFRS 17.

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

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

b) New and revised TFRSs in issue but not yet effective (cont'd)

TFRS 18 Presentation and Disclosures in Financial Statements

TFRS 18 includes requirements for all entities applying TFRS for the presentation and disclosure of information in financial statements. This standard is effective from annual reporting periods beginning on or after 1 January 2027.

TFRS 19 Subsidiaries without Public Accountability: Disclosures

TFRS 19 specifies the disclosure requirements an eligible subsidiary is permitted to apply instead of the disclosure requirements in other IFRS Accounting Standards. This standard is effective from annual reporting periods beginning on or after 1 January 2027.

Amendments to TFRS 9 and TFRS 7 Classification and Measurement of Financial Instruments

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

Amendments to TFRS 9 and TFRS 7 Power Purchase Arrangements

The amendments aim at enabling entities to include information in their financial statements that in the IASB's view more faithfully represents contracts referencing nature-dependent electricity. Amendments are effective from annual reporting periods beginning on or after 1 January 2026.

Annual Improvements to TFRS

The pronouncement comprises the following amendments:

- TFRS 1: Hedge accounting by a first-time adopter
- TFRS 7: Gain or loss on derecognition
- TFRS 7: Disclosure of deferred difference between fair value and transaction price
- TFRS 7: Introduction and credit risk disclosures
- TFRS 9: Lessee derecognition of lease liabilities
- TFRS 9: Transaction price
- TFRS 10: Determination of a 'de facto agent'
- TAS 7: Cost method

Amendments are effective from annual reporting periods beginning on or after 1 January 2026.

Amendments to TFRS 19 Subsidiaries without Public Accountability: Disclosures

The amendments cover new or amended Turkish Financial Reporting Standards that were not considered when TFRS 19 was first issued. Amendments are effective from annual reporting periods beginning on or after 1 January 2027.

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

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

b) New and revised TFRSs in issue but not yet effective (cont'd)

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

2.5 Summary of Significant Accounting Policies

Related Parties

In the presence of one of the following criteria, the party is considered associated with the Group:

- (a) Directly, or indirectly through one or more intermediaries, the party:
 - (i) Controls, is controlled by, or is under common control with the entity (this includes parent, subsidiaries and fellow subsidiaries),
 - (ii) Has an interest in the Company that gives it significant influence over the Group,
 - (iii) Has joint control over the Company.
- (b) The party is an associate of the Group,
- (c) The party is a joint venture in which the Group is a venturer,
- (d) The party is member of the key management personnel of the Group and its parent,
- (e) The party is a close member of the family of any individual referred to in (a) or (d),
- (f) The party is an entity that is controlled or significantly influenced by, or for which significant voting power in such entity resides with directly or indirectly, any individual referred to in (d) or (e),
- (g) The party is a post-employment benefit plan for the benefit of employees of the Group, or of any entity that is a related party of the Group.

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. A number of transactions are entered into with related parties in the normal course of business.

In accordance with the purpose of consolidated financial statements, partners, senior management (CEOs, vice presidents, group vice presidents), and board members, along with their families, and companies controlled and significantly influenced by them, are recognized as "related parties."

Revenue recognition

The Group transfers a committed good or service to its customer and records the revenue in its consolidated financial statements as it fulfills or obtains its performance obligation. An asset is transferred when the control of an asset is (or passes) into the hands of the customer.

The Group records revenue in its financial statements in accordance with the following basic principles:

- (a) Identification of customer contracts,
- (b) Identification of performance obligations,
- (c) Determination of the transaction price in the contracts,
- (d) Allocation of transaction price to the performance obligations,
- (e) Recognition of revenue when the performance obligations are satisfied.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Revenue recognition (cont'd)

Following indicators are considered while evaluating the transfer of control of the goods and services:

- (a) The parties to the contract have approved the contract (whether in writing, verbally or in accordance with other customary trade practices) and undertake to perform their respective obligations,
- (b) The Group is able to identify the rights to the goods or services to be transferred by each party,
- (c) The Group may define payment terms for goods or services to be transferred,
- (d) The contract is commercial in nature,
- (e) It is possible that the Group will collect fees for goods or services to be transferred to the customer.

When evaluating whether a price is likely to be collected, the entity takes into account only the customer's ability to pay this amount on due date and its intention to do so.

In general, the Group has three sales channels: wholesale, retail and e-commerce.

Revenue from the sale of goods through retail business is recognized when the control of ownership have been transferred to the buyer. Revenue from the sale of goods through retail business in the course of ordinary activities is measured at the fair value of the consideration received in cash or credit card when the control over the goods is transferred and the revenue is measured reliably. The discount is recognized as a reduction of revenue as the sales are recognized.

Wholesale sales are to third-party retailers that then on-sell to consumers. The wholesale channel includes stores operated by franchise holders, where Koton brand products are sold ("franchises"), folded stores, corner stores and other individual stores, and online ("online") channels for third parties. The Group has consignment merchandise at the stores of companies operating by signing a franchise agreement with it. The revenue of this consignment of commercial goods is recorded only after the sale to the final customer within the scope described above. Sales to the online stores belonging to third stores, corner stores and other individual stores, are reflected in the records as sales following the invoice issuance.

E-commerce represents direct sales of the Company to consumers through its website at Koton.com and marketplace applications residing in Türkiye and abroad. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risk and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If a deduction is possible and the amount can be measured reliably, the discount amount is recognized as a deduction from the proceeds as soon as the revenue is recorded.

Gift cheques given to customers are recognized as short-term deferred income when they are given and recognized as revenue in profit or loss when they are used.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Inventories

Inventories are stated at the lower of cost and net realizable value. The cost determination method is the monthly weighted average for all inventories, and semi-finished products and products take a share from the production costs. Net realizable value is the amount obtained by deducting the estimated completion cost from the sale price and the estimated total sale cost required to realize the sale. Unusable inventories are removed from the records. Credit costs are not included in inventory costs.

Property, Plant and Equipment

All property, plant and equipment are initially recognized at cost and recognized at cost less accumulated depreciation and, if any, provision for impairment. When the property, plant and equipment is sold, the income or expense incurred after deducting the cost and accumulated depreciation from the related accounts is included in the income statement.

The cost value of the property, plant and equipment consists of the purchase price, import duties and non-refundable taxes, and the expenses incurred to prepare the property, plant and equipment for use. Costs such as repair and maintenance that occur after the use of property, plant and equipment are recognized as expense in the period in which they occur. If the expenditures made provide an economic value increase in the future use of the relevant property, plant and equipment, these expenditures are added to the cost of the asset.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Such assets are depreciated when they are ready for use, as is the depreciation method used for other fixed assets.

The estimated useful lives of property, plant and equipment in the current and comparative years are as follows:

Description	Year
Machinery and equipment	4-15
Vehicles	4-5
Furniture and fixtures	1-50
Leasehold improvements	1-20

The economic life, residual value and depreciation method are regularly reviewed every year for the possible effects of the changes in the estimates, attention is paid to whether the method used in this process and the depreciation period are in line with the economic benefits to be obtained from the related asset, and if there is a change in the estimates, they are accounted for prospectively.

Property, plant and equipment are examined in order to detect a possible decrease in value, and if the book value of the property, plant and equipment is more than its recoverable value, its book value is reduced to its recoverable value by making a provision. The recoverable amount is accepted as the higher of the net cash flows from the current use of the related property, plant and equipment and its fair value less costs to sell.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Property, Plant and Equipment (cont'd)

The gain or loss resulting from the disposal of property, plant and equipment or the retirement of a property, plant and equipment is determined as the difference between the sales revenue and the net book value of the asset and is reflected in other relevant operating income and expenses accounts in the current period.

Rights-of-use assets

The Group as Lessee

At inception of a contract, the Group assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. The Group considers the following matters when assessing whether the agreement transfers the right to control the use of an identified asset for a limited period:

- a) The contract contains an identified asset: - this may be specified explicitly or implicitly,
- b) The asset should be physically distinct or represent substantially all the capacity of a physically distinct asset. If the supplier has a substantive substitution right, the asset is not identified,
- c) The Group has the right to obtain substantially all the economic benefits from the use of an asset throughout the period of use and
- d) The Group has the right to direct use of the asset. The Group concludes to have the right of use, when it is predetermined how and for what purpose the Group will use the asset. Group has the right to direct the use of the asset throughout the period of use only if either:
 - i. The Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions
 - ii. The Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

The Group reflects a right of use and a lease obligation in the financial statements at the date when the lease actually begins.

Right-of-use asset

The cost of the right-of-use asset comprises:

- a) The amount of the initial measurement of lease liability,
- b) Any lease payments made at or before the commencement date, less any lease incentives received,
- c) Any initial direct costs incurred by the Group and
- d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

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

2.5 Summary of Significant Accounting Policies (cont'd)

Right of use assets (cont'd)

When applying the cost model, Group measures the right-of-use asset at cost:

- a) Less any accumulated depreciation and any accumulated impairment losses and
- b) Adjusted for any remeasurement of the lease liability.

The Group apply the depreciation requirements in TAS 16, "Property, Plant and Equipment" in depreciating the right-of-use asset, subject to the requirements. The Group apply TAS 36, "Impairment of Assets" to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Lease liability

At the commencement date, the Group measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease if that rate can be readily determined. If that rate cannot be readily determined, the Group use the lessee's incremental borrowing rate.

At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- a) Fixed payments, less any lease incentives receivable,
- b) Rent payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- c) Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, the Group measure the lease liability by:

- a) Increasing the carrying amount to reflect interest on the lease liability,
- b) Reducing the carrying amount to reflect the lease payments made,
- c) Remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

Extension and termination options

The lease liability is determined by taking into account the extension and early termination options in the contracts. The majority of the extension and early termination options included in the contracts are options that can be exercised jointly by the Group and the lessor. The Group determines the lease term by including extension and early termination options in the lease term if they are at the Group's discretion and the exercise of the options is reasonably certain. The assessment is reviewed by management if there is a significant change in circumstances.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Lease liability (cont'd)

Variable lease payments

Some lease contracts of the Group contain variable payment terms. Variable lease payments are not in the scope of TFRS 16 Standard and recognized in the statement of income in the related period.

Practical expedients

The short-term lease agreements with a lease term of 12 months or less and agreements related to information technology equipment leases (mainly printer, laptop, mobile phone etc.), which are determined by the Group as low value, have been evaluated within the scope of practical expedients introduced by the TFRS 16, "Leases". A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar asset class in a similar economic environment).

Group - as a lessor

The Group's activities as lessor do not include a significant amount.

Intangible assets

Intangible assets with finite useful lives purchased by the Group are recognized at cost less accumulated amortization and, if any, permanent losses in value. Amortization of intangible assets are recognized in profit or loss over their estimated useful lives from the date on which the related assets are ready for use, using the straight-line depreciation method. Intangible assets mainly consist of computer licenses, product designs developed by the Group, and rights and licenses consisting of advertising films with intellectual property.

In the current and comparative years, the estimated useful lives of intangible assets are between 2 and 15 years. Amortization methods and useful lives are revised in each reporting period and corrected if necessary.

Research and development expenses

There is a separate department within the Group that carries out new fabric and design development activities, and as a result of the activities of this department, sample productions including new collection product designs are made. The Group presents the costs and expenses, mainly personnel expenses and sample production expenses, which it incurs in relation to these activities, in research expenses. As explained under the intangible assets section, the Group capitalizes and presents in its records the personnel expenses incurred for the projects that are in the development phase.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Cash and cash equivalents

Cash and cash equivalents include cash, credit card receivables and bank deposits, and short-term and highly liquid investments with a maturity of three months or less, which can be easily translated into cash with a definite amount. For cash and cash equivalents, the Group assesses impairment according to the expected credit loss model, taking into account past credit loss experiences and future projections.

Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Trade receivables net of deferred finance income are calculated using the effective interest method based on the collection amount in the subsequent period instead on the amount at the invoice date. Short-term trade receivables with no determined interest rate are measured at the original invoice amount if the effect of interest accrual is not significant. In accordance with TFRS 9, if no provision provided to the trade receivables because of a specific event, the Company measures expected credit loss from these receivables by the lifetime expected credit loss. The calculation of expected credit loss is performed based on the past experience of the Company and its expectation based on the macroeconomic indications. Change in the provision for expected credit loss is recognized in other operating income/(expense).

Borrowing Costs

Bank borrowings are recorded over their fair values with reduced transaction costs on the date they are received. In the following periods, it is valued at its discounted prices by using the effective interest rate method and the difference between the amount remaining after the transaction costs is deducted and the discounted cost value is reflected to the consolidated comprehensive income statement as financing cost during the loan period.

In case foreign exchange gains are included in the financing activities, the aforementioned income is deducted from the total capitalized finance expense.

In the case of assets (qualified assets) that take significant time to get ready for use and sale, borrowing costs directly attributable to their acquisition, construction or production are included in the cost of the asset until it is ready for use or sale. All other borrowing costs are recorded in the consolidated statement of comprehensive income in the period in which they are incurred.

Exchange rates related to bank loans are capitalized as long as they are associated with interest expenses. Exchange rate income and expenses to be capitalized with interest expenses are determined by taking into account the value difference between borrowing expenses that the company will bear in case of borrowing in its functional currency and the borrowing expenses that it currently incurs through borrowing in foreign currency.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments

Financial assets and financial liabilities are recognized in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on the transaction date.

The Group classifies its financial assets as (a) Business model used for managing financial assets, (b) financial assets subsequently measured at amortized cost, at fair value through other comprehensive income or at fair value through profit or loss based on the characteristics of contractual cash flows. The Group reclassifies all financial assets effected from the change in the business model it uses for the management of financial assets. The reclassification of financial assets is applied prospectively from the reclassification date. In such cases, no adjustment is made to gains, losses (including any gains or losses of impairment) or interest previously recognized in the financial statements.

Classification of financial assets

Financial assets that meet the following conditions are measured subsequently at amortized cost:

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

Financial assets that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset; the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

(i) Amortized cost and effective interest method

Interest income on financial assets carried at amortized cost is calculated using the effective interest method. The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. This income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset:

(a) Credit-impaired financial assets when purchased or generated. For such financial assets, the Company applies the effective interest rate on the amortized cost of a financial asset based on the loan from the date of the recognition in the financial statements.

(b) Non-financial assets that are impaired at the time of acquisition or generation but subsequently become a financial asset that has been impaired. For such financial assets, the Company applies the effective interest rate to the amortized cost of the asset in the subsequent reporting periods.

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVTOCI. Interest income is recognized in profit or loss and is included in the "finance income – interest income" line item.

(ii) Financial assets carried at FVTOCI

Financial assets at FVTOCI include "financial investments" items in the statement of financial position. In case the assets whose fair value difference is recorded in other comprehensive income/expenses are sold, the valuation difference classified into other comprehensive income is reclassified to retained earnings.

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI (see (i) to (ii) above) are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy).

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically,

- for financial assets measured at amortized cost that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortized cost of the debt instrument are recognized in profit or loss. Other exchange differences are recognized in other comprehensive income;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognized in other comprehensive income.

Impairment of financial assets

The Group recognizes a provision for impairment in the consolidated financial statements for expected credit losses carried at amortized cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset.

The Group calculates impairment allowances for trade receivables that do not have a significant financing component, assets arising from contracts with customers using the simplified approach, in an amount equal to the expected credit loss over the life of the related financial assets

For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

Measurement and recognition of expected credit losses (cont'd)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows (all cash-deficiencies) that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate (or credit-based adjusted effective interest rate for financial assets with credit-value impairment when purchased or incurred).

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities

The Group measures a financial liability at fair value at initial recognition. On initial recognition of liabilities other than those that are recognized at FVTPL, transaction costs directly attributable to the acquisition or issuance thereof are also recognized in the fair value.

A financial liability is subsequently classified at amortized cost except:

(a) Financial liabilities at FVTPL: These liabilities including derivative instruments are subsequently measured at fair value.

(b) Financial liabilities arising if the transfer of the financial asset does not meet the conditions of derecognition from the financial statements or if the ongoing relationship approach is applied: When the Group continues to present an asset based on the ongoing relationship approach, a liability in relation to this is also recognized in the financial statements. The transferred asset and the related liability are measured to reflect the rights and liabilities that the Group continues to hold. The transferred liability is measured in the same manner as the net book value of the transferred asset.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Financial Instruments (cont'd)

Financial liabilities (cont'd)

(c) A contingent consideration recognized in the financial statements by the entity acquired in a business combination where TFRS 3 is applied: After initial recognition, the related contingent consideration is measured as at FVTPL.

The Group does not reclassify any financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

Derivative instruments and hedging activities

Derivative financial instruments are initially recognized at the acquisition cost reflecting the fair value on the date on which a derivative contract is entered and are subsequently remeasured at fair value. The derivative instruments of the Group mainly consist of cash flow hedge instruments. These derivative transactions, even though providing effective economic hedges under the Group risk management position, do not generally qualify for hedge accounting under the specific rules and are therefore treated as derivatives held for trading in the consolidated financial statements. The fair value changes for these derivatives are recognized in the consolidated profit or loss statement. The hedging transactions of the Group that qualify for hedge accounting are accounted for as follows:

Cash Flow Hedge Transactions

There is an effective cash flow hedging relationship between the Group's long-term foreign currency denominated loans (non-derivative hedging instrument) and its highly probable future sales (the item subject to hedging).

In this context, within the scope of the policy of managing cash flows arising from currency risk, has defined its sales that are highly probable to occur in the foreseeable future as "hedging items", and has started cash flow hedge accounting by matching these sales with long-term financial liabilities that it defines as "non-derivative hedging instruments". Discounted spot component (as effective) of the foreign exchange difference arising from the principal balances of the long-term loans defined as hedging instruments within the scope of this accounting, arising from the principal balances to be paid within a calendar period in accordance with the foreseeable budgets, is under "Other comprehensive income/(expense) related to cash flow hedging" in the Statement of Other Comprehensive Income, will be held until the associated sale affects the income statement. When the sales are realized, the related foreign exchange gain/loss accumulated in this fund is recognized in the income statement under "other income/expenses from operating activities".

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

2.5 Summary of Significant Accounting Policies (cont'd)

Effects of Changes in Exchange Rates

Foreign Currency Transactions and Balances

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TL, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in foreign currencies (other than TL) are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into TL at the exchange rates prevailing at the balance sheet date.

Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets where they are regarded as an adjustment to interest costs on those foreign currency borrowings,
- Exchange differences on transactions entered into in order to hedge certain foreign currency risks (accounting policies related to providing financial hedging against risks are explained below),
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognized in the foreign currency translation reserve and recognized in profit or loss on disposal of the net investment.

Financial Statements of the Subsidiaries, Joint Ventures and Associates Operating Overseas

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's subsidiaries operating in foreign countries are translated into TL using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period (in which case the exchange rates at the dates of the transactions are used). Translation differences arising, if any, are recognized in other comprehensive income and accumulated foreign currency translation fund in equity. When the foreign operations are disposed, these translation differences are recognized in profit or loss statement in the related period.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Offsetting

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liabilities simultaneously.

Trade payables

Trade payables are initially recorded at fair value and subsequently measured at amortized cost using the effective interest method. The carried trade payables are the fair value of consideration to be paid in the future for goods and services received, whether billed or not billed.

Provisions, contingent assets and liabilities

If there is an existing obligation arising from past events, it is probable that the obligation will be fulfilled and the amount in question is reliably predictable, a provision is made in the financial statements.

The amount allocated as a provision is calculated by considering the risks and uncertainties related to the liability, by estimating the expenditures to be made to fulfill the liability as of the balance sheet date.

In cases where the time value effect of money is significant, the provision amount is determined as the present value of the expenses expected to be required to fulfill the obligation. In determining the discount rate to be used in reducing the provisions to their present values, the interest rate in the relevant markets and the risk related to the said liability are taken into consideration. The said discount rate is determined as pre-tax and does not include the risk related to the estimation of future cash flows.

Taxes Calculated on Corporate Income

Current tax expense and deferred tax

Tax deduction or income is the sum of the statutory and deferred taxes calculated in relation to the gains or losses arising in the period. The tax is included in the profit or loss statement if it is not related to a transaction that is accounted for directly under equity. Otherwise, the tax is accounted under equity as well as the related transaction.

Period tax expense is calculated by taking into consideration the tax laws in force in the countries where the Group's subsidiaries operate as of the balance sheet date.

Deferred income tax is recognized, using liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax asset or liability is not recognized in the financial statements in case assets and liabilities that do not affect both commercial and financial profit or loss, except for business combinations, are recognized for the first time. Deferred tax assets and liabilities are calculated over the tax rates expected to be applied in the period when the tax asset is to be realized or the obligation will be performed, taking into account the tax rates and tax legislation that are in force or effective as of the balance sheet date.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Taxes Calculated on Corporate Income and Deferred Taxes (cont'd)

Current tax expense and deferred tax (cont'd)

The major temporary differences arise from the difference between the tax base and the carrying value of property, plant and equipment and intangible assets due to various expense accruals and unused tax deductions and exemptions. Deferred tax assets are recognized for unused tax losses, tax advantages and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which they can be utilized. The deferred tax asset is reviewed at each balance sheet date and the carrying amount of the deferred tax asset is reduced when it is not possible to generate sufficient taxable profit for future use.

While deferred tax liabilities are calculated for all taxable temporary differences, deferred tax assets consisting of deductible temporary differences are calculated provided that it is highly likely to benefit from these differences by obtaining taxable profit in the future.

Deferred tax assets and liabilities are mutually offset provided that they are subject to the tax legislation of the same country and that there is a legally enforceable right to set off current tax assets from current tax liabilities.

Provision For Employee Benefits

Employment termination benefits

Employment termination benefits, as required by the Turkish Labor Law and the laws applicable in the countries where the subsidiaries operate, represent the estimated present value of the total reserve of the future probable obligation of the Company arising in case of the retirement of the employees. According to Turkish Labor Law and other laws applicable in Türkiye, the Company is obliged to pay employment termination benefit to all personnel in cases of termination of employment without due cause, call for military service, retirement or death upon the completion of a minimum one year service. The provision which is allocated by using the defined benefit pension's current value is calculated by using the estimated liability method. Current service costs and interest costs are recognized in the statement of income and all actuarial profits and losses are recognized in the statements of other comprehensive income.

The Group does not record the severance pay provision for its employees in these countries, as a company has an obligation to pay severance pay only in very special cases, according to the labor laws that its subsidiaries abroad are subject to. Retirement pay provisions are not subject to legal funding.

Unused vacation rights

Unused vacation rights accrued in the consolidated financial statements represent the total amount of employees' unused vacation days as of the balance sheet date.

Statement of Cash Flows

The Group prepares statements of cash flows as an integral part of its of financial statements to enable financial statement analysis about the change in its net assets, financial structure and the ability to direct cash flow amounts and timing according to evolving conditions. Cash flows include those from operating activities, investing activities and financing activities.

Cash flows from operating activities represent the cash flows generated from the Group's activities.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Statement of Cash Flows (cont'd)

Cash flows related to investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed investments and financial investments).

Cash flows arising from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

Segmental reporting of financial information

Operating segments are evaluated in parallel with the internal reporting and strategic segments presented to the bodies or persons authorized to make decisions regarding the Group's activities. For the purposes of making decisions about resources to be allocated to operating segments and assessing the performance of operating segments, the Group's key management personnel are identified as the bodies and individuals who have the authority to make strategic decisions about the Group's activities.

Türkiye and foreign operations of the Group are defined as geographical operating segments. The Group's foreign subsidiaries operating in different countries are combined and presented as 'Other' since they have similar economic characteristics and their individual revenue, profit and loss or asset amounts do not exceed 10% of total revenue, profit and loss or asset amounts, respectively. A significant portion of the Other segment consists of activities in the Balkan countries.

