

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

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY – 31 MARCH 2026

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KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2026 AND 31 DECEMBER 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2026, unless otherwise stated)

	<i>Notes</i>	Unaudited 31 March 2026	Audited 31 December 2025
ASSETS			
Cash and cash equivalents	4	1,515,324,699	1,587,898,925
Trade receivables	5	1,405,727,489	1,622,253,381
- <i>Trade receivable from third parties</i>		<i>1,405,727,489</i>	<i>1,622,253,381</i>
Other receivables		90,379,674	54,091,497
- <i>Other receivable from third parties</i>		<i>90,379,674</i>	<i>54,091,497</i>
Inventories	6	9,982,285,430	10,220,382,380
Prepaid expenses	7	2,097,364,629	2,092,392,199
Current tax assets		82,756,805	92,647,820
Other current assets	15	523,905,069	534,161,074
Total current assets		15,697,743,795	16,203,827,276
Financial investments		10,030,524	9,308,658
Other receivables		203,956,808	229,376,275
- <i>Other receivable from third parties</i>		<i>203,956,808</i>	<i>229,376,275</i>
Property and equipment	8	2,777,205,167	2,934,740,031
Intangible assets	9	1,014,877,080	1,004,445,537
Right of use assets	10	5,474,765,197	5,660,292,599
Prepaid expenses		-	4,413,575
Deferred tax assets	21	517,931,938	537,044,150
Other non-current assets		5,903,893	7,085,474
Total non-current assets		10,004,670,607	10,386,706,299
TOTAL ASSETS		25,702,414,402	26,590,533,575

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2026 AND 31 DECEMBER 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2026, unless otherwise stated)

	Notes	Unaudited 31 March 2026	Audited 31 December 2025
LIABILITIES			
Short-term borrowings		7,148,848,577	7,534,145,446
<i>Short-term borrowings</i>	11	4,954,094,130	5,230,200,199
Short-term Portion of Long-term Borrowings	11	340,069,552	334,092,145
Lease liabilities	11	1,854,684,895	1,969,853,102
Trade payables	5	6,701,391,793	6,824,321,831
<i>Trade payables to related parties</i>	22	6,701,045,657	6,823,546,946
<i>Trade payables to third parties</i>		346,136	774,885
Payables related to employee benefits	14	532,276,420	436,611,504
Other payables		46,847,432	37,038,382
<i>Other payable to third parties</i>		46,847,432	37,038,382
Deferred income	7	328,915,776	257,664,693
Current tax liabilities		-	-
Short-term provisions		301,209,193	339,579,047
<i>Provisions for employee benefits</i>	14	276,101,227	313,191,532
<i>Other short-term provisions</i>	12	25,107,966	26,387,515
Other short-term liabilities		325,302,391	345,142,130
Total current liabilities		15,384,791,582	15,774,503,033
Long-term borrowings	11	2,554,861,085	2,610,568,336
<i>Long-term borrowings</i>	11	43,948,692	49,315,851
Lease liabilities	11	2,510,912,393	2,561,252,485
Other payables		39,407,074	43,101,177
<i>Other payables to third parties</i>		39,407,074	43,101,177
Deffered income		45,865,729	17,870,468
Long term provisions	14	171,731,122	160,787,662
<i>Long-term provisions for employee benefits</i>	14	171,731,122	160,787,662
Deffered tax liabilities	21	672,109,898	612,652,230
Total non-current liabilities		3,483,974,908	3,444,979,873
TOTAL LIABILITIES		18,868,766,490	19,219,482,906
Paid-in share capital	16	829,650,000	829,650,000
Capital adjustment differences	16	7,584,292,202	7,584,292,202
Share issuance premiums/discounts	16	1,561,433,531	1,561,433,531
Other comprehensive loss not to be reclassified to profit or loss			
- <i>Loss on remeasurement of defined benefit plans</i>	16	(227,697,006)	(209,343,986)
Other comprehensive loss to be reclassified to profit or loss			
- <i>Foreign currency translation differences</i>	16	(4,226,906,433)	(3,973,329,197)
- <i>Loss on cash flow hedge</i>	16	(4,157,898,627)	(3,842,524,532)
- <i>Loss on cash flow hedge</i>	16	(69,007,806)	(130,804,665)
Restricted reserves	16	251,743,569	251,743,569
Retained earnings		1,318,544,361	2,378,992,397
Net profit/(loss) for the period		(278,435,155)	(1,060,448,036)
Equity of the parent company		6,812,625,069	7,362,990,480
Minority Shareholders		21,022,843	8,060,189
TOTAL EQUITY		6,833,647,912	7,371,050,669
TOTAL LIABILITIES AND EQUITY		25,702,414,402	26,590,533,575

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE PERIODS ENDED 1 JANUARY – 31 MARCH 2026 AND 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2026, unless otherwise stated.)

	Notes	Unaudited 1 January - 31 March 2026	Audited 1 January - 31 March 2025
Revenue	17	8,282,124,736	8,344,048,065
Cost of sales (-)	17	(4,070,447,232)	(4,765,207,786)
GROSS PROFIT		4,211,677,504	3,578,840,279
General administrative expenses (-)		(691,343,310)	(781,746,200)
Marketing expenses (-)		(3,015,810,890)	(3,132,462,603)
Research and development expenses (-)		(82,008,145)	(101,059,518)
Other operating income	19	314,462,962	893,609,822
Other operating expenses (-)	19	(832,971,904)	(744,970,774)
OPERATING PROFIT		(95,993,783)	(287,788,994)
Income from investment activities		2,315,729	2,243,461
Losses from investment activities (-)		(1,435,097)	(612,125)
OPERATING PROFIT BEFORE FINANCIAL EXPENSES		(95,113,151)	(286,157,658)
Financial income	20	38,256,127	58,985,537
Financial expenses (-)	20	(763,564,589)	(887,001,328)
Net monetary position gains		571,230,803	561,132,961
PROFIT BEFORE TAX		(249,190,810)	(553,040,488)
Tax income	21	(16,281,690)	56,591,253
<i>Current tax expense</i>	21	-	(320,842)
<i>Deffered tax expense</i>	21	(16,281,690)	56,912,095
PROFIT FOR THE PERIOD		(265,472,500)	(496,449,235)
Distribution of Profit for the period			
Minority shareholders		12,962,655	17,379,301
Equity of the parent company		(278,435,155)	(513,828,536)
Earnings Per Share ("TL")	23	(0,336)	(0,619)
OTHER COMPREHENSIVE LOSS			
Items not to be reclassified to profit or loss		(18,353,020)	(38,999,058)
Defined benefit plans remeasurement losses	14	(24,470,694)	(51,998,745)
Taxes relating to components of other comprehensive income that will not be reclassified to other profit or loss			
Deffered tax income	21	6,117,674	12,999,687
Other comprehensive income that will be reclassified to profit or loss		(253,577,236)	571,332,147
Foreing currency translation differences		(315,374,095)	711,666,725
Cash flow hedge gains/losses		82,395,812	(187,112,771)
Other comprehensive income that will be reclassified to profit or loss			
Deffered tax (expense) / income	21	(20,598,953)	46,778,193
OTHER COMPREHENSIVE INCOME/ (EXPENSE)		(271,930,256)	532,333,089
TOTAL COMPREHENSIVE INCOME/ (EXPENSE)		(537,402,756)	35,883,854

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIODS ENDED 1 JANUARY – 31 MARCH 2026 AND 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2026, unless otherwise stated)

	Paid in share capital	Capital adjustment differences	Share Premiums	Other comprehensive loss not to be reclassified to profit or loss	Other comprehensive loss to be reclassified to profit or loss		Restricted reserves	Retained earnings	Minority Shareholders	Net Profit/(Loss) for the period	Total equity
				Loss on remeasurement of defined benefit plans	Foreign currency translation differences	Loss on cash flow hedge					
Balances as of 1 January 2025	829,650,000	7,584,292,202	1,561,433,530	(196,859,343)	(3,468,551,671)	(48,559,636)	251,743,569	2,950,350,834	2,557,416	(571,358,436)	8,894,698,464
Transfers	-	-	-	-	-	-	-	(571,358,436)	-	571,358,436	-
Total comprehensive income	-	-	-	(38,999,058)	711,666,725	(140,334,578)	-	-	14,821,885	(511,271,118)	35,883,856
Profit for the period	-	-	-	-	-	-	-	-	14,821,885	(511,271,118)	(496,449,233)
Cash flow hedge gains	-	-	-	-	-	(140,334,578)	-	-	-	-	(140,334,578)
Foreign currency translation differences	-	-	-	-	711,666,725	-	-	-	-	-	711,666,725
Actuarial loss	-	-	-	(39,999,058)	-	-	-	-	-	-	(38,999,058)
Balances as of 31 March 2025	829,650,000	7,584,292,202	1,561,433,530	(235,858,401)	(2,756,884,946)	(188,894,214)	251,743,569	2,378,992,398	17,379,301	(511,271,118)	8,930,582,320
Balances as of 1 January 2026	829,650,000	7,584,292,202	1,561,433,531	(209,343,986)	(3,842,524,532)	(130,804,665)	251,743,569	2,378,992,397	8,060,189	(1,060,448,036)	7,371,050,669
Transfers	-	-	-	-	-	-	-	(1,060,448,036)	-	1,060,448,036	-
Total comprehensive income	-	-	-	(18,353,020)	(315,374,095)	61,796,859	-	-	12,962,654	(278,435,155)	(537,402,757)
Profit for the period	-	-	-	-	-	-	-	-	12,962,654	(278,435,155)	(265,472,501)
Cash flow hedge gains	-	-	-	-	-	61,796,859	-	-	-	-	61,796,859
Foreign currency translation differences	-	-	-	-	(315,374,095)	-	-	-	-	-	(315,374,095)
Actuarial loss	-	-	-	(18,353,020)	-	-	-	-	-	-	(18,353,020)
Balances as of 31 March 2026	829,650,000	7,584,292,202	1,561,433,561	(227,697,006)	(4,157,898,627)	(69,007,806)	251,743,569	1,318,544,361	21,022,843	(278,435,155)	6,833,647,912

