

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD
1 JANUARY - 30 SEPTEMBER 2025

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KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2025 AND 31 DECEMBER 2024

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

	<i>Notes</i>	Not Reviewed 30 September 2025	Audited 31 December 2024
ASSETS			
Cash and cash equivalents	4	828,388,576	733,771,781
Trade receivables	5	1,554,812,837	2,232,716,967
- <i>Trade receivable from third parties</i>		1,554,812,837	2,232,716,967
Other receivables		50,991,778	8,211,776
- <i>Other receivable from third parties</i>		50,991,778	8,211,776
Inventories	6	10,279,385,974	10,006,333,206
Prepaid expenses	7	2,284,324,987	1,713,325,510
Current tax assets	21	59,757,687	78,527,011
Other current assets	15	596,278,459	585,370,098
Total current assets		15,563,940,298	15,358,256,349
Financial investments		3,975,000	4,985,826
Other receivables		198,985,328	182,832,233
- <i>Other receivable from third parties</i>		198,985,328	182,832,233
Property, plant and equipment	8	2,414,138,181	2,384,554,477
Intangible assets	9	791,397,983	797,299,848
Right of use assets	10	4,646,381,470	5,201,910,626
Prepaid expenses		3,867,982	4,885,910
Deferred tax assets	21	394,910,001	321,430,949
Other non-current assets		9,288,533	9,203,456
Total non-current assets		8,462,944,478	8,907,103,325
TOTAL ASSETS		24,116,884,776	24,265,359,674

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 30 SEPTEMBER 2025 AND 31 DECEMBER 2024

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

	Notes	Not Reviewed 30 September 2025	Audited 31 December 2024
LIABILITIES			
Short-term borrowings	11	6,653,569,740	5,764,170,242
- Short-term borrowings	11	5,016,589,388	3,728,547,766
- Short-term portion of long-term borrowings	11	164,326,199	354,906,252
- Lease liabilities	11	1,472,654,153	1,680,716,224
Trade payables		6,442,913,540	6,537,032,947
- Trade payables to third parties	5	6,442,913,540	6,537,032,947
Payables related to employee benefits	14	424,412,020	385,859,049
Other payables		32,090,426	34,158,743
- Other payable to third parties		32,090,426	34,158,743
Deferred income	7	323,931,661	145,161,638
Short-term provisions		290,767,131	286,482,134
- Provisions for employee benefits	14	265,856,903	255,146,933
- Other short-term provisions	12	24,910,228	31,335,201
Other current short-term liabilities	15	204,050,522	194,361,931
Total current liabilities		14,371,735,040	13,347,226,684
Long-term borrowings	11	2,103,429,950	2,325,759,777
- Long-term borrowings	11	21,193,248	30,565,643
- Lease liabilities	11	2,082,236,702	2,295,194,134
Other payables		36,466,325	33,151,073
- Other payables to third parties		36,466,325	33,151,073
Deferred income		41,245,236	79,975,704
Long term provisions	14	146,237,109	139,390,914
- Long-term provisions for employee benefits	14	146,237,109	139,390,914
Deferred tax liabilities	21	596,410,679	594,207,621
Total non-current liabilities		2,923,789,299	3,172,485,089
TOTAL LIABILITIES		17,295,524,339	16,519,711,773
Paid-in share capital	16	829,650,000	829,650,000
Capital adjustment differences	16	6,497,347,538	6,497,347,538
Share issued premium/discount	16	1,359,721,681	1,359,721,681
Accumulated other comprehensive expenses not to be reclassified to profit or loss	16	(196,533,877)	(171,428,313)
- Loss on remeasurement of defined benefit plans		(196,533,877)	(171,428,313)
Accumulated other comprehensive income to be reclassified to profit or loss		(3,889,114,349)	(3,062,757,655)
- Foreign currency translation differences	16	(3,661,373,221)	(3,020,471,135)
- Loss on cash flow hedge	16	(227,741,128)	(42,286,520)
Restricted reserves appropriated from profit	16	219,222,389	219,222,389
Retained earnings prior year's profit		2,071,665,222	2,569,213,429
Net loss for the period		(75,388,629)	(497,548,207)
Equity of the parent company		6,816,569,975	7,743,420,862
Non-controlling interests		4,790,462	2,227,039
TOTAL EQUITY		6,821,360,437	7,745,647,901
TOTAL LIABILITIES AND EQUITY		24,116,884,776	24,265,359,674

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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

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

	Notes	Not Reviewed 1 January - 30 September 2025	Not Reviewed 1 January - 30 September 2024	Not Reviewed 1 July- 30 September 2025	Not Reviewed 1 July - 30 September 2024
Revenue	17	22,859,776,392	23,794,611,269	7,913,894,084	8,250,902,310
Cost of sales (-)		(10,260,078,147)	(10,138,157,989)	(3,416,956,454)	(3,197,287,859)
GROSS PROFIT		12,599,698,245	13,656,453,280	4,496,937,630	5,053,614,451
General administrative expenses (-)		(2,307,228,684)	(2,001,653,440)	(807,602,647)	(674,600,162)
Marketing expenses (-)		(8,324,228,764)	(8,280,681,225)	(2,839,558,128)	(3,012,713,466)
Research and development expenses (-)		(272,006,213)	(304,456,073)	(91,314,357)	(97,523,128)
Other operating income ¹⁹		1,583,409,380	981,509,399	262,136,405	333,883,667
Other operating expenses (-)	19	(1,992,271,222)	(2,306,739,424)	(675,872,358)	(783,589,328)
OPERATING PROFIT		1,287,372,742	1,744,432,517	344,726,545	819,072,034
Income from investment activities		6,734,743	3,180,228	3,556,811	1,395,764
Losses from investment activities (-)		(441,443)	(1,348,115)	72,592	(39,109)
OPERATING PROFIT BEFORE FINANCE EXPENSES		1,293,666,052	1,746,264,630	348,355,948	820,428,689
Finance income	20	115,975,031	343,632,389	20,821,465	110,984,406
Finance expenses (-)	20	(2,451,905,041)	(1,736,120,779)	(790,346,812)	(605,826,628)
Net monetary position gains		1,023,867,472	1,046,047,284	373,131,309	214,635,442
BEFORE TAX (LOSS) / PROFIT		(18,396,486)	1,399,823,524	(48,038,090)	540,221,909
Tax income	21	(54,428,720)	(125,334,026)	49,934,928	(208,710,121)
Current tax expense	21	-	-	279,394	81,868
Deferred tax expense	21	(54,428,720)	(125,334,026)	49,655,534	(208,791,989)
NET PERIOD (LOSS) / PROFIT		(72,825,206)	1,274,489,498	1,896,838	331,511,788
Distribution of Profit/ (loss) for the period					
Non-Controlling Interests		2,563,423	-	(948,485)	-
Equity of the parent company		(75,388,629)	1,274,489,498	2,845,323	331,511,788
(Loss)/Earning per share ("TRY")	23	(0.091)	1.536	0.003	0.400
OTHER COMPREHENSIVE (EXPENSE)/INCOME					
Items not to be reclassified to profit or loss		(25,105,564)	(12,218,262)	12,361,415	(9,458,210)
Defined benefit plans remeasurement losses	14	(33,474,086)	(16,291,018)	16,481,887	(12,610,947)
Taxes related to components of other comprehensive income that will not be reclassified to other profit or loss					
Deferred tax income / (expense)	21	8,368,522	4,072,756	(4,120,472)	3,152,737
Items that will be reclassified to profit or loss		(826,356,694)	(386,612,633)	(588,501,315)	(322,765,491)
Foreign currency translation differences		(640,902,086)	(377,914,941)	(629,470,037)	(284,159,292)
Cash flow hedge gains		(247,272,811)	(11,596,922)	54,624,962	(33,204,343)
Taxes related to other comprehensive income that will be reclassified to profit or loss					
Deferred tax (expense) / income	21	61,818,203	2,899,230	(13,656,240)	(5,401,856)
OTHER COMPREHENSIVE EXPENSE		(851,462,258)	(398,830,895)	(576,139,900)	(332,223,701)
TOTAL COMPREHENSIVE (EXPENSE) / INCOME		(924,287,464)	875,658,603	(574,243,062)	(711,913)
Distribution of Total Comprehensive Income					
Minority shareholders		2,563,423	-	(948,485)	-
Equity of the parent company		(926,850,887)	875,658,603	(573,294,577)	711,913

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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

