

# CALIK DENIM

## INTEGRATED ANNUAL REPORT

2024 - 2025



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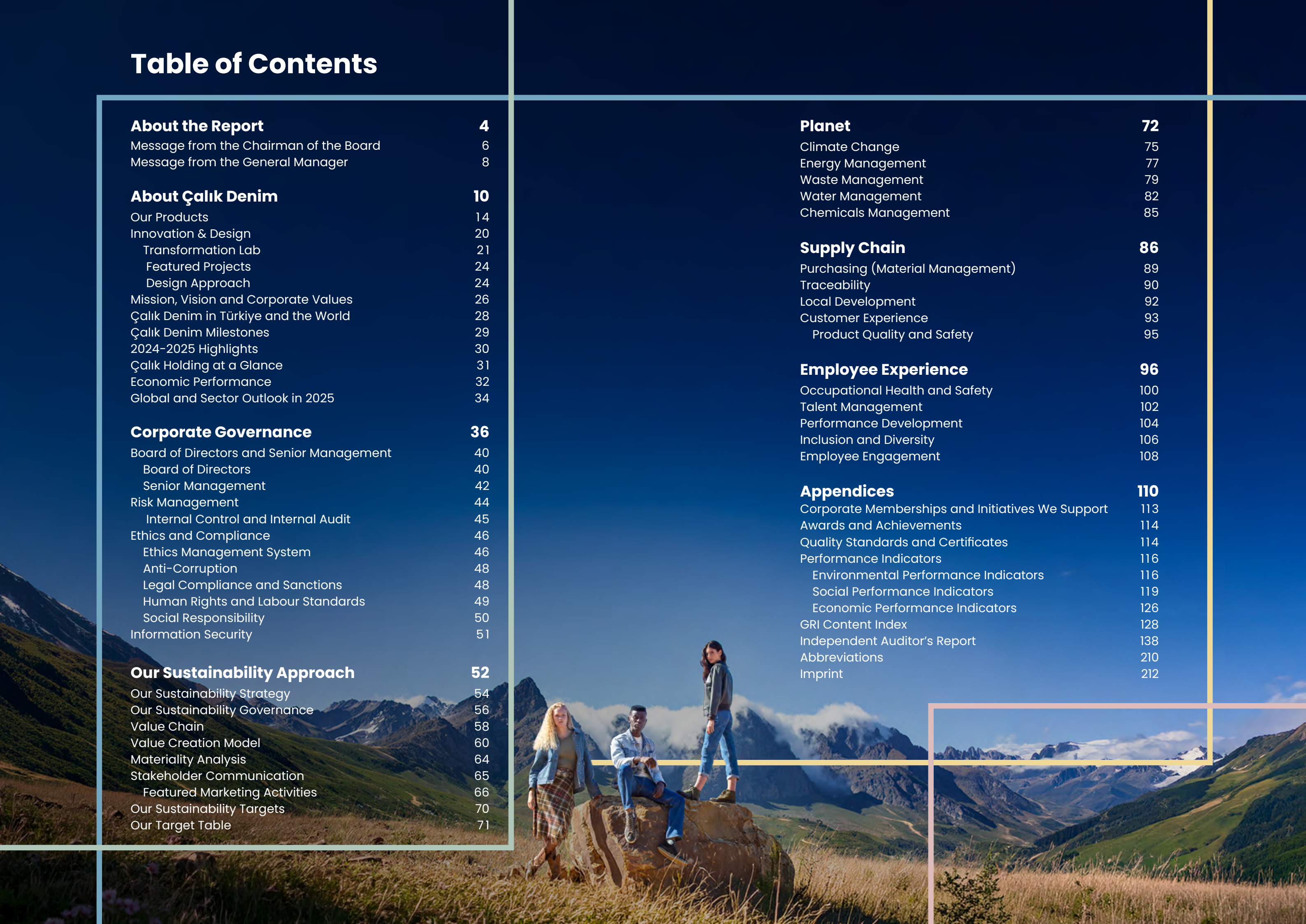
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# About the Report

Through our regularly published Integrated Annual Report, Çalık Denim shares its strategic approach, sustainability goals and progress on environmental, social and governance (ESG) matters with all stakeholders.

Prepared with reference to the frameworks of the International Integrated Reporting Council (IIRC) and the Global Reporting Initiative (GRI), this report brings together our financial and non-financial data for the period from 1 January 2024 to 31 December 2025, offering a holistic view of the Company's performance.

## ÇALIK DENİM

Unless otherwise stated, all information and commitments in this report relate to Çalık Denim Tekstil San. ve Tic. A.Ş., and the terms 'we', 'our company' and 'Denim' refer to Çalık Denim Tekstil San. ve Tic. A.Ş.

Sustainability principles sit at the centre of how we do business. Benchmarking ourselves against best practice in our sector, we remain firmly committed to contributing to society, the environment and the economy.

This report sets out, with concrete data, the steps we have taken and the responsibilities we have assumed in building a sustainable future.



The independent auditor's report on the 2024-2025 Integrated Annual Report expresses an opinion on whether the financial information presented is consistent with the full set of consolidated financial statements and the information obtained during the independent audit, and whether it presents a true and fair view.



We place great value on stakeholder feedback to continuously improve our reporting process. Please share your views and suggestions at **[sustainability@calikdenim.com](mailto:sustainability@calikdenim.com)**.



Explanations of all abbreviations used in the report can be found in the **'Abbreviations'** section.



## Message from the Chairman of the Board



### Dear Stakeholders,

As Çalık Group, we completed another year in which we took decisive steps toward our goals, guided by our deep-rooted values and 45 years of experience, while continuing to create lasting value across the geographies in which we operate.

Today, with more than 30,000 colleagues in 34 countries, we operate across five sectors: energy, construction, mining, finance and textiles, working to create enduring economic, social and environmental value.

In 2025, geopolitical dynamics continued to shift, the transformation of energy systems accelerated, and artificial intelligence and digital technologies fundamentally reshaped business models. In this environment, financial performance, adaptability, resilience and the ability to create long-term value collectively determined the success of organisations. At the same time, sustainable growth, resource efficiency, energy security and skilled human capital emerged as key factors shaping global competitiveness.

The Turkish economy demonstrated resilience in 2025 through its growth, export and international investment performance. Gross Domestic Product grew by 3.6% over the year, while exports increased by 4.5% to USD 273.4 billion, reaching a record high in the history of the Republic.<sup>1</sup> Foreign direct investment inflows of USD 13.1 billion<sup>2</sup> further demonstrated continued confidence in Türkiye's production capabilities, strategic location and long-term potential.<sup>2</sup>

As Çalık Group, we recognise the responsibility that comes with this trust, adapting swiftly to changing conditions and pursuing growth opportunities with determination. Building on our strong presence in Türkiye, we contribute to economic development both at home and across the countries in which we operate through investments and projects spanning a broad geography, from Japan, Europe and the United States to Central Asia and Africa.

In 2025, we further advanced our transformation across all our sectors. In energy, we increased our renewable energy capacity to more than 400 MW following Çalık Renewables' acquisition of a 255 MW solar energy portfolio in Poland, marking an important milestone toward our medium-term target of 1.5 GW. In textiles, we continued to enhance our integrated production capabilities, spanning raw materials through to high value-added products. In mining, we continued to pursue an approach that transforms natural resources into economic and social value, while in construction, we further strengthened our engineering capabilities across projects ranging from living spaces to industrial facilities. We complemented these capabilities with our activities in finance and digital solutions.

1. Turkish Statistical Institute (TÜİK), final 2025 data. <https://veriportali.tuik.gov.tr/tr/press/54162>

2. Ministry of Trade, December 2025 foreign trade data. <https://ticaret.gov.tr/haberler/2025-yili-aralik-ayi-dis-ticaret-verileri>

3. Invest in Türkiye, 2025 international direct investment data. <https://www.invest.gov.tr/en/news/news-from-turkey/pages/turkiye-attracts-usd-13.1-billion-in-fdi-in-2025.aspx>

Each of our five sectors forms an integral part of a strong ecosystem, contributing to the Group's growth through the value it creates.

In textiles, Çalık Denim continued to shape the transformation of the global denim industry by bringing together innovation, design and technology. Solutions developed on the back of our strong R&D infrastructure, such as Revo-Su and B210, delivered higher added value to our customers, while further demonstrating our ability to respond to changing global expectations and shape the future of denim. Our vertically integrated model, spanning seed to finished product, allowed us to focus investment on resource efficiency in line with our Net Zero Emissions target, positioning Çalık Denim not only as a strong manufacturer but as a trusted global strategic partner in the industry.

We approached transformation holistically, from investment decisions to our day-to-day operations. By integrating artificial intelligence, data analytics and automation into our processes, we enhanced efficiency and placed agility and sustainability at the heart of decision-making across our businesses. This approach strengthened our cost discipline while further enhancing the value we deliver to our customers and stakeholders.

At the foundation of our success are the capabilities of our people and the strength of our corporate culture. Throughout 2025, we invested in programmes designed to enhance the technical and leadership capabilities of our employees, with a particular focus on developing the skills required for our digital transformation and reinforcing safe working environments. Through the leadership and mentoring programmes offered under Çalık Academy, we supported the development of colleagues at different levels, while the D-Pulse: Digital Transformation Ambassadors Programme further strengthened our capabilities in data science, artificial intelligence and digital technologies.

Our people-centric approach remains an integral part of our long-term growth strategy. Sustainability is no longer simply a matter of responsibility; it has become a fundamental element of our business model. In line with our 2050 Net Zero Emissions target, we continued to focus on emissions and waste management, circularity and strengthening climate awareness among our employees. Through initiatives such as transforming electronic waste collected across our Group companies into support for education, we combined environmental benefits with social value. Guided by our strong corporate governance principles, we continued to manage our environmental and social responsibilities with the same commitment with which we pursue economic value creation.

Looking ahead, we will continue to capitalise on the opportunities arising from global transformation, manage risks effectively and advance our innovative, resilient, people-centric and sustainable growth model. Supported by our international experience, strong business partnerships and highly skilled people, creating lasting value for future generations will remain our highest priority.

Through our 2024-2025 Integrated Annual Report, prepared in line with this vision, I am pleased to share our financial performance, progress in sustainability and strategic priorities.

On behalf of our Board of Directors, I would like to express my sincere gratitude to all our colleagues, business partners and valued stakeholders who have contributed to our journey and with whom we continue to shape our shared future.

Kind regards,

**Ahmet Çalık**

**Chairman of the Board of Directors,  
Çalık Holding**

## Message from the General Manager



### Dear Stakeholders,

The textile and denim industry is entering a new era, shaped as much by technological transformation, shifting consumer expectations and new global regulations as by economic conditions. Production capacity and cost advantage no longer decide who wins; innovation, speed, data-driven decisions, traceability and the value we deliver to customers now define our sector's future.

At Çalık Denim, we intend to lead that transformation, not follow it. Our strategy is built on innovation, technology, operational excellence and sustainable growth, and today we are developing the solutions that will make us our customers' partner of the future.

For us, denim is more than a fabric; it is a high-value product where design, engineering, R&D and craftsmanship come together. We do not simply supply fabric to our customers; we develop

innovative solutions that help differentiate their collections, while supporting them as a reliable partner in navigating an increasingly complex regulatory landscape.

At the heart of this approach lies our strong vertically integrated structure. Our production model, spanning cotton to yarn, weaving to dyeing and finishing, and R&D to collection development, gives us a key competitive advantage in quality, speed, traceability and flexibility. Together with our sister company Çalık Cotton, we manage the value chain from seed to finished product with a holistic perspective.

Innovation lies at the centre of how we do business. Our strong R&D infrastructure and Transformation Lab approach mean we do not only develop new products but continuously redesign our processes. We invest in artificial intelligence, big-data analytics, image-processing technologies, IoT applications and automation to make our operations more efficient, agile and flexible, viewing digitalisation not merely as an efficiency tool but as a strategic investment that will shape the competitiveness of the future.

This same philosophy guides our product development. Revo-Su develops next-generation dyeing technologies that significantly reduce water use, while B210 reduces the post-use environmental impact of our products; together with concepts such as Rawtech and D'enovated, they bring performance, design and responsibility together. We design the denim of the future not only for today's needs but for tomorrow's expectations.

The global fashion industry is undergoing significant transformation. EU regulations, the Digital Product Passport, traceability requirements and transparency expectations are setting new standards for

our sector. We see this not as a compliance obligation but as a real opportunity to create more value for our customers, and our strong data infrastructure, traceability systems and sustainable production approach mean we are already preparing for this change.

Our growth strategy rests not only on strengthening our presence in existing markets, but on expanding our high value-added product portfolio and building stronger global partnerships. Europe remains one of our most important markets; in America we are advancing performance- and innovation-focused products, and in Japan we continue to grow through our approach to authenticity and craftsmanship. We assess each market on its own dynamics and develop solutions tailored to our customers' expectations.

Through the Organic Cotton Accelerator (OCA) programme, digital climate stations, soil moisture sensors, digital pheromone traps, drip irrigation systems, biofertiliser applications and solar-powered agricultural production, we are turning sustainable agriculture into a data-driven, traceable system. By feeding field data directly into our production processes, we develop solutions that are more transparent, measurable and reliable for our customers, because we believe tomorrow's competitive advantage begins not only in the factory but in the field.

The climate crisis and mounting pressure on natural resources will directly shape our sector's future. This is why we treat decarbonisation not as an environmental checkbox, but as a strategic priority that will determine our long-term competitiveness. In line with our science-based targets, we are increasing our investment in renewable energy, improving energy efficiency, expanding the use of sustainable raw materials and supporting circular

production models. While increasing renewable energy use at our production facilities, we are also reducing our environmental impact from the very start of our value chain on the agricultural side, through solar-powered applications, biofertiliser use and water-efficient solutions.

Yet we believe the force that will carry us furthest into the future is not technology alone, but people. Behind our success stand our employees, who lead change with courage; our customers, with whom we co-create value; and our suppliers and business partners. Through strong collaboration, we will keep building, learning, growing and transforming together.

For us, success means more than producing quality denim: it means being a reliable, innovative and responsible partner shaping the future of the denim industry.

I would like to thank all our colleagues, customers, suppliers and stakeholders who place their trust in us on this journey. I sincerely believe that together we will build a stronger, more innovative and more sustainable future.

Kind regards,  
**Eray Karaduman**  
General Manager



# ABOUT ÇALIK DENIM

## About Çalık Denim

“Çalık Denim’s story began in Malatya in 1987, as Çalık Holding’s first industrial investment, and we have led the sector ever since.

**Founded with an investment of USD 111 million, Çalık Denim today operates across 777,512 square metres, employing more than 1,200 people with an annual production capacity of 55 million metres.** We began operations in 1997 with ring yarn production, and in 2003 added gabardine and corduroy fabrics to our range, achieving an integrated facility structure. Since then, continuous investment in technology, innovation and production capabilities has shaped Çalık Denim into one of the industry’s leading global players.

Bringing together deep fabric know-how with strong R&D, we operate as a technology centre delivering innovative solutions to both the local and global textile industry. Beyond being a leading denim brand, we aim to create meaningful value for our stakeholders and act as a catalyst for transformation across the denim industry and among the partners we work with. As one of the world’s leading denim fabric producers and among Türkiye’s top exporters, we continue to lead the development of lower-impact and organic denim solutions.



We regard sustainability as an integral part of how we do business. We consider our environmental and social impact at every step, from production processes to supply chain decisions, setting concrete targets and reporting our progress transparently. Creating a positive impact for a better life remains a constant priority, and we work to add value to the environment and society through both our commercial activities and our social responsibility projects.

We have our environmental and social performance verified by independent bodies. Our certification portfolio includes GOTS and OCS, which trace organic fibres; GRS and RCS, which verify recycled content; and OEKO-TEX, which provides independent verification across areas ranging from product safety to production processes. Together, these certifications reflect our concrete commitments across different dimensions of our production.

To strengthen our supply chain management, we have adopted the CmiA (Cotton made in Africa) standard, and we regularly measure and monitor our environmental and social performance using the Higg and FEM tools. We were also the first Turkish textile company to obtain the TS EN ISO 56002 Innovation Management System Certificate.



**As a leading denim brand that prioritises innovation and responsibility, we work to add value to the environment and society, and we report the steps we take toward that goal transparently.**

## Our Products



**b210**  
FUTURE TO NATURE  
BIODEGRADABLE

Since synthetic fibres take hundreds of years to biodegrade, an estimated 35% of primary microplastic pollution in the oceans originates from microfibrils shed by synthetic textiles. To address this problem, we developed the B210 concept. Produced using a special technique applied during yarn and finishing processes, and applicable to all elastic fabrics, B210 enables more than 99% biodegradation of our fabrics within 210 days under specified testing conditions, significantly cutting the post-use environmental impact of our fabrics.

**FIX-FIT**  
Everyday Perfection

With our power stretch fabrics, which offer elasticity and a high degree of shape retention, we provide users with an extra-soft experience. Alongside ultra-soft-textured alternatives in skinny and slim-fit styles that preserve an authentic denim look, we developed comfort stretch and super stretch options.



**D'ENOVATED**  
True Denim

We bring the classic denim looks consumers know and love back to life through modern interpretations. Using the possibilities offered by modern technologies, we produce fabrics with an authentic look, pronounced fading, and a rigid yet comfortable, highly elastic feel, offered in purple and navy for an authentic washed effect.



## RAWTECH

Prime Blue

These fabrics combine the ultra-comfort of modern production processes with the much-loved Japanese denim aesthetic, offering a clean, high-quality look. Their high elasticity makes them a strong option for slim and skinny-fit jeans, while rigid, comfort stretch and power stretch alternatives cater to a wider range of needs.



## WORKTIVE

Rough 'n Ready

We reinterpret the strong character of classic American workwear with modern denim technologies. With its robust construction, authentic indigo character and rigid fabric structure, Worktive puts durability first while preserving a timeless workwear aesthetic, combining functionality with style through heavy-weight, long-lasting fabrics.



## LEISURE LUXE

Tailored Comfort

Blending a premium denim aesthetic with everyday comfort, Leisure Luxe combines refined design with exceptionally soft textures. Fabrics developed with Lyocell, Modal and cellulose-based fibres deliver superior softness, breathability and durability together. Available in rigid, comfort stretch and super stretch options, the concept takes the premium denim experience further, ranging from cotton-linen blends to ultra-light chambray fabrics.



## RE/ESSENCE

Pure Cycle

Focused on natural and circular materials, Re/essence offers environmentally conscious alternatives in denim production. Alongside fabrics developed with linen, hemp, TENCEL™ Modal and recycled cotton blends, we integrate our biodegradable B210 technology into the collection. Available in ecru and PFD fabric options, Re/essence aims to reduce environmental impact both during and after the product's use.



## COLORAMA

Blooming Shades

Reinterpreting denim's iconic character through colour, Colorama brings the energy of the season together with an authentic look. Overdye techniques applied over indigo, grey and black tones add depth, richness and character while preserving the classic denim aesthetic. With retro-inspired colour transitions, the concept offers a modern, creative take on the timeless denim look.



## REVO-SU

Dry Tech

Developed to minimise water consumption in denim production, our Revo-Su technology carries out denim dyeing and finishing without generating wastewater and without a separate washing stage, cutting water consumption per million metres of fabric from 40,000 m³ to 5,000 m³. Combining this approach with resource-efficient finishing practices, it significantly reduces environmental impact without compromising an authentic denim look, and is available in rigid, comfort stretch and super stretch options.



## Innovation & Design

Rapidly evolving market dynamics and an intensifying competitive environment make it essential to place innovation at the centre of our business processes. For us, innovation means more than developing new products: it means continuously improving our existing processes and business models. We treat innovation as a core component of our corporate strategy, protecting our competitiveness while supporting our sustainable growth targets.

At our in-house R&D centre, we embrace the principle of continuous innovation. Technologies such as Revo-Su and DyePro help reduce water and resource consumption in our production processes, and our D-Clear yarn dyeing and finishing technology delivers a further reduction of around 40% in the water used for indigo and sulphur dyeing. Innovations such as B210 are designed to reduce the environmental impact of our products at end of life. These innovations reduce our environmental impact while strengthening our ability to respond to consumers’ changing expectations.

Innovation remains an indispensable element in maintaining our competitive position. As part of our digitalisation projects, we continue to optimise our business processes by investing in IoT data collection, big-data analysis, artificial intelligence,

RPA and image-processing technologies, increasing efficiency while reducing costs. Projects are evaluated with in-house units and generally concentrate on efficiency, process improvement and sustainability; the gains are documented with quantitative data, comparing the previous system against the new.

These efforts are not limited to a single machine or process; gains achieved can also be rolled out to other production units with management approval. Our R&D Centre continues its work on sustainable product development, carbon-neutral operations and energy efficiency, projects that carry real value in reducing our environmental footprint and easing pressure on natural resources. Accredited in 2011 as Türkiye’s 99th and the textile sector’s 7th official R&D Centre, we carry out these activities systematically and transparently, reinforcing our leading position in the sector.

Innovation also brings knowledge and technology transfer through collaboration and partnership. Our work with universities and industrial organisations lays the groundwork for innovative solutions that respond to the sector’s needs, deepening our knowledge base while contributing to the development of more innovative products.

|                                     | 2023 | 2024 | 2025 |
|-------------------------------------|------|------|------|
| Total number of patent applications | 1    | 1    | 2    |
| Total number of registered patents  | 3    | 3    | 2    |

|                                            | 2024  | 2025  |
|--------------------------------------------|-------|-------|
| Total budget allocated to R&D (Million TL) | 81.24 | 63.87 |
| Company turnover (Million TL)              | 6,950 | 5,178 |

*\*Financial figures have been prepared in accordance with inflation accounting and have undergone independent audit.*



### Transformation Lab

**“Passion for Denim, Passion for Life”:** Transformation Lab remains a critical platform for implementing our sustainability strategy. Through this lab, we develop innovative approaches to sustainability, deepen engagement with our stakeholders, and aim to lead sustainability transformation across the denim industry.

Transformation Lab operates across three main pillars:



#### Thought Leadership



#### Issue Cycles



#### Transformation Leadership & Learning



**Our investment in R&D and innovation** plays a critical role not only in protecting our existing market share but also in creating new opportunities, underpinned by our determination to adapt quickly to change and strengthen our leadership position.