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 31 MARCH 2026 AND 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2026, unless otherwise stated)

	Notes	Unaudited 1 January - 31 March 2026	Audited 1 January - 31 March 2025
A. Cash Flows From Operating Activities		1,092,647,093	172,091,519
Net Profit/(Loss) For The Period		(265,472,500)	(496,449,235)
Adjustments To Reconcile Loss For The Year		1,159,286,679	1,459,883,113
Adjustments related to depreciation and amortization expense	8,9,10	1,086,865,078	907,095,097
Adjustments related to impairment		6,973,829	1,976,273
Adjustments related to impairment / (reversals) on inventory	6	6,909,813	(1,681,396)
Adjustments related to impairment loss recognised on receivables	5	64,016	3,657,669
Adjustments related to provisions		107,408,595	66,004,376
Adjustments Related to for Employee Benefits	14	98,657,349	56,887,178
Adjustments Related to Provisions for Legal Claims	12	8,751,246	219,911,198
Adjustments Related to Other Provisions		-	-
Adjustments Related to Interest (Income) and Expense		1,001,925,789	1,173,270,412
Adjustments Related to Interest Income	20	(38,256,127)	(339,918)
Adjustments Related to Interest Expense		490,842,995	
Deferred Financing Expense from Forward Purchases		549,338,921	517,571,413
Adjustments Related to Income From Government Grants		(16,618,799)	(36,759,815)
Adjustments Related to Unrealised Currency Translation Differences		346,676,954	(584,491,509)
Other Adjustments Related to Non-Cash Items		57,079,724	68,722,949
Adjustments Related to Tax Expense	21	16,281,690	(55,901,118)
Adjustments Related to Losses/(Gains) on Disposal of Non-Current Assets		(880,632)	(1,631,336)
Other Adjustments Related to Net Profit / Loss		(25,175,205)	44,513,722
Monetary Loss / Gain		(1,421,250,344)	(122,915,938)
Changes in Working Capital		198,832,914	(791,342,359)
Adjustments Related to Increase in Inventories		219,295,682	(29,637,157)
Adjustments Related to Increase in Trade Receivables		132,981,566	59,002,497
Adjustments Related to Decrease (Increase) in Prepaid Expenses		(221,062,034)	(154,511,775)
Adjustments Related to Decrease (Increase) in Other Receivables		(328,475,815)	(81,521,255)
Adjustments Related to Increase (Decrease) in Trade Payables		(49,495,685)	(498,377,540)
Adjustments Related to Increase (Decrease) in Employee Benefits		135,509,100	149,536,454
Adjustments Related to Increase (Decrease) in Other Payables		344,644,560	(146,081,811)
Adjustments Related to Increase (Decrease) in Deferred Income		42,166,620	(28,907,941)
Payments Related to Employee Benefits		(79,127,764)	(59,276,512)
Tax Returns (Payments)	21	9,891,015	7,245,531
Other Cash Inflows (Outflows)		(7,494,331)	(8,812,850)
B. Cash Flows Used in Investing Activities		(233,452,105)	(260,108,222)
Cash Outflows for the Purchase of Shares or Debt Instruments of Other Entities or Funds Proceeds from Sale of Property, Plant and Equipment and Intangible Assets		9,436,139	8,304,191
Proceeds from Sale of Property, Plant and Equipment		9,436,139	6,870,531
Proceeds from Sale of Intangible Assets	9	-	1,433,660
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		(242,888,244)	(268,412,413)
Cash Outflows from Purchase Property, Plant and Equipment	8	(156,162,234)	(198,576,988)
Cash Outflows from Purchase Intangible Assets	9	(86,726,010)	(69,835,425)
C. Cash Flows Generated from/(Used in) Financing Activities		(784,494,957)	666,663,841
Proceeds from Borrowings	11	2,320,960,855	2,776,681,701
Cash Outflows Repayment of Borrowings	11	(2,096,528,784)	(1,167,279,748)
Cash Outflows Repayment of Borrowings Arising from Lease Agreements	11	(745,031,874)	(622,028,090)
Interest Received	20	45,742,281	4,189,900
Interest Paid		(309,637,435)	(324,899,922)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)		74,700,031	578,647,138
D. MONETARY LOSSES AND GAINS ON CASH AND CASH EQUIVALENTS		(144,908,079)	(77,039,154)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		(70,208,048)	501,607,984
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	1,582,778,949	838,835,299
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	4	1,512,570,901	1,340,443,283

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2026

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2026, unless otherwise stated.)

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

The registered address of the Company is Ayağaza Mah. Maslak Ayazağa Cad. No: 31ç Kapı No:5, Sarıyer, İstanbul

As explained in Note 6, as of 31 March 2026, the main partner of the Company is the Netherlands-based Nemo Apparel BV owned by Turkven Private Equity and Yılmaz family.

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

As of 31 March 2026 the Company's subsidiaries are shown below. The Company and its subsidiaries will be referred to as the "Group" in the consolidated financial statements.

Subsidiaries	Registered Country	Field of Activity
Koton Textile Group Gmbh ("Koton Germany") (*)	Germany	Retailing
Koton Textile Limited Doo Sarajevo ("Koton Bosnia Herzegovina")	Bosnia and Herzegovina	Retailing
Koton Textile Limited Llc ("Koton Georgia")	Georgia	Retailing
Koton Textile D.O.O Zagreb ("Koton Croatia") (*)	Croatia	Retailing
TOO "Koton Textile" Limited ("Koton Kazakhstan")	Kazakhstan	Retailing
Koton Mağazacılık Doo El Skopje ("North Macedonia")	Macedonia	Retailing
Koton Textile Retail Srl ("Koton Romania")	Romania	Retailing
Ooo Koton Textile Llc ("Koton Russia")	Russia	Retailing
Koton Textile Limited Doo Beograd ("Koton Serbia")	Serbia	Retailing
Koton Textile Limited S.R.O ("Koton Slovakia") (*)	Slovakia	Retailing
Koton Tekstil Emboria Endimaton Monoprosopi Epe ("Koton Greece") (*)	Greece	Retailing
Koton Mağazacılık Sarl Au ("Koton Morocco")	Morocco	Retailing
Koton Mağazacılık Sasu ("Koton France") (*)	France	Retailing
LLC Koton Textile ("Koton Belarus")	Belarus	Retailing
Limited Liability Company Koton Textile ("Koton Ukraine")	Ukraine	Retailing
Koton Textil Limited ("Koton Hong Kong") (*)	Hong Kong	Retailing
Koton Mağazacılık Limited ("Koton Azerbaijan") (*)	Azerbaijan	Retailing
Koton Textil Korlátolt Felelősségű Társaság ("Koton Hungary")	Hungary	Retailing
Koton A.G. 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 Bahrain Trading W.L.L ("Koton Bahrain")	Bahrain	Retailing
Koton Fashion Trading L.L.C ("Koton Oman")	Oman	Retailing
Koton Trading L.L.C ("Koton Qatar")	Qatar	Retailing
Koton I.N.C ("Koton U.S.A") (*)	Amerika	Retailing

(*) As of 31 March 2026 there are active no store.

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2026

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2026, unless otherwise stated.)

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

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

As of 31 March 2026, the total number of stores of the Group is 464 (31 December 2025: 464). 238 of these stores (31 December 2025: 243) has been operating in Türkiye. The Group has 238 stores in Türkiye, 33 of which are franchise stores (31 December 2025: 32). The Group has 226 stores abroad (31 December 2025: 221). 76 of these stores are franchise stores (31 December 2025: 72) stores as of 31 March 2026, the Group's average number of employees is 7,723 (31 December 2025: 8,047).

The condensed consolidated financial statements were approved for publication by the Company's Board of Directors on 7 May 2026, and were signed by the Chairman of the Board, Yılmaz Yılmaz, and the General Manager, A. Bülent Sabuncu. The General Assembly and certain regulatory boards have the authority to make changes following the publication of the statutory financial statements.

2. BASIS OF PRESENTATION OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Basis of preparation and presentation of financial statements

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

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

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2026

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2026, unless otherwise stated.)

