SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

CONVENIENCE TRANSLATION INTO ENGLISH OF
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD
1 JANUARY – 31 MARCH 2025

(ORIGINALLY ISSUED IN TURKISH)

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2025 AND 31 DECEMBER 2024
(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

ASSETS	**Notes**	**Unaudited Current Period 31.03.2025**	**Audited Prior Period 31.12.2024**
Current Assets			
Cash and Cash Equivalents	6	112.783.443	251.849.177
Trade Receivables	10	108.112.035	121.113.440
Related Parties	*10-36*	*40.502.655*	*52.588.090*
Third Parties	*10*	*67.609.380*	*68.525.350*
Other Receivables	11	492.624	542.196
Third Parties	*11*	*492.624*	*542.196*
Inventories	13	1.359.807.317	1.303.975.285
Prepaid Expenses	14	31.849.257	96.141.478
Third Parties	*14*	*31.849.257*	*96.141.478*
Current Period Tax Related Assets	24	1.399.988	-
Other Current Assets	25	31.738.165	17.699.465
Total Current Assets		**1.646.182.829**	**1.791.321.041**
Non-Current Assets			
Other Receivables	11	8.805.172	8.246.530
Third Parties	*11*	*8.805.172*	*8.246.530*
Property, Plant and Equipment	17	363.690.598	323.242.154
Right of Use Assets	18	784.364.354	745.257.189
Intangible Assets	19	27.903.883	32.745.709
Other Intangible Assets	*19*	*27.903.883*	*32.745.709*
Total Non-Current Assets		**1.184.764.007**	**1.109.491.582**
TOTAL ASSETS		**2.830.946.836**	**2.900.812.623**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AT 31 MARCH 2025 AND 31 DECEMBER 2024
(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

LIABILITIES	**Notes**	**Unaudited Current Period 31.03.2025**	**Audited Prior Period 31.12.2024**
Current Liabilities			
Short-Term Borrowings	8	334.631.265	500.562.212
Lease Liabilities	8	261.113.796	246.455.643
Short-Term Portion of Long-Term Borrowings	8	214.318.362	77.239.302
Trade Payables	10	148.985.041	173.191.531
Related Parties	*10-36*	*44.794.768*	*67.381.744*
Third Parties	*10*	*104.190.273*	*105.809.787*
Employee Benefits	20	42.793.895	60.521.163
Other Payables	11	2.191.350	2.177.262
Third Parties	*11*	*2.191.350*	*2.177.262*
Deferred Income	14	15.454.628	10.883.757
Current Income Tax Liabilities	34	-	11.273.858
Short-Term Provisions	21	17.957.218	15.784.821
Short-Term Provisions for Employee Benefits	*21*	*8.555.593*	*8.651.344*
Other Short-Term Provisions	*21*	*9.401.625*	*7.133.477*
Other Current Liabilities	25	26.584.453	18.315.388
Total Current Liabilities		**1.064.030.008**	**1.116.404.937**
Non-Current Liabilities			
Long-Term Borrowings	8	113.493.651	38.004.124
Lease Liabilities	8	252.701.202	250.925.018
Deferred Income	14	1.015.336	2.166.834
Long-Term Provisions	23	7.351.184	6.803.787
Long-Term Provisions for Employee Benefits	*23*	*7.351.184*	*6.803.787*
Deferred Tax Liabilities	34	130.647.540	102.750.509
Total Non-Current Liabilities		**505.208.913**	**400.650.272**
EQUITY			
Equity Holders of the Parent	**26**	**1.261.707.915**	**1.383.757.414**
Paid-in Share Capital		224.000.000	224.000.000
Adjustment to Share Capital		380.961.390	380.961.390
Treasury Shares (-)		(124.994.976)	(124.994.976)
Share Premium		154.457.001	154.457.001
Other Comprehensive Income or Expenses not to be reclassified to Profit or Loss		(5.532.965)	(5.596.428)
- *Gains/(losses) on remeasurements of defined benefit plans*		*(5.532.965)*	*(5.596.428)*
Other Comprehensive Income or Expenses to be reclassified to Profit or Loss		(20.283.926)	(16.207.138)
- *Currency Translation Differences*		*(20.283.926)*	*(16.207.138)*
Restricted Reserves		182.681.359	182.681.359
Retained Earnings		588.456.206	332.760.173
Profit for the Period		(118.036.174)	255.696.033
TOTAL LIABILITIES		**1.261.707.915**	**1.383.757.414**
TOTAL LIABILITIES AND EQUITY		**2.830.946.836**	**2.900.812.623**

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2025 AND 2024
(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Unaudited Current Period 01.01.- 31.03.2025	Unaudited Prior Period 01.01.- 31.03.2024
Revenue	27	990.641.428	853.161.816
Cost of Sales (-)	27	(545.127.538)	(405.398.483)
GROSS PROFIT		**445.513.890**	**447.763.333**
General Administrative Expenses (-)	28-29	(48.732.406)	(46.546.030)
Marketing, Sales and Distribution Expenses (-)	28-29	(448.248.940)	(399.853.557)
Other Operating Income	30	33.254.615	48.656.281
Other Operating Expenses (-)	30	(43.183.285)	(34.702.500)
OPERATING PROFIT		**(61.396.126)**	**15.317.527**
Gains from investment activities	31	3.423.870	3.314.975
OPERATING PROFIT BEFORE FINANCIAL INCOME/(EXPENSE)		**(57.972.256)**	**18.632.502**
Financial Income	32	14.330.637	14.398.339
Financial Expense (-)	32	(140.498.053)	(89.416.494)
Monetary gains/(losses)	39	93.981.573	95.900.640
PROFIT BEFORE TAX		**(90.158.099)**	**39.514.987**
Tax income/(expense)		**(27.878.075)**	**(16.406.236)**
Current period tax expense (-)	34	-	(3.889.334)
Deferred income tax	34	(27.878.075)	(12.516.902)
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		**(118.036.174)**	**23.108.751**
PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS		**-**	**-**
PROFIT FOR THE PERIOD		**(118.036.174)**	**23.108.751**
Attributable to		**(118.036.174)**	**23.108.751**
-Non-Controlling Interests		-	-
-Equity Holders of the Parent		(118.036.174)	23.108.751
Earnings Per Share			
-Earnings Per Share From Continuing Operations	35	(0,5269)	0,1032
-Earnings Per Share From Discontinued Operations		-	-

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

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2025 AND 2024
(Amounts on tables expressed in Turkish Lira (“TL”) unless otherwise indicated.)

	Notes	Unaudited Current Period 01.01.- 31.03.2025	Unaudited Prior Period 01.01.- 31.03.2024
PROFIT FOR THE PERIOD	**35**	**(118.036.174)**	**23.108.751**
OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss		**63.463**	**(331.783)**
Gains/(losses) on remeasurements of defined benefit plans – Actuarial gains/(losses)		82.419	(430.886)
Deferred tax effect		(18.956)	99.103
Items to be reclassified to profit or loss		(4.076.788)	(1.790.170)
Currency translation differences		(4.076.788)	(1.790.170)
OTHER COMPREHENSIVE INCOME		**(4.013.325)**	**(2.121.953)**
TOTAL COMPREHENSIVE INCOME		**(122.049.499)**	**20.986.798**
Attributable to			
Non-Controlling Interests		-	-
Equity Holders of the Parent		(122.049.499)	20.986.798

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

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2025 AND 2024
(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

								Items not to be reclassified to profit or loss	Items to be reclassified to profit or loss			
	Paid-in share capital	**Adjustment to share capital**	**Treasury shares**	**Share premium**	**Restricted reserves**	**Prior years' income**	**Profit for the Period**	**Gains/(losses) on remeasurements**	**Currency translation differences**	**Equity holders of the parent**	**Non-controlling interests**	**Total equity**
Balances at 1 January 2024	**224.000.000**	**380.961.390**	**(8.731.017)**	**154.457.001**	**42.899.275**	**236.368.229**	**304.408.246**	**(4.581.916)**	**(12.411.136)**	**1.317.370.072**	**-**	**1.317.370.072**
Transfers	-	-	-	-	9.843.667	294.564.579	(304.408.246)	-	-	-	-	-
Gains/(losses) on share-based transactions – Treasury shares	-	-	(9.843.667)	-	-	-	-	-	-	(9.843.667)	-	(9.843.667)
Total comprehensive income	-	-	-	-	-	-	23.108.751	(331.783)	(1.790.170)	20.986.798	-	20.986.798
Balances at 31 March 2024	**224.000.000**	**380.961.390**	**(18.574.684)**	**154.457.001**	**52.742.942**	**530.932.808**	**23.108.751**	**(4.913.699)**	**(14.201.306)**	**1.328.513.203**	**-**	**1.328.513.203**
Balances at 1 January 2025	**224.000.000**	**380.961.390**	**(124.994.976)**	**154.457.001**	**182.681.359**	**332.760.173**	**255.696.033**	**(5.596.428)**	**(16.207.138)**	**1.383.757.414**	**-**	**1.383.757.414**
Transfers	-	-	-	-	-	255.696.033	(255.696.033)	-	-	-	-	-
Total comprehensive income	-	-	-	-	-	-	(118.036.174)	63.463	(4.076.788)	(122.049.499)	-	(122.049.499)
Balances at 31 March 2025	**224.000.000**	**380.961.390**	**(124.994.976)**	**154.457.001**	**182.681.359**	**588.456.206**	**(118.036.174)**	**(5.532.965)**	**(20.283.926)**	**1.261.707.915**	**-**	**1.261.707.915**

CONVENIENCE TRANSLATION INTO ENGLISH OF THE CONSOLIDATED FINANCIAL STATEMENTS ORIGINALLY ISSUED IN TURKISH

SUWEN TEKSTİL SANAYİ PAZARLAMA ANONİM ŞİRKETİ

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE INTERIM PERIOD 1 JANUARY – 31 MARCH 2025 AND 2024
(Amounts on tables expressed in Turkish Lira ("TL") unless otherwise indicated.)

	Notes	Unaudited Current Period 01.01-31.03.2025	Unaudited Prior Period 01.01-31.03.2024
PROFIT FOR THE PERIOD		**(118.036.174)**	**23.108.751**
Adjustments to reconcile profit for the period to cash generated from operating activities		**175.388.293**	**131.082.979**
Depreciation and amortisation	17,18,19	116.809.308	111.840.343
Adjustments for tax income/expense		27.878.075	16.406.236
Adjustments for Provisions	22,23	9.668.064	4.507.220
Adjustments for Provision for Employee Benefits (Reversal)		*6.736.357*	*9.430.494*
Adjustments for Provision for lawsuits, litigations and penalties (Reversal)		*488.948*	*185.862*
Adjustments for Other Provisions (Reversal)		*2.442.759*	*(5.109.136)*
Adjustments for Impairment Loss (Reversal of impairment loss)	13	1.004.398	3.553.382
Adjustments for Interest Income	32	(14.285.780)	(14.051.497)
Adjustments for Interest Expenses	32	139.853.883	84.129.080
Adjustments for losses/(gains) on disposal of non-current assets		(3.423.870)	(3.314.975)
Other adjustments for reconcile profit for the period	10,18	3.761.015	(43.765.893)
Discount income from trade payables	30	*12.938.946*	*23.531.676*
Discount expenses from trade receivables	30	*(9.177.931)*	*(9.014.200)*
Lease contracts	18	-	*(58.283.369)*
Monetary gains/(losses)		(105.876.800)	(28.220.917)
Changes in Working Capital		**(48.093.526)**	**(278.142.735)**
Adjustments for Gains/(Losses) on Trade Receivables	10	22.179.336	17.943.670
Adjustments for Gains/(Losses) on Other Receivables Related to Operations	11	(509.070)	833.591
Adjustments for Gains/(Losses) on Other Assets Related to Operations		(15.438.688)	(28.207.578)
Changes in Inventories	13	(57.632.505)	(330.599.581)
Adjustments for Gains/(Losses) on Trade Payables	10	(37.145.436)	41.785.349
Adjustments for Gains/(Losses) on Other Payables Related to Operations		8.283.153	20.010.772
Changes in Prepaid Expenses	14	64.292.221	34.146.161
Changes in Deferred Income	14	3.419.373	(1.646.239)
Adjustments for gains/(losses) on payables due to employee benefits	20	(17.727.268)	4.553.622
Adjustments for gains/(losses) on provisions for employee benefits	23	(5.140.797)	(2.811.298)
Income taxes refund/(paid)		(12.673.845)	(34.151.204)
Adjustments for gains/(losses) on other changes in working capital		-	-
Cash Flows from Operating Activities		**9.258.593**	**(123.951.005)**
B) CASH FLOWS FROM INVESTING ACTIVITIES		**(48.767.922)**	**(38.066.126)**
Cash inflows from sale of property, plant and equipment and intangible asset	17,19	22.750.000	44.155.082
Cash outflows from purchase of property, plant and equipment and intangible assets	17,19	(86.733.791)	(68.332.516)
Cash outflows for the acquisition of fund shares		-	(30.000.604)
Interest received		15.215.869	16.111.912
C) CASH FLOWS FROM FINANCING ACTIVITES		**(97.390.646)**	**11.052.496**
Cash outflows from repayments of borrowings	8	(206.295.460)	(64.324.743)
Cash inflows from borrowings	8	292.427.593	216.753.960
Cash outflows from lease liabilities	8	(89.419.334)	(70.398.299)
Cash outflows from treasury shares (-)		-	(9.843.667)
Interest paid		(94.103.445)	(61.134.755)
D) NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS BEFORE EFFECT OF EXCHANGE RATE CHANGES		**(136.899.975)**	**(150.964.635)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		(1.235.668)	233.326
Net Increase/(Decrease) in Cash and Cash Equivalents		**(138.135.643)**	**(150.731.309)**
E) CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**250.818.281**	**290.031.507**
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**112.682.638**	**139.300.198**

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

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 1 - GROUP’S ORGANISATION AND NATURE OF OPERATIONS

Suwen Tekstil Sanayi Pazarlama Anonim Şirketi (the “Company” or “Suwen Tekstil”) was established on 5 August 2003 in İstanbul with the title of “Ekofer Tesktil Parfümeri Sanayi Pazarlama Limited Şirketi”. The title of Ekofer Tesktil Parfümeri Sanayi Pazarlama Limited Şirketi has been changed to “Suwen Tekstil Sanayi Pazarlama Anonim Şirketi” which published in Official Gazzette on 27 July 2018 and numbered 821.