Earnings per share

Earnings per share disclosed in the consolidated statement of profit or loss are determined by dividing net profit for the year by the weighted average number of shares in existence during the year concerned.

In Türkiye, companies can increase their share capital by distributing 'bonus shares' to shareholders from retained earnings. Such bonus share distributions are treated as issued shares in earnings per share computations. Accordingly, the weighted average number of shares used in these computations is calculated by taking into consideration the retrospective effect of such share distributions.

Financing income and expenses

Financing expenses consist of interest expenses of borrowings, exchange rate differences of borrowing items, commission expenses on borrowings, letters of guarantee paid to banks and credit card commission expenses. Exchange rate incomes or expenses are shown in net income within financing income or financing expenses according to whether they are in income or net expense after exchange difference movements are netted on a company basis.

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

2.5 Summary of Significant Accounting Policies (cont'd)

Other income and expenses from main activities

Other main income consist of Turquality income, discount interest income from trade transactions, foreign exchange income differences arising from consolidated statement of financial position items other than borrowing instruments, derivative financial transaction earnings and other operating income.

Other main expenses consist of discount interest expenses from trade transactions, provisions for doubtful receivables, donations, foreign exchange losses arising from consolidated statement of financial position items other than debt instruments, and expenses related to other operations.

Exchange rate difference income or expenses are shown in net amounts within other income from operation activities or other expense from operating activities, depending on whether the currency difference movements are net income or net expense on a company basis.

Events after the balance sheet date

Subsequent events that occur after the balance sheet date and that may affect the status of the group on the balance sheet date (events requiring correction) are reflected in the consolidated financial statements. Events that do not require correction are explained in footnotes if they have a certain importance.

2.6 Significant Accounting Judgements and Estimates

The preparation of the consolidated financial statements requires the disclosure of the amounts of assets and liabilities reported as of the balance sheet date, the disclosure of contingent assets and liabilities, and the use of estimates and assumptions that may affect the amounts of income and expenses reported during the accounting period. Accounting evaluations, estimates and assumptions are continuously evaluated by considering past experience, other factors and reasonable expectations about future events under current conditions. Although these estimates and assumptions are based on management's best knowledge of current events and transactions, actual results may differ from the assumptions. Estimates and assumptions that may cause significant adjustments to the carrying value of assets and liabilities in the next financial reporting period are set out below:

- a) With regard to the impairment of inventory, inventories are physically analyzed, how long the inventory is from the past, is examined, and a provision is set for items that are estimated to be unusable. In determining the net realizable value of inventories, data on list sales prices and average discount rates given during the year are used (Note 7).

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

2.6 Summary of Significant Accounting Policies (cont'd)

- b) As explained in Note 2.5, Property, plant and equipment are carried at the cost less accumulated depreciation and, if any, impairment. The Group evaluates its operational performance on a store-by-store basis and decides whether to continue or not to continue activities of the stores. Each store's continuity depends on the discounted net cash flow projections. Those cash flow projections are calculated on a consistent basis to the Group's five year business plans and on a store-by-store basis by taking into consideration the remaining useful life of each store. In this context, the Group executed an impairment estimate on the leasehold improvements and right-of-use assets on stores by considering the continuity of each store. At the same time, the Group management makes significant assumptions in the determination of useful lives of tangible and intangible assets in line with the experience of its technical team and forward looking marketing and management strategies especially for lease hold improvements.
- c) As explained in Note 2.5, the lease payments are discounted using the interest rate implicit in the lease and the Group's incremental borrowing rate is used. Also, the management assesses the expected length of some of the leases and this assessment takes into account non-cancellations and extension options. The lease liability is determined by taking into account the extension options in the agreements. Most of the extension options included in long term lease agreements consist of extension options applicable by the Group. The Group reassesses the extension options in the lease term in the last year of the lease term based on the medium-term business plans and includes the right to extend to the contract term prospectively, if necessary. If there is a significant change in the conditions, the evaluation made is reviewed by the Group.
- d) The Group recognizes deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS published by POA and their statutory financial statements. The fully or partially recoverable amount of deferred tax assets are estimated under available circumstances. The future income projections, unused losses and expiration dates of other tax assets and tax planning strategies that can be used when necessary are considered during the evaluation of estimations. As of 31 December 2025, the Group has recognized deferred tax assets amounting to TL 3,758,061,152 (31 December 2024: TL 1,758,373,721) arising from unused tax losses amounting to TL 939,515,288 (31 December 2024: TL 445,843,430) (Note 24).
- e) In measuring the allowance for expected losses, the Group uses reasonable and supportable forward-looking information based on assumptions about different future economic conditions and how they will affect each other. It is based on the difference between the contractual cash flows and the receivables the lender expects to collect, taking into account cash flows arising from collateral and credit enhancements.
- f) Litigation provisions have been determined based on the assessments of the Group Management and lawyers based on the probable outcomes of the related lawsuits and the possible cash outflows and outcomes as a result of these outcomes. The amount of litigation provision recognized in the consolidated financial statements is based on the estimates of the Group management and lawyers. Possible differences between the estimates and actual results may affect the accompanying consolidated financial statements.

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3. SEGMENT REPORTING

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

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

1 January – 31 December 2025

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
-Retail	20,489,765,599	3,223,499,066	3,573,042,752	27,286,307,417
-E-Commerce	1,882,558,624	1,296,969,945	655,998,866	3,835,527,435
-Wholesale	1,352,999,828	22,973,249	375,006,305	1,750,979,382
Total Sales	23,725,324,051	4,543,442,260	4,604,047,923	32,872,814,234
Cost of Sales	(9,754,569,577)	(2,820,249,998)	(2,499,817,677)	(15,074,637,252)
Gross Profit	13,970,754,474	1,723,192,262	2,104,230,246	17,798,176,982
EBITDA	6,534,677,202	485,546,921	768,932,026	7,789,156,149
Adjusted EBITDA	4,703,710,404	57,244,506	439,234,586	5,200,189,496
Profit / (loss) for the period	(536,052,574)	(557,306,325)	134,685,570	(958,673,329)

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.

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

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3. SEGMENT REPORTING (cont'd)

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

1 January – 31 December 2025 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries (**)	Total
Profit Before Tax	(544,453,255)	(642,752,877)	131,531,701	(1,055,674,431)
Finance expense, net	(3,068,974,441)	(233,391,817)	(43,907,373)	(3,346,273,631)
Monetary loss / gain	596,523,718	-	-	596,523,718
Operating profit / (loss) before finance income / (expense)	1,927,997,468	(409,361,060)	175,439,074	1,694,075,482
Income from investing activities	12,382,066	-	-	12,382,066
Expenses from investing activities	(9,053,215)	-	-	(9,053,215)
Operating profit	1,924,668,617	(409,361,060)	175,439,074	1,690,746,631
Depreciation, and amortization Expenses (Note 20)	(3,046,527,264)	(501,260,316)	(387,796,950)	(3,935,584,530)
Discount of interest expense on Purchases of goods (Note 21)	(1,563,481,321)	(393,647,665)	(205,696,002)	(2,162,824,988)
EBIDTA	6,534,677,202	485,546,921	768,932,026	7,789,156,149
Cash outflows related to debt payments Arising from lease Agreements (Note 12)	(1,830,966,798)	(428,302,417)	(329,697,442)	(2,588,966,657)
Adjusted EBIDTA	4,703,710,404	57,244,506	439,234,586	5,200,189,496

1 January – 31 December 2024

	Türkiye	CIS Countries	Other International Countries (**)	Total
-Retail	19,378,028,676	4,423,314,561	2,916,572,645	26,717,915,882
-E-Commerce	2,792,526,229	791,332,730	423,882,276	4,007,741,235
-Wholesale	1,543,570,371	220,724,153	346,083,213	2,110,377,737
Total Sales	23,714,125,276	5,435,371,444	3,686,538,134	32,836,034,854
Cost of Sales	(9,927,054,387)	(2,530,367,130)	(2,701,199,829)	(15,158,621,346)
Gross profit	13,787,070,889	2,905,004,314	985,338,305	17,677,413,508
EBIDTA	5,409,203,181	1,136,449,200	(161,222,067)	6,384,430,314
Adjusted EBIDTA	4,170,884,775	666,135,544	(331,449,519)	4,505,570,800
Profit for the period	398,129,542	(216,420,114)	(698,602,944)	(516,893,516)

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3. SEGMENT REPORTING (cont'd)

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

1 January – 31 December 2024

	Türkiye	CIS Countries (*)	Other International Countries (**)	Total
Profit Before Tax	240,781,451	(261,339,235)	(700,231,421)	(720,789,205)
Finance expense, net	(1,802,863,720)	(273,049,193)	(33,226,901)	(2,109,139,814)
Monetary loss / gain	1,240,426,482	-	-	1,240,426,482
Operating profit / (loss) before finance income / (expense)	803,218,689	11,709,958	(667,004,520)	147,924,127
Income from investing activities	4,942,942	-	71,991	5,014,933
Expenses from investing activities	(12,074,161)	-	(71,991)	(12,146,152)
Operating profit	810,349,908	11,709,958	(667,004,520)	155,055,346
Depreciation, and amortization Expenses (Note 20)	(2,602,356,844)	(588,448,588)	(273,607,690)	(3,464,413,122)
Discount of interest expense on Purchases of goods (Note 21)	(1,996,496,429)	(536,290,655)	(232,174,764)	(2,764,961,848)
EBIDTA	5,409,203,181	1,136,449,201	(161,222,068)	6,384,430,314
Cash outflows related to debt payments Arising from lease Agreements (Note 12)	(1,238,318,406)	(470,313,657)	(170,227,451)	(1,878,859,514)
Adjusted EBITDA	4,170,884,775	666,135,544	(331,449,519)	4,505,570,800

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

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

4. CASH AND CASH EQUIVALENTS

	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash	28,165,974	26,343,184
Cash at banks	1,318,288,967	642,982,294
- Time deposits	724,752,246	308,832,824
- Demand deposits	593,536,721	334,149,470
Credit card receivables(*)	91,883,140	92,959,597
Cash and Cash Equivalentants at Cash Flow Tables	1,438,338,081	762,285,075
Interest Income Acruals	4,652,758	3,444,117
	1,442,990,839	765,729,192

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

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4. CASH AND CASH EQUIVALENTS (cont'd)

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>31 December 2025</u>
TL	31 December 2025 - 1 January 2026	39%-41%	502,178,125
Euro	31 December 2025 - 1 January 2026	1%	214,426,100
Tenge	31 December 2025 - 01 January 2026	12%	8,148,021
			724,752,246

	<u>Maturity</u>	<u>Interest Rate</u>	<u>31 December 2024</u>
TL	31 December 2024 - 2 January 2025	47-50%	308,832,824
			308,832,824

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Short-term trade receivables</u>		
Trade Receivables from Third Parties	1,411,109,240	2,099,531,887
Notes receivables	160,409,290	317,004,751
Provison for doubtful trade receivables (-)	(97,308,385)	(86,579,831)
	1,474,210,145	2,329,956,807

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 58 days (31 December 2024: 61 days).

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

	<u>2025</u>	<u>2024</u>
Opening Balance – 1 January	86,579,831	94,882,921
Expense for the period (Not 21)	28,298,942	32,482,561
Collections	(649,748)	(294,324)
Translation loss	705,968	457,681
Inflation effect	(17,626,608)	(40,949,008)
Closing balance – 31 December	97,308,385	86,579,831

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5. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables:

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Short-term trade payables</u>		
Trade Payables to Third Parties (*)	3,336,020,591	2,852,947,065
Trade Payables to Related Parties	704,171	983,075
Notes payable	3,536,469,558	4,592,309,901
Less: Deferred finance income from forward purchases	(671,644,759)	(638,501,404)
	6,201,549,561	6,807,738,637

(*) A total of TL 259,277,283 (31 December 2024: TL 234,715,971) 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 111 days (31 December 2024: 159 days). The annual average effective interest rate in TL used in discount calculation is 52% (31 December 2024: 59%).

