Significant Developments *Related To Corporate Governance And Activities*

Information Regarding the Company's *Management Body, Senior Executives, Staff, and Operations*

Biographies of Board Members

Yılmaz Yılmaz
Chairman of the Board of Directors

Yılmaz Yılmaz, born in Adapazarı in 1962, graduated from the Naval Academy in 1984 with the rank of Naval Lieutenant. He was the SAS Team Commander with the rank of First Lieutenant when he left the Turkish Naval Forces in 1991 and joined the management of Koton.

Actively involved in industry representative associations such as the Istanbul Textile and Apparel Exporters' Association (ITKIB), Turkish Federation of Shopping Centers And Retailers (TAMPF), Turkish Apparel Manufacturers' Association (TGSD), United Brands Association (BMD), and also "Yanındayız Derneği" (We Are By Your Side Association), Yılmaz assumed presidency of the United Brands Association (BMD) from 2010 to 2013.

Yılmaz Yılmaz, who was elected as a member of the TÜSİAD Board of Directors at the General Assembly held in 2024, held the position until 2026. He also continued to serve as the Chair of the TÜSİAD Social Development Roundtable.

A former volleyball player and diver, Yılmaz is interested in photography, philosophy and gastronomy. Married to Board Member Gülden Yılmaz, he is the father of two children and speaks English and German.

Gurgle B.V.
Vice Chairperson of the Board of Directors

Eleonora Barbara van Geloven holds a bachelor's degree in Spanish and European history from the University of Amsterdam. She has been involved in various projects as a producer since 2003. She has taken on consulting roles in advertising campaigns for leading global companies such as airlines and telecommunications companies.

Since 2017, she has been independently managing and producing global advertising campaigns for major brands (such as Adidas, Tesla, Twitter, Nikon, Ikea, Google, KLM, Samsung, Emirates, and T-mobile) in various media outlets, including print media, television, and social media. Eleonora Barbara van Geloven represents Gurgle B.V. on the Koton Board of Directors.

Şükriye Gülden Yılmaz
Member of the Board of Directors

Born in Adapazarı in 1966, Gülden Yılmaz completed her primary and secondary education in Adapazarı. Şükriye Gülden Yılmaz graduated from the Department of Guidance and Psychological Counseling at Marmara University. She began her career as an educational specialist at Dost Private High School. In 1988, she founded the Koton brand. Yılmaz has served as Vice Chair of the TOBB Young Entrepreneurs Council since 2009 and also chaired the G3 Forum Platform from 2011 to 2018. A founding member of the Turkish Businesswomen's Association (TİKAD), Yılmaz served as a member of the Board of Directors of the Turkish Apparel Manufacturers' Association (TGSD) from 2009 to 2015. Şükriye Gülden Yılmaz currently serves as a member of the Company's Board of Directors.

Deniz Yılmaz
Member of the Board of Directors

Deniz Yılmaz graduated from Robert College in Istanbul and completed her university education at the Wharton School of the University of Pennsylvania. In 2016, she designed and implemented Koton's Handicraft Project in partnership with ÇATOM (Multi-Purpose Community Centers), a joint project of UNDP-GAP Administration. Deniz Yılmaz began her career as an analyst at investment bank Moelis & Company, where she worked in the mergers & acquisitions and restructuring projects. She began working as a private equity specialist at Apollo Global Management, Inc., one of the leading asset management companies, in 2023 and continues to hold this position today

Information Regarding the Company's *Management Body, Senior Executives, Staff, and Operations*

Ömer Faruk Işık
Independent Member of the Board of Directors

Ömer Faruk Işık graduated from Boğaziçi University's Department of Business Administration in 1987 and Istanbul University's Department of History in 2017. He began his career in 1987 at Arthur Andersen & Co, where he worked in auditing and consulting positions in offices in Turkey and abroad. Faruk Işık, who has held senior management positions at various banks and companies and subsequently served as CEO at institutions such as Ata Holding, Galatasaray Sports Club, and Unit International for many years, established Merrill Lynch (Bank of America) Investment Bank in Turkey in 2006 and served as Chairman of the Board of Directors until 2010. He founded Fokus Holding with his partners and has made investments in various sectors as a managing partner. Faruk Işık, who has experience in banking and capital markets, has participated in various training programs in Turkey and abroad, and has also organized seminars as an instructor.

Dr. Ayşe Ufuk Ağar
Independent Member of the Board of Directors

Dr. Ayşe Ufuk Ağar graduated from Boğaziçi University in 1992 with degrees in Electrical and Electronical Engineering and Mathematics, then went to the US on a Fulbright Scholarship and received her master's and doctoral degrees in Electrical and Computer Engineering from Purdue University in 1995 and 1999, respectively. She obtained a postgraduate certificate in Management Science and Engineering from Stanford University in 2002 and an Executive MBA degree from Koç University in 2003.

Dr. Ağar began his career in 1999 as a Research and Development Engineer at Hewlett Packard Laboratories in Silicon Valley, where he obtained three patents for innovative technologies she developed. After returning to Turkey, she served as an assistant professor in the Department of Electrical and Electronics Engineering at Işık University. Subsequently, she played critical roles in digital transformation projects as a Senior Strategy Specialist at Garanti Technology and as the Director of Technology Strategy at Oger Telecom. In 2007, Dr. Ağar played an active role in the restructuring of TTNet after its separation from Türk Telekom, serving first as Deputy General Manager responsible for Product Development & Strategy and then as Deputy General Manager responsible for Marketing until 2009. Between 2009 and 2012, she served as Director responsible for broadband, online services, and fixed communications at Vodafone Turkey, managing the commercial integration of KoçNet and Borusan Telekom, and leading the establishment process of VodafoneNet. Since 2013, she has been serving as Senior Deputy CEO responsible for Business Development and Strategy at Digiturk.

Senior Management Biographies

Dr. A. Bülent Sabuncu
CEO

A. Bülent Sabuncu was born in Mardin in 1969 and completed his elementary, middle, and high school education in Ankara. After graduating from the Department of Economics at Hacettepe University's Faculty of Economics and Administrative Sciences in 1992, Sabuncu earned his master's degree from the same university in 1996 with a thesis on futures trading. He led the establishment of the Cotton Futures Market at the İzmir Commodity Exchange. In 1997, he established Oyak Portfolio Management Inc., Turkey's first portfolio management company. Sabuncu also played a role in the establishment of Global Portfolio Management Inc. in 1999 where he served as a member of the Board of Directors and as Operations Director. During the same period, he also served as a member of the Fund Board for the six investment funds he established while acting as General Manager of Atlas Securities Investment Partnership Inc.

Sabuncu, who earned his Ph.D. in 2001 with a thesis on Individual Pension Funds, joined Balnak Logistics Group in 2002 and served as a Board Member and CFO until the company's sale in 2012. From March 2013 to May 2014, Sabuncu served as General Manager (Support Units) at Umur Printing Industry and Trade Inc. From 2014 to 2018, he worked as an Executive Board Member & CFO at Flo Retail and Marketing Inc. In 2019, Sabuncu began working as General Manager at Omsan Logistics Inc., a subsidiary of the Oyak Group, and was appointed General Manager (Support Units) at Koton Retail Textile Industry Inc. in November 2019. He has been serving as General Manager (CEO) since October 2020. Sabuncu has participated in various educational programs at the London Business School and is fluent in English and Arabic. Sabuncu is married and the father of a daughter.