## Thought Leadership

We aim to take a leading role in the sustainability transformation of the denim industry, contributing to the ideas that have the potential to transform the sector. To this end, we actively support research and collaboration, working to establish a lasting thought-leadership position in our field.

### Research

We support research in high-priority areas such as the circular economy, microfibre management, sustainable raw materials and new technologies. This work lays the groundwork for addressing the denim industry's structural challenges and strengthens our capacity for foresight.

Sustainability plays a growing role across our R&D activities. We select research topics with sustainable products as the goal, and once a project moves into its experimental phase, we build sustainability-supporting raw materials into its test plans.

Our technological research focuses on developing next-generation alternatives to existing chemicals and on reducing the environmental impact of our processes, including new process designs that cut time, labour, energy and resource use. Our laboratory work also continues on upcycling our waste and on new research directions opened up by technological developments.

Focus areas of the R&D Centre's projects in 2024-2025 included biodegradable and sustainable fibre design, valorisation of textile waste, development of functional and multi-component yarns, reduction of microfibre and microplastic release, and automation of production processes.

### 2024 active projects:

Use of different elastane types in core-spun yarn development; carbonisation of cellulosic waste and its usability as a battery raw material; production of activated carbon from textile waste; usability of alternative fibre blends in the denim sector; imparting elasticity to yarn groups lacking structural flexibility; development of biodegradable hybrid yarns and denim fabric production; resistance of fully biodegradable denim fabrics to different washing processes; core-hybrid yarn design with sustainable natural fibres; graphene oxide application method; correction of fabric wave defects at the finishing stage; blending pineapple leaf fibres (PALF) with sustainable fibres; development of a laboratory-scale system for sizing material quality control.

### 2025 active projects:

Research into and reduction of microfibre and microplastic release properties of denim fabrics; an online automation system for detecting colour change after open-width dyeing; usability of local coloured cotton in denim fabric production; combination of high-performance filament yarn structures with indigo-dyed warp yarns; effect on fabric performance of blending recycled polyester fibres with local RS fibres; multi-component core-spun yarn design with biodegradable materials; use of plant-based protein sustainable fibres; potential of Aqua-Bionik luxury functional fibres in new product design.

## Issue Cycles

We collaborate with stakeholders to produce meaningful sustainability solutions. For specific challenges identified during the year, we design solution processes using the Issue Cycles method, which allows us to develop new knowledge and solutions specific to the denim industry.

By addressing sustainability topics through innovative, creative methods, Issue Cycles aims to drive comprehensive transformation together with all our stakeholders.

## Transformation Leadership & Learning

As an integral part of our sustainability strategy, we lead transformation in the denim industry, encouraging knowledge-sharing, investing in our people, and building collaborations with today's and tomorrow's industry leaders. We design education and research programmes

### 2024

- Çalık Cotton & Harran University Faculty of Agriculture – Coloured Cotton Farming Project
- Directa Plus SpA – Multifunctional Fabric Studies
- CHT Türkiye Kimya – Development of Self-Healing and UV-Curable Polymers
- Ezel Kozmetik – R&D Consultancy
- Sivas Cumhuriyet University, Assoc. Prof. Dr. Ebru Yabaş – Functional Fabric Studies
- Bartın University, Asst. Prof. Dr. Müslüm Kaplan – TÜBİTAK 1505 PIEZO Project Application Preparation

### 2025

- Tekafos Technological Systems – Online Automation System for Detecting Colour Change after Open-width Dyeing
- Mapla Biotechnology – Letter of Intent under Mentorship
- Yeditepe University – Dust Retention on Dark and Permanently Coloured Woven Fabrics
- Pamukkale Teknokent Technology Transfer Office – Sustainable Hemp Sewing Thread Research (paper preparation)
- Directa Plus S.P.A. – Graphene Oxide Application Method and Improvement of Fabric Mechanical Properties Project



## Featured Projects

### Caustic Recovery System

Implemented in 2024, this project automated the caustic feeding system of the mercerising machine. With flowmeter integration, PID software, automatic dosing and level-sensor applications, the system became more efficient and safer, delivering annual savings of 518,489 m<sup>3</sup> of water, 109,511 kg of caustic soda, and USD 34,927 in direct cost.

### Revo-Su: Waterless Dyeing Process

Implemented in 2025 with Çalık Denim's SS '27 collection, Revo-Su carries out denim dyeing and finishing without generating wastewater and without a washing stage. This cuts water consumption per million metres of fabric to one-eighth of the standard process, from 40,000 m<sup>3</sup> to 5,000 m<sup>3</sup>, while reducing chemical use by 20% and lowering the carbon footprint compared with the standard method.

### Graphene Technology: SMART-ECO FUSION

Developed as a nanotechnological solution to microplastic pollution and fast consumption, one of the textile industry's structural problems, SMART-ECO FUSION treats standard denim fabric with graphene, turning it into a multi-functional surface. The resulting fabric triples product life, with abrasion resistance exceeding 450,000 cycles, while reducing wash-induced microfibre release by 25–50%. With water repellence, thermal regulation, an antistatic structure and 99% antibacterial protection, the technology reduces how often consumers need to wash the garment and aligns with the requirements of the EU Green Deal. Implemented in 2024, the project is one of the concrete outputs of our ongoing collaboration with Directa Plus SpA.

## Design Approach

At Çalık Denim, market analysis and global trend research are our starting point, but we do not let trends dictate our design decisions. Our design team takes an independent approach to concept, colour and fabric selection, and it was with this independence that they developed the AW26/27 Interdependency and SS27 Evogeny collections. In each collection, technical performance, sustainability and authentic aesthetics are considered together, treating the entire process, from raw denim fabric to finished product, as part of the design itself.



## Mission, Vision and Corporate Values

### As Çalık Denim



**Our Mission;** Our mission is to add value to the denim industry, the environment and people; to create a positive impact for a sustainable world and a better life.



**Our Vision;** Our vision is to be a leading denim brand that passionately creates change for a better life; that leads innovation; that protects sustainable resources; and that creates a positive impact for and together with stakeholders.



### Our Values

- **Passion for Denim:** We are aware of the value and importance of denim in the textile sector. We create positive change and impact in the world of denim with passion.
- **Leading Innovation:** We invest in innovations that will lead the denim industry; we develop innovative products to meet our customers' needs while consciously promoting sustainability. Our goal at Çalık Denim is always to be the "first that comes to mind" company in the world of denim.
- **Customer Focus:** We focus on creating positive experiences by delivering added value to our customers. We see customer needs as our main source of motivation. Thanks to our diverse product range, our high quality standards in customer service, and our efficiency in time and cost management, we respond fully to our customers' needs.
- **Passion for Sustainability:** We take conscious steps with the goal of creating a positive impact for a sustainable world. We embrace our responsibilities towards humanity and the planet we live on. We prioritise sustainability in our business model and across all our operational processes.
- **Collaboration:** We believe in the power of collaborating to create shared value for and with our stakeholders. We build business partnerships in order to realise our corporate and sustainability vision.
- **Empowering Our Stakeholders:** We see our employees, suppliers and customers as our fundamental building blocks; we encourage them to express themselves and their ideas freely and transparently. We provide "added value" to our employees through developmental training and practices, and to our other stakeholders through original projects.
- **Transparency and Continuity:** We sustain all our relationships and business processes with the principles of honesty, transparency and consistency.
- **Respect for Rights and Ideas:** We always support a corporate culture that embraces the value inherent in every idea, creates equal opportunity, supports diversity and transparent communication, and respects ethical values.

## Çalık Denim in Türkiye and the World



| Europe           |               | Asia Pacific  | Americas         |
|------------------|---------------|---------------|------------------|
| 📍 Germany        | 📍 Spain       | 📍 China       | 📍 East Coast USA |
| 📍 United Kingdom | 📍 Netherlands | 📍 Hong Kong   | 📍 West Coast USA |
| 📍 Denmark        | 📍 Belgium     | 📍 Japan       |                  |
| 📍 France         | 📍 Finland     | 📍 South Korea |                  |
| 📍 Sweden         | 📍 Italy       | 📍 Australia   |                  |
| 📍 Portugal       | 📍 Türkiye     |               |                  |

## Çalık Denim Milestones

- **1987:** Founded in Malatya.
- **1997:** Began ring yarn production.
- **2003:** Began gabardine and corduroy production.
- **2011:** Opened Türkiye’s 7th R&D Centre in the textile sector.
- **2016:** Joined the Turquality programme.
- **2017:** Incorporated the Malatya Dyeing and Printing Plants.
- **2019:** Became a signatory of the United Nations Global Compact.
- **2020:** The Malatya Yarn Plant joined the company.
- **2023:** Became the first Turkish textile company to obtain the TS EN ISO 56002 Innovation Management System Certificate.

## 2024-2025 Highlights



### ENVIRONMENT

- LED lighting has been used across all facilities since 2014
- 23.83% reduction in electricity consumption in 2025 compared with 2024
- 29.6% reduction in total hazardous waste compared with 2023
- Special fibre production certified to the **Global Recycled Standard**
- 40.5% reduction in Scope 1 emissions compared with 2023
- 20.2% reduction in total paper consumption compared with 2023
- 12.1% reduction in single-use plastic consumption compared with 2023
- Decarbonisation Roadmap and Science Based Targets set
- ISO 46001 Water Efficiency Management System Certificate
- 252,970 m<sup>3</sup> of water reused in processes in 2024, and 204,204 m<sup>3</sup> in 2025



### SOCIAL

- 45,870 person-hours of employee training in 2024, 23,097 person-hours in 2025
- 12,489 hours of OHS training in 2025
- A total of 791 suppliers in 2025
- 150 suppliers audited on environmental and social criteria
- 100% CAPA (corrective action) closure rate in 2025
- 90% local supplier ratio in 2025
- 4.46-point increase in the ratio of blue-collar female employees
- 12 active projects under the Jean Idea Suggestion System



### GOVERNANCE

- First Turkish textile company to obtain the TS EN ISO 56002 Innovation Management System Certificate
- Signatory and corporate member of the United Nations Global Compact since 2019

## Çalık Holding at a Glance

Çalık Holding was founded in 1997 to bring together the companies within the Çalık Group under a single management umbrella.

“ Since then, following a steady growth trajectory, the Holding has operated in energy, construction, mining, finance and textiles across 34 countries with more than 30,000 employees.

Çalık Holding's core purpose is to coordinate the financial and administrative functions of all its group companies, direct its investments, establish application and cost standards, and implement corporate strategy and policies across the Group. Operational excellence, high customer satisfaction, globalisation, contribution to society and full compliance with ethical values are among the fundamental components of the Holding's corporate strategy.

Çalık Holding aims to continue its growth across a wide geography that includes Türkiye, bringing its existing portfolio into a more effective, efficient and profitable structure, and it bases sustainable growth on innovative business models in every field in which it operates.

Valuing human resources and taking an employee-focused approach to management, the Holding reflects economic, environmental and social sustainability targets across all its investments and business processes, acting on the principle of creating lasting value in every geography in which it operates.

Generating a significant portion of its revenue from international projects and investments, Çalık Holding maintains capital partnerships with globally recognised companies such as Mitsubishi Corporation, SSR Mining, SandStorm Gold Royalties and SECOM, and sustains long-standing business and solution partnerships with sector leaders such as General Electric, Honeywell, Siemens and Hitachi. The Holding also maintains close collaboration with major international financial institutions and export credit agencies such as SERV, NEXI, Commerzbank and UBS. As the first Turkish company to become a member of the Japan Business Federation (Keidanren), Çalık Holding became a signatory of the United Nations Global Compact in 2022. Prioritising diversity, sustainability and resilience across all the sectors in which it operates, the Holding embraces the principle of equal treatment for all cultures, beliefs, ethnicities and genders.

Economic Performance

Globally, 2024 and 2025 stood out as a period in which geopolitical tensions, environmental pressures and social vulnerabilities profoundly shaped the business world. In the World Economic Forum’s Global Risks Report 2025, disinformation and misinformation, extreme weather events and state-based armed conflict topped the short-term risk rankings. In the 2026 Report, the picture became more focused around the geopolitical axis; conflicts in the geoeconomic sphere rose to the top of short-term risks, climbing eight places compared with the previous year. Economic downturn and inflation were also among the fastest-rising risks over the same period.

“ At every step we take, we keep sustainable growth at our focus and continue to implement our future-oriented targets in an integrated manner with our strategies

| Financial Summary (Million TL) | 2024  | 2025  |
|--------------------------------|-------|-------|
| Gross Profit                   | 931   | 1,249 |
| International Sales            | 2,430 | 2,045 |
| Net Sales                      | 6,950 | 5,178 |

\*Financial figures have been prepared in accordance with inflation accounting and have undergone independent audit.

This picture makes it more critical than ever for companies to adopt operational resilience and financial sustainability as strategic priorities. At Çalık Denim, we treat economic performance not merely as a financial indicator but as an integral part of our sustainable growth strategy.

The Kahramanmaraş earthquake experienced in 2023, which also affected our production facilities in Malatya, presented a challenging process. The experience gained and the corporate resilience demonstrated during that process guided our steps in strengthening operational capacity and reinforcing business continuity during 2024-2025.



## Global and Sector Outlook in 2025

### Regulatory Pressure and the Imperative of Transparency

The European Union rapidly implemented a regulatory framework directly affecting the textile sector during 2024–2025. The Ecodesign for Sustainable Products Regulation (ESPR), which entered into force in July 2024, mandates that textile products be designed to be more durable and recyclable; it also introduces the Digital Product Passport (DPP) and a ban on the destruction of unsold textile products. The first compliant reports under the Corporate Sustainability Reporting Directive (CSRD) began to be published in 2025; the Omnibus Package approved in December 2025 simplified the scope and timelines, limiting obligations to companies with more than 1,000 employees and turnover exceeding EUR 450 million. In addition, the use of general and unverifiable environmental claims such as “eco-friendly” was banned under the Empowering Consumers for the Green Transition Directive.

On the Turkish side, the Turkish Sustainability Reporting Standards (TSRS), published by the Public Oversight, Accounting and Auditing Standards Authority (KGK) in the Official Gazette on 29 December 2023, entered into force on 1 January 2024. Companies within scope became obliged to mandatorily present their 2024 sustainability reports under TSRS 1 and TSRS 2 in 2025. Because TSRS is based on the International Sustainability Standards Board’s (ISSB) IFRS S1 and S2 standards, reporting obligations in Türkiye are increasingly converging with international frameworks.

Regulatory transformations are turning transparency and traceability capacity into an integral part of competitiveness for all suppliers exporting to the European market. We regard this shift not as a compliance obligation but as an opportunity to support our sustainability claims with reliable data.

### Supply Chain Resilience and Digitalisation

According to the State of Fashion 2026 report, trade disruptions and rising customs tariffs are seen by the large majority of fashion executives as the most critical factor shaping 2026. The wave of tariffs applied by the US to textile and apparel imports in 2025 created an environment of uncertainty in global supply chains. It is becoming increasingly clear that traditional competitive advantages based on scale and low-cost sourcing are no longer sufficient on their own. Brands are restructuring their resources to reduce dependency on a single production geography, diversify their supplier base and increase flexibility. This transformation gives a strategic position to suppliers with geographic proximity and high production flexibility.

Digitalisation, in this environment of uncertainty, stands out both as an efficiency tool and as a resilience insurance policy. According to the same report, executives rank artificial intelligence as the sector’s greatest opportunity. Efficiency gains from AI in demand forecasting, inventory management and product development processes partly offset cost pressures. At the same time, supply chain transparency tools are playing an increasingly decisive role in terms of traceability, compliance and sustainability verification.

### Climate Risk, Water and Chemicals Management

Textile production – requiring intensive water use across the entire process from raw material to dyeing, and from washing to finishing – is among the industries creating the highest pressure in terms of global water consumption. While intensive water use alone would be a manageable issue, climate change turns this into a much more complex equation. Changing precipitation patterns, rising evaporation rates, and long-term shrinkage of glacial reservoirs are reducing the amount of usable fresh water globally while turning textile production into a physical risk in regions where water stress is intensifying. According to WRI Aqueduct 4.0 data, Türkiye is among the countries experiencing high water stress; this directly concerns the basin in which our production facilities are located and makes water management an operational priority.

Regulatory pressure is also increasing on the chemicals-management front. Updates made to the CLP (Classification, Labelling and Packaging) Regulation, which entered into force in December 2024, are regarded as an important step towards safer use of chemicals across the EU. Beyond this, the chemical-transparency and zero-discharge-of-hazardous-substances commitments under the ZDHC (Zero Discharge of Hazardous Chemicals) framework are rapidly becoming part of the standard conditions expected by European brand customers from their suppliers. Chemicals management is moving beyond being a compliance issue to become a strategic competitive factor that directly affects customer relationships and access to export markets.

We treat these risks as concrete operational issues to be managed. The water savings achieved through Revo-Su technology, which reduces water consumption to one-eighth of standard dyeing processes, and our caustic recovery system show how this approach is reflected in our production.

### Circular Economy and Material Transformation

According to the Materials Market Report 2025 published by Textile Exchange, global fibre production reached a record 132 million tonnes in 2024 – more than double the 2000 level. The bulk of this increase originates from fossil-based synthetic fibres; polyester accounts for 59% of global fibre production, of which 88% is still produced from primary raw materials. This picture clearly demonstrates the distance the sector needs to cover in its circular material transformation.

The second-hand market has continued to grow significantly faster than the global apparel market in recent years, and this momentum is expected to be maintained in the coming years. Circular models encompass upcycling and recycling; however, challenges around material quality and traceability continue to limit reprocessing capacity.

A circular-economy approach sits at the centre of our product-development strategy, reflected in our RE/J and D’enovated product concepts and our R&D projects on recycled fibres. Our B210 concept embodies this approach: developed to reduce the post-use environmental impact of our products, it uses a special technique applied during yarn and finishing processes to shorten their biodegradation time in nature. To reduce our water footprint in production, we also implemented Revo-Su, which carries out dyeing and finishing without generating wastewater, significantly cutting both water consumption and chemical use.

# CORPORATE GOVERNANCE



## Corporate Governance

“ Good corporate governance rests on a fair, transparent, responsible and accountable way of operating. These values play a determining role in Çalık Denim’s sustainable growth and development targets.

We continue to strengthen our corporate governance mechanisms by treating transparency as a strategic priority. We build a trustworthy corporate identity by openly sharing information about all our activities and our sustainability performance with our stakeholders.

Our Board of Directors and senior management lead our corporate governance practices, laying the groundwork for us to adapt to constantly changing dynamics. Our corporate governance efforts encompass the development of a risk, compliance and ethics culture as well as the setting and implementation of strategic objectives. Brand reputation and reliability also remain among our corporate governance priorities, and we work continuously to develop practices aligned with ethical principles.

We act with the goal of creating lasting value in every geography in which we operate, placing our corporate values at the centre of all our business processes. Across our production, trade and employment processes, our core principles are compliance with legal regulations and ethical norms, delivering reliable results, and respect for nature.



We regularly assess **operational and commercial risks** specific to the textile sector and take necessary measures in a timely manner. We do not consider risks solely as threats; we also systematically analyse the opportunity areas that may arise from these risks.



**4 Board meetings** were held in 2024 and 2025, **with a 100% attendance rate.**



## Board of Directors and Senior Management

### Board of Directors

**Ahmet ÇALIK**  
Chairman of  
the Board



Born in Malatya in 1958 into a family that has been active in the textile field since 1930, Ahmet Çalik launched his first personal ventures in textiles in 1981. Currently one of the leading business figures in both Turkish and international economic markets with sustainable investments across five sectors – energy, construction, mining, textiles and finance – Ahmet Çalik founded Çalik Holding in 1997 to unite all Group companies under a single umbrella. Focusing on visionary investments and projects benefiting people and society, Ahmet Çalik is known for his reputation, reliability and long-standing collaborations with international companies across various regions of the world. Ahmet Çalik has been honoured, both in Türkiye and abroad, with numerous awards and decorations, including Japan's Order of the Rising Sun (Gold Rays with Neck Ribbon), Turkmenistan's state order, the Turkmenistan Magtymguly Award, the Turkmenistan Gayrat Medal, the US Ellis Island Medal of Honor, Albania's Order of the Flag, the Republic of Türkiye's Distinguished Service Medal, the Republic of Türkiye Ministry of Foreign Affairs' Distinguished Service Medal, and the Grand National Assembly of Türkiye's Distinguished Service Award, among others. Honorary Consul of the Republic of Kazakhstan in Bursa, Ahmet Çalik has been awarded honorary doctorates by Matsumoto University and Kindai University in Japan, the University of Tirana in Albania, and Malatya Turgut Özal University. Ahmet Çalik continues to serve as Chairman of the Board at Çalik Holding, its group companies, and the Ahmet Çalik Foundation.

**Mahmut Can ÇALIK**  
Board Member



Born in 1991, Mahmut Can Çalik began his business career at Çalik Pamuk following the completion of his university education, and served as a Board member of ALBtelecom between 2013 and 2022. He has served as a Board Member of Çalik Denim since 2019, and is also Chairman of the Board at Çalik Petrol, Çalik Pamuk and Çalik Tarım. As of 2023 he is a Board Member of Çalik Holding, Chairman of the Board of Gap Pazarlama, a Board Member of Lidya Madencilik, a Board Member of Kayserigaz, and a Board Member of Bursagaz. Mahmut Can Çalik is Vice Chairman of the Board of the Ahmet Çalik Foundation and a member of TÜSİAD. He is married with two children.

**Ahmet Erdal GÜNCAN**

Board Member, Chairman of the Textile Group



Born in 1969, Ahmet Erdal Güncan is a graduate of Istanbul Technical University's Department of Civil Engineering, where he also completed a master's degree in "Construction Management". With 24 years of banking experience, Güncan joined Aktif Bank in 2008. He serves as Deputy General Manager of Aktif Bank and as a Board Member of Çalik Denim and Aktif Bank.