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

	Pain in share capital	Capital adjustment differences	Share premiums discounts	Items to be reclassified to profit or loss Loss on remeasurement of defined benefit plans	Items to be reclassified to profit or loss Foreign currency translation differences	Loss on cash flow hedge	Restiricted Reserves appropriated	Retained earnings	Minority Shareholders	Net Profit/(Loss) for the period	Total equity
Balances as of 1 January 2024	795,500,000	6,214,552,825	-	(168,449,249)	(2,464,282,272)	(122,662,196)	219,222,389	(698,757,802)	-	3,267,971,230	7,043,094,925
Transfers	-	-	-	-	-	-	-	3,267,971,230	-	(3,267,971,230)	-
Capital Increase	34,150,000	282,794,717	-	-	-	-	-	-	-	-	316,944,717
Increase (Decrease) Due to Share- Based Transactions	-	-	1,354,270,194	-	-	-	-	-	-	-	1,354,270,194
Total comprehensive expense	-	-	-	(12,218,262)	(377,914,941)	(8,697,692)	-	-	-	1,274,489,498	875,658,603
Profit/(Loss) for the period	-	-	-	-	-	-	-	-	-	1,274,489,498	1,274,489,498
Cash flow hedge gains	-	-	-	-	-	(8,697,692)	-	-	-	-	(8,697,692)
Foreign currency translation differences	-	-	-	-	(377,914,941)	-	-	-	-	-	(377,914,941)
Actuarial loss	-	-	-	(12,218,262)	-	-	-	-	-	-	(12,218,262)
Balances as of 30 September 2024	829,650,000	6,497,347,542	1,354,270,194	(180,667,511)	(2,842,197,213)	(131,359,888)	219,222,389	2,569,213,428	-	1,274,489,498	9,589,968,439
Balances as of 1 January 2025	829,650,000	6,497,347,538	1,359,721,681	(171,428,313)	(3,020,471,135)	(42,286,520)	219,222,389	2,569,213,429	2,227,039	(497,548,207)	7,745,647,901
Transfers	-	-	-	-	-	-	-	(497,548,207)	-	497,548,207	-
Total comprehensive income	-	-	-	(25,105,564)	(640,902,086)	(185,454,608)	-	-	2,563,423	(75,388,629)	(924,287,464)
Profit/ (Loss) for the period	-	-	-	-	-	-	-	-	2,563,423	(75,388,629)	(72,825,206)
Cash flow hedge gains	-	-	-	-	-	(185,454,608)	-	-	-	-	(185,454,608)
Foreign currency translation differences	-	-	-	-	(640,902,086)	-	-	-	-	-	(640,902,086)
Actuarial loss	-	-	-	(25,105,564)	-	-	-	-	-	-	(25,105,564)
Balances as of 30 September 2025	829,650,000	6,497,347,538	1,359,721,681	(196,533,877)	(3,661,373,221)	(227,741,128)	219,222,389	2,071,665,223	4,790,462	(75,388,629)	6,821,360,437

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED 1 JANUARY-30 September 2025 AND 2024

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

	Notes	Not Reviewed 1 January - 30 September 2025	Not Reviewed 1 January - 30 September 2024
A. Cash Flows From Operating Activities		2,305,477,762	185,903,893
Net (Loss)/Profit For The Period		(72,825,206)	1,274,489,498
Adjustments Related To Reconciliation of net Profit Of The Year		3,239,801,419	3,627,802,790
Adjustments related to deprecation and amortization expense	8,9,10	2,810,604,412	2,488,822,955
Adjustments related to impairment		13,523,374	59,918,851
Adjustments related to impairment / (reversals) on inventory	6	7,978,441	45,388,677
Adjustments related to impairment loss recognised on receivables	5	5,544,933	14,530,174
Adjustments related to provisions		208,467,044	204,001,276
Adjustments Related to for Employee Benefits	14	200,675,477	209,585,665
Adjustments Related to Provisions for Legal Claims	12	7,791,567	7,054,520
Adjustments Related to Other Provisions		-	(12,638,909)
Adjustments Related to Interest (Income) and Expense		2,822,724,519	2,511,323,442
Adjustments Related to Interest Income	20	(115,975,031)	(252,610,561)
Adjustments Related to Interest Expense	20	1,518,831,959	1,080,807,354
Deferred Financing Expense from Forward Purchases		1,419,867,591	1,683,126,649
Adjustments Related to Income From Government Grants		(99,612,340)	(4,801,613)
Adjustments Related to Unrealised Currency Translation Differences		(386,904,566)	(127,093,725)
Other Adjustments Related to Non-Cash Items		168,199,931	73,491,821
Adjustments Related to Tax Expense	21	54,428,720	125,334,026
Adjustments Related to Losses/(Gains) on Disposal of Non-Current Assets		(6,293,310)	4,651,123
Other Adjustments Related to Net Profit /(Loss)		49,790,028	12,131,477
Adjustments Related to Monetary Loss / Gain		(2,395,126,393)	(1,719,976,843)
Changes in Working Capital		(861,498,451)	(4,716,388,395)
Changes Related to Increase in Inventories		(67,679,858)	(1,934,181,878)
Changes Related to Increase in Trade Receivables		218,928,168	(982,584,291)
Change in Prepaid Expenses		(775,652,975)	424,397,125
Changes Related to Decrease (Increase) in Other Operating Receivables		35,625,123	(307,859,542)
Changes Related to Increase (Decrease) in Trade Payables		(177,976,224)	(1,777,544,140)
Changes Related to Increase (Decrease) in Employee Benefits		51,178,991	128,680,358
Changes Related to Increase (Decrease) in Other Operating Payables		1,443,309	(56,737,609)
Related to Increase (Decrease) in Deferred Income		(28,160,376)	89,722,578
Payments Related to Employee Benefits		(132,397,687)	(202,885,187)
Tax Returns (Payments)	21	18,769,324	(85,646,622)
Other Cash Inflows (Outflows)		(5,576,246)	(11,749,187)
B. Cash Flows Used in Investing Activities		(679,891,931)	(701,972,704)
Cash Inflows from sale of Property Plant and Equipment and intangible assets		59,239,167	16,907,195
-Proceeds from Sale of Property, Plant and Equipment	9	59,223,054	16,896,259
-Proceeds from Sale of Intangible Assets	9	16,113	10,936
Cash Outflows from Purchase of Property, Plant and Equipment and Intangible Assets		(739,131,098)	(718,879,899)
-Cash Outflows from Purchase Property, Plant and Equipment	8	(596,975,094)	(591,003,652)
-Cash Outflows from Purchase Intangible Assets	9	(142,156,004)	(127,876,247)
C. Cash Flows Generated from/(Used in) Financing Activities		(1,380,131,487)	849,352,977
Proceeds from Borrowings	11	4,646,946,394	2,855,047,861
Cash Outflows Repayment of Borrowings	11	(3,462,460,556)	(1,762,669,977)
Cash Outflows Repayment of Borrowings Arising from Lease Agreements	11	(1,764,504,556)	(1,355,746,953)
Cash Inflows from the Issuance of Shares and Other Equity-Based Instruments		-	1,388,420,194
Cash Inflows from the Issuance of Shares		-	-
Interest Received	5,20	121,348,115	241,643,163
Interest Paid	5,20	(921,460,884)	(517,341,311)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS BEFORE THE EFFECT OF FOREIGN CURRENCY TRANSLATION DIFFERENCES (A+B+C)		245,454,344	333,284,166
D. EFFECT OF MONETARY LOSSES AND GAINS ON CASH AND CASH EQUIVALENTS		(148,764,851)	(171,639,623)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)		96,689,493	161,644,543
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4	730,471,404	650,273,179
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	4	827,160,897	811,917,722

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2025

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

1. ORGANIZATION AND OPERATIONS OF THE GROUP

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

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

As explained in Note 16, as of 30 September 2025, the main partner of the Company is the Netherlands-based Nemo Apparel BV owned by Turkven Private Equity and Yılmaz family.

The Company's shares commenced trading on Borsa İstanbul as of 10 May 2024.

As of 30 September 2025 the Company's subsidiaries are shown below. The Company and its subsidiaries will be referred to as the "Group" in the consolidated financial statements.

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

(*) As of 30 September 2025 there are active no store.

(**) The company was established in 2025.

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2025

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

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

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

As of 30 September 2025, the total number of stores of the Group is 458 (31 December 2024: 451). 242 of these stores (31 December 2024: 244) has been operating in Türkiye. The Group has 242 stores in Türkiye, 31 of which are franchise stores (31 December 2024: 31). The Group has 216 stores abroad (31 December 2024: 207). 72 of these stores are franchise stores (31 December 2024: 73), the Group's average number of employees is 7,689 (31 December 2024: 8.030).

The condensed consolidated financial statements were approved for publication by the Company's Board of Directors on 6 November 2025. The General Assembly and certain regular meetings have the authority to make changes to the statutory financial statements after they are published.

2. BASIS OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Basis of Presentation

2.1.1 Basis of preparation and presentation of financial statements

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

The interim condensed consolidated financial statements are based on the statutory financial statements of the Group's subsidiaries and presented in Turkish Lira in accordance with the CMB financial reporting standards with certain adjustments and reclassifications for the purpose of fair presentation. Such adjustments are primarily related to application of consolidation accounting, accounting for deferred taxes on temporary differences, accounting for employment termination benefits on an actuarial basis and accruals for various expenses. Except for the financial assets carried from their fair values and assets and liabilities, financial statements are prepared on historical cost basis.