İlkay Keskin
Deputy CEO (Creative)

İlkay Keskin completed her undergraduate studies in the Marketing Department at Bentley University from 1997 to 1999 and in the Business Administration Department at Işık University from 1999 to 2001. She began her career in 2001 as a Product Manager at Şahnur Tekstil. From 2002 to 2003, she served as Senior Product Manager at Comiteks Tekstil Ürünleri, where she was responsible for managing customer relations in the UK market. From 2004 to 2006, she served as Product Manager at Options Moda, overseeing the Italian, Spanish, and UK markets. From 2006 to 2009, she worked as Export Manager at Hong Kong-based Create Value Ltd., coordinating operations in China.

Keskin joined Koton in 2009 as Country Product Purchasing Manager, where she was responsible for managing supply chains in the Far East and developing new supplier relationships. From 2013 to 2018, she served as Purchasing Manager and later as Purchasing Director in the Women's Apparel department. In 2018, she was appointed as Deputy CEO of Brand (Chief Merchandising Officer—CMO).

As of January 2025, İlkay Keskin has been appointed as Deputy CEO (Creative) and continues to work toward defining the brand's creative vision and strategy, managing the design and product development teams, and ensuring that creative and commercial objectives are advanced in harmony.

Information Regarding the Company's *Management Body, Senior Executives, Staff, and Operations*

Mert Güneş Sönmezsoy
Deputy CEO (Finance-CFO)

Mert Güneş Sönmezsoy earned a bachelor's degree in Business Administration from Istanbul University and subsequently completed an MBA (Accounting and Finance) program at Yeditepe University. He began his career in 1999 as a Financial Benchmarking and Research Analyst at Rumeli Telekom Inc. (Telsim). Sönmezsoy worked as a Senior Auditor at Mazars Denge from 2000 to 2003, and from 2004 to 2020, he served at PricewaterhouseCoopers (PwC), rising to the position of Director.

Mert Güneş Sönmezsoy, who joined the Koton family in March 2020, currently serves as Deputy CEO (CFO).

Metin Pekanlar
Deputy CEO (Planning)

Metin Pekanlar completed his bachelor's, master's, and doctoral degrees in the Department of Business Administration at Sakarya University. Pekanlar began his career at LC Waikiki and has held various managerial positions in the areas of product planning and business intelligence for over 14 years.

Metin Pekanlar, who joined the Koton family as Director of Planning in November 2017, has served as Deputy CEO responsible for Planning since January 2025, overseeing the Commercial Planning, E-Commerce Planning, Central Planning, and Product Planning functions.

Onur Güven
Deputy CEO (Sales)

Onur Güven graduated from the Department of Business Administration at Dokuz Eylül University. He began his career in 1998 as Sales Manager at TEBA Foreign Trade, where he was responsible for the Latin American, Spanish, and Scandinavian markets. From 2004 to 2008, he served as Product Manager at Vestel International, and from 2008 to 2010, he served as Sales and Marketing Director responsible for EMEA and Eastern Europe at Midea Group. Joining A101 Yeni Mağazacılık Inc. in 2010, Güven managed operational growth and store openings as Regional General Manager from 2010 to 2015. From 2015 to 2018, he served as General Manager/CEO at English Home. He then returned to A101 in 2018, continuing his role as General Manager responsible for Business Development, International Growth, and Strategic Planning. From 2019 to 2025, he served as Chief Operating Officer (COO) at Penti Inc.

Onur Güven joined the Koton family in December 2025 and continues to serve as Deputy CEO (Sales), overseeing the functions of Retail and Wholesale Sales in Türkiye, International Retail Operations, E-commerce, Real Estate Investment and Leasing, Construction, and Sales Operations.

Sebla Oran Palut
Deputy CEO (Human Resources)

Sebla Oran Palut graduated from the Department of Sociology at Mimar Sinan University. She began her career in 2000 at Garanti Bank and has held positions in human resources, executive recruitment, and consulting at various organizations, including GSK, Adecco Search & Selection, and Iveco.

Oran Palut joined Coca-Cola Beverages in 2007, where she held roles as Türkiye Human Resources Partner, Global Human Resources Manager, and Head of People Analytics and Organizational Design. From 2021 to 2024, she served as Global Leader of Organizational Design, Total Rewards, and People Analytics at Hayat Kimya.

Sebla Oran Palut joined the Koton family in November 2024 as Director of Human Resources and continues as Deputy CEO (Human Resources) since January 2025.

Information Regarding the Company's *Management Body, Senior Executives, Staff, and Operations*

Changes to the Board of Directors During the Period

There were no changes to the Board of Directors during the fiscal year. At the annual General Meeting held on 28 May 2025, the previous members of the Board of Directors were re-elected to serve for a one-year term.

The Activities of the Board of Directors During the Year, Number of Meetings, and Attendance of Board Members at Said Meetings

In 2025, the Board of Directors met 10 times to review the company's financial and operational performance and discuss strategic decisions that needed to be made. All members of the Board of Directors attended every meeting.

Rules of Procedure for Board Committees, Including Committee Members, Meeting Frequency, and Activities Conducted

Pursuant to the decision of the Company's Board of Directors dated 28 May 2025, and in accordance with the Corporate Governance Principles annexed to the Capital Markets Board's Corporate Governance Communiqué No. II-17.1 and other relevant legislation, it was decided that;

1. The Audit Committee shall consist of two members, with Independent Board Member Ömer Faruk Işık appointed as Chair and Independent Board Member Ayşe Ufuk Ağar appointed as a member;
2. The Early Risk Detection Committee shall consist of three members, with Ömer Faruk Işık appointed as Chair and Independent Board Member Ayşe Ufuk Ağar and Board Chairman Yılmaz Yılmaz appointed as members;
3. The Corporate Governance Committee shall consist of five members, with Ayşe Ufuk Ağar serving as Chair, and Independent Board Member Ömer Faruk Işık, Board Chairman Yılmaz Yılmaz, Board Member Gülden Yılmaz, and Capital Markets Compliance Director (Head of the Investor Relations Department) Eda Çanga Belber as members.

Taking into account the requirements of the Board of Directors' structure, a separate nomination and compensation committees shall not be established, and the duties of these committees shall be carried out by the Corporate Governance Committee.

The Rules of Procedure, which were adopted by the Board of Directors on 05 February 2024, are available on the Company's corporate website and the Public Disclosure Platform.

In 2025, all Board Committees fulfilled the duties and responsibilities required of them in accordance with the Corporate Governance Principles and their own working principles, and operated effectively.

In this context;

» **The Audit Committee** met six times on 24 February 2025, 10 March 2025, 9 May 2025, 11 August 2025, 5 November 2025, and 31 December 2025,

» **The Corporate Governance Committee** met four times on 21 February 2025, 9 April 2025, 16 April 2025, and 30 December 2025,

» **The Early Risk Detection Committee** met six times on 11 March 2025, 30 April 2025, 9 July 2025, 21 August 2025, 5 November 2025, and 31 December 2025.