**Mehmet GÖÇMEN**

Board Member



After graduating from Galatasaray High School and the Department of Industrial Engineering at Middle East Technical University, Mehmet Göçmen completed a master's degree in Industrial Engineering at Syracuse University in 1983. He held various positions at Çelik Halat ve Tel Sanayi A.Ş. between 1983 and 1995, and at Lafarge Türkiye between 1996 and 2003. He served as General Manager of Akçansa Çimento Sanayi ve Ticaret A.Ş. between 2003 and 2008, and was appointed Head of Human Resources for the Sabancı Holding Group in 2008. Göçmen served as Head of the Cement Group at Sabancı Holding between 2009 and 2014. Appointed Head of the Energy Group in 2014, he served as CEO and Board Member of Sabancı Holding between 2017 and 2019. Mehmet Göçmen has served as a Board Member of Çalik Holding since 2020.

**Ahmet Ratip KUMBASAR**

Board Member



A graduate of Marmara University's Department of Public Administration in 1982, Ahmet Ratip Kumbasar completed a master's degree in Public Administration at Georgia Southern University in 1991. He began his professional career as Human Resources Manager at Mutlu Akü between 1991 and 1994. He served as HR Manager at Lafarge between 1995 and 2000, Deputy Head of HR (Türkiye) at the same company between 2000 and 2005, HR Director (North America) between 2005 and 2012, and Talent Management Director (Americas) between 2012 and 2014. Returning to Türkiye in 2014, he continued his career as HR Director at Genpa until 2017, and served as Head of People and Culture at Enerjisa Üretim between 2017 and 2021. Ahmet Ratip Kumbasar served as Head of Human Resources at the Süttaş Group until September 2022. From that date he became Head of the Human Resources Group and a member of the Human Resources Committee at Çalik Holding. As of 2026, in addition to his Board memberships at Çalik Enerji, Gap İnşaat and Çalik Denim, he continues to serve as a member of Çalik Holding's Human Resources Committee.

## Senior Management

### Eray KARADUMAN General Manager

A 1999 graduate of Çukurova University's Department of Economics, Eray Karaduman began his career in Financial Analysis and Credit Allocation at Egebank. He held various HR management roles at Bossa, Temsa Global, Frito Lay and Enerjisa between 2002 and 2012. Between 2012 and 2015 he served as Group HR and Industrial Relations Director responsible for 10 countries at Coca-Cola İçecek, followed by roles as HR Director for Supply Chain and Commercial Functions across Türkiye, Russia, the Middle East and North Africa at Unilever until 2020.

Joining Kordsa in 2020 as Chief HR, IT, Legal and Compliance Officer and Executive Board Member, Karaduman went on to lead strategic and operational processes on a global scale as General Manager of Kordsa North America from June 2024. During this period, in 2023, he completed a master's degree in Change Management and Transformation at Sabancı University's Faculty of Business Administration. Also serving as a Board Member of the Turkish Textile Employers' Association, Eray Karaduman has served as General Manager of Çalık Denim since January 2026.

### İsmail Hakkı EKŞİ Chief Financial Officer

Born in Istanbul in 1984, İsmail Hakkı Ekşi graduated from Boğaziçi University's Department of Business Administration in 2007, and completed a master's degree in Financial Economics at Istanbul Bilgi University in 2010.

Beginning his professional career at AVEA as Senior Specialist in Corporate Finance and Business Planning in 2007, Ekşi joined STFA Holding in 2012, where he successfully served as Corporate Finance Manager and Corporate Finance Director for 10 years.

Joining the Çalık Holding family in 2022 as Chief Financial Officer, İsmail Hakkı Ekşi has taken an active role in various transformation and growth processes with his experience in financial management, corporate finance, budgeting and strategic planning.

As of June 2026, he serves as Chief Financial Officer at Çalık Denim, leading the company's financial strategies and sustainable growth targets.

### Caner ÇOLAK Sales Director

Caner Çolak was born in Lucerne in 1984. He completed his undergraduate and graduate studies at Istanbul University's Department of Industrial Engineering.

Beginning his professional career at Çalık Denim in 2008, Çolak has taken an active role in the organisation's development by undertaking various duties and responsibilities within the company. He served as Business Development Manager between 2015 and 2020, leading business development and strategic projects during this period. He was appointed Strategy and Process Development Director in 2020. Serving as Sales Director since 2025, Caner Çolak leads the realisation of sales strategies and market growth targets, contributing to the strengthening of Çalık Denim's competitiveness in the global market.

### İsmet KALALI Denim Operations Director

İsmet Kalalı was born in Malatya in 1974. He completed his undergraduate education at Dokuz Eylül University's Department of Industrial Engineering.

Beginning his professional career at Çalık Denim in 1999, Kalalı has undertaken various duties and responsibilities in production, operations and plant management within the company. With years of sector experience and operational expertise, he has made significant contributions to Çalık Denim's growth, efficiency and sustainability targets. Currently serving as Denim Operations Director, İsmet Kalalı leads the effective and efficient management of Çalık Denim's production operations.

### Cem Ozan SARI Product Development Director

Cem Ozan Sarı was born in Tokat in 1987. He is a graduate of Süleyman Demirel University's Department of Textile Engineering.

Beginning his professional career at the Çalık Denim family in 2010 as a Product Development Engineer in Turkmenistan, Sarı has taken on significant responsibilities in the company's international operations with his expertise and sector experience in product development.

Continuing as Product Development Engineer in Malatya from 2013, Sarı played an active role in developing innovative products in line with customer expectations, managing collections and running technical product processes, and was appointed Product Development Coordinator in 2022.

Taking on the role of Sales Coordinator in 2024, Sarı contributed to strengthening the integration between the product development and sales functions, and has served as Product Development Director since 2026.

## Risk Management

“ Risk management stands as an integral component of Çalık Denim’s corporate structure. We treat risks not only as threats but also as areas of opportunity for strategic transformation.

Climate change retains a priority position on our corporate risk map. We are aware of the responsibility that comes with operating in the textile sector, which has high environmental impact potential; we recognise that every stage of the value chain, from fibre production to consumer use, contributes to the carbon footprint. For this reason, we address climate risks holistically across the dimensions of operational efficiency, supply security and customer relations, positioning the transformation of carbon-intensive processes among our medium- and long-term strategic priorities.

As part of the comprehensive risk assessment studies conducted every year, we carry out systematic risk analyses in the areas of operations, finance, environment, occupational health and safety (OHS), energy, and information security. In updating our risk map, we reference the findings of the World Economic Forum’s Global Risks Reports and integrate sector-specific developments into these analyses. Where resource needs arise, we make the necessary budget plans and manage financial risks in a manner consistent with our sustainability targets.

By systematically monitoring global and local developments, we identify risks and opportunities in a timely manner and keep our business strategies updated accordingly.

The transformation in consumer behaviour, digitalisation and the impacts of artificial intelligence on business processes, the physical and transition-related implications of the climate crisis, increasing pressure on natural resources, demographic change, and the rapidly evolving regulatory framework in sustainability constitute the main dynamics closely monitored by the denim industry. We evaluate the possible effects of these dynamics on our operations, our supply chain and our long-term competitive position from a risk perspective, and we regularly report to our Board of Directors on the management of our social and environmental risks.



We reference the TCFD (Task Force on Climate-related Financial Disclosures) framework in identifying climate-related financial risks and opportunities. With this framework’s integration into the International Sustainability Standards Board’s (ISSB) IFRS S2 standard and the entry into force of the Turkish Sustainability Reporting Standards (TSRS), we continue our efforts to align our climate and sustainability risk reporting infrastructure with these standards.

## Internal Control and Internal Audit

The internal control mechanism is one of the fundamental elements supporting the reliability, accountability and operational continuity of our corporate governance structure. Contributing to the achievement of strategic objectives, this structure encompasses the policies, procedures, processes, systems, control activities, information flows and monitoring

mechanisms for identifying, assessing and managing risks. An effective internal control structure strengthens the reliability of financial and operational information, contributes to the protection of assets, secures legal and regulatory compliance, and enables accurate, complete and timely information flow in decision-making processes.

Our internal control activities focus on the following key areas:



- Accuracy, integrity and reliability of financial and operational information,
- Execution of operations in line with the principles of effectiveness, efficiency and economy,
- Protection of assets and effective use of resources,
- Minimisation of waste, loss and irregularity risks,
- Compliance with laws, regulations, contractual obligations, internal policies and ethical rules.

Structured on a risk basis, our internal control process addresses financial and non-financial matters together, covering all levels of management and employees across the organisation. It is regularly reviewed to adapt to the changing business, technology and regulatory environment. Reasonable assurance is targeted by handling risk assessment, control activities, information and communication, and monitoring processes in an integrated manner within the control environment.

As the regulatory framework develops rapidly worldwide, requirements around data quality, traceability and verifiability are making it a priority to strengthen our internal control system specifically for sustainability data. We are working to integrate the collection, verification and reporting of sustainability indicators into our existing internal control infrastructure.

Ethics and Compliance

“ We carry out all our activities in line with the values of justice, human-centredness, reputation, dedication, innovation, agility and sustainability adopted by Çalık Holding.

It is essential that our activities are carried out in compliance with the vision and mission of Çalık Holding; primarily with the legislation of the Republic of Türkiye, and with the legal regulations of all countries in which we operate or have business relationships.

Çalık Denim became a signatory of the United Nations Global Compact in 2019, and is also **a corporate member of the Global Compact Signatories Association.**

Our code of ethics is defined within the framework of the Business Ethics Rules and Compliance Regulation published by Çalık Holding, together with its annexes: **the Donation and Social Sponsorship Policy, the Anti-Bribery and Anti-Corruption Policy, the Economic Sanctions and Export Controls Policy, the Gift and Hospitality Policy, the Supply Chain Compliance Policy, the Human Rights Policy, the Competition Law Compliance Policy, the Corporate Sustainability Policy, the Personal Data Protection and Processing Policy, and the Social Investment Policy.**

Ethics Management System

Ethics Committee

Reporting to the Chairman of the Board of Çalık Holding, the Ethics Committee comprises a chair, two regular members and two alternate members.

Ethics Committee

|        |                                                  |
|--------|--------------------------------------------------|
| Chair  | Çalık Holding Chief Audit Executive              |
| Member | Çalık Holding Head of Human Resources            |
| Member | Çalık Holding Chief Legal and Compliance Counsel |

- The purposes for which the Ethics Committee was established include:
- Resolving conflicts of interest arising within the scope of the code of ethics
  - Evaluating notifications of ethics violations
  - Providing recommendations to the management of Group companies on the path, method and practices to be followed in cases of ethics violations

Members of the Ethics Committee, including its chair, act independently of the organisational hierarchy in carrying out their duties. No pressure or influence may be exerted on them regarding the matters they handle.

Ethics Hotline and Violation Reports

Any employee or other stakeholder at Çalık Denim who believes that the Code of Ethics has been violated is obliged to report this to the **Çalık Group Ethics Hotline** as soon as possible.

The Ethics Hotline is open to anonymous use and access by all employees and other stakeholders. Reports can be submitted through channels such as post, e-mail, phone and petition. Contact information for the Ethics Hotline is shared on the company’s notice boards for all employees, and on Çalık Denim’s website for other stakeholders.

Confidentiality is essential during the review process. No retaliation is permitted against the person making the report, and necessary action is taken against anyone involved in retaliation. The Ethics Committee reviews reports that reach it regularly and with great care. All necessary steps are taken to implement the decisions reached following evaluation. The complaints of those making reports do not affect their rights arising from labour law, and no person may be subjected to any sanction as a result of making a report.



All reported violations are reviewed by the Ethics Committee within a short period, and necessary actions and measures are implemented in line with the Committee’s decision.

Training and Awareness

Various compliance training sessions are provided – either to all employees or, where specific circumstances require, to a certain part of them – by the Çalık Holding Compliance Officer or the Çalık Denim Compliance Officer or through the Çalık Group’s academy platforms. Compliance training is updated taking into account the content of the Code of Ethics, use of the Ethics Hotline, changes in legislation, and reports made within the company. **It is mandatory for all employees, regardless of seniority or position, to receive training on the Code of Ethics.**

In addition, the HR Department is responsible for providing compliance training as part of the orientation programme for new employees, and for making the necessary arrangements.

| Indicator                        | 2023 | 2024 | 2025 |
|----------------------------------|------|------|------|
| Number of Ethics Hotline reports | 11   | 30   | 10   |
| Resolution rate of reports       | 100% | 100% | 100% |

## Anti-Corruption

### Çalık Denim adopts a “zero tolerance” approach in the fight against bribery and corruption.

As part of our efforts to combat corruption and fraud, our company strictly prohibits bribery, facilitation payments and the provision of improper benefits. Due diligence is carried out before establishing business relationships with third parties, and established relationships are regularly monitored throughout the process. Our employees and stakeholders can make anonymous reports through the Ethics Hotline; reported violations are reviewed in accordance with the principle of confidentiality, and where necessary, investigations are conducted by the Ethics Committee, or the Holding’s Internal Audit unit, or both. Breaches of the Code of Ethics or related policies may be subject to disciplinary sanctions; business relationships with third parties found to be non-compliant may be suspended or terminated.

In order to manage international sanctions, anti-money laundering (AML), terrorist financing and corruption risks, a third-party risk screening platform was introduced in 2025. Carried out with support from a global specialist service provider and coordinated by our internal teams, this application subjects our suppliers and business partners to periodic risk assessment – before and throughout the business relationship – in terms of sanctions lists, politically exposed persons (PEPs) and adverse media screening.

Regular screening enables early identification of risky matches and the taking of necessary action. This helps prevent high-risk business relationships and reduces legal sanction and reputational risks. The application also supports the establishment of more transparent, secure and sustainable business relationships for our stakeholders.

## Legal Compliance and Sanctions

### Legal Compliance

In carrying out their duties, Çalık Denim employees act in compliance with the legal regulations of the Republic of Türkiye in particular, and, where circumstances require, with the laws of the countries of operation and the international regulations envisaged for application on a case-by-case basis. Documents, information and records are kept regularly, completely and securely in accordance with current legislation. Information, documents and records disclosed to the public and submitted to competent authorities are prepared in an accurate, understandable manner and to the expected standard, in compliance with relevant country legislation and Çalık Group’s internal regulations. Agreements made with third parties are drawn up clearly and understandably, in compliance with legislation, ethical rules and related policies.

### Compliance with Economic Sanctions and Export Controls

Operating in different geographies internationally, Çalık Denim takes effective measures to ensure compliance with economic sanctions and export control regulations. As a rule, Çalık Denim’s products and services are not sold, directly or indirectly, to persons and organisations on sanctions lists or to embargoed countries. Before any business unit establishes a business relationship with a new business partner or third party, these parties are screened against sanctions lists. The due diligence process is repeated not only at the establishment of the business relationship but at regular intervals throughout its continuation.

### Compliance with Competition Regulations

Çalık Denim complies with the fair competition rules applicable in all countries in which it operates and with the laws and regulations supporting these rules. Competition is conducted only within legal and ethical boundaries, avoiding unfair competition practices. All employees and business partners bear an obligation to act in compliance with applicable local and international competition legislation in order to protect competition.

## Human Rights and Labour Standards

Adopting the UN Universal Declaration of Human Rights as a guide, Çalık Denim demonstrates a respectful approach to human rights across all the societies in which it operates. No practice giving rise to discrimination is accepted at any stage of recruitment, resignation, career, promotion, discipline, remuneration, social benefits, appointment or training processes.

No discrimination based on race, gender, colour, nationality, religion, age, disability, sexual orientation or political opinion is tolerated within the company; nor are practices such as child labour, psychological or physical harassment, violence and forced labour. Processes for preventing such situations are carried out with sensitivity. Çalık Denim respects the right of its employees to join or refrain from joining a union, and to make or not make a collective bargaining agreement, without feeling any pressure or threat.



## Social Responsibility

### Donations and Sponsorships

The Company maintains impartial relationships with all civil society organisations.

### A Healthy and Safe Working Environment

Çalık Denim takes the necessary measures to create a safe and healthy working environment for all its employees and business partners. It carries out its activities in line with the Sustainable Development Goals and with an environmentally sensitive approach. It is essential to support the development of protective and preventive practices, in compliance with legal regulations, to keep employees free from accidents and hazards and ensure processes continue uninterrupted. Training is organised in the areas of occupational health and safety and environmental protection to ensure these principles are adopted by all employees and business partners.

In addition, our principles and practices regarding gift acceptance and hospitality, management of conflicts of interest, management of information and assets, protection of personal data and privacy, protection of trade secrets and intellectual property rights, proper use of assets, political neutrality and relations with civil society, and media and external communications are also defined in detail in the relevant regulations and policies, and are carried out within this framework.



## Information Security

Cybersecurity continues to maintain its weight on the global risk map. In the World Economic Forum's (WEF) 2026 Global Risks Report, cyber insecurity was placed among the top ten threats in the short-term risk ranking. The WEF Global Cybersecurity Outlook 2026 report, based on the views of more than 800 executives from 92 countries, reveals three fundamental dynamics reshaping the cyber risk environment: rapidly spreading use of artificial intelligence, geopolitical fragility, and expanding cyber inequality.

Artificial intelligence reinforces its position as the driving force at the centre of these dynamics. According to the same report, while 94% of participants regard AI as the most important driver of change in cybersecurity going forward, 87% see AI-driven vulnerabilities as the fastest-growing cyber risk of 2025. AI continues to be effective on two fronts simultaneously.

Alongside technological transformation, geopolitical tensions also retain their determining influence on cyber strategy. 64% of organisations include geopolitically motivated cyberattacks – such as attacks on critical infrastructure or espionage – in their risk strategies. In parallel with this trend, supply-chain-related vulnerabilities also remain high on executives' agendas globally. 65% of large companies identify third-party and supply chain vulnerabilities as their greatest challenge, an increase clearly above the 54% recorded the previous year.

All these developments show that information security is no longer merely a technical issue, but a direct component of stakeholder trust and supply chain continuity. Çalık Denim manages information security under the Çalık Holding umbrella with a holistic

approach, treating compliance with legal regulations and company policies as a fundamental principle, and protecting the confidentiality of personal data belonging to our employees, customers, suppliers and all stakeholders as an integral part of our corporate responsibility.

Among the policies embodying this approach are the **Çalık Group Personal Data Protection and Processing Policy – part of our Personal Data Protection Law Policy – and the Information Systems Usage Instruction**. We expect all our employees to comply with these policies and to act in accordance with the rules and process requirements regarding the use of technology. As a reflection of this systematic approach, no data breach occurred in 2024 or 2025.



# OUR SUSTAINABILITY APPROACH



# Our Sustainability Approach

## Our Sustainability Strategy

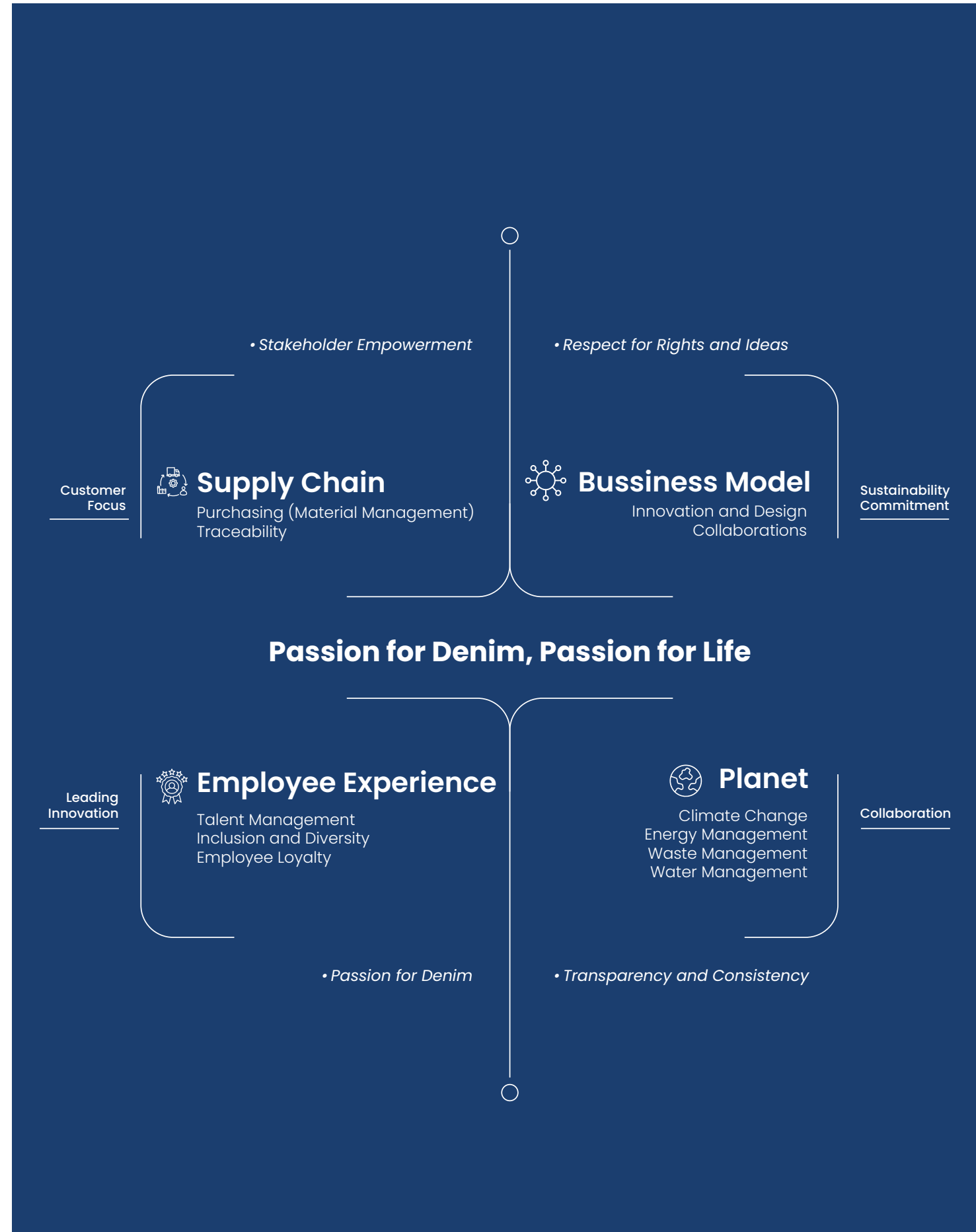
“ We hold a leading position in both Türkiye’s and the world’s premium denim sector.