6. OTHER RECEIVABLES AND PAYABLES

a) Other Receivables

	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Short- Term Other Receivables</u>		
E-Commerce other income	17,634,750	7,114,130
Deposits and guarantees given(*)	10,412,194	159,483
Other	21,108,285	1,295,804
	49,155,229	8,569,417
	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Long term other receivables</u>		
Deposits and guarantees given(*)	208,443,912	190,794,986
	208,443,912	190,794,986

(*) Deposits and guarantees given mainly consist of deposits and guarantees given to the store owners within the scope of the lease agreements signed by the Group for foreign stores.

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6. OTHER RECEIVABLES AND PAYABLES (cont'd)

b) Other Payables

	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Short- Term Other Payables</u>		
Deposits and guarantees received(**)	25,666,766	27,608,305
Other miscellaneous debts	7,991,586	8,038,128
	33,658,352	35,646,433
	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Long-Term Other Payables</u>		
Deposits and guarantees received (**)	39,167,826	34,594,873
	39,167,826	34,594,873

(**) Consists of the amounts that the Group collects as a collateral from the customers that it makes regular sales at domestic and abroad.

7. INVENTORIES

	<u>31 December 2025</u>	<u>31 December 2024</u>
Raw materials and supplies	1,735,816,576	1,510,204,949
Semi-finished goods	19,133,574	20,372,785
Finished goods	398,623,992	496,010,244
Trade goods	7,153,055,568	8,470,969,650
Other inventories	57,686,674	39,638,736
Provision for impairment in inventory (-)	(76,623,125)	(95,064,854)
	9,287,693,259	10,442,131,510

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 76,623,125 (31 December 2024: TL 95,064,855) of inventory, As of 31 December 2025, the total amount of inventory presented as net realizable value is TL 9,287,693,259 (31 December 2024: TL 10,442,131,510).

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7. INVENTORIES (cont'd)

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

	<u>2025</u>	<u>2024</u>
Opening Balance – 1 January	95,064,854	117,394,249
Charge for the period	83,270,869	82,540,693
Reversed provision	(89,995,680)	(79,025,175)
Translation differences	(11,716,918)	(25,844,913)
Closing balance – 31 December	76,623,125	95,064,854

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

8. PREPAID EXPENSES AND DEFERRED INCOME

<u>Short Term Prepaid Expenses</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Inventory advances given	1,688,868,905	1,700,275,896
Prepaid expenses (*)	212,364,059	87,165,605
Other	212,227	503,186
	1,901,445,191	1,787,944,687
<u>Long-Term Prepaid Expenses</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Prepaid expenses for the following years (*)	4,010,802	5,098,703
	4,010,802	5,098,703

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

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8. PREPAID EXPENSES AND DEFERRED INCOME(cont'd)

<u>Short- Term Deferred Income</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Order advances received (**)	121,860,511	126,421,104
Deferred income (***)	112,290,281	25,062,649
	234,150,792	151,483,753

<u>Long-Term Deferred Income</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Deferred income for the following years</u>	16,239,649	83,458,826
	16,239,649	83,458,826

(**)TL 78,241,728 of the order advances received (31 December 2024: TL 66,333,924) consists of unused and unexpired gift and return checks.

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9. PROPERTY, PLANT AND EQUIPMENT

	Plant, machinery and equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Construction in progress(*)	Total
<u>Cost Value</u>						
Opening Balance as of 1 January 2025	157,047,287	22,741,296	7,401,598,205	5,747,784,927	51,349,937	13,380,521,652
Foreign currency translation differences	(1,778,893)	(99,910)	134,356,444	136,519,983	19,460,176	292,015,586
Additions	12,546,261	-	354,092,248	363,619,465	193,731,709	923,989,683
Transfers	-	-	-	-	(117,648,643)	(117,648,643)
Disposals	(7,512,082)	(700,816)	(47,211,004)	(51,223,974)	(8,391,280)	(115,039,156)
Closing balance as of 31 December 2025	163,860,359	21,940,570	7,842,835,893	6,196,700,401	138,501,899	14,363,839,122
<u>Accumulated Depreciation</u>						
Opening balance as of 1 January 2025	(80,993,814)	(19,783,343)	(6,435,203,268)	(4,356,134,042)	-	(10,892,114,467)
Foreign currency translation differences	(1,206,337)	61,696	(47,003,736)	(102,555,686)	-	(150,704,063)
Additions	(13,434,640)	(608,582)	(328,945,848)	(395,411,353)	-	(738,400,423)
Disposals	3,606,528	700,816	39,540,343	40,454,395	-	84,302,082
Closing balance as of 31 December 2025	(92,028,263)	(19,629,413)	(6,771,612,509)	(4,813,646,686)	-	(11,696,916,871)
Net book value as of 31 December 2025	71,832,096	2,311,157	1,071,223,384	1,383,053,715	138,501,899	2,666,922,251

(*) Construction in progress consisting of rights, transfers to licences, capitalization of design center projects.

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9. 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	116,567,184	25,877,335	7,484,012,024	5,884,782,669	85,588,160	13,596,827,372
Foreign currency translation differences	(2,876,498)	(1,433,406)	(282,027,213)	(553,201,106)	85,505,523	(754,032,700)
Additions	24,385,265	-	285,123,980	522,183,407	67,517,044	899,209,696
Transfers	25,627,358	-	(18,147,153)	5,170,284	(176,843,530)	(164,193,041)
Disposals	(6,656,022)	(1,702,633)	(67,363,433)	(111,150,327)	(10,417,260)	(197,289,675)
Closing balance as of 31 December 2024	157,047,287	22,741,296	7,401,598,205	5,747,784,927	51,349,937	13,380,521,652
Accumulated Depreciation						
Opening balance as of 1 January 2024	(85,758,386)	(20,919,961)	(6,422,563,724)	(4,377,486,386)	-	(10,906,728,457)
Foreign currency translation differences	15,965,470	558,291	284,323,874	353,180,552	-	654,028,187
Additions	(13,161,756)	(790,044)	(364,039,147)	(415,746,220)	-	(793,737,167)
Disposals	1,960,858	1,368,371	67,075,729	83,918,012	-	154,322,970
Closing balance as of 31 December 2024	(80,993,814)	(19,783,343)	(6,435,203,268)	(4,356,134,042)	-	(10,892,114,467)
Net book value as of 31 December 2024	76,053,473	2,957,953	966,394,937	1,391,650,885	51,349,937	2,488,407,185

TL 13,627,833 (31 December 2024: TL 27,652,809) of depreciation expenses are included in research and development expenses, TL 687,369,141 (31 December 2024: TL 709,133,397) in marketing expenses and TL 37,403,449 (31 December 2024: TL 56,950,961) in general administrative expenses.

As of 31 December 2025, the Company has capitalized personnel expenses amounting to TL 228,876,745 within the scope of design center activities. (31 December 2024: TL 85,214,436)

As of 31 December 2025, 31 December 2024, there are no guarantees, pledges and mortgages on property, plant and equipment.

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10. INTANGIBLE ASSETS

Cost Value	Rights and Licenses
Opening balance as of 1 January 2025	2,135,010,929
Foreign currency translation differences	(5,330,264)
Additions	207,161,233
Transfers	117,648,643
Disposals	(1,053,318)
Closing balance as of 31 December 2025	2,453,437,223
Accumulated Amortization	
Opening balance as of 1 January 2025	(1,302,986,881)
Foreign currency translation differences	(4,336,065)
Charge for the period	(233,918,847)
Disposals	586,665
Closing balance as of 31 December 2025	(1,540,655,128)
Net book value as of 31 December 2025	912,782,095
Cost Value	
Opening balance as of 1 January 2024	1,834,274,609
Foreign currency translation differences	(58,921,730)
Charge for the period	195,641,237
Transfers	164,193,041
Disposals	(176,228)
Closing balance as of 31 December 2024	2,135,010,929
Accumulated Amortization	
Opening balance as of 1 January 2024	(1,109,011,325)
Foreign currency translation differences	(402,902)
Charge for the period	(193,680,117)
Disposals	107,463
Closing balance as of 31 December 2024	(1,302,986,881)
Net book value as of 31 December 2024	832,024,048

TL 4,317,179 (31 December 2024: TL 6,747,573) of depreciation expenses are included in research and development expenses, TL 217,752,580 (31 December 2024: TL 173,035,916) in marketing expenses and TL 11,849,088 (31 December 2024: TL 13,896,626) in general administrative expenses.

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11. RIGHT-OF-USE ASSETS

The details of the items recognized in the consolidated profit and loss statement related to right-of-use assets for the periods 1 January – 31 December 2025 and 1 January - 31 December 2024 are as follows:

<u>Cost Value</u>	<u>Building</u>	<u>Motor Vehicles</u>	<u>Total</u>
Opening balance as of 1 January 2025	15,677,417,595	113,241,202	15,790,658,797
Additions	751,696,054	126,135,813	877,831,867
Rent change	1,880,713,676	-	1,880,713,676
Disposals	(445,446,924)	(113,241,208)	(558,688,132)
Foreign currency translation differences	341,878,802	-	341,878,802
Closing Balance as of 31 December 2025	18,206,259,203	126,135,807	18,332,395,010
<u>Accumulated Amortization</u>			
Opening balance as of 1 January 2025	(10,249,575,782)	(112,617,488)	(10,362,193,270)
Additions	(2,950,275,350)	(12,989,910)	(2,963,265,260)
Disposals	255,488,573	100,403,236	355,891,809
Foreign currency translation differences	(219,081,268)	-	(219,081,268)
Closing Balance as of 31 December 2025	(13,163,443,827)	(25,204,162)	(13,188,647,989)
Net book value as of 31 December 2025	5,042,815,376	100,931,645	5,143,747,021
<u>Cost Value</u>			
Opening balance as of 1 January 2024	14,980,968,379	174,275,700	15,155,244,079
Additions	1,012,377,560	18,681,845	1,031,059,405
Rent change	1,642,957,847	741,251	1,643,699,098
Disposals	(684,647,638)	(80,457,596)	(765,105,234)
Foreign currency translation differences	(1,274,238,551)	-	(1,274,238,551)
Closing Balance as of 31 December 2024	15,677,417,598	113,241,199	15,790,658,797
<u>Accumulated Amortization</u>			
Opening balance as of 1 January 2024	(9,757,910,857)	(130,764,477)	(9,888,675,334)
Additions	(2,414,755,647)	(62,240,192)	(2,476,995,839)
Disposals	644,054,461	80,387,181	724,441,642
Foreign currency translation differences	1,279,036,261	-	1,279,036,261
Closing Balance as of 31 December 2024	(10,249,575,782)	(112,617,488)	(10,362,193,270)
Net book value as of 31 December 2024	5,427,841,815	623,712	5,428,465,527

The average useful lives of right-of-use assets is between 2-15 years. Depreciation expenses amounting to TL 2,758,472,277 (31 December 2024: TL 2,212,974,957) are included in marketing expenses.