The committees submitted the reports they prepared as a result of these meetings to the Board of Directors throughout the year.

Accordingly;

» The Audit Committee oversaw the public disclosure of the Company's financial information, the independent audit, and the operation and effectiveness of the Company's internal control and internal audit systems during the fiscal year.

» During the year, the Corporate Governance Committee fulfilled its duties to determine whether the Company was adhering to the Corporate Governance Principles, to identify the reasons for any non-compliance, and to detect any conflicts of interest arising from failure to fully comply with these principles; provided recommendations to the Board of Directors to improve corporate governance practices, and oversaw the activities of the Investor Relations Department. The Corporate Governance Committee also performed the duties of the Nomination and Compensation Committees.

» The Early Risk Detection Committee has worked to start, establish and effectively implement the company's corporate risk management system; during the year, identified and conducted early detection of risks that could threaten the company's existence, development, and continuity; took necessary measures regarding the identified risks; and managed those risks. Additionally, the Committee reviewed the risk management system and took actions regarding training programs that would be beneficial for the company to undertake in this regard.

DETAILED INFORMATION ON THE COMMITTEES AND THEIR OPERATING PRINCIPLES ARE AVAILABLE ON OUR WEBSITE.

Organizational Changes During the Year

During the reporting period; on 01 December 2025 Onur Güven was appointed as Deputy CEO (Sales) to lead the functions of Türkiye Retail and Wholesale, International Retail Organizations, e-Commerce, Real Estate Investment and Leasing, Construction Operations, and Sales Operations, which were consolidated to strengthen Koton's solid position in Turkey and achieve its global growth objectives, and this development was announced on the Public Disclosure Platform.

Following the reporting period, as announced on the Public Disclosure Platform on 08 January 2026, the Company has taken a significant step toward achieving its vision of reaching 1 billion customers worldwide by 2030, with the aim of transforming its organization into a more agile and resilient structure by embedding its values into every stage of its operations. In this context, changes have been made to the organizational structure to create a more streamlined, future-ready framework that aligns better with Koton's strategic priorities.

Pursuant to the Board of Directors' resolution dated 8 January 2026, in addition to the positions of Deputy CEO (CFO), Deputy CEO (Brand), and Deputy CEO (Sales), which are currently part of the organizational structure and report to the CEO, the following senior management positions have been established, effective 1 January 2026, and reporting to the CEO:

» Deputy CEO (Creative)

» Deputy CEO (Planning)

» Deputy CEO (Human Resources)

Information Regarding the Company's *Management Body, Senior Executives, Staff, and Operations*

Information Regarding Transactions Conducted by Board Members on Behalf of the Company or on Their Own Behalf, and Activities Subject to the Non-Competition Clause

None.

Financial Benefits Provided to Board Members and Senior Executives Financial

	1 Jan-31 Dec 2025	1 Jan-31 Dec 2024
Compensation and other short-term benefits	247,931,488	186,978,724
TOTAL	**247,931,488**	**186,978,724**

Financial Benefits Provided to Management

Consists of the Company's senior management team and members of the Board of Directors. The senior management team comprises the CEO, deputy CEOs, and directors. The benefits provided to senior executives include salary, bonuses, health insurance, and transportation

Information Regarding Mutual Holdings Where the Direct Equity Participation Ratio Exceeds 5%

None.

Amendments to the Articles of Association

None.

The Company's Independent External Audit Firm

DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Conflicts of Interest Between the Company and Institutions from Which It Receives Services Such as Investment Advisory and Rating Services, and Measures Taken to Prevent Them

In its credit rating assessment conducted in February 2025, JCR Eurasia Rating classified "Koton Mağazacılık Tekstil Sanayi ve Ticaret Anonim Şirketi" within the high-grade investment-grade category, assigning the company a Long-Term National Credit Rating of "A+ (tr)", with a "Stable" outlook, its Short-Term National Credit Rating at "J1 (tr)", and its outlook as "Stable." There is no conflict of interest between JCR and Koton.

- EBITDA figures sustained in 2023 due to rising demand, store space efficiency, and supply chain policies,
- strong payment capacity demonstrated by cash flow and leverage ratios in the third quarters of 2023 and 2024,
- positive net working capital in 2023—unlike previous periods—indicating stronger liquidity,
- Continued expansion into international markets driven by a well-known brand name and market strength,
- A diversified product portfolio and sales channels that fuel revenue streams,
- Limited collection risk supporting asset quality,
- Compliance with corporate governance practices and quality standards as a publicly traded company,
- A narrowing of the net profit margin in the third quarter of 2024 due to declining foreign exchange gains from core operations and net monetary position gains,
- A partial decrease in cash flow from operations (CFO) in the 2023 fiscal year,
- Relatively high operational expenses inherent to the nature of the business,
- Price pressure in the ready-to-wear sector and the highly competitive environment created by rapidly changing fashion trends,
- Revenues exposed to various country-specific risk factors,
- Important measures aimed at achieving a soft landing on a global scale, and the significant uncertainty created by decisions that could negatively impact global trade have lead to Koton's ratings as follows:

Long-Term National Institutional Credit Rating: A+ (tr) / (Stable Outlook)

Short-Term National Institutional Credit Rating: J1 (tr) / (Stabil Görünüm)

Long-Term International Foreign Currency Institutional Credit Rating: BB / (Stable Outlook)

Long-Term International Local Currency Institutional Credit Rating: BB / (Stable Outlook)

Number of Employees, Collective Bargaining Practices, Rights and Benefits Provided to Employees

As of 31 December 2025, the Company's average number of employees is 7,852. The Company prioritizes protecting the rights and interests of its employees, ensuring fundamental employee rights through fair and competitive compensation, social security and pension rights, and occupational health and safety practices. Work hours, leave and rest rights, as well as equal opportunity, the prevention of discrimination, and the creation of an inclusive work environment are monitored and continuously improved within the framework of the Company's Gender Equality Policy and Human Rights Policy.

R&D Activities and Results

According to the law No. 5746 on the Support of Research, Development, and Design Activities (R&D Law) and the Regulation on the Implementation and Supervision of the Support of Research, Development, and Design Activities, published in the Official Gazette No. 31934 dated 25 August 2022 (R&D Regulation), an R&D center refers to a unit organized as a separate department within the organizational structure of companies established to carry out R&D and innovation projects or contract-based R&D and innovation activities, employing at least fifty full-time R&D personnel and possessing sufficient R&D expertise and capabilities. A design center, on the other hand, refers to units organized as a separate department within the organizational structure of companies established to carry out design projects or contract-based design activities, employing at least ten full-time design personnel, and possessing sufficient design expertise and capabilities. R&D centers and design centers are required to operate in compliance with the R&D Law and the R&D Regulation. Various incentives and support are provided to businesses holding R&D center and design center status. Design and R&D centers submit an annual activity report detailing their operations through the Ministry of Industry and Technology's online portal (https://biltek.sanayi.gov.tr/).

The company holds a Design Center Certificate issued by the Ministry of Industry and Technology of the Republic of Türkiye.