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

2.1 Basis of Presentation(cont'd)

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

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

2.1.2 Comparative information and restatement of prior period financial statements

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

2.1.3 Changes in the accounting policies, estimates and errors

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

2.1.4 Functional and reporting currency

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2026

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2026, unless otherwise stated.)

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

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

Group companies

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

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

2.2 Financial reporting in hyperinflationary economy

The Group prepared its consolidated financial statements as at and for the period ended 31 March 2026 by applying TAS 29 "Financial Reporting in Hyperinflationary Economies" in accordance with the announcement made by POA on 23 November 2023 and the "Application Guidance on Financial Reporting in Hyperinflationary Economies". TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. Therefore, the Group has presented its consolidated financial statements as of 31 March 2025 and 31 December 2025 on a purchasing power basis as of 31 March 2026.

Pursuant to the decision of the Capital Markets Board (SPK) dated 28 December 2023 and numbered 81/1820, it has been decided that issuers and capital market institutions subject to financial reporting regulations that apply Turkish Accounting/Financial Reporting Standards will apply inflation accounting by applying the provisions of IAS 29 starting from their annual financial reports for the periods ending on 31 March 2026.

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2026

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

2.2 Financial reporting in hyperinflationary economy (cont'd)

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TSI). As of 31 March 2026, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Coefficient	Three – year cumulative inflation rates
31 March 2026	3,866.74	1,00000	%205
31 December 2025	3,513.87	1,10042	%250
31 March 2025	2,954.69	1,30868	%309

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

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

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

Restatement of the Statement of Financial Position

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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

2.2 Financial reporting in hyperinflationary economy (cont'd)

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

Restatement of the Statement of Profit or Loss

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

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

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

Restatement of Statement of Cash Flows

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

Consolidated financial statements

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

Subsidiaries of the Group whose functional currency is other than Turkish Lira have been restated to 31 March 2026 purchasing power according to the following principles.

For the year ended 31 March 2026, the consolidated statement of financial position is translated into Turkish Lira at the closing rate of 31 March 2026. The consolidated income statement for the period 1 January 2026 – 31 March 2026 has been translated into Turkish Lira at the average monthly exchange rates and indexed to the purchasing power of 31 March 2026. For the year ended 31 December 2025 the consolidated statement of financial position is translated into Turkish Lira at the closing rate of 31.03.2026 and indexed to the purchasing power of 31 March 2026. The consolidated income statement for the period 1 January 2025 – 31 March 2025 has been translated into Turkish Lira at the average monthly exchange rates and indexed to the purchasing power of 31 March 2026

Comparative figures

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

2.3 Going concern assumption

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2026

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

2.4 Basis for Consolidation

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

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

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

All of the subsidiaries included in the consolidation were established by the Company, and the table below shows the ownership rates as of 31 March 2026 and 31 December 2025:

Subsidiaries	31 March 2026 Effective partnership rate (%)	31 December 2025 Effective partnership oranı (%)
Koton Germany (*)	100.00	100.00
Koton Azerbaijan (*)	100.00	100.00
Koton Bosnia and Herzegovina	100.00	100.00
Koton Georgia	100.00	100.00
Koton Croatia (*)	100.00	100.00
Koton Hong Kong (*)	100.00	100.00
Koton Kazakhstan	100.00	100.00
Koton Macedonia	100.00	100.00
Koton Romania	100.00	100.00
Koton Russia	100.00	100.00
Koton Slovakia (*)	100.00	100.00
Koton Greece (*)	100.00	100.00
Koton France (*)	100.00	100.00
Koton Morocco	100.00	100.00
Koton Belarus	100.00	100.00
Koton Ukraine	100.00	100.00
Koton Serbia	100.00	100.00
Koton Hungary	100.00	100.00
Koton United Arab Emirates	51.00	51.00
Koton India(*)	100.00	100.00
Koton Saudi Arabia	51.00	51.00
Koton Bahrain(*)	51.00	51.00
Koton Oman(*)	51.00	51.00
Koton Qatar(*)	51.00	51.00
Koton U.S.A (*)	100.00	100.00

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2026

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

2.4 Basis for Consolidation (cont'd)

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

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

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

2.5 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2026

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 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 – Volume 11

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

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

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

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

The aforementioned standard, amendments and improvements 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:</i>
<i>Disclosures</i>	
Amendments to TFRS 19	<i>Subsidiaries without Public Accountability:</i>
<i>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.

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.

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

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

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 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 IFRS 19 Subsidiaries without Public Accountability: Disclosures

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

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

3. SEGMENT REPORTING

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

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

1 January - 31 March 2026

	Türkiye	CIS Countries(*)	Other International Countries(**)	Total
-Retail	5,339,406,142	761,051,030	863,367,280	6,963,824,452
-E-Commerce	445,811,441	217,184,281	110,582,626	773,578,348
-Wholesale	464,324,633	9,569,989	70,827,314	544,721,936
Total sales	6,249,542,216	987,805,300	1,044,777,220	8,282,124,736
Cost of sales	(2,995,525,968)	(576,691,344)	(498,229,920)	(4,070,447,232)
Gross profit	3,254,016,248	411,113,956	546,547,300	4,211,677,504
EBITDA	1,373,148,688	(2,948,756)	226,081,151	1,596,281,083
Adjusted EBITDA	847,910,006	(122,055,272)	125,394,475	851,249,209
Profit / (loss) for the period	(48,445,752)	(236,930,530)	19,903,782	(265,472,500)

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3. SEGMENT REPORTING(cont'd)

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

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

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

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

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

1 January - 31 March 2026 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries (**)	Total
Profit/loss before tax	24,407,548	(292,181,021)	18,582,657	(249,190,810)
Finance expense, net	(646,152,596)	(63,867,542)	(15,288,324)	(725,308,462)
Monetary loss/gain	571,230,803	--	--	571,230,803
Operating profit / (loss) before finance income / (expense)	99,329,347	(228,313,479)	33,870,981	(95,113,151)
Income from investing activities	2,315,729	-	-	2,315,729
Expenses from investing activities	(1,435,097)	-	-	(1,435,097)
Operating profit/loss	98,448,715	(228,313,479)	33,870,981	(95,993,783)
Depreciation and amortization expenses (Note 18)	(826,617,798)	(131,436,729)	(128,810,551)	(1,086,865,078)
Discount interest expense on purchases of goods (Note 19)	(448,082,175)	(93,927,994)	(63,399,619)	(605,409,788)
EBITDA	1,373,148,688	(2,948,756)	226,081,151	1,596,281,083
Cash outflows related to debt payments arising from lease agreements (Note 11)	(525,238,682)	(119,106,516)	(100,686,676)	(745,031,874)
Adjusted EBITDA	847,910,006	(122,055,272)	125,394,475	851,249,209

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2026

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3. SEGMENT REPORTING (cont'd)

1 January - 31 March 2025

	Türkiye	CIS Countries (*)	Other International Countries (**)	Total
-Retail	5,419,388,960	768,930,866	734,330,446	6,922,650,272
-E-Commerce	447,975,053	253,734,710	138,236,124	839,945,887
-Wholesale	502,525,143	4,181,938	74,744,825	581,451,906
Total sales	6,369,889,155	1,026,847,514	947,311,396	8,344,048,065
Cost of sales	(3,525,047,091)	(648,799,992)	(591,360,703)	(4,765,207,786)
Gross profit	2,844,842,064	378,047,522	355,950,693	3,578,840,279
EBITDA	780,950,298	277,347,648	157,140,754	1,215,438,700
Adjusted EBITDA	359,894,889	151,011,983	82,503,738	593,410,610
Profit / (loss) for the period	(474,906,995)	(22,074,089)	531,849	(496,449,235)

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

1 January - 31 March 2025 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
Profit/loss before tax	(528,041,341)	(24,263,409)	(735,738)	(553,040,488)
Finance expense, net	(777,760,707)	(57,293,017)	7,037,933	(828,015,791)
Monetary loss/gain	561,132,961	-	-	561,132,961
Operating profit / (loss) before finance income / (expense)	(311,413,595)	33,029,608	(7,773,671)	(286,157,658)
Income from investing activities	2,171,484	-	71,977	2,243,461
Expenses from investing activities	(540,148)	-	(71,977)	(612,125)
Operating profit/loss	(313,044,931)	33,029,608	(7,773,671)	(287,788,994)
Depreciation and amortization expenses (Note 18)	(649,604,472)	(142,431,896)	(115,058,729)	(907,095,097)
Discount interest expense on purchases of goods (Note 19)	(444,390,757)	(101,886,144)	(49,855,696)	(596,132,597)
EBITDA	780,950,298	277,347,648	157,140,754	1,215,438,700
Cash outflows related to debt payments arising from lease agreements (Note 11)	(421,055,409)	(126,335,665)	(74,637,016)	(622,028,090)
Adjusted EBITDA	359,894,889	151,011,983	82,503,738	593,410,610

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

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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4. CASH AND CASH EQUIVALENTS

	<u>31 March 2026</u>	<u>31 December 2025</u>
Cash	16,017,133	30,994,459
Cash at banks	1,441,763,256	1,450,674,237
- <i>Time deposits</i>	740,637,298	797,533,347
- <i>Demand deposits</i>	701,125,958	653,140,890
Credit card receivables (*)	54,790,512	101,110,253
	1,512,570,901	1,582,778,949
Interest income accruals	2,753,798	5,119,976
	1,515,324,699	1,587,898,925

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

As of 31 March 2026 and 31 December 2025 the details of time deposits, maturity dates and interest rates of the Group are as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>31 March 2026</u>
TL	31 March 2026 - 1 April 2026	37%-41%	732,489,277
Tenge	31 March 2026 - 1 April 2026	12%	8,148,021
			740,637,298
	<u>Maturity</u>	<u>Interest Rate</u>	<u>31 December 2025</u>
TL	31 December 2025 - 1 January 2026	39%-41%	552,607,878
Euro	31 December 2025 - 1 January 2026	1%	235,959,207
Tenge	31 December 2025 - 1 January 2026	12%	8,966,263
			797,533,347

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	<u>31 March 2026</u>	<u>31 December 2025</u>
<u>Short-term trade receivables</u>		
Trade receivables	1,339,880,195	1,552,815,709
Notes receivable	163,382,560	176,517,964
Provision for doubtful trade receivables (-)	(97,535,266)	(107,080,292)
	1,405,727,489	1,622,253,381

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 50 days (31 December 2025: 58 days).

