

January 1, 2026 – September 30, 2026

Interim Activity Report

KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.



JANUARY 1, 2026 – SEPTEMBER 30, 2026
INTERIM ACTIVITY REPORT

Corporate Information

Corporate Information

This Activity Report has been prepared in accordance with the Capital Markets Board's (SPK) Communiqué No. II-14.1 on Principles Regarding Financial Reporting in the Capital Markets; and constitutes the Board of Directors' Activity Report for the first nine-month period of 2026, covering the period from January 1, 2026, to September 30, 2026.

In this report, Koton Mağazacılık Tekstil San. ve Tic. A.Ş. (Koton) and its subsidiaries will collectively be referred to as the "Group, " the "Company" or "Koton Retail" .

About Koton

Koton Retail began operations in 1988 and was registered under its new name on March 25, 2005, in accordance with the Turkish Commercial Code. The Company's registered address is Ayazağa Mah. Maslak Ayazağa Yolu, No: 3/5, Sarıyer, Istanbul.

The Group's business activities consist of designing and manufacturing all types of textile products and selling them wholesale or retail through its own store network and e- commerce channels.

It operates a multi-channel business model that includes monobrand stores—both company-owned and franchised—e-commerce, online marketplaces, and wholesale sales. Koton offers a wide range of fashionable, high-quality, and affordably priced products. Koton designs, develops, and sells apparel and accessories across women's, men's, and children's categories, featuring over 20,000 SKUs annually. In this context, Koton offers its customers tops, bottoms, dresses, denim, outerwear, and knitwear. The company's product range also includes lingerie, beachwear and swimwear, evening and formal wear, and sportswear, as well as accessories such as textile accessories, faux leather products, jewelry, and cosmetics.

Koton Retail is registered with the Boğaziçi Corporate Tax Office under tax identication number 581 059 0984, and its commercial registry number is 1243-4. The company's corporate website is www.koton.com.tr.

Capital Structure

The application for approval of the prospectus filed as part of the public offering of the Company's shares was approved by the Capital Markets Board on April 25, 2024, and published in the Board's Bulletin No. 2024/21. As part of the public offering through a secondary offering and capital increase, the Company issued 34,150,000 new shares, increasing its paid-in capital from 795.500,000 TL to 829,650,000 TL. As of September 30, 2026, the Company's capital consists of a total of 829,650,000 Class A and Class B shares, each with a par value of 1 TL. Of these shares, 136,600,000 are publicly traded; however, as a result of price stabilization transactions, in which shareholders repurchased a portion of their shares from the stock exchange, 27,264,030 of the publicly traded shares are now held by shareholders. Accordingly, the number of shares actually in circulation is 109,335,970. As of September 30, 2026, the company's capital structure is as follows:

Sahreholder	Par Value	Percentage (%)	Share Class
Yılmaz Yılmaz	99.437.500	12,00	A
	96.465.287	11,61	B
Şükriye Gülden Yılmaz	99.437.500	12,00	A
	96.465.287	11,61	B
Nemo Apparel B.V.	328.508.456	39,60	B
Publicly Traded	109.335.970	13,18	B
Total	**829.650.000**	**100**	

Preferred Shares

The voting privileges of Class A shares at the general meeting are governed by Article 19 of the Articles of Association, titled "General Meeting." Under this provision, each Class A share carries five votes at the general meeting regarding (i) the election of board members other than independent board members and (ii) the election of the chairperson of the general meeting and the formation of the presiding committee. Group B shares, on the other hand, have no such preferential rights.

Furthermore, the Articles of Association require a majority of affirmative votes from Class A shareholders for certain General Assembly resolutions to be adopted. These general meeting resolutions are as follows: (i) capital increases (except for those to be made under the Company's registered capital system), the Company's liquidation, dissolution, or termination, capital reduction, or change of legal form; (ii) filing for bankruptcy, composition, financial restructuring, or a stay of bankruptcy proceedings; (iii) the transfer of all or part of the Company's business operations, mergers, or divisions; (iv) the removal or modication of the scope of the preferential rights of Group A shareholders as set forth in the Articles of Association; (v) changes to the Company's board of directors structure and to the quorums for meetings and decisions of the board of directors and its committees, and (vi) the approval of the annual activity report, income statements, and balance sheets, as well as the discharge of board members.

