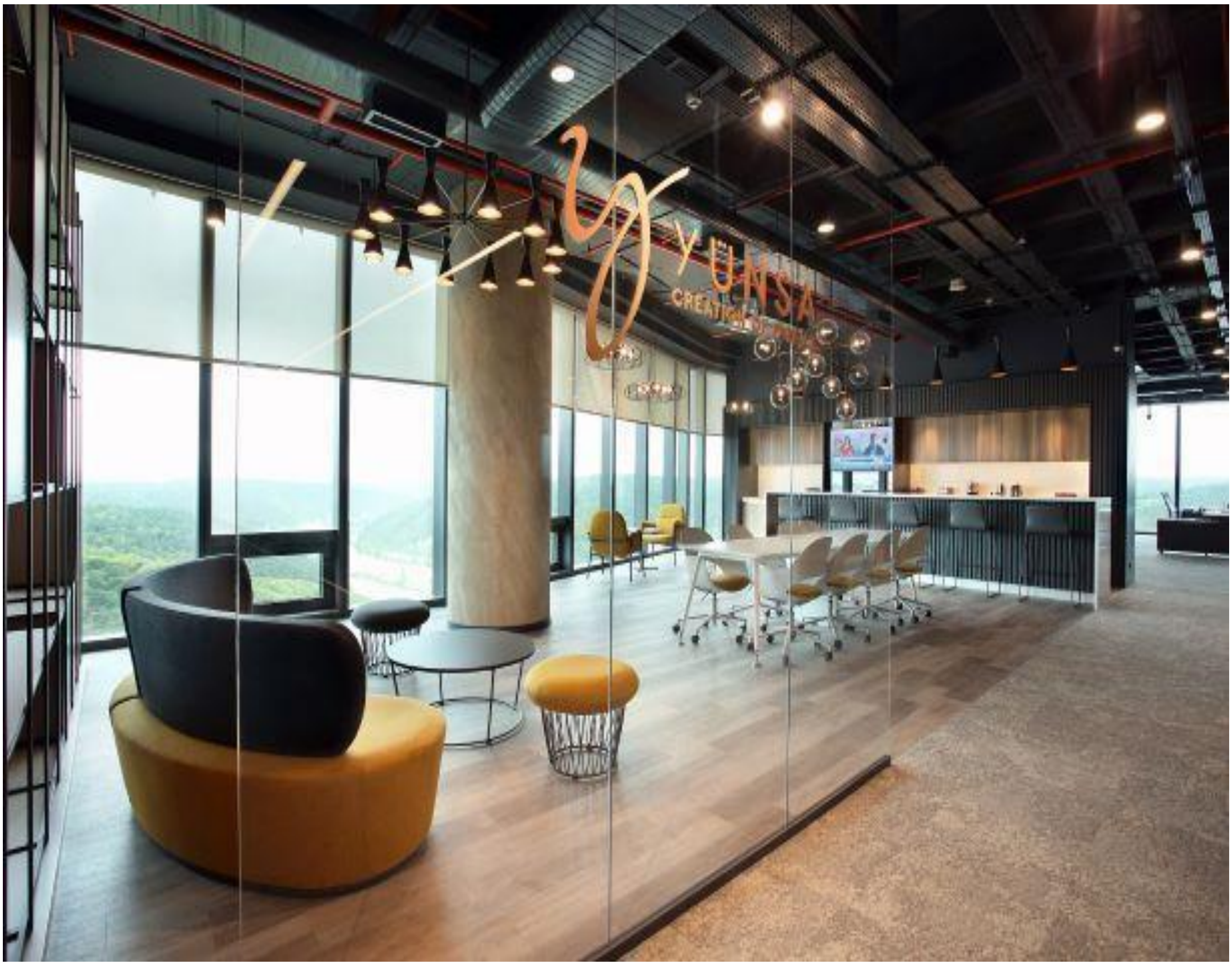
YÜNSA
CREATION OF FABRICS

YÜNSA YÜNLÜ INDUSTRY AND TRADE INC.

FOR THE PERIOD BETWEEN JANUARY 1 AND JUNE 30, 2026
CAPITAL MARKETS BOARD'S REGULATION NO II-14.1 ON CAPITAL MARKETS
PREPARED BASED ON THE COMMUNIQUE ON PRINCIPLES RELATED TO FINANCIAL REPORTING
BOARD OF DIRECTORS ACTIVITY REPORT

Headquarters, Istanbul	Factory, Çerkezköy
Vadi Istanbul, Ayazağa	Organized Industrial Zone