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

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

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

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2025

(Amounts expressed in Turkish Lira ("TL") in terms of the purchasing power of Turkish Lira ("TL") as of 30 September 2025, 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)

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

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

2.1.2 Comparative information and restatement of prior period financial statements

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

2.1.3 Changes in the accounting policies, estimates and errors

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

2.1.4 Functional and reporting currency

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

Group companies

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

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2025

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

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

2.2 Financial reporting in hyperinflationary economy

The Group prepared its consolidated financial statements as at and for the period ended 30 September 2025 by applying TAS 29 "Financial Reporting in Hyperinflationary Economies" in accordance with the announcement made by POA on 23 November 2023 and the "Application Guidance on Financial Reporting in Hyperinflationary Economies". TAS 29 is applied to the financial statements, including the consolidated financial statements, of any entity whose functional currency is the currency of a hyperinflationary economy. According to the standard, financial statements prepared in the currency of a hyperinflationary economy are presented in terms of the purchasing power of that currency at the balance sheet date. Prior period financial statements are also presented in the current measurement unit at the end of the reporting period for comparative purposes. Therefore, the Group has presented its consolidated financial statements as of 30 September 2024 and 31 December 2024 on a purchasing power basis as of 30 September 2025.

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

The adjustments made in accordance with IAS 29 were made using the adjustment coefficient obtained from the Consumer Price Index (CPI) of Turkey published by the Turkish Statistical Institute (TSI). As of 30 September 2025, the indices and adjustment coefficients used in the adjustment of the consolidated financial statements are as follows:

Date	Index	Coefficient	Three – year cumulative inflation rates
30 September 2025	3,367.22	1.00000	222%
31 December 2024	2,684.55	1.24549	291%
30 September 2024	2,526.10	1.33294	343%

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.

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2025

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

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

2.2 Financial reporting in hyperinflationary economy(cont'd)

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

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

Restatement of the Statement of Financial Position

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

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

Restatement of the Statement of Profit or Loss

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

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

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

Restatement of Statement of Cash Flows

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

Consolidated financial statements

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

Subsidiaries of the Group whose functional currency is other than Turkish Lira have been restated to 30 September 2024 purchasing power according to the following principles.

For the year ended 30 September 2025, the consolidated statement of financial position is translated into Turkish Lira at the closing rate of 30 September 2025. The consolidated income statement for the period 1 January 2025 – 30 September 2025 has been translated into Turkish Lira at the average monthly exchange rates and indexed to the purchasing power of 30 September 2025. For the year ended 31 December 2024, the consolidated statement of financial position is translated into Turkish Lira at the closing rate of 31 December 2024 and indexed to the purchasing power of 30 September 2025. For the period

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

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2025

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

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

2.2 Financial reporting in hyperinflationary economy (cont'd)

Comparative figures

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

2.3 Going concern assumption

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

2.4 Basis for Consolidation

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

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

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

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

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

2.4 Basis for Consolidation (cont'd)

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

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

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

(**) Koton Oman, Koton Bahreyn, Koton USA and Koton Qatar were established in 2025.

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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

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

2.4 Basis for Consolidation (cont'd)

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

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

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

2.5 New and Amended Turkish Financial Reporting Standards

a) Amendments that are mandatorily effective from 2025

Amendments to IAS 21 *Lack of Exchangeability*

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

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

a) New and revised IFRSs in issue but not yet effective

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

Amendments to IFRS 9 and IFRS 7	<i>Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments</i>
Amendments IFRS 9 and IFRS 7 IFRS 18	<i>Regarding power purchase arrangements Presentation and Disclosures in Financial Statements</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosure</i>
Annual Improvements	<i>Annual Improvements to IFRS Accounting Standards - Volume 11</i>
Amendments to IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i>

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

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

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

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments. Annual reporting periods beginning on or after 1 January 2026.

Amendments IFRS 9 and IFRS 7 regarding 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. Annual reporting periods beginning on or after 1 January 2026.

IFRS 18 Presentation and Disclosures in Financial Statements

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements. Applicable to annual reporting periods beginning on or after 1 January 2027.

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

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

IFRS 19 Subsidiaries without Public Accountability: Disclosure

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

Annual Improvements to IFRS Accounting Standards - Volume 11

The pronouncement comprises the following amendments:

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

Annual reporting periods beginning on or after 1 January 2026.

Amendments to IFRS 19 *Subsidiaries without Public Accountability: Disclosures*

The amendments cover new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued. Annual reporting periods beginning on or after 1 January 2027.

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3. SEGMENT REPORTING

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

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

1 January - 30 September 2025

	Türkiye	CIS Countries(*)	Other International Countries(**)	Total
-Retail	14,639,043,784	2,469,477,185	2,166,335,383	19,274,856,352
-E-Commerce	1,262,576,935	814,164,526	316,109,912	2,392,851,373
-Wholesale	959,372,702	17,451,078	215,244,887	1,192,068,667
Total sales	16,860,993,421	3,301,092,789	2,697,690,182	22,859,776,392
Cost of sales	(6,651,324,117)	(2,231,571,335)	(1,377,182,695)	(10,260,078,147)
Gross profit	10,209,669,304	1,069,521,454	1,320,507,487	12,599,698,245
EBITDA	5,081,705,627	198,302,906	417,701,874	5,697,710,407
Adjusted EBITDA	3,855,646,274	(119,606,554)	197,166,131	3,933,205,851
Profit / (loss) for the period	543,366,590	(590,367,096)	(25,824,700)	(72,825,206)

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.

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3. SEGMENT REPORTING (cont'd)

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

1 January - 30 September 2025 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
Profit/(loss) before tax	639,684,965	(629,777,364)	(28,304,087)	(18,396,486)
Finance expense, net	(2,147,592,970)	(166,734,351)	(21,602,689)	(2,335,930,010)
Monetary loss/gain	1,023,867,472	-	-	1,023,867,472
Operating loss before finance income / (expense)	1,763,410,463	(463,043,013)	(6,701,398)	1,293,666,052
Income from investing activities	6,734,743	-	-	6,734,743
Expenses from investing activities	(441,433)	-	-	(441,433)
Operating profit/(loss)	1,757,117,153	(463,043,013)	(6,701,398)	1,287,372,742
Depreciation and amortization expenses (Note 18)	(2,168,159,698)	(365,484,275)	(276,960,439)	(2,810,604,412)
Discount interest expense on purchases of goods (Note 19)	(1,156,428,776)	(295,861,644)	(147,442,833)	(1,599,733,253)
EBITDA	5,081,705,627	198,302,906	417,701,874	5,697,710,407
Cash outflows related to debt payments arising from lease agreements (Note 11)	(1,226,059,353)	(317,909,460)	(220,535,743)	(1,764,504,556)
Adjusted EBITDA	3,855,646,274	(119,606,554)	197,166,131	3,933,205,851

1 January - 30 September 2024

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
-Retail	13,922,455,423	3,555,111,251	2,107,476,050	19,585,042,724
-E-Commerce	1,760,200,031	583,425,168	266,688,810	2,610,314,009
-Wholesale	1,176,475,253	156,645,171	266,134,112	1,599,254,536
Total sales	16,859,130,707	4,295,181,590	2,640,298,972	23,794,611,269
Cost of sales	(6,254,629,157)	(1,993,791,553)	(1,889,737,279)	(10,138,157,989)
Gross profit	10,604,501,550	2,301,390,037	750,561,693	13,656,453,280
EBITDA	5,018,178,848	1,104,649,028	86,832,347	6,209,660,223
Adjusted EBITDA	4,143,133,089	745,277,270	(34,497,089)	4,853,913,270
Profit / (loss) for the period	1,424,941,212	73,063,045	(223,514,759)	1,274,489,498

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

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

3. SEGMENT REPORTING (cont'd)

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

1 January - 30 September 2024 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
Profit before tax	1,646,836,384	(21,777,990)	(225,234,870)	1,399,823,524
Finance expense, net	(1,170,412,376)	(213,273,349)	(8,802,665)	(1,392,488,390)
Monetary loss/gain	1,046,047,284	-	-	1,046,047,284
Operating loss before finance income / (expense)	1,771,201,476	191,495,359	(216,432,205)	1,746,264,630
Income from investing activities	3.180.228	-	-	3,180,228
Expenses from investing activities	(1.348.115)	-	-	(1,348,115)
Operating profit/(loss)	1.769.369.363	191.495.359	(216.432.205)	1,744,432,517
Depreciation and amortization expenses (Note 18)	(1.845.492.207)	(437,412,665)	(205,918,083)	(2,488,822,955)
Discount interest expense on purchases of goods (Note 19)	(1,403,317,278)	(475,741,004)	(97,346,469)	(1,976,404,751)
EBITDA	5,018,178,848	1,104,649,028	86,832,347	6,209,660,223
Cash outflows related to debt payments arising from lease agreements (Note 11)	(875,045,759)	(359,371,758)	(121,329,436)	(1,355,746,953)
Adjusted EBITDA	4,143,133,089	745,277,270	(34,497,089)	4,853,913,270

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

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

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

1 July - 30 September 2025

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
-Retail	5,029,002,966	973,337,888	831,057,955	6,833,398,809
-E-Commerce	392,231,529	244,441,631	29,345,299	666,018,459
-Wholesale	299,762,012	7,751,664	106,963,140	414,476,816
Total sales	5,720,996,507	1,225,531,183	967,366,394	7,913,894,084
Cost of sales	(2,050,017,330)	(850,244,318)	(516,694,806)	(3,416,956,454)
Gross profit	3.670.979.177	375,286,865	450,671,588	4,496,937,630
EBITDA	1.821.380.646	(48,432,715)	38,015,618	1,810,963,549
Adjusted EBITDA	1.352.556.929	(148,067,608)	(22,991,503)	1,181,497,818
Profit / (loss) for the period	423.440.656	(316,531,132)	(105,012,686)	1,896,838