We position sustainability not as a complementary element but as a component at the centre of our business model; managing denim’s impact on life, creating concrete value for our stakeholders, and developing solutions that benefit the sector are among our priority objectives.

On this journey towards these goals, we adopt our “Passion for Denim, Passion for Life” strategy as our guide. This strategy takes shape around four axes encompassing our business model, our employees, our supply chain and our planet-related topics. We position our impact-creation purpose around these four axes and align it with our priority topics.

We combine the innovative, sustainable approach to production we have upheld since our founding with our capacity to respond to changing global trends. This lets us closely monitor the global environmental and social risks and opportunities facing the denim sector, and continually adapt our strategy in response.

The strategy is shaped around four axes: Planet, Supply Chain, Employee Experience and Business Model – anchored by our Sustainability Commitment and the Denim Passion at the centre of “Passion for Denim, Passion for Life”, together with our respect for rights and ideas.



## Our Sustainability Governance

Established in 2019 to lead our sustainability efforts, **our Sustainability Committee** plays an active role in integrating our sustainability strategy into our business model and embedding it as an inseparable part of our corporate culture. Our Committee includes managers and directors responsible for various processes, along with colleagues from various departments and titles.

Four separate working groups operate under the main axes of our sustainability targets – **Planet, Supply Chain, Business Model** and **Employee Experience**. Employees from different departments serve within each working group, and coordination of the groups is provided by a group leader for each.

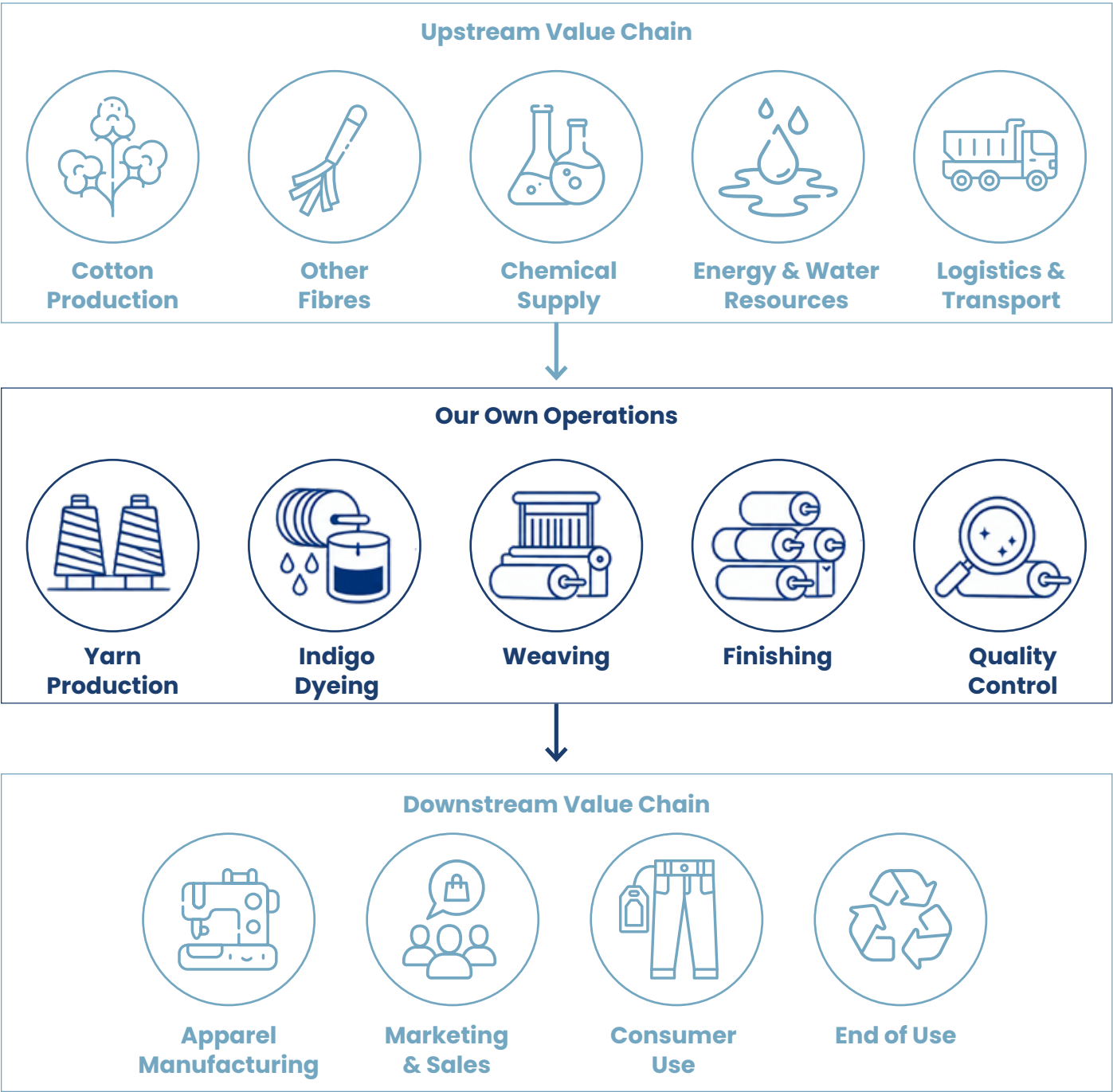
Our working groups share the actions and investment plans to be taken to reach targets with Committee members in meetings. Reports prepared by the Committee on sustainability activities are presented to senior management, including the Board Member, Group President and General Manager; senior management, in turn, brings the topics deemed necessary to Board meetings. Through this reporting mechanism, we monitor progress towards targets on an annual basis and implement necessary updates.



## Value Chain

Our value chain, extending from cotton to the consumer, encompasses our suppliers in the upstream value chain, Çalık Denim’s integrated production operations, and the customer and product lifecycle in the downstream value chain. We regard the environmental, social and economic impacts arising at every stage of our value chain as fundamental inputs to our sustainability approach.

Our integrated facility in Malatya brings every stage of denim production together under one roof. Made up of five main components (**yarn, indigo, weaving, finishing and quality control**), this structure gives us end-to-end control over our production processes and enables us to develop solutions tailored to our customers’ needs.



### Yarn Facilities

Çalık Denim’s production journey begins with yarn production – the fabric’s basic raw material. At our yarn facilities, in addition to yarn and fabric production, we also carry out finishing processes. We produce custom-design yarns on ring spinning machines using multi-twist, multi-count and draw-your-slub techniques (a special slub creation programme).

Among the raw materials we use most intensively in yarn production are Urfa, American and Aegean cottons, along with BCI, recycled and organic cotton. Our wide product range also includes open-end rotor, ring and indigo-dyed yarns, along with a diverse variety of plied and twisted yarns. We also offer plain, core-spun and dual-core yarns in the Ne 6–30 count range in our portfolio.

### Weaving Facilities

Our diverse product portfolio, catering to a wide customer base, takes shape at our weaving facilities. In addition to standard weaves, the three different loom types at our facility (Dornier, Sulzer and Picanol) allow us to produce plain weave, check, herringbone, pique, twill, double-layer denim and gabardine fabrics through different combinations of these weaves. Multi-layer construction fabrics and technical-purpose weaves are also produced at this facility.

### Finishing Facilities

Products arriving at the finishing facilities pass through three main process stages: pre-finishing, dyeing and finishing. Depending on requirements, singeing, desizing, mercerising, bleaching, dyeing, stretching, sanforising, coating and calendering processes for the fabrics produced are carried out in these departments.

### Indigo Facilities

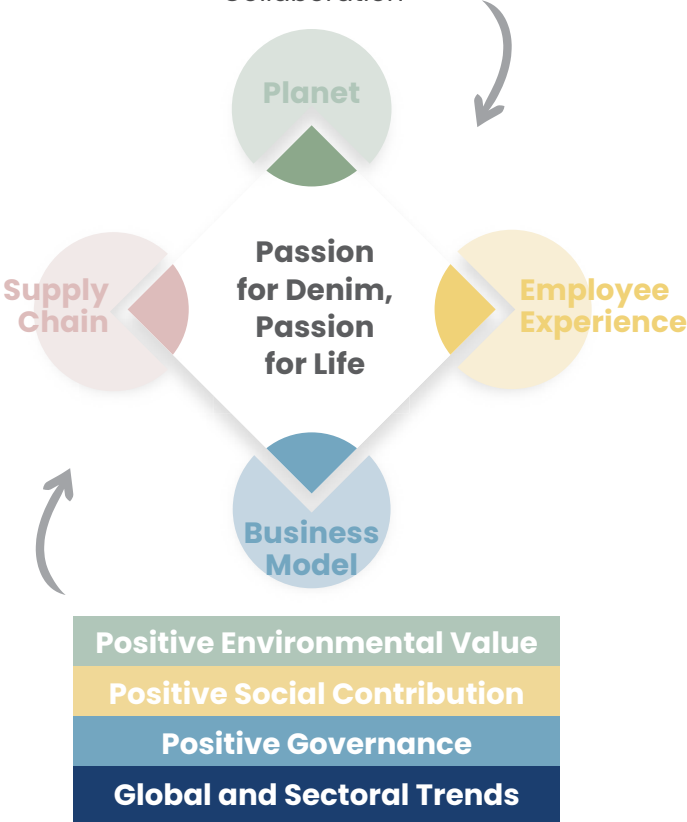
The detailed work we carry out at our indigo facilities ensures our fabrics’ distinctive and original colours emerge. Renewed in 2014 and now operating with significantly improved efficiency, our indigo facility runs three rope-dyeing and three warp-dyeing lines. In warp dyeing processes we work with a wide range of dyeing methods, primarily indigo along with reactive, pigment, sulphur, bottom and topping dyeing.

### Quality Control

Before a product is shipped, we ensure it passes through a detailed inspection stage at our Çalık Denim Quality Control facilities. We subject the products offered under the Çalık Denim brand to the following controls:

- Scoring of fabric defects and determination of quality classes through visual inspections
- Washing of samples taken from orders in accordance with standard or customer recipes
- Colour evaluation and colour grouping, and physical laboratory testing and inspection

Value Creation Model

| Capital              | Inputs                                                                                                                                                                                                                                                                                                                                                                              | Activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Outputs                                                                                                                                                                                                                                                              | Material Topics                | Value Created                                                                                                                                                                                                                                                                     |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Financial Capital    | <ul style="list-style-type: none"><li>- <b>Equity of TL 4,867 million</b></li><li>- <b>Total assets of TL 13,669 million</b></li><li>- Transparent financial management</li><li>- Effective risk management system</li></ul>                                                                                                                                                        | <p><b>Vision</b></p> <p>Becoming a leading denim brand that passionately creates change for a better life; by leading innovation, making positive impact for stakeholders and sustaining the environment</p> <p><b>Mission</b></p> <p>Providing added value to denim industry, environment and people to make a positive impact for a better life and for a sustainable world</p> <p><b>Purpose</b></p> <p>Making a positive impact for a better life with our "Passion for Denim, Passion for Life" strategy.</p> | <ul style="list-style-type: none"><li>- <b>Net Sales of TL 5,178 million</b></li><li>- <b>Gross Profit of TL 1,249 million</b></li><li>- <b>International Sales of TL 2,045 million.</b></li></ul>                                                                   | <b>Collaborations</b>          | Through the international partnerships we have built, we contribute to Türkiye's economy and strengthen our country's production and export capacity. By increasing our competitiveness, we resolutely continue our sustainable growth strategy.                                  |
| Manufactured Capital | <ul style="list-style-type: none"><li>- Exports to <b>34 countries</b></li><li>- Offices in <b>Istanbul, the Netherlands and Italy;</b></li><li>- <b>55 million metres</b> of production capacity;</li><li>- <b>2.5 MWe</b> solar energy capacity;</li><li>- Integrated management system certificates and documents;</li><li>- Internationally standard service quality.</li></ul> | <p><b>Values</b></p> <p>Passion for Denim<br/>Leading Innovation<br/>Customer Focus<br/>Passion for Sustainability<br/>Empowering Stakeholders<br/>Respect for Rights and Ideas<br/>Transparency and Continuity<br/>Collaboration</p>                                                                                                                                                                                          | <ul style="list-style-type: none"><li>- <b>Production</b> for global brands with innovative approaches developed in the strong R&amp;D centre</li><li>- <b>Official R&amp;D centre certificate</b></li><li>- Nearly <b>10 product portfolio</b> varieties.</li></ul> | <b>Innovation &amp; Design</b> | With the awareness of our responsibility in the fight against climate change, we focus our efforts on sustainable production processes and raw-material investments. With our "Passion for Denim, Passion for Life" vision, we aim to create a positive impact for a better life. |
| Intellectual Capital | <ul style="list-style-type: none"><li>- R&amp;D budget of <b>TL 63.9 million</b></li><li>- <b>39 years</b> of sector expertise</li><li>- <b>Digitalisation</b> in marketing activities since 2019</li><li>- Sustainable R&amp;D and innovation investments with a <b>100%</b> increase target</li></ul>                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"><li>- An official R&amp;D Centre certificate; <b>25 R&amp;D projects</b></li><li>- <b>2 registered patents</b></li></ul>                                                                                                           | <b>Innovation &amp; Design</b> | With our digital transformation and innovation-focused approach, we develop technology-based improvements and strengthen our competitive position in the sector through our future-oriented investments.                                                                          |

| Capital                         | Inputs                                                                                                                                                                                                                                                                                                                                                           | Activities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Outputs                                                                                                                                                                                                                                                                                                                                                                                 | Material Topics                                                                                                | Value Created                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Human Capital                   | <ul style="list-style-type: none"><li>- <b>1,210 specialist</b> employees; equal opportunity and diversity approach</li><li>- Investment of <b>TL 250 thousand</b> in employee training and development</li><li>- Investment of <b>TL 766,866</b> in vocational qualification and mandatory certification</li><li>- <b>Our new-graduate programmes</b></li></ul> | <div>Contributed Stakeholders<ul style="list-style-type: none"><li>Customers</li><li>Employees</li><li>Designers</li><li>Local Community</li><li>Suppliers</li><li>Media</li><li>International Sales Representatives</li><li>Universities</li><li>Public Institutions</li><li>Shareholders</li><li>Organisations</li></ul></div>                                                                                                                                                                                                                                                                                                                | <ul style="list-style-type: none"><li>- <b>12.6%</b> white-collar employee ratio</li><li>- <b>32% female employee</b> ratio in STEM positions</li><li>- <b>26% female ratio in manager-and-above</b> positions</li><li>- <b>12,489 hours</b> of OHS training delivered to our employees</li><li>- <b>114 regular performance and career development assessments</b> completed</li></ul> | <div>Employee Loyalty</div> <div>Inclusion and Diversity</div> <div>Talent Management</div>                    | We prioritise our employees' wellbeing and happiness. By developing our qualified human resources, we maximise their potential. Aware that human resources underpin our sustainable success, we aim to maintain employee engagement within the 70-80% range.                                                                                  |
| Social and Relationship Capital | <ul style="list-style-type: none"><li>- Customer-satisfaction-focused business approach</li><li>- <b>200 brand</b> customers</li><li>- <b>791 total suppliers</b></li><li>- <b>290 apparel-manufacturer customers</b></li></ul>                                                                                                                                  | <div>Some of the Contributed Brands<ul style="list-style-type: none"><li>Acne ● Brax</li><li>M&amp;S ● Zara</li><li>Mother ● Ann Taylor</li><li>Supreme ● Calvin Klein</li><li>PRPS ● Diesel</li><li>Scotch &amp; Soda ● Replay</li><li>Polo Ralph Lauren ● Guess</li><li>Pepe Jeans ● River Island</li><li>Banana Republic ● Kaporal 5</li><li>Ganni ● Mac Mode</li><li>Samsøe ● Benetton</li><li>Tiger of Sweden ● G Star</li><li>Hugo Boss ● Salsa</li><li>Massimo Dutti ● Next</li><li>H&amp;M ● Jack &amp; Jones</li><li>Gerry Weber ● VF</li><li>Mavi ● 7 for All Mankind</li><li>Tommy Hilfiger ● Uniqlo</li><li>Frame ●</li></ul></div> | <ul style="list-style-type: none"><li>- <b>90% local supplier ratio</b></li><li>- <b>strong stakeholder relationships</b></li><li>- Collaboration with more than <b>20 world brands</b></li></ul>                                                                                                                                                                                       | <div>Purchasing (Material Management)</div> <div>Traceability</div>                                            | By establishing open and transparent communication with our stakeholders in line with our mutual-trust principle, we focus on understanding needs and expectations. We contribute to empowering the cotton-growing farmers we work with, and we build an ecosystem that supports local employment through our social responsibility projects. |
| Natural Capital                 | <ul style="list-style-type: none"><li>- Environmental investment of <b>TL 3.5 million</b></li><li>- Electricity consumption of <b>60,857 MWh</b></li><li>- <b>ISO 46001 Water Efficiency Management System</b> certificate</li><li>- <b>2 energy efficiency projects</b> implemented</li><li>- Effective <b>waste management</b> approach.</li></ul>             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <ul style="list-style-type: none"><li>- Scope 1 and Scope 2 emissions of <b>58,656 tCO<sub>2</sub>e</b></li><li>- <b>0 environmental accidents</b></li><li>- <b>2,273,908 kWh of energy savings</b> achieved through energy efficiency projects</li><li>- A <b>29.6% reduction in total hazardous waste</b> compared with 2023</li></ul>                                                | <div>Climate Change</div> <div>Energy Management</div> <div>Waste Management</div> <div>Water Management</div> | By focusing on clean energy investments in the transition to a low-carbon economy, we reduce our environmental impact. Through our resource-protection strategies we contribute to building a sustainable world for future generations.                                                                                                       |

Materiality Analysis

“ We identified our priority sustainability topics through a stakeholder analysis process in 2018, shaping our ‘Passion for Denim, Passion for Life’ strategy.

As the first step of our materiality efforts, we assessed high-priority topics related to the textile sector within the framework of the United Nations Sustainable Development Goals. We incorporated global risks relevant to the sector into our analysis by reviewing the reports published each year by the World Economic Forum, which provide many insights into sectoral and global risks.

During this analysis process, we conducted an online survey to hear the voices of our strategic external stakeholders and our employees.

We also incorporated sector-specific high-priority topics identified by the

Sustainability Accounting Standards Board (SASB) and the Sustainable Apparel Coalition into our assessment.

We combined the findings obtained through this process with our strategy and management approach to create our list of priority topics. The list took its final form through one-to-one meetings with senior management, in which views were gathered and necessary approvals secured.

In 2023, we revisited our existing priority topics in light of variables in our sector and global trends. We consolidated our 25 priority topics, previously addressed in 2021, into a more inclusive set of 11 priority topic headings with the support of an independent consultancy firm. We categorised the identified priority topics according to the focus areas of our working groups, in order to guide the four working groups operating under our Sustainability Committee. We held meetings on the 11 priority topics identified and obtained our senior management’s approval. In light of these priority topics, we continue to work resolutely to achieve our sustainability targets.



Planet

- Climate Change
- Energy Management
- Waste Management
- Water Management



Supply Chain

- Purchasing (Material Management)
- Traceability



Employee Experience

- Talent Management
- Inclusion and Diversity
- Employee Engagement



Business Model

- Innovation & Design
- Collaborations

Stakeholder Communication

We strengthen our leading position in the premium denim sector through the effective dialogue we build with our stakeholders. As a core component of our “**Passion for Denim, Passion for Life**” strategy, and in line with our purpose of creating a positive impact for a better life, we place importance on maintaining open, transparent and sustainable communication with all stakeholders in our ecosystem.



Through the projects we implement, we value understanding our stakeholders’ needs, expectations and views. We sustain the communication we build for this purpose dynamically through various channels.

| Stakeholder Category                | Communication Methods                                                                                                                                                                                                                                                            | Frequency                   |
|-------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Employees                           | Newsletters, one-to-one communication, closed and open meetings, phone, internet, social media, e-mail, training, announcements (sharing of product marketing materials, fair information, etc.), social events, reward and motivation programmes (Çalık Koza Suggestion System) | Daily                       |
| Customers                           | Newsletters, one-to-one communication, e-mail, phone calls, fairs, events, factory visits, customer visits, satisfaction surveys, congresses, meetings, advertisements and news in the media, product launch events, Denim Anatomy training                                      | Daily                       |
| Suppliers                           | Supplier meetings and visits, factory visits, feedback meetings, panels, surveys, phone calls, communication and call centres, online sales portal, social media, sustainability reports                                                                                         | Daily                       |
| Shareholders                        | General assembly meetings, company and corporate website, social media, financial reports, annual reports, sustainability reports                                                                                                                                                | Monthly                     |
| Public Institutions                 | Site visits, factory visits, website, news and advertisements in the media, meetings, phone calls, e-mail, social media, programme invitations                                                                                                                                   | Quarterly or every 6 months |
| Universities                        | Training and seminars, meetings, e-mail, social media, visits, one-to-one communication, career days at universities, joint projects, congresses and conferences                                                                                                                 | Monthly                     |
| Civil Society Organisations         | E-mail, portal, digital media, social media, factory visits, memberships, joint projects, congresses, conferences and seminars                                                                                                                                                   | Every 6 months              |
| International Sales Representatives | One-to-one communication, e-mail, meetings, phone calls, various fairs, social media                                                                                                                                                                                             | Daily                       |
| Designers                           | Fairs, events, congresses, panel participation, all communication channels (phone calls, internet, social media, e-mail, etc.), training activities, corporate launches, CSR projects                                                                                            | Monthly                     |
| Local Community                     | All communication channels, media channels, social media, CSR projects                                                                                                                                                                                                           | Monthly                     |
| Media                               | Fairs, events, congresses, panel participation, press releases, press conferences, product launches, corporate website, e-mail, social media                                                                                                                                     | Monthly                     |

## Featured Marketing Activities

“ One of the fundamental pillars of our sustainable growth is the strong relationships we build with our stakeholders and the mutual-value-creating collaborations we form.