A. GENERAL INFORMATION

1. Accounting period to which the report relates: January 1, 2026 – June 30, 2026

2. Partnership Information

Trade Name	Yünsa Yünlü Sanayi ve Ticaret A.Ş.
Trade Registry Number	122890-0
Tax Office	Large Taxpayers
Tax Number	9950030604
Head Office Address Information	Vadi Istanbul 1B Block K:23 34396 Ayazaga - Sarıyer / Istanbul - Türkiye
Center Contact Information	Tel: 2123656500 | Fax: 2122825067
Address of Production Facilities	Organized Industrial Zone (OSB), Çerkezköy 59500 Tekirdağ/Türkiye
Website	www.yunsa.com
Registered Capital Ceiling	500,000,000 TL
Paid / Issued Capital	480,000,000 TL

3. Partnership Structure and Capital Distribution

Shareholder	Number of Shares	%
Sürmegöz Tekstil Yatırım A.Ş.	277,835,496.94	57.88
Other (Public)	202,164,503.06	42.12
Total	**480,000,000.00**	**100.00**

4. Directors, Senior Executives and Number of Staff

The Company is managed and represented by a Board of Directors consisting of at least five members elected by the General Assembly from among shareholders in accordance with the provisions of the Turkish Commercial Code ("TCC"). Board members are elected for a maximum term of three years. Re-election of a member whose term has expired is permissible. The General Assembly may replace Board members at any time if deemed necessary.

At the 2024 Ordinary General Assembly Meeting held on April 18, 2025, in accordance with the provisions of the Turkish Commercial Code and the Capital Markets Law ("CML"), six board members, two of whom are independent members, were elected to serve three-year terms in accordance with Articles 9 and 10 of the Company's Articles of Association. The elected board members and their duties are as follows:

Board members in office as of June 30, 2026

Board Member	Position	Term of Office
Mustafa SÜRMEGÖZ	Chairman	April 18, 2025 – April 18, 2028
Tamer SAKA	Deputy Chairman	April 18, 2025 – April 18, 2028
Taha Adnan SÜRMEGÖZ	Board Member	April 18, 2025 – April 18, 2028
Cem Nuri TEZEL	Board Member	April 18, 2025 – April 18, 2028
Güngör KAYMAK	Independent Board Member	April 18, 2025 – April 18, 2028
Başar AY	Independent Board Member	April 18, 2025 – April 18, 2028

Duties and Powers of Board Members

The rights, obligations, responsibilities and liabilities of the Board of Directors, the form and quorum of meetings, the withdrawal of a member, death or circumstances preventing the member from performing his/her duties, remuneration and other matters related to the Board of Directors are governed by the provisions of the Turkish Commercial Code and Capital Markets legislation.

The Board of Directors is authorized to make decisions on all matters, including real estate mortgages, except for those powers granted exclusively to the general assembly by law and the articles of association.

Senior executives in office as of June 30, 2026

Name and Surname	Position	Date of Commencement
Mustafa SÜRMEGÖZ	General Manager	April 24, 2020
Engin SARIBÜYÜK	Director of Operations	September 15, 2017
Hakan KONUŞKAN	Supply Chain Director	May 4, 2020
Mahmure CİVAN	Sales and Marketing Director	January 1, 2026
Murat DOĞAN	Finance and Investor Relations Manager	February 4, 2020

Personnel and Worker Movements, Collective Bargaining Practices and Rights and Benefits Provided to Personnel and Workers

The XXVIth Term Group Collective Bargaining Agreement, which was valid between the Turkish Textile Industry Employers' Union (TTSİS), to which our company is affiliated, and the Turkish Textile Knitting and Clothing Industry Workers' Union (TEKSİF), to which our member employees are affiliated, between the dates 01.04.2022 and 31.03.2025, expired as of 30.06.2025. The 27th Term Group Collective Bargaining Agreement negotiations between TTSİS and TEKSIF were concluded on 14.08.2025 and will be valid for 33 months, effective from 01.04.2025.

Within the framework of our job evaluation and compensation policies, our employees are provided with various benefits, including base salary, bonuses, performance-based variable bonuses, private health insurance, private retirement contributions, accident and life insurance. Our programs also include a dedicated vehicle, initiatives for the use of various communication tools, and additional benefits for our graduate and doctoral staff.

In addition, our employees who are members of the party labor union are provided with wages, rights and social benefits within the framework defined in the collective labor agreement.

5. Number of Staff

	June 30, 2026	December 31, 2025
White-Collar	202	199
Blue-Collar	790	739
Total	**992**	**938**

6. Amendments to the Articles of Association

There has been no change in the articles of association of our company as of 2026.

B. FINANCIAL RIGHTS PROVIDED TO BOARD MEMBERS AND SENIOR EXECUTIVES

1. Total Amount of Financial Benefits Provided, Such as Attendance Fee, Wage, Premium, Bonus, Dividend

Detailed information regarding the financial rights provided to the members of the Board of Directors and senior executives is provided in footnote 6 of the report on the Consolidated Financial Statements for the accounting period of January 1 - June 30, 2026.