The Company is required to submit the Design Center Annual Activity Report online, bearing the electronic signature of a Company representative or the Design Center manager, by the end of May of the year following the reporting year. This report contains information on all aspects of the Design Center's operations, including design projects, personnel, training and scientific events in which the Design Center participated, as well as articles, publications, and other related materials.

Following the submission of the activity report, the Ministry appoints academics specialized in the design center's field of activity as reviewers (typically two or three reviewers) to evaluate the report at least once every three years. The reviewers visit the design center on-site to assess compliance with the design center certification criteria and the activities and projects

Information Regarding the Company's *Management Body, Senior Executives, Staff, and Operations*

being carried out, and submit a report to the Ministry. Subsequently, a commission meeting is held at the Ministry of Industry and Technology, and a decision is made regarding whether the design center certification will be renewed. The meeting minutes dated 19 September 2024, determined that the company should continue to benefit from the incentives and exemptions provided.

One of the key factors that sets Koton apart from its competitors is its experienced textile R&D team. The textile R&D team focuses on identifying new fabrics by taking into account domestic and international developments, and aims to capture trends and ensure a fast production process by proactively identifying fashion-forward fabrics. By providing custom-designed patterns for use in collections, the textile R&D team aims to give the Company a competitive edge.

The company has the capacity to produce 2,000 new samples per month across various categories and, thanks to its in-house sample production facility, can complete the process from design to sample production within 48 hours.

The company's Design Center is accredited by the Ministry of Industry and Technology of the Republic of Türkiye and is a leader in the industry. The center employs 90 design professionals. It maintains multi-faceted academic and industry partnerships with Süleyman Demirel University, Istanbul Technical University, Marmara University, Nişantaşı University, Harran University, Istanbul Bilgi University, and Mimar Sinan University of Fine Arts, as well as with the Istanbul Fashion Academy. The design team possesses expertise in rapid prototyping and digital collection development and actively uses tools such as Adobe Photoshop (Ps), Adobe Illustrator (AI), Adobe Creative Cloud, Browzwear, and Gerber Technology. Additionally, by leveraging AI and data-driven trend analysis platforms such as WGSN, Edited, Myth AI, and T-Fashion, the team manages collection planning and design processes in a data-driven manner. The team develops over 20,000 samples annually.

Information Regarding the Company's Investments During the Fiscal Period

The Company is making investments in domestic and international markets with the aim of growing and expanding its business volume. Investment expenditures are primarily directed toward expanding operations in the retail channel. Additionally, investment expenditures are made for licenses and software related to the development of the Company's and its Affiliates' information systems, as well as for activities conducted within the scope of the design center.

A significant portion of the Company's capital expenditures relates to tangible fixed assets. Investments in machinery and equipment primarily consist of investments in information technology equipment (such as computers, tablets, cash registers, and handheld terminals) used in stores, at the headquarters, and in the offices of affiliated companies. During the relevant periods, a significant portion of the Company's capital expenditures on tangible fixed assets consists of furniture, fixtures, and special cost items used for opening new stores and expanding or renovating existing stores. Special costs, in turn, primarily consist of capital expenditures made for store decoration purposes.

Under the "Investments in Progress" account, the Company tracks its investments before they begin to generate benefits. Investments in progress include both tangible and intangible fixed assets. As of the relevant periods, the majority of investment expenditures under the "Investments in Progress" account consist of design center expenditures, which will subsequently be classified as development costs under intangible fixed assets.

Of the Company's expenditures related to ongoing investments for the years ending 31 December 2025 and 31 December 2024, TRY 193,731,709 and TRY 67,517,044, respectively, pertain to development costs tracked under design center expenditures. In 2025, R&D design and development projects showed an increase compared to previous years. The majority of these development costs consist of personnel expenses.

Current investment expenditures related to intangible fixed assets consist primarily of expenditures on computer software and licenses.

The company has financed a portion of its investments with equity and another portion with third-party financing.

The details of investments made during the financial periods ending 31 December 2025 and 31 December 2024 are provided in the table below.

INVESTMENT EXPENDITURES	31 December 2025	31 December 2024
Machinery and Equipment	12,546,261	24,385,265
Vehicles	0	0
Fixed Assets	354,092,248	285,123,980
Special Costs	363,619,465	522,183,407
Ongoing Investments	193,731,709	67,517,044
TOTAL	**923,989,683**	**899,209,696**

Information Regarding the Company's *Management Body, Senior Executives, Staff, and Operations*

Information Regarding the Company's Direct and Indirect Subsidiaries and Their Ownership Interests

TRADE NAME COMPANY'S	BUSINESS ACTIVITY	EQUITY STAKE (%)	NATURE OF THE RELATIONSHIP WITH THE COMPANY
Koton Textil Group Gmbh	Retail	100	Affiliate
Koton Textile Limited Doo Sarajevo	Retail	100	Affiliate
Koton Textile Limited Şirketi	Retail	100	Affiliate
Koton Textile D.O.O. Zagreb	Retail	100	Affiliate
Koton Textil Limited	Retail	100	Affiliate
TOO Koton Textile Limited Liability Partnership	Retail	100	Affiliate
Koton Mağazacılık Doo El Skopje	Retail	100	Affiliate
Koton Textile Retail Srl	Retail	100	Affiliate
Ooo Koton Textile Llc	Retail	100	Affiliate
Koton Textile Limited Doo Beograd	Retail	100	Affiliate
Koton Textile Limited S.R.O	Retail	100	Affiliate
Koton Mağazacılık Limited	Retail	100	Affiliate
Koton Mağazacılık Sarl au	Retail	100	Affiliate
Koton Mağazacılık Sasu	Retail	100	Affiliate
Limited Liability Company Koton Textile	Retail	100	Affiliate
Koton Magazacilik Limited Liability Company	Retail	100	Affiliate
Koton Textil Korlátolt Felelősségű Társaság (Koton Textil KFT)	Retail	100	Affiliate
Koton Tekstil Emboria Endimation Monoprosopi Epe	Retail	100	Affiliate
Koton A.G. Trading L.L.C.	Retail	100	Affiliate
Koton India Private Limited.	Retail	100	Affiliate
Koton Trading LLC	Retail	51	Affiliate
Koton Fashion Trading LLC	Retail	51	Affiliate
Koton Bahrain Trading W.L.L.	Retail	51	Affiliate
Koton Trading LLC	Retail	51	Affiliate
Koton INC	Retail	100	Affiliate

Information Regarding the Company's *Management Body, Senior Executives, Staff, and Operations*

Information Regarding the Company's Acquisition of Its Own Shares

None.

Disclosures regarding private and public audits conducted during the reporting period

No private or public audits were conducted during the relevant period. The independent audit of the financial statements was performed by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş.

Regulatory changes that will significantly impact the company's operations

None.

Information regarding lawsuits filed against the Company that could affect its financial condition and operations, and their potential outcomes

There are lawsuits against the Company of a magnitude that could affect its financial position or operations. Details of the litigation provisions are provided below in the notes to the financial statements:

SHORT-TERM PROVISIONS	31 December 2025	31 December 2024
Litigation provisions	23,979,450	32,699,919
TOTAL	23,979,450	32,699,919

On the other hand, in 2012, the Company was a party to claims for damages filed on the grounds that it was liable without fault for damages resulting from the subtenant's negligence in connection with a fire that broke out in a shopping center where the Company was a tenant and had subleased a store to a third party under a franchise agreement; some of the compensation claims were served on the Company, and the Company intervened in the criminal case.