We continue to build collaborations that bring our sustainability vision to life, manage our risks transparently, and support a comprehensive business model. During 2024-2025, this included collaborations with brands, sector platforms, fairs, suppliers and universities.

## Collection Campaigns

During 2024-2025 we launched four main collections:

- “Re-Core AW 24/25”
- “Envisionage SS '26”
- “Interdependency AW 26/27”
- “Evogeny SS '27”

We produced the campaign shoots for each collection in collaboration with renowned American denim photographer Eric Kvatek.



## Fairs Attended

During 2024-2025 we presented our collections and brand to the B2B denim world by taking part in the sector's leading international fair organisations:

- Kingpins Show Amsterdam
- Kingpins Show New York
- Munich Fabric Start
- Denim Premiere Vision Milan
- Premiere Vision Paris
- Premium Textile Japan / Tokyo Textile Scope
- Intertextile Shanghai

In 2025, in addition to these organisations, we took part in Denim Deal's first event in France, which aims to reduce textile waste and make circular fashion a global standard. On this platform, we introduced our target audience to our products containing more than 20% post-consumer recycled content.



## Sponsorships



### Habit Fashion Awards, 2024

We took part as the official denim partner at the awards ceremony of Habit Fashion Awards, Sweden's leading fashion awards event, held in Stockholm on 21 November. On this occasion, we presented the "Denim Brand of the Year in Scandinavia" award to Denim Destination.

### Habit Impact Day, 2024

We attended Habit Impact Day – which brings together Northern Europe's leading brands – in Stockholm on 23 May, as the event's sole global denim partner. We shared our RE/J innovations and sustainability targets with participants.

## Collaborations with Sector Platforms

### United Nations Fashion and Lifestyle Network Event, 2024

We attended the event organised by the UN Partnerships Office and the Fashion Impact Fund on 3 June at the UN Headquarters in New York, as the platform's global denim partner. In this programme, attended by more than a thousand participants, we spoke as a panellist in the session titled "Thread to Thread: Leading Sustainable Textile Practices in the Fashion Industry", sharing our sustainability strategy on a global platform, primarily focused on our B210 technology and regenerative cotton initiatives.



## Collaborations with Academy



### AMFI x Çalık Denim

We continued our collaboration with the Amsterdam Fashion Institute (AMFI) – the Netherlands' largest higher education institution in fashion – during 2024-2025. We hosted more than 20 students studying denim in fashion at our Malatya factory, allowing them to experience all production stages of denim on-site while sharing our latest innovations and the denim trends of the future with them.



## Our Sustainability Targets

“We carry out our activities with the awareness of our responsibility towards our environment, our employees, our supply chain and society as a whole.

At every step we take, we consider sustainability and make decisions accordingly. Under our “**Passion for Denim, Passion for Life**” sustainability strategy, in 2023 we revisited our sustainability targets in light of the risks and trends facing our planet.

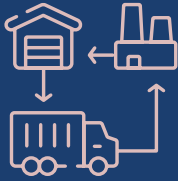
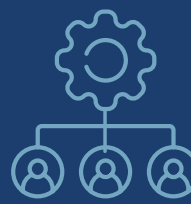
Building on our past achievements, we have set sustainability targets that cover the critical areas of our business and aim to deliver transformative results. Each of our **Planet, Employee Experience, Supply Chain** and **Business Model** working groups has targets linked to our priority topics, and this structure lets us advance towards our shared goals systematically and transparently.

Under our **Planet** working group, we combat climate change, optimise energy management, improve waste management and support sustainable water management in order to reduce our environmental footprint. Under our **Supply Chain** working group, we focus on responsible material sourcing and on ensuring traceability for transparency.

Under our **Employee Experience** working group, we prioritise talent management, inclusion and diversity, and employee engagement in order to support an inclusive workplace. Under our **Business Model** working group, we develop partnerships to expand our sustainability initiatives, emphasising innovation and design within circular solutions.

We remain firmly committed to advancing these priorities and creating positive impact for the environment and society. As one of the world’s leading premium denim manufacturers, we are mobilising all our resources to achieve our sustainability targets.

## Our Targets Table

| Working Groups                                                                                                   | Targets                                                                                                                                                                                                                                                                                                       | Sub-targets                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Material Topics                                                                         | Capital Elements            |
|------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------|
|  <b>Planet</b>                | <ul style="list-style-type: none"> <li>Reach net-zero greenhouse gas emissions by 2045.</li> <li>Cover 60,000 hectares through biodiversity and regenerative programmes by 2030.</li> <li>Reduce water consumption per unit of production by 50% by 2030 (2016 base year).</li> </ul>                         | <ul style="list-style-type: none"> <li>Set a science-based target</li> <li>Generate 75% of electricity used from renewable sources</li> <li>Ensure 100% of electricity used comes from renewable sources</li> <li>Increase the ratio of reused water to 40% by 2030 (2016 base year)</li> <li>Achieve Zero Waste to Landfill for waste generated in production processes and sent to temporary storage</li> </ul>                                                                    | Climate Change<br><br>Energy Management<br><br>Waste Management<br><br>Water Management | <b>Natural Capital</b>      |
|  <b>Supply Chain</b>         | <ul style="list-style-type: none"> <li>Ensure critical raw material, chemical and packaging materials are sourced from sustainable* or certified sources by 2030.</li> <li>Achieve a 100% traceable and transparent supply chain.</li> </ul>                                                                  | <ul style="list-style-type: none"> <li>Ensure all chemicals and cotton used are sourced from certified sources</li> <li>Source 100% GOTS-certified material</li> <li>Ensure all packaging materials are sourced from recycled or certified sources</li> <li>Audit all strategic suppliers against environmental and social criteria</li> </ul>                                                                                                                                       | Purchasing (Material Management)<br><br>Traceability                                    | <b>Manufactured Capital</b> |
|  <b>Employee Experience</b> | <ul style="list-style-type: none"> <li>Eliminate the gender-based pay gap across the organisation.</li> <li>Maintain employee engagement in the 70–80% range.</li> <li>Keep the regretted-loss rate in the 11–12% range.</li> </ul>                                                                           | <ul style="list-style-type: none"> <li>Maintain employee satisfaction at 70–80%</li> <li>Determine and increase the employee experience rate by 2025</li> <li>Double the number of white-collar and blue-collar employees included in career development programmes by 2030</li> <li>Increase the number of blue-collar female employees by 50% by 2025</li> <li>Increase the number of actionable ideas from sustainability-focused internal entrepreneurship programmes</li> </ul> | Talent Management<br><br>Inclusion and Diversity<br><br>Employee Engagement             | <b>Human Capital</b>        |
|  <b>Business Model</b>      | <ul style="list-style-type: none"> <li>Increase revenue from the sustainable product range by 60%.</li> <li>Increase investments made for sustainability collaborations by 50%.</li> <li>Adapt to a circular business model by 2035.</li> <li>Invest 1% of annual EBITDA in social transformation.</li> </ul> | <ul style="list-style-type: none"> <li>Increase sustainable R&amp;D and innovation investments by 100%</li> <li>Implement measurable social investment projects (SROI ≥ 1)</li> <li>Increase the number of actionable ideas from sustainability-focused open innovation programmes.</li> </ul>                                                                                                                                                                                       | Innovation & Design<br><br>Collaborations                                               | <b>Financial Capital</b>    |

PLANET



# Planet

According to the World Economic Forum's 2026 Global Risks Report, over a ten-year horizon environmental risks continue to be among the highest-severity risks on the risk landscape. Extreme weather events, biodiversity loss and ecosystem collapse, and depletion of natural resources stand out as interconnected risks that must be managed together.<sup>1</sup> These risks affect supply chains, access to raw materials and production continuity, while also shaping the long-term resilience of business models. The textile sector plays an active role in this transformation.

These four topics are followed by the Planet working group within the Sustainability Committee.

We focus on four main topics under the **Planet** heading:



We regularly monitor the activities and projects carried out against the targets and performance indicators we have set.

“ In carrying out our activities, we take into account the environmental risks and impacts they create or may create, acting with an awareness of reducing our footprint at every stage of our processes.



## Climate Change

Greenhouse gas emissions arising from human activity are accelerating global warming. Global surface temperature rose by 1.1°C between 2011–2020 compared with 1850–1900. Global greenhouse gas emissions continued to increase between 2010–2019 as well; in 2024 they rose by 2.3% year-on-year to reach 57.7 gigatonnes of CO2 equivalent.<sup>2</sup> Behind this increase lie energy production, land-use change, and consumption and production patterns. Even if current national climate commitments are fully implemented, global warming is projected to reach 2.3–2.5°C this century – a picture that shows climate action is a shared responsibility across all sectors.<sup>3</sup>

As a company operating in the textile sector, we are aware of our responsibility in the fight against climate change. We closely follow current reports and evolving regulations, and factor this awareness into our efforts to reduce our environmental footprint. We ensure full compliance with the ISO 14001 Environmental Management System standards, and as part of our emissions work we conduct life-cycle assessments (LCA) of our products. As part of our energy-source transformation, we have completely ended the use of coal in our production processes since 2023.

Before each collection, we analyse the environmental impacts of our products. For low- and medium-impact products, we share this information with our customers via QR codes. We review our high-impact products and carry out work to reduce their environmental impacts. We advance this process together with both our customers and our internal teams; in line with our 2030–2040 targets we develop strategies to reach our net-zero emissions target.

To place our climate strategy on solid ground, we established our **Decarbonisation Roadmap**, under which we are pursuing our Science Based Targets (SBT). Our roadmap sets 2021 as the base year for Scope 1 and Scope 2 emissions; given the high data quality, detailed inventory and high capacity utilisation that year, it serves as the reference point for all our forward-looking calculations. For Scope 3 emissions, 2024 was selected as the base year in view of inventory quality.

**Under our roadmap, we commit to reducing our Scope 1+2 emissions by 42% by 2030 compared with the 2021 base year.** To achieve this target we developed a four-phase **Carbon Reduction Strategy** and tested the feasibility of the target with planned actions for the 2019–2030 period. **As of 2025 we have reduced our Scope 1 emissions by 37.9% compared with the 2021 base year.**

On our decarbonisation journey we evaluate both operational efficiency and value-chain-related levers together. On the operational side, energy efficiency projects, the transition to renewable energy and fuel conversion form our main focus areas. In the value chain, the transition to sustainable and low-carbon alternatives in raw material supply plays a decisive role in the long-term success of our decarbonisation strategy.

**Every year we comprehensively assess and calculate our Scope 1, 2 and 3 emissions, and we remain firmly committed to continuous improvement on our path to our 2045 net-zero target.**

1. The Global Risks Report 2026, WEF  
2. AR6 Synthesis Report, IPCC  
3. Emissions Gap Report 2025, UNEP



We commit to reaching **net-zero emissions** across the value chain by 2045.

| Metric  | Unit               | 2023   | 2024   | 2025   |
|---------|--------------------|--------|--------|--------|
| Scope 1 | tCO <sub>2</sub> e | 50,115 | 32,985 | 29,835 |
| Scope 2 | tCO <sub>2</sub> e | 43,275 | 32,221 | 28,821 |
| Scope 3 | tCO <sub>2</sub> e | 30,841 | 30,760 | 23,994 |

Our Projects



### Regenerative Cotton

Regenerative agriculture is an approach that supports soil health and restores organic carbon in the soil. It aims to restore the health and strengthen the microbiological structure of soil that has lost nutritional value as a result of long years of conventional farming practices.

Reducing the frequency of tillage in the field, or eliminating ploughing entirely, is among the leading approaches. Cover crops can also be planted to suppress weeds and increase carbon sequestration, creating natural fertiliser and a protective soil layer. Together, these practices significantly reduce water use, equipment use (since the soil is worked less) and the carbon emissions generated during production.

In line with our sustainable production principle, we include regenerative cotton produced according to this principle in our raw material portfolio.



### Carbon-zero Tencel™ Lyocell

Developed in line with Lenzing’s “True Carbon Zero” vision, Carbon-zero Tencel™ Lyocell takes our fibre offerings to a new level in terms of sustainability. Certified under the CarbonNeutral® protocol, this fibre is developed on three core principles: reducing carbon emissions, using renewable energy, and offsetting unavoidable emissions through verified projects. By adding this fibre to our raw material portfolio, we contribute to reducing our climate impact.

Energy Management

We manage energy within the framework of the ISO 50001 Energy Management System standard, systematically pursuing our efforts to increase efficiency. In this context we regularly analyse our energy consumption, identify areas open to improvement, and implement measures that will deliver energy savings. Through our energy monitoring systems we continuously track consumption data. We continue the transition to electric vehicles in our vehicle fleet and the forklifts used within the company; as of 2025, 1.3% of our fleet consists of electric vehicles. This transition reduces both carbon emissions and our operating

costs. Thanks to the rooftop solar energy system commissioned in 2020, we use the entirety of the energy we generate in our operations; as a result, an average of 3.2% of our production facility’s annual electricity consumption is met from solar energy. **We generated 1,250,227 kWh of electricity in 2024 and 921,444 kWh in 2025. We began our field-based solar power plant project – which will cover 25% of our electricity use – with an initial installed capacity of 12.5 MWe. In addition, in 2023, 2024 and 2025 we obtained I-REC certificates equivalent to the entirety of the electricity we purchased.**

| Metric                       | Unit | 2023   | 2024   | 2025   |
|------------------------------|------|--------|--------|--------|
| I-REC certificates purchased | MWh  | 77,238 | 79,911 | 60,868 |

We organise regular training programmes to raise our employees’ awareness of energy efficiency. We emphasise that even small changes that deliver energy savings can make a significant contribution. We assess the effectiveness of our energy management system by monitoring the performance indicators we have set to track and continuously improve our energy consumption.

- Energy efficiency projects implemented as part of these efforts include:
- Insulating the flange surfaces of drying cylinders to reduce heat loss
  - Using reverse-osmosis water instead of soft water in our natural-gas-fired boilers, reducing blowdown volume and increasing energy efficiency

- Pre-heating natural gas boiler feed water via a flash steam system to improve energy efficiency
- Replacing our diesel forklifts with lithium-ion battery electric forklifts to increase energy efficiency

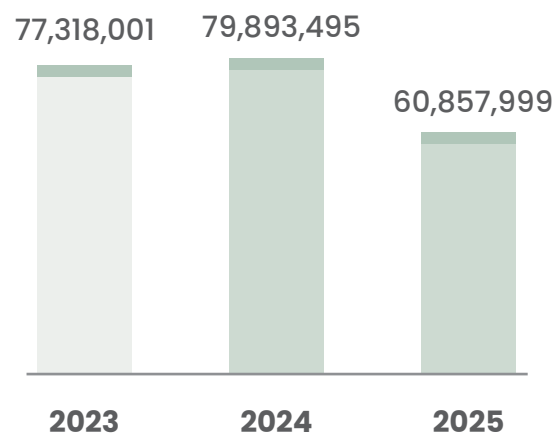
Through these projects we have both reduced the energy intensity of our production processes and strengthened our operational efficiency. Under projects planned for the coming period, we intend to cool the compressor closed-circuit water using the well water in our existing pools instead of a cooling tower; through this application we aim to minimise the energy used at the cooling tower.

“ Through these projects we have both reduced the energy intensity of our production processes and strengthened our operational efficiency.

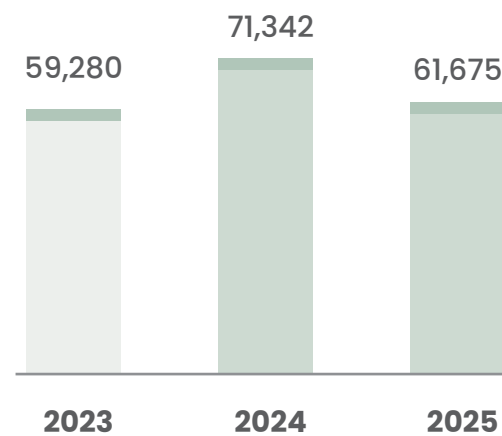


We target generating **75%** of the electricity we use from renewable sources.

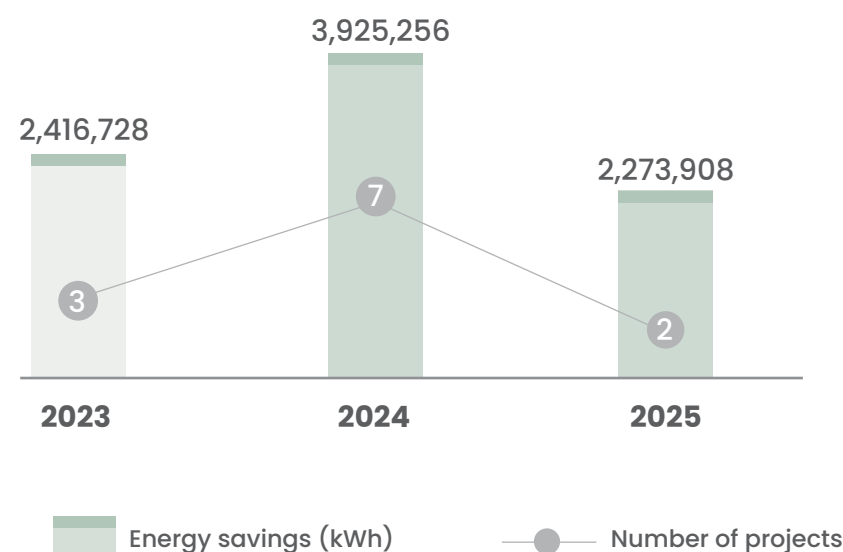
Electricity Consumption (kWh)



Diesel Consumption (L)



Energy Efficiency Project Outputs



## Waste Management

We treat waste management as an integral part of our sustainability strategy, implementing an effective waste management procedure. We segregate, store and dispose of our waste in accordance with defined methods. In this process we handle hazardous and non-hazardous waste separately, working regularly with licensed disposal companies.

We provide our employees with regular training on waste management. This training plays a critical role in ensuring waste is managed correctly and that a circular-economy mindset is adopted.

Our waste-recycling efforts operate within a circular-economy framework: our zero-waste team maps waste streams, produces composite materials from waste, and conducts technical site visits. We also comply with the Zero Discharge of Hazardous Chemicals (ZDHC) programme, removing substances harmful to aquatic life from production, and we continuously review and improve our waste management practices in line with our sustainability targets.

On average, 1,750 tonnes of yarn, fabric and lint waste is generated annually across the different units of our facility. Instead of disposing of this waste through low-value uses, we launched a joint R&D study with İnönü University to convert it into higher value-added products through an upcycling method. Within the study, we carbonised the waste under 13 different temperature conditions, obtaining 52 different carbonised solids. The carbonisation efficiency was calculated for each solid, and calorific value and ash content were determined. Our findings show that carbonisation significantly increases the energy content of the waste. While an average of 4,000–4,200 cal/g of energy is obtained when the raw materials are burned directly, the energy content of the

carbonised solids rises to 7,000–7,500 cal/g. These results show that textile waste can be converted, through carbonisation, into materials whose energy value is doubled.

We also carry this circular approach in waste management through to our raw material choices. In building our product portfolio, we prioritise fibres with recycled content and low environmental impact, aiming to reduce our environmental impact from the very start of the supply chain.



Our Projects

Recycled Cotton

As the depletion of water resources becomes an increasingly critical issue, cotton remains among the products with the highest water use in production. As cotton is the basic raw material of denim production, our engineers have made it possible to produce denim fabric from recycled cotton in order to help reduce water consumption. In addition to pre-consumer recycled cotton, we also produce special fibre from post-consumer recycled cotton, certified to the Global Recycled Standard (GRS).

TENCEL™ Lyocell Fiber with REFIBRA™ Technology

Thanks to REFIBRA™ technology, we benefit from cotton scraps and other garment-production waste, alongside wood pulp, to produce new, unprocessed TENCEL™ Lyocell fibre used in fabrics and garments. Emerging from an award-winning closed-loop production process, REFIBRA™ technology is one of the pioneering initiatives that embodies Lenzing’s contribution to the circular economy.

Hemp, Resembling Cotton

Owing to its advantages, we have also added hemp – which resembles cotton in feel – to our raw material portfolio. While providing a cotton-like feel, hemp also retains hemp-specific properties such as durability and UV resistance. In addition, growing hemp requires much less water compared with cotton.

Recycled Polyester REPREVE®

REPREVE® Recycled Polyester is a certified and traceable recycled fibre. Produced from 100% recycled materials, including PET bottles and fibre-industry waste, we use this fibre blended with cotton in our special yarn structure production. This yarn structure creates a microclimate between the fabric and the human body, offering the end user thermal comfort and a value-added experience.

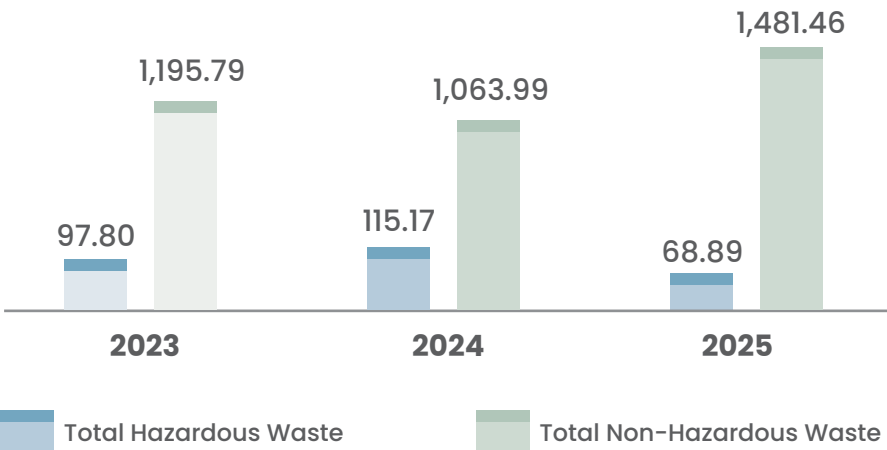
Recycled Polyester: NEWLIFE™

Produced from post-consumer recycled plastic bottles, NEWLIFE™ is a high-quality, certified and recycled polyester yarn. Produced through chemical-free mechanical processes, with its recycled content verified by independent laboratory analysis, this yarn directly contributes to our sustainable fabric production targets.