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5. TRADE RECEIVABLES AND PAYABLES(cont'd)

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

	<u>2026</u>	<u>2025</u>
Opening balance	107,080,292	136,828,790
Expense for the period (Note 19)	64,016	3,657,669
Collections	(128,399)	(510,455)
Translation gain	813,466	(7,308,610)
Inflation effect	(10,294,109)	(41,554,434)
Closing balance	97,535,266	91,112,960

b) Trade Payables:

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

	<u>31 March 2026</u>	<u>31 December 2025</u>
<u>Short-term trade payables</u>		
Trade payables (*)	3,482,552,121	3,671,030,591
Trade Payables to Related Parties	704,173	774,885
Notes payable	4,003,348,037	3,891,609,052
Less: Deferred finance income from forward purchases	(785,212,538)	(739,092,697)
	6,701,391,793	6,824,321,831

(*) A total of TL 300,273,108 (31 December 2025: TL 285,314,437) 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 120 days (31 December 2025: 111 days).

6. INVENTORIES

	<u>31 March 2026</u>	<u>31 December 2025</u>
Raw materials and supplies	2,076,428,832	1,910,130,821
Semi-finished goods	20,026,807	21,055,007
Finished goods	430,306,233	438,654,627
Trade goods	7,415,418,235	7,871,380,013
Other inventories	114,329,220	63,479,688
Provision for impairment in inventory (-)	(74,223,897)	(84,317,776)
	9,982,285,430	10,220,382,380

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 74,223,897 as of 31 March 2026 (31 December 2025: TL 84,317,776) of inventory, As of 31 March 2026, the total amount of inventory presented as net realizable value is TL 9,982,285,430 (31 December 2025: TL 10,220,382,380)

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6. INVENTORIES (cont'd)

Movement table of provision for impairment on inventories for the years ended 31 March 2026 and 31 March 2025 is as follows:

	<u>2026</u>	<u>2025</u>
Opening balance	84,317,776	110,121,941
Charge for the period	16,458,575	103,368,838
Reversed provision	(9,548,762)	(105,050,234)
Translation gain	(17,003,690)	(5,510,479)
Closing balance	74,223,897	102,930,066

As of 31 March 2026, there is no pledge/mortgage on inventories (31 December 2025: None)

7. PREPAID EXPENSES AND DEFERRED INCOME

<u>Short-Term Prepaid Expenses</u>	<u>31 March 2026</u>	<u>31 December 2025</u>
Inventory advances given	1,990,192,956	1,858,468,569
Prepaid expenses (*)	106,274,804	233,690,091
Other	896,869	233,539
	2,097,364,629	2,092,392,199

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

<u>Short-Term Deferred Income</u>	<u>31 March 2026</u>	<u>31 December 2025</u>
Order advances received (**)	148,269,351	134,097,992
Deferred income (***)	180,646,425	123,566,701
	328,915,776	257,664,693

(**)TL 85,526,945 of the order advances received (31 December 2025: TL 62,026,683) consists of unused and unexpired gift and return checks.

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

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8. PROPERTY, PLANT AND EQUIPMENT

	Plant, machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Construction in progress(*)	Total
<u>Cost Value</u>						
Opening balance as of 1 January 2026	180,315,551	24,143,886	8,630,429,487	6,818,985,708	152,410,543	15,806,285,175
Foreign currency translation differences	4,554,822	(106,308)	(77,716,911)	(153,162,732)	(26,688,455)	(253,119,584)
Additions	3,555,222	-	72,337,596	27,899,990	52,369,426	159,162,234
Transfers	-	-	27,055,041	-	(27,055,041)	-
Disposals	-	-	(48,281,678)	(139,244,813)	-	(187,526,491)
Closing balance as of 31 March 2026	188,425,595	24,037,578	8,603,823,535	6,554,478,153	151,036,473	15,521,801,334
<u>Accumulated Depreciation</u>						
Opening balance as of 1 January 2026	(101,269,930)	(21,600,639)	(7,451,631,659)	(5,297,042,916)	-	(12,871,545,144)
Foreign currency translation differences	(1,167,681)	26,819	43,618,550	94,918,924	-	137,396,612
Charge for the period	(2,503,736)	(140,566)	(78,900,409)	(107,873,908)	-	(189,418,619)
Disposals	-	-	46,763,849	132,207,135	-	178,970,984
Closing balance as of 31 March 2026	(104,941,347)	(21,714,386)	(7,440,149,669)	(5,177,790,765)	-	(12,744,596,167)
Net book value as of 31 March 2026	83,484,248	2,323,192	1,163,673,866	1,376,687,388	151,036,473	2,777,205,167

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

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

	Plant, machinery and Equipment	Vehicles	Furniture and Fixtures	Leasehold Improvements	Construction in progress	Total
<u>Cost Value</u>						
Opening balance as of 1 January 2025	172,818,295	25,025,023	8,144,881,808	6,324,989,225	56,506,602	14,724,220,953
Foreign currency translation differences	(982,934)	12,186	81,801,113	121,114,275	(1,108,284)	200,836,356
Additions	988,230	-	79,749,692	74,986,793	42,852,272	198,576,988
Transfers	(30,299,712)	-	26,742,013	3,557,716	(11,968,990)	(11,968,973)
Disposals	(1,648,971)	-	(25,722,938)	(3,057,045)	(4,644,443)	(35,073,397)
Closing balance as of 31 March 2025	140,874,908	25,037,209	8,307,451,688	6,521,590,964	81,637,157	15,076,591,926
<u>Accumulated Depreciation</u>						
Opening balance as of 1 January 2025	(89,127,377)	(21,770,025)	(7,081,439,525)	(4,793,585,912)	-	(11,985,922,839)
Foreign currency translation differences	(18,203,146)	1,562,948	99,219,789	(297,498,402)	-	(214,918,811)
Charge for the period	(1,594,889)	(122,032)	(52,881,852)	(67,890,087)	-	(122,488,860)
Disposals	1,213,671	-	27,376,820	1,243,711	-	29,834,202
Closing balance as of 31 March 2025	(107,711,741)	(20,329,109)	(7,007,724,768)	(5,157,730,690)	-	(12,293,496,308)
Net book value as of 31 March 2025	33,163,167	4,708,100	1,299,726,920	1,363,860,274	81,637,157	2,783,095,618

TL 3,141,581 (31 March 2025: TL 2,081,482) of depreciation expenses are included in research and development expenses, TL 178,930,088 (31 March 2025: TL 112,674,960) in marketing expenses and TL 7,346,949 (31 March 2025: TL 7,732,418) in general administrative expenses.

As of 31 March 2026, the Company has capitalized personnel expenses amounting to TL 30,337,146 within the scope of design center activities. (31 March 2025: TL 31,306,238).

As of 31 March 2026 and 31 March 2025, there are no guarantees, pledges and mortgages on property, plant and equipment.

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9. INTANGIBLE ASSETS

Cost Value	Rights and Licenses
Opening balance as of 1 January 2026	2,699,816,399
Foreign currency translation differences	19,376,503
Additions	86,726,010
Closing balance as of 31 March 2026	2,805,918,912
Accumulated Amortization	
Opening balance as of 1 January 2026	(1,695,370,862)
Foreign currency translation differences	(4,764,024)
Charge for the period	(90,906,946)
Closing balance as of 31 March 2026	(1,791,041,832)
Net book value as of 31 March 2026	1,014,877,080

Cost Value	Rights and Licenses
Opening balance as of 1 January 2025	2,349,413,086
Foreign currency translation differences	5,423,664
Additions	69,835,426
Transfers	11,968,990
Disposals	(1,433,660)
Closing balance as of 31 March 2025	2,435,207,506
Accumulated Amortization	
Opening balance as of 1 January 2025	(1,433,835,484)
Foreign currency translation differences	(40,243,877)
Charge for the period	(38,373,641)
Closing balance as of 31 March 2025	(1,512,453,002)
Net book value as of 31 March 2025	922,754,504

TL 1,507,727 (31 March 2025: TL 636,442) of depreciation expenses are included in research and development expenses, TL 85,873,226 (31 March 2025: TL 36.248.807) in marketing expenses and TL 3,525,993 (31 March 2025: TL 1,488,392) in general administrative expenses.