In addition, in a case filed under Case No. 2020/40 E. at the Istanbul 18th Civil Commercial Court—one of the compensation claims filed in connection with the fire—the court ruled in favor of the Company, dismissing the claim on the grounds that the fire originated in the cleaning room. Following the appeal process to the Supreme Court, the relevant decision became final in favor of the Company.

In accordance with the opinions of Group management and legal counsel regarding potential liabilities arising from these cases, no provision has been recorded in the consolidated financial statements.

Disclosures regarding administrative or judicial sanctions imposed on the Company and members of its governing bodies due to practices contrary to statutory provisions

None.

If an extraordinary general assembly was held during the year, information regarding the extraordinary general assembly, including the date of the assembly, the resolutions adopted at the assembly, and the related actions taken

None.

If the Company is part of a corporate group, legal transactions entered into with the controlling company, with a company affiliated with the controlling company, or at the direction of the controlling company for the benefit of the controlling company or a company affiliated with it, as well as all other measures taken or avoided during the preceding fiscal year for the benefit of the controlling company or a company affiliated with it

The Company is not part of a corporate group.

Information on the Indices in Which the Company Is Listed on the BIST:

Koton is included in the
BIST TİCARET, BIST HALKA ARZ, BIST TÜM, BIST TÜM-100, BIST KATILIM TÜM, BIST 500, BIST HİZMETLER, BIST KATILIM 100, and BIST YILDIZ indices.

Information regarding the donations and aid provided by the company during the year, as well as expenditures made as part of its corporate social responsibility projects

DONATIONS and AID	TOTAL AMOUNT (TRY)
Tema Foundation	868,000.00
Turkish Education Foundation	4,020,000.00
Turkish Red Crescent	5,000.00
Other	240,000.00
TOTAL	5,133,000.00

Information Regarding the Company's *Management Body, Senior Executives, Staff, and Operations*

Transactions with Related Parties

Transactions between the Company and its subsidiaries, which are related parties, are eliminated during consolidation.

Trade payables and advances to related parties as of 31 December 2025 and 31 December 2024 are given below.

ADVANCE PAYMENTS MADE TO RELATED PARTİES	31 December 2025	31 December 2024
Ecomod Tekstil	4,367,807	6,316,176
TOTAL	**4,367,807**	**6,316,176**

DEBTS OWED TO RELATED PARTIES	31 December 2025	31 December 2024
Canko Tekstil Ürünleri San.Tic.Ltd.Şti.	983,075	704,171
TOTAL	**983,075**	**704,171**

Details of purchases made from related parties as of 31 December 2025 and 31 December 2024 are also provided below. While Canko Tekstil Ürünleri San. Tic. Ltd. Şti. and Ecomod Tekstil are related parties from whom the Company sources products, the Company is a tenant in two properties owned by another related party, Gülyılmaz Real Estate Investment, Development, Management, and Trading Inc.

PURCHASES FROM RELATED PARTIES	31 December 2025	31 December 2024
Canko Tekstil Ürünleri San.Tic.Ltd.Şti.	37,826,530	2,713,961
Ecomod Tekstil	106,239,140	86,866,702
Gülyılmaz Real Estate Investment, Development, Management, and Trading Inc.	26,834,809	22,171,6971
TOTAL	**170,900,478**	**111,752,359**

Changes in the Implementation of *Corporate Governance Principles*

Koton began trading on Borsa İstanbul Inc. on 10 May 2024, and has adopted as a matter of principle full compliance with the mandatory principles set forth in the Corporate Governance Communiqué No. II-17.1 currently in effect. While full compliance with non-mandatory corporate governance principles is also aimed for, work is currently underway on principles that have not yet been implemented, and it is planned to achieve compliance with those deemed necessary in light of the needs of shareholders and other stakeholders as soon as possible.

Work was conducted on the principles that had not yet been implemented during the previous reporting period, and some of them have been put into practice. For example, in accordance with Article 3.1.3 of the Corporate Governance Communiqué No. II-17.1—a non-mandatory corporate governance principle—additional policies and procedures regarding stakeholder rights have been published on the Company's corporate website. In this context, the Human Resources Policy, Employee Compensation Policy, Customer Satisfaction Policy, and Personal Data Protection Policy have been uploaded to the corporate website. Work is ongoing to finalize the remaining policies and procedures in writing and make them publicly available.

Although Article 4.3.9 of the Corporate Governance Communiqué No. II-17.1—a non-mandatory corporate governance principle—provides for the establishment of a policy to set a minimum target of 25% for the proportion of female members on the Company's Board of Directors, Koton's Board of Directors Diversity Policy, published on the company's website, establishes the principle that the proportion of female members on the Board of Directors shall not be less than 50%, a principle adopted by a Board of Directors resolution dated 2 May 2025.

Among the non-mandatory corporate governance principles under the Corporate Governance Communiqué No. II-17.1, Article 4.4.2 stipulates that the Board of Directors must establish a minimum timeframe for sending information and documents related to agenda items to all members prior to the meeting, and Article 4.4.5 requires that the procedures for conducting Board of Directors meetings be governed by internal written regulations. To ensure compliance with these principles, the Board of Directors adopted the Internal Guidelines on Board of Directors Operating Procedures by a resolution dated 31 December 2025, establishing operating procedures that include sharing information and documents necessary for Board members to make decisions no later than two days in advance. The aforementioned Internal Guidelines on Board of Directors Operating Procedures have also been uploaded to the corporate website.

In addition, to ensure that the Company's operations are conducted effectively and in accordance with corporate governance principles, the internal regulation titled "Principles Regarding Related-Party Transactions" was adopted by the Company's Board of Directors via a resolution dated 31 December 2025, in compliance with the Capital Markets Board's Corporate Governance Communiqué; it is decreed that, by the end of March each year, the Board of Directors will adopt a general framework resolution for the scope and conditions of the Company's extensive and recurring related-party transactions, based on budget projections for that year. In the event of a significant change in the scope or terms of such transactions during the year, a new Board of Directors resolution regarding the change will be adopted; the initial framework resolution adopted by the Board of Directors will also cover ongoing related-party transactions occurring from the beginning of the fiscal year and will have effect for such transactions

Activities of the *Department of Investor Relations*

as well. In the event that natural disasters, epidemics, terrorist activities, war, general strikes, work slowdowns, work stoppages, extraordinary circumstances arising in financial markets and macroeconomic conditions, and/or similar events create uncertainty in the Company's operations and in the planning and projections regarding transactions with related parties that form part of such operations, the Board of Directors is authorized to postpone the adoption of the decision in question to a later date. For the Board of Directors to adopt such a postponement decision, the unanimous approval of all Independent Board Members is required. These matters have been adopted as internal regulations to concretize the application of the rules set forth in the Corporate Governance Communiqué regarding related-party transactions within the Company and to ensure clarity in their implementation, and relevant internal units have been informed of the matter.