Suwen Tekstil’s business activities include ensuring to produce, import, export, domestic purchase and sale of all kinds of raw materials, semi-finished materials and finished products related to textiles written in the articles of the association.

Suwen Tekstil is a retail company that produces and sells to its customers with a wide range of products from underwear to home wear, from socks to corsets, from beach wear collections to puerperal groups with its own brand and design in Turkey.

The company's shares have been traded on Borsa Istanbul's BIST Star since April 21, 2022.

The registered address of Suwen Tekstil is as follows:

Tatlısu Mahallesi, Göksu Caddesi No:41/1 Ümraniye/İstanbul

As of 31 March 2025 and 31 December 2024, the number of the stores and dealers of the Company is as follows:

	31.03.2025	31.12.2024
Stores	176	175
Dealers	5	5
Foreign stores	9	9
Foreign dealers	10	9
Total	**200**	**198**

As of 31 March 2025 and 31 December 2024, the principal shareholders and their respective shareholding rates in Suwen Tekstil are as follows:

Shareholders	31.03.2025 Amount	Share (%)	31.12.2024 Amount	Share (%)
Ali Bolluk	23.241.664	10,38%	23.241.664	10,38%
Birol Sümer	23.241.664	10,38%	23.241.664	10,38%
Özcan Sümer	23.241.664	10,38%	23.241.664	10,38%
Çiğdem Ferda Arslan	8.000.008	3,57%	8.000.008	3,57%
Other	8.000.000	3,57%	8.000.000	3,57%
Publicly traded	138.275.000	61,73%	138.275.000	61,73%
Total paid-in share capital	**224.000.000**	**100,00%**	**224.000.000**	**100,00%**

The subsidiaries (“Subsidiaries”), included in the consolidation scope of Suwen Tekstil, their country of incorporation, nature of business, their effective interests and their respective business segments are as follows:

		Effective ownership interests (%)		
Subsidiary	Country of incorporation	31 March 2025	31 December 2024	Nature of business
Suwen Lingerie SRL.	Romania	100.00%	100.00%	Retail sales

For the purpose of the consolidated financial statements and notes to the consolidated financial statements, Suwen Tekstil and its consolidated subsidiary are hereinafter referred to as “the Group”.

Total end of period and number of personnel employed by the Suwen Tekstil is 1.138 (31 December 2024: 1.147).

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

2.1. Basis of presentation

2.1.1 Financial reporting standards

The consolidated financial statements of the Group have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS") promulgated by the Public Oversight Accounting and Auditing Standards Authority ("POA") that are set out in the 5th article of the communiqué numbered II-14.1 "Communiqué on the Principles of Financial Reporting In Capital Markets" ("the Communiqué") announced by the Capital Markets Board ("CMB") on 13 June 2013 and published in Official Gazette numbered 28676.

The accompanying consolidated financial statements are presented in accordance with the "Announcement regarding to TAS Taxonomy" which was published on 15 April 2019 by POA and the format and mandatory information recommended by CMB.

The Group maintains their books of account and prepares their statutory consolidated financial statements in accordance with the Turkish Commercial Code ("TCC"), tax legislation and the Uniform Chart of Accounts issued by the Ministry of Finance. These consolidated financial statements have been prepared in Turkish Lira under the historical cost conversion except for the financial assets and liabilities presented at fair values. Adjustments and restatements, required for the fair presentation of the consolidated financial statements in conformity with the TFRS, have been accounted for in the statutory financial statements, which are prepared in accordance with the historical cost principle.

These consolidated financial statements for the interim period ended 1 January - 31 March 2025 have been approved for issue by the Board of Directors ("BOD") on 12 May 2025.

2.1.2. Functional and presentation currency

Items included in the consolidated financial statements of the Group 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 TL, which is Suwen Tekstil's functional and presentation currency.

2.1.3. Adjustments of financial statements in hyperinflationary periods

Financial Reporting in Hyperinflationary Economies

Entities applying TFRS have started to apply inflation accounting in accordance with TAS 29 Financial Reporting in Hyperinflation Economies as of financial statements for the annual reporting period ending on or after March 31, 2025, with the announcements made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2023. 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.

The accompanying financial statements are prepared on a historical cost basis, except for financial investments measured at fair value and investment properties measured at revalued amounts.

Financial statements and corresponding figures for previous periods have been restated for the changes in the general purchasing power of Turkish lira and, as a result, are expressed in terms of purchasing power of Turkish lira as of March 31, 2025 as per TAS 29.

On the application of TAS 29, the entity used the conversion coefficient derived from the Customer Price Indexes (CPI) published by Turkey Statistical Institute according to directions given by POA. The CPI for current and previous year periods and corresponding conversion factors since the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e., since 1 January 2005, were as follow:

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Year-end	Index	Year-end	Index
2004	113,86	2015	269,54
2005	122,65	2016	292,54
2006	134,49	2017	327,41
2007	145,77	2018	393,88
2008	160,44	2019	440,5
2009	170,91	2020	504,81
2010	181,85	2021	686,95
2011	200,85	2022	1.128,45
2012	213,23	2023	1.859,38
2013	229,01	2024	2.684,55
2014	247,72	2025/03	2.954,69

Assets and liabilities were separated into those that were monetary and non–monetary, with non–monetary items were further divided into those measured on either a current or historical basis to perform the required restatement of financial statements under TAS 29. Monetary items (other than index -linked monetary items) and non-monetary items carried at amounts current at the end of the reporting period were not restated because they are already expressed in terms of measuring unit as of March 31, 2025. Non-monetary items which are not expressed in terms of measuring unit as of March 31, 2025 were restated by applying the conversion factors. The restated amount of a non-monetary item was reduced, in accordance with appropriate TFRS, in cases where it exceeds its recoverable amount or net realizable value. Components of shareholders' equity in the statement of financial position and all items in the statement of profit or loss and other comprehensive income have also been restated by applying the conversion factors.

Non-monetary items measured at historical cost that were acquired or assumed and components of shareholders' equity that were contributed or arose before the time when the Turkish lira previously ceased to be considered currency of hyperinflationary economy, i.e before 1 January 2005, were restated by applying the change in the CPI from 1 January 2005 to March 31, 2025.

The application of TAS 29 results in an adjustment for the loss of purchasing power of the Turkish lira presented in Net Monetary Position Gains / (Losses) item in the profit or loss section of the statement of profit or loss and comprehensive income. In a period of inflation, an entity holding an excess of monetary assets over monetary liabilities loses purchasing power and an entity with an excess of monetary liabilities over monetary assets gains purchasing power to the extent the assets and liabilities are not linked to a price level. This gain or loss on the net monetary position is derived as the difference resulting from the restatement of non-monetary items, owners' equity and items in the statement of profit or loss and other comprehensive income and the adjustment of index linked assets and liabilities.

In addition, in the first reporting period in which TAS 29 is applied, the requirements of the Standard are applied as if the economy had always been hyperinflationary. Therefore, the statement of financial position at the beginning of the earliest comparative period, i.e as of 1 January 2022, was restated as the base of all subsequent reporting. Restated retained earnings/losses in the statement of financial position as of 1 January 2022 was derived as balancing figure in the restated statement of financial position.

2.2. Statement of compliance with TFRS

The accompanying consolidated financial statements as of and for the period ended 31 March 2025 and as of for the year ended 31 December 2024 have been prepared in accordance with Turkish Financial Reporting Standards ("TFRS/TAS") with additions and interpretations as issued by POA. The accompanying consolidated financial statements and the related notes are presented in accordance with the "Financial Statement Examples and User Guide" published in the Official Gazette No. 28652 dated 20 May 2013.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.3. Basis of consolidation

The consolidated financial statements include the accounts of the parent company, the Group, and the subsidiary until having the power over investee. Controlling interest is provided by having power over the financial and operational policies of an entity in order to have economic benefit from its operations.

The financial statements of the subsidiaries operating in foreign countries

Financial statements of subsidiaries that are operating in foreign countries are prepared in accordance with the laws and regulations in force in the countries in which they are registered in and required adjustments and reclassifications reflected for the purpose of fair presentation in accordance with the Group's accounting policies.

The results and financial position of all the group entities 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 statement of financial position,

- Income and expense items for each statement of profit or loss are translated at average exchange rates; and all resulting exchange differences (currency translation differences) are recognized as a separate component of equity and statements of comprehensive income.

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of profit or loss as part of the gain or loss on sale. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Going concern

As of 31 March 2025, the Group has prepared its consolidated financial statements with the assumption on the Group's ability to continue its operations in the foreseeable future as a going concern basis of accounting.

Subsidiaries

Subsidiary is a seperate entity controlled by the Group. The Group have controlling interest over the entity when it is exposed to variable returns due to its relationship with a entity or has rights to these returns and has the ability to influence these returns with its controlling interest simultaneously. The financial statements of the subsidiary have been included in the consolidated financial statements from the commencement date of control until the date that it ceases.

The accounting policies of the subsidiary have been changed when deemed necessary in order to comply with the policies accepted by the Group. Even if the abovementioned matter reversed in non-controlling interests, total comprehensive income is transferred to the parent company's shareholders and non-controlling interests.

Subsidiaries included in the scope of the consolidation and their effective interests (%) is as follows:

		Effective ownership interests (%)		
Subsidiary	**Country of incorporation**	**31 March 2025**	**31 December 2024**	**Nature of business**
Suwen Lingerie SRL.	Romania	100.00%	100.00%	Retail sales

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In order to start an operation that the Group will manage within its own structure with store openings and e-commerce sales in Romania, the Group has been established a subsidiary ("Subsidiary") at the registered address of Voluntari City, 1/VI Pipera Blvd. Hyperion Towers building, Tower 2, Ilfov county, in Romania with the title of "Suwen Lingerie S.R.L." which was published in Official Gazette on 3 June 2019. As of 31 March 2025, the Group has 7 stores in Romania.

Consolidation procedures and eliminations

During the preparation of consolidated financial statements, consolidated financial statements eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and non-current assets, are eliminated in full). Consolidated financial statements offset the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Unrealized losses are eliminated accordingly as unrealized gains, unless there is evidence of impairment.

Consolidated statement of financial position and profit or loss restatement principles

<u>Full consolidation method</u>

- The paid in share capital and balance sheet items of the Group and the subsidiary are aggregated. In the aggregation, the receivables and payables of the subsidiaries in scope of consolidation from each other eliminated in full.

- The paid in share capital of the consolidated balance sheet is the paid in share capital of the Group; paid in share capital of the subsidiary is not included in the consolidated balance sheet.

- Equity items including paid / issued capital of the subsidiary within the scope of consolidation, less the amounts corresponding to the shares other than the parent company and subsidiaries presented as the "Non-Controlling Interests" after the equity of the group in the consolidated balance sheet.

- Current and non-current assets acquired by the subsidiaries subject to full consolidation method from each other, in principle, are included in the consolidated balance sheet over carried at cost before the sale, by making adjustments to present these assets at the acquisition cost to the subsidiaries subject to the full consolidation method.

- The profit or loss items of the Group and the subsidiary are aggregated separately and the sales of goods and services made by the subsidiaries subject to the full consolidation method to each other in the aggregation process have been deducted from the total sales amount and cost of goods sold. The profit arising from the purchase and sale of goods between these subsidiaries related to the inventories of the subsidiaries subject to the full consolidation method was deducted from the inventories in the consolidated financial statements and added to the cost of the sold goods, the loss was added to the inventories and deducted from the cost of the goods sold.

Income and expense items resulting from the transactions of the subsidiaries subject to full consolidation method with each other have been offset in the relevant accounts.

- Net profit or loss of the subsidiary within the scope of consolidation, the part corresponding to the shares other than the subsidiaries subject to the consolidation method has been presented as the "Non-Controlling Interests" after the net consolidated period profit.

- The necessary adjustments have been made for the compliance of the financial statements of the subsidiary with the accounting principles applied by other intragroups, when deemed necessary.

2.4. Offsetting

Financial assets and liabilities are offset, and the net amount is recognised in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2.5. Comparatives and adjustment of prior periods' financial statements

The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance. Comparative figures are reclassified, where necessary, to conform to the changes in the presentation of the current period consolidated financial statements.

Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are revised as a result of changes in circumstances, estimating new information or additional developments. If changes in accounting forecasts are related to only one period, amendments are made in the current period. If amendments are related to the forthcoming periods, changes are applied in both current period and forthcoming periods.

The nature and amount of a change in the accounting estimate, which has an impact on the outcome of the current period or is expected to have an impact on subsequent periods, is disclosed in the notes to the consolidated financial statements, except when the estimation of the effect on the future periods is not possible. The current period consolidated financial statements of the Group include comparative financial information to enable the determination of the trends in financial position and performance.

2.6. Changes in accounting policies

Whether there are changes and errors in accounting policies and accounting estimates, the amended significant changes and the identified significant accounting errors are implemented retrospectively and the previous periods Group's consolidated financial statements are adjusted. Whether the changes are amended in accounting policies effect the previous periods, aforementioned policy is implemented retrospectively to the consolidated financial statements as it had been used in. There has been no change in the accounting policies of the Group in the current period.

The Group started to apply TFRS 16 Leases standard to annual reporting periods beginning on or after 1 January 2019. As of 1 January 2019, the summary financial statements for leases previously classified as operating leases in accordance with TAS 17, right of-use assets are accounted for at an amount equal to the lease liabilities (adjusted for the amount of prepaid or accrued lease payments) in accordance with the simplified transition method in the related standard.

2.7. Changes in accounting estimates and errors

Accounting estimates are based on reliable information and reasonable estimation methods. However, estimates are revised as a result of changes in circumstances, estimating new information or additional developments. If changes in accounting forecasts are related to only one period, amendments are made in the current period. If amendments are related to the forthcoming periods, changes are applied in both current period and forthcoming periods.

The nature and amount of a change in the accounting estimate, which has a material influence on the outcome of the current period or is expected to have a material influence on subsequent periods, is disclosed in the notes to the consolidated financial statements, except when the estimation of the effect on the future periods is not possible. There are no changes in the accounting estimates expected to have a material influence on the results of operations in the current period.

The Group has applied accounting policies consistent with each other in its consolidated financial statements for the periods presented and has no significant changes in accounting policies other than TFRS 16 in the current period.