Affiliates

As of September 30, 2026, the Company's subsidiaries are listed below. In the consolidated financial statements, the Company and its subsidiaries will be referred to as the "Group".

*There are no active stores in the countries marked with (*) as of September 30, 2026.

Affiliated Companies	Country of Registration	Business Activity
Koton Textile Group Gmbh ("Koton Germany") (*)	Germany	Retail
Koton Textile Limited Doo Sarajevo ("Koton Bosnia and Herzegovina")	Bosnia and Herzegovina	Retail
Koton Textile Limited Llc ("Koton Georgia")	Georgia	Retail
Koton Textile D.O.O Zagreb ("Koton Croatia") (*)	Croatia	Retail
TOO "Koton Textile" Limited ("Koton Kazakhstan")	Kazakhstan	Retail
Koton Mağazacılık Doo El Skopje ("Koton Macedonia")	Macedonia	Retail
Koton Textile Retail Srl ("Koton Romania")	Romania	Retail
Ooo Koton Textile Llc ("Koton Russia")	Russia	Retail
Koton Textile Limited Doo Beograd ("Koton Serbia")	Serbia	Retail
Koton Textile Limited S.R.O ("Koton Slovakia") (*)	Slovakia	Retail
Koton Tekstil Emporia Endimaton Monoprosopi Epe ("Koton Greece") (*)	Greece	Retail
Koton Mağazacılık Sarl Au ("Koton Morocco")	Morocco	Retail
Koton Mağazacılık Sasu ("Koton France") (*)	France	Retail
LLC Koton Textile ("Koton Belarus")*	Belarus	Retail
Limited Liability Company Koton Textile ("Koton Ukraine")*	Ukraine	Retail
Koton Mağazacılık Limited ("Koton Azerbaijan") (*)	Azerbaijan	Retail
Koton Textil Limited ("Koton Hong Kong") (*)	Hong Kong	Retail
Koton Tekstil Korlátolt Felelősségű Társaság ("Koton Hungary")	Hungary	Retail
Koton A.G. Trading L.L.C. ("Koton UAE")	UAE	Retail
Koton India Private Limited ("Koton India") (*)	India	Retail
Koton Trading LLC ("Koton KSA")	KSA	Retail
Koton Bahrain Trading W.L.L ("Koton Bahrain")	Bahrain	Retail
Koton Fashion Trading L.L.C ("Koton Oman")	Oman	Retail
Koton Trading L.L.C ("Koton Qatar")	Qatar	Retail
Koton INC ("Koton America") (*)	US	Retail

Board of Directors and Senior Management

The company's Board of Directors consists of 6 members, who were elected at the annual general meeting held on May 13, 2026, to serve for a term of one year. The members serving on the Board of Directors as of September 30, 2026, are listed below:

Board Member	Position
Yılmaz YILMAZ	Chairman of the Board of Directors (Executive)
Gurgle B.V. (*)	Vice Chair of the Board of Directors (Executive)
Şükriye Gülden YILMAZ	Member of the Board of Directors (Executive)
Ege YILMAZ	Member of the Board of Directors (Non-Executive)
Ömer Faruk IŞIK	Independent Member of the Board of Directors
Ayşe Ufuk AĞAR	Independent Member of the Board of Directors

Board of Directors Committees

Audit Committee
At the Company's Board of Directors meeting held on May 13, 2026, under Resolution No. 2026/22, and in accordance with the Terms of Reference and Operating Principles of the Audit Committee, it was decided that the Committee would consist of two members, with Mr. Ömer Faruk Işık appointed as Chair and Ms. Ayşe Ufuk Ağar appointed as a member. The Committee consists solely of independent members of the Board of Directors.