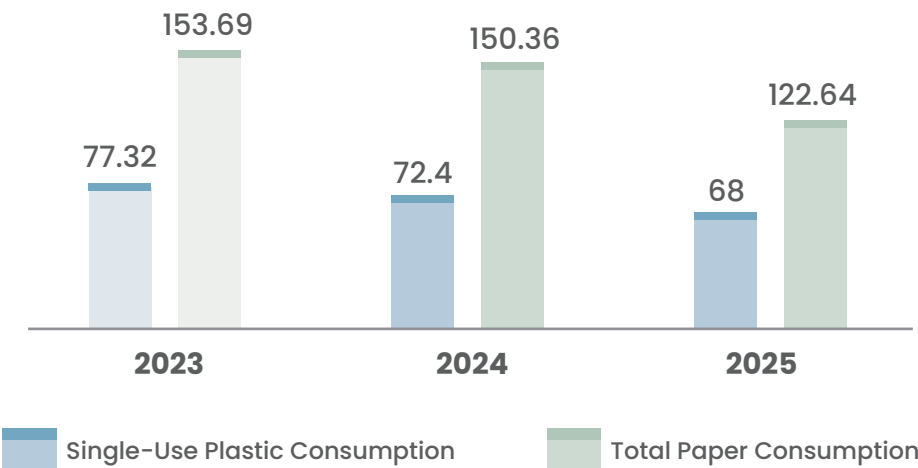
Lycra® T400® EcoMade

Produced with EcoMade technology, Lycra® T400® EcoMade combines shape-retention performance with recycled PET and plant-based renewable content. At least 50% of this fibre’s content comes from recycled PET, with 14% from plant-based material; it is included in our raw material portfolio.

Waste Volume (tonnes)



Plastic and Paper Consumption (tonnes)



## Water Management

Water stress is becoming one of the most critical topics on the global agenda, and water security is defined as a fundamental condition for economic stability and climate resilience. By 2050, deepening water scarcity – driven by changing precipitation patterns, rising temperatures and increasing water demand – is expected to significantly impact global economic output. According to estimates by the Global Commission on the Economics of Water, this impact could lead to losses of up to 8% of GDP in high-income countries and 10–15% in low-income countries.<sup>4</sup> The textile sector sits directly within this picture; producing one kilogram of cotton fibre requires approximately 10,000 litres of water.

When rising water demand and climate-driven supply pressure are considered together, water efficiency stands out not merely as an environmental preference but as an operational necessity. For this reason, we treat water management as one of our priority agenda items, resolutely continuing our efforts to increase efficiency and recover water. We formalised our water management through a corporate commitment, putting our **Water Efficiency Management System Policy** into effect in 2024. With the ISO 46001 Water Efficiency Management System certificate we obtained in 2024, we manage our water resources more effectively, optimise our water use, and carry out our water management practices within a comprehensive framework.

“ Thanks to the projects we implemented, we reused 252,970 m<sup>3</sup> of water in our processes in 2024, and 204,204 m<sup>3</sup> in 2025.



We target **reducing water consumption per unit of production by 50%** and increasing the ratio of **reused water to 40%** by 2030.

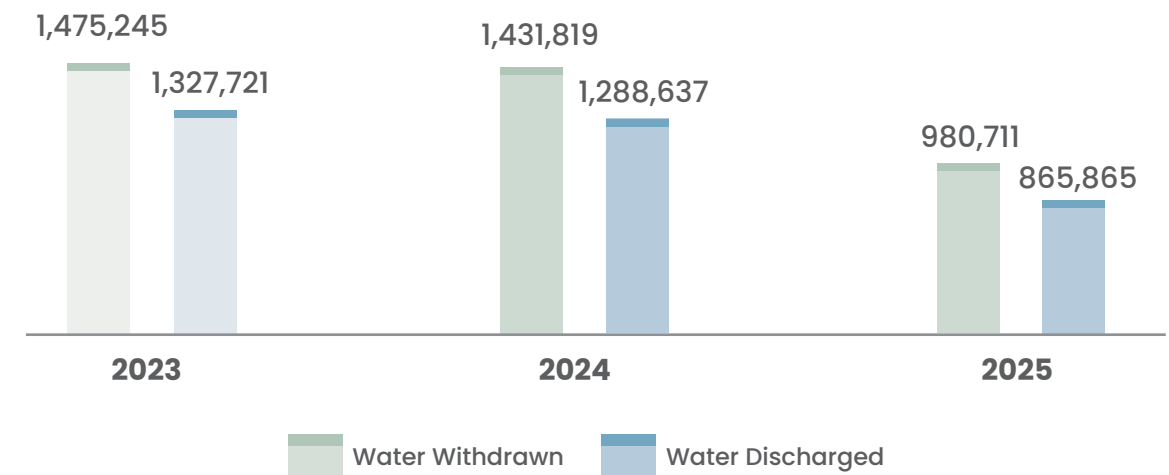
We regularly review our water management strategy, follow good practices in the sector, and work to develop innovative solutions. We raise awareness among all our employees regarding water savings and encourage them to contribute to our water management targets.

Our planned water efficiency projects include:

- Filtering water used in mercerising processes and recovering it back into the process
- Collecting and filtering water used for air conditioning in operational units, and reusing it in the same process
- Filtering water used in the wet filter at the outlet of the fabric singeing machine and reusing it
- As part of our three-year project plan, filtering the soft water used for air conditioning at our yarn factory and reusing it in the same process

4. Macro-Criticality of Water Resources, IMF

Water Consumption (m<sup>3</sup>)





## Chemicals Management

Chemicals management is becoming an increasingly determining topic in the textile sector, both environmentally and commercially. The EU's REACH Regulation on the Registration, Evaluation, Authorisation and Restriction of Chemicals, and the forthcoming Ecodesign for Sustainable Products Regulation (ESPR), make chemical transparency and traceability mandatory throughout the supply chain. For manufacturers exporting to the EU market in particular, non-compliance can create concrete risks such as restricted market access, reputational damage and operational disruption. Beyond this regulatory pressure, the effects of chemicals on employee health and the environment are moving chemicals management beyond a compliance issue, making it a strategic priority.

We carry out all our activities with a focus on human health and the environment, sharing this information transparently with our stakeholders. In line with our **Chemicals Management Policy**, we fulfil the requirements of international standards such as **REACH, OEKO-TEX 100 and ZDHC MRSL (Manufacturing Restricted Substances List)**, alongside national legislation.

We request Product Safety Data Sheets in all purchasing and sample-sourcing processes, and share forms confirmed as compliant with regulations with all our employees through our document management system. We record all chemicals purchased, stored or used in our Chemical Inventory.

We analyse the hazards and risks associated with chemicals and evaluate alternative chemicals that are appropriate both in terms of performance and cost in order to reduce these risks. We take the necessary occupational health and safety measures to minimise our employees' exposure in work areas where chemicals are used.

**We prepare emergency action plans to protect our employees and the environment, update them at regular intervals, and communicate them to all our employees.** We provide regular training on chemicals management to team members working with chemicals and document this training.



We aim to minimise the exposure and hazards that may arise at every stage – from the purchasing of all chemicals used at our facility, through transport and storage, to use and waste disposal.

# SUPPLY CHAIN



# Supply Chain

Global supply chains continue their transformation in line with geopolitical developments, economic dynamics, the effects of climate change and evolving regulatory expectations. According to assessments published by the World Economic Forum and Kearney in 2025, as companies operate in an increasingly complex global trade environment, supply chains are focusing more on capabilities such as flexibility, agility, visibility and resilience.<sup>5</sup> Accordingly, supply chains are becoming increasingly prominent as a strategic element that supports long-term value creation and sustainable growth, beyond just operational processes. We see our suppliers not only as an operational stakeholder but as part of our sustainability journey, and we closely monitor their environmental and social impacts and support their operational development. We work to make our supply chain resilient to potential risks and changing conditions, guided by international standards and



our corporate values in both domestic and international operations, and adopting a responsible sourcing approach with an ESG (Environmental, Social and Governance) perspective.

To contribute to the local economy and support the resilience of our supply chain, we prioritise local suppliers in our sourcing processes. **Our local supplier ratio, which reached 90% in 2025, stands as an important indicator of both our sustainability approach and our commitment to creating economic and social value.**

| Supplier Statistics         | 2023  | 2024 | 2025 |
|-----------------------------|-------|------|------|
| Total number of suppliers   | 1,013 | 984  | 791  |
| Number of local suppliers   | 891   | 874  | 712  |
| Local supplier ratio        | 88%   | 89%  | 90%  |
| Number of foreign suppliers | 122   | 110  | 79   |
| Number of new suppliers     | 100   | 50   | 100  |

5. How supply chains need to adapt to a shifting global landscape, WEF

## Purchasing (Material Management)

Cotton production – the fundamental raw material of the denim industry – brings with it many environmental and social challenges, including water intensity, chemical use and the livelihood conditions of farming communities. Transparency and accountability are of critical importance in sustainable cotton production; increasing regulatory requirements and ESG pressures are forcing a profound transformation on the sector. In this context, sustainable raw material sourcing is moving beyond being merely an environmental preference to become a fundamental requirement of supply chain resilience and brand reliability.

We believe that responsible raw material sourcing drives our sustainable way of doing business. We are guided by international standards and our corporate values, and we do not purchase agricultural products that are not produced in compliance with good and fair farming practices.

Through the collaboration we launched with Çalık Cotton, our largest cotton supplier, we are gradually increasing our use of BCI-certified cotton. As of 2024, our BCI-certified cotton usage ratio reached 18.92%; by the end of 2025 this ratio stood at 15.87%. We continue to advance towards our target of raising the use of organic and recycled BCI cotton to 60%.

### Organic Cotton Accelerator (OCA)



Under the OCA project, which began in 2025, we directly manage organic cotton production carried out with contracted farmers and use this cotton exclusively in the orders of the relevant customer. We track the entire process of organic cotton production, from the field to the store, and document traceability at every step. Through this project we created a measurable supply chain transparency and a notable volume of business that supports our customer's sustainability commitments. In this way we have turned our traceability approach into a concrete collaboration model that creates value together with our customers.

“ We are working towards our target of sourcing 100% GOTS-certified material. As part of our commitment to ensuring all chemicals and cotton used are sourced from certified sources, we are strengthening our supplier audit processes.

## Traceability

“The global textile and apparel sector is at a critical transformation point where traceable and ethical supply chains have now become a mandatory operational standard rather than a preference.

With the EU's Digital Product Passport (DPP) regulation, traceability is moving beyond a marketing claim to become a market-access condition that requires verifiable and complete data to be provided. The EU Corporate Sustainability Due Diligence Directive (CSDDD), whose implementation began from 2025, obliges companies to identify and manage risks across the value chain. This regulatory pressure is placing supply chain transparency at the centre of both environmental and social accountability.

Building on this reality, we position traceability among our strategic priorities and work to increase transparency at every layer of our supply chain. We classify our suppliers into three groups according to their criticality level:

**Group A Suppliers:** producers of raw materials used in our production that have no equivalent or that operate in a monopolistic market structure (cotton, chemicals, fibre, elastane, etc.). In our relationships with this supplier group, we prioritise guaranteeing supply security and minimising potential risks.

**Group B Suppliers:** suppliers whose products are manageable, subject to competition, and whose performance can be systematically monitored. In our relationships with this group, we actively operate performance evaluation processes and optimise our sourcing process by leveraging the advantages arising from competitive conditions.

**Group C Suppliers:** suppliers that provide our routine consumables and whose sourcing processes are relatively simple. In relationships within this group, we prioritise efficiency and operational continuity.

This three-tier classification forms the basic framework of our supplier-based risk management approach. By applying different audit, monitoring and performance management mechanisms in each group, we ensure that resources are directed to the right supplier relationships and that our supply chain resilience is strengthened.

We carry out supplier audits in order to achieve our supply chain targets. In our audits we take into account criteria within the scope of **Quality, Environment, Occupational Health and Safety, Social Compliance, Information Security, Physical Security and Energy Efficiency Management Systems. We audited 150 suppliers on environmental and social grounds in 2024 and 150 in 2025.** We share audit results with our suppliers, follow up improvement processes, and provide feedback so that they can respond more effectively to our customers' needs.

To manage our supply chain effectively and strengthen traceability, we use the Supplier Life Cycle (SLC) Module and the Supplier Offer Module within Çalık Holding. In the digitally conducted evaluation process on the SLC platform, our suppliers are scored through a 136-question survey. In this survey they share data on their existing infrastructure, their developments and their continuous-improvement efforts. Suppliers scoring 70 or above become eligible for inclusion in the certified suppliers list for the following year.

To manage supply chain risks, we subject all suppliers that directly affect final production to risk assessment. We match our high-risk suppliers with equivalents by product, country and firm, and proceed with a systematic approach to minimise risk.

In the period ahead, we aim to audit all our strategic suppliers on environmental and social criteria and to achieve a 100% traceable, transparent supply chain. We remain firmly committed to turning our supply chain's environmental and social impact positive and to creating sustainable value across our entire value chain.



We are making it a standard practice to audit environmental and social criteria across our entire strategic supply chain.

We position traceability and transparency as an integral part of our supply chain.





## Local Development

“ We believe that a sustainable business model is directly linked to local development.

We take concrete steps towards empowering the farmers who grow cotton, one of our fundamental raw materials. Through our Better Cotton Initiative (BCI) collaboration, we guide our farmers on good farming practices and continue to develop mechanisms that ensure their products are purchased at the right time and at a fair price.

Through the employment opportunities we create in Malatya, where our factory is located, we contribute to the region's socio-economic development. Through the support we provide to education, we also become a partner in Malatya's social development.



We see working with **local suppliers** in operational terms as one of the most accurate approaches to sustainability; we prioritise domestic suppliers in our procurement of goods and services.

## Customer Experience

Changing consumer behaviour, resource scarcity, climate change and demographic transformations are forcing profound change on the textile sector. In this environment, we adopt a proactive approach to protect our competitive position and meet our customers' expectations. Our "Passion for Denim, Passion for Life" sustainability strategy forms the basis of our capacity to respond swiftly to differentiating customer demands.

We aim to be a strategic business partner that contributes to our customers' success, and we build our customer management approach on strong, sustainable and value-focused relationships. Through detailed market research and direct feedback, we closely monitor our customers' purchasing behaviour, product needs and market trends, offering proactive services that meet aesthetic and functional criteria. When any issue arises, our after-sales support mechanisms minimise disruption to our customers' operations and resolve problems quickly and effectively. Through our environmentally pioneering investments in the sector, aligned with global sustainability targets, we also support our customers' sustainability initiatives and corporate social responsibility goals.

We maintain the ISO 10002 Customer Satisfaction Management System certification in order to manage customer complaint and satisfaction processes effectively. We provide regular training to our employees under this system. Customer complaints submitted by phone and e-mail are recorded in our SAP customer complaints module; they are responded to by the relevant sales representatives within an average of five days. **All 1,037 complaints submitted in 2024 and all 599 complaints submitted in 2025 were responded to.**



We maintain high standards regarding the protection of customer information. Our ISO 27001 Information Security Management System certification is a concrete reflection of this commitment. No incident involving a breach of customer confidentiality, or data leakage, theft or loss, occurred during 2024-2025.

As part of our commitment to being a solution partner to our customers, we launched the sector's first mobile application in 2018, through which we present our products digitally, analyse global trends, and let customers order samples.

Under the Denim Anatomy programme, run in collaboration with academia since 2015, we offer sector brands' executives and employees a programme that walks through all stages of denim, from cotton to production. Following theoretical training delivered with academics, participants are certified at the end of a programme in which production processes are demonstrated on-site at our Malatya factory.



We served a total of 221 customers in 2024 (28 domestic, 193 foreign), and a total of 186 customers in 2025 (21 domestic, 165 foreign).

| Customer Statistics          | 2023 | 2024 | 2025 |
|------------------------------|------|------|------|
| Total number of customers    | 375  | 221  | 186  |
| Number of domestic customers | 154  | 28   | 21   |
| Number of foreign customers  | 221  | 193  | 165  |



### Product Quality and Safety

We regard offering our customers high-quality, safe products designed with sustainability in mind as one of our fundamental commitments. While protecting the health and safety of end users, we act within the framework of international standards in order to keep customer satisfaction at the highest level through innovative products.

We ensure that all chemicals used in our products achieve at least Level 1 compliance under the ZDHC (Zero Discharge of Hazardous Chemicals) MRSL version 3. Depending on the product type, we certify our products under OEKO-TEX, BCI, GOTS, Cotton USA, OCS, GRS, RCS, Regenagri, LCA, CmiA and EU Ecolabel.

Within the scope of ISO 9001 Quality Management Standard requirements, we work continuously to increase customer satisfaction and closely monitor feedback. We define, manage and regularly monitor all our business processes. We set performance-based targets and track their achievement. We provide quality-related training to our employees and carry out internal audits to ensure the continuity of the system. **38 internal audits were carried out in 2024 and 61 in 2025; the closure rate for Corrective Preventive Actions was 98% and 100% respectively.**

For comprehensive information on chemicals management, please see the **Planet** section.

Our facilities are certified to the following international management system standards:

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 50001 Energy Management System
- ISO 46001 Water Efficiency Management System
- ISO 27001 Information Security Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 10002 Customer Satisfaction Management System
- ISO 56002 Innovation Management System

# EMPLOYEE EXPERIENCE



# Employee Experience

“ Supporting employee health and wellbeing stands out as employers’ top-priority business practice for talent retention.

Reskilling the workforce stands out as the most widespread workforce strategy for the 2025-2030 period; 85% of employers plan to adopt this approach.<sup>6</sup> We believe that sustainable success is founded on a qualified and engaged workforce. In line with our “**Passion for Denim, Passion for Life**” strategy, we keep our employees’ happiness, safety and satisfaction at the forefront under all circumstances.

Respect for human rights, diversity and inclusion are among our core principles, and we see providing decent working conditions as our foremost responsibility. **At the end of 2025, we operated with a team of 1,210 people (1,057 blue-collar and 153 white-collar) who continue to create value for our stakeholders.** Each member of Çalık Denim grows in line with their individual goals and the company’s shared vision, and this growth shapes the future of both the individual and the company together. Believing in mutual growth, we aim to build an open, transparent and inspiring working environment. We support our employees’ continuous development, embrace ethical rules and values, and treat contemporary human resources practices as an integral part of our corporate culture.



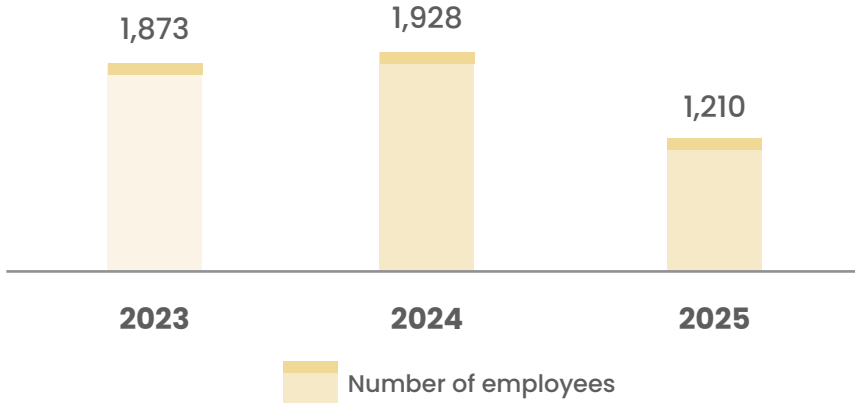
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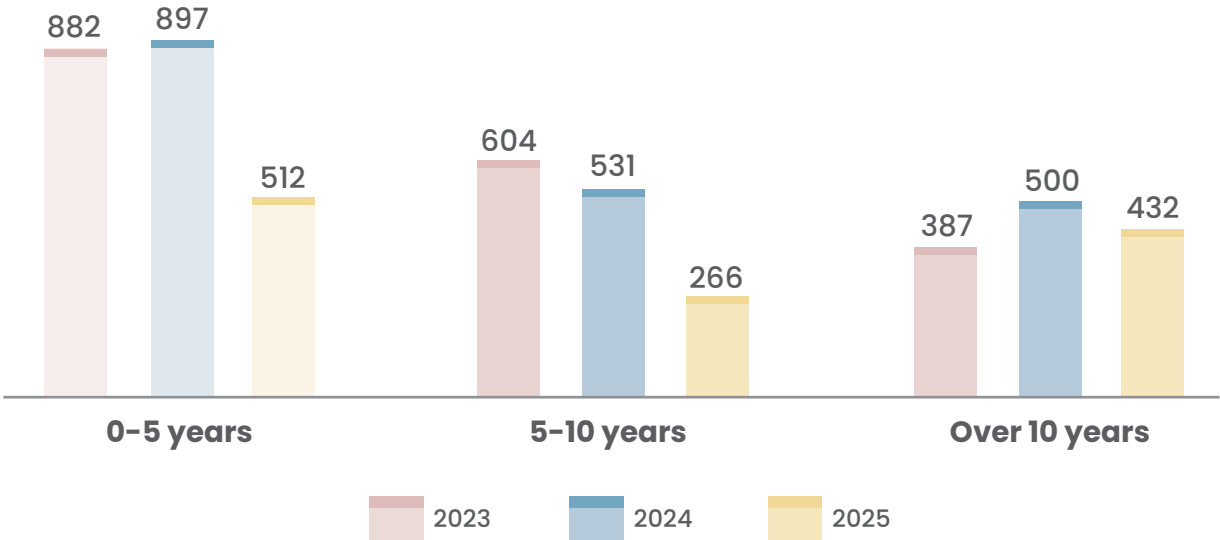
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- In line with our Human Rights policy and strategy, we take every step carefully, remaining loyal to the principles set out in our policy. Under our policy we:
- Adopt a recruitment approach that aims to place the right people in the right positions
  - Effectively assess our employees’ potential
  - Measure individual development and corporate contribution through our performance management system
  - Plan careers through appropriate assignments
  - Build long-term collaborations based on our corporate culture

Total Number of Employees by Year



Number of Employees by Total Length of Service



6. The Future of Jobs Report 2025, WEF

## Occupational Health and Safety

In every geography we operate in and at every stage of our operations, providing a healthy and safe working environment for our employees and subcontractors is our foremost responsibility. Accordingly, we fully comply with the requirements of the ISO 45001 Occupational Health and Safety Management System. As our workplace is classified as “hazardous” under Law No. 6331 on Occupational Health and Safety, we fully meet our legal obligations.