2.8. Significant accounting judgements, estimates and assumptions

The preparation of the consolidated financial statements in accordance with TFRS requires management to make estimates and assumptions that are reflected in the measurement of income and expense in the consolidated statement of profit or loss and in the carrying value of assets and liabilities in the consolidated statement of financial position, and in the disclosure of information in the notes to the consolidated financial statements. Managements do exercise judgment and make use of information available at the date of the preparation of the consolidated financial statements in making these estimates. The actual future results from operations in respect of the areas where these judgments and estimates have been made may in reality be different than those estimates.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The key assumptions concerning the future and other key resources of estimation at the consolidated balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and the significant judgments (apart from those involving estimations) with the most significant effect on amounts recognized in the consolidated financial statements are as follows:

a) Provision for employment termination benefits is determined by using actuarial assumptions (discount rates, future salary increases and employee exit rates) **(Note 23)**.

b) The Group depreciates its property, plant and equipment and intangible assets on a straight-line basis over their useful lives. Expected useful life residual value and amortization method are reviewed every year for possible effects of changes in estimates and are accounted for prospectively if there is a change in estimates. **(Note 17, 19) .**

d) Provision for doubtful receivables reflects the amounts that the Group Management believes will meet future losses as of the balance sheet date. Provision for doubtful receivables represents the amounts that the Group believes will compensate future losses of receivables which are present as of the balance sheet date but which are not subject to collection in current economic conditions. The past performance of borrowers assessed for impairment of receivables impairment, credits on the market and their performance from the balance sheet date to the date of approval of the financial statements are also taken into consideration. As of the balance sheet date, the related provisions are disclosed in **Note 10**.

d) Inventories are valued at the lower of cost or net realisable value.

e) Provision for inventory impairment is recognized when net realisable value less the costs of completion and selling expenses.

f) The physical properties of the inventories and the past are examined in relation to the inventory impairment, the availability of the personnel is determined according to the opinions of the technical personnel and provision is made for the items that are estimated to be unavailable. Average sales prices are used to determine the net realizable value of inventories. The information about the inventory impairment that has been set as of the balance sheet date is given in **Note 13**.

2.9. Summary of significant accounting policies

Revenue recognition

When a performance obligation is satisfied by transferring promised goods or services to a customer, the Group recognises the revenue as the amount of the transaction price that is allocated to that performance obligation. An entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

Revenue is accounted for in the consolidated financial statements within the scope of the five-stage model below.

- Identification of customer contracts,
- Identification of performance obligations,
- Determination of the transaction price in the contracts,
- Allocation of transaction price to the performance obligations,
- Recognition of revenue when the performance obligations are satisfied.

A contract with a customer will be identified if all the following conditions are met:

(a) the contract has been approved by the parties to the contract,
(b) each party’s rights in relation to the goods or services to be transferred can be identified,
(c) the payment terms for the goods or services to be transferred can be identified,
(d) the contract has commercial substance and,
(e) it is probable that the consideration to which the entity is entitled to in exchange for the goods or services will be collected. In assessing whether a consideration is likely to be collectible, the entity considers only the customer's intention to pay that amount on time **(Note 27)**.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Revenue from goods sold

The Group generates revenue by selling bras, panties, socks, undershirts, dressing gowns, nightgowns, swimsuits, bikinis, pareos, pijamas, tights, underwear and textile products. The revenue is recognised when the goods or services are transferred to the customers.

If Group expects, at contract inception, that the period between when the Group transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less, the promised amount of consideration for the effects of a significant financing component is adjusted. On the other hand, when the contract effectively constitutes a financing component, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of the consideration is recognised on an accrual basis and classified under other operating income.

Inventories

Inventories are valued at the lower of cost or net realisable value. Cost of inventories includes; all purchasing costs, covering costs and other costs incurred to make the inventories ready to sell. Cost elements included in inventories are materials, labour and an appropriate amount of factory overheads. Those costs also include systematically distributed costs from fixed and variable general production expenses incurred in covering direct raw material to the goods. The cost of inventories is determined by the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

When the net realisable value of the inventory falls below its cost, the inventories are reduced to their net realisable value and the expense is reflected in the profit or loss statement in the year in which the impairment incurred. In cases where the conditions that previously caused inventories to be reduced to net realizable value lose their validity or there is an increase in the net realizable value due to changing economic conditions, the provision for the impairment is reversed. The reversal is limited to prior impairment amount **(Note 13)**.

Cash and cash equivalents

Cash and cash equivalents are carried at cost in the consolidated statement of financial position. Cash and cash equivalents represent cash on hand and demand deposits, deposits held in banks with maturities of 3 months or less, together with short-term, highly liquid investments that are readily convertible to a known amount of cash, and that are subject to an insignificant risk of changes in value **(Note 6)**.

Related parties

(a) A person or a close member of that person's family is related to a reporting entity if that person:

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment defined plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a).
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

According to the explanations above, in accordance with TAS 24, directly or indirectly on the company; Real and legal person partners who have control power alone or together and their close family members (up to second degree) and legal entities controlled directly or indirectly, alone or together by them, and that they have a significant impact and / or legal entities serving as senior management personnel; Subsidiaries of the Group, Board Members, key management personnel and their close family members (up to second degree) and legal entities controlled directly or indirectly, alone or together, are considered as related parties **(Note 36)**.

Trade receivables and provision for doubtful receivables

Trade receivables generated by the Group by way of providing goods or services to a buyer are carried at amortized cost. Trade receivables that are not accrued after the unearned finance income are calculated by discounting the amounts to be obtained in the subsequent periods from the original invoice value. Short term receivables with no stated interest rate are measured at cost unless the effect of effective interest is significant **(Note 10)**. The effective interest method is that the present value is calculated on the basis of “compound interest basis”. The rate used in this method and determined on the basis of compound interest is called as en effective interest rate. Effective interest rate; is the rate that discounts the estimated future cash collections or payments to the present value of the financial asset over the expected useful life of the financial asset.

Considering the Group's normal trading cycle, trade receivables are subject to administrative and / or legal follow-up, secured or unsecured, objective finding, etc., for the trade receivables whose maturities are out of the ordinary business cycle. and evaluates the provision of provision for doubtful receivables. The amount of this provision is the difference between the carrying amount of the receivable and the amount that is available for collection. The recoverable amount is the present value of expected cash inflows, including amounts recoverable from guarantees and collateral, discounted based on the original effective interest rate of the receivable originally formed. The Group management evaluates the provision for doubtful receivables for the receivables that are under administrative and / or legal follow-up, unsecured and collection possibility over the term of the Group's ordinary business cycle.

In case of collecting the provision for the doubtful receivable, in case all or part of the doubtful receivable amount is collected, the collected amount is deducted from the provisioned doubtful receivable and recognized in other operating income.

Financial liabilities and borrowing costs

Financial liabilities are recognized initially at the proceeds received, net of transaction costs incurred. Financial liabilities are subsequently measured at amortized cost using the effective interest method. Any difference between proceeds, net of transaction costs, and the redemption value is recognized in the statement of profit or loss over the period of the borrowings.

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset (which is intended to be intended for use and intended for sale over an extended period of time) may be capitalized as part of the cost of that asset. The Group has no capitalized financing costs during the period (**Note 8)**.

TFRS 16 “Leases”

Group - as a lessee

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group considers following indicators for the assessment of whether a contract conveys the right to control the use of an identified asset for a period of time or not:

• The contract includes an identified asset (contract includes a definition of a specified asset explicitly or implicitly),
• A capacity portion of an asset is physically distinct or represents substantially all of the capacity of an asset (if the supplier has a substantive right to substitute the asset and obtain economic benefits from use of the asset, then the asset is not an identified asset)
• Group has the right to obtain substantially all of the economic benefits from use of the identified asset,
• Group has the right to direct the use of an identified asset. Group has the right to direct the use of the asset throughout the period of use only if either:

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

a) Group has the right to direct how and for what purpose the asset is used throughout the period of use or
b) Relevant decisions about how and for what purpose the asset is used are predetermined

i. Group has the right to operate the asset (or to direct others to operate the asset in a manner that it determines) throughout the period of use, without the supplier having the right to change those operating instructions; or

ii. Group designed the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use.

Group recognises a right-of-use asset and a lease liability at the commencement date of the lease following the consideration of the above mentioned factors.

Right-of-use asset

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

a) The amount of the initial measurement of the lease liability,
b) Any lease payments made at or before the commencement date, less any lease incentives received,
c) Any initial direct costs incurred by the Group, and
d) An estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (unless those costs are incurred to produce inventories).

When applying the cost model, Group measures the right-of-use asset at cost:

a) Less any accumulated depreciation and any accumulated impairment losses; and
b) Adjusted for any remeasurement of the lease liability.

Group applies the depreciation requirements in TAS 16 “Property, Plant and Equipment” in depreciating the right-of-use asset.

Group applies TAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

The rate of depreciation applied on right of use assets is 33% for motor vehicles and 10%-50% for buildings.

Lease liability

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease, if that rate can be readily determined, or by using the Group’s incremental borrowing rate.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

a) Fixed payments, less any lease incentives receivable,
b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
c) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, Group measures the lease liability by:

a) Increasing the carrying amount to reflect interest on the lease liability,
b) Reducing the carrying amount to reflect the lease payments made, and
c) Remeasuring the carrying amount to reflect any reassessment or lease modifications.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Variable lease payments

Some lease contracts of the Group contain variable payment terms. Variable lease payments are not in the scope of TFRS 16 Standard and recognised in the statement of income as rent expense in the related period.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Practical expedients

The short-term lease agreements with a lease term of 12 months or less and agreements related to information on low value assets, which are determined by the Group as low value, have been evaluated within the scope of practical expedients introduced by the TFRS 16 Leases Standard and related lease payments are recognised as an expense in the period in which they are incurred.

Group - as a lessor

The Group has no operating and finance leases as a lessor during the period.

Transition to TFRS 16 "Leases"

The Group applied TFRS 16, "Leases", which superseded TAS 17, "Leases", and recognized in the consolidated financial statements by using "cumulative effect method" on the transition date of 1 January 2019. The standard allows a "simplified transition", which does not require restatement of the comparative information and retained earnings of the financial statements.

At the date of initial application of TFRS 16 "Leases", the Group recognised "lease liability" in the financial statements regarding the lease commitments classified as operating leases in accordance with TAS 17 "Leases" before 1 January 2019. Related lease liabilities are measured at their present value by discounting the unrealised lease payments using the Group's incremental borrowing rate at the date of initial application. Right of-use assets are recognized for at an amount equal to the lease liabilities (adjusted for the amount of prepaid or accrued lease payments) in accordance with the simplified transition method in the related standard.

The Group applies TFRS 16 Leases standard to annual reporting periods beginning on or after 1 January 2019. As of 1 January 2019, the summary financial statements for leases previously classified as operating leases in accordance with TAS 17, right of-use assets are accounted for at an amount equal to the lease liabilities (adjusted for the amount of prepaid or accrued lease payments) in accordance with the simplified transition method in the related standard.

Property, plant and equipment and related depreciation

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided for property, plant and equipment (except land) on a straight-line basis over their estimated useful lives. Land is not depreciated as it is deemed to have an indefinite useful life.

The depreciation periods for property, plant and equipment, which approximate the economic useful lives of such assets, are as follows:

	Economic Useful Lives (years)
Plant, Machinery and Equipment	8-15
Motor Vehicles	15
Furniture and Fixtures	2-20
Leasehold Improvements	2-8

Useful life and the depreciation method are constantly reviewed, and accordingly, parallels are sought between the depreciation method and the period and the useful life to be derived from the related asset. Gains or losses on disposals of property, plant and equipment are determined by comparing proceeds with their net carrying amounts and are classified under "gains/(losses) from investing activities" in the current period.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the asset's net selling price or value in use. Recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilisation of this property, plant and equipment.
Repairs and maintenance expenses are charged to statement of profit or loss during the period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Gains or losses on disposals of property, plant and equipment are determined with respect to the difference between collections received and carrying amounts of property, plant and equipment and are included in the related income and expense accounts, as appropriate.f the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Intangible assets and related amortisation

Intangible assets acquired before 1 January 2005 are carried at acquisition costs adjusted for inflation; whereas those purchased in and purchased after 2005 are carried forward at their acquisition cost less accumulated amortization.

They are initially recognised at acquisition cost and amortised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being recognized for on a prospective basis.

Intangible assets acquired are amortised on a straight-line basis over their estimated useful lives. The estimated useful life of intangible assets are vary over 3-15 years.

Foreign currency translation

Foreign currency transactions are translated into Turkish Lira using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Turkish Lira using the exchange rates at the consolidated balance sheet date. Foreign exchange gains and losses resulting from trading activities (trade receivables and payables) denominated in foreign currencies of the Group have been accounted for under “other operating income/(expenses)”.

The consolidated financial statements are presented in TL, which is Suwen Tekstil’s functional and presentation currency. Transactions in currencies other than functional currency are recognised at the rates of exchange prevailing on the dates of the transactions. Foreign currency indexed monetary assets and liabilities are recorded at the rates of exchange prevailing on the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated to functional currency as Turkish Lira using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Currency translation differences recognized as profit or loss in the period which they incurred.

Earnings per share

Earnings per share disclosed in the statement of profit or loss are determined by dividing net income attributable to equity holders of the parent by the weighted average number of shares outstanding during the period concerned.

In Turkey, companies can increase their share capital through a pro-rata distribution of shares (“bonus shares”) to existing shareholders from retained earnings and inflation adjustment to equity. For the purpose of earnings per share computations, the weighted average number of shares in existence during the period has been adjusted in respect of bonus share issues without a corresponding change in resources, by giving them retroactive effect for the period in which they were issued and each earlier period as if the event had occurred at the beginning of the earliest period reported.

Events after the reporting period

Events after the reporting period are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the consolidated financial statements are authorised for issue. The Group adjusts the amounts recognised in its financial statements to reflect the adjusting events after the balance sheet date. If non-adjusting events after the balance sheet date have material influence on the economic decisions of users of the consolidated financial statements, they are disclosed in the notes to the consolidated financial statements.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Contingent liabilities are consistently reviewed prior to the probability of any cash out-flow. In case of the cash outflow is probable, provision is allocated in the financial statements of the year the probability of contingent liability accounts is changed. A provision is recognized when the Group has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and reliable estimate can be made for the obligation. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Where the effect of the time value of money is material, the amount of provision shall be the present value of the expenditures expected to be required to settle the obligation. The discount rate reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate shall be a pre-tax rate and shall not reflect risks for which future cash flow estimates have been adjusted.