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3. SEGMENT REPORTING (cont'd)

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

1 July - 30 September 2025 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
Profit before tax	404,869,662	(347,508,580)	(105,399,172)	(48,038,090)
Finance expense, net	(713,670,306)	(71,073,117)	15,218,076	(769,525,347)
Monetary loss/gain	373,131,309	-	-	373,131,309
Operating profit / loss before finance income / (expense)	745,408,659	(276,435,463)	(120,617,248)	348,355,948
Income from investing activities	3,615,939	-	(59,128)	3,556,811
Expenses from investing activities	13,464	-	59,128	72,592
Operating profit/(loss)	741,779,256	(276,435,463)	(120,617,248)	344,726,545
Depreciation and amortization expenses (Note 18)	(674,871,113)	(122,305,521)	(96,202,197)	(893,378,831)
Discount interest expense on purchases of goods (Note 19)	(404,730,277)	(105,697,227)	(62,430,669)	(572,858,173)
EBITDA	1,821,380,646	(48,432,715)	38,015,618	1,810,963,549
Cash outflows related to debt payments arising from lease agreements	(468,823,717)	(99,634,893)	(61,007,121)	(629,465,731)
Adjusted EBITDA	1,352,556,929	(148,067,608)	(22,991,503)	1,181,497,818

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

1 July - 30 September 2024

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
-Retail	4,981,111,381	967,395,562	681,898,984	6,630,405,927
- E-Commerce	699,546,407	322,945,291	114,306,557	1,136,798,255
-Wholesale	391,705,479	33,302,659	58,689,990	483,698,128
Total sales	6,072,363,267	1,323,643,512	854,895,531	8,250,902,310
Cost of sales	(2,012,645,596)	(588,719,560)	(595,922,703)	(3,197,287,859)
Gross profit	4,059,717,671	734,923,952	258,972,828	5,053,614,451
EBITDA	2,130,772,310	211,889,938	2,244,698	2,344,906,946
Adjusted ABITDA	1,816,101,356	120,334,929	(28,574,664)	1,907,861,621
Profit / (loss) for the period	580,343,502	(187,679,911)	(61,151,803)	331,511,788

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3. SEGMENT REPORTING (cont'd)

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

1 July - 30 September 2024 (cont'd)

	Türkiye	CIS Countries (*)	Other International Countries(**)	Total
Profit before tax	827,071,141	(225,213,164)	(61,636,068)	540,221,909
Finance expense, net	(395,784,599)	(89,581,513)	(9,476,110)	(494,842,222)
Monetary loss/gain	214,635,442	--	--	214,635,442
Operating loss before finance income / (expense)	1,008,220,298	(135,631,651)	(52,159,958)	820,428,689
Income from investing activities	1,395,764	--	--	1,395,764
Expenses from investing activities	(39,109)	--	--	(39,109)
Operating Profit / (Loss)	1,006,863,643	(135,631,651)	(52,159,958)	819,072,034
Depreciation and amortization expenses (Note 18)	(640,981,068)	(149,096,955)	(55,611,054)	(845,689,079)
Discount interest expense on purchases of goods (Note 19)	(482,927,599)	(198,424,634)	1,206,398	(680,145,835)
EBITDA	2,130,772,310	211,889,938	2,244,698	2,344,906,946
Cash outflows related to debt payments arising from lease agreements	(314,670,954)	(91,555,009)	(30,819,362)	(437,045,325)
Adjusted EBITDA	1,816,101,356	120,334,929	(28,574,664)	1,907,861,621

4. CASH AND CASH EQUIVALENTS

	<u>30 September 2025</u>	<u>31 December 2024</u>
Cash	18,608,924	25,243,762
Cash at banks	752,271,795	616,147,678
- Time deposits	427,390,539	295,943,806
- Demand deposits	324,881,256	320,203,872
Credit card receivables (*)	56,280,178	89,079,964
Cash And Cash Equivalents In Statement Of Cash	827,160,897	730,471,404
Interest income accruals	1,227,679	3,300,377
	828,388,576	733,771,781

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

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4. CASH AND CASH EQUIVALENTS(cont'd)

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>30 September 2025</u>
TL	30 September 2025 - 1 October 2025	40-41%	251,686,356
EUR	30 September 2025 - 1 October 2025	1%	113,608,242
Tenge	30 September 2025 - 1 October 2025	12%	8,148,021
Usd	30 September 2025 - 1 October 2025	3%	53,947,920
			427,390,539

	<u>Maturity</u>	<u>Interest Rate</u>	<u>31 December 2024</u>
TL	31 December 2024 - 2 January 2025	47-50%	295,943,806
			295,943,806

5. TRADE RECEIVABLES AND PAYABLES

a) Trade Receivables:

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

	<u>30 September 2025</u>	<u>31 December 2024</u>
<u>Short-term trade receivables</u>		
Trade receivables	1,449,010,422	2,011,908,740
Notes receivable	176,536,585	303,774,683
Provision for doubtful trade receivables (-)	(70,734,170)	(82,966,456)
	1,554,812,837	2,232,716,967

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 53 days (31 December 2024: 61 days).

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

	<u>2025</u>	<u>2024</u>
Opening balance 1 January	82,966,456	90,923,019
Expense for the period (Note 19)	5,544,933	14,530,174
Collections	(554,229)	(299,725)
Translation gain	676,504	608,630
Inflation effect	(17,899,494)	(27,004,770)
Closing balance 30 September	70,734,170	78,757,328

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5. TRADE RECEIVABLES AND PAYABLES (cont'd)

b) Trade Payables:

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

	<u>30 September 2025</u>	<u>31 December 2024</u>
<u>Short-term trade payables</u>		
Trade payables (*)	2,944,763,406	2,748,235,113
Notes payable	4,207,868,191	4,400,651,631
Less: Deferred finance income from forward purchases	(709,718,057)	(611,853,797)
	<u>6,442,913,540</u>	<u>6,537,032,947</u>

(*) A total of TL 173,150,065 (31 December 2024: TL 224,920,191) 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 130 days (31 December 2024: 159 days).

6. INVENTORIES

	<u>30 September 2025</u>	<u>31 December 2024</u>
Raw materials and supplies	1,437,543,878	1,447,177,132
Semi-finished goods	14,424,176	19,522,535
Finished goods	327,889,428	475,309,449
Trade goods	8,529,538,245	8,117,437,021
Other inventories	65,263,577	37,984,429
Provision for impairment in inventory (-)	(95,273,330)	(91,097,360)
	<u>10,279,385,974</u>	<u>10,006,333,206</u>

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 95,273,330 (31 December 2024: TL 91,097,360) of inventory,

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6. INVENTORIES (cont'd)

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

	<u>2025</u>	<u>2024</u>
Opening balance 1 January	91,097,360	112,494,847
Charge for the period	92,090,695	123,039,467
Reversed provision	(84,112,254)	(77,650,790)
Translation gain	(3,082,471)	(9,777,598)
Closing balance 30 September	95,273,330	148,105,926

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

7. PREPAID EXPENSES AND DEFERRED INCOME

<u>Short-Term Prepaid Expenses</u>	<u>30 September 2025</u>	<u>31 December 2024</u>
Inventory advances given	2,127,583,206	1,629,315,541
Prepaid expenses (*)	156,164,239	83,527,782
Other	577,542	482,187
	2,284,324,987	1,713,325,510

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

<u>Short-Term Deferred Income</u>	<u>30 September 2025</u>	<u>31 December 2024</u>
Order advances received (*)	131,715,060	121,144,968
Deferred income (**)	192,216,601	24,016,670
	323,931,661	145,161,638

(*)TL 64,987,920 of the order advances received (31 December 2024: TL 63,565,504) 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 2025	150,492,978	21,792,197	7,092,695,377	5,507,903,356	49,206,868	12,822,090,776
Foreign currency translation differences	(28,888,313)	(204,224)	87,747,283	74,671,048	(271,617)	133,054,177
Additions	44,190,434	-	213,925,562	235,498,874	103,360,224	596,975,094
Transfers	-	-	-	-	(46,800,772)	(46,800,772)
Disposals	(20,487,145)	-	(40,391,134)	(45,740,230)	-	(106,618,509)
Closing balance as of 30 September 2025	145,307,954	21,587,973	7,353,977,088	5,772,333,048	105,494,703	13,398,700,766
<u>Accumulated Depreciation</u>						
Opening balance as of 1 January 2025	(77,613,568)	(18,957,691)	(6,166,632,563)	(4,174,332,477)	-	(10,437,536,299)
Foreign currency translation differences	5,159,305	(68,367)	(4,915,572)	(72,476,799)	-	(72,301,433)
Charge for the period	(9,786,143)	(326,854)	(249,570,482)	(268,730,139)	-	(528,413,618)
Disposals	2,889,832	-	32,633,020	18,165,913	-	53,688,765
Closing balance as of 30 September 2025	(79,350,574)	(19,352,912)	(6,388,485,597)	(4,497,373,502)	-	(10,984,562,585)
Net book value as of 30 September 2025	65,957,380	2,235,061	965,491,491	1,274,959,546	105,494,703	2,414,138,181