The Audit Committee conducts its activities in compliance with capital markets legislation and as stipulated in the CMB Corporate Governance Principles. The Audit Committee acts within the scope of its authority and responsibilities and provides recommendations to the Board of Directors. During the first nine months of 2026, it held a total of five meetings and submitted its reports containing findings and recommendations to the Board of Directors.

Early Risk Detection Committee
At the Company's Board of Directors meeting held on May 13, 2026, Resolution No. 2026/22, in accordance with the Terms of Reference and Operating Principles of the Early Risk Detection Committee, it was decided that the Committee would consist of three members, with independent Board member Mr. Ömer Faruk Işık appointed as Chair, and independent Board member Ms. Ayşe Ufuk Ağar and Board Chairman Mr. Yılmaz Yılmaz appointed as members. The majority of the members are non-executive members.

The Early Risk Detection Committee conducts work related to the early detection and management of risks that could jeopardize the Company's existence, development, and continuity. The Committee held three meetings during the first nine months of 2026 and submitted its report, containing findings and recommendations, to the Board of Directors.

Corporate Governance Committee

At the meeting of our Company's Board of Directors held on May 13, 2026, under Resolution No. 2026/22, and in accordance with the Corporate Governance Committee's Terms of Reference and Operating Principles, it was decided that the Committee would consist of 5 members, with independent Board member Ms. Ayşe Ufuk Ağar serving as Chair, and independent Board member Mr. Ömer Faruk Işık, along with Board Chairman Mr. Yılmaz Yılmaz, Board member Ms. Gülden Yılmaz, and Head of Investor Relations Eda Çanga Belber, appointed as members. The majority of the members are non-executive members.

The Corporate Governance Committee was established to monitor the company's compliance with corporate governance principles and to review the reasons for non-compliance with principles not yet implemented, thereby making recommendations to the Board of Directors to improve implementation. The Corporate Governance Committee also performs the functions of the Nomination Committee and the Compensation Committee. The Committee held a total of three meetings during the first nine months of 2026 and submitted its reports, containing findings and recommendations, to the Board of Directors.

Key Management Personnel

Name	Position
Dr. A. Bülent Sabuncu	Chief Executive Officer (CEO)
Recep Yer	Chief Financial Officer (CFO)
M. Onur Güven	Vice President of Sales
İlkay Keskin	Vice President of Creative
Metin Pekanlar	Vice President of Planning
Sebla Oran Palut	Vice President of Human Resources



JANUARY 1, 2026 – SEPTEMBER 30, 2026

INTERIM ACTIVITY REPORT

Financial *Developments*

Financial Information

The activity report for the interim period from January 1, 2026, to September 30, 2026, is based on the Company's financial data prepared using inflation accounting in accordance with the provisions of IAS 29, as the Company applies Turkish Accounting and Financial Reporting Standards in compliance with the Capital Markets Board's Decision dated December 28, 2023. Unless otherwise specified, amounts are expressed in Turkish Lira ("TL") as of September 30, 2026, based on purchasing power.

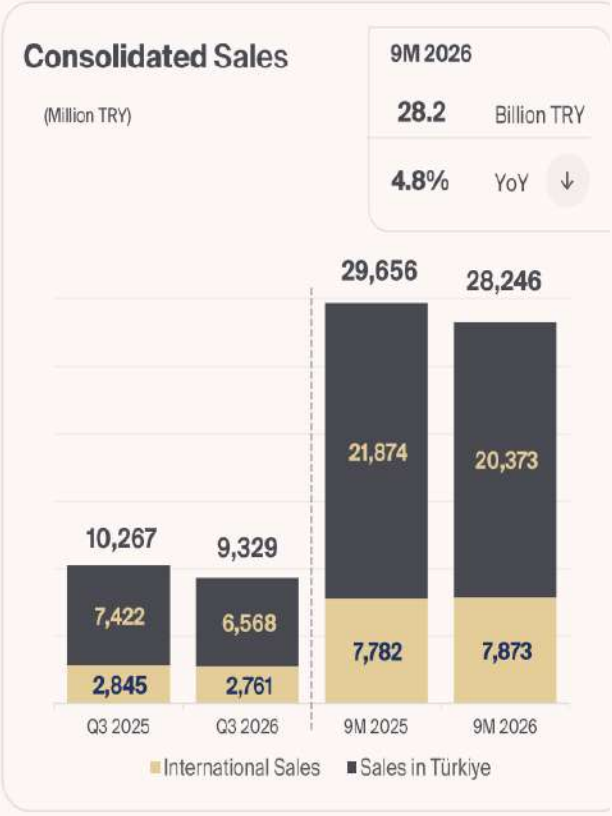
Summary Information on Balance Sheet Items