Possible assets or obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group are not included in the consolidated financial statements and treated as contingent assets or liabilities.

Taxes on income

Income tax expense (or income) is the sum of the current tax expense and the deferred tax expense (or income).

Current tax

Current year tax liability is calculated over the taxable profit for the period. Taxable profit differs from profit as recognised in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it excludes items that cannot be taxed or deducted. The Group's liability for current tax is calculated using legal statuory tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax assets and liabilities are determined by calculating the temporary differences between the amounts shown in the financial statements and the amounts considered in the statutory tax base in accordance with the balance sheet method. Deferred tax liabilities are recognized for all taxable temporary differences, whereas deferred tax assets resulting from deductible temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference can be utilized. Deferred tax liability or asset is not calculated in respect of temporary timing differences arising from the initial recognition of assets or liabilities other than goodwill or business combinations and which do not affect both commercial and financial profit /loss.

Deferred tax liabilities are calculated for all taxable temporary differences related to the investments in subsidiaries and associates and shares in joint ventures, except in cases where the Group is able to control the discontinuation of temporary differences and in the near future it is unlikely that such difference will be eliminated. Deferred tax assets resulting from taxable temporary differences related to such investments and shares are calculated on the condition that it is highly probable that future taxable profit will be available and that it is probable that future differences will be eliminated.

The carrying amount of the deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that financial profit will be available to allow the benefit of some or that entire amount.

Deferred tax assets and liabilities are calculated over the tax rates that are expected to be valid in the period when the assets are realized or the liabilities are fulfilled and legalized or substantially legalized as of the balance sheet date (tax regulations). During the calculation of deferred tax assets and liabilities, the tax consequences of the methods that the Group expects to recover or settle the carrying amount of the assets as of the balance sheet date are taken into consideration

Deferred tax assets and liabilities are recognized when there is a legal right to offset current tax assets and current tax liabilities, or if such assets and liabilities are associated with the income tax collected by the same tax authority, or if the Group intends to pay off the current tax assets and liabilities.

Current and deferred tax for the period

The deferred tax, other than those directly attributable to debt or liability recognized in equity (in which case deferred tax is recognized directly in equity) or deferred tax, other than those arising from initial recognition of business combinations, is recognized as income or expense in the statement of profit or loss. In business combinations, the tax effect is taken into consideration in the calculation of goodwill or in determining the part of the purchaser that exceeds the acquisition cost of the share of the acquiree's identifiable assets, liabilities and contingent liabilities in the fair value.

The taxes included in the consolidated financial statements include current period tax and the change in deferred taxes. The Group calculates current and deferred tax on the results for the period.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Offsetting in tax assets and liabilities

The amount of corporate tax payable is netted because it is related to prepaid corporate tax amounts. Deferred tax assets and liabilities are also offset in the same way.

Provision for employment termination benefits

The provision for employment termination benefits, as required by Turkish Labour Law represents the present value of the future probable obligation of the Group arising from the retirement of its employees based on the actuarial projections. TAS 19 "Employee Benefits" requires actuarial assumptions (net discount rate, turnover rate to estimate the probability of retirement etc.) to estimate the entity's obligation for employment termination benefits. The effects of differences between the actuarial assumptions and the actual outcome together with the effects of changes in actuarial assumptions compose the actuarial gains/(losses) and recognised under consolidated statement of other comprehensive income. These estimates are reviewed at each balance sheet date and revised if deemed necessary.

Statement of cash flow

Cash and cash equivalents are carried at cost in the consolidated statement of financial position. Cash flows during the period are classified and reported by operating, investing and financing activities in the cash flow statements. Cash flows from operating activities represent the cash flows generated from the Group's activities such as cash on hand, bank deposits and liquid investments.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (property, plant and equipment, intangible assets and financial assets).

Cash flows from financing activities represent the cash proceeds from the financing activities of the Group and the repayments of these funds.

2.10. New and Revised Turkish Financial Reporting Standards

The new standards, amendments, and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of March 31, 2025 are consistent with those of the previous financial year, except for the adoption of new and amended TFRS and TFRS interpretations effective as of January 1, 2025 and thereafter. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

i) The new standards, amendments and interpretations which are effective as at January 1, 2025 are as follows

Amendments to TAS 1- Classification of Liabilities as Current and Non-Current Liabilities

In March 2020 and January 2023, POA issued amendments to TAS 1 to specify the requirements for classifying liabilities as current or non-current. According to the amendments made in January 2023 if an entity's right to defer settlement of a liability is subject to the entity complying with the required covenants at a date subsequent to the reporting period ("future covenants"), the entity has a right to defer settlement of the liability even if it does not comply with those covenants at the end of the reporting period. In addition, January 2023 amendments require an entity to provide disclosure when a liability arising from a loan agreement is classified as non-current and the entity's right to defer settlement is contingent on compliance with future covenants within twelve months. This disclosure must include information about the covenants and the related liabilities. The amendments clarify that the requirement for the right to exist at the end of the reporting period applies to covenants which the entity is required to comply with on or before the reporting date regardless of whether the lender tests for compliance at that date or at a later date. The amendments also clarified that the classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. The amendments must be applied retrospectively in accordance with TAS 8.

The amendments did not have a significant impact on the financial position or performance of the Group.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Amendments to TFRS 16 - Lease Liability in a Sale and Leaseback

In January 2023, POA issued amendments to TFRS 16. The amendments specify the requirements that a seller- lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. In applying requirements of TFRS 16 under "Subsequent measurement of the lease liability" heading after the commencement date in a sale and leaseback transaction, the seller lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback. The initial measurement of the lease liability arising from a leaseback may result in a seller- lessee determining 'lease payments' that are different from the general definition of lease payments in TFRS 16. The seller-lessee will need to develop and apply an accounting policy that results in information that is relevant and reliable in accordance with TAS 8. A seller-lessee applies the amendments retrospectively in accordance with TAS 8 to sale and leaseback transactions entered into after the date of initial application of TFRS 16.

The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TAS 7 and TFRS 7 - Disclosures: Supplier Finance Arrangements

The amendments issued by POA in September 2023 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. The amendments require an entity to provide information about terms and conditions of those arrangements, quantitative information on liabilities related to those arrangements as at the beginning and end of the reporting period and the type and effect of non-cash changes in the carrying amounts of those liabilities. In the context of quantitative liquidity risk disclosures required by TFRS 7, supplier finance arrangements are also included as an example of other factors that might be relevant to disclose.

The amendments did not have a significant impact on the financial position or performance of the Group.

Amendments to TAS 21 - Lack of exchangeability

In May 2024, POA issued amendments to TAS 21. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency, it discloses information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows. When applying the amendments, an entity cannot restate comparative information.

The Group will wait until the final amendment to assess the impacts of the changes.

i) Standards issued but not yet effective and not early adopted

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

Amendments to TFRS 10 and TAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

In December 2017, POA postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted.

The Group will wait until the final amendment to assess the impacts of the changes.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

TFRS 17 - The new Standard for insurance contracts

POA issued TFRS 17 in February 2019, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. TFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. In accordance with amendments issued by POA in December 2021, entities have transition option for a "classification overlay" to avoid possible accounting mismatches between financial assets and insurance contract liabilities in the comparative information presented on initial application of TFRS 17.

The mandatory effective date of the Standard for the following entities has been postponed to accounting periods beginning on or after January 1, 2025 with the announcement made by the POA:

- Insurance, reinsurance and pension companies.
- Banks that have ownership/investments in insurance, reinsurance and pension companies.
- Other entities that have ownership/investments in insurance, reinsurance and pension companies.

The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

ii) The amendments which are effective immediately upon issuance

Amendments to TAS 12 - International Tax Reform – Pillar Two Model Rules

In September 2023, POA issued amendments to TAS 12, which introduce a mandatory exception in TAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes. The amendments clarify that TAS 12 applies to income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD). The amendments also introduced targeted disclosure requirements for entities affected by the tax laws. The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception apply immediately and retrospectively upon issue of the amendments.

Its impact has been evaluated and reflected in the financial statements.

iii) The new amendments that are issued by the International Accounting Standards Board (IASB) but not issued by Public Oversight Authority (POA)

The following two amendments to IFRS 9 and IFRS 7 and Annual Improvements to IFRS Accounting Standards as well as IFRS 18 and IFRS 19 are issued by IASB but not yet adapted/issued by POA. Therefore, they do not constitute part of TFRS. The Group will make the necessary changes to its consolidated financial statements after the amendments and new Standard are issued and become effective under TFRS.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

In May 2024, IASB issued amendments to the classification and measurement of financial instruments (amendments to IFRS 9 and IFRS 7). The amendment clarifies that a financial liability is derecognised on the 'settlement date'. It also introduces an accounting policy option to derecognise financial liabilities that are settled through an electronic payment system before settlement date if certain conditions are met. The amendment also clarified how to assess the contractual cash flow characteristics of financial assets that include environmental, social and governance (ESG)-linked features and other similar contingent features as well as the treatment of non- recourse assets and contractually linked instruments. Additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments classified at fair value through other comprehensive income are added with the amendment**.**

The standard will not have an impact on the financial position or performance of the Group.

NOTE 2 - BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Annual Improvements to IFRS Accounting Standards – Volume 11

In July 2024, the IASB issued Annual Improvements to IFRS Accounting Standards – Volume 11, amending the followings:

- IFRS 1 First-time Adoption of International Financial Reporting Standards – Hedge Accounting by a First-time Adopter: These amendments are intended to address potential confusion arising from an inconsistency between the wording in IFRS 1 and the requirements for hedge accounting in IFRS 9.
- IFRS 7 Financial Instruments: Disclosures – Gain or Loss on Derecognition: The amendments update the language on unobservable inputs in the Standard and include a cross reference to IFRS 13.
- IFRS 9 Financial Instruments – Lessee Derecognition of Lease Liabilities and Transaction Price: IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply derecognition requirement of IFRS 9 and recognise any resulting gain or loss in profit or loss. IFRS 9 has been also amended to remove the reference to 'transaction price".
- IFRS 10 Consolidated Financial Statements – Determination of a 'De Facto Agent': The amendments are intended to remove the inconsistencies between IFRS 10 paragraphs.
- IAS 7 Statement of Cash Flows – Cost Method: The amendments remove the term of "cost method" following the prior deletion of the definition of 'cost method'.

It has been assessed the impact of the standard on financial position or performance of the Group.

Amendments to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity

In December 2024, the Board issued Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7). The amendment clarifies the application of the "own use" requirements and permits hedge accounting if these contracts are used as hedging instruments. The amendment also adds new disclosure requirements to enable investors to understand the effect of these contracts on a company's financial performance and cash flows. The amendment will be effective for annual periods beginning on or after 1 January 2026. Early adoption is permitted but will need to be disclosed. The clarifications regarding the 'own use' requirements must be applied retrospectively, but the guidance permitting hedge accounting have to be applied prospectively to new hedging relationships designated on or after the date of initial application.

It has been assessed the impact of the standard on financial position or performance of the Group.

IFRS 18 – The new Standard for Presentation and Disclosure in Financial Statements

In April 2024, IASB issued IFRS 18 which replaces IAS 1. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. IFRS 18 requires an entity to classify all income and expenses within its statement of profit or loss into one of five categories: operating; investing; financing; income taxes; and discontinued operations. It also requires disclosure of management-defined performance measures and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements and the notes. In addition, there are consequential amendments to other accounting standards, such as IAS 7, IAS 8 and IAS 34.

It has been assessed the impact of the standard on financial position or performance of the Group.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

In May 2024, IASB issued IFRS 19, which allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS accounting standards. Unless otherwise specified, eligible entities that elect to apply IFRS 19 will not need to apply the disclosure requirements in other IFRS accounting standards. An entity that is a subsidiary, does not have public accountability and has a parent (either ultimate or intermediate) which prepares consolidated financial statements, available for public use, which comply with IFRS accounting standards may elect to apply IFRS 19.

It has been assessed the impact of the standard on financial position or performance of the Group.

NOTE 3 – BUSINESS COMBINATIONS

As of 31 March 2025 and 31 December 2024, the Group has no business combinations subject to common control and relevant transactions.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 4 – DISCLOSURE OF INTERESTS IN OTHER ENTITIES

As of 31 March 2025 and 31 December 2024, Suwen Tekstil has no interests in subsidiaries, joint arrangements, associates and unconsolidated “structured entities”.

NOTE 5 – OPERATING SEGMENTS

The Group manages its e-commerce and physical retail operations under a single operational segment due to the similarity of its products and services, the shared structure of its production processes, and its focus on the same customer base. Strategic decisions are made with an integrated approach covering all business lines, without any specific resource allocation. Decisions regarding the Group's activities are shaped in line with the regular reviews of the authorized body, which is the Board of Directors.

NOTE 6 – CASH AND CASH EQUIVALENTS

As of 31 March 2025 and 31 December 2024, the functional breakdown of cash and cash equivalents is as follows:

	31.03.2025	**31.12.2024**
Cash on hand	608.160	540.132
Banks	89.261.216	230.666.399
- Time deposit (up to 3 months)	40.008.743	209.659.264
- Demand deposit	49.252.473	21.007.135
Other cash and cash equivalents (*)	22.914.067	20.642.646
Total	**112.783.443**	**251.849.177**
Interest accruals	(100.805)	(1.030.896)
Cash and cash equivalents, net	**112.682.638**	**250.818.281**

As of 31 March 2025 and 31 December 2024, the Group has no blocked deposits.

(*) Includes credit card (“POS”) receivables.