2. Information on the Total Amount of Granted Allowances, Travel, Accommodation and Representation Expenses, In-Kind and Cash Opportunities, Insurances and Similar Guarantees

Detailed information regarding the financial rights provided to the members of the Board of Directors and senior executives is provided in footnote 6 of the report on the Consolidated Financial Statements for the accounting period of January 1 - June 30, 2026.

C. RESEARCH AND DEVELOPMENT STUDIES

Our company aims to enhance its leading position in the global textile trade, increase its export share, and contribute to social welfare by reaching new markets with high value-added, sustainable, and innovative products, and by increasing the adaptation and use of state-of-the-art technology. Achieving this goal primarily requires prioritizing innovation, continuously developing current knowledge and technology, and utilizing them in the most efficient way. In this context, the company established the Yünsa R&D Center in 2010, which continues its operations today, to conduct its ongoing and planned R&D projects in coordination with universities and research centers, and to create a culture of continuous innovation with its employees, as well as leading the way in learning and developing new technologies.

In the highly competitive textile sector, where market players are losing ground and market share, Yünsa continues its sales and marketing activities aimed at maintaining its position in the markets with high value-added, high-quality, differentiated products and short delivery times, while also continuing its modernization and improvement efforts to enhance product quality and reduce industrial costs.

In today's intensely competitive environment, systematically conducting technology and innovation studies and developing high value-added innovative products to reach new markets and customers has become inevitable. Yünsa maintains its desire to be the first to work on new areas, and implement new designs, and original works it is working on. In line with its goal of being a leader and pioneer in the sector, it is carrying out the necessary work for intellectual and industrial property rights.

In its sixteenth year of operation in 2026, the Yünsa R&D Center continues to be a motivating force for all its stakeholders through its efforts to strengthen its competitive structure, increase its brand value, and solve chronic problems in production processes. At the Yünsa R&D Center, a sustainable, pioneering, and creative environment has been created where innovative ideas aligned with company goals are transformed into projects through university collaborations.

The Yünsa R&D Center, within the scope of University-Industry collaboration, is strengthening and advancing its communication network with universities by signing mutual cooperation protocols, and will continue its collaborative efforts in 2026. These collaborations encompass not only joint research and development projects but also open innovation meetings, student internships, laboratory facilities, events, publication subscriptions, and technical visits. A total of eight institutions and organizations are currently continuing their collaborative projects.

The Yünsa R&D Center, in collaboration with universities, contributes to raise the R&D level of SMEs by creating new business opportunities for them through research-oriented projects that result in original products and methods. In addition to working with SMEs, it also continues its collaboration efforts at a global level. In the second quarter of 2026, the number of our TÜBITAK nationally supported projects carried out in partnership with institutions is three.

Since 2010, 44 supported projects have been successfully completed, including 42 nationally supported projects and 2 European Union projects. The R&D Center continues its work with a strategy of transforming the results of its projects into scientific publications.

Within the scope of protecting the scientific publication and intellectual property rights of the project results of Yünsa R&D Center; 2 utility model application was registered in the second quarter of 2026. In the second quarter of 2026, there were 7 patent registrations and 8 utility model registrations.

New product development projects, funded by internal and external resources, continue within the scope of new materials, designs, and processes. Yünsa, which has signed cooperation protocols to increase its university-industry collaborations, continues to offer business opportunities to undergraduate students.

In this context, undergraduate students are enabled to complete their graduation theses with co-supervisors from within Yünsa, learning project methodology in the process.

The Yünsa R&D Center operates in accordance with Law No. 5746 on Supporting Research, Development and Design Activities, which aims to make the national economy internationally competitive through R&D and innovation by supporting the production of technological knowledge, innovation in products and production processes, improvement of product quality and standards, increased productivity, reduction of production costs, and commercialization of technological knowledge. In the second quarter of 2026, the R&D Center personnel benefited from income tax, stamp duty, employer's share of social security contributions, R&D personnel salaries, and R&D deduction incentives within the framework of the relevant law. Projects carried out at the Yünsa R&D Center also receive incentives from TÜBİTAK and the Ministry of Industry and Technology of the Republic of Turkey.

D. SUSTAINABILITY STUDIES

The textile industry is among the sectors with high energy and water consumption. Within the company, various efficiency projects are being carried out to optimize the use of natural resources and reduce negative environmental impacts, aiming to reduce the energy and water intensity per meter of fabric produced.

Yünsa, which has been publishing sustainability reports in accordance with GRI (Global Report Initiative) standards since 2016, has completed preparations for its 2025 TSRS (Turkish Sustainability Standards Report) and GRI-compliant Sustainability Report, and has completed all of its arrangements for the audit.