	September 30, 2026	December 31, 2025
Total current assets	16.926.430.915	18.305.856.844
Total non-current assets	10.728.360.089	11.734.114.127
TOTAL ASSETS	**27.654.791.004**	**30.039.970.971**
Total current liabilities	17.938.802.702	17.820.838.832
Total Long-Term Liabilities	3.659.712.393	3.891.877.347
TOTAL LIABILITIES	**21.598.515.094**	**21.712.716.179**
Equity	**6.056.275.909**	**8.327.254.792**
TOTAL ASSETS	**27.654.791.004**	**30.039.970.973**

Information Regarding the Summary Income Statement

	January 1 – September 30, 2026	January 1 – September 30, 2025
REVENUE	**28.246.448.712**	**29.656.364.657**
GROSS PROFIT	**15.471.714.141**	**16.345.796.184**
GROSS PROFIT MARGIN	%54,8	%55,1
OPERATING INCOME/LOSS	**289.152.956**	**1.670.129.875**
INCOME/LOSS BEFORE TAX	(940.922.153)	(23.866.064)
NET INCOME/LOSS FOR THE PERIOD	(940.303.062)	(94.477.340)
EBITDA	**5.964.071.902**	**7.391.733.613**
EBITDA MARGIN	***%21,1***	***%24,9***

Consolidated sales totaled 28.2 billion TL.





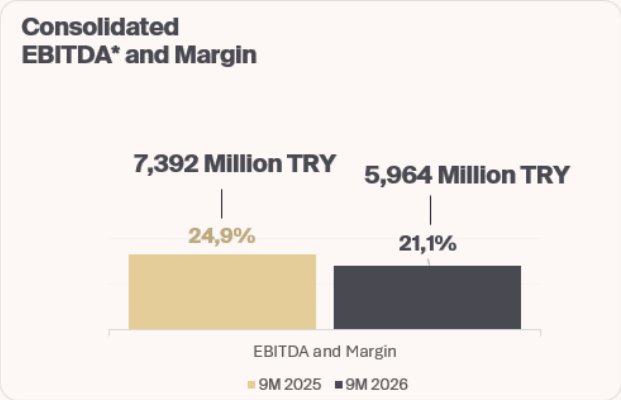
Domestic sales contracted by 6.9% year-over-year to 20.4 billion TL in the first nine months, driven by a marked slowdown in consumer demand. Sales through the retail channel, which accounted for 86% of domestic sales, contracted by 7.5% year-over-year, serving as the primary driver of the decline in domestic sales..

Despite pressures stemming from the exchange rate-inflation spread and geopolitical developments, overseas sales posted 1.2% real growth, supported by operational improvements. With this growth, overseas sales accounted for 28% of consolidated sales.

As a result, Koton, an export-oriented company, reported consolidated sales of 28.2 billion TL for the interim period from January 1 to September 30, 2026 –a 4.8% year-over-year decline– due to the growing uncertainty caused by global geopolitical tensions, the strong Turkish lira policy, and domestic inflationary pressures.

The consolidated gross profit margin was 54.8%, while the EBITDA margin stood at 21.1%.





In the first nine months, despite challenging demand and pricing conditions as well as cost pressures stemming from geopolitical developments, purchase costs were kept below the inflation rate, and the consolidated gross profit margin remained at 54.8%, similar to the previous year.