(*) 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 2024	111,702,298	24,797,354	7,171,669,689	5,639,183,549	82,016,171	13,029,369,061
Foreign currency translation differences	380,070	(1,026,628)	(185,724,948)	(354,189,622)	3,815,020	(536,746,108)
Additions	8,422,123	-	184,972,976	235,780,491	161,828,062	591,003,652
Transfers	25,635,396	-	(24,664,361)	(482,206)	(115,928,810)	(115,439,981)
Disposals	(1.790.677)	(1,367,790)	(42,237,520)	(56,293,549)	(1,227,430)	(102,916,966)
Closing balance as of 30 September 2024	144,349,210	22,402,936	7,104,015,836	5,463,998,663	130,503,013	12,865,269,658
<u>Accumulated Depreciation</u>						
Opening balance as of 1 January 2024	(82,179,293)	(20,046,874)	(6,154,520,518)	(4,194,793,696)	-	(10,451,540,381)
Foreign currency translation differences	9,941,615	397,389	191,844,750	212,834,668	-	415,018,422
Charge for the period	(10,119,895)	(585,506)	(253,459,031)	(295,536,469)	-	(559,700,901)
Disposals	1,642,092	1,025,944	30,393,090	48,308,458	-	81,369,584
Closing balance as of 30 September 2024	(80,715,481)	(19,209,047)	(6,185,741,709)	(4,229,187,039)	-	(10,514,853,276)
Net book value as of 30 September 2024	63,633,729	3,193,889	918,274,127	1,234,811,624	130,503,013	2,350,416,382

TL 8,483,608 (30 September 2024: TL 13,763,192) of depreciation expenses are included in research and development expenses, TL 492,760,190 (30 September 2024: TL 508,439,405) in marketing expenses and TL 27,169,820 (30 September 2024: TL 37,498,304) in general administrative expenses.

As of 30 September 2025, the Company has capitalized personnel expenses amounting to TL 73,614,698 within the scope of design center activities. (30 September 2024: TL 55,693,753)

As of 30 September 2025 and 30 September 2024, 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 2025	2,045,907,078
Foreign currency translation differences	(9,925,537)
Additions	142,156,004
Transfers	46,800,772
Disposals	(508,497)
Closing balance as of 30 September 2025	2,224,429,820
Accumulated Amortization	
Opening balance as of 1 January 2025	(1,248,607,230)
Foreign currency translation differences	(22,415,716)
Charge for the period	(162,501,275)
Disposals	492,384
Closing balance as of 30 September 2025	(1,433,031,837)
Net book value as of 30 September 2025	791,397,983
Cost Value	
Opening balance as of 1 January 2024	1,757,721,870
Foreign currency translation differences	(3,458,940)
Additions	127,876,247
Transfers	115,439,981
Disposals	(29,937)
Closing balance as of 30 September 2024	1,997,549,221
Accumulated Amortization	
Opening balance as of 1 January 2024	(1,062,727,168)
Foreign currency translation differences	(4,612,371)
Charge for the period	(146,852,072)
Disposals	19,001
Closing balance as of 30 September 2024	(1,214,172,610)
Net book value as of 30 September 2024	783,376,611

TL 2,608,936 (30 September 2024: TL 3,611,131) of depreciation expenses are included in research and development expenses, TL 151,536,897 (30 September 2024: TL 133,402,287) in marketing expenses and TL 8,355,444 (30 September 2024: TL 9,838,654) 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 – 30 September 2025 and 1 January – 30 September 2024 are as follows:

<u>Cost Value</u>	<u>Building</u>	<u>Motor vehicles</u>	<u>Total</u>
Opening balance as of 1 January 2025	15,023,126,659	108,515,125	15,131,641,784
Additions	395,086,887	51,512,830	446,599,717
Rent change	1,269,336,234	-	1,269,336,234
Disposals	(611,058,092)	(108,515,130)	(719,573,222)
Foreign currency translation differences	124,211,957	-	124,211,957
Closing balance as of 30 September 2025	16,200,703,645	51,512,825	16,252,216,470

Accumulated Depreciation

Opening balance as of 1 January 2025	(9,821,813,717)	(107,917,441)	(9,929,731,158)
Charge for the period	(2,115,489,390)	(4,200,129)	(2,119,689,519)
Disposals	597,791,913	96,212,876	694,004,789
Foreign currency translation differences	(250,419,112)	-	(250,419,112)

Closing balance as of 30 September 2025	(11,589,930,306)	(15,904,694)	(11,605,835,000)
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Net book value as of 30 September 2025	4,610,773,339	35,608,131	4,646,381,470
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<u>Cost Value</u>	<u>Buildings</u>	<u>Motor vehicles</u>	<u>Total</u>
Opening balance as of 1 January 2024	14,355,743,481	167,002,371	14,522,745,852
Additions	435,054,009	10,656,072	445,710,081
Rent change	1,875,288,844	1,182,560	1,876,471,404
Disposals	(1,225,735,132)	(77,571,990)	(1,303,307,122)
Foreign currency translation differences	(830,075,108)	-	(830,075,108)

Closing balance as of 30 September 2024	14,610,276,094	101,269,013	14,711,545,107
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Accumulated Depreciation

Opening balance as of 1 January 2024	(9,350,668,236)	(125,307,072)	(9,475,975,308)
Charge for the period	(1,732,380,425)	(49,889,557)	(1,782,269,982)
Disposals	878,361,654	77,379,712	955,741,366
Foreign currency translation differences	581,262,560	-	581,262,560

Closing balance as of 30 September 2024	(9,623,424,447)	(97,816,917)	(9,721,241,364)
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Net book value as of 30 September 2024	4,986,851,647	3,452,096	4,990,303,743
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The average useful lives of right-of-use assets is between 2-7 years.

Depreciation expenses amounting to TL 1,976,668,614 (30 September 2024 TL 1,619,036,683) are included in marketing expenses.

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10. RIGHT OF USE ASSETS (cont'd)

Depreciation expenses:

	30 September 2025	30 September 2024
Buildings	2,115,489,390	1,732,380,425
Motor vehicles	4,200,129	49,889,557
	2,119,689,519	1,782,269,982

Profit or loss statement items related to leasing transactions

	30 September 2025	30 September 2024
Depreciation and amortization expenses	2,119,689,519	1,782,269,982
Interest expenses	358,638,576	374,755,417
Foreign exchange expenses	(47,948,179)	10,174,359
	2,430,379,916	2,167,199,758

11. BORROWINGS

Financial Borrowings

Details of borrowings at amortized cost are as follows:

<u>Financial Borrowings</u>	30 September 2025	31 December 2024
Short-term bank loans	5,016,589,388	3,728,547,766
Short-term portion of long-term financial borrowings	164,326,199	354,906,252
Short-term lease liabilities	1,472,654,153	1,680,716,224
Long-term bank loans	21,193,248	30,565,643
Long-term lease liabilities	2,082,236,702	2,295,194,134
	8,756,999,690	8,089,930,019

Bank Loans

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

	30 September 2025	31 December 2024
To be paid within 1 year	5,180,915,587	4,083,454,018
To be paid within 1 - 2 years	21,193,248	30,565,643
	5,202,108,835	4,114,019,661

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11. BORROWINGS (cont'd)

Bank Loans (cont'd)

Short-Term Financial Borrowings as of 30 September 2025

Currency	Effective interest rate(%)	Nominal value (*)	Carrying value
TL	23% - 58%	2,957,781,038	2,452,012,939
Euro	5% - 10%	2,341,609,478	2,287,983,157
US Dollar	5% - 8%	102,157,552	100,194,965
Georgian Lari	15% - 16%	98,996,768	94,143,526
Kazakhstan Tenge	17% - 21%	64,845,592	60,775,773
Other	22% - 27%	201,012,516	185,805,227
		5,766,402,944	5,180,915,587

Short-Term Financial Borrowings as of 31 December 2024

Currency	Effective interest rate(%)	Nominal value (*)	Carrying value
TL	26% - 52%	2,522,836,151	2,431,727,211
EUR	3% - 10%	1,330,644,813	1,251,502,966
US Dollar	11% - 14%	67,570,392	63,808,169
Georgian Lari	17%	106,365,599	105,318,688
Kazakhstan Tenge	19% - 21%	52,629,943	46,200,802
Other	12% - 22%	194,434,331	184,896,182
		4,274,481,229	4,083,454,018

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

Long-Term Financial Borrowings as of 30 September 2025

Currency	Effective interest rate(%)	Nominal value (*)	Carrying value
TL	23% - 55%	386,835	358,969
EUR	6% - 9%	21,728,166	20,834,279
		22,115,001	21,193,248

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11. BORROWINGS (cont'd)

Bank Loans (cont'd)

Long-Term Financial Borrowings as of 31 December 2024

Currency	Effective interest rate(%)	Nominal value (*)	Carrying value
EUR	7% - 10%	38,426,912	30,565,643
		38,426,912	30,565,643

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

Financial Lease Liabilities

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

<u>Financial Borrowings</u>	30 September 2025	31 December 2024
Short-term lease liabilities	1,472,654,153	1,680,716,224
Long-term lease liabilities	2,082,236,702	2,295,194,134
	3,554,890,855	3,975,910,358