As part of our environmental responsibilities, carbon and water footprint studies for 2025 have been completed, verified by accredited institutions, and published on the Yünsa website. In our strategically important corporate sustainability goals, we continued to contribute to the circular economy by increasing and diversifying the recycled raw material content within material management.

As part of our circular economy approach and sustainable product range, in the second quarter of 2026, we continued to ensure that fabrics are produced using recycled raw materials instead of petroleum-based synthetic raw materials.

Yünsa continues its Sustainability Roadmap efforts by setting targets for 2030 based on performance indicators for its identified priority areas in environmental, social, and economic dimensions.

Efforts are being made to increase the proportion of recyclable raw materials in the fight against climate change. With Global Recycled Standard (GRS) and Recycled Claim Standard (RCS) certifications, recycled materials used in the final product are tracked and verified throughout the supply chain. In addition, priority is given to sourcing wool from farms certified for animal welfare through the Responsible Wool Standard (RWS) and Responsible Mohair Standard (RMS) certifications, which standardize animal welfare and the good management of the land on which animals graze. By certifying our products with the RWS standard for wool, we continue to support the raising of sheep in good conditions and the treatment of soil with best practices in management and conservation. In the second quarter of 2026, we continued our service offering with products certified by Oeko-Tex Standard 100 and Oeko-Tex Recycled, GRS, RCS, RWS, and RMS.

In the second quarter of 2026, Yünsa continued to use its certification guaranteeing the traceability of premium flax fiber grown in Europe.

Yünsa uses the Higg Index Facility Environment Module (FEM) and Higg Index Facility Social and Labor Management (FSLM) modules, platforms established for sustainable production where member brands, retailers, and manufacturers in the sector transparently share their best practices. The verification audit for HIGG FSLM was conducted in March, achieving a score of over 97% in all three categories. The HIGG FEM audit was conducted in May, achieving a score of 89%.

Since 2010, Yünsa has been transparently disclosing its greenhouse gas emissions and water management to the public through its Carbon Disclosure Project (CDP) reporting. In 2025, it achieved a “B” level in the water security and climate change categories thanks to its governance, risk/opportunity assessment studies, emission and energy best practices, and consistent approach to improving water management.

The Borsa Istanbul Sustainability Index is calculated with the aim of creating a platform that guides companies on environmental, social, and corporate governance issues, and also conveys information about companies' sustainability policies to responsible investors. Within the scope of the agreement between Borsa Istanbul and LSEG (London Stock Exchange Group), "publicly available" information is taken into account and sustainability assessment results are used. In 2026, our company continued to be included in the BIST Sustainability Index with a very good score in its sector.

The Borsa Istanbul Sustainability Index is calculated to create a platform that guides companies on environmental, social, and corporate governance issues and provides responsible investors with information on companies' sustainability policies. Under the agreement between Borsa Istanbul and LSEG (London Stock Exchange Group), "publicly available" information is taken into account, and sustainability assessment results are used. In the first quarter of 2026, Yünsa continued to be included in the BIST Sustainability Index with a very good score in its sector.

As part of its corporate responsibility, Yünsa has maintained its membership in the UN Global Compact to strengthen its work on universal values such as human rights, labor standards, environmental protection, and the fight against corruption, thereby increasing its social and environmental impact. (YÜNSA YÜNLÜ SANAYİ VE TİCARET A.Ş. | UN Global Compact) .

E. COMPANY ACTIVITIES AND IMPORTANT DEVELOPMENTS REGARDING ACTIVITIES

1. Investment Activities

As of June 30, 2026, the total investment amount of tangible and intangible fixed assets and right of use of Yünsa Yünlü Sanayi ve Ticaret A.Ş. is TL 62.755.659 (calculated according to the purchasing power of June 30, 2026, the amount of June 30, 2025 is TL 89.482.665).

2. Internal Control System and Internal Audit Activities

The company has an Internal Audit Department to conduct audits, investigations, and reviews in order to protect the company's rights and interests and to develop recommendations against internal and external risks.

In accordance with the principle of independence, the Company's Internal Audit Department reports directly and periodically to the Audit Committee, which consists of Independent Board Members, within the Company's organizational structure, and fulfills the duties assigned to it by the Board of Directors within the framework of the current Audit Committee Bylaws. The internal control mechanism is the responsibility of senior management and is regularly reviewed by the Company's Internal Audit Department.

The responsibilities of the Internal Audit Department include verifying the reliability and accuracy of the financial statements of the Company and its subsidiaries, ensuring that operations are conducted in accordance with the Law and the Company's accepted ethical codes, analyzing processes to identify existing and potential risks in order to increase the effectiveness and efficiency of operations and providing assurance that these risks are reduced to a reasonable level, and checking whether activities within the business are carried out in accordance with predetermined standards, policies, and objectives.