The details of time deposits are as follows (not includes interest accruals):

Time deposits

Currency	**Annual effective interest rate (%)**	**Effective maturity**	**31.03.2025**
TL	37,50-41,50%	0-1 month	39.907.936
Total			**39.907.936**

Time deposits

Currency	**Annual effective interest rate (%)**	**Effective maturity**	**31.12.2024**
TL	27,30-48,15%	0-1 month	208.628.368
Total			**208.628.368**

NOTE 7 – FINANCIAL INVESTMENTS

As of 31 March 2025 and 31 December 2024, the Group has no short and long-term financial investments.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 8 - FINANCIAL LIABILITIES

As of 31 March 2025 and 31 December 2024, the details of current and non-current liabilities are as follows:

	31.03.2025	**31.12.2024**
Short-term borrowings	333.294.069	499.195.228
Short-term lease liabilities (TFRS 16)	261.113.796	246.455.643
Short-term portion of long-term borrowings	214.318.362	77.239.302
Other	1.337.196	1.366.984
Total short-term borrowings, net	**810.063.423**	**824.257.157**

	31.03.2025	**31.12.2024**
Long-term borrowings	113.493.651	38.004.124
Long-term lease liabilities (TFRS 16)	252.701.202	250.925.018
Total long-term borrowings, net	**366.194.853**	**288.929.142**

As of 31 March 2025 and 31 December 2024, the repayment schedule of borrowings is as follows:

	31.03.2025	**31.12.2024**
0-3 months	165.541.667	251.084.854
4-12 months	383.407.960	326.716.660
1-5 years	113.493.651	38.004.124
Total	**662.443.278**	**615.805.638**

As of 31 March 2025 and 31 December 2024, the breakdown of annual effective interest rates of borrowings in terms of currencies is as follows:

	Annual effective			**31 March 2025**
Currency	**Interest rate (%)**	**Short-term**	**Long-term**	**Total**
TL	55,65%	548.949.627	113.493.651	662.443.278
		548.949.627	**113.493.651**	**662.443.278**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 8 - FINANCIAL LIABILITIES (Continued)

Currency	Annual effective interest rate (%)	Short-term	Long-term	Total
				31 December 2024
TL	50,11%	577.801.514	38.004.124	615.805.638
		577.801.514	**38.004.124**	**615.805.638**

The breakdown and movement of cash and non-cash changes regarding the liabilities arising from financing activities are as follows:

	01.01-31.03.2025	01.01-31.03.2024
Beginning of the period – 1 January	**615.805.638**	**98.952.139**
Cash inflows from borrowings	292.427.593	216.753.960
Principal and interest payments	(206.295.460)	(64.324.743)
Interest accruals	16.807.093	1.630.264
Monetary gains//(losses)	(56.301.586)	(12.954.379)
End of the period – 31 March	**662.443.278**	**240.057.241**

The movement of short and long-term lease liabilities is as follows:

	01.01-31.03.2025	01.01-31.03.2024
Beginning of the period – 1 January	**497.380.661**	**453.913.745**
Payments during the period (-)	(89.419.334)	(70.398.299)
Additions	126.956.560	168.716.802
Disposals (-)	-	(69.030.534)
Interest expenses (-)	28.563.551	20.016.659
Foreign exchange losses (-)	-	4.791.552
Monetary gains/(losses)	(49.666.440)	(12.247.177)
End of the period – 31 March	**513.814.998**	**495.762.748**

NOTE 9 – OTHER FINANCIAL LIABILITIES

None.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 10 - TRADE RECEIVABLES AND PAYABLES

As of March 2025 and 31 December 2024, the functional breakdown of short-term trade receivables is as follows:

Trade receivables	31.03.2025	31.12.2024
Trade receivables	65.126.895	64.046.173
Cheques and notes received	2.482.485	4.479.177
Doubtful trade receivables	2.970.340	3.269.238
Provision for doubtful trade receivables (-)	(2.970.340)	(3.269.238)
Due from related parties (Note 36)	40.502.655	52.588.090
Short-term trade receivables, net	**108.112.035**	**121.113.440**

Movements of provision for doubtful receivables are as follows:

	01.01 - 31.03.2025	01.01 - 31.03.2024
Beginning of the period – 1 January	3.269.238	717.394
Additions	-	-
Monetary gains/(losses)	(298.898)	(93.918)
End of the period – 31 March	**2.970.340**	**623.476**

As of 31 March 2025 and 31 December 2024, the Group has no long-term trade receivables.

As of 31 March 2025 and 31 December 2024, the functional breakdown of short-term trade payables is as follows:

Trade payables	31.03.2025	31.12.2024
Trade payables	93.655.875	86.952.751
Due to related parties (Note 36)	19.693.177	23.354.343
Notes payable	10.534.398	18.857.036
Notes payable due to related parties (Note 36)	25.101.591	44.027.401
Short-term trade payables, net	**148.985.041**	**173.191.531**

Libor interest rates were applied as the annual effective interest rate in the calculation of discount (31 March 2025 and 31 December 2024: 52.80% and 50.88%, respectively).

As of 31 March 2025 and 31 December 2024, the Group has no long-term trade payables.

NOTE 11 – OTHER RECEIVABLES AND PAYABLES

As of 31 March 2025 and 31 December 2024, the detailed analysis of short-term other receivables is as follows:

Short-term other receivables	31.03.2025	31.12.2024
Due from tax Office	492.624	542.196
Short-term other receivables, net	**492.624**	**542.196**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 11 – OTHER RECEIVABLES AND PAYABLES (Continued)

As of 31 March 2025 and 31 December 2024, the detailed analysis of long-term other receivables is as follows:

Long-term other receivables	31.03.2025	31.12.2024
Deposits and guarantees given	8.805.172	8.246.530
Long-term other receivables, net	**8.805.172**	**8.246.530**

As of 31 March 2025 and 31 December 2024, the detailed analysis of short-term other payables is as follows:

Short-term other payables	31.03.2025	31.12.2024
Deposits and guarantees received	2.191.350	2.177.262
Short-term other payables, net	**2.191.350**	**2.177.262**

NOTE 12 – DERIVATIVE INSTRUMENTS

None.

NOTE 13 – INVENTORIES

As of 31 March 2025 and 31 December 2024, the breakdown of inventories is as follows:

	31.03.2025	31.12.2024
Merchandise	1.362.800.997	1.287.361.803
Other inventories (*)	4.217.615	22.024.304
Provision for impairment on inventories (-)	(7.211.295)	(5.410.822)
Total	**1.359.807.317**	**1.303.975.285**

(*) Includes materials such as hangers and mannequins.

The movement of provision for impairment on inventories is as follows:

	01.01 - 31.03.2025	01.01 - 31.03.2024
Beginning of the period – 1 January	5.410.822	6.256.789
Additions	1.004.398	3.553.382
Monetary gains/(losses)	796.075	-3.590.017
End of the period – 31 March	**7.211.295**	**6.220.154**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 14 - PREPAID EXPENSES AND DEFERRED INCOME

As of 31 March 2025 and 31 December 2024, the breakdown of short-term prepaid expenses is as follows:

Short-term prepaid expenses	31.03.2025	31.12.2024
Advances given to third parties	4.157.849	53.853.883
Other	27.691.408	42.287.595
Short-term prepaid expenses, net	**31.849.257**	**96.141.478**

As of 31 March 2025 and 31 December 2024, the Group has no long-term prepaid expenses.

As of 31 March 2024 and 31 December 2024, the breakdown of short-term deferred income is as follows:

Short-term deferred income	31.03.2025	31.12.2024
Advances received	6.730.350	2.216.420
Short-term deferred income (*)	8.724.278	8.667.337
Short-term deferred income, net	**15.454.628**	**10.883.757**

As of 31 March 2025 and 31 December 2024, the breakdown of long-term deferred income is as follows:

Long-term deferred income	31.03.2025	31.12.2024
Long-term deferred income (*)	1.015.336	2.166.834
Long-term deferred income, net	**1.015.336**	**2.166.834**

(*) Represents bank promotions and premiums

NOTE 15 – INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

None.

NOTE 16 – INVESTMENT PROPERTIES

None.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 17 – PROPERTY, PLANT AND EQUIPMENT

As of 31 March 2025 and 2024, the movements for property, plant and equipment, and related depreciation are as follows:

31.03.2025

	1 January 2025	Additions	Disposals (-)	Currency translation differences	31 March 2025
Cost					
Plant, machinery and equipment	1.808.355	-	-	-	1.808.355
Motor vehicles	39.401.586	21.227.870	(21.733.719)	-	38.895.737
Furniture and fixtures	85.141.972	9.625.553	(29.128)	(183.470)	94.554.927
Leasehold improvements	564.556.470	55.880.368	-	135.409	620.572.247
Total	**690.908.383**	**86.733.791**	**(21.762.847)**	**(48.061)**	**755.831.266**
Accumulated depreciation (-)					
Plant, machinery and equipment	(1.175.752)	(33.227)	-	-	(1.208.979)
Motor vehicles	(8.028.312)	(1.832.490)	2.380.902	-	(7.479.900)
Furniture and fixtures	(53.586.829)	(3.020.071)	55.815	8.738	(56.542.347)
Leasehold improvements	(304.875.336)	(21.916.986)	-	(117.120)	(326.909.442)
Total	**(367.666.229)**	**(26.802.774)**	**2.436.717**	**(108.382)**	**(392.140.668)**
Net book value	**323.242.154**				**363.690.598**

31.03.2024

	1 January 2024	Additions	Disposals (-)	Currency translation differences	31 March 2024
Cost					
Plant, machinery and equipment	1.500.328	277.760	-	-	1.778.088
Motor vehicles	60.983.284	7.679.803	(39.978.042)	-	28.685.045
Furniture and fixtures	73.762.848	3.101.319	(379.301)	-	76.484.866
Leasehold improvements	459.073.900	56.590.635	(6.278.360)	1.650.071	511.036.246
Total	**595.320.360**	**67.649.517**	**(46.635.703)**	**1.650.071**	**617.984.245**
Accumulated depreciation (-)					
Plant, machinery and equipment	(1.038.661)	(37.798)	-	-	(1.076.459)
Motor vehicles	(6.668.353)	(3.072.923)	5.104.831	-	(4.636.445)
Furniture and fixtures	(42.468.801)	(2.664.495)	84.321	-	(45.048.975)
Leasehold improvements	(225.367.330)	(19.885.637)	606.444	1.142.472	(243.504.051)
Total	**(275.543.145)**	**(25.660.853)**	**5.795.596**	**1.142.472**	**(294.265.930)**
Net book value	**319.777.215**				**323.718.315**

As of 31 March 2025, the Group has no pledges, mortgages and restrictions on property, plant and equipment.

As of 31 March 2025, total insurance coverage on property, plant and equipment is amounting to TL 1.498.157.907 (31 December 2024: TL 1.517.221.420).

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 18 – RIGHT OF USE ASSETS

As of 31 March 2025 and 2024, the movements for right of use assets, and related depreciation are as follows:

31.03.2025

	1 January 2025	Additions	Disposals (-)	Currency translation differences	31 March 2025
Right of use assets	1.909.967.638	126.956.560	-	(4.600.653)	2.032.323.545
Depreciation and amortisation charges	(1.164.710.449)	(85.164.708)	-	1.915.966	(1.247.959.191)
Net book value	**745.257.189**				**784.364.354**

31.03.2024

	1 January 2024	Additions	Disposals (-)	Currency translation differences	31 March 2024
Right of use assets	1.704.383.607	170.967.492	(38.618.418)	(12.059.848)	1.824.672.833
Depreciation and amortisation charges	(1.026.080.865)	(79.723.892)	30.412.116	7.243.806	(1.068.148.835)
Net book value	**678.302.742**				**756.523.998**

NOTE 19 – INTANGIBLE ASSETS

As of 31 March 2025 and 2024, the movements for other intangible assets, and related depreciation are as follows:

31.03.2025

	1 January 2025	Additions	Disposals (-)	31 March 2025
Cost				
Rights	93.797.950	-	-	93.797.950
Total	**93.797.950**	**-**	**-**	**93.797.950**
Accumulated depreciation (-)				
Rights	(61.052.241)	(4.841.826)	-	(65.894.067)
Total	**(61.052.241)**	**(4.841.826)**	**-**	**(65.894.067)**
Net book value	**32.745.709**			**27.903.883**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 19 – INTANGIBLE ASSETS (Continued)

31.03.2024

	1 March 2024	Additions	Disposals (-)	31 March 2024
Cost				
Rights	81.767.120	682.999	-	82.450.119
Total	**81.767.120**	**682.999**	**-**	**82.450.119**
Accumulated depreciation (-)				
Rights	(37.487.499)	(6.455.598)	-	(43.943.097)
Total	**(37.487.499)**	**(6.455.598)**	**-**	**(43.943.097)**
Net book value	**44.279.621**			**38.507.022**

Goodwill

None.

NOTE 20 – EMPLOYEE BENEFITS

As of 31 March 2025 and 31 December 2024, the breakdown of employee benefits is as follows:

	31.03.2025	31.12.2024
Due to employees	9.690.172	41.570.543
Social security premiums payable	33.103.723	18.950.620
Total	**42.793.895**	**60.521.163**

NOTE 21 – SHORT-TERM PROVISIONS

As of 31 March 2025 and 31 December 2024, the functional breakdown and detailed analysis of short-term provisions, contingent liabilities and contingent assets are as follows:

Short-term provisions	31.03.2025	31.12.2024
Provision for unused vacation	8.555.593	8.651.344
Other short-term provisions	9.401.625	7.133.477
Short-term provisions, net	**17.957.218**	**15.784.821**

The movement of provision for unused vacation is as follows:

	01.01 - 31.03.2025	01.01 - 31.03.2024
Beginning of the period – 1 January	8.651.344	5.473.388
Additions	695.220	3.790.196
Monetary gains/(losses)	(790.971)	(716.552)
End of the period – 31 March	**8.555.593**	**8.547.032**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 21 – SHORT-TERM PROVISIONS (Continued)

Other short-term provisions	31.03.2025	31.12.2024
Provision for lawsuits (*)	1.058.683	639.573
Provision for price revision	2.294.046	2.446.483
Provision for sales returns	6.048.896	4.047.421
Other short-term provisions, net	**9.401.625**	**7.133.477**

(*) Mainly comprise of employment-related and workplace lawsuits filed against the Group

The movement of other short-term provisions is as follows:

Other short-term provisions	Provision for lawsuits (*)	Provision for price revision	Provision for sales returns	Total
Beginning of the period – 1 January 2025	639.573	2.446.483	4.047.422	7.133.478
Additions	488.948	2.517.722	6.418.942	9.425.612
Reversals (-)	-	(2.446.483)	(4.047.422)	(6.493.905)
Monetary gains/(losses)	(69.837)	(223.676)	(370.046)	(663.559)
End of the period – 31 March 2025	**1.058.684**	**2.294.046**	**6.048.896**	**9.401.626**

Other short-term provisions	Provision for lawsuits (*)	Provision for price revision	Provision for sales returns	Total
Beginning of the period – 1 January 2024	1.191.909	2.654.298	1.732.663	5.578.870
Additions	185.862	(904.815)	182.640	(536.313)
Reversals (-)	-	(2.654.298)	(1.732.663)	(4.386.961)
Monetary gains/(losses)	(162.441)	2.306.809	1.505.830	3.650.198
End of the period – 31 March 2024	**1.215.330**	**1.401.994**	**1.688.470**	**4.305.794**

i) Commitments, mortgages and guarantees not included in the liability

As of 31 March 2025 and 31 December 2024, the details of guarantees received are as follows:

		31 March 2025		31 December 2024	
	Currency	Original currency amount	TL equivalent	Original currency amount	TL equivalent
Letter of guarantee	TL	2.000.000	2.000.000	1.650.941	1.650.941
Letter of guarantee	USD	100.000	3.789.040	100.000	3.539.690
Letter of guarantee	EUR	140.000	5.717.096	140.000	5.160.064
Guarantees received, net			**11.506.136**		**10.350.695**

ii) Total mortgages and guarantees on assets

None.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 21 – SHORT-TERM PROVISIONS (Continued)

iii) Ratio of guarantees and mortgages to equity

As of 31 March 2025 and 31 December 2024, the breakdown of collateral/pledge/mortgage ("CPM") position of the Group is as follows:

		31 March 2025		31 December 2024	
	Currency	**Original currency amount**	**TL equivalent**	**Original currency amount**	**TL equivalent**
A. Total amount of CPM's given in the name of its own legal personality	TL	178.257.357	178.257.357	186.293.506	186.293.506
	Dolar	160.000	6.062.464	100.000	3.539.690
	Avro	61.500	2.511.439	34.500	1.271.587
B. Total amount of CPM's given on behalf of the fully consolidated subsidiaries		-	-	-	-
C. Total amount of CPM's given on behalf of third parties for ordinary course of business		-	-	-	-
D. Total amount of other CPM's given		-	-	-	-
Total		**-**	**186.831.260**		**191.104.783**

NOTE 22 – COMMITMENTS

None.