<u>Net Financial Debt Reconciliation</u>	30 September 2025	31 December 2024
Cash and cash equivalents	828,388,576	733,771,781
Bank loans	(5,202,108,835)	(4,114,019,661)
Lease liabilities	(3,554,890,855)	(3,975,910,358)
Total borrowings	(7,928,611,114)	(7,356,158,238)

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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11. BORROWINGS (cont'd)

	Bank loans	Lease liabilities	Financial lease liabilities	Net borrowings
1 January 2025	4,114,019,661	3,975,910,358	-	8,089,930,019
Cash inflows from borrowings	4,646,946,394	-	-	4,646,946,394
Cash outflows related to debt payments	(3,462,460,556)	(1,764,504,556)	-	(5,226,965,112)
Effect of contract changes/reversals	-	1,390,131,376	-	1,390,131,376
Change in foreign exchange differences	726,720,018	68,070,781	-	794,790,799
Change in interest accruals	45,047,283	339,276,908	-	384,324,191
Foreign currency translation differences	(34,087,843)	352,081,839	-	317,993,996
Inflation effect	(834,076,122)	(806,075,851)	-	(1,640,151,973)
30 September 2025	5,202,108,835	3,554,890,855	-	8,756,999,690
	Bank loans	Lease liabilities	Financial lease liabilities	Net borrowings
1 January 2024	2,725,043,652	4,004,858,595	-	6,729,902,247
Cash inflows from borrowings	2,855,047,861	-	-	2,855,047,861
Cash outflows related to debt payments	(1,762,669,977)	(1,355,746,953)	-	(3,118,416,930)
Effect of contract changes/reversals	-	1,842,260,126	-	1,842,260,126
Change in foreign exchange differences	179,694,665	10,174,365	-	189,869,030
Change in interest accruals	15,665,209	252,223,902	-	267,889,111
Foreign currency translation differences	35,553,986	4,919,349	-	40,473,335
Inflation effect	(719,275,344)	(1,057,082,536)	-	(1,776,357,880)
30 September 2024	3,329,060,052	3,701,606,848	-	7,030,666,900

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12. PROVISIONS

<u>Short-term provisions</u>	30 September 2025	31 December 2024
Provision for litigation	24,910,228	31,335,201
	24,910,228	31,335,201

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

	2025	2024
As of 1 January	31,335,201	43,631,182
Provision recognized in the period	8,653,787	7,602,709
Payments	(6,130,475)	(8,085,948)
Provision used in the period	(862,220)	(548,189)
Inflation effect	(8,086,065)	(11,516,453)
As of 30 September	24,910,228	31,083,301

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 September 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 30 September 2025 and 31 December 2024 are as follows:

30 September 2025

	Original currency			
	TL	US Dollar	Euro	TL Equivalents
A. GPMs Given for Company's Own Legal Personality	244,708,204	852,452	2,416,314	397,632,182
-Guarantee	244,708,204	852,452	2,416,314	397,632,182
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies	-	97,970	1,224,718	63,645,535
-Guarantee	-	97,970	1,224,718	63,645,535
-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	244,708,204	950,422	3,641,032	461,277,717

Guarantees, pledges and mortgages given to the equity ratio of the Group is 3.6% as of 30 September 2025.

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13. COMMITMENTS (cont'd)

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

31 December 2024

	Original currency			TL Equivalents
	TL	US Dollar (*)	Euro(*)	
A. GPMs Given for Company's Own Legal Personality	334,947,278	230,634	4,405,018	548,148,510
-Guarantee	334,947,278	230,634	4,405,018	548,148,510
-Pledge	-	-	-	-
-Mortgage	-	-	-	-
B. GPMs Given on Behalf of Fully Consolidated Companies	-	42,238	1,199,398	57,142,112
-Guarantee	-	42,238	1,199,398	57,142,112
-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	334,947,278	272,872	5,604,416	605,290,622

Guarantees, pledges and mortgages given to the equity ratio of the Group is 4.3% as of 31 December 2024.

(*) The related amounts are presented in original currency and TL equivalents are expressed in terms of the purchasing power of 30 September 2025.

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13. COMMITMENTS (cont'd)

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

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

The financial liabilities of the Group's subsidiaries are recognized on a line-by-line basis in the consolidated financial statements and disclosed in the financial liabilities note (Note 11). Koton Mağazacılık has given guarantees to the financial institutions as a guarantor for the use of these loans. The Group's liabilities are limited to the amounts disclosed in Note 11. As at 30 September 2025, the total amount of these loans, for which the Company is a guarantor and which are already recognized as financial liabilities in the consolidated financial statements due to full consolidation method of accounting, is GEL 6 million (TL 91,927,200) , RUB 372 million (TL 185,419,433) and KZT 805 million (TL 60,950,495), respectively. (As at 31 December 2024, the total amount of these loans, for which the Company is a guarantor and which are already recognized as financial liabilities in the consolidated financial statements due to full consolidation method of accounting, is 6,5 million GEL (TL 83,966,389), 405 million RUB (TL 135,594,000) and 548 million KZT (TL 36,834,054) .

14. EMPLOYEE BENEFITS

Payables related to employee benefits

	30 September 2025	31 December 2024
Payables to personnel	313,176,250	263,397,606
Social security premiums payable	111,235,770	122,461,443
	424,412,020	385,859,049

Short-term provisions for employee benefits

	30 September 2025	31 December 2024
Unused vacation provision	247,558,327	236,812,204
Bonus provisions	18,298,576	18,334,729
	265,856,903	255,146,933

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

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14. EMPLOYEE BENEFITS (cont'd)

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

Movement of unused vacation provisions:

	2025	2024
As of 1 January	236,812,204	219,379,967
Period expense / Used (Net)	99,705,055	118,307,854
Vacation provision paid	(44,215,337)	(41,608,078)
Foreign currency translation differences	5,499,373	1,551,338
Inflation effect	(50,242,968)	(57,905,347)
As of 30 September	247,558,327	239,725,734

Movement of provisions for bonuses:

	2025	2024
As of 1 January	18,334,729	124,920,734
Provision made during the period	(14,617,547)	(91,947,903)
Bonus provision paid	18,298,576	9,292,987
Inflation effect	(3,717,182)	(32,972,831)
As of 30 September	18,298,576	9,292,987

Long-term provisions for employee benefits

Provision for employment termination benefits:

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

The amount payable consists of one month's salary limited to a maximum of TL 53,919.68 for each period of service as of 30 September 2025 (30 September 2024: TL 41,828.42).

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

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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 30 September 2025, the provision has been calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. The provisions at the respective balance sheet dates have been calculated with the assumption of 27.87% real discount rate (31 December 2024: 26.25%) calculated by using 22.70% annual inflation rate and 4.21% discount rate. Estimated amount of retirement pay not paid due to voluntary leaves is also taken into consideration as 19.19% (31 December 2024: 15.41%). The maximum amount of TL 53,919.68 effective from 1 January 2025 has been taken into account in the calculation of the severance pay provision of the Group (1 July 2024: TL 41,828.42 TL).

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

	2025	2024
As of January 1	139,390,914	160,976,994
Service cost	38,014,256	39,700,946
Interest cost	44,657,590	42,283,878
Employment termination benefit paid	(73,564,803)	(69,329,206)
Actuarial loss	33,474,086	16,291,018
Foreign currency translation differences	503,876	476,109
Inflation effect	(36,238,810)	(42,788,430)
As of 30 September	146,237,109	147,611,309

15. OTHER ASSETS AND LIABILITIES

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

Movements of Turquality income accruals

	30 September 2025	31 December 2024
Turquality income accruals (*)	99,612,340	551,941,155
Deferred VAT	377,133,951	1,653,933
Other	119,532,168	31,775,010
	596,278,459	585,370,098

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15. OTHER ASSETS AND LIABILITIES (cont'd)

	2025	2024
As of 1 January	1,653,933	-
Period Income (Note 21)	99,612,340	4,801,613
Collections	(1,318,615)	(3,962,964)
Inflation effect	(335,318)	(838,649)
As of 30 September	99,612,340	-

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

	30 September 2025	31 December 2024
Taxes and funds payable	204,050,522	194,361,931
	204,050,522	194,361,931

16. SHARE CAPITAL, RESERVES AND OTHER EQUITY ITEMS

Paid-in capital

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

	%	30 September 2025	%	31 December 2024
Nemo Apparel BV	39.6%	328,508,456	39.6%	328,508,456
Yılmaz Yılmaz	23.6%	195,902,787	23.6%	195,902,787
Şükriye Gülden Yılmaz	23.6%	195,902,787	23.6%	195,902,787
Shares publicly held	13.2%	109,335,970	13.2%	109,335,970
	100.0%	829,650,000	100.0%	829,650,000
Capital adjustment differences (*)		6,497,347,538		6,497,347,538
Adjusted capital		7,326,997,538		7,326,997,538

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

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

On 30 September 2025, at the extraordinary general assembly meeting held, it was decided to divide the Company's paid-in capital amounting consists Group A and Group B shares to TL 829,650,000 into 829,650,000 registered nominal shares with a unit nominal share value of TL 1. (As of 31 December 2024, the Company's paid-in capital amounting to TL 829,650,000 consists of registered nominal shares with a unit nominal share value of TL 1).