Although discounts increased due to shrinking domestic consumer demand, the gross profit margin remained at a level similar to last year's thanks to effective cost management.

The first nine months of the year were a period marked by a significant rise in global geopolitical tensions, with volatility in energy and commodity markets creating upward pressure on expenses. Thanks to disciplined expense management during this challenging period, operating expenses decreased by 2% year-over-year.

In the first nine months, the appreciation of exchange rates at a pace below Turkey's inflation rate also significantly reduced foreign exchange gains. Nevertheless, the consolidated EBITDA margin stood at 21.1%, supported by effective operating expense management.

The consolidated net loss for the interim period from January 1 to September 30, 2026, amounted to 940.3 million TL.

Inventories decreased by 18% on an annual basis.

Working Capital (Million TRY)	September 30, 2025	December 31, 2025	September 30,2026
Trade and Other Current Receivables	2,083	1,894	1,415
Ratio to Sales	5.3%	4.6%	3.6%
Inventory	13,336	11,546	10,941
Ratio to COGS	70.2%	61.6%	60.1%
Trade and Other Current Payables	8,400	7,751	8,538
Ratio to COGS	44.2%	41.4%	46.9%
Net Working Capital	**7,019**	**5,689**	**3,817**
Ratio to Sales	**17.7%**	**13.9%**	**9.7%**

Thanks to operational efficiency gains—primarily driven by an 18% year-over-year decrease in inventory—the working capital-to-sales ratio improved by 8.0 percentage points. As a result of this improvement in working capital, approximately 2 billion TL in free cash flow* was generated in the first nine months.

* Free cash flow is calculated by subtracting cash flows used in investing activities from the cash flows from operating activities reported in the consolidated statements of cash flows.

There has been a decrease in the net financial debt ratio.

The ratio of net financial debt to EBITDA stood at 1.2x, and at 0.6x when lease obligations were excluded.

Milyon TL	September 30, 2026	December 31, 2025
Cash and Cash Equivalents	1.280	1.794
Bank Loans	(6.233)	(6.342)
Lease Obligations	(4.652)	(5.119)
Net Financial Debt	(9.606)	(9.667)
Net Financial Debt / EBITDA*	1,2x	1,0x
Net Financial Debt (excl. IFRS 16)	(4.953)	(4.548)
Net Financial Debt / EBITDA (excl. IFRS 16)	0,6x	0,5x

(*) The net financial debt ratio was calculated using the last twelve months' (LTM) EBITDA..



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Operational *Developments*

The number of stores stood at 468 at the end of the first nine months.

At the end of the first nine months of 2026, the total number of stores was 468.

In the third quarter of 2026, 4 stores were opened abroad, while 2 stores were closed. Domestically, 3 stores were opened, while 1 store was closed.

As explained in the “Developments After the Reporting Period” section, the current number of stores as of the date of the Activity Report is 470.

Number of Stores	June 30, 2026	December 31, 2025
Domestic corporate stores	208	211
Domestic franchise stores	33	32
Local Total	**241**	**243**
International corporate stores	150	149
International franchises	77	72
International total	**227**	**221**
Total number of stores	**468**	**464**

As of September 30, 2026, the total store area is 504,300 square meters and the total sales area is 388,700 square meters.

CHANGES IN LFL (LIKE-FOR-LIKE) RETAIL SALES AMOUNTS AND UNITS:

LFL sales volume and revenue have declined, while the conversion rate has remained stable.