NOTE 23 – LONG-TERM PROVISIONS

As of 31 March 2025 and 31 December 2024, the detailed analysis of long-term provisions of Suwen Tekstil is as follows:

Provision for employment termination benefits

Long-term provisions	**31.03.2025**	**31.12.2024**
Provision for employment termination benefits	7.351.184	6.803.787
Total	**7.351.184**	**6.803.787**

Under Turkish Labour Law, Suwen Tekstil and its subsidiaries incorporated in Turkey are required to pay termination benefits to each employee who has completed one year of service and whose employment is terminated without due cause, who is called up for military service, dies or retires after completing 25 years of service (20 years for women) and reaches the retirement age (58 for women and 60 for men). As of 31 March 2025, the amount payable consists of one month's salary limited to a maximum of TL 46.655,43 (31 December 2024: TL 41.828,42) for each year of service.

The liability is not funded as there is no funding requirement.

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. TAS 19 ("Employee Benefits") requires actuarial valuation methods to be developed to estimate the entity's obligation under defined benefit plans. Accordingly, the following actuarial assumptions are used in the calculation of total liabilities:

The principal assumption is that the maximum liability for each year of service increases in line with inflation. Therefore, the discount rate applied represents the expected real rate after adjusting for future inflation effects.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 23 – LONG-TERM PROVISIONS (Continued)

As of 31 March 2025, the provisions in the accompanying consolidated financial statements are calculated by estimating the present value of the future probable obligation of the Group arising from the retirement of the employees. As of 31 March 2025, the provisions at the respective balance sheet dates have been calculated assuming an annual inflation rate of 22% and an interest rate of 27.00%, resulting in a discount rate of 4.10% (31 December 2024: 4.10%).

The movements of provision for employment termination benefits are as follows:

	01.01 - 31.03.2025	**01.01 - 31.03.2024**
Beginning of the period – 1 January	6.803.787	6.728.758
Loss on remeasurements of defined benefit plans	4.438.561	2.144.466
Service cost	1.602.576	2.125.206
Interest cost	379.794	1.347.401
Actuarial losses	(82.419)	430.887
Monetary gains/(losses)	(650.318)	(992.365)
Payments during the period (-)	(5.140.797)	(2.811.298)
End of the period – 31 March	**7.351.184**	**8.973.055**

NOTE 24 – CURRENT PERIOD INCOME TAX ASSETS

Current Period Tax Related Assets	**31.03.2025**	**31.12.2024**
Prepaid Taxes and Funds	1.399.988	-
Total	**1.399.988**	**-**

NOTE 25 – OTHER ASSETS AND LIABILITIES

As of 31 March 2025 and 31 December 2024, the breakdown of other current assets is as follows:

Other current assets	**31.03.2025**	**31.12.2024**
Deferred VAT	26.325.099	10.839.094
Advances given to employees	4.864.021	4.470.719
Other	549.045	2.389.652
Other current assets, net	**31.738.165**	**17.699.465**

NOTE 25 – OTHER ASSETS AND LIABILITIES (Continued)

As of 31 March 2025 and 31 December 2024, the breakdown of other current liabilities is as follows:

Other current liabilities	**31.03.2025**	**31.12.2024**
Taxes, duties and charges	23.916.269	38.673.798
Expense accruals	-	40.759
Other	2.668.184	4.174.707
Other current liabilities, net	**26.584.453**	**42.889.264**

As of 31 March 2025 and 31 December 2024, the Group has no other non-current liabilities.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 26 – EQUITY

As of 31 March 2025 and 31 December 2024, the principal shareholders and their respective shareholding rates in Suwen Tekstil are as follows:

Shareholders	**31.03.2025 Amount**	**Share (%)**	**31.12.2024 Amount**	**Share (%)**
Ali Bolluk	23.241.664	10,38%	23.241.664	10,38%
Birol Sümer	23.241.664	10,38%	23.241.664	10,38%
Özcan Sümer	23.241.664	10,38%	23.241.664	10,38%
Çiğdem Ferda Arslan	8.000.008	3,57%	8.000.008	3,57%
Other	8.000.000	3,57%	8.000.000	3,57%
Publicly traded	138.275.000	61,73%	138.275.000	61,73%
Total paid-in share capital	**224.000.000**	**100,00%**	**224.000.000**	**100,00%**

i) Capital reserves

None.

ii) Restricted reserves

The legal reserves consist of first and second legal reserves, appropriated in accordance with the Turkish Commercial Code (TCC). The TCC stipulates that the first legal reserve is appropriated out of historical statutory profits at the rate of 5% per annum, until the total reserve reaches 20% of the Group's historical 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 historical paid-in share capital. Under TCC, the legal reserves are not available for distribution unless they exceed 50% of the historical paid-in share capital but may be used to offset losses in the event that historical general reserve is exhausted.

As of 31 March 2025 and 31 December 2024, the details of the restricted reserves are as follows:

	31.03.2025	**31.12.2024**
Legal reserves	57.686.383	57.686.383
Treasury shares (*)	124.994.976	124.994.976
Total	**182.681.359**	**182.681.359**

(*) In accordance with the regulations issued by Turkish Commercial Code ("TCC") and the Capital Markets Board ("CMB"),a reserve in an amount for the acquisition cost is allocated for the treasury shares in the accompanying consolidated financial statements. Accordingly, with the consideration of the restricted reserves in the consolidated financial statements, a reserve amounting to TL 124.994.976 including transaction costs has been allocated for the treasury shares for the period ended 31 March 2025.

iii) Retained earnings

As of 31 March 2025 and 31 December 2024, the breakdown of retained earnings which includes other retained earnings is as follows:

	31.03.2025	**31.12.2024**
Retained earnings	588.456.206	332.760.173
Total	**588.456.206**	**332.760.173**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 26 – EQUITY (Continued)

iv) Treasury shares

As the Group repurchase their own equity instruments, these instruments are accounted for as "treasury shares" and deducted from equity. Gain or loss is recognized in the consolidated statement of profit or loss due to the purchase, sale, issue or cancellation of the equity instruments of the Group and the amounts received or paid for these transactions including tax effect are recognized directly in equity. The Group has treasury shares amounting to TL 124.994.976. (31.12.2024: TL 124.994.976)

As of 31 March 2025 and 31 December 2024, the breakdown of treasury shares is as follows:

	31.03.2025	**31.12.2024**
Treasury shares	(124.994.976)	(124.994.976)
Total	**(124.994.976)**	**(124.994.976)**

v) Share premium

As of 31 March 2025 and 31 December 2024, the breakdown of share premium is as follows:

	31.03.2025	**31.12.2024**
Share Premium	154.457.001	154.457.001
Total	**154.457.001**	**154.457.001**

Expenses incurred during the initial public offering have been deducted from the share premiums.

vi) Other comprehensive income or expenses to be reclassified to profit or loss

As of 31 March 2025 and 31 December 2024, the detailed table of other comprehensive income or expenses to be reclassified to the consolidated statement of profit or loss recognised under equity is as follows:

	31.03.2025	**31.12.2024**
Currency translation differences	(20.283.926)	(16.207.138)
Total	**(20.283.926)**	**(16.207.138)**

vii) Other comprehensive income or expenses not to be reclassified to profit or loss

As of 31 March 2025 and 31 December 2024, the detailed table of other comprehensive income or expenses not to be reclassified to the consolidated statement of profit or loss recognised under equity is as follows:

	31.03.2025	**31.12.2024**
Gains/(losses) on remeasurements of defined benefit plans	(5.532.965)	(5.596.428)
Total	**(5.532.965)**	**(5.596.428)**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 27 – REVENUE AND COST OF SALES

As of 31 March 2025 and 2024, the functional breakdown of revenue and cost of sales is as follows:

	01.01.- 31.03.2025	**01.01.- 31.03.2024**
Domestic sales	1.018.147.540	859.896.766
Foreign sales	25.573.950	26.420.726
Sales returns (-)	(31.132.963)	(20.623.608)
Other discounts (-)	(21.947.099)	(12.532.068)
Total	**990.641.428**	**853.161.816**

	01.01.- 31.03.2025	**01.01. - 31.03.2024**
Cost of merchandise sold	(545.127.538)	(405.398.483)
Total	**(545.127.538)**	**(405.398.483)**

As of 31 March 2025, the Group has gross profit amounting to TL 445.513.890 (31 March 2024: TL 447.763.333).

The breakdown of channels for the sales of the Group is as follows:

Account Name	**01.01.- 31.03.2025**	**01.01. - 31.03.2024**
Retail Sales	822.933.670	731.536.682
E-Commerce Sales	156.021.084	104.702.065
Wholesales	6.302.262	11.457.629
Dealer Sales	5.384.412	5.465.440
Sales revenue, net	**990.641.428**	**853.161.816**

NOTE 28 - GENERAL ADMINISTRATIVE EXPENSES AND MARKETING SALES AND DISTRIBUTION EXPENSES

As of 31 March 2025 and 2024, the breakdown of operating expenses is as follows:

	01.01.- 31.03.2025	**01.07.- 31.03.2024**
Marketing, sales and distribution expenses (-)	(448.248.940)	(399.853.557)
General administrative expenses (-)	(48.732.406)	(46.546.030)
Total operating expenses (-)	**(496.981.346)**	**(446.399.587)**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 29 – EXPENSES BY NATURE

As of 31 March 2025 and 2024, the functional breakdown of marketing, sales and distribution expenses and general administrative expenses recognized in expenses by nature is as follows:

Marketing, sales and distribution expenses (-)	**01.01.- 31.03.2025**	**01.01. - 31.03.2024**
Personnel expenses	(213.959.572)	(190.828.709)
Depreciation and amortisation charges Rent expenses	(111.730.311)	(108.628.268)
Advertisement and promotion expenses	(30.366.540)	(20.674.114)
Rent expenses	(29.607.091)	(26.577.996)
Transportation and freight costs	(25.355.624)	(18.281.396)
Common costs	(12.011.282)	(10.432.850)
Consultancy expenses	(7.327.715)	(8.191.112)
Insurance, maintanence and repair expenses	(4.160.944)	(3.097.097)
Travel and accommodation expenses	(4.132.063)	(4.460.593)
Packaging costs	(3.663.446)	(4.798.036)
Taxes, duties and charges	(1.051.720)	(1.022.479)
Other	(4.882.632)	(2.860.907)
Marketing, sales and distribution expenses, net (-)	**(448.248.940)**	**(399.853.557)**

General administrative expenses (-)	**01.01.- 31.03.2025**	**01.01.- 31.03.2024**
Personnel expenses	(34.778.889)	(33.670.551)
Consultancy expenses	(5.216.942)	(5.044.009)
Depreciation and amortisation charges Rent expenses	(5.078.997)	(3.212.075)
Common costs	(818.151)	(640.558)
Travel and accommodation expenses	(712.396)	(665.250)
Insurance, maintanence and repair expenses	(497.869)	(674.332)
Advertisement and promotion expenses	(302.275)	(496.161)
Taxes, duties and charges	(92.210)	(117.939)
Transportation and freight costs	(67.817)	(193.317)
Other	(1.166.860)	(1.831.839)
General administrative expenses, net (-)	**(48.732.406)**	**(46.546.030)**

Depreciation and amortisation charges	**01.01.- 31.03.2025**	**01.01.- 31.03.2024**
Marketing, sales and distribution expenses (-)	(111.730.311)	(108.628.268)
General administrative expenses (-)	(5.078.997)	(3.212.075)
Depreciation and amortisation charges, net	**(116.809.308)**	**(111.840.343)**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 29 – EXPENSES BY NATURE (Continued)

Personnel expenses	01.01.- 31.03.2025	01.01.- 31.03.2024
Marketing, sales and distribution expenses (-)	(213.959.572)	(190.828.709)
General administrative expenses (-)	(34.778.889)	(33.670.551)
Personnel expenses, net	**(248.738.461)**	**(224.499.260)**

NOTE 30 – OTHER OPERATING INCOME/(EXPENSES)

As of 31 March 2025 and 2024, the functional breakdown of other operating income/(expenses) is as follows:

Other operating income	01.01.- 31.03.2025	01.01. - 31.03.2024
Foreign exchange gains	13.857.492	15.622.251
Discount income	12.938.946	23.531.676
Interest income	3.654.736	5.975.485
Income from incentives	1.254.564	-
Income from insurance compensations and claims	44.842	1.033.486
Income from bank promotion and bonuses	976.428	1.837.842
Other	527.607	655.541
Other operating income	**33.254.615**	**48.656.281**

Other operating expenses (-)	01.01.- 31.03.2025	01.01. - 31.03.2024
Foreign exchange losses	(6.328.281)	(3.545.656)
Interest expense from trading activities	(833.454)	(1.174.847)
Litigation provisions	(488.947)	(185.862)
Rediscount expenses	(9.177.931)	(9.014.200)
Interest expenses	(24.533.446)	(16.796.904)
Grants and donations	(559.037)	(346.480)
Other	(1.262.189)	(3.638.551)
Other operating expenses	**(43.183.285)**	**(34.702.500)**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 31 – GAINS/(LOSSES) FROM INVESTMENT ACTIVITIES

As of 31 March 2025 and 2024, the functional breakdown of gains from investment activities is as follows:

Gains from investment activities	**01.01.- 31.03.2025**	**01.01.- 31.03.2024**
Gain on sale of non-current assets	3.423.870	3.314.975
Gains from investment activities, net	**3.423.870**	**3.314.975**

As of 31 March 2025 and 2024, the Group has no losses from investment activities.