We place risk prevention at the centre of our OHS approach. By identifying potential risks in advance, we raise awareness among our employees and third parties, taking steps to prevent occupational accidents and diseases. We work to ensure that occupational health processes are managed correctly for all stakeholders who may be affected by our activities, and that everyone works in healthy and safe conditions.

We focus our OHS improvement efforts on three main areas:

| <br>Physical Security Infrastructure                                                                                                                                                                                                                                                   | <br>Digital Transformation and Reporting                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <br>Training and Culture                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| We added emergency stop buttons and photocell switches to machines, fitted speed limiters to forklifts, installed lifelines for working at height, created battery charging rooms, installed safety ropes, and converted electrical lines to busbar systems. We strengthened our personal protective equipment standards by making the use of safety footwear mandatory. | To digitalise site safety, we launched the WSA Mobile application, developed together with Azimech Bilişim; through this application, unsafe conditions, unsafe behaviours and near-miss incidents are instantly conveyed to those responsible with photos and descriptions. In 2025, 921 OHS notifications submitted through the application were resolved. Our Equipment Control Digitalisation Project – which assigns a unique QR code to each piece of equipment in order to move periodic checks of critical OHS and emergency equipment into digital form – is continuing. In addition, we send monthly OHS information notifications to all our employees. | We prepared training videos on safe conditions and behaviours, updated our safe working instructions, and intensified job-specific training. We offer our employees the opportunity to experience workplace risks safely through the simulation equipment in our OHS training room. Under the Digital OHS Training Project, which we developed to make training accessible on-site and just in time, videos containing correct and incorrect working methods prepared for high-risk operations are instantly accessible via QR codes placed at workstations. The project also accelerates new employees’ adaptation during orientation. We also continue to run regular exercise programmes for our office employees. |

Our CAPA closure rate reached 100% in 2025.

We are aware of the environmental and social impact and risks we create in terms of OHS. We carry out our occupational health and safety risk assessments every four years within the framework of legal requirements. We map our risks specific to the activities we carry out; we classify situations found risky in our risk assessment as routine work subject to permit. When a non-routine job is to be carried out, we require this to be shared in advance with our OHS unit.

In the event of any accident across our operations, we conduct an accident investigation and root-cause analysis. In work accidents, our relevant department managers and OHS specialists rapidly reach the accident site to examine the incident. Findings regarding unsafe conditions and behaviours are made, photographs relating to how the accident occurred are taken, and information regarding the injured personnel and the root cause of the accident is recorded in the Work Accident Notification Form by the OHS specialist. Once root-cause analysis is complete, a Corrective Preventive Action (CAPA) is opened for the relevant departments according to the severity of the negligence and deficiencies identified. Actions taken are shared at the OHS committee meeting. Our OHS committee – with the participation of

an employee representative – convenes at regular intervals to maintain a healthy and safe working environment.

We track corrective and preventive actions relating to accidents that occur through the QDMS programme. We take all measures to prevent recurrence of accidents. We use the WSA (Work Safety Analysis) mobile reporting programme to record unsafe conditions, unsafe behaviours and near-miss incidents observed in the field. Through this application we aim to develop an OHS culture among our employees and reduce the number of accidents and lost days through the necessary actions. We conduct weekly field audits with the participation of all department managers and hold a weekly meeting to evaluate audit results.

In line with our zero-accident principle, we believe that conscious behaviour minimises accident risk. In this context, training and raising awareness among our employees is among our priority duties. To prevent recurrence of work accidents and increase the effectiveness of our training, we built an OHS training room. This room contains simulation equipment representing workplace risks relating to the equipment on site; our employees have the opportunity to experience workplace risks safely through these simulations.

| OHS Training                               | 2023   | 2024   | 2025   |
|--------------------------------------------|--------|--------|--------|
| Total training hours provided to employees | 23,540 | 17,956 | 12,489 |
| Number of employees trained                | 1,873  | 1,928  | 1,210  |
| Average training hours per employee        | 12.57  | 21.97  | 21.10  |

## Talent Management

It is projected that approximately 39% of the current workforce's skills will transform or become obsolete during the 2025-2030 period. In this rapidly changing environment, talent management is gaining a determining importance in every sector in terms of competitive advantage, brand strength and long-term sustainability. Retaining and developing qualified human resources is moving beyond being a short-term human resources matter to become a strategic priority.<sup>7</sup>

Our employees are our highest-priority stakeholder group, and talent management is a priority to match, because a qualified workforce is what will carry us toward our long-term goals and sustainable growth. We bring competent individuals who share our passion for denim into our team, and through collaborations with universities that have Textile Engineering departments, we offer new graduates a career roadmap within our company. Every year we provide short- and long-term internship opportunities to undergraduate students on a regular basis.

Within our Internship Programmes, run particularly with engineering departments, we offer students observation, project and on-site learning opportunities at our production facilities and support units. During the internship process, students become acquainted with our technological infrastructure while experiencing our production processes on site and actively contributing to our projects. This approach enables students to reinforce their theoretical knowledge with practice, gain sector experience, and creates a pool of qualified candidates who could be employed in the future.

We share the Çalık Denim Employee Handbook with our whole team in order to inform employees about our company culture and human resources practices. Under the talent management framework we aim to double the number of white-collar and blue-collar employees included in career development programmes by 2030. We manage all processes relating to our employees' training, career planning and social benefits, starting from recruitment, under the Human Resources Procedure.

We have used a Learning Management System since 2021 to increase our employees' professional knowledge and their ability to adapt to new technologies. We also integrated programmes supporting the development of women employees among mid- and senior-level managers into this system from 2022.

We regard the training we provide to our employees as one of our most important investments. We provided a total of 45,870 person-hours of training to our employees in 2024 and 23,097 person-hours in 2025. Our executive development programmes continue as part of the leadership programme run in collaboration with Sabancı University and under the Turquality and brand support programmes.

Our Leadership Programmes, run in collaboration with Sabancı University, are based on Çalık Group's leadership competencies and aim to develop the leadership capacity of our employees in manager-and-above positions. Every year, two of our managers or manager candidates participate in the three-to-four-month programme and successfully complete the training. In this programme, which integrates academic content with Çalık Group's leadership competencies,

a strong content stands out that covers a practical learning approach, a structure aligned with in-house career development, current technology, and the role of AI developments in management. We observe concrete development in leadership competencies among participants who complete the programme, and we strengthen our capacity to develop managers internally.

In addition, we implemented the 9 Box Profiling application under Talent Days. Through this application we assess our employees' performance and potential together, providing input into development areas, career plans and succession strategies through the classification made according to defined criteria. We run the process with the active participation of our leaders and progress it in an integrated manner with our talent management processes. The 9 Box methodology, designed under our collaborations with Assessment Systems and Korn Ferry International, allows us to identify our high-potential employees, analyse the performance-potential balance, build succession plans for critical roles, and make our development actions more targeted.



We aim to double the number of white-collar and blue-collar employees included in career development programmes by 2030.



Performance Development

“ We carry out our performance evaluation processes meticulously in order to bring out our employees’ strengths, identify their development areas, and support their progress in line with our company strategy.

This process not only measures whether goals have been achieved; it also makes visible the support and guidance our employees need on their career journey.

Our performance management system is built on a two-tier structure. For our manager-and-above positions we apply the OKR (Objectives and Key Results) method, progressing with an agile goal-management approach across four quarters. This structure, which we have built as a hybrid with the KPI management system, allows our leadership teams to manage the year with more visionary goals. Through the OKR methodology we align our employees’ and teams’ goals with corporate priorities and track them regularly against measurable results. The process is supported by digital tools that reinforce transparency, focus and agile management; this allows goals to be dynamically reviewed during the year and reshaped in line with changing priorities. For our other positions, an annual KPI-based goal management approach is applied; progress is tracked regularly through interim assessment and review periods held during the year.

The whole process is run through the Success Factors system. Employees define their goals in the system, which are then submitted for the approval of their managers and subsequently our Human Resources unit. Success Factors offers a holistic development approach, working in an integrated manner with our other talent management processes; it plays a critical role in making target-tracking more transparent, strengthening a feedback culture and supporting data-driven decision-making processes. The performance evaluation carried out at year-end covers not only individual performance but team performance as well. Following the completion of calibration meetings, results are shared transparently with our employees; each employee receives clear feedback on their own performance and proceeds with a concrete development plan for the following period.

Performance evaluations also play a guiding role in identifying training needs. In line with evaluation results, we carry out career planning that matches our employees’ qualifications and regularly track their development.

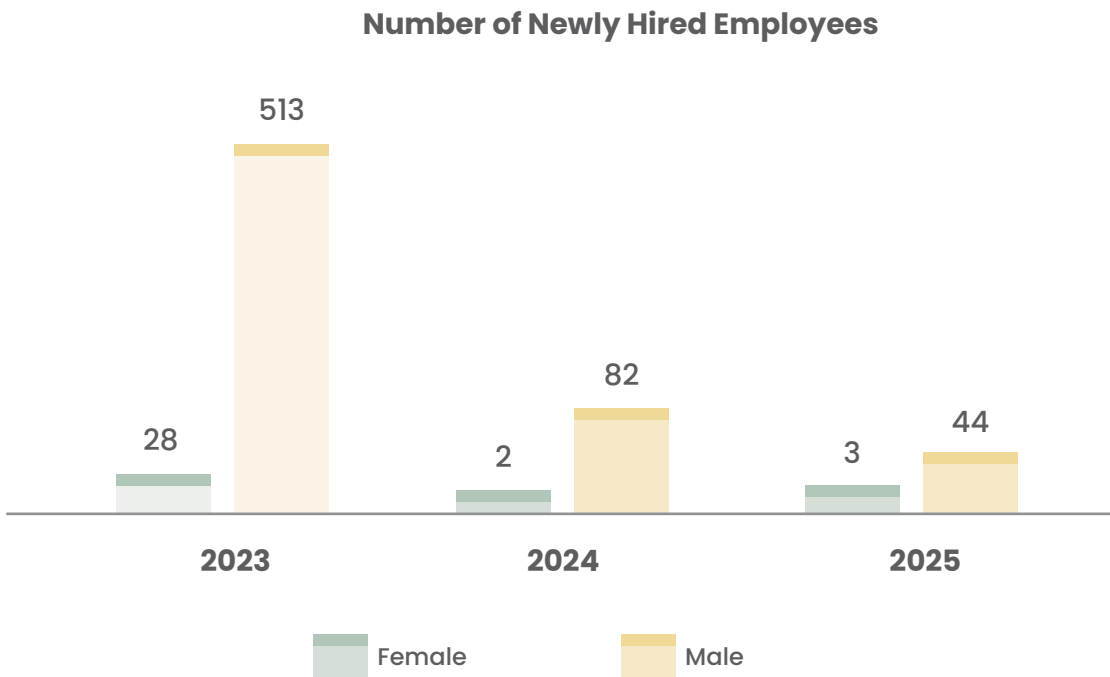
Another dimension of the value we offer our employees is a fair and transparent remuneration structure. We support our remuneration policy with the Korn Ferry pay structure, evaluating all our employees through the HAY pay system according to their responsibilities and performance. Within Çalık Holding there is a defined pay range for every position; this structure secures both internal consistency and market competitiveness. In our remuneration policy we work to eliminate the gender-based pay gap.

Our recruitment process reflects these same values. We offer all candidates equal and fair opportunity, regardless of religion, language, race, gender, age, education, place of birth, health or physical condition; we regularly audit compliance with this principle through the Çalık Holding Audit Group. We run the entire process through the Success Factors Recruitment Module, tracking every step transparently and in a structured manner, from application to offer stage. Following qualification assessment,

we evaluate our candidates in the most suitable way for the position by applying tests such as general aptitude, foreign language and personality inventory.

We care about keeping our doors open to young talent. We do not employ candidates under the age of 18, and we believe young generations bring new ideas and development-oriented perspectives to our company. We continue to offer employment opportunities to new graduates.

| Ratio of Employees Subject to Regular Performance and Career Development Assessment | 2023 | 2024 | 2025 |
|-------------------------------------------------------------------------------------|------|------|------|
| Female                                                                              | 100% | 88%  | 100% |
| Male                                                                                | 100% | 59%  | 68%  |



Inclusion and Diversity

According to the Women in the Workplace 2025 report, women are equal to men in terms of commitment and motivation to work; moreover, when they receive the same career support, the gap in promotion and career advancement plans closes entirely. This finding shows that diversity and inclusion develop naturally when the right environment and opportunities are provided.<sup>8</sup>



We aim to eliminate the gender-based pay gap.

We value every idea, respect differences and support diversity at every level. We believe diversity strengthens our company, and we bring this belief to life through concrete steps. We treat all candidates equally in our recruitment processes, without any discrimination.

| Employee Ratio by Age | 2023  | 2024  | 2025  |
|-----------------------|-------|-------|-------|
| Under 30              | 19.8% | 16.4% | 8.4%  |
| Female                | 1.3%  | 1.0%  | 0.5%  |
| Male                  | 18.4% | 15.5% | 7.9%  |
| 30-50                 | 74.8% | 75.1% | 77.8% |
| Female                | 2.8%  | 3.3%  | 3.5%  |
| Male                  | 72.0% | 71.8% | 74.3% |
| Over 50               | 5.4%  | 8.5%  | 13.9% |
| Female                | 0.1%  | 0.1%  | 0%    |
| Male                  | 5.3%  | 8.4%  | 13.9% |

In our remuneration policy, we work to eliminate the gender-based pay gap.

To support this with a concrete target, we launched our Blue-Collar Female Employee Employment Project, under which we carry out mass recruitment activities to increase the employment of blue-collar female employees at our production facilities, and adapt our facility infrastructure, including changing rooms, sanitary facilities and social areas, to their needs. Our collaboration with İŞKUR (Turkish Employment Agency) remains an important part of this process, and the project has delivered a concrete result: a 4.46-point increase in our ratio of blue-collar female employees.

Across all the geographies in which we operate, and in line with our corporate ethical principles, we prioritise diversity and inclusion at every step we take.

| Number of Employees in STEM Positions | 2023 | 2024 | 2025 |
|---------------------------------------|------|------|------|
| Female                                | 27   | 11   | 17   |
| Male                                  | 81   | 15   | 36   |



## Employee Engagement

“ Our employees are at the centre of the journey we set out on with our ‘Passion for Denim, Passion for Life’ strategy.

We attach great importance to the satisfaction and mental and physical wellbeing of all our employees, and we always support their development. We prioritise our employees’ views and suggestions, and we care about maintaining an open working environment that welcomes new ideas. We gather our employees’ views on any matter through our “Suggestion System”, and employee engagement remains among our priority topics as proof of the value we place on our people.

We began implementing the Great Place to Work (GPTW) survey in order to systematically measure and develop employee engagement. Through the GPTW survey we measure our employees’ workplace experiences, satisfaction levels and feedback on our corporate culture. This process, in which feedback is collected anonymously and reliably, allows us to identify our development areas through data-driven analysis. In line with survey results we create and implement concrete action plans aimed at continuously improving our employee experience.

We established our Jean Idea Suggestion System so that our employees can directly reflect their ideas into business

processes. Through the system, our employees share development suggestions that will contribute to increased production capacity, efficiency, business processes and quality – whether in their own units or in other units they observe. Our suggestions go through a multi-stage evaluation process and are turned into projects with the approval of our relevant committees. Twelve projects implemented through the system are actively continuing; concrete contributions to efficiency and quality increases are being made in production processes through technological and sustainable applications. The Jean Idea Suggestion System is one of the strongest indicators of our approach to increasing employee participation, spreading a continuous-improvement culture, and encouraging innovative ideas.

In light of our corporate and ethical values, we continuously develop our employees’ competencies; by investing in our human resources with all our strength, we capture maximum success and secure sustainability. **We are strictly committed to our target of keeping employee engagement between 70% and 80%.**



We target keeping employee engagement between 70% and 80%, and keeping the regretted-loss turnover rate between 11% and 12%.

We apply various fringe benefits to our employees in line with their competencies. While providing our white-collar employees with half-salary bonuses at religious holidays and year-end, shuttle service, meal allowance, and health insurance and food vouchers covering spouse and children, we provide our blue-collar employees with shuttle allowance, meal allowance and food vouchers, as well as union-based support for death, marriage, birth, family and child matters. In addition to death benefits for first- and second-degree relatives for each employee, we provide leave entitlements for paternity leave, marriage leave, a child’s wedding, a child’s circumcision, and relocation.

We organise various events to increase our employees’ satisfaction, celebrating their special days while also developing social responsibility awareness. We make our employees happy with birthday celebrations and cake treats, and increase environmental sensitivity through nature walks. Tea and coffee hours we organise, celebrations held on special days such as 29 October and Women’s Day, and monthly prize quizzes are concrete reflections of our approach to strengthening employee engagement.

We support our employees’ learning and development processes; through our LMS (digital learning platform) we offer them the opportunity to take training in various fields whenever and wherever they wish, and we recognise their achievements.



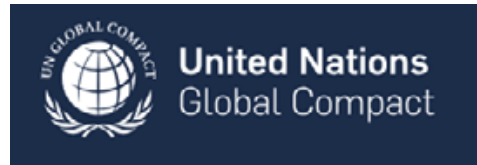
# APPENDICES



## Corporate Memberships and Initiatives We Support



UN Fashion and  
Lifestyle Network



UN Global Compact  
Network Association



Denim Deal



Istanbul Apparel and  
Garment Exporters'  
Association



Istanbul Textile and  
Raw Materials Exporters'  
Association



Mediterranean Textile  
and Raw Materials  
Exporters' Association



Uludağ Automotive  
Industry Exporters'  
Association



Southeastern Anatolia  
Textile and Raw Materials  
Exporters' Association



Machinery and Parts  
Exporters' Association



Eastern Anatolia  
Exporters' Association



Istanbul Ferrous and  
Non-Ferrous Metals  
Exporters' Association



Malatya Chamber of  
Commerce and Industry



İSTANBUL  
SANAYİ ODASI

Istanbul Chamber of  
Industry



Istanbul Chamber of  
Commerce



Ellen MacArthur  
Foundation



Jeans Redesign

## Awards and Achievements

- Became Türkiye's first textile company – and the 7th company across all sectors – to obtain the TS EN ISO 56002 Innovation Management System Certificate.
- Ranked among Türkiye's most successful exporting companies with the ATHİB Export Champions Award.
- Ranked among Türkiye's largest exporting companies in TİM's Top 1000 Exporters Survey.
- Listed in the ISO 500 – Türkiye's 500 Largest Industrial Enterprises.
- Ranked 185th among Türkiye's companies with the highest R&D investment in the Turkishtime R&D 250 Survey.

## Quality Standards and Certificates

- ISO 9001 Quality Management System
- ISO 14001 Environmental Management System
- ISO 50001 Energy Management System
- ISO 46001 Water Efficiency Management System
- ISO 27001 Information Security Management System
- ISO 45001 Occupational Health and Safety Management System
- ISO 10002 Customer Satisfaction Management System
- ISO 56002 Innovation Management System



Performance Indicators

Environmental Performance Indicators

Environmental Management

| Metric                                                                          | Unit | 2023      | 2024      | 2025      |
|---------------------------------------------------------------------------------|------|-----------|-----------|-----------|
| Environmental investments                                                       | TL   | 4,439,255 | 2,069,787 | 3,502,306 |
| Number of environmental fines and sanctions                                     | #    | 0         | 0         | 0         |
| % of facilities environmentally certified to ISO 14001, EMAS or other standards | %    | 100       | 100       | 100       |
| Number of environmental accidents                                               | #    | 0         | 0         | 0         |
| Number of environment-related emergency drills conducted                        | #    | 1         | 1         | 2         |

Greenhouse Gas Emissions

| Metric                                            | Unit               | 2023   | 2024   | 2025   |
|---------------------------------------------------|--------------------|--------|--------|--------|
| Scope 1 (direct) GHG emissions                    | tCO <sub>2</sub> e | 50,115 | 32,985 | 29,835 |
| Scope 2 (indirect) GHG emissions (location-based) | tCO <sub>2</sub> e | 43,275 | 32,221 | 28,821 |
| Total GHG emissions (Scope 1 + Scope 2)           | tCO <sub>2</sub> e | 93,390 | 65,206 | 58,656 |

Scope 2 Emissions

| Metric                | Unit               | 2023   | 2024   | 2025   |
|-----------------------|--------------------|--------|--------|--------|
| Purchased electricity | tCO <sub>2</sub> e | 43,275 | 32,221 | 28,821 |

Waste Management

| Metric                                 | Unit   | 2023   | 2024   | 2025   |
|----------------------------------------|--------|--------|--------|--------|
| Total hazardous waste                  | tonnes | 97.80  | 230.34 | 137.78 |
| Total non-hazardous waste              | tonnes | 1,196  | 1,817  | 2,144  |
| Total waste volume                     | tonnes | 1,294  | 2,047  | 2,282  |
| Other plastic consumption (single-use) | tonnes | 77.32  | 0.00   | 0.00   |
| Total paper consumption                | tonnes | 153.69 | 150.36 | 122.64 |

Waste Management by Disposal Method

| Metric               | Unit   | 2023   | 2024   | 2025   |
|----------------------|--------|--------|--------|--------|
| Recycling            | tonnes | 883.58 | 867.92 | 731.47 |
| Landfill             | tonnes | 84.55  | 1,179  | 1,550  |
| Energy recovery      | tonnes | 325.46 | 0.00   | 0.00   |
| Total waste disposed | tonnes | 1,294  | 2,047  | 2,282  |

Energy Management

| Metric                                             | Unit            | 2023       | 2024       | 2025       |
|----------------------------------------------------|-----------------|------------|------------|------------|
| Electricity                                        | kWh (thousands) | 77,318     | 79,893     | 60,857     |
| Electricity per unit of product                    | kWh/Mt          | 2.71       | 2.39       | 2.53       |
| Natural gas                                        | m³              | 16,006,036 | 14,933,095 | 10,748,317 |
| Diesel (forklift + tractor + generator + heating)* | L               | 59,280     | 10,715     | 10,356     |
| Diesel (forklift + tractor + generator + heating)  | kWh             | 757,860    | 136,986    | 132,394    |

\*Electricity consumption relates to the Çalık 1 Yarn plant and the Denim plants.