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10. RIGHT-OF-USE ASSETS

The details of the items recognized in the consolidated profit and loss statement related to right-of-use assets for the periods 1 January – 31 March 2026 and 1 January – 31 March 2025 are as follows:

<u>Cost Value</u>	<u>Building</u>	<u>Motor vehicles</u>	<u>Total</u>
Opening balance as of 1 January 2026	20,034,568,927	138,802,621	20,173,371,548
Additions	230,403,305	-	230,403,305
Rent change	619,216,295	-	619,216,295
Disposals	(304,133,123)	-	(304,133,123)
Foreign currency translation differences	(388,544,396)	-	(388,544,396)
Closing balance as of 31 March 2026	20,191,511,008	138,802,621	20,330,313,629

Accumulated Depreciation

Opening balance as of 1 January 2026	(14,485,343,725)	(27,735,224)	(14,513,078,949)
Charge for the period	(795,141,498)	(11,398,015)	(806,539,513)
Disposals	303,592,348	-	303,592,348
Foreign currency translation differences	160,477,682	-	160,477,682
Closing balance as of 31 March 2026	(14,816,415,193)	(39,133,239)	(14,855,548,432)

Net book value as of 31 March 2026	5,375,095,815	99,669,382	5,474,765,197
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<u>Cost Value</u>	<u>Building</u>	<u>Motor vehicles</u>	<u>Total</u>
Opening balance as of 1 January 2025	17,269,060,298	107,328,696	17,376,388,994
Additions	591,974,229	-	591,974,229
Rent change	581,051,685	-	581,051,685
Disposals	(202,371,563)	(96,821,215)	(299,192,778)
Foreign currency translation differences	295,056,096	-	295,056,096
Closing balance as of 31 March 2025	18,534,770,745	10,507,481	18,545,278,226

Accumulated Depreciation

Opening balance as of 1 January 2025	(11,288,221,502)	(114,564,374)	(11,402,785,876)
Charge for the period	(740,254,982)	(5,977,614)	(746,232,596)
Disposals	77,985,726	96,710,808	174,696,534
Foreign currency translation differences	(226,264,541)	-	(229,264,541)
Closing balance as of 31 March 2025	(12,179,755,299)	(23,831,180)	(12,203,586,479)

Net book value as of 31 March 2025	6,355,015,446	(13,323,699)	6,341,691,747
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The average useful lives of right-of-use assets is between 2-15 years.

Depreciation expenses amounting to TL 761,879,625 (31 March 2025 TL 704,912,036) are included in marketing expenses.

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10. RIGHT OF USE ASSETS (cont'd)

Depreciation expenses:

	31 March 2026	31 March 2025
Buildings	795,141,490	740,254,983
Motor vehicles	11,398,023	5,977,613
	806,539,513	746,232,596

Profit or loss statement items related to leasing transactions

	31 March 2026	31 March 2025
Depreciation and amortization expenses	806,539,513	746,232,596
Interest expenses	173,950,061	120,606,900
Foreign exchange expenses	3,437,873	(22,864,345)
	983,927,447	843,975,151

11. BORROWINGS

Financial Borrowings

Details of borrowings at amortized cost are as follows:

<u>Financial Borrowings</u>	31 March 2026	31 December 2025
Short-term bank loans	4,954,094,130	5,230,200,199
Short-term portion of long-term financial borrowings	325,321,780	319,681,855
Short-term financial leasing transactions	14,747,772	14,410,290
Short-term lease liabilities	1,854,684,895	1,969,853,102
Long-term bank loans	15,990,743	15,438,787
Long-term financial leasing transactions	27,957,949	33,877,064
Long-term lease liabilities	2,510,912,393	2,561,252,485
	9,703,709,662	10,144,713,782

Bank Loans

As of 31 March 2026 and 31 December 2025 bank loan details are as followed:

	31 March 2026	31 December 2025
To be paid within 1 year	5,279,415,910	5,549,882,054
To be paid within 1 - 2 years	15,990,743	15,438,787
	5,295,406,653	5,565,320,841

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11. BORROWINGS (cont'd)

Bank Loans (cont'd)

Short-Term Financial Borrowings as of 31 March 2026

Currency	Effective interest rate(%)	Nominal value (*)	Carrying value
TL	%19 - %52	2,833,692,627	2,361,457,536
Euro	%4 - %9	2,458,826,318	2,367,143,134
US Dollar	%5 - %8	1,017,578,041	84,550,615
Georgian Lari	%16	119,744,336	109,210,356
Kazakhstan Tenge	%21 - %23	97,411,647	89,533,255
Other	%19 - %26	287,810,124	267,521,014
		6,815,063,093	5,279,415,910

Short-Term Financial Borrowings as of 31 December 2025

Currency	Effective interest rate(%)	Nominal value (*)	Carrying value
TL	%23 - %53	3,080,069,157	2,588,133,001
Euro	%6 - %9	2,495,180,932	2,389,656,934
US Dölllar	%8 - %11	116,111,156	114,858,265
Georgian Lari	%16	109,261,247	107,717,525
Kazakhstan Tenge	%14 - %20	78,153,198	72,583,791
Other	%20 - %27	294,555,239	276,932,538
		6,173,330,929	5,549,882,054

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

Long-Term Financial Borrowings as of 31 March 2026

Currency	Effective interest rate(%)	Nominal value (*)	Carrying value
TL	%39	8,015,745	7,015,743
Euro	%7	10,525,453	8,974,998
		18,541,198	15,990,743

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11. BORROWINGS (cont'd)

Bank Loans (cont'd)

Long-Term Financial Borrowings as of 31 December 2025

Currency	Effective interest rate(%)	Nominal value (*)	Carrying value
Euro	%6	15,984,129	15,438,787
		15,984,129	15,438,787

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

Financial Lease Liabilities

As of 31 March 2026 and 31 December 2025, details of finance lease payables are as follows:

<u>Financial Borrowings</u>	31 March 2026	31 December 2025
Short-term lease liabilities	1,854,684,895	1,969,853,102
Long-term lease liabilities	2,510,912,393	2,561,252,485
	4,365,597,288	4,531,105,587

Liabilities Arising from Financial Leasing Transactions

As of 31 March 2026 and 31 December 2025 financial lease liabilities details are as followed:

<u>Financial Leasing</u>	31 March 2026	31 December 2025
Short-term lease liabilities	14,747,772	14,410,290
Long-term lease liabilities	27,957,949	33,877,064
	42,705,721	48,287,353

Liabilities Arising from Financial Leasing Transactions

Long-Term Financial Borrowings as of 31 March 2026

Currency	interest rate (%)	value (*)	Carrying value
TL	39%	30,516,183	22,196,746
Euro	7%-10%	26,059,672	20,508,975
		56,575,855	42,705,721

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11. BORROWINGS (cont'd)

Long-Term Financial Borrowings as of 31 December 2025

Currency	interest rate (%)	value (*)	Carrying value
TL	39%	25,099,054	25,099,054
Euro	6%	23,188,299	23,188,299
		48,287,353	48,287,353

<u>Net Financial Debt Reconciliation</u>	31 March 2026	31 December 2025
Cash and cash equivalents	1,515,324,699	1,587,898,925
Bank loans	(5,295,406,653)	(5,565,320,841)
Lease Liabilities	(4,365,597,288)	(4,531,105,587)
Financial lease liabilities	(42,705,721)	(48,287,353)
Total borrowings	(8,188,384,963)	(8,556,814,856)

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11. BORROWINGS (cont'd)

	Bank loans	Lease liabilities	Financial lease liabilities	Net borrowings
1 January 2026	5,565,320,841	4,531,105,587	48,287,354	10,144,713,782
Cash inflows from borrowings	2,320,960,855	-	1,954,641	2,322,915,496
Cash outflows related to debt payments	(2,096,528,784)	(745,031,874)	-	(2,841,560,658)
Effect of contract changes/reversals	-	842,339,770	(3,546,460)	838,793,310
Change in foreign exchange differences	28,928,708	22,088,618	416,782	51,434,108
Change in interest accruals	(23,089,347)	126,024,946	-	102,935,599
Foreign currency translation differences	7,693,047	2,568,752	-	10,261,799
Inflation effect	(507,878,668)	(413,498,511)	(4,406,595)	(925,783,774)
31 March 2026	5,295,406,652	4,365,597,288	42,705,722	9,703,709,662
	Banka Loans	Lease liabilities	Financial lease liabilities	Net Borrowings
1 March 2025	4,724,325,817	4,565,728,293	-	9,290,054,110
Cash inflows from borrowings	2,776,681,701	-	-	2,776,681,701
Cash outflows related to debt payments	(1,167,279,748)	(622,028,090)	-	(1,789,307,838)
Effect of contract changes/reversals	-	1,046,737,684	-	1,046,737,684
Change in foreign exchange differences	260,655,950	(29,916,371)	-	230,739,579
Change in interest accruals	45,153,718	147,164,426	-	192,318,144
Foreign currency translation differences	27,703,211	240,722,362	-	268,425,573
Inflation effect	(431,933,424)	(417,433,249)	-	(849,366,673)
31 March 2025	6,235,307,225	4,930,975,055	-	11,166,282,280