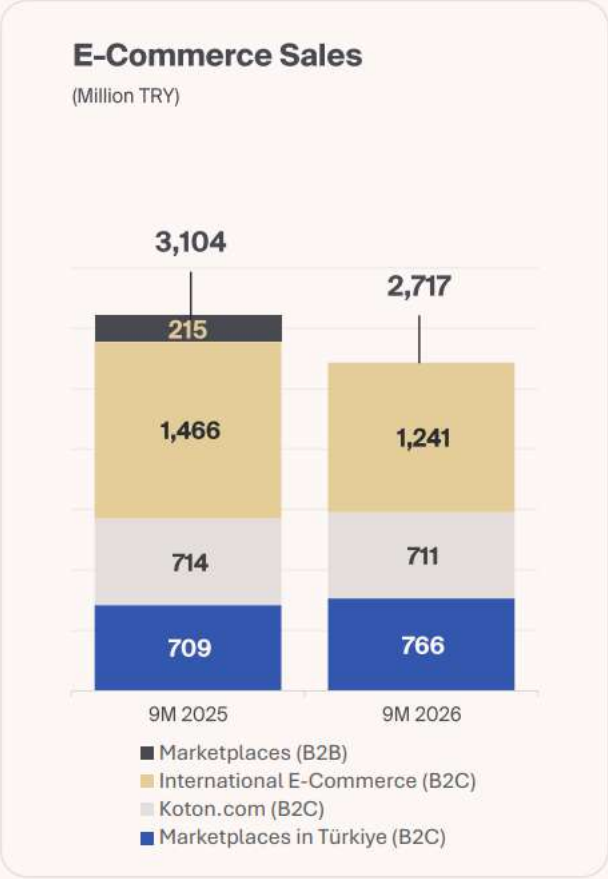


Consolidated LFL sales volume and revenue declined in the first nine months due to weakening domestic consumer demand and the impact of geopolitical conflicts abroad. Both domestic LFL sales revenue and volume decreased as a result of the contraction in the domestic apparel sector and the decline in consumption volume.

In the first nine months, while the number of LFL visitors declined both domestically and internationally, the LFL conversion rate remained stable.

(*)Like-for-Like: This is a measurement method used to compare a specific period in the past with the same time frame in the present and among the same stores. According to this method, the most important rule to keep in mind when conducting an analysis is equivalence. Changes in the number of stores make it impossible to make a comparison under equal conditions from one period to another. For this reason, when analyzing a specific period relative to another, the evaluation is based on comparing the same stores that were operational in both periods. For example, when calculating revenue growth from Year A to Year B on a like-for-like basis, stores that were opened or began operations in Year B are not included in this calculation. This is because these stores did not contribute to the revenue in Year A. Similarly, in the like-for-like revenue calculation, stores that were closed in Year A are also excluded from the scope. Only stores that were operational continuously throughout both periods are taken into account in the like-for-like revenue assessment. Overseas franchise stores are not included in the LFL calculation.

The share of e-commerce channel sales in consolidated sales stood at 9,7%.



During the interim reporting period from January 1 to September 30, 2026, consolidated e-commerce sales accounted for approximately 9.7% of total sales.

Sales on Koton.com remained flat year-over-year, while its share of the domestic channel increased by 5 percentage points year-over-year to 48%.

In the first nine months, domestic marketplace sales increased by 8% compared to the same period last year, while international e-commerce sales contracted by 15% due to the high base effect from last year and the situation at the marketplace in the CIS region.

As part of the omnichannel focus, the integration of store inventory into e-commerce inventory was completed, and the e-commerce warehouse in Gebze was closed in July.

As of October 31, 2026, the total number of Koton Club members in Turkey and abroad has exceeded 11 million!

Launched in April 2023 as a key component of the omnichannel strategy, Koton Club had reached 10.3 million members in Turkey as of September 30, 2026, and, including members in Serbia and the CIS region, had surpassed 11 million in total as of October 31, 2026.

Koton Club aims to increase customer satisfaction by providing a personalized experience and to enable better analysis of customer data. According to data from the last 12 months, Koton Club members in Turkey account for approximately 72%* of total sales; their shopping frequency** is 69% higher than that of non-members, and the member activity rate* stands at 51%.

* Data for the last 12 months as of October 31, 2026.
** Compared to customers who were not Koton Club Turkey members as of October 31, 2026.



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INTERIM ACTIVITY REPORT

Developments *Following the Reporting Period*

Developments Following the Reporting Period

In October 2026, one new store opened domestically and one abroad. As of the date of this Activity Report, the total number of stores stood at 470.