NOTE 32 – FINANCIAL INCOME/(EXPENSES)

As of 31 March 2025 and 2024, the functional breakdown of financial income/(expenses) is as follows:

Financial income	**01.01.- 31.03.2025**	**01.01.- 31.03.2024**
Foreign exchange gains	44.857	346.842
Interest income	14.285.780	14.051.497
Financial income, net	**14.330.637**	**14.398.339**

Financial expenses (-)	**01.01.- 31.03.2025**	**01.01. - 31.03.2024**
Foreign exchange losses	(644.170)	(5.287.414)
Expenses from finance leases	(28.563.551)	(20.016.659)
Interest expenses	(68.303.032)	(23.183.650)
Commission expenses	(42.987.300)	(40.928.771)
Other	-	-
Financial expenses, net (-)	**(140.498.053)**	**(89.416.494)**

NOTE 33 – NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

None.

NOTE 34 – INCOME TAXES

The Group's tax expense (or income) consists of current period corporate income tax expense and deferred tax expense or income and the breakdown and details of income taxes are as follows:

	31.03.2025	**31.12.2024**
Current period tax expense (-)	-	81.729.862
Prepaid taxes (-)	(1.399.988)	(70.456.004)
Total tax income/(expense) – Current income tax liability, net	**(1.399.988)**	**11.273.858**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 34 – INCOME TAXES (Continued)

	31.03.2025	**31.03.2024**
Current period corporate tax expense (-)	-	(3.889.334)
Deferred tax expense (-)	(27.878.075)	(12.516.902)
Total	**(27.878.075)**	**(16.406.236)**

i) Corporate tax

Advance tax in Turkey is calculated and accrued on a quarterly basis. Accordingly, the Group has been calculated tax in accordance with the 2024 and 2023 earnings in the first advance tax period, an advance tax rate of 23%, respectively was calculated on corporate earnings.

Entities whose shares representing at least 20% of the capital are offered to the public for the first time in the Borsa Istanbul Equity Market. The corporate tax rate to be applied to corporate earnings will be applied at a discount of two (2) points for five accounting periods, starting from the accounting period in which the shares are offered to the public for the first time. The tax rate applied in 2024 is 25% but the tax rate applied as 23% since the initial public offering of Suwen Tekstil was completed.

According to Turkish Corporate Tax Law, losses can be carried forward to offset the future taxable income for a maximum period of 5 years. On the other hand, such losses cannot be carried back to offset prior years' profits. According to corporate tax law numbered 5520 and article numbered 24, the corporate tax is imposed by the taxpayer's tax returns. In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their corporate tax returns between 1-25 April following the close of the accounting year. Tax authorities may, however, examine such returns and the underlying accounting records and may revise assessments within five years.

As of 31 March 2025, the domestic corporate tax rate applied in Romania is 16%. However, the corporate tax rate to be applied due to the grants and incentives of the Group has benefited from in Romania is 1%.

ii) Deferred tax

Suwen Tekstil and its subsidiaries, recognise deferred tax assets and liabilities based upon temporary differences arising between their financial statements prepared in accordance with TFRS and the Turkish tax legislations.These differences usually due to the recognition of revenue and expense items in different reporting periods for the TFRS and tax purposes, the differences explained as below. Temporary differences are result of recognizing certain income and expense items differently for accounting and tax purposes. Temporary differences are calculated off of the property, plant and equipment (except land), intangible assets, inventories, the revaluation of prepaid expenses, discount of receivables, provision for employment termination benefits, and prior years' losses. Every accounting year, the Group reviews the deferred tax asset and in circumstances, where the deferred tax assets cannot be used against the future taxable income, the Group writes-off the recognized deferred tax asset.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 34 – INCOME TAXES (Continued)

The breakdown of cumulative temporary differences and deferred tax assets and liabilities provided using principal tax rates are as follows:

	31.03.2025 Cumulative temporary differences	31.12.2024 Cumulative temporary differences	31.03.2025 Deferred tax assets /(liabilities)	31.12.2024 Deferred tax assets /(liabilities)
Provision for employment termination benefits	(7.351.184)	(6.803.787)	1.690.772	1.564.871
Provision for unused vacation	(8.555.593)	(8.651.344)	1.967.786	1.989.809
Right of use assets	232.656.222	213.899.093	(53.877.728)	(49.203.737)
Trade and other receivables	(3.589.887)	(2.058.212)	825.674	473.389
Provision for sales returns	153.913	(355.134)	-	-
Trade payables	(2.601.511)	(2.300.962)	598.348	529.221
Inventories	10.951.773	5.847.970	(3.016.398)	(2.061.664)
Property, plant and equipment and intangible assets	271.506.623	184.141.669	(62.447.910)	(42.352.584)
Borrowings	72.361.154	59.708.559	(16.643.065)	(13.732.968)
Provision for lawsuits	1.030.422	(2.269.491)	(236.997)	521.983
Provision for price revisions	(1.058.683)	(639.573)	243.497	147.102
Other	(2.294.046)	(2.446.483)	527.631	562.691
Deferred tax assets/(liabilities), net			**(130.647.540)**	**(102.750.509)**

Movements in deferred tax assets/(liabilities) are as follows:

	01.01 – 31.03.2025	01.01 – 31.03.2024
Beginning of the period - 1 January	(102.750.509)	(68.370.237)
Defined benefit plans, deferred tax effect	(18.956)	99.103
Deferred income tax during the period	(27.878.075)	(12.516.902)
End of the period – 31 March	**(130.647.540)**	**(80.788.036)**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 35 - EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Accordingly, the weighted average number of shares used in earnings per share calculation as of 31 March 2025 and 2024, which is as follows:

Earnings per share	**01.01.- 31.03.2025**	**01.01. - 31.03.2024**
Profit for the period	(118.036.174)	23.108.751
Profit attributable to equity holders of the parent	(118.036.174)	23.108.751
Weighted average number of shares with nominal value of TL 1 each	224.000.000	224.000.000
Earnings per share (TL)	**(0,5269)**	**0,1032**

NOTE 36 - RELATED PARTY DISCLOSURES

a) Related party balances due from related parties are as follows:

Trade receivables due from related parties (short-term)	**31.03.2025**	**31.12.2024**
Elmas Çamaşır İth. İhr. Tic. A.Ş.	40.502.655	52.588.090
Total	**40.502.655**	**52.588.090**

Trade payables due to related parties (short-term)	**31.03.2025**	**31.12.2024**
Eko Tekstil San. ve Tic. A.Ş.	28.106.037	44.732.820
Aseyya Tekstil Sermin Sümer	12.867.119	8.304.968
Elmas Çamaşır İth. İhr. Tic. A.Ş.	3.000.000	14.335.793
Livadi Tekstil İth. İhr. Tic. A.Ş.	741.106	-
Netcad Yazılım A.Ş.	80.506	8.163
Total	**44.794.768**	**67.381.744**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 36 - RELATED PARTY DISCLOSURES(Continued)

b) Related party transactions are as follows:

As of 31 March 2025 and 2024, the details of purchases from related parties are as follows:

Purchases

	01.01 - 31.03.2025				
Related parties	**Goods**	**Financial transactions**	**Other**	**Services**	**Total**
Eko Tekstil San. ve Tic. A.Ş.	385.861.689	1.224.069	24.078	-	387.109.836
Elmas Çamaşır İth. İhr. Tic. A.Ş.	81.925.583	-	-	-	81.925.583
Livadi Tekstil İth. İhr. Tic. A.Ş.	63.000.924	-	-	-	63.000.924
Aseyya Tekstil Sermin Sümer	24.471.430	-	-	-	24.471.430
Netcad Yazılım A.Ş.	-	-	-	72.773	72.773
Total	**555.259.626**	**1.224.069**	**24.078**	**72.773**	**556.580.546**

Purchases

	01.01 - 31.03.2024				
Related parties	**Goods**	**Financial transactions**	**Other**	**Services**	**Total**
Eko Tekstil San. ve Tic. A.Ş.	374.163.318	1.174.846	-	-	375.338.164
Elmas Çamaşır İth. İhr. Tic. A.Ş.	83.494.388	-	-	-	83.494.388
Moni Tekstil San. Tic. A.Ş.	62.972.723	-	-	-	62.972.723
Livadi Tekstil İth. İhr. Tic. A.Ş.	37.791.483	-	-	-	37.791.483
Aseyya Tekstil Sermin Sümer	31.102.386	-	-	-	31.102.386
Latte Tekstil San. ve Tic. A.Ş.	2.109.777	-	-	-	2.109.777
Netcad Yazılım A.Ş.	-	-	-	181.578	181.578
Total	**591.634.075**	**1.174.846**	**-**	**181.578**	**592.990.499**

Sales

	01.01 - 31.03.2025				
Related parties	**Goods**	**Financial transactions**	**Other**	**Services**	**Total**
Eko Tekstil San. ve Tic. A.Ş.	53.088.197	-	260.692	-	53.348.889
Livadi Tekstil İth. İhr. Tic. A.Ş.	123.960	-	-	-	123.960
Aseyya Tekstil Sermin Sümer	86.262	-	-	-	86.262
Elmas Çamaşır İth. İhr. Tic. A.Ş.	37.316	-	-	-	37.316
Total	**53.335.735**	**-**	**260.692**	**-**	**53.596.427**

NOTE 36 - RELATED PARTY DISCLOSURES(Continued)

	01.01 - 31.03.2024				
Related parties	**Goods**	**Financial transactions**	**Other**	**Services**	**Total**
Elmas Çamaşır İth. İhr. Tic. A.Ş.	-	-	1.210.010	-	1.210.010
Netcad Yazılım A.Ş.	-	-	163.092	-	163.092
Total	**-**	**-**	**1.373.102**	**-**	**1.373.102**

Key management compensation

Total key management compensation incurred by Suwen Tekstil for the period ended 31 March 2025 amounted to TL 5.468.493 (31 March 2024: TL 6.317.328).

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group is exposed to variety of financial risks due to its operations. These risks include credit risk, price risk, foreign exchange risk, interest rate risk and liquidity risk. The Group's overall risk management strategy focuses on the unpredictability of financial markets and targets to minimise potential adverse effects on the Group's financial performance. The Group also has financial instruments such as trade receivables and trade payables that arise directly from its operations.

The Group has financial instruments such as bank borrowings, cash on hand and short-term bank deposits which are applied on foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group management manages these risks as follows. The Group also monitors the market risk that may arise from the use of financial instruments.

Foreign exchange risk

Foreign exchange risk arises from the fact that the Group has liabilities denominated in USD, EURO and GBP.

Foreign exchange transactions result in foreign exchange risk arising from foreign exchange denominated assets and liabilities into Turkish Lira. The Group's exposure to foreign exchange risk arises from its trade payables, purchases and sales denominated in foreign currencies. In order to minimize this risk, the Group monitors its financial position and cash inflows/outflows with detailed cash flow statements as of 31 March 2025 and 31 March 2024.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

As of 31 March 2025 and 31 December 2024, foreign exchange position of the Group is as follows:

	31 March 2025				**31 December 2024**			
	TL equivalent	**EUR**	**USD**	**GBP**	**TL equivalent**	**EUR**	**USD**	**GBP**
1. Trade Receivables	100.119.816	2.457.648	4.211	-	84.493.826	2.300.965	251	-
2a. Monetary Financial Assets	538.554	3.992	9.968	-	49.769.377	34.263	1.378.214	-
2b. Non-Monetary Financial Assets	-			-	-	-	-	-
3. Other	-			-	-	-	-	-
4. Total Current Assets (1+2+3)	**100.658.370**	**2.461.640**	**14.179**	**-**	**134.263.203**	**2.335.227**	**1.378.465**	**-**
5. Trade Receivables	-			-	-	-	-	-
6a. Monetary Financial Assets	-			-	-	-	-	-
6b. Non-monetary financial assets	-			-	-	-	-	-
7. Other	1.974.848	2.300	49.850	-	1.487.118	2.300	39.850	-
8. Total Non-Current Assets (5+6+7)	**1.974.848**	**2.300**	**49.850**	**-**	**1.487.118**	**2.300**	**39.850**	**-**
9. Total Assets (4+8)	**102.633.218**	**2.463.940**	**64.029**	**-**	**135.750.321**	**2.337.527**	**1.418.315**	**-**
10. Trade Payables	3.688.314	89.900	452	8.210	2.839.042	57.102	10.422	8.210
11. Financial Liabilities	-	-	-	-	-	-	-	-
12a. Other Monetary Liabilities	530.704	-	14.006	-	-	-	-	-
12b. Other Non-Monetary Liabilities	-			-	-	-	-	-
13. Total Current Liabilities (10+11+12)	**4.219.018**	**89.900**	**14.458**	**8.210**	**2.839.042**	**57.102**	**10.422**	**8.210**
14. Trade Payables	-	-	-	-	-	-	-	-
15. Financial Liabilities	-			-	-	-	-	-
16a. Other Monetary Liabilities	-			-	-	-	-	-
16b. Other Non- Monetary Liabilities	-			-	-	-	-	-
17. Total Non-Current Liabilities (14+15+16)	-	-	-	-	-	-	-	-
18. Total Liabilities (13+17)	**4.219.018**	**89.900**	**14.458**	**8.210**	**2.839.042**	**57.102**	**10.422**	**8.210**
19. Off-Balance Sheet Derivative Instruments Net Asset / (Liability) Position (19a-19b)	-			-	-	-	-	-
19a. Total Asset Amount of Hedged	-	-	-	-	-	-	-	-
19b. Total Liabilities Amount of Hedged	-	-	-	-	-	-	-	-
20. Net Foreign Exchange Asset / (Liability) Position (9-18+19)	**98.414.200**	**2.374.040**	**49.571**	**(8.210)**	**132.911.279**	**2.280.425**	**1.407.894**	**(8.210)**
21. Monetary Items Net Foreign Exchange Asset / (Liabilities) Position (1+2a+3+5+6a-10-11-12a-14-15-16a)	-		-	-	-	-	-	-
22. Export	2.584.660			-	11.496.077	-	-	-
23. Import	73.628		-	-	126.370.357	-	-	-