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12. PROVISIONS

<u>Short-term provisions</u>	31 March 2026	31 December 2025
Provision for litigation	25,107,966	26,387,515
	25,107,966	26,387,515

As of 31 March 2026 and 31 March 2025, the movement of provisions for litigation is as follows:

	2026	2025
Provision as at 1 January	26,387,515	35,983,712
Provision recognised in the period	8,751,246	9,117,198
Payments	(7,622,730)	(9,323,306)
Inflation effect	(2,408,065)	(3,289,902)
Provision as of 31 March	25,107,966	32,487,702

Significant litigations

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

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

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

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12. PROVISIONS (cont'd)

Significant litigations (cont'd)

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

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

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13. COMMITMENTS

Guarantee-Pledge-Mortgages ("GPM")

The Group's guarantees/pledges/mortgage position ("GPM") as of 31 March 2026 and 31 December 2025 are as follows:

31 March 2026

	Original currency			TL Equivalents
	TL	US Dollar (*)	Euro(*)	
A. GPMs Given for Company's Own Legal Personality	277,178,942	831,394	1,620,234	396,749,788
-Guarantee	277,178,942	831,394	1,620,234	396,749,788
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies	-	97,970	1,167,225	63,904,302
-Guarantee	-	97,970	1,167,225	63,904,302
-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	277,178,942	929,364	2,787,459	460,654,090

Guarantees, pledges and mortgages given to the equity ratio of the Group is 0% as of 31 March 2026.

(*) The related amounts are presented in original currency and TL equivalents are expressed in terms of the purchasing power of 31 March 2026.

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13. COMMITMENTS (cont'd)

Guarantee-Pledge-Mortgages ("GPM")

31 December 2025

	Original currency			TL Equivalents
	TL	US Dollar (*)	Euro(*)	
A. GPMs Given for Company's Own Legal Personality	302,090,932	852,452	1,741,799	439,002,567
- Guarantee	302,090,932	852,452	1,741,799	439,002,567
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies	-	97,970	1,289,223	76,198,303
- Guarantee	-	97,970	1,289,223	76,198,303
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
C. GPMs Given in the Normal Course of Business Activities on Behalf of Third Parties	-	-	-	-
- Guarantee	-	-	-	-
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
D. Total Amount of Other GPMs				
i. Total GPM given in favour of parent entity				
- Guarantee	-	-	-	-
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
ii. Total GPM given in favour of other Group Companies				
- Guarantee	-	-	-	-
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
iii. Total GPM given in favour of other 3rd parties out of the scope of clause C				
- Guarantee	-	-	-	-
- Pledge	-	-	-	-
- Mortgage	-	-	-	-
Total	302,090,932	950,422	3,031,022	515,200,870

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

(*) The related amounts are presented in original currency and TL equivalents are expressed in terms of the purchasing power of 31 March 2026.

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13. COMMITMENTS (cont'd)

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

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

The financial liabilities of the Group's subsidiaries are recognized on a line-by-line basis in the consolidated financial statements and disclosed in the financial liabilities note (Note 11). Koton Mağazacılık has given guarantees to the financial institutions as a guarantor for the use of these loans. The Group's liabilities are limited to the amounts disclosed in Note 11. As at 31 March 2026, 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 7 million (TL 115,601,500) and RUB 492 million (TL 266,877,782) and KZT 971 million (TL 89,013,351), respectively. (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 6 million GEL (TL 95,583,000), 461 million RUB (TL 250,927,201) and 776 million KZT (TL 65,809,073).

14. EMPLOYEE BENEFITS

Payables related to employee benefits

	31 March 2026	31 December 2025
Payables to personnel	303,307,438	311,060,340
Social security premiums payable	228,968,982	125,551,164
	532,276,420	436,611,504

Short-term provisions for employee benefits

	31 March 2026	31 December 2025
Unused vacation provision	256,849,839	294,807,122
Bonus provisions	19,251,388	18,384,410
	276,101,227	313,191,532

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

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14. EMPLOYEE BENEFITS (cont'd)

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

Movement of unused vacation provisions:

	2026	2025
Provision as of 1 January	294,807,122	271,942,797
Period expense / Used (Net)	48,838,599	32,615,793
Vacation provision paid	(32,999,601)	(26,319,541)
Foreign currency translation differences	5,499,373	1,247,490
Inflation effect	(59,295,654)	(26,885,981)
Provision as of 31 March	256,849,839	252,600,558

Movement of provisions for bonuses:

	2026	2025
Provision as of 1 January	18,384,410	21,054,648
Bonus provision paid	(16,706,690)	(5,472,616)
Charge for the period	19,251,288	-
Inflation effect	(1,677,720)	(2,118,680)
Provision as of 31 March	19,251,388	13,463,352

Long-term provisions for employee benefits

Provision for employment termination benefits:

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

The amount payable consists of one month's salary limited to a maximum of TL 64,948.77 for each period of service as of 31 March 2026 (31 March 2025: TL 46,655.43).

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

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14. EMPLOYEE BENEFITS (cont'd)

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

The principal assumption is that the maximum liability for each year of service will increase parallel with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the anticipated effects of future inflation. Consequently, in the accompanying financial statements as of 31 March 2026, 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 2025: 22.28%) 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 2.44% (31 December 2025: 4.14%). The maximum amount of TL 64,948.77 effective from 1 April 2026 has been taken into account in the calculation of the severance pay provision of the Group (1 April 2025: TL 46,655.43 TL)

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

	2026	2025
Provision as of January 1	160,787,662	160,069,263
Service cost	13,621,847	10,433,300
Interest cost	16,945,515	13,838,084
Employment termination benefit paid	(29,421,473)	(27,484,355)
Actuarial loss	24,470,694	51,998,745
Foreign currency translation differences	-	327,808
Inflation effect	(14,673,123)	(22,778,195)
Provision as of 31 March	171,731,122	186,404,650

15. OTHER ASSETS AND LIABILITIES

As of 31 March 2026, and 31 December 2025, other current assets and short-term liabilities are as follows:

	31 March 2026	31 December 2025
Deferred VAT	250,410,947	363,658,085
Turquality income accruals (*)	127,478,613	110,859,814
Other	146,015,509	59,643,175
	523,905,069	534,161,074

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15. OTHER ASSETS AND LIABILITIES (cont'd)

Turquality income accrual movement table:

	2026	2025
Opening Balance – 1 January	110,859,814	1,899,291
Period charge	16,618,799	66,071,163
Collections	(13,544,355)	-
Inflation affect	13,544,355	173,647
Closing Balance – 31 March	127,478,613	68,144,101

(*) Koton Mağazacılık has the right to receive a government incentive calculated periodically in return for investments made abroad within the scope of a branding program conducted by the Ministry of Economy of the Republic of Turkey under the name of "Turquality". Turquality income accruals consist of the part of the incentive amount calculated on the investment costs and certain expenses applied for within the scope of this brand program that has not yet been paid.

Other Short-term liabilities	31 March 2026	31 December 2025
Tax and Fund Payables	167,415,649	290,522,192
Other	157,886,742	54,619,938
	325,302,391	345,142,130

16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-in capital

As of 31 March 2026 and 31 December 2025, the structure of paid in capital is as follows:

	%	31 March 2026	%	31 December 2025
Nemo Apparel BV	%39,6	328,508,456	%39,6	328,508,456
Yılmaz Yılmaz	%23,6	195,902,787	%23,6	195,902,787
Şükriye Gülden Yılmaz	%23,6	195,902,787	%23,6	195,902,787
Publicly traded shares	%13,2	109,335,970	%13,2	109,335,970
	%100	829,650,000	%100	829,650,000
Capital adjustment differences (*)		7,584,292,202		7,584,292,202
Adjusted capital		8,413,942,202		8,413,942,202

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

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

Paid-in capital (cont'd)

As of 31 March 2026, 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. (As of 31 December 2025, the Company's paid-in capital amounting to TL 829,650,000 consists of 829,650,000 registered nominal shares with a unit nominal share value of TL 1).

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

Restricted reserves appropriated from profit

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

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

As of 31 March 2026, the Group has allocated reserves amounting to TL 251,743,569 (31 December 2025: TL 251,743,569) in the restricted reserves in the consolidated financial statements for the treasury shares of the Group.

Share issue premiums / discounts

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

The Group's share issue premiums as of March 31, 2026 are explained below:

	31 March 2026
Share issue premiums/ discounts	1,695,427,427
Capital Increase	(34,150,000)
Initial public offering expenses	(138,831,678)
Inflation affect	38,987,781
	1,561,433,531

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

Additional Information on Capital, Reserves and Other Equity Items

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

31 March 2026	PPI Indexed Legal records	CPI Indexed Differences to be followed amounts	in Retained Earnings
Capital adjustment differences	6,990,970,050	7,584,292,201	(593,322,151)
Legal reserve inflation adjustment differences	263,025,794	251,743,569	11,282,225
Premiums related to shares	1,098,476,641	1,561,433,531	(462,956,890)
	8,352,472,484	9,397,469,301	(1,044,996,816)

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

Foreign currency translation differences

Foreign currency translation differences consist of foreign currency exchange differences arising from the translation of the Group's financial statements from the functional currency to the reporting currency. As of 31 March 2026, the Group has foreign currency translation differences amounting to TL(4,157,898,627) (31 December 2025: TL (3,842,524,532) in the accompanying consolidated financial statements.