3. Direct and Indirect Affiliates

The main fields of activity and capital participation rates of the companies included in the consolidation are as follows:

Company	Country	Main Activities	Participation Rate
Yünsa Germany GmbH	Germany	Sales & Marketing	100
Yünsa UK Ltd.	England	Sales & Marketing	100
Yünsa Italia Srl	Italy	Design Office	100
Yünsa USA Inc.	America	Sales & Marketing	100

Yünsa Germany Gmbh: Yünsa's 100% stake in Exsa Deutschland GmbH was renamed Yünsa Germany GmbH in 2009. The company was established to organize and carry out marketing and sales activities in **Yünsa** and the surrounding area.

Yunsa UK Ltd.: Yünsa UK Ltd., a 100% owned company by Yünsa, was established in 2007 in Leeds, England, for the sales and marketing of Yünsa products.

Yünsa Italia Srl: Yünsa Italia Srl, in which Yünsa has a 100% partnership share, serves as a fabric design office in Milan, Italy.

Yünsa USA Inc. : The name of the company in which Yünsa has a 100% partnership share was changed to Yünsa USA Inc. in 2009.

4. Information Regarding the Company's Acquisition of Own Shares

The Company did not acquire any of its own shares during the accounting period from January 1 to June 30, 2026.

5. Information Regarding Private and Public Audits

The Company submits its six-month and annual financial statements to independent audits within the framework of the Capital Market Board's mandatory regulations regarding financial reporting and independent audits. There were no private or public audits of the Company during the accounting period from January 1 to June 30, 2026.

6. Information on Lawsuits Filed Against the Company and Their Possible Outcomes That May Affect the Company's Financial Situation and Operations

There are no lawsuits filed against the Company that may affect the Company's financial situation and operations.

7. Explanations Regarding Administrative or Judicial Sanctions Applied Against the Company and its Board Members Due to Practices Contrary to Legislative Provisions

There are no administrative or judicial sanctions applied against the Company and its Board Members.

8. Information on Legislative Changes That May Significantly Affect the Company's Operations

There are no legislative changes that may significantly affect the Company's operations during the accounting period of January 1 - June 30, 2026.

9. **Information on Conflicts of Interest Between the Company and Institutions from Which it Receives Services such as Investment Advisory and Rating**

The Company takes utmost care to prevent any situation that may lead to a conflict of interest with the institutions from which it receives services such as investment advisory and rating, and complies with the relevant legal provisions in these service procurements. No situation creating a conflict of interest occurred in this regard during the accounting period of January 1 - June 30, 2026.

10.Information Regarding Extraordinary General Meetings

No Extraordinary General Meeting was held during the accounting period from January 1 to June 30, 2026.

11. Information Regarding Donations Made During the Year

No donations were made during the accounting period of January 1 – June 30, 2026.

12. If any; information regarding transactions made by members of the board of directors with the company, either on their own behalf or on behalf of others, and activities within the scope of the non-compete clause, within the framework of the permission granted by the company's general assembly:

The Chairman and Members of the Board of Directors may not, directly or indirectly, conduct any transactions with the Company on their own behalf or on behalf of others without the permission of the General Assembly. Permission to this effect was granted to the Chairman and Members of the Board of Directors at the General Assembly held on April 17, 2026. During the period from January 1, 2026 to June 30, 2026, our Chairman and Members of the Board of Directors did not conduct any transactions with the Company and did not engage in any ventures that would compete with its areas of activity.

13. Information on reciprocal shareholdings where the direct participation rate in capital exceeds 5%

There is no reciprocal shareholding relationship.

F. FINANCIAL SITUATION

1. Summary of Financial Statements

The financial statements were prepared in accordance with the financial reporting standards published by the Capital Markets Board. The financial statements dated June 30, 2026 and December 31, 2025 were subjected to Inflation Accounting in accordance with the relevant accounting principles in TMS 29 and were independently audited.