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11. RIGHT-OF-USE ASSETS (cont'd)

Depreciation expenses:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Buildings	2,950,275,350	2,414,755,646
Vehicles	12,989,910	62,240,192
	<u>2,963,265,260</u>	<u>2,476,995,838</u>

Profit or loss statement items related to leasing transactions:

	<u>31 December 2025</u>	<u>31 December 2024</u>
Depreciation and amortization expenses	2,963,265,260	2,476,995,838
Interest expenses	615,646,836	120,629,437
Foreign exchange expenses	(46,531,197)	(6,298,278)
	<u>3,532,380,899</u>	<u>2,591,326,997</u>

12. FINANCIAL INSTRUMENTS

Financial Investments

	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Financial Investments</u>		
Financial assets at fair value through profit or loss	8,459,171	5,202,970
	<u>8,459,171</u>	<u>5,202,970</u>

Borrowings

Details of borrowings at amortized cost are as follows:

<u>Financial borrowings</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Short-term bank loans	4,752,903,886	3,890,934,402
Short-term portion of long-term financial borrowings	290,508,408	370,363,217
Short-term portions of long-term financial leasing transactions.	13,095,239	-
Short-term lease liabilities	1,790,088,736	1,753,915,194
Long-term bank loans	14,029,878	31,896,845
Long-term financial leasing transactions	30,785,519	-
Long-term lease liabilities	2,327,518,341	2,395,154,998
	<u>9,218,930,007</u>	<u>8,442,264,656</u>

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12. FINANCIAL INSTRUMENTS (cont'd)

Borrowings (cont'd)

Bank Loans

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

	<u>31 December 2025</u>	<u>31 December 2024</u>
To be paid within 1 year	5,043,412,294	4,261,297,619
To be paid within 1 - 2 years	14,029,878	31,896,845
	5,057,442,172	4,293,194,464

Short term financial debts as of 31 December 2025

<u>Currency</u>	<u>Effective interest rate (%)</u>	<u>Nominal value (*)</u>	<u>Carrying value</u>
TL	39%-53%	2,798,988,970	2,351,945,801
Euro	6%-9%	2,267,476,329	2,171,582,214
US Dollar	8%-11%	105,515,113	104,376,558
Georgian Lari	16%	99,290,311	97,887,466
Kazakhstan Tenge	14%-20%	71,021,113	65,959,955
Other	20%-27%	267,674,790	251,660,300
		5,609,966,626	5,043,412,294

Short term financial debts as of 31 December 2024

<u>Currency</u>	<u>Effective interest rate (%)</u>	<u>Nominal value (*)</u>	<u>Carrying value</u>
TL	26% - 64%	2,632,711,338	2,537,634,397
Euro	6% - 10%	1,388,597,386	1,306,008,734
US Dollar	9% - 10%	70,513,234	66,587,158
Georgian Lari	15%-16%	110,998,060	109,905,554
Kazakhstan Tenge	17% - 22%	54,922,095	48,212,951
Other	12% - 27%	202,902,383	192,948,825
		4,460,644,496	4,261,297,619

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

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12. FINANCIAL INSTRUMENTS (cont'd)

Borrowings (cont'd)

Long term financial debts as of 31 December 2025

<u>Currency</u>	<u>Effective interest rate (%)</u>	<u>Nominal value (*)</u>	<u>Carrying value</u>
Euro	6%	14,525,453	14,029,878
		14,525,453	14,029,878

Long term financial debts as of 31 December 2024

<u>Currency</u>	<u>Effective interest rate (%)</u>	<u>Nominal value (*)</u>	<u>Carrying value</u>
Euro	7% - 10%	40,100,490	31,896,845
		40,100,490	31,896,845

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

Financial Lease Liabilities

As of 31 December 2025 and 31 December 2024 financial lease liabilities details are as followed:

<u>Financial Borrowings</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Short-term lease liabilities	1,790,088,736	1,753,915,194
Long-term lease liabilities	2,327,518,341	2,395,154,998
	4,117,607,077	4,149,070,192

Liabilities Arising from Financial Leasing Transactions

As of 31 December 2025 and 31 December 2024 financial lease liabilities details are as followed:

<u>Financial Leasing</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Short-term lease liabilities	13,095,239	-
Long-term lease liabilities	30,785,519	-
	43,880,758	-

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12. FINANCIAL INSTRUMENTS (cont'd)

Liabilities Arising from Financial Leasing Transactions

Currency	interest rate (%)	value (*)	Carrying value
TL	39%	22,808,571	22,808,571
Euro	6%	21,072,187	21,072,187
		43,880,758	43,880,758

<u>Net Financial Debt Reconciliation</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Cash and cash equivalents	1,442,990,839	765,729,192
Bank Loans	(5,057,442,172)	(4,293,194,464)
Lease Liabilities	(4,117,607,077)	(4,149,070,192)
Financial Leasing	(43,880,758)	-
Net borrowings	(7,775,939,168)	(7,676,535,464)

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12. FINANCIAL INSTRUMENTS (cont'd)

	Bank loans	Lease liabilities	Financial lease liabilities	Net borrowings
1 January 2025	4,293,194,464	4,149,070,192	-	8,442,264,656
Cash inflows from borrowings	8,496,169,874	-	43,428,309	8,539,598,183
Cash outflows related to debt payments	(7,478,892,729)	(2,588,966,657)	-	(10,067,859,386)
Effect of contract changes/reversals	-	2,453,124,901	-	2,453,124,901
Change in foreign exchange differences	677,761,808	139,494,035	452,449	817,708,292
Change in interest accruals	29,187,650	479,581,189	-	508,768,839
Foreign currency translation differences	53,272,030	464,539,102	-	517,811,132
Inflation effect	(1,013,250,925)	(979,235,685)	-	(1,992,486,610)
31 December 2025	5,057,442,172	4,117,607,077	43,880,758	9,218,930,007
	Banka loans	Lease liabilities	Financial lease liabilities	Net borrowings
1 January 2024	2,843,725,429	4,179,279,188	-	7,023,004,617
Cash inflows from borrowings	4,832,150,954	-	-	4,832,150,954
Cash outflows related to debt payments	(2,722,780,467)	(1,878,859,514)	-	(4,601,639,981)
Effect of contract changes/reversals	-	2,709,081,991	-	2,709,081,991
Change in foreign exchange differences	235,776,025	(6,298,278)	-	229,477,747
Change in interest accruals	(38,195,970)	365,951,604	-	327,755,634
Foreign currency translation differences	16,615,422	64,531,175	-	81,146,597
Inflation effect	(874,096,929)	(1,284,615,972)	-	(2,158,712,901)
31 December 2024	4,293,194,464	4,149,070,194	-	8,442,264,658

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13. PROVISIONS

<u>Short-term provisions</u>	<u>31 December 2025</u>	<u>31 December 2024</u>
Provision for litigation	23,979,450	32,699,919
	23,979,450	32,699,919

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

	<u>2025</u>	<u>2024</u>
Provision as of 1 January	32,699,919	45,531,417
Provision recognised in the period	5,990,708	9,520,226
Payments	(6,993,562)	(8,356,394)
Inflation effect	(7,717,615)	(13,995,329)
Provision as of 31 December	23,979,450	32,699,919

Significant litigations

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

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

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

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13. PROVISIONS (cont'd)

Significant litigations (cont'd)

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

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

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14. COMMITMENTS

Guarantee-Pledge-Mortgages ("GPM")

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

31 December 2025

	Original Currency			
	TL	USD	EURO	TL Equivalent
A. GPMs Given for Company's Own Legal Personality	274,522,793	852,452	1,741,799	398,940,180
-Guarantee	274,522,793	852,452	1,741,799	398,940,180
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies	-	97,970	1,289,223	69,244,617
-Guarantee	-	97,970	1,289,223	69,244,617
-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	274,522,793	950,422	3,031,022	468,184,797

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

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14. COMMITMENTS (cont'd)

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

31 December 2024

	Original Currency			
	TL	USD(*)	EURO(*)	TL Equivalent
A. GPMs Given for Company's Own Legal Personality	349,534,985	230,634	4,405,018	572,021,610
-Guarantee	349,534,985	230,634	4,405,018	572,021,610
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies	-	42,238	1,199,398	59,630,779
-Guarantee	-	42,238	1,199,398	59,630,779
-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	349,534,985	272,872	5,604,416	631,652,389

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

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

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14. 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 12) and the Group's liabilities are limited to the amounts disclosed in Note 12.

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 12). 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 12. As at 31 December 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 95,583,000), RUB 461 million (TL 250,927,201) and KZT 776 million (TL 65,809,073), respectively. (As at 31 December 2024, the total amount of these loans, for which the Company is a guarantor and which are already recognized as financial liabilities in the consolidated financial statements due to full consolidation method of accounting, is 6,5 million GEL (TL 83,966,389), 405 million RUB (TL 135.594.000) and KZT 548 million (TL 36,834,054), respectively)

15. EMPLOYEE BENEFITS

Payables related to employee benefits

	<u>31 December 2025</u>	<u>31 December 2024</u>
Payables to personnel	282,673,673	274,869,164
Social security premiums payable	114,093,647	127,794,913
	396,767,320	402,664,077

Short-term provisions for employee benefits

	<u>31 December 2025</u>	<u>31 December 2024</u>
Unused vacation provision	267,903,687	247,125,908
Bonus provisions	16,706,690	19,133,248
	284,610,377	266,259,156

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

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15. EMPLOYEE BENEFITS (cont'd)

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

Movement of unused vacation provisions:

	<u>2025</u>	<u>2024</u>
Provision as of 1 January	274,125,908	228,934,457
Period expense / Used (Net)	128,650,758	135,664,598
Vacation provision paid	(53,407,368)	(48,682,168)
Foreign currency translation differences	5,499,373	1,578,298
Inflation effect	(59,964,984)	(70,369,277)
Provision as of 31 December	267,903,687	247,125,908

Movement of provisions for bonuses:

	<u>2025</u>	<u>2024</u>
Provision as of 1 January	19,133,248	130,361,313
Bonus provision paid	(14,617,547)	(90,291,192)
Charge for the period	16,706,690	19,133,248
Inflation effect	(4,515,701)	(40,070,121)
Provision as of 31 December	16,706,690	19,133,248

Long-term provisions for employee benefits

Provision for employment termination benefits:

According to the Turkish Labor Law, the Group is obligated to pay severance pay to each employee who has completed at least one year of service and has a 25-year working life, retires (58 years for women, 60 years for men), has their employment terminated, is called up for military service, or passes away.

As of December 31, 2025, the severance pay payable is subject to a ceiling of 53,919.68 TL per month (December 31, 2024: 41,828.42 TL).

The severance pay obligation is not legally subject to any funding. The severance pay provision is calculated by estimating the present value of the Company's potential future liabilities arising from the retirement of employees. IAS 19 Employee Benefits provides for the development of the Company's liabilities using actuarial valuation methods within the framework of defined benefit plans. Accordingly, the actuarial assumptions used in calculating total liabilities are listed below.

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15. EMPLOYEE BENEFITS (cont'd)

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

Provision for employment termination benefits:

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 December 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 28.53% real discount rate (31 December 2024: 20.65%) calculated by using 22.28% annual inflation rate and 5.11% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 4.14% (31 December 2024: 26, 25%). The maximum amount of TL 64,948.77 effective from 1 January 2026 has been taken into account in the calculation of the severance pay provision of the Group (1 January 2025: TL 46,655.43).

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

	<u>2025</u>	<u>2024</u>
Provision as of January 1	145,461,702	167,987,905
Service cost	49,898,221	49,521,722
Interest cost	60,473,650	55,362,680
Employment termination benefit paid	(84,806,896)	(87,709,113)
Actuarial loss	15,127,098	4,145,080
Inflation effect	(40,039,234)	(43,846,572)
Provision as of 31 December	146,114,541	145,461,702

16. OTHER ASSETS AND LIABILITIES

	<u>31 December 2025</u>	<u>31 December 2024</u>
<u>Other Current Assets</u>		
Deferred VAT	330,471,466	575,979,433
Turquality income accruals (*)	100,742,997	1,725,966
Other	54,200,290	33,158,883
	485,414,753	610,864,282

(*) Koton Mağazacılık has the right to receive a government incentive, the amount of which is calculated in return for the investments made abroad periodically within the scope of a branding program carried out by the Ministry of Economy of the Republic of Türkiye under the name of "Turquality". Turquality income accruals consist of the unpaid portion of the investment costs and the incentive amount calculated over certain expenses within the scope of this branding program

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16. OTHER ASSETS AND LIABILITIES (cont'd)

	<u>2025</u>	<u>2024</u>
<u>Movement of Turquality income accruals</u>		
Opening balance	1,725,966	-
Income for the period (Note 21)	100,742,997	4,081,570
Collections	(1,318,615)	(3,891,560)
Inflation effect	(407,351)	1,535,956
Closing balance	102,742,997	1,725,966
	<u>31 December 2025</u>	<u>31 December 2024</u>
Deferred VAT	6,438,870	9,604,287
	6,438,870	9,604,287
	<u>31 December 2025</u>	<u>31December 2024</u>
<u>Other Current Liabilities</u>		
Taxes and funds payable	313,645,236	216,823,619
	313,645,236	216,823,619

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17. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-in capital

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

	%	31 December 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
Nominal Capital	13.2%	109,335,970	13.2%	109,335,970
	100.0%	829,650,000	100.0%	829,650,000
Capital adjustment differences (*)		6,816,454,751		6,816,454,751
Adjusted Capital		7,646,104,751		7,646,104,751

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

On 31 December 2025, at the extraordinary general assembly meeting held, it was decided to divide the Company's paid-in capital amounting to TL 829,650,000 into 829,650,000 registered nominal shares with a unit nominal share value of TL 1. As of 31 December 2024, the Company's paid-in capital amounting to TL 829,650,000 consists of 829,650,000 registered nominal shares with a unit nominal share value of TL 1.