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

Defined benefit plans remeasurement losses

As of 31 March 2026, actuarial losses amounting to TL(227,697,006) (31 December 2025: TL (209,343,986) consist of actuarial losses recognized as other comprehensive expense related to provision for employment termination benefits.

Profit Distribution:

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

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

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

Defined benefit plans remeasurement losses (cont'd)

Resources that may be subject to profit distribution:

As of the reporting date, the Group has no resources that can be subject to profit distribution in the financial statements prepared in accordance with the Tax Procedure Law (31 December 2025: None).

Analysis of other comprehensive expense items

	31 March 2026	31 December 2025
Defined Benefit Plans Remeasurement Losses	(227,697,006)	(209,343,986)
Hedge Fund	(69,007,806)	(130,804,665)
Foreign Currency Translation Fund	(4,157,898,627)	(3,842,524,532)
	(4,454,603,439)	(4,182,673,183)

17. REVENUE AND COST OF SALES

a) Sales

Sales of goods and services	1 January – 31 March 2026	1 January - 31 March 2025
-Retail	6,963,824,452	6,922,650,272
-E-Commerce	773,578,348	839,945,887
-Wholesale	544,721,936	581,451,906
	8,282,124,736	8,344,048,065

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

b) Cost of sales

	1 January – 31 March 2026	1 January- 31 March 2025
Cost of trade goods sold	(3,726,079,257)	(4,455,782,018)
Cost of goods sold	(344,367,975)	(309,425,768)
	(4,070,447,232)	(4,765,207,786)

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18. EXPENSES BY NATURE

The details of depreciation and amortization expenses for the periods ended 31 March 2026, 31 March 2025 are as follows:

Depreciation and amortization expenses	1 January - 31 March 2026	1 January - 31 March 2025
Research and development expenses	19,283,321	14,884,281
Marketing expenses	1,022,485,489	805,717,092
General administrative expenses	45,096,268	86,493,724
	1,086,865,078	907,095,097

The details of personnel expenses for the periods ended 31 March 2026, 31 March 2025 are as follows:

Personnel expenses	1 January - 31 March 2026	1 January - 31 March 2025
Research and development expenses	48,311,014	69,973,858
Marketing expenses	908,561,241	1,072,872,036
General administrative expenses	444,334,343	486,956,014
	1,401,206,598	1,629,801,908

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19. OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES

Other Income From Operating Activities	1 January - 31 March 2026	1 January - 31 March 2025
Foreign exchange gains from operating activities	130,493,498	650,377,299
Discount interest income from trade transactions	75,110,593	94,611,459
Turquality income	16,618,798	66,071,163
Other income	92,240,073	82,549,901
	314,462,962	893,609,822

Other Expense From Operating Activities	1 January - 31 March 2026	1 January - 31 March 2025
Discount interest expense on purchases of goods	605,409,788	596,132,597
Foreign exchange losses from operating activities	130,152,823	102,810,688
Provision for doubtful trade receivables (Note 5)	64,016	3,657,669
Other	97,345,277	42,369,820
	832,971,904	744,970,774

20. FINANCE INCOME AND EXPENSES

The details of finance income for the years ended 31 March 2026 and 31 March 2025 are as follows:

	1 January - 31 March 2026	1 January - 31 March 2025
Lease concessions (*)	-	58,585,619
Interest income	38,256,127	399,918
	38,256,127	58,985,537

(*) It consists of the rent discounts received by the Group from the lessor regarding the lease agreements within the scope of TFRS 16 standard .

The details of finance expenses for the years ended 31 March 2026 and 31 March 2025 are as follows:

	1 January - 31 March 2026	1 January - 31 March 2025
Interest expenses	316,892,934	505,793,308
Credit card commissions	156,568,997	169,901,151
Interest expense on lease liabilities	173,950,061	150,305,609
Foreign exchange losses (net)	81,283,376	40,534,466
Banking and guarantee expenses	21,114,822	13,166,478
Other	13,754,399	7,300,316
	763,564,589	887,001,328

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2026

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2026, unless otherwise stated.)

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

Current Period Tax Assets	1 January - 31 March 2026	1 January - 31 December 2025
Corporate tax and income tax payable	-	-
Less: prepaid taxes (-)	(82,756,805)	(92,647,820)
Inflation effect	-	-
	(82,756,805)	(92,647,820)

	1 January - 31 March 2026	1 January - 31 March 2025
Current period corporate tax expense (-)	-	(320,842)
Deferred tax (expense) / income	(16,281,690)	56,912,095
	(16,281,690)	56,591,253

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 2026 is 25% in Türkiye (2025: 25%).

The Law numbered 7061 on Amendment of Certain Taxes and Laws and Other Acts was published on the Official Gazette dated 5 December 2017 and numbered 30261. Article 5 entitled "Exceptions" of the Corporate Tax Law has been amended in Article 89 of the Law. In accordance with (a) clause in the first paragraph of the Article, the exemption of 75% applied to gains from the sales of lands and buildings held by the entities for two full years has been reduced to rate of 50%. This regulation has been effective from 5 December 2017.

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

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(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2026, unless otherwise stated.)

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

Corporate Tax (cont'd)

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

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

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

Transfer pricing regulations

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

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

Russia

The taxation system in the Russia is relatively new and is characterized by frequent changes in legislation, official pronouncements and court decisions. The applicable tax rate for current and deferred tax is 25% (31 December 2025: 25%). Taxes are subject to review and investigation by a number of authorities, which have the authority to impose severe fines, penalties and interest charges. A tax year remains open for review by the tax authorities during the three subsequent calendar years; however, under certain circumstances a tax year may remain open longer. Recent events within the Russia suggest that the tax authorities are taking a more assertive position in their interpretation and enforcement of tax legislation. Tax losses can be carried forward to be offset against future taxable income for the next ten taxable years after the year when this loss appeared.

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

Deferred Tax:

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

Turkish tax legislation does not permit a parent company and its subsidiary to file a consolidated tax return. Therefore, provisions for taxes, as reflected in the accompanying consolidated financial statements, have been calculated on a separate-entity basis.

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

	<u>Accumulated Temporary Differences</u>		<u>Deferred Tax Assets/Liabilities</u>	
	<u>31 March 2026</u>	<u>31 December 2025</u>	<u>31 March 2026</u>	<u>31 December 2025</u>
Inventories	2,514,991,924	2,505,896,558	(628,931,876)	(626,634,279)
Property, plant and equipment and intangible Assets	913,994,099	838,285,763	(228,498,525)	(209,571,441)
Provision for vacation	(242,159,361)	(281,231,335)	60,671,032	70,307,834
Provision for employment termination benefits	(171,731,122)	(160,787,662)	42,932,781	40,196,915
Litigation provision	(25,107,966)	(26,387,515)	6,276,992	6,596,879
Cash capital deduction	(334,184,740)	(294,195,403)	83,546,185	73,548,851
Adjustments related to trade payables	782,683,343	733,592,054	(195,569,645)	(183,323,680)
Adjustments related to trade receivables	(293,135,020)	(461,242,927)	73,283,755	115,310,731
Prior years losses	(3,886,588,486)	(4,031,027,790)	916,926,165	1,007,756,948
Adjustments related to financial liabilities	122,724,340	110,888,078	(30,681,085)	(27,772,019)
Right-of-use asset and liability	1,055,346,716	1,070,908,874	(267,219,486)	(271,528,469)
Hedge accounting	(92,010,407)	(174,406,220)	23,002,602	43,601,555
Premium accrual	(18,596,732)	(10,486,547)	4,626,124	2,621,637
Return provisions	(83,900,623)	11,191,626	20,975,155	(2,797,908)
Design centre discount	(243,395,618)	(214,270,323)	60,848,905	53,567,581
Other	347,703,526	670,156,824	(96,367,039)	(167,539,215)
Net, deferred tax assets/(liabilities)	346,633,873	286,884,056	(154,177,960)	(75,608,080)

The tax rate used in the calculation of deferred tax assets and liabilities is 25% on temporary timing differences expected to reverse in 2026 and beyond (2025 : 25%).

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

Deferred Tax (cont'd):

The movement of deferred tax (assets) / liabilities for the years ended 31 March 2026, 31 March 2025 is given below:

	2026	2025
Opening balance as of 1 January	(76,608,080)	(313,242,516)
Tax (expense)/income for the period	(16,281,690)	56,912,095
Recognized in other comprehensive income	(14,481,279)	59,777,880
Translation (gain) / loss	(40,214,203)	103,371,825
Inflation affect	(7,592,708)	(28,638,989)
Closing balance as of 31 March	(154,177,960)	(121,819,705)

22. RELATED PARTY DISCLOSURES

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

Trade payables and advances to related parties as of March 31, 2026 and December 31, 2025 are listed below

	1 January- 31 March 2026	1 January- 31 December 2025
Order Advances Paid to Related Parties		
Ecomod Tekstil	2,956,722	4,806,431
	2,956,722	4,806,431

	1 January- 31 March 2026	1 January- 31 December 2025
Obligations to Related Parties		
Canko Tekstil Ürünleri San.Tic.Ltd.Şti.	346,136	774,885
	346,136	774,885

Purchases made from related companies as of March 31, 2026 and December 31, 2025 are listed below.