Developments Occurring Between the End of the Period and the Preparation of the Report

The Company's operations in the Gulf Cooperation Council ("GCC") region account for a limited share of its total operations. However, the geopolitical developments that began in late February and are also affecting the GCC region could lead to uncertainty in global markets and economic conditions. Given the Company's low operational exposure to the region, the direct impact of these developments on the Company is expected to be limited. Nevertheless, as with all global risks, the situation is being closely monitored by the Company, and proactive assessments are being conducted to ensure the uninterrupted continuation of supply chain and financial processes.

On 10 May 2024, Koton shares began trading on the Istanbul Stock Exchange (BIST) under the ticker symbol KOTON. Prior to this date, during the preparation phase for the initial public offering (IPO), on 14 February 2024, pursuant to Article 11 of the Capital Markets Board's Corporate Governance Communiqué No. II-17.1, the Board of Directors established the Investor Relations Department which reports directly to the Company's General Manager.

The Investor Relations Department is responsible for disclosing particular events to the public, responding to questions from shareholders and analysts, transactions related to the General Assembly (E-GKS), capital increases, dividend distributions, and amendments to the articles of association; the use of the Public Disclosure Platform and the Central Registry System, as well as ensuring compliance with obligations arising from capital markets legislation and coordinating corporate governance practices. In this context, numerous internal briefings, administrative regulations, and implementations have continued throughout 2025 to ensure compliance with corporate governance principles and capital markets legislation. All shareholders are provided with timely, complete, and accurate information via PDP. In addition, the Investor Relations Department continuously informs the Board of Directors and senior management regarding changes in capital markets legislation and developments related to competitor companies.

The Investor Relations Department has maintained continuous communication with current and potential investors throughout the year to provide transparent, accurate, understandable, and timely information, excluding the Company's confidential and trade secret information, in a manner that does not create information asymmetry. Department staff are proactive individuals who are well-versed in the dynamics of the Company and the industry and are capable of comprehensively conveying the Company's story, business model, and strategies. The department aims to build long-term relationships with investors. Investor and analyst inquiries and requests are addressed as quickly and accurately as possible within the framework of applicable regulations. In this context, the activities conducted by the Investor Relations Department in 2025 can be summarized as follows:

The Annual General Assembly was held on 28 May 2025, and the relevant documents were prepared before and after the meeting and published on PDP.

- Financial statements were published on the PDP in both Turkish and English every quarter, and interim and year-end activity reports were prepared and announced on the PDP.
- Following the release of financial results each quarter, analyst meetings were held to discuss the company's financial, operational, and strategic developments; during these meetings, questions were answered by the CEO, CFO, and Director of Investor Relations.
- Analyst presentations and press releases for each quarter were published on the PDP. Additionally, analyst presentations for each quarter have been posted on the company's website in both Turkish and English.
- Meetings were held with 23 domestic and foreign institutional investors, either via teleconference at the company's headquarters or through in-person visits.
- In accordance with the Capital Markets Board's Corporate Governance Communiqué, the "Koton Board of Directors Diversity Policy," the "Internal Guidelines on the Board of Directors' Operating Procedures," and the "Principles Regarding Related-Party Transactions" were prepared and submitted to the Board of Directors for approval.
- Store openings in the regions that are among our strategic priorities have been announced on the PDP in a timely manner to ensure transparent communication with investors and to inform their investment decisions.
- In accordance with the relevant regulations, investors' requests for information were responded to via email in order to maintain records of these communications.
- A two-week training program on "mandatory Capital Markets Board regulations for publicly traded companies" was conducted for designated executives within the company, including the CFO and independent board members.

The investor relations webpage was updated.

Information regarding the Investor Relations Department, which is responsible for shareholder relations at the Company, is provided below:

Eda ÇANGA BELBER - Capital Markets Compliance Director

Licenses Held: Capital Markets Activities Level 3 License (License No.: 927843) Corporate Governance Rating License (License No.: 927858)

İpek OR - Director of Investor Relations

Licenses Held: Capital Markets Activities Level 3 License (License No.: 205904)

Declarations

Declaration of Independence

In accordance with Article 4.3.6 of the Corporate Governance Principles, annexed to the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board;

to fulfil my duties as an independent member of the Board of Directors of Koton Retail Textile Industry and Trade Inc (the Company) in accordance with the criteria set forth in the legislation, the articles of association, and the criteria set forth in the Corporate Governance Regulation published by the Capital Markets Board, I declare that

a. Over the last five years, there has been no employment relationship in a managerial position that will undertake significant duties and responsibilities between myself, my spouse and my relatives by blood or marriage up to the second degree and the Company, the partnerships in which the Company has management control or significant influence, the partners who have management control or significant influence over the Company and the legal entities in which these partners have management control; I do not own more than 5% of the capital or voting rights or privileged shares, either jointly or individually; I have not established significant commercial relationships

b. Over the last five years I have not worked as a partner (5% or more), in a managerial position that carries significant duties or responsibilities or served as a member of the board of directors in companies involved in primarily the Company's auditing (tax auditing, legal auditing, internal auditing included), rating, and consulting, from which the Company has, within the framework of agreements, purchased or sold significant amounts of services or products, during the periods in which services or products were purchased or sold,

c. I have the professional training, knowledge, and experience necessary to properly perform the duties I will undertake as an independent board member,

d. In accordance with the legislation, I will not work full-time in public institutions and organizations after being elected as a member, except for academic positions at universities,

e. I am considered a resident of Turkey in accordance with the Income Tax Law (ITL) No. 193 dated 31 December 1960,

f. I possess strong ethical standards, professional reputation, and experience that enable me to make positive contributions to the Company's activities, maintain impartiality in conflicts of interest between the Company and its shareholders, and make decisions freely while considering the rights of stakeholders,

g. I am able to allocate sufficient time to Company affairs to monitor the operations of the Company's activities and fully execute the requirements of duties I undertake,

h. I have not served as a member of the Company's board of directors for more than six years over the last ten years,

i. I am not serving as an independent board member in more than three companies controlled by the Company or its controlling shareholders, and in total, in more than five companies listed on the stock exchange,

j. I have not been registered and announced on behalf of the legal entity elected as a board member.

16 April 2025

Sincerely

Ömer Faruk Işık

Declaration of Independence

In accordance with Article 4.3.6 of the Corporate Governance Principles, annexed to the Corporate Governance Communiqué No. II-17.1 of the Capital Markets Board;

to fulfil my duties as an independent member of the Board of Directors of Koton Retail Textile Industry and Trade Inc (the Company) in accordance with the criteria set forth in the legislation, the articles of association, and the criteria set forth in the Corporate Governance Regulation published by the Capital Markets Board, I declare that

a. Over the last five years, there has been no employment relationship in a managerial position that will undertake significant duties and responsibilities between myself, my spouse and my relatives by blood or marriage up to the second degree and the Company, the partnerships in which the Company has management control or significant influence, the partners who have management control or significant influence over the Company and the legal entities in which these partners have management control; I do not own more than 5% of the capital or voting rights or privileged shares, either jointly or individually; I have not established significant commercial relationships

b. Over the last five years I have not worked as a partner (5% or more), in a managerial position that carries significant duties or responsibilities or served as a member of the board of directors in companies involved in primarily the Company's auditing (tax auditing, legal auditing, internal auditing included), rating, and consulting, from which the Company has, within the framework of agreements, purchased or sold significant amounts of services or products, during the periods in which services or products were purchased or sold,