Summary Statement of Financial Position

ASSETS		
(TL)	January 1, 2026 – June 30, 2026	January 1, 2025 – December 31, 2025
Current Assets	3.151.350.202	2.945.320.811
Fixed and non-Current Assets	4.074.617.327	4.099.881.621
Total Assets	**7.225.967.529**	**7.045.202.432**

LIABILITIES & EQUITY		
(TL)	January 1, 2026 – June 30, 2026	January 1, 2025 – December 31, 2025
Short-Term Liabilities	1.371.869.053	1.242.680.895
Long-Term Liabilities	671.836.950	612.068.276
Equity	5.182.261.526	5.190.453.261
Total Liabilities & Equity	**7.225.967.529**	**7.045.202.432**

Summary Profit & Loss Statement

(TL)	January 1, 2026 – June 30, 2026	January 1, 2025 – June 30, 2025
Revenues	1.870.805.773	1.455.443.474
Gross Margin	388.964.686	193.310.207
Operating Profit	277.075.038	71.461.702
EBITDA	258.797.050	160.870.385
Net Profit/Loss for the Period	**177.356.400**	**188.550.953**

2. Important Ratios

(%)	January 1, 2026 – June 30, 2026	January 1, 2025 – June 30, 2025
Gross Margin	20,79	13,28
Operating Profit Margin	14,81	4,91
EBITDA Margin	13,83	11,05
Net Profit Margin	9,48	12,95
Earnings/Loss Per Share	0,003695	0,003928

3. Development of Financing Resources and Policies Implemented by the Business Within the Framework of This Development

New financing alternatives suitable to market conditions are constantly being explored and proposals are being evaluated. The company develops its borrowing policy based on its high cash generation capacity and strong equity structure. Hedging methods and ratios to be used against potential financial risks are being developed within a specific model framework.

4. Dividend Distribution

The determination and distribution of profits are explained in Article 30 of the company's articles of association, titled "Distribution of Profit", as follows:

After deducting the company's general expenses and various depreciation amounts, as well as taxes that the company is obligated to pay, from the income determined at the end of the fiscal year, the remaining net profit shown in the annual balance sheet, after deducting any losses from previous years, shall be distributed in the manner shown below.

a) 5% is allocated to the legal reserve fund.

b) The first dividend is set aside from the remaining amount, in accordance with the Turkish Commercial Code and Capital Markets Legislation, by adding the amount of donations made during the year, if any.

c) After deducting the amounts specified in clauses a and b from the net profit, the General Assembly is authorized to distribute the remaining amount partially or completely as second dividend shares or to set aside as reserve funds.

d) After deducting a dividend of 5% of the paid-up capital from the portion decided to be distributed to shareholders and other persons participating in the profit, one-tenth of the remaining amount is set aside as a second-tier legal reserve fund in accordance with Article 519 of the Turkish Commercial Code.

e) Unless the reserves required by law are set aside, and unless the first dividend determined for shareholders in the articles of association is distributed in cash and/or in the form of shares, no decision can be made to set aside further reserves, to carry forward profits to the following year, or to distribute dividends to preferred shareholders, holders of participation, founder and ordinary usufruct certificates, members of the Board of Directors, officers, employees and workers, foundations established for various purposes, and similar individuals and/or institutions.

f) Dividends shall be distributed equally to all existing shares as of the dividend distribution date, regardless of their issuance and acquisition dates.

As per the Special Circumstances Statement we made on the Public Disclosure Platform (KAP) on March 12, 2026:

According to our consolidated financial statements for the accounting period 01.01.2025 – 31.12.2025, prepared by our company in accordance with the Capital Market Board's Series (II - 14.1 No.) "Principles Regarding Financial Reporting in the Capital Market" Communiqué and independently audited by Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş., a "Period Profit" of **TL 493,130,700.00** was obtained, while according to the Turkish Tax Procedure Law (VUK) records, a "Period Profit" of **TL 685,556,820.55** was obtained;

According to the financial statements prepared in accordance with the Turkish Tax Procedure Law (VUK), the net distributable profit after tax is **524,569,106.72 TL**, while according to the financial statements prepared in accordance with TFRS principles, a net distributable profit of **350,856,226.65 TL** was obtained. Adding the **41,000 TL** donation made during the year, calculated according to purchasing power as of December 31, 2025, to this amount, the first dividend base is **350,897,226.65 TL**. Accordingly, in accordance with Capital Market Legislation, Articles of Association provisions, and the Dividend Distribution Policy, the Net

Distributable Period Profit shall be distributed as follows:

First Dividend	70.179.445,33 TL
Second Dividend	105.248.668,00 TL
Total Gross Dividend	175.428.113,33 TL
Extraordinary Reserve	164.903.246,52 TL

As a result of the distribution of profits in accordance with the above principles,

It was unanimously decided by those present at the meeting that, of the Net Distributable Period Profit of **TL 524,569,106.72** recorded in our legal records prepared in accordance with the provisions of the Tax Procedure Law, **TL 338,616,126.59** be set aside as Extraordinary Reserve,

Thus, it was unanimously decided by those present at the meeting that a total dividend of **TL 149,113,896.33** from the 2025 profit, representing **TL 480,000,000.00** of capital, be distributed in cash to shareholders at rates of **36.55%** (Gross) and **31.07%** (Net), depending on their legal status, starting from April 27, 2026, and that this be submitted for approval at the Ordinary General Meeting to be held on April 17, 2026.