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

The following table details the Group's foreign currency sensitivity as at 31 March 2025 and 31 December 2024 for the changes at the rate of 10%:

Exchange rate sensitivity analysis
31 March 2025

	Profit/Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
Change in USD against TL by 10%		
1- USD Net Asset/Liability	186.857	(186.857)
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	**186.857**	**(186.857)**
Change in EUR against TL by 10%		
4- EUR Net Asset/Liability	9.654.563	(9.654.563)
5- Hedged portion of EUR Risk (-)	-	-
6- EUR Net Effect (4+5)	**9.654.563**	**(9.654.563)**
Change in GBP against TL by 10%		
7- GBP Net Asset/Liability	-	-
8- Hedged portion of GBP Risk (-)	-	-
9- GBP Net Effect (7+8)	-	-
Total (3+6+9)	**9.841.420**	**(9.841.420)**

Exchange rate sensitivity analysis
31 December 2024

	Profit/Loss	
	Appreciation of foreign currency	**Depreciation of foreign currency**
Change in USD against TL by 10%		
1- USD Net Asset/Liability	4.955.455	(4.955.455)
2- Hedged portion of USD Risk (-)	-	-
3- USD Net Effect (1+2)	**4.955.455**	**(4.955.455)**
Change in EUR against TL by 10%		
4- EUR Net Asset/Liability	8.372.243	(8.372.243)
5- Hedged portion of EUR Risk (-)	-	-
6- EUR Net Effect (4+5)	**8.372.243**	**(8.372.243)**
Change in GBP against TL by 10%		
7- GBP Net Asset/Liability	(36.570)	36.570
8- Hedged portion of GBP Risk (-)	-	-
9- GBP Net Effect (7+8)	**(36.570)**	**36.570**
Total (3+6+9)	**13.291.128**	**(13.291.128)**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. Total credit risk is presented in consolidated the statement of financial position.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Group seeks to manage its credit risk exposure through diversification of sales activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. The Group also obtains security when appropriate. It is the Group's policy to enter into financial instruments with a diversity of creditworthy counterparties.

The exposure of consolidated financial assets to credit risk is as follows:

31 March 2025	Receivables				Bank deposits	Financial assets and derivative instruments	Other
	Trade receivables		Other receivables				
	Related party	Other	Related party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D)	**40.502.655**	**67.609.380**	**-**	**9.297.796**	**89.261.216**	**-**	**-**
- Maximum risk secured with guarantees and collaterals	-	-	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	**40.502.655**	**67.609.380**	**-**	**9.297.796**	**89.261.216**	**-**	**-**
B. Net book value of past due but not impaired financial assets	-	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-
Past due (gross book value)	-	2.970.340	-	-	-	-	-
Impairment (-)	-	(2.970.340)	-	-	-	-	-
Secured with guarantees and collaterals	-	-	-	-	-	-	-
Not past due (gross book value)	-	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-	-
Secured with guarantees and collaterals	-	-	-	-	-	-	-
D. Off-balance sheet expected credit losses	-	-	-	-	-	-	-

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31 December 2024	Receivables				Bank deposits	Financial assets and derivative instruments	Other
	Trade receivables		Other receivables				
	Related party	Other	Related party	Other			
Maximum exposure to credit risk as of reporting date (A+B+C+D)	**52.588.090**	**68.525.350**	**-**	**8.788.726**	**230.666.399**	**-**	**-**
- Maximum risk secured with guarantees and collaterals	-	-	-	-	-	-	-
A. Net book value of neither past due nor impaired financial assets	**52.588.090**	**68.525.350**	**-**	**8.788.726**	**230.666.399**	**-**	**-**
B. Net book value of past due but not impaired financial assets	-	-	-	-	-	-	-
C. Net book value of impaired assets	-	-	-	-	-	-	-
Past due (gross book value)	-	3.269.238	-	-	-	-	-
Impairment (-)	-	(3.269.238)	-	-	-	-	-
Secured with guarantees and collaterals	-	-	-	-	-	-	-
Not past due (gross book value)	-	-	-	-	-	-	-
Impairment (-)	-	-	-	-	-	-	-
Secured with guarantees and collaterals	-	-	-	-	-	-	-
D. Off-balance sheet expected credit losses	-	-	-	-	-	-	-

Liquidity risk

Liquidity risk is the risk that the Group will be unable to meet its funding needs. Prudent liquidity risk management is to provide sufficient cash and cash equivalents, to enable funding with the support of credit limits provided by reliable credit institutions and to close funding deficit. The Group provides funding by balancing cash inflows and outflows through the provision of credit lines in the business environment.

Undiscounted contractual cash flows of the non-derivative consolidated financial liabilities in TL as of 31 March 2025 and 31 December 2024 are as follows:

Non-derivative financial liabilities					
31.03.2025	**Carrying value**	**Total contractual cash outflows (I+II+III)**	**Demand or up to 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**
Borrowings	662.443.278	874.990.535	182.276.619	482.524.368	210.189.548
Trade payables	148.985.041	160.170.786	149.464.301	10.706.485	-
Lease liabilities	513.814.998	869.557.169	77.927.263	192.589.621	599.040.285
	1.325.243.317	**1.904.718.490**	**409.668.183**	**685.820.474**	**809.229.833**

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

31.12.2024	**Carrying value**	**Total contractual cash outflows (I+II+III)**	**Demand or up to 3 months (I)**	**3-12 months (II)**	**1-5 years (III)**
Borrowings	615.805.638	758.308.543	260.669.554	424.127.791	73.511.198
Trade payables	173.191.531	191.216.590	189.792.378	1.424.212	-
Lease liabilities	497.380.661	830.359.207	74.495.651	191.543.305	564.320.251
	1.286.377.830	**1.779.884.340**	**524.957.583**	**617.095.308**	**637.831.449**

Interest rate risk

The Group is exposed to interest rate risk arising from the rate changes on interest-bearing liabilities and assets. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed and floating interest rate financial instruments and short-long term nature of borrowings.

As of 31 March 2025 and 31 December 2024, interest position of Suwen Tekstil is as follows:

Interest position statement	**31.03.2025**	**31.12.2024**
<u>Fixed-interest rate financial instruments</u>		
Financial assets	39.907.936	208.628.368
Financial liabilities	1.176.258.276	1.113.186.299
- Borrowings	*662.443.278*	*615.805.638*
- Lease liabilities	*513.814.998*	*497.380.661*

As of 31 March 2025 and 31 December 2024, the Group has no floating-interest rate financial instruments.

Price risk

Price risk include foreign exchange risk, interest rate and market risk. The Group manages this risk by balancing the repricing terms of interest-bearing assets and liabilities with fixed-floating interest. Market risk have been determined by the Group by using available market information and appropriate valuation methodologies.

Capital risk management

The Group’s main objectives for capital management are to keep the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group consists of cash and cash equivalents, borrowings and equity items containing respectively issued share capital, capital reserves, profit reserves and profits of previous years.

Risks, associated with each capital class, and the senior management evaluates the capital cost. It is aimed that the capital structure will be stabilized by means of new borrowings or repaying the existing debts as well as dividend payments and new share issuances based on the senior management evaluations.

General strategy based on the Group’s equity does not differ from the prior period.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 37 - NATURE AND LEVEL OF RISKS DERIVED FROM FINANCIAL INSTRUMENTS (Continued)

Capital risk management (continued)

Consolidated net financial debt/invested capital ratio as of 31 March 2025 and 31 December 2024 are as follows:

	31.03.2025	31.12.2024
Borrowings (except for TFRS 16)	662.443.278	615.805.638
Total borrowings	1.176.258.276	1.113.186.299
Less: Cash and cash equivalents	112.783.443	251.849.177
Net financial debt	1.063.474.833	861.337.122
Invested capital	1.261.707.915	1.383.757.414
Net financial debt/invested capital ratio	**84,29%**	**62,25%**

Fair value of financial assets and liabilities

Fair value is the amount for which a financial instrument could be exchanged, or a liability settled between, willing parties during current transaction, other than in a forced sale or liquidation, and is best evidenced through a quoted market price, if one exists.

Foreign currency denominated receivables and payables are translated with the exchange rates prevailing as of the date of the financial statements.

The following methods and assumptions are used to estimate the fair values of financial instruments:

Financial assets

Carrying values of cash and cash equivalents, accrued interests and other financial assets are approximate to their fair values due to their short-term nature and insignificant credit risk. The carrying values of receivables estimated that reflecting the fair value with the less provision for doubtful receivables.

Financial liabilities

The fair values of trade payables and other monetary liabilities are considered to approximate their respective carrying values due to their short-term nature. Bank borrowings are carried at their discounted cost and transaction costs are added to the initial cost of the borrowing. The fair values of the borrowings after discount are considered to be approximate to their corresponding carrying values. In addition, it is considered that the fair values of the trade payables are approximate to their respective carrying value due to their short-term nature.

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 38 – FINANCIAL INSTRUMENTS (FAIR VALUE DISCLOSURES AND HEDGE ACCOUNTING)

31.03.2025	**Notes**	**Other financial assets at amortised costs**	**Loans and receivables**	**Financial assets at fair value through profit or loss**	**Other financial liabilities at amortised costs**	**Book value**	**Fair value**
Financial Assets		**112.783.443**	**108.112.035**	**-**	**-**	**220.895.478**	**220.895.478**
Cash and Cash Equivalents	6	112.783.443	-	-	-	112.783.443	112.783.443
Trade Receivables	10	-	108.112.035	-	-	108.112.035	108.112.035
Financial Investments		-	-	-	-	-	-
Financial Liabilities		**-**	**148.985.041**	**-**	**1.176.258.276**	**1.325.243.317**	**1.325.243.317**
Financial Liabilities	8	-	-	-	1.176.258.276	1.176.258.276	1.176.258.276
Borrowings	*8*	-	-	-	*662.443.278*	*662.443.278*	*662.443.278*
Lease liabilities	*8*	-	-	-	*513.814.998*	*513.814.998*	*513.814.998*
Other Financial Liabilties	9	-	-	-	-	-	-
Trade Payables	10	-	148.985.041	-	-	148.985.041	148.985.041
31.12.2024							
Financial Assets		**251.849.177**	**121.113.440**	**-**	**-**	**372.962.617**	**372.962.617**
Cash and Cash Equivalents	6	251.849.177	-	-	-	251.849.177	251.849.177
Trade Receivables	10	-	121.113.440	-	-	121.113.440	121.113.440
Financial Investments		-	-	-	-	-	-
Financial Liabilities		**-**	**173.191.531**	**-**	**1.113.186.299**	**1.286.377.830**	**1.286.377.830**
Financial Liabilities	8	-	-	-	1.113.186.299	1.113.186.299	1.113.186.299
Borrowings	*8*	-	-	-	*615.805.638*	*615.805.638*	*615.805.638*
Lease liabilities	*8*	-	-	-	*497.380.661*	*497.380.661*	*497.380.661*
Other Financial Liabilties	9	-	-	-	-	-	-
Trade Payables	10	-	173.191.531	-	-	173.191.531	173.191.531

(Amounts are expressed in Turkish Lira unless otherwise indicated.)

NOTE 39 – MONETARY GAIN / LOSS

As of March 31, 2025, pursuant to TMS 29, the details of the Group's net monetary position gains/(losses) are as follows:

	31.03.2025	31.03.2024
Statement of Financial Position Items	**5.092.896**	**(6.208.790)**
Inventories	95.083.188	108.581.642
Prepaid expenses	3.165.604	369.248
Financial invesments	90.628	1.577.552
Other receivables	560.249	416.565
Property, Plant & Equipment	12.498.079	18.641.091
Intangible assets	552.774	3.104.903
Right of use assets	30.498.761	50.266.100
Deferred Income	(23.038)	(6.801.332)
Paid-in Capital	(55.310.125)	(79.198.884)
Treasury Shares	11.427.982	1.858.249
Share Premiums	(14.121.622)	(20.220.831)
Restricted Reserves	(5.274.123)	(4.473.158)
Gain / (Loss) on Remeasurement of Defined Benefit Plans	621.951	1.133.730
Deferred Tax Liability	(9.336.910)	(9.002.092)
Retained earnings/(losses)	(65.340.502)	(72.461.573)
Statement of Profit or Loss Items	**88.888.677**	**102.109.431**
Revenue	(22.841.145)	(27.698.609)
Cost of Sales	55.425.683	59.664.662
Marketing Expenses	50.070.569	63.676.336
General Administrative Expenses	5.028.601	5.886.035
Finance Revenues	(400.734)	(525.710)
Other Operating Income	(584.385)	(1.389.804)
Income from Investing Activities	(804.422)	(88.171)
Other Operating Expenses	287.728	555.155
Finance Expenses	2.764.437	1.943.545
Deferred Tax Income/Expense	(57.655)	85.992
Net Monetary Position Gains	**93.981.573**	**95.900.640**

NOTE 40 – EVENTS AFTER THE REPORTING PERIOD

In accordance with the decision of the Company's Board of Directors dated 26.12.2024, it has been decided to increase the issued capital by TL 336,000,000 (150%) by fully meeting the registered capital ceiling of TL 300,000,000 for one time only, and thus to increase the capital from TL 224,000,000 to TL 560,000,000. The issuance certificate prepared within this scope has been approved by the Capital Markets Board's decision dated 10.04.2025 and numbered 21/635; the new version of Article 6 of the Articles of Association regarding the capital, which shows that the issued capital is TL 560,000,000, has been registered on 25.04.2025 and published in the Turkish Trade Registry Gazette dated 25 April 2025 and numbered 11319.

NOTE 41 - THE OTHER MATTERS WHICH SUBSTANTIALLY AFFECT THE CONSOLIDATED FINANCIAL STATEMENTS OR ARE REQUIRED TO BE DESCRIBED IN TERMS OF MAKING THE CONSOLIDATED FINANCIAL STATEMENTS CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.