c. I have the professional training, knowledge, and experience necessary to properly perform the duties I will undertake as an independent board member,

d. In accordance with the legislation, I will not work full-time in public institutions and organizations after being elected as a member, except for academic positions at universities,

e. I am considered a resident of Turkey in accordance with the Income Tax Law (ITL) No. 193 dated 31 December 1960,

f. I possess strong ethical standards, professional reputation, and experience that enable me to make positive contributions to the Company's activities, maintain impartiality in conflicts of interest between the Company and its shareholders, and make decisions freely while considering the rights of stakeholders,

g. I am able to allocate sufficient time to Company affairs to monitor the operations of the Company's activities and fully execute the requirements of duties I undertake,

h. I have not served as a member of the Company's board of directors for more than six years over the last ten years,

i. I am not serving as an independent board member in more than three companies controlled by the Company or its controlling shareholders, and in total, in more than five companies listed on the stock exchange,

j. I have not been registered and announced on behalf of the legal entity elected as a board member.

16 April 2025

Sincerely

Ayşe Ufuk Ağar

Declarations

Corporate Governance Compliance Report

Koton began trading on the stock exchange on 10 May 2024 and has adopted as a matter of principle full compliance with the mandatory principles set forth in the Corporate Governance Communiqué No. II-17.1 currently in force. While full compliance with non-mandatory corporate governance principles is also aimed for, work is currently underway on principles that have not yet been implemented, and it is planned to achieve compliance with those deemed necessary in the near future, in line with the needs of our shareholders and other stakeholders.

The information contained in the Company's Corporate Governance Compliance Report ("CGC") and Corporate Governance Information Sheet ("CGIS") for the financial period from 1 January 2025, to 31 December, 2025, has been prepared in accordance with the presentation guidelines published in the CMB Weekly Bulletin and the CMB's "Corporate Governance Communiqué" No. II-17.1, and was approved by the Board of Directors' decision No. 2026/04 dated 10 March 2026. The provisions for which the Company's compliance status is stated as "partially" or "no" in the Corporate Governance Compliance Report ("CGC") published on the PDP, along with the justifications for these, are provided below.

Our Company has not received any information indicating that a conflict of interest has arisen due to non-compliance with the non-mandatory Principles, nor has our Corporate Governance Committee identified any such issue. Administrative, legal, and technical infrastructure work is ongoing for the non-mandatory principles that the Company has not yet implemented. Once this work is completed, it is planned to implement and publicly announce the principles that are currently not being applied and that are deemed necessary in light of the needs of our shareholders and other stakeholders.

In this context, the main headings of the optional principles with which our Company was unable to comply in 2025, and which are stated as "partially" or "no" in the Corporate Governance Compliance Report ("CGC") published on the PDP and also included under the heading below, and the reasons for non-compliance are listed below.

1.4.2- The Company does not have any shares with preferential voting rights. This principle is not complied with, as Group A shares carry five votes in the election of board members, with the exception of independent members.

1.5.2–Minority rights have been extended to shareholders holding less than one-twentieth of the capital, and the scope of these rights has been expanded through provisions in the articles of association. This principle is not complied with, as the company is operating within the framework of relevant legal regulations and has no plans to expand minority rights through provisions in the articles of association.

1.7.1- There are no restrictions that would hinder the transfer of shares. This principle is not fully complied with, as, pursuant to our Articles of Association, in the transfer of Class A preferred shares, such shares are first offered to Class A shareholders. There are no restrictions on the transfer of Class B shares, which are traded on the stock exchange.

3.1.3 - Policies and procedures regarding stakeholder rights are published on the company's corporate website. This principle is not fully complied with, as while some policies regarding stakeholder rights (such as the Customer Satisfaction Policy and the Human Resources Policy) are available on the corporate website, certain procedures, such as the Supplier Policy, and other relevant regulations are located on the company's internal communication platform. Therefore, the goal is to complete the necessary work to document all relevant policies and procedures in writing and make them publicly available.

2.1.4 - The information on the Company's corporate website has been prepared in selected foreign languages so that the content is identical to the Turkish version. While this principle is not fully complied with, the Company places great importance on ensuring that the content of its corporate website is prepared in English so that it is identical to

Corporate Governance Compliance Report

the Turkish version. We are continuing our efforts to complete the English translations of new sections and documents added to our website.

3.1.4 - Mechanisms have been established to enable stakeholders to report transactions that violate regulations or are unethical. This principle is not fully complied with, as while stakeholders can report issues via our investor relations and customer communication email addresses, as well as through the contact form on our website, and customers visiting our stores can also submit reports to headquarters, we do not have an ethics hotline operated by an independent third party.

3.1.5 - The company addresses conflicts of interest among stakeholders in a balanced manner. While this principle is not yet fully complied with, the company's balanced approach to this matter will become transparent once all policies and mechanisms are made public.

3.2.1 - Employee participation in management is governed by the articles of association or internal company regulations. This principle is not being complied with, as while our employees participate indirectly in management through communication tools such as regular informational meetings and surveys held at our Company, their direct representation in management is not regulated by the articles of association or internal company regulations. This is because communication with employees is sometimes project-based and is continuously revised according to the needs of the company and the employees. It is planned to continue this practice in the coming period.

3.5.1 - The Board of Directors has established the Code of Ethical Conduct and published it on the company's corporate website. This principle is not being complied with, as a Code of Business Ethics exists but has not been published on the corporate website. The Code of Business Ethics was prepared as an internal document for company employees prior to the initial public offering. Work is currently underway to update it for publication on our corporate website.

4.4.7 - Board members are restricted from holding other positions outside the company. The positions held by board members outside the company have been disclosed to shareholders at the General Assembly. While this principle is not complied with, care is taken to ensure that board members allocate the necessary time to company affairs, and there is no restriction on their holding other positions outside the company. Given that the professional experience and industry expertise of board members make a significant contribution to management, there has been no need for such a restriction. Prior to the General Assembly, the member's resume, along with the positions held outside the company, was presented to the shareholders.

4.5.5 - Each board member serves on only one committee. This principle is not being complied with, as there are three committees; given the principles requiring that committee chairs be independent members and that the Audit Committee consist entirely of independent members, it has become necessary for independent members to serve on more than one committee in this situation. This situation does not give rise to any internal conflicts of interest.

4.6.1 - The Board of Directors has conducted a performance evaluation to assess whether it has effectively fulfilled its responsibilities. This principle is not being complied with, as no specific study has been conducted at the Board of Directors level as part of the performance evaluation.

4.6.5 - Remuneration paid to members of the board of directors and managers with executive responsibilities is disclosed on an individual basis in the annual activity report. This principle is not being complied with, as payments made to members of the board of directors and senior executives are disclosed to the public in aggregate form in the notes to the financial statements, in line with general practice.