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

Restricted reserves appropriated from profit

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

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

As of 31 December 2025, the Group has allocated reserves amounting to TL 228,770,017 (31 December 2024: TL 228,770,017) in the restricted reserves in the consolidated financial statements for the treasury shares of the Group.

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

Share issue premiums / discounts

As of 31 December 2025 Group share issue premiums disclosed in below;

	31 December 2025
Share issue premiums / discounts	1,543,822,984
Capital Increase	(34,150,000)
IPO costs	(126,162,211)
Inflation effects	35,429,844
	<u>1,418,940,617</u>

Additional Information on Capital, Reserves and Other Equity Items

Financial Statement prepared according to CMB standards for the end of a year 2025 according to TFRS and VUK demonstrated as based on Consumer Price Index(CPI), Producer Price Index(PPI) for the parts of "Capital Adjustments Differences", "Share issues premiums ", (Emission Premiums) including "Legal Reserves" and status reserve and special reserves that is reclassified to "Other Reserves"

	Inflation Adjusted Available Amounts in Financial Statements Prepared in Accordance with the Tax Procedure Law	Inflation Adjusted Amounts in Financial Statements Prepared in Accordance with TAS/TFRS Financial Statements	Difference in Prior year Losses
<u>31 December 2025</u>			
Capital Adjustment Differences	6,990,970,050	6,816,454,751	174,515,299
Inflation adjustment differences for legal reserves	263,025,794	228,770,017	34,255,777
Share Related Premiums	1,098,476,641	1,418,940,617	(320,463,976)
	8,532,472,484	8,464,165,385	(111,692,900)

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

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

Foreign currency translation differences

Foreign currency translation differences consist of foreign currency exchange differences arising from the translation of the Group's financial statements from the functional currency to the reporting currency. As of 31 December 2025, the Group has foreign currency translation differences amounting to (TL 3,491,864,381 31 December 2024: TL 3,152,019,442) in the accompanying consolidated financial statements.

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

Defined benefit plans remeasurement losses

As of 31 December 2025, actuarial losses amounting to TL 190,239,724 (31 December 2024: TL 178,894,401) 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

Defined benefit plans remeasurement losses

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

	31 December 2025	31 December 2024
Defined Benefit Plans Remeasurement Losses	(190,239,724)	(178,894,401)
Hedge Fund	(118,867,725)	(44,128,193)
Foreign Currency Translation Fund	(3,491,864,381)	(3,152,019,442)
	(3,800,971,830)	(3,375,042,036)

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18. REVENUE AND COST OF SALES

a) Sales

	1 January- 31 December 2025	1 January 31 December 2024
Sales		
Retail	27,286,307,417	26,717,915,882
E-Commerce	3,835,527,435	4,007,741,235
Wholesale	1,750,979,382	2,110,377,737
	32,872,814,234	32,836,034,854

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

b) Cost of Sales

	1 January- 31 December 2025	1 January- 31 December 2024
Cost of trade goods sold	(13,977,488,615)	(13,871,616,877)
Cost of goods sold	(1,097,148,637)	(1,287,004,469)
	(15,074,637,252)	(15,158,621,346)

19. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES

	1 January- 31 December 2025	1 January- 31 December 2024
Marketing expenses (-)	(11,804,318,405)	(11,600,108,484)
General administrative expenses (-)	(3,257,887,982)	(3,043,871,606)
Research and development expenses(-)	(397,281,714)	(490,418,571)
	(15,459,488,101)	(15,134,398,661)

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19. GENERAL ADMINISTRATIVE EXPENSES, MARKETING EXPENSES, RESEARCH AND DEVELOPMENT EXPENSES (cont'd)

a) Details of Marketing Expenses

	1 January- 31 December 2025	1 January- 31 December 2024
Personnel expenses	(4,013,318,140)	(4,282,924,287)
Depreciation and amortization expenses	(3,663,450,588)	(3,102,041,963)
Rent expenses	(689,518,409)	(724,393,829)
Freight and transport vehicle expenses	(795,997,291)	(595,313,245)
Building management expenses	(506,531,106)	(503,191,973)
Energy and electricity expenses	(530,173,319)	(482,680,464)
General store expenses	(351,519,475)	(328,264,273)
Advertisement expenses	(169,953,636)	(160,067,449)
Maintenance and repair expenses	(88,717,449)	(100,571,137)
Export expenses	(65,438,420)	(75,364,347)
Packaging expenses	(69,377,843)	(72,765,592)
Insurance expenses	(49,105,398)	(42,637,227)
Decoration expenses	(30,033,920)	(29,689,239)
Travel expenses	(26,426,580)	(23,615,171)
Taxes, duties and fee expenses	(35,382,618)	(17,334,674)
Consultancy expenses	(5,981,247)	(4,464,724)
Other	(713,392,966)	(1,054,788,887)
	(11,804,318,405)	(11,600,108,481)

b) Details of General Administrative Expenses

	1 January- 31 December 2025	1 January- 31 December 2024
Personnel expenses	(2,186,564,725)	(1,964,718,315)
Depreciation and amortization expenses	(199,460,952)	(243,929,858)
Rent expenses	(235,177,742)	(152,154,818)
Consulting expenses	(137,885,294)	(115,978,416)
General office expenses	(77,991,999)	(83,728,172)
Travel expenses	(59,041,229)	(81,022,142)
Maintenance and repair expenses	(54,832,579)	(65,481,270)
Energy and electricity expenses	(10,527,819)	(12,047,593)
Taxes, duties and fee expenses	(10,009,027)	(9,493,717)
Other	(286,396,616)	(315,317,305)
	(3,257,887,982)	(3,043,871,606)

c) Details of Research and Development Expenses

	1 January- 31 December 2025	1 January- 31 December 2024
Personnel expenses	(263,978,401)	(309,167,161)
Depreciation and amortization expenses	(72,672,990)	(118,441,299)
Rent expenses	(19,416,981)	(21,345,211)
Travel expenses	(4,965,921)	(4,920,676)
Other	(36,247,420)	(36,544,223)
	(397,281,714)	(490,418,571)

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20. EXPENSES BY NATURE

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

Depreciation and amortization expenses	1 January- 31 December 2025	1 January- 31 December 2024
Research and development expenses	72,672,990	118,441,299
Marketing expenses	3,663,450,588	3,102,041,963
General administrative expenses	199,460,952	243,929,860
	3,935,584,530	3,464,413,122

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

Personnel expenses	1 January- 31 December 2025	1 January- 31 December 2024
Research and development expenses	263,978,401	309,167,161
Marketing expenses	4,013,318,140	4,282,924,287
General administrative expenses	2,186,564,725	1,964,718,315
	6,463,861,266	6,556,809,763

21. OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES

The details of income/(expenses) from operating activities for the periods ended 31 December 2025 and 31 December 2024 are as follows:

Other Income From Operating Activities	1 January- 31 December 2025	1 January- 31 December 2024
Foreign exchange gains from operating activities	1,552,238,281	727,860,602
Discount interest income from trade transactions	124,909,199	249,680,434
Turquality income	100,742,996	4,081,570
Other income	262,588,890	169,363,292
	2,040,479,366	1,150,985,898

Other Expense From Operating Activities	1 January- 31 December 2025	1 January- 31 December 2024
Discount interest expense on purchases of goods	2,162,824,988	2,764,961,848
Foreign exchange losses from operating activities	351,495,808	614,879,460
Provision for doubtful trade receivables (Note 5)	28,298,942	32,482,561
Litigation provision expenses (Note 13)	6,963,797	10,058,537
Other	138,838,081	116,562,993
	2,688,421,616	3,538,945,399

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22. INCOME/(EXPENSES) FROM INVESTING ACTIVITIES

The details of income/(expenses) from investing activities for the periods ended 31 December 2025 and 31 December 2024 are as follows:

Income from Investing Activities	1 January- 31 December 2025	1 January- 31 December 2024
Gain on sales of fixed assets	12,382,066	5,014,933
	12,382,066	5,014,933

Expenses from Investing Activities	1 January- 31 December 2025	1 January- 31 December 2024
Loss on sales of fixed assets	9,053,215	12,146,152
	9,053,215	12,146,152

23. FINANCE INCOME AND EXPENSES

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

Finance Income	1 January- 31 December 2025	1 January- 31 December 2024
Interest income	166,716,084	69,284,291
Other (*)	-	79,312,909
	166,716,084	148,597,200

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

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

Finance Expense	1 January- 31 December 2025	1 January- 31 December 2024
Interest expenses	1,486,557,306	1,125,198,911
Credit card commissions	663,829,840	634,628,658
Interest expense on lease liabilities	615,646,836	199,942,346
Foreign exchange losses (net)	678,229,372	223,473,039
Banking and guarantee expenses	58,033,197	54,807,059
Other	10,693,164	19,687,001
	3,512,989,715	2,257,737,014

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

Current Period Tax Assets	1 January- 31 December 2025	1 January- 31 December 2024
Corporate tax and income tax payable	-	-
Less: prepaid taxes (-)	(84,192,988)	(81,947,039)
	(84,192,988)	(81,947,039)

Current Period Tax Liability	1 January- 31 December 2025	1 January- 31 December 2024
Current period corporate tax expense (-)	-	-
Deferred tax (expense)/ income	97,001,102	203,895,689
	97,001,102	203,895,689

	31 December 2025	31 December 2024
Profit Before Tax	(1,055,674,431)	(720,789,209)
Tax rate (Türkiye)	263,918,608	180,197,302
Tax calculated according to effective tax rate		
Non-deductible expenses	(50,062,399)	(56,161,346)
Losses for the period over which deferred tax assets are not recognized	(27,045,083)	(11,096,684)
Design centre discount	12,169,781	25,955,823
Cash capital reduction	16,709,237	
Non-taxable inflation adjustment effects	-	(10,682,448)
Effect of different tax rates	-	-
Income subject to tax exemption	2,944,939	8,849,670
Consolidation adjustmenst not subject to tax calculation.	(108,353,662)	47,317,159
Türkiye Local TMS 29 index effects	-	35,063,391
Other	(13,280,319)	(15,547,178)
Total Tax Income / (Expense)	97,001,102	203,895,689

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

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.

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.

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

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: 20%). Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russia suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation. Tax losses can be carried forward to be offset against future taxable income for the next ten taxable years after the year when this loss appeared.

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.