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

Restricted reserves appropriated from profit

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

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

As of 30 September 2025, the Group have allocated reserves amounting to TL 219,222,389 (31 December 2024: TL 219,222,389) in the restricted reserves in the consolidated financial statements for the treasury shares of the Group.

Share issuance premiums / discounts

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

The share issuance premiums is as follows:

Share issuance premiums / discounts	1,388,420,194
Capital increase	(34,150,000)
Public share expenses	(128,477,103)
Inflation effect	133,928,590
	1,359,721,681

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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 TPL financial statements.

30 September 2025	PPI Indexed Legal records	CPI Indexed amounts	Differences to be followed in Retained Earnings
Capital adjustment differences	6,990,970,050	6,497,347,538	493,622,512
Legal reserve inflation adjustment differences	263,025,794	219,222,389	43,803,405
Premiums related to shares	1,098,476,641	1,359,721,681	(261,245,040)
	8,352,472,485	8,076,291,608	276,180,877

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

Foreign currency translation differences

Foreign currency translation differences consist of foreign currency exchange differences arising from the translation of the Group's financial statements from the functional currency to the reporting currency. As of 30 September 2025, the Group has foreign currency translation differences amounting to TL (3,661,373,221), 31 December 2024: TL (3,020,471,135) in the accompanying consolidated financial statements.

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

Defined benefit plans remeasurement losses

As of 30 September 2025, actuarial losses amounting to TL (196,533,877) (31 December 2024: TL 171,428,313) consist of actuarial losses recognized as other comprehensive expense related to provision for employment termination benefits.

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

Profit Distribution:

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

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

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

Resources that may be subject to profit distribution:

As of the reporting date, the Group has no resources that can be subject to profit distribution in the financial statements prepared in accordance with the Tax Procedure Law (31 December 2024: None).

Analysis of other comprehensive expense items

	30 September 2025	31 December 2024
Defined Benefit Plans Remeasurement Losses	(196,533,877)	(171,428,313)
Hedge Fund	(227,741,128)	(42,286,520)
Foreign Currency Translation Fund	(3,661,373,221)	(3,020,471,135)
	(4,085,648,226)	(3,234,185,968)

17. REVENUE AND COST OF SALES

a) Sales

Sales of goods and services	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
-Retail	19,274,856,352	19,585,042,724	6,833,398,809	6,630,405,927
-E-Commerce	2,392,851,373	2,610,314,009	666,018,459	1,136,798,255
-Wholesale	1,192,068,667	1,599,254,536	414,476,816	483,698,128
	22,859,776,392	23,794,611,269	7,913,894,084	8,250,902,310

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

b) Cost of sales

	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Cost of trade goods sold	(9,488,470,130)	(9,524,458,120)	(3,149,131,674)	(2,960,493,533)
Cost of goods sold	(771,608,017)	(613,699,869)	(267,824,780)	(236,794,326)
	(10,260,078,147)	(10,138,157,989)	(3,416,956,454)	(3,197,287,859)

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18. EXPENSES BY NATURE

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

Depreciation and amortization expenses

	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Research and development expense	43,170,597	61,200,808	15,138,874	20,958,761
Marketing expenses	2,629,174,528	2,260,878,374	834,636,734	747,636,301
General administrative expenses	138,259,287	166,743,773	43,603,223	77,094,015
	2,810,604,412	2,488,822,955	893,378,831	845,689,077

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

	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Research and development expenses	190,019,285	200,848,148	61,491,217	63,801,266
Marketing expenses	2,936,849,338	2,949,156,331	950,580,621	953,873,644
General administrative expenses	1,497,909,821	1,276,572,710	538,211,714	444,897,938
	4,624,778,444	4,426,577,189	1,550,283,552	1,462,572,848

19. OTHER INCOME/(EXPENSES) FROM OPERATING ACTIVITIES

Other Income	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Foreign exchange gains from operating activities	1,113,948,301	569,557,381	62,607,030	132,353,981
Discount interest income from trade transactions	179,865,662	293,278,102	74,429,649	161,901,542
Turquality income	99,612,340	4,801,613	14,103,398	118,148
Other income	189,983,077	113,872,303	110,996,328	39,509,996
	1,583,409,380	981,509,399	262,136,405	333,883,667

Other Expense	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Discount interest expense on purchases of goods	1,599,733,253	1,976,404,751	572,858,173	680,145,835
Foreign exchange losses from operating activities	288,012,783	259,637,524	90,722,639	83,604,583
Provision for doubtful trade receivables (Note 5)	5,544,933	14,530,174	497,674	589,947
Litigation provision expenses	8,653,787	7,602,709	722,132	1,172,762
Other	90,326,466	48,564,266	11,071,740	18,076,201
	1,992,271,222	2,306,739,424	675,872,358	783,589,328

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20. FINANCE INCOME AND EXPENSES

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

	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Lease concessions (*)	-	91,021,828	-	7,199,665
Interest income	115,975,031	252,610,561	20,821,465	103,784,741
	115,975,031	343,632,389	20,821,465	110,984,406

(*) It consists of the rent discounts received by the Group from the lessor regarding the lease agreements within the scope of TFRS 16 standard in the years ended 30 September 2025 and 30 September 2024.

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

	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Interest expenses	1,160,193,383	706,051,937	372,089,806	247,095,435
Credit card commissions	486,758,548	440,538,391	159,270,617	145,358,431
Interest expense on lease liabilities	358,638,576	374,755,417	94,514,636	135,870,114
Foreign exchange losses (net)	370,639,046	166,652,061	146,426,160	55,178,173
Banking and guarantee expenses	43,568,162	38,237,748	16,057,272	18,255,593
Other	32,107,326	9,885,225	1,988,321	4,068,882
	2,451,905,041	1,736,120,779	790,346,812	605,826,628

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

Current Period Tax Assets	1 January - 30 September 2025	1 January - 31 December 2024
Corporate tax and income tax payable	-	-
Less: prepaid taxes (-)	(59,757,687)	(78,527,011)
	(59,757,687)	(78,527,011)

	1 January - 30 September 2025	1 January - 30 September 2024
Current period corporate tax expense (-)	-	-
Deferred tax (expense) / income	(54,428,720)	(125,334,026)
	(54,428,720)	(125,334,026)

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

Corporate Tax

Türkiye

The Group is subject to Turkish corporate taxes. Provision is made in the accompanying consolidated financial statements for the estimated charge based on the Group's results for the years and periods.

Corporate tax is applied on taxable corporate income, which is calculated from the statutory accounting profit by adding back non-deductible expenses, and by deducting tax-exempt earnings, other exempt income and other incentives (prior year's losses if any and investment incentives used if preferred) utilized.

The effective tax rate in 2025 is 25% in Türkiye (2024: 25%).

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

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

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

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

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

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

Transfer pricing regulations

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

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

Russia

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

Deferred Tax:

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

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

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

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

	<u>Accumulated Temporary Differences</u>		<u>Deferred Tax Assets/Liabilities</u>	
	30 September 2025	31 December 2024	30 September 2025	31 December 2024
Inventories	2,646,903,332	2,111,076,390	(695,374,373)	(562,210,897)
Property, plant and equipment and intangible assets	652,969,672	323,869,711	(163,242,418)	(80,967,428)
Provision for vacation	(247,558,327)	(236,812,204)	59,038,676	56,602,488
Provision for employment termination benefits	(146,237,109)	(139,390,914)	36,559,277	34,847,729
Litigation provision	(24,910,228)	(31,335,201)	6,227,557	7,83,800
Cash capital deduction	(94,364,376)	(182,005,210)	23,591,094	45,501,303
Adjustments related to trade payables	705,797,834	609,300,841	(176,356,662)	(152,239,091)
Adjustments related to trade receivables	(205,757,633)	(114,198,583)	51,439,409	28,549,646
Prior years' losses	(3,714,418,999)	(2,566,518,796)	919,417,854	650,403,937
Adjustments related to financial liabilities	159,088,396	194,352,220	(39,772,099)	(48,588,055)
Right-of-use asset and liability	1,062,438,882	1,229,800,917	(268,544,000)	(310,090,636)
Hedge accounting	(303,654,837)	(56,382,026)	75,913,709	14,095,506
Premium accrual	(18,298,576)	(18,334,729)	3,590,094	3,679,217
Return provisions	(154,508,385)	18,731,873	38,627,095	(4,682,969)
Design center discount	(55,302,724)	(82,048,225)	13,825,681	20,512,056
Other	355,631,044	(95,906,912)	(86,441,572)	23,976,722
Deferred Tax Asset Net	617,817,966	964,199,152	(201,500,678)	(272,776,672)

The tax rate used in the calculation of deferred tax assets and liabilities is 25% on temporary timing difference expected to reverse in 2025 and beyond (2024 : 25%).*Deferred Tax (cont'd):*

The movement of deferred tax (assets) / liabilities for the years ended 30 September 2025, 30 September 2024 is given below:

	2025	2024
Opening balance as of 1 January	(272,776,672)	(327,898,712)
Tax (expense)/income for the period	(54,428,720)	(125,334,026)
Recognized in other comprehensive income	70,186,725	6,971,986
Translation (gain) / loss	145,322,228	104,959,627
Monetary loss gain	(89,804,239)	(138,184,689)
Closing balance as of 30 September	(201,500,678)	(479,485,814)

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22. RELATED PARTY DISCLOSURES

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

Payables due to related parties generally arise from lease transactions and have approximate maturities of one month.