Declarations

Sustainability Compliance Statement

To ensure that publicly traded companies can share the fundamental principles (Sustainability Principles Compliance Framework) expected to be disclosed when conducting their environmental, social, and corporate governance (ESG) activities with stakeholders, the "Communication Regarding Amendments to the Corporate Governance Communiqué (II-17.1) (II-17.1.a)" where necessary additions were made to the 1st and 8th items of the Corporate Governance Communiqué, was published in the Official Gazette on 2 October 2020 and entered into force.

In accordance with the relevant communiqué, KOTON adopts an approach aligned with sustainability principles across all areas of its operations, develops strategies in this regard, and continues its efforts toward achieving the established goals. A significant portion of the principles outlined in the Sustainability Principles Compliance Framework are currently being implemented, and improvement efforts are ongoing in areas requiring further development. Based on the information and data shared with the public in its most recently published report, the 2024 Integrated Sustainability Report, KOTON aims to conduct its operations in alignment with responsible practices in the environmental, social, and corporate governance domains. Development efforts are ongoing regarding provisions within the Compliance Framework where full compliance has not yet been achieved or partial compliance has been achieved, and progress in these areas will be shared in greater detail with the public in the Sustainability Report to be published with 2025 data.

General Principles

A1. Strategy, Policy, and Objectives

KOTON's sustainability policies have been developed to help identify the right strategy for sustainability initiatives and facilitate their implementation, and have been published on the website www.koton.com.tr. Under the coordination of the Sustainability Committee, efforts are underway to establish, implement, and ensure the traceability of short-, medium-, and long-term goals within the framework of these policies.

A2. Implementation/Monitoring

Sustainability initiatives at KOTON are carried out by the Sustainability Committee, which operates under the supervision of the Board of Directors. Comprising members selected to represent various departments, the Committee ensures the integration of the sustainability approach across the entire company and meets regularly to assess risks, opportunities, and areas for improvement in the environmental, social, and governance domains. Work on developing sustainability performance indicators is ongoing, with the goal of making sustainability management more fully integrated into corporate processes.

A3. Reporting

KOTON shares its sustainability performance with the public in accordance with the principle of transparency. In this context, the KOTON Integrated Sustainability Report for 2024, the most recent report disclosed to the public in accordance with POA regulations, has been prepared and published in compliance with the GRI Standards and the International Integrated Reporting Framework. Disclosures under the Sustainability Principles Compliance Framework are included in the 2025 Annual Activity Report, prepared in accordance with CMB regulations. The 2024 Integrated Sustainability Report includes information regarding the scope of reporting; the Sustainability Report to be published in 2025 in accordance with POA regulations will also provide detailed information specific to that year.

A4. Verification

KOTON prioritizes improving environmental and social sustainability performance throughout the supply chain and encourages suppliers to utilize internationally recognized social compliance and environmental assessment systems. This approach aims to monitor risks, support improvement processes, and strengthen sustainable supply chain management. The most recently published 2024 Integrated Sustainability Report includes information on supply chain management and monitoring practices. The 2025 Annual Activity Report, prepared in accordance with CMB regulations, also contains disclosures on this subject. Details regarding development initiatives for 2025 will be shared more comprehensively with the public through the 2025 Sustainability Report, which will be published in accordance with POA regulations.

B. Environmental Principles

KOTON considers reducing the environmental impact of its operations, ensuring the efficient use of natural resources, and contributing to the fight against climate change to be among its core responsibilities. In this context, greenhouse gas emissions are regularly calculated and monitored. Efforts are ongoing to increase the use of renewable energy, improve energy efficiency, and reduce resource consumption in line with the circular economy approach.

As part of the collaboration with TEMA, 10,000 saplings were planted in 2025, and the Company aims to support ecosystems through new afforestation projects. KOTON continues its emission reduction efforts in line with its 2040 carbon neutrality target. The most recent 2024 Integrated Sustainability Report published in accordance with POA regulations includes information on renewable energy initiatives and emissions data; data for 2025 will be shared with the public through the Sustainability Report.

Declarations

C. Social Principles

C1. Human Rights and Workers' Rights

KOTON upholds respect for human rights as a fundamental principle and aims to comply with international labor standards in all its operations. Gender equality, inclusivity, and employee well-being are among the core elements of the company's culture. Our company employs a total of 7,747 people, with women accounting for 74% of the workforce. Women make up 56% of senior management and 66.7% of the board of directors. This strong representation is a concrete indicator of an equitable and inclusive management approach. We aim to ensure safe working environments through occupational health and safety practices, and we organize training and awareness programs for employees. Additionally, there are internal communication channels through which employees can report ethical violations and misconduct.

C2. Stakeholders, International Standards, and Initiatives

KOTON conducts its sustainability initiatives in alignment with national and international principles, standards, and initiatives. As a signatory to the UN Global Compact, our company is committed to integrating universal principles in the areas of human rights, labor standards, the environment, and anti-corruption into its business processes, and strengthens collaboration with local stakeholders through its membership in UN Global Compact Türkiye. Additionally, as a signatory to the Women's Empowerment Principles (WEPs) led by UN Women, KOTON supports the integration of gender equality into its business processes. Our company also aims to develop collaborations in the field of sustainable development and strengthen its institutional capacity through its membership in the Business and Sustainable Development Association. Stakeholder communication and partnerships are detailed in the 2024 Integrated Sustainability Report, which was most recently disclosed to the public in accordance with POA regulations.

D. Corporate Governance Principles

KOTON is committed to integrating its sustainability initiatives into its corporate governance structure; the Board of Directors and relevant committees oversee the implementation of sustainability strategies and ensure the effective management of risks and opportunities. The Company places importance on maintaining effective communication with stakeholders, and stakeholder feedback is taken into account when determining sustainability strategies. The Company conducts its operations in accordance with principles of anti-corruption, adherence to ethical standards, and transparency, and supports United Nations Sustainable Development Goals 1 and 2.

Our Sustainability Principles Compliance Report was approved by our Company's Board of Directors via Resolution No. 2026/04 dated 10 March 2026, and was prepared in accordance with the format specified in the Capital Markets Board's Resolution No. 34/977 dated 23 June 2022. It is included in the 2025 Annual Activity Report and is also available on the Public Disclosure Platform website.

Statement of Responsibility for Annual Report

Date and Number of the Board of Directors' Resolution Regarding the Approval of the Annual Report

Date of Resolution: 10 March 2026

Resolution Number: 2026/04

The annual report for the period from 1 January 2025 to 31 December 2025, relating to our company's independently audited financial statements, was approved by the Board of Directors' resolution No. 2026/04 dated 10 March 2026, and it was decided to submit the aforementioned activity report to the Public Disclosure Platform.

The aforementioned annual report for the period from 1 January 2025 to 31 December 2025 was submitted to us for review and has been examined by us; based on the information available to us within the scope of our duties and responsibilities at the company, we hereby declare that:

» The annual report does not contain any misstatements regarding material matters or any omissions that could result in the report being misleading as of the date of the statement,

» The Annual Report, prepared in accordance with the Communiqué on Principles of Financial Reporting in the Capital Markets, fairly presents the Company's development and performance—including those within the scope of consolidation—as well as the Company's financial position, along with the significant risks and uncertainties it faces.

Ömer Faruk Işık	Ayşe Ufuk Ağar	A.Bülent Sabuncu
Chairman of the Audit Committee	Audit Committee Member	CEO