The Board of Directors' dividend distribution proposal was approved at the Ordinary General Assembly held on April 17, 2026, cash distribution to investors began on April 27, and distribution to public shares was completed on April 29.

5. The Sector in Which the Business Operates and Its Position Within the Sector

Yünsa, which boasts Europe's largest integrated production facility under one roof, is one of the world's five largest producers of high-end woolen fabrics. Exporting more than half of its production, Yünsa is the leader in woolen woven fabric exports in Turkey. Exporting to over fifty countries, the company contributes to the Turkish economy with its high export capacity, and is one of the leading national brands representing Turkey internationally with its innovative products and achievements.

As a global Turkish company, Yünsa operates in many regions of the world, with sales offices in the UK, Germany, and the USA; and agencies in France, Australia, Slovakia, South Korea, and Japan. Located in Çerkezköy, Tekirdağ, Yünsa is Europe's largest woven integrated fabric producer under one roof, with an integrated facility covering approximately 200,000 m². It has an annual production capacity of 4,500 tons of worsted yarn and 10 million meters of fabric weaving. The company carries out all processes of yarn production in-house, warping, weaving, dyeing, and finishing, using modern and technologically advanced facilities.

6. Development of the Business

Today, Yünsa is one of the world's five largest premium wool fabric manufacturers. It began its success story in 1973. Yünsa began operations in 1980 by producing high-quality menswear woolen woven fabrics, later adding womenswear, uniforms, and upholstery fabrics to its portfolio. After opening its Çerkezköy design office in 1989, Yünsa shares were offered to the public in 1990 with the goal of improving corporate governance, ensuring corporate transparency, and increasing brand value and national and global recognition.

Yünsa, which made its first overseas investment in 2002 by opening a design office in Biella, Italy, subsequently opened offices in the UK in 2007, the USA in 2008, and Germany in 2009. In 2010, Yünsa opened its R&D center and accelerated its efforts to develop innovative and technological products. With the acquisition in 2019, Sürmegöz Tekstil Yatırım A.Ş. became the controlling shareholder of the company.

7. Products

With half a century of experience in the woolen fabric sector, Yünsa offers a wide range of products, from clothing fabrics to upholstery fabrics, to leading global brands, thanks to its modern and technological infrastructure and designs created with colors and patterns reflecting the latest trends. Developed to meet the needs of different customer groups with 5 main product groups, Yünsa collections offer comfort, performance, and durability all in one.

Premium Fabrics

The Yünsa Premium collection consists of superior quality fabrics produced by blending wool, a 100% natural and sustainable raw material, with special natural fibers such as linen, silk, and cashmere, enriching them with sophisticated textures.

Yünsa Premium is a dynamic collection featuring innovative blends, micro-patterns, fine and coarse textures, jasper, durable muline, boucle, and nope effects. Its qualities include lycra, elasticity, and a matte finish, giving it a natural feel. Yünsa's experienced technical teams impart mechanical stretch properties even to 100% wool fabrics without using elastane.

The preferences of consumers who do not want to compromise on style and comfort are shaping fashion trends today. With comfort being the top priority, significant changes are observed in style. Launched in 2015, the Yünsa Premium collection, designed by Yünsa according to these trends, takes its place in the showcases of major brands with its bold designs.

Men's Clothing Fabrics

Yünsa, with its main area of activity, men's clothing, plays a trend-setting role as a leader in the production of wool and worsted fabrics. In addition to fabrics made from 100% wool in its men's clothing collection, the company also focuses on innovative blends. By blending wool with other natural and regenerated cellulosic fibers, it creates different product groups, and also prepares capsule collections by blending the fabrics with chemical fibers that add various functionalities. Furthermore, it creates a trend of easy-to-use wool fabrics for the end consumer with various finishing applications such as washable, wrinkle-free, natural stretch, odor-preventing, oil, water, and sweat-repellent.

Women's Clothing Fabrics

Since 1999, Yünsa has included women's clothing fabrics in its portfolio, becoming one of the leading manufacturers in the women's apparel sector with its elegant and sophisticated collections catering to all ages and styles.

Responding to ever-increasing comfort expectations with highly elastic and functional fabrics, Yünsa's talented and experienced team offers bold designs that inspire fashion designers with a rich selection of colors and patterns. In its women's clothing collections, lightweight, shiny voile fabrics, lightweight, flowing crepe fabrics, and seersucker and crinkle fabrics with embossed and draped appearances stand out. Yünsa's women's collection offers fabrics with piece dyeing and various finishing applications such as water/oil repellent, washable, and natural stretch. Benefiting from the capabilities of its integrated production facility, the company offers a wide variety of fabric texture options to its customers.