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

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

1 January- Transactions with related parties 2025	1 January - 30 September 2025	1 July - 30 September 2024	1 July - 30 September 2024	30 September
Gülyılmaz Gayrimenkul Yatırım Geliştirme İşletme ve Ticaret A.Ş.	19,256,595	12,378,418	5,431,719	4,854,328
	19,256,595	12,378,418	5,431,719	4,854,328

Compensation of key management personnel:

	1 January- 30 September 2025	1 January- 30 September 2024
Salaries and other short-term benefits	147,126,166	185,555,022
	147.126.166	185,555,022

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.

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23. EARNINGS PER SHARE

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

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

Earnings share	1 January- 30 September 2025	1 January- 30 September 2024	1 July- 30 September 2025	1 July- 30 September 2024
Average number (full value) of shares outstanding during the period	829,650,000	829,650,000	829,650,000	829,650,000
Average weighted number (full value) of Shares outstanding during the period	829,650,000	829,650,000	829,650,000	829,650,000
Net profit for the parent company shareholders	(75,388,629)	1,274,489.498	2,845,323	331,511,788
Earnings per share (TL)	(0.091)	1.536	0.003	0.400

On May 10, 2024, the Company's shares began trading on the stock exchange. With this public offering, the Company's capital was increased from TL 795,500,000 to TL 829,650,000, and the additional TL 34,150,000 in nominal value shares were added to the capital. It was decided to divide the Company's paid-in capital of TL 829,650,000 into 829,650,000 registered nominal shares, each with a nominal value of TL 1.

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

24. EXCHANGE RATE RISK AND FOREIGN CURRENCY POSITION

Foreign currency risk

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

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

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

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

Foreign currency risk management

	TL Equivalent (Functional Currency)	30 September 2025		
		US Dollar	Euro	GBP
1. Trade Receivables	1,092,234,749	13,698,460	10,409,781	-
2a. Monetary Financial Assets	190,703,198	1,657,224	2,504,639	1,537
2b. Non-Monetary Financial Assets	-	-	-	-
3. Other	2,142,040	51,617	-	-
4. Current Assets (1+2+3)	1,285,079,987	15,407,301	12,914,420	1,537
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)	1,285,079,987	15,407,301	12,914,420	1,537
10. Trade Payables	1,823,897,718	43,111,011	715,977	520
11. Financial Liabilities	2,367,624,162	2,400,218	46,621,107	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	48,346	1,165	-	-
13. Current Liabilities (10+11+12)	4,191,570,226	45,512,394	47,337,084	520
14. Trade Payables	-	-	-	-
15. Financial Liabilities	532,131	-	10,938	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	532,131 -	-	10,938	-
18. Total Liabilities(13+17)	4,192,102,357	45,512,394	47,348,022	520
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	(227,741,128)	-	(4,681,417)	-
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	227,741,128	-	4,681,417	-
20. Net foreign currency asset/(liability) position (9-18+19)	(3,134,763,498)	(30,105,093)	(39,115,019)	1,017
21. Monetary items net foreign currency liability position (1+2a+5+6a-10-11-12a-14-15-16a)	(2,909,116,064)	(30,155,545)	(34,433,602)	1,017
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	4,915,391,860	39,293,417	118,941,924	-
24. Import	1,946,388,088	49,864,140	39,196	-

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

Foreign currency risk management

31 December 2024

	TL Equivalent (Functional Currency)	US Dollar	Euro	GBP
1. Trade Receivables	586,238,678	10,496,127	2,658,376	-
2a. Monetary Financial Assets	141,873,151	1,452,680	1,682,931	2,391
2b. Non-Monetary Financial	-	-	-	-
3. Other	14,706,514	304,092	27,591	-
4. Current Assets (1+2+3)	742,818,343	12,252,899	4,368,898	2,391
5. Trade Receivables	-	-	-	-
6a. Monetary Financial Assets	-	-	-	-
6b. Non-Monetary Financial Assets	-	-	-	-
7. Other	-	-	-	-
8. Non-Current Assets (5+6+7)				
9. Total Assets (4+8)	742,818,343	12,252,899	4,368,898	2,391
10. Trade Payables	1,448,234,006	31,781,886	955,131	1,400
11. Financial Liabilities	1,315,311,138	1,444,263	27,155,541	-
12a. Other Monetary Liabilities	-	-	-	-
12b. Other Non-Monetary Liabilities	-	-	-	-
13. Current Liabilities (10+11+12)	2,763,545,144	33,226,149	28,110,672	1,400
14. Trade Payables	-	-	-	-
15. Financial Liabilities	29,032,962	-	629,967	-
16a. Other Monetary Liabilities	-	-	-	-
16b. Other Non-Monetary Liabilities	-	-	-	-
17. Non-Current Liabilities (14+15+16)	29,032,962		629,967	
18. Total Liabilities(13+17)	2,792,578,106	33,226,149	28,740,639	1,400
19. Net asset/(liability) position of off balance sheet derivative instruments (19a-19b)	(42,286,520)		(917,547)	
19a. Amount of foreign currency derivative products out of statement of financial position with active character				
19b. Amount of foreign currency derivative products excluded from the financial position statement with liable character	42,286,520		917,547	
20. Net foreign currency asset/(liability) position (9-18+19)	(2,092,046,283)	(20,973,250)	(25,289,288)	991
21. Monetary items net foreign currency liability position (1+2a+5+6a-10-11-12a-14-15-16a)	(2,064,466,277)	(21,277,342)	(24,399,332)	991
22. Financial instruments used for currency hedging total fair value				
23. The amount of the hedged portion of foreign currency assets	-	-	-	-
24. The amount of the hedged portion of foreign currency liabilities	-	-	-	-
23. Export	6,892,141,147	43,870,262	119,974,756	-
24. Import	2,281,906,854	55,184,836	91,309	-

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2025

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

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

Foreign currency risk management (cont'd)

Foreign currency sensitivity

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

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

30 September 2025

	<u>Profit/Loss</u>		<u>Equity(*)</u>	
	<u>Appreciation of Foreign Currency</u>	<u>Depreciation of Foreign Currency</u>	<u>Appreciation of Foreign Currency</u>	<u>Depreciation of Foreign Currency</u>
In case of US Dollar appreciation by 20 % against TL				
1 - US Dollar net asset / liability	(249,843,300)	249,843,300	(249,843,300)	249,843,300
2- The portion hedged from US Dollar risk (-)	-	-	-	-
3- Net effect of US Dollar	(249,843,300)	249,843,300	(249,843,300)	249,843,300
In case of Euro appreciation by 20 % against TL				
4 - Euro net asset / liability	(380,572,707)	380,572,707	(380,572,707)	380,572,707
5 - The portion hedged from Euro risk (-)	(37,090,922)	37,090,922	(45,548,226)	45,548,226
6- Net effect of Euro	(417,663,628)	417,663,628	(426,120,932)	426,120,932
TOTAL (3+6)	(667,506,928)	667,506,928	(675,964,232)	675,964,232

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2025

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

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

Foreign currency risk management (cont'd)

Foreign currency sensitivity (cont'd)

31 December 2024

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

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

25. MONETARY GAIN/(LOSSES)

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

Non Monetary Items

30 September 2025 30 September 2024

Balance Sheet Items

Subsidiaries	136,311,644	219,579,554
Deferred Income	(7,853,762)	(11,673,658)
Property, Plant and Equipment	23,444,769	187,314,586
Intangible Assets	(47,758,256)	119,962,178
Right of use Assets	(151,734,724)	748,986,332
Prepaid Expenses	131,850,026	76,428,044
Inventories	307,425,090	1,329,483,792
Restricted reserves appropriated from profit	-	(8,595,607)
Capital Adjustments Differences	(464,850,231)	(386,817,456)
Accumulated other comprehensive expenses not to be reclassified to profit or loss	24,901,281	(50,512,379)
Retained Earnings	(439,014,378)	(676,719,818)
Total Balance Sheet Items	(487,278,541)	1,547,435,568

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 1 JANUARY - 30 SEPTEMBER 2025

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

25. MONETARY GAIN/(LOSSES) (cont'd)

	30 September 2025	30 September 2024
Income Statement Items	1,591,146,013	(501,388,286)
Revenue	(1,599,415,488)	(1,989,476,856)
Cost of Sales	1,373,723,920	505,582,521
Research and Development Expenses	39,737,983	24,732,292
Marketing Expenses	1,281,859,032	475,651,582
General Administrative Expenses	202,682,744	140,675,349
Other Income from operating activities	(163,057,804)	(146,901,733)
Other Expenses from operating activities	213,949,473	272,999,906
Income from investing activities	(586,466)	(337,702)
Expense from investing activities	38,440	121,957
Financial expenses	174,698,504	88,965,658
Deferred tax Expense/Income	67,515,675	126,598,740

26. EVENTS AFTER THE REPORTING PERIOD

After the reporting period of September 30, 2025, a total of three new stores were opened: two abroad and one domestically. Thus, as of November 6, 2025, the total number of stores reached 461.