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

	<u>Accumulated Temporary Differences</u>		<u>Deferred Tax Assets/Liabilities</u>	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Inventories	2,277,214,071	2,203,018,513	(569,449,043)	(586,696,445)
Property, plant and equipment and intangible assets	761,785,689	337,974,966	(190,446,422)	(84,493,741)
Provision for vacation	(255,566,796)	(237,969,462)	63,891,699	59,067,654
Provision for employment termination benefit	(146,114,541)	(145,461,702)	36,528,635	36,365,426
Litigation provision	(23,979,450)	(32,699,919)	5,994,863	8,174,980
Cash capital deduction	(267,347,792)	(189,931,947)	66,836,948	47,482,987
Adjustments related to trade payables	666,646,092	635,837,261	(166,593,973)	(158,869,446)
Adjustments related to trade receivables	(419,150,934)	(119,172,189)	104,787,733	29,793,047
Prior years' losses	(3,663,165,256)	(2,678,296,459)	915,791,314	678,730,490
Adjustments related to financial liabilities	100,768,681	202,816,697	(25,192,170)	(50,704,174)
Right-of-use asset and liability	973,180,138	1,283,361,510	(246,749,391)	(323,595,780)
Derivative instruments	(158,490,300)	(58,837,589)	39,622,575	14,709,397
Premium accrual	(9,529,568)	(15,482,179)	2,382,392	3,839,456
Return provisions	10,170,303	19,547,688	(2,542,577)	(4,886,923)
Design Center discounts	(194,716,495)	(85,621,609)	48,679,124	21,405,402
Other	608,999,819	(100,083,874)	(152,249,964)	25,020,962
Deferred tax assets, net	260,703,661	1,018,999,706	(68,708,257)	(284,656,708)

Tax Rate for the calculation of Deferred tax and liabilities which is expected to be reverse after 2025 and later years is %25 (2024: %25)

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

Deferred Tax (cont'd):

The movement of deferred tax (assets) / liabilities for the years ended 31 December 2025 and 31 December 2024 is given below:

	2025	2024
Opening balance as of 1 January	(284,656,708)	(342,179,437)
Tax (expense)/income for the period	97,001,102	203,895,689
Recognized in other comprehensive income	28,694,952	(26,922,468)
Translation (gain) / loss	90,252,397	73,553,261
Monetary Gain Loss	-	(193,003,753)
Closing balance as of 31 December	(68,708,257)	(284,656,708)

The amount of the prior year's losses for which deferred tax assets are not allocated is TL 3,758,061,152 (31 December 2024: TL 1,783,373,721) and may be offset against future earnings for a period of ten years.

The expiration dates of unused accumulated losses are as follows:

	31 December 2025	31 December 2024
Within 1 year	360,181,463	71,487,011
Within 2 year	424,197,151	44,407,012
Within 3 year	146,855,314	112,231,444
Within 4 year	1,551,770,125	1,183,256,436
Within 5 year	1,275,056,899	371,991,818
Closing balance as of 31 December	3,758,061,152	1,783,373,721

25. 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.

Trade payables and advances to related parties as of December 31, 2025 and December 31, 2024 are listed below

	1 January- 31 December 2025	1 January- 31 December 2024
Order Advances Paid to Related Parties		
Ecomod Tekstil	4,367,807	6,316,176
	4,367,807	6,316,176
Obligations to Related Parties		
Canko Tekstil Ürünleri San.Tic.Ltd.Şti.	983,075	704,171
	983,075	704,171

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25. RELATED PARTY DISCLOSURES (cont'd)

Purchases made from related companies as of December 31, 2025 and December 31, 2024 are listed below.

Purchases from Related Parties	1 January- 31 December 2025	1 January- 31 December 2024
Canko Tekstil Ürünleri San.Tic.Ltd.Şti.	37,826,530	2,713,961
Ecomod Tekstil	106,239,140	86,866,702
Gülyılmaz Gayrimenkul Yatırım, Geliştirme, İşletme ve Ticaret A.Ş.	26,834,809	22,171,697
	170,900,479	111,752,359

The remuneration of key management personnel during the year were as follows:

	1 January- 31 December 2025	1 January- 31 December 2024
Salaries and other short-term benefits	247,931,488	186,978,724
	247,931,488	186,978,724

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.

26. EARNINGS PER SHARE

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

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

Earning per share	1 January- 31 December 2025	1 January- 31 December 2024
Number of shares as of end of the period (full value)	829,650,000	829,650,650
Weighted Average number (full value) of shares outstanding during the period	829,650,000	817,486,986
Net Profit/ (Loss)	(958,673,329)	(516,893,516)
Less: Minority Shareholders Profits	5,000,602	1,954,196
Net profit / loss for the parent company shareholders	(963,673,931)	(518,847,712)
Loss per share	(1,162)	(0,625)

On 10 May 2024, Company's share started to be traded on stock exchange market, with that transaction Company's paid-in capital amounting to TL 795,500,000 raised into 829,655,000 registered nominal shares with a nominal share value of TL 1 per unit. Nominal value shares added to a capital by cash is amounting to 34,150,000 TL. 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.

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (INCLUDING HEDGE ACCOUNTING)

a) Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The share capital structure of the Company comprises payables including the loans disclosed in Note 17 and equity items including cash and cash equivalents, issued capital, reserves and retained earnings, respectively.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

As of 31 December 2025 and 31 December 2024, the gearing ratio calculated as net debt (net debt is calculated by deducting cash and cash equivalents and short-term financial investments from financial liabilities divided by the capital) is as follows:

	31 December 2025	31 December 2024
Financial Borrowings	9,218,930,007	8,442,264,656
Less: Cash and Cash Equivalents	(1,442,990,839)	(765,729,192)
Net Borrowing	7,775,939,168	7,676,535,464
Total Equity	6,698,385,156	8,082,988,278
Total Capital	14,474,324,324	15,759,523,742
Net Borrowing/Total Capital Ratio	54%	49%

b) Financial risk factors

The Group's activities expose it to market risk (including foreign currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize the potential adverse effects over the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by a central finance department in line with policies approved by the Board of Directors. With regard to risk policies, financial risk is defined and evaluated by the Group's finance department and tools are used to reduce risk by working with the Group's operating units. A written general legislation regarding risk management and written procedures covering various risk types such as exchange rate risk, interest risk, credit risk, use of derivative products and other non-derivative financial instruments and how to evaluate excess liquidity is established by the Board of Directors.

b.1) Credit risk management

Credit risk is the risk that a customer or a counterparty will not fulfill its contractual obligations and arises mainly from customer receivables.

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (INCLUDING HEDGE ACCOUNTING) (cont'd)

b) Financial risk factors (cont'd)

b.1) Credit risk management (cont'd)

Details of credit risk by class of financial instruments

31.12.2025	Receivables				Deposits At Banks	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Third Parties	Related Parties	Third Parties			
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)(*)	-	1,474,210,147	-	257,599,141	1,410,172,126	-	-
The portion secured by collateral, etc against the maximum risk (**)	-	360,795,841	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired							
The portion secured by collateral, etc., against the maximum risk	-	987,835,535	-	257,599,141	1,410,172,126	-	-
B Net book value of financial assets that are past due but not impaired							
The portion secured by collateral, etc., against the maximum risk	-	849,035,101	-	-	-	-	-
C. Net book value of the Past due but not-impaired assets							
<i>Secured portion of the net book value by guarantees, etc.</i>	-	138,800,434	-	-	-	-	-
D. Net book value of the impaired assets							
<i>Past due (gross book value)</i>	-	97,308,385	-	-	-	-	-
<i>Secured portion of the net book value by guarantees, etc</i>	-	-	-	-	-	-	-
<i>Impairment (-)</i>	-	(97,308,385)	-	-	-	-	-
E. Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	-

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, are not taken into consideration.

(**) Collaterals consist of guarantee notes, guarantee cheques and mortgages received from customers.

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (INCLUDING HEDGE ACCOUNTING) (cont'd)

b) Financial risk factors (cont'd)

b.1) Credit risk management (cont'd)

Details of credit risk by class of financial instruments

31.12.2024	Receivables				Deposits At Banks	Derivative Instruments	Other
	Trade Receivables		Other Receivables				
	Related Parties	Third Parties	Related Parties	Third Parties			
Maximum credit risk exposed as of balance sheet date (A+B+C+D+E)(*)	-	2,329,956,809	-	199,364,404	735,941,891	-	-
The portion secured by collateral, etc against the maximum risk (**)	-	626,820,402	-	-	-	-	-
A. Net book value of financial assets that are neither past due nor impaired The portion secured by collateral, etc., against the maximum risk	-	2,178,890,596	-	199,364,404	735,941,891	-	-
B Net book value of financial assets that are past due but not impaired The portion secured by collateral, etc., against the maximum risk	-	-	-	-	-	-	-
C. Net book value of the Past due but not-impaired assets <i>Secured portion of the net book value by guarantees, etc.</i>	-	151,066,213 (26,965,765)	-	-	-	-	-
D. Net book value of the impaired assets <i>Past due (gross book value)</i> <i>Secured portion of the net book value by guarantees, etc</i> <i>Impairment (-)</i>	-	86,579,831 (86,579,831) -	-	-	-	-	-
E. Off-balance sheet items exposed to credit risk	-	-	-	-	-	-	-

(*) In determining the amount, factors that increase credit reliability, such as guarantees received, are not taken into consideration.

(**) Collaterals consist of guarantee notes, guarantee cheques and mortgages received from customers.

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (INCLUDING HEDGE ACCOUNTING) (cont'd)

b) Financial risk factors (cont'd)

b.1) Credit risk management (cont'd)

Trade receivables mainly arise from the Group's operations in Türkiye by 93% of total trade receivables (31 December 2024: 91%). The Group has established an effective control system on its customers and the credit risk arising from these transactions is monitored by the management. In the management of the risk from third party companies, bank guarantees, credit insurances and check and promissory notes are taken with the principle of securing the receivables at the highest possible rate.

Impairment:

As of 31 December 2025 and 31 December 2024 the aging analysis of the trade receivables which are past due but not impaired are comprised the following:

	31 December 2025	31 December 2024
1-30 days past due	106,922,101	56,954,126
1-3 months past due	123,974,976	24,469,920
3-12 months past due	255,477,535	69,642,166
1-5 years past due	18,849,961	-
Total	505,224,573	151,066,212

Based on past payment behavior and risk analysis of customers, the Group management believes that it is probable that all amounts of past due receivables but not impaired will be collected.

b.2) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities based on the earliest date on which the Group can be required to pay. The interests to be paid on the mentioned liabilities are included in the table below. Derivative financial liabilities are measured at undiscounted net cash inflows and outflows. Forward instruments are settled on a net basis and realized on undiscounted, gross cash inflows and outflows. The amount disclosed when receivables or payables are not fixed is determined using the interest rate derived from the yield curves at the reporting date.

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (INCLUDING HEDGE ACCOUNTING) (cont'd)

Liquidity risk table:

As the Group considers the expected maturity of the related liabilities in liquidity management, breakdown of cash flows to be resulted from non-derivative financial liabilities by the maturity expected by the Group has been separately given:

31 December 2025

<u>Contract terms</u>	<u>Book Value</u>	<u>Total contracted cash outflows (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>3 to 12 months (II)</u>	<u>1 to 5 years (III)</u>
<u>Non-derivative financial liabilities</u>					
Financial borrowings	9,218,930,007	12,860,292,848	1,810,317,554	5,482,648,498	2,372,333,738
Trade payables	6,201,549,561	6,063,754,736	2,059,248,541	4,004,506,195	-
Current liabilities (*)	282,673,673	282,673,673	282,673,673	-	-
Total liabilities	15,703,153,241	19,206,721,257	4,152,239,768	9,487,154,693	2,372,333,738

31 December 2024

<u>Contract terms</u>	<u>Book Value</u>	<u>Total contracted cash outflows (I+II+III)</u>	<u>Less than 3 months (I)</u>	<u>3 to 12 months (II)</u>	<u>1 to 5 years (III)</u>
<u>Non-derivative financial liabilities</u>					
Financial borrowings	8,507,710,820	8,649,546,313	1,830,710,083	4,391,784,387	2,427,051,843
Trade payables	6,807,738,637	7,442,244,208	3,506,244,089	3,936,000,119	-
Current liabilities (*)	274,869,164	274,869,164	274,869,164	-	-
Total liabilities	15,590,318,621	16,366,659,684	5,611,823,336	8,327,784,506	2,427,051,843

(*) Social security debts to be paid, which are not financial instruments, are not included.

b.3) Market risk management

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

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

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

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL (INCLUDING HEDGE ACCOUNTING) (cont'd)

b.3.1) Foreign currency risk management (cont'd)