Uniform Fabrics

Since 2005, Yünsa has added uniform fabrics to its portfolio and, in order to offer its customers the best, prepares bespoke collections with value-added fabrics in every region it serves.

Uniform fabrics, prepared with 100% wool, wool/polyester (with/without lycra), functional fiber wool blends, and other wool compositions, are offered to customers with dyed, piece-dyed, and various finishing applications such as water/oil repellent, washable, and natural stretch.

Upholstery Fabrics

Yünsa started producing wool blend upholstery fabrics in 2003 and has since included polyester and recycled polyester qualities in its collections. Continuously conducting research and development activities in line with the expectations and needs of customers and the sector, the company is making steady progress in the upholstery fabric sector.

Yünsa upholstery fabrics are mainly used in furniture, curtains, decorative and office furniture. Developed and produced to meet the demand for high-quality fabrics for use in public spaces, Yünsa upholstery fabrics are also used in special projects such as hospitals, hotels, cinemas, and airports.

In addition, for the public transportation sector, upholstery fabrics are produced for buses, trains, airplanes, and passenger ships that have technical properties such as flame retardant, high strength, oil and liquid repellent, and meet the standards of the sector.

8. Developments in Sales

Yünsa supplies fabrics to leading brands in the fashion world with its rich collections that meet customer expectations and needs, its strong design team, and its ability to serve customers all over the world.

Yünsa's sustainable success is based on its ability to analyze global fashion trends very well and interpret them according to market needs, combining its unique collections, created by taking customer expectations into account, with high-quality fabrics. Always positioning new generation technologies as part of the production and creation process, Yünsa has become one of the innovative brands in its sector by producing new generation fabrics with properties such as water repellency, UV protection, self-cleaning, and natural stretch.

In accordance with the relevant accounting principles in IAS 29, the sales distribution for domestic and international markets as of June 30, 2026 and June 30, 2025, with Inflation Accounting applied, is as follows:

(TL)	January 1, 2026 – June 30, 2026	January 1, 2025 – June 30, 2025
International Sales	876.824.572	770.280.810
Domestic Sales	1.022.286.317	711.246.539
Other Sales	538.541	268.743
Sales Returns (-)	(8.630.170)	(26.191.269)
Other Discounts from Sales (-)	(213.487)	(161.349)
TOTAL	**1.870.805.773**	**1.455.443.474**

G. RISKS AND BOARD OF DIRECTORS' ASSESSMENT

Risk assessment and internal control mechanisms are carried out at all levels of the Company.

With the understanding that risk brings opportunities, and to manage these risks most effectively, the Company implements Enterprise Risk Management. Yünsa Enterprise Risk Management is a planned, coherent, consistent, and ongoing process structured within the Company to identify factors that pose threats and opportunities to the achievement of the Company's objectives and to determine and implement countermeasures and strategies.

Company risks are monitored using key risk indicators determined by the Company. These indicators are continuously monitored and reported periodically. The Company takes the necessary actions to manage the risks indicated by the key risk indicators. The Board of Directors is periodically informed about these risks through the Early Risk Identification Committee.

The company operates in accordance with a risk management policy that defines roles and responsibilities, establishing a common language that demonstrates its risk management understanding, strategies, methods, and approaches. Within this policy framework, a Risk Management unit has been established within the internal audit organization to better identify, measure, and manage risks.

The Risk Management Department carries out its activities with the full support and responsibility of the Management and the active participation of the Company's employees in the areas of identifying the Company's main and critical risks within the framework of policies, standards and procedures approved by the Company's Management, working with risk managers to make recommendations for reducing, eliminating or transferring such risks, monitoring the action plans of the functions, carrying out studies to determine the Company's risk appetite and monitoring that risks are managed within the framework of this appetite.

The Company has an Internal Audit Department to conduct audits, investigations and reviews to protect the Company's rights and interests and to develop recommendations against internal and external risks.

In accordance with the principle of independence, the Company's Internal Audit Department reports directly and periodically to the Audit Committee, which consists of Independent Board Members, within the Company's organizational structure, and fulfills the duties assigned to it by the Board of Directors within the framework of the current Audit Committee Bylaws. The internal control mechanism is the responsibility of senior management and is regularly reviewed by the Company's Internal Audit department.

The duties of the Internal Audit Department are to control the reliability and accuracy of the financial statements of the Company and its subsidiaries, to ensure that activities are carried out in accordance with the law and the Company's accepted ethical rules, to identify existing and potential risks by analyzing processes in order to increase the effectiveness and efficiency of operations and to provide assurance that these risks are reduced to a reasonable level, and to check whether the activities within the company are carried out in accordance with predetermined standards, policies and objectives.