	1 January- 31 March 2026	1 January- 31 December 2025
Purchases from Related Parties		
Canko Tekstil Ürünleri San.Tic.Ltd.Şti.	6,876,033	14,600,699
Ecomod Tekstil	43,584,434	23,699,968
Gülyılmaz Gayrimenkul Yatırım, Geliştirme, İşletme ve Ticaret A.Ş.	5,596,117	7,876,960
	56,056,584	46,177,627

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22. RELATED PARTY DISCLOSURES (cont'd)

Compensation of key management personnel:

	1 January- 31 March 2026	1 January- 31 March 2025
Salaries and other short-term benefits	40,070,444	41,422,593
	40,070,444	41,422,593

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

23. EARNINGS PER SHARE

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

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

Earning per share	1 January- 31 March 2026	1 January- 31 December 2025
Number of shares as of end of the period (full value)	829,650,000	829,650,000
Weighted Average number (full value) of shares outstanding during the period	829,650,000	829,650,000
Net profit	(265,472,500)	(1,054,945,262)
Less: Minority shareholders	12,962,655	5,502,773
Net Loss for the period attributable to the parent company	(278,435,155)	(1,060,448,035)
Earnings per share (TL)	(0,336)	(1,278)

The Company's shares began trading on the stock exchange on May 10, 2024. With the public offering, the Company's capital was increased from TL 795,500,000 to TL 829,650,000, and shares with a nominal value of TL 34,150,000, which were increased in cash, were added to the capital. The Company's paid-in capital of TL 829,650,000 consists of 829,650,000 registered nominal shares with a unit nominal share value of TL 1.

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

24. EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

Foreign currency risk

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

Market risks are also evaluated with sensitivity analyzes and stress scenarios. In the current period, there has been no change in the market risk that the Group is exposed to or in the risk management and measurement methods compared to the previous year.

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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

Foreign currency risk management

	31 March 2026				
	TL Equivalent (Functional Currency)	US Dollar	Euro	GBP	Ruble
1. Trade Receivables	951,267,319	12,158,462	8,067,344	-	-
2a. Monetary Financial Assets	282,191,730	5,503,452	704,022	2,792	3,371,520
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	13,913,391	277,643	31,171	-	-
4. Current Assets (1+2+3)	1,247,372,440	17,939,557	8,802,537	2,792	3,371,520
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)	1,247,372,440	17,939,557	8,802,537	2,792	3,371,520
10. Trade Payables	1,460,914,363	31,956,180	828,224	5,275	-
11. Financial Liabilities	2,439,833,847	1,933,955	46,135,455	-	-
12a. Other Monetary Liabilities	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-	-
13. Current Liabilities (10+11+12)	3,900,748,210	33,890,135	46,963,679	5,275	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	56,580,680	-	1,018,912	-	-
16a. Other Monetary Liabilities	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	56,580,680	-	1,018,912	-	-
18. Total Liabilities(13+17)	3,957,328,890	33,890,135	48,072,591	5,275	-
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	(69,007,806)	-	(1,352,468)	-	-
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	69,007,806	-	1,352,468	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	(2,778,964,256)	(15,950,578)	(40,622,523)	(2,483)	3,371,520
21. Monetary items net foreign currency liability position (1+2a+5+6a-10-11-12a-14-15-16a)	(2,723,869,841)	(16,228,221)	(39,301,225)	(2,483)	3,371,520
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	1,735,209,029	15,203,014	41,075,835	-	-
24. Import	545,926,221	12,529,546	-	-	-

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NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY – 31 MARCH 2026

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 31 March 2026, unless otherwise stated.)

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

Foreign currency risk management

31 December 2025

	TL Equivalent (Functional Currency)	US Dollar	Euro	GBP	Ruble
1. Trade Receivables	1,056,324,544	14,561,059	8,899,958	-	33,339,526
2a. Monetary Financial Assets	372,792,897	1,011,028	6,797,218	2,989	6
2b. Non-Monetary Financial Assets	-	-	-	-	-
3. Other	2,357,148	56,801	-	-	-
4. Current Assets (1+2+3)	1,431,474,589	15,628,888	15,697,176	2,989	38,339,532
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)	1,431,474,589	15,628,888	15,697,176	2,989	38,339,532
10. Trade Payables	1,462,641,517	33,968,370	1,082,818	5,955	-
11. Financial Liabilities	2,426,194,514	2,679,704	47,586,660	-	-
12a. Other Monetary Liabilities	-	-	-	-	-
12b. Other Non-Monetary Liabilities	53,201	1,282	-	-	-
13. Current Liabilities (10+11+12)	3,888,889,232	36,649,355	48,669,478	5,955	-
14. Trade Payables	-	-	-	-	-
15. Financial Liabilities	26,815,285	-	551,212	-	-
16a. Other Monetary Liabilities	-	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-	-
17. Non-Current Liabilities (14+15+16)	26,815,285	-	551,212	-	-
18. Total Liabilities(13+17)	3,915,704,517	36,649,355	49,220,689	5,955	-
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	(126,124,255)	-	(2,592,594)	-	-
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	126,124,255	-	2,592,594	-	-
20. Net foreign currency asset/(liability) position (9-18+19)	(2,610,354,183)	(21,020,468)	(36,116,108)	(2,966)	38,339,532
21. Monetary items net foreign currency liability position (1+2a+5+6a-10-11-12a-14-15-16a)	(2,486,533,875)	(21,075,986)	(33,523,514)	(2,966)	38,339,532
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	6,903,596,108	50,333,135	145,822,269	-	-
24. Import	2,179,653,374	39,196	55,408,007	-	-

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

Foreign currency risk management (cont'd)

Foreign currency sensitivity

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

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

31 March 2026

In case of US Dollar appreciation by 20 % against TL

	<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 Dollar net asset / liability	(141,590,410)	141,590,410	(141,590,410)	141,590,410
2- The portion hedged from US Dollar risk (-)	771,704	(771,704)	(861,752)	861,752
3- Net effect of US Dollar	(140,818,706)	140,818,706	(142,452,162)	142,452,162

In case of Euro appreciation by 20 % against TL

4 - Euro net asset / liability	(414,541,463)	414,541,463	(414,541,463)	414,541,463
5 - The portion hedged from Euro risk (-)	11,587,668	(11,587,668)	(12,939,809)	12,939,809
6- Net effect of Euro	(402,953,795)	402,953,795	(427,481,272)	427,481,272
TOTAL (3+6)	(543,772,501)	543,772,501	(569,933,434)	569,933,434

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

Foreign currency risk management (cont'd)

Foreign currency sensitivity (cont'd)

31 December 2025

In case of US Dollar appreciation by 20 % against TL

	<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 Dollar net asset / liability	(158,542,039)	158,542,039	(158,542,039)	158,542,039
2- The portion hedged from US Dollar 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 (-)	(14,014,578)	14,014,578	(22,289,154)	22,289,154
6- Net effect of Euro	(333,341,660)	333,341,660	(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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25. MONETARY GAIN/(LOSSES)

Monetary Gain Loss table as of 31 March 2026 and 31 March 2025 is as follows:

Non Monetary Items	31 March 2026	31 March 2025
Balance Sheet Items	(391,029,771)	(277,366,696)
Subsidiaries	54,080,883	70,360,584
Deffered Income	(31,942,458)	(6,776,541)
Tangible Assets	42,078,245	75,163,657
İntangible Assets	(22,794,765)	(61,411,903)
Rigt of use Assets	(47,479,993)	37,159,078
Prepaid Expenses	2,172,002	(14,070,062)
Stocks	(70,381,813)	73,890,063
Capital Adjustments Differences	(183,570,451)	(240,726,654)
Accumulated other comprehensive expenses not to be reclassified to profit or loss	8,842,451	16,392,416
Retained Earnings	(142,033,872)	(227,347,335)
Income Statement Items	962,260,572	838,499,657
Revenue	(157,074,727)	(152,378,670)
Cost of Sales (-)	762,264,499	539,930,527
Research and Development Expenses (-)	(134,883)	9,545,149
Marketing Expenses (-)	211,887,760	346,852,746
General Administrative Expenses (-)	(8,002,346)	36,096,210
Other İncome from operating activities	(23,978,852)	(23,229,292)
Other Expenses from operating activities (-)	101,224,973	31,637,735
Income from investing activities	(26,890)	(51,233)
Expense from investing activites	32,302	12,744
Financial expenses	49,406,639	15,120,176
Deffered tax Expense/Income	26,662,097	34,963,567
Total	571,230,801	561,132,962

26. EVENTS AFTER REPORTING PERIOD

None.