31 December 2025

	TL Equivalent (Functional currency)	US Dollar(*)	Euro(*)	GBP
1. Trade Receivables	959,926,741	13,232,250	8,087,768	-
2a. Monetary Financial Assets	338,772,655	918,764	6,176,919	2,716
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	2,142,040	51,617	-	-
4. Current Assets (1+2+3)	1,300,841,436	14,202,631	14,264,687	2,716
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)	1,300,841,436	14,202,631	14,264,687	2,716
10. Trade Payables	1,329,164,140	30,868,493	984,002	5,412
11. Financial Liabilities	2,204,785,457	2,435,160	43,244,009	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	48,346	1,165	-	-
13. Current Liabilities (10+11+12)	3,533,997,943	33,304,818	44,228,011	5,412
14. Trade Payables	-	-	-	-
15. Financial Liabilities	24,368,182	--	500,909	--
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	24,368,182	--	500,909	--
18. Total Liabilities(13+17)	3,558,366,125	33,304,818	44,728,920	5,412
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	(114,614,439)	--	(2,356,000)	-
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	(114,614,439)	-	2,356,000	-
20. Net foreign currency asset/(liability) position (9-18+19)	(2,372,139,128)	(19,202,187)	(32,820,233)	(2,696)
21. Monetary items net foreign currency liability position (1+2a+5+6a-10-11-12a-14-15-16a)	(2,259,618,383)	(19,152,639)	(30,464,233)	(2,696)
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	6,273,589,446	50,333,135	145,822,269	-
24. Import	2,179,653,374	55,408,007	39,196	-

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL (INCLUDING HEDGE ACCOUNTING) (cont'd)

b.3.1) Foreign currency risk management(cont'd)

	31 December 2024	TL Equivalent (Functional currency)	US Dollar	Euro	GBP
1. Trade Receivables		611,770,690	10,496,127	2,658,376	-
2a. Monetary Financial Assets		148,052,046	1,452,680	1,682,931	2,391
2b. Non-Monetary Financial Assets		-	-	-	-
3. Other		15,347,016	304,092	27,591	-
4. Current Assets (1+2+3)		775,169,752	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)		775,169,752	12,252,899	4,368,898	2,391
10. Trade Payables		1,511,307,852	31,781,886	955,131	1,400
11. Financial Liabilities		1,372,595,894	1,444,263	27,155,541	-
12a. Other Monetary Liabilities		-	-	-	-
12b. Other Non-Monetary Liabilities		-	-	-	-
13. Current Liabilities (10+11+12)		2,883,903,746	33,226,149	28,110,672	1,400
14. Trade Payables		-	-	-	-
15. Financial Liabilities		30,297,413	-	629,967	-
16a. Other Monetary Liabilities		-	-	-	-
16b. Other Non-Monetary Liabilities		-	-	-	-
17. Non-Current Liabilities (14+15+16)		30,297,413	-	629,967	-
18. Total Liabilities(13+17)		2,914,201,159	33,226,149	28,740,639	1,400
19 Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)		(44,128,193)	-	(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		44,128,193	-	917,547	-
20. Net foreign currency asset/(liability) position (9-18+19)		(2,183,159,600)	(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)		(2,154,378,423)	(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		7,193,352,939	43,870,262	119,974,756	-
24. Import		2,373,807,089	55,184,836	91,309	-

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL (INCLUDING HEDGE ACCOUNTING) (cont'd)

b) Financial risk factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity

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

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

31 December 2025

	<u>Profit / Loss</u>		<u>Equity (*)</u>	
	<u>Appreciation of Foreign Currency</u>	<u>Depreciation of Foreign Currency</u>	<u>Appreciation of Foreign Currency</u>	<u>Depreciation of Foreign Currency</u>
In case of US Dollar appreciation by 20 % against TL				
1 - US Dolar net asset / liability	(158,542,039)	158,542,039	(158,542,039)	158,542,039
2- The portion hedged from US Dolar risk (-)	(933,329)	933,329	(1,484,391)	1,484,391
3- Net effect of US Dollar	(159,475,368)	159,475,368	(160,026,430)	160,026,430
In case of Euro appreciation by 20 % against TL				
4 - Euro net asset / liability	(319,327,083)	319,327,083	(319,327,083)	319,327,083
5 - The portion hedged from Euro risk (-)	(14,947,906)	14,947,906	(23,773,545)	23,773,545
6- Net effect of Euro	(333,341,660)	331,341,660	(341,616,237)	341,616,237
TOTAL (3+6)	(492,817,028)	492,817,028	(501,642,667)	501,642,667

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL (INCLUDING HEDGE ACCOUNTING) (cont'd)

b) Financial risk factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Foreign currency risk management (cont'd)

Foreign currency sensitivity (cont'd)

31 December 2024

	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 Dolar net asset / liability	(109,323,282)	109,323,282	(109,323,282)	109,323,282
2- The portion hedged from US Dolar risk (-)	-	-	-	-
3- Net effect of US Dollar	(109,323,282)	109,323,282	(109,323,282)	109,323,282
In case of Euro appreciation by 20 % against TL				
4 - Euro net asset / liability	(186,317,868)	186,317,868	(186,317,868)	186,317,868
5 - The portion hedged from Euro risk (-)	8,273,580	(8,273,580)	(17,731,749)	17,731,749
6- Net effect of Euro	(178,044,288)	178,044,288	(204,049,617)	204,049,617
TOTAL (3+6)	(287,367,570)	287,367,570	(313,372,899)	313,372,899

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite. Thus, it is aimed to establish an optimal hedging strategy, to review the position of the balance sheet and to keep interest expenditures under control at different interest rates.

Information on interest rates of the Group in financial assets and financial liabilities is detailed in the liquidity risk management section of this note.

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL (INCLUDING HEDGE ACCOUNTING) (cont'd)

b) Financial risk factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Interest rate risk management (cont'd)

Interest rate sensitivity analysis

The details of the interest-bearing financial assets of the Group are as follows:

	31 December 2025	31 December 2024
Fixed Rate Instruments		
Financial Assets	1,442,990,839	765,729,192
Financial Liabilities	(2,761,346,954)	(2,622,000,486)
Variable Rate Financial Instruments		
Financial Liabilities	(2,309,190,440)	(1,671,193,979)

Hedge accounting

The Group provides hedging against the foreign exchange risk on the balance sheet by borrowing in the same currency against the exchange rate risks arising from the foreign currency sales amounts that are highly probable to be realized in the future within the scope of the agreements it has made and the corporate budget.

In this context, repayments of foreign currency borrowings that are subject to hedge accounting and determined as hedging instrument are made with foreign currency sales cash flows that will be realized on close dates and determined as hedged item within the scope of hedge accounting.

Within the scope of the currency risk management strategy it has determined, the Group applies hedge accounting for the purpose of hedging the currency risk component of the highly probable estimated transaction cash flow risk, and the foreign exchange rate that has occurred on the hedging instrument, whose effectiveness has been mathematically proven in accordance with TFRS 9 and has not yet been realized. It pulls the fluctuations from the income statement and parks it in the comprehensive income statement and aims to present a healthier income statement.

Within the scope of the hedge accounting that it has established, the company pays attention to maintain a hedge ratio of around 100% and hedging efficiency between 70% and 130%. As of 31 December 2025, hedging ratio was calculated as 102% and hedging efficiency as 99%.

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL (INCLUDING HEDGE ACCOUNTING) (cont'd)

b) Financial risk factors (cont'd)

b.3) Market risk management (cont'd)

b.3.1) Currency risk management (Continued)

Hedge accounting (cont'd)

USD	31 December 2025	31 December 2024
Present value of hedged item (current portion)	2,487,791	1,596,912
Present value of hedged item (non-current portion)	-	-
Present value of hedged item (current portion)	2,421,833	1,569,166
Present value of hedged item (non-current portion)	-	-

Euro	31 December 2025	31 December 2024
Present value of hedged item (current portion)	43,971,628	39,482,485
Present value of hedged item (non-current portion)	509,094	862,150
Present value of hedged item (current portion)	43,401,253	35,040,438
Present value of hedged item (non-current portion)	449,248	759,381

Turkish Lira	31 December 2025	31 December 2024
Cumulative foreign exchange differences on the hedged item (current portion)	159,214,590	51,362,917
Cumulative foreign exchange differences on the hedged item (non-current portion)	1,116,275	775,235
Cumulative foreign exchange differences on the hedged item (current portion)	(157,498,166)	(46,032,112)
Cumulative foreign exchange differences on the hedged item (non-current portion)	(992,134)	(663,860)
Hedge effectiveness ratio	99%	90%

Hedge ratio as of 31 December	2025	2024
Total amount of hedged items used	2,447,978,470	1,552,529,792
Total amount of hedging instruments used	2,407,069,905	1,383,644,017
Hedge ratio	102%	112%

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27. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL (INCLUDING HEDGE ACCOUNTING) (cont'd)

Hedge accounting (cont'd)

The income statement for the period 1 January – 31 December 2024, within the scope of derivative transactions for hedging purposes, the post-tax exchange gain/(loss) recognized in the account of 'fair value hedge' is TL 113,539,163 (1 January – 31 December 2024: TL 58,404,870). Accumulated other comprehensive expense movements of the derivative transaction for hedging purposes are as follows:

	2025	2024
Opening balance	58,837,591	169,273,233
Charge for the period	113,539,163	(58,404,870)
Inflation effect	(13,886,454)	(52,030,772)
Closing balance	158,490,300	58,837,591

28. FEES FOR SERVICES RECEIVED FROM INDEPENDENT AUDIT FIRM

The fees related to the services received by the Group from the Independent Audit Firm (IAF) for the periods 1 January – 31 December 2025 and 1 January - 31 December 2024 are as follows:

	31 December 2025	31 December 2024
Independent audit fee for the reporting period	8,132,929	7,722,647
Fees for tax consultancy services	770,000	719,908
Fees for other assurance services	4,282,751	2,895,338
Total	13,185,680	11,337,893

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29. MONETARY POSITION GAIN(LOSSES)

Monetary Gain Loss table as of 31.12.2025 and 31.12.2024 is as follows:

Non Monetary Items	31 December 2025	31 December 2024
Balance Sheet Items		
Subsidiaries	168,675,798	270,304,523
Deferred Income	9,534,826	(19,140,506)
Property, Plant and Equipment	(4,907,779)	(77,489,884)
Intangible Assets	(64,826,054)	(36,976,126)
Right of Use Assets	(303,354,133)	49,663,532
Prepaid Expenses	115,795,024	50,356,750
Inventories	(109,593,922)	(89,332,595)
Restricted reserves appropriated from profit	(53,992,763)	(10,445,778)
Capital Adjustments Differences	(564,708,559)	(696,543,636)
Accumulated other comprehensive expenses not to be reclassified to profit or loss	29,300,587	36,369,570
Retained Earnings	(479,329,931)	(823,574,709)
Total Balance Sheet Items	(1,257,406,906)	(1,346,808,859)
Income Statement Items	1,853,930,625	2,587,235,339
Revenue	(2,532,039,474)	(3,317,652,014)
Cost of Sales	1,697,246,746	2,873,452,816
Research and Development Expenses	64,122,336	103,079,349
Marketing Expenses	1,849,404,834	1,915,998,266
General Administrative Expenses	308,152,356	367,051,539
Other Income from operating activities	(213,075,732)	(171,495,745)
Other Expenses from operating activities	308,866,820	448,895,561
Income from investing activities	(779,638)	(636,582)
Expense from investing activities	893,685	1,554,984
Financial expenses	289,119,417	213,138,472
Deffered tax Expense/Income	82,019,275	153,848,693
	596,523,718	1,240,426,480

30. EVENTS AFTER THE REPORTING PERIOD

The Group's operations in the Gulf Cooperation Council ("GCC") region constitute a limited portion of its overall activities. Although ongoing geopolitical developments in the GCC region may lead to uncertainties in global markets and economic conditions, the direct impact of such developments is expected to remain limited due to the Group's low operational exposure to the region. Nevertheless, as with all global risks, the situation is being closely monitored, and precautionary assessments are being undertaken to ensure the uninterrupted continuation of supply chain and financial processes.