Renewable Energy Generation and Consumption

| Metric                                                            | Unit | 2023      | 2024      | 2025    |
|-------------------------------------------------------------------|------|-----------|-----------|---------|
| Renewable energy installed capacity                               | kWh  | 820       | 820       | 820     |
| Renewable energy consumption                                      | kWh  | 1,177,967 | 1,250,227 | 921,444 |
| Ratio of renewable energy consumption to total energy consumption | %    | 1.52      | 1.56      | 1.51    |

Energy Savings

| Metric                                    | Unit | 2023      | 2024       | 2025      |
|-------------------------------------------|------|-----------|------------|-----------|
| Number of energy efficiency projects      | #    | 3         | 7          | 2         |
| Energy savings achieved from improvements | kWh  | 2,416,728 | 3,925,256  | 2,273,908 |
| Cost savings achieved from improvements   | TL   | 6,501,000 | 10,755,201 | 6,912,680 |

Water Management

| Metric                       | Unit | 2023      | 2024      | 2025    |
|------------------------------|------|-----------|-----------|---------|
| Mains water use              | m³   | 0         | 0         | 0       |
| Groundwater (well water) use | m³   | 1,475,245 | 1,431,819 | 980,711 |
| Total water withdrawal       | m³   | 1,475,245 | 1,431,819 | 980,711 |

Water Discharge and Consumption

| Metric                               | Unit | 2023      | 2024      | 2025    |
|--------------------------------------|------|-----------|-----------|---------|
| 3rd party (mains, etc.)              | m³   | 0         | 0         | 0       |
| Other (well water, etc.)             | m³   | 1,327,721 | 1,288,637 | 865,865 |
| Total water discharge                | m³   | 1,327,721 | 1,288,637 | 865,865 |
| Total water consumption              | m³   | 147,524   | 143,182   | 114,846 |
| Volume of water recovered and reused | m³   | 231,664   | 252,970   | 204,204 |

Packaging

| Metric                                           | Unit | 2023 | 2024 | 2025 |
|--------------------------------------------------|------|------|------|------|
| % of recycled or sustainably sourced packaging   | %    | 89   | 91   | 93   |
| Paper and cardboard made from recycled materials | %    | 86   | 88   | 89   |

Raw Material Management

| Metric                                                                              | Unit   | 2023   | 2024   | 2025  |
|-------------------------------------------------------------------------------------|--------|--------|--------|-------|
| Volume of priority raw materials purchased                                          | tonnes | 26,675 | 14,321 | 8,629 |
| Where cotton is a priority raw material, cotton sourced from water-stressed regions | tonnes | 878.95 | 310    | 354   |
| % of sustainably sourced materials                                                  | %      | 32.04  | 27     | 30    |
| % of total recycled organic cotton                                                  | %      | 0      | 0      | 0     |
| % of total recycled cotton                                                          | %      | 5.75   | 1.05   | 2.12  |
| % of polyester from recycled sources                                                | %      | 40.84  | 42     | 44    |
| % of chemicals sourced with certification                                           | %      | 100    | 100    | 100   |
| % of chemicals sourced with GOTS certification                                      | %      | 78.51  | 79     | 72    |

Other Metrics

| Metric                     | Unit   | 2023       | 2024       | 2025       |
|----------------------------|--------|------------|------------|------------|
| Volume of product produced | metres | 28,528,140 | 33,413,553 | 24,037,285 |

Performance Indicators

Social Performance Indicators

Number of Employees

| Metric                                                                |        | 2023  | 2024  | 2025  |
|-----------------------------------------------------------------------|--------|-------|-------|-------|
| Total number of employees                                             |        | 1,873 | 1,928 | 1,210 |
|                                                                       | Female | 80    | 85    | 48    |
|                                                                       | Male   | 1,793 | 1,843 | 1,162 |
| Number of white-collar employees                                      |        | 284   | 257   | 153   |
|                                                                       | Female | 70    | 64    | 32    |
|                                                                       | Male   | 214   | 193   | 121   |
| Number of blue-collar employees                                       |        | 1,589 | 1,671 | 1,057 |
|                                                                       | Female | 10    | 21    | 16    |
|                                                                       | Male   | 1,579 | 1,650 | 1,041 |
| Number of full-time employees                                         |        | 1,873 | 1,928 | 1,210 |
|                                                                       | Female | 80    | 85    | 48    |
|                                                                       | Male   | 1,793 | 1,843 | 1,162 |
| Number of part-time employees                                         |        | 0     | 0     | 0     |
|                                                                       | Female | 0     | 0     | 0     |
|                                                                       | Male   | 0     | 0     | 0     |
| Number of employees in management                                     |        | 50    | 110   | 69    |
|                                                                       | Female | 9     | 33    | 18    |
|                                                                       | Male   | 41    | 77    | 51    |
| Total number of employees covered by collective bargaining agreements |        | 1,589 | 1,671 | 1,057 |
|                                                                       | Female | 10    | 21    | 16    |
|                                                                       | Male   | 1,579 | 1,650 | 1,041 |
| Number of employees with disabilities                                 |        | 55    | 58    | 37    |
|                                                                       | Female | 0     | 1     | 0     |
|                                                                       | Male   | 55    | 57    | 37    |
| Number of employees in revenue-generating positions                   |        | 1,873 | 1,928 | 1,210 |
|                                                                       | Female | 80    | 85    | 48    |
|                                                                       | Male   | 1,793 | 1,843 | 1,162 |

\*Figures represent the number of employees excluding subcontractors.

Number of Employees by Year of Service

| Metric                                           |        | 2023 | 2024 | 2025 |
|--------------------------------------------------|--------|------|------|------|
| Employees with 0-5 years of service              |        | 882  | 897  | 512  |
|                                                  | Female | 43   | 51   | 30   |
|                                                  | Male   | 839  | 846  | 482  |
| Employees with 5-10 years (inclusive) of service |        | 604  | 531  | 266  |
|                                                  | Female | 22   | 21   | 11   |
|                                                  | Male   | 582  | 510  | 255  |
| Employees with over 10 years of service          |        | 387  | 500  | 432  |
|                                                  | Female | 15   | 13   | 7    |
|                                                  | Male   | 372  | 487  | 425  |

Number of Employees by Age Group

| Metric                                |        | 2023  | 2024  | 2025 |
|---------------------------------------|--------|-------|-------|------|
| Under 30                              |        | 386   | 317   | 101  |
|                                       | Female | 23    | 19    | 6    |
|                                       | Male   | 363   | 298   | 95   |
| 30-50 (inclusive)                     |        | 1,365 | 1,448 | 941  |
|                                       | Female | 55    | 64    | 42   |
|                                       | Male   | 1,310 | 1,384 | 899  |
| Over 50                               |        | 122   | 163   | 168  |
|                                       | Female | 2     | 2     | 0    |
|                                       | Male   | 120   | 161   | 168  |
| Manager and above – Under 30          |        | 0     | 0     | 0    |
|                                       | Female | 0     | 0     | 0    |
|                                       | Male   | 0     | 0     | 0    |
| Manager and above – 30-50 (inclusive) |        | 39    | 92    | 60   |
|                                       | Female | 8     | 30    | 18   |
|                                       | Male   | 31    | 62    | 42   |
| Manager and above – Over 50           |        | 11    | 18    | 9    |
|                                       | Female | 1     | 3     | 0    |
|                                       | Male   | 10    | 15    | 9    |

New Hires

| Metric                                  |        | 2023 | 2024 | 2025 |
|-----------------------------------------|--------|------|------|------|
| Total new hires                         |        | 541  | 84   | 47   |
|                                         | Female | 28   | 2    | 3    |
|                                         | Male   | 513  | 82   | 44   |
| Under 30                                |        | 189  | 3    | 18   |
|                                         | Female | 13   | 0    | 0    |
|                                         | Male   | 176  | 3    | 18   |
| 30-50 (inclusive)                       |        | 319  | 78   | 26   |
|                                         | Female | 15   | 2    | 3    |
|                                         | Male   | 304  | 76   | 23   |
| Over 50                                 |        | 33   | 3    | 3    |
|                                         | Female | 0    | 0    | 0    |
|                                         | Male   | 33   | 3    | 3    |
| Number of interns hired within the year |        | 50   | 62   | 31   |
|                                         | Female | 21   | 23   | 11   |
|                                         | Male   | 29   | 39   | 20   |
| Number of new graduates hired           |        | 14   | 4    | 0    |
|                                         | Female | 4    | 0    | 0    |
|                                         | Male   | 10   | 4    | 0    |
| Positions filled by internal candidates |        | 0    | 1    | 3    |
|                                         | Female | 0    | 1    | 0    |
|                                         | Male   | 0    | 0    | 3    |

Turnover Rate

| Metric                             |        | 2023  | 2024 | 2025 |
|------------------------------------|--------|-------|------|------|
| Total number of employees who left |        | 1,085 | 599  | 627  |
|                                    | Female | 61    | 44   | 31   |
|                                    | Male   | 1,024 | 555  | 596  |
| Under 30                           |        | 470   | 233  | 115  |
|                                    | Female | 22    | 18   | 9    |
|                                    | Male   | 448   | 215  | 106  |
| 30-50 (inclusive)                  |        | 571   | 338  | 459  |
|                                    | Female | 39    | 25   | 12   |
|                                    | Male   | 532   | 313  | 447  |
| Over 50                            |        | 44    | 28   | 53   |
|                                    | Female | 0     | 1    | 10   |
|                                    | Male   | 44    | 27   | 43   |
| Voluntary leavers                  |        | 371   | 480  | 348  |
|                                    | Female | 21    | 21   | 15   |
|                                    | Male   | 350   | 459  | 333  |
| Under 30                           |        | 107   | 308  | 73   |
|                                    | Female | 7     | 16   | 5    |
|                                    | Male   | 100   | 292  | 68   |
| 30-50 (inclusive)                  |        | 236   | 160  | 262  |
|                                    | Female | 14    | 5    | 9    |
|                                    | Male   | 222   | 155  | 253  |
| Over 50                            |        | 28    | 12   | 13   |
|                                    | Female | 0     | 0    | 1    |
|                                    | Male   | 28    | 12   | 12   |

Gender Diversity (%)

| Metric                                       | 2023  | 2024  | 2025  |
|----------------------------------------------|-------|-------|-------|
| Ratio of female employees in total workforce | 4.27  | 4.41  | 3.97  |
| Ratio of female interns hired                | 42.00 | 37.10 | 35.48 |
| Ratio of women in STEM positions             | 33.00 | 42.31 | 32.08 |
| Ratio of blue-collar female employees        | 0.63  | 1.26  | 1.51  |

Age Diversity (%)

| Metric                        |        | 2023  | 2024  | 2025  |
|-------------------------------|--------|-------|-------|-------|
| Ratio of employees under 30   |        | 20.61 | 16.44 | 8.35  |
|                               | Female | 1.23  | 0.99  | 0.50  |
|                               | Male   | 19.38 | 15.46 | 7.85  |
| Ratio of employees aged 30-50 |        | 72.88 | 75.10 | 77.77 |
|                               | Female | 2.94  | 3.32  | 3.47  |
|                               | Male   | 69.94 | 71.78 | 74.30 |
| Ratio of employees over 50    |        | 6.51  | 8.45  | 13.88 |
|                               | Female | 0.11  | 0.10  | 0.00  |
|                               | Male   | 6.41  | 8.35  | 13.88 |

Employee Wellbeing

| Metric                                                     |        | 2023 | 2024 | 2025 |
|------------------------------------------------------------|--------|------|------|------|
| Number of employees entitled to parental leave             |        | 246  | 104  | 60   |
|                                                            | Female | 2    | 2    | 5    |
|                                                            | Male   | 244  | 102  | 55   |
| Number of employees returning to work after parental leave |        | 246  | 104  | 58   |
|                                                            | Female | 2    | 2    | 3    |
|                                                            | Male   | 244  | 102  | 55   |
| Employees still employed 12 months after returning         |        | –    | 92   | 58   |
|                                                            | Female | –    | 2    | 3    |
|                                                            | Male   | –    | 90   | 55   |

Talent Management

| Metric                                                                               |        | 2023 | 2024 | 2025 |
|--------------------------------------------------------------------------------------|--------|------|------|------|
| Number of employees subject to regular performance and career development assessment |        | 284  | 169  | 114  |
|                                                                                      | Female | 70   | 56   | 32   |
|                                                                                      | Male   | 214  | 113  | 82   |

Employee Training

| Metric                                     |        | 2023   | 2024   | 2025   |
|--------------------------------------------|--------|--------|--------|--------|
| Average training hours per employee        |        | 19.70  | 24.83  | 19.49  |
| Total training hours provided to employees |        | 36,945 | 47,870 | 23,587 |
|                                            | Female | 1,422  | 3,400  | 4,052  |
|                                            | Male   | 35,523 | 44,470 | 19,535 |

OHS Metrics (Çalık Denim Employees)

| Metric                          |  | 2023 | 2024 | 2025 |
|---------------------------------|--|------|------|------|
| Number of accidents             |  | 112  | 81   | 47   |
| Number of fatalities            |  | 0    | 0    | 0    |
| Number of occupational diseases |  | 0    | 0    | 0    |
| Absence due to accidents (days) |  | 513  | 314  | 31   |

OHS Metrics (Subcontractor Employees)

| Metric                          |  | 2023 | 2024 | 2025 |
|---------------------------------|--|------|------|------|
| Number of accidents             |  | 0    | 0    | 0    |
| Number of fatalities            |  | 0    | 0    | 0    |
| Number of occupational diseases |  | 0    | 0    | 0    |
| Absence due to accidents (days) |  | 0    | 0    | 0    |

OHS Training

| Metric                                         |  | 2023   | 2024   | 2025  |
|------------------------------------------------|--|--------|--------|-------|
| Total OHS training hours provided to employees |  | 23,540 | 24,293 | 8,143 |
| Number of employees receiving OHS training     |  | 1,873  | 1,928  | 1,210 |
| Average OHS training hours per employee        |  | 12.57  | 12.60  | 6.73  |

Other OHS Performance Indicators

| Metric                                                | 2023 | 2024 | 2025 |
|-------------------------------------------------------|------|------|------|
| Number of hazardous situations                        | 415  | 190  | 78   |
| Number of health, safety and environment field audits | 6    | 12   | 12   |
| HSE observation closure rate (%)                      | 100  | 97   | 100  |
| Number of drills conducted                            | 6    | 2    | 2    |

Suppliers

| Metric                                                                | 2023  | 2024  | 2025  |
|-----------------------------------------------------------------------|-------|-------|-------|
| Total number of suppliers                                             | 1,020 | 984   | 791   |
| Number of local suppliers                                             | 956   | 874   | 712   |
| Number of foreign suppliers                                           | 64    | 110   | 79    |
| Number of new suppliers                                               | 94    | 50    | 100   |
| Local supplier ratio (%)                                              | 93.73 | 88.82 | 90.01 |
| Foreign supplier ratio (%)                                            | 6.27  | 11.18 | 9.99  |
| Number of suppliers signing the Code of Conduct                       | 199   | 500   | 500   |
| Number of suppliers assessed for environmental and social impacts     | 143   | 150   | 150   |
| Number of new suppliers assessed for environmental and social impacts | 2     | 150   | 150   |

Customers

| Metric                          | 2024 | 2025 |
|---------------------------------|------|------|
| Number of apparel manufacturers | 333  | 290  |
| Number of brands                | 238  | 200  |

Performance Indicators

Economic Performance Indicators

Economic Performance

| Economic Indicators                         | Unit       | 2024  | 2025  |
|---------------------------------------------|------------|-------|-------|
| Gross Profit                                | Million TL | 931   | 1,249 |
| Net sales                                   | Million TL | 6,950 | 5,178 |
| International sales                         | Million TL | 2,430 | 2,045 |
| Ratio of international sales to total sales | %          | 34.96 | 39.49 |

R&D & Innovation

| Budget                                | Unit       | 2023  | 2024  | 2025  |
|---------------------------------------|------------|-------|-------|-------|
| Total budget allocated to R&D         | Million TL | 42.92 | 81.24 | 63.87 |
| Company turnover                      | Million TL | 6,616 | 6,950 | 5,178 |
| Share of total R&D budget in turnover | %          | 0.65  | 1.17  | 1.23  |
| Total number of patent applications   | #          | 1     | 1     | 2     |
| Total number of registered patents    | #          | 3     | 3     | 2     |

GRI Content Index

| GRI Standard                    | Disclosure                                                                       | Reference                                                                                       | Pages                  | Notes                                                                                                                 |
|---------------------------------|----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------|
| GRI 1: Foundation 2021          |                                                                                  |                                                                                                 |                        |                                                                                                                       |
| General Disclosures             |                                                                                  |                                                                                                 |                        |                                                                                                                       |
| GRI 2: General Disclosures 2021 | 2-1 Organizational details                                                       | About Çalık Denim<br>Çalık Denim in Türkiye and the World                                       | 12-13, 28-29           |                                                                                                                       |
|                                 | 2-2 Entities included in the organization's sustainability reporting             | About the Report                                                                                | 4-5                    |                                                                                                                       |
|                                 | 2-3 Reporting period, frequency and contact point                                | About the Report                                                                                | 4-5                    |                                                                                                                       |
|                                 | 2-4 Restatements of information                                                  | Performance Indicators                                                                          | 116                    | Some 2023 data published in the previous report has been restated due to unit conversion and calculation corrections. |
|                                 | 2-5 External assurance                                                           | About the Report<br>Independent Auditor's Report                                                | 4-5, 138-209           |                                                                                                                       |
|                                 | 2-6 Activities, value chain and other business relationships                     | About Çalık Denim<br>Our Products<br>Supply Chain                                               | 12-19, 58-59,<br>88-89 |                                                                                                                       |
|                                 | 2-7 Employees                                                                    | Employee Experience<br>Inclusion and Diversity<br>Performance Indicators – Number of Employees, | 98-99, 118-121         |                                                                                                                       |
|                                 | 2-8 Workers who are not employees                                                | Performance Indicators – OHS Metrics<br>(Subcontractor Employees)                               | 124-125                |                                                                                                                       |
|                                 | 2-9 Governance structure and composition                                         | Corporate Governance<br>Board of Directors and Senior Management                                | 38-43, 56-57           |                                                                                                                       |
|                                 | 2-10 Nomination and selection of the highest governance body                     | Board of Directors and Senior Management                                                        | 40-43                  |                                                                                                                       |
|                                 | 2-11 Chair of the highest governance body                                        | Board of Directors and Senior Management                                                        | 40-41                  |                                                                                                                       |
|                                 | 2-12 Role of the highest governance body in overseeing the management of impacts | Corporate Governance<br>Risk Management<br>Our Sustainability Governance                        | 38-39, 44-45,<br>56-57 |                                                                                                                       |
|                                 | 2-13 Delegation of responsibility for managing impacts                           | Our Sustainability Governance                                                                   | 56-57                  |                                                                                                                       |
|                                 | 2-14 Role of the highest governance body in sustainability reporting             | Our Sustainability Approach<br>Our Sustainability Governance                                    | 54-57                  |                                                                                                                       |
|                                 | 2-15 Conflicts of interest                                                       | Ethics and Compliance                                                                           | 46-47                  |                                                                                                                       |
|                                 | 2-16 Communication of critical concerns                                          | Ethics and Compliance<br>Ethics Hotline and Violation Reports                                   | 46-47                  |                                                                                                                       |
|                                 | 2-17 Collective knowledge of the highest governance body                         | Corporate Governance<br>Our Sustainability Governance                                           | 40-43, 56-57           |                                                                                                                       |
|                                 | 2-18 Evaluation of the performance of the highest governance body                | Corporate Governance                                                                            | 38-39                  |                                                                                                                       |
|                                 | 2-19 Remuneration policies                                                       | Performance Development                                                                         | 104-107                |                                                                                                                       |
|                                 | 2-20 Process to determine remuneration                                           | Performance Development                                                                         | 104-105                |                                                                                                                       |
|                                 | 2-21 Annual total compensation ratio                                             | –                                                                                               |                        | Not disclosed, as remuneration information is confidential.                                                           |
|                                 | 2-22 Statement on sustainable development strategy                               | Chairman's Message<br>General Manager's Message<br>Our Sustainability Strategy                  | 6-9, 54-55,<br>70-71   |                                                                                                                       |

| GRI Standard                        | Disclosure                                                                     | Reference                                                                                                  | Pages                  | Notes                                                                       |
|-------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------|-----------------------------------------------------------------------------|
| GRI 2: General Disclosures 2021     | 2-23 Policy commitments                                                        | Ethics and Compliance<br>Human Rights and Labour Standards<br>Information Security<br>Chemicals Management | 46-51, 84-85,<br>98-99 |                                                                             |
|                                     | 2-24 Embedding policy commitments                                              | Ethics and Compliance<br>Supply Chain<br>Employee Experience                                               | 46-47, 88-89,<br>98-99 |                                                                             |
|                                     | 2-25 Processes to remediate negative impacts                                   | Ethics and Compliance                                                                                      | 46-49                  |                                                                             |
|                                     | 2-26 Mechanisms for seeking advice and raising concerns                        | Ethics and Compliance – Ethics Hotline and Violation Reports                                               | 46-47                  |                                                                             |
|                                     | 2-27 Compliance with laws and regulations                                      | Legal Compliance and Sanctions<br>Performance Indicators – Environmental Management                        | 48-49, 116-117         | No environmental fines or sanctions were applied in 2024 or 2025.           |
|                                     | 2-28 Membership associations                                                   | Corporate Memberships and Initiatives We Support                                                           | 112-113                |                                                                             |
|                                     | 2-29 Approach to stakeholder engagement                                        | Stakeholder Communication                                                                                  | 64-65                  |                                                                             |
|                                     | 2-30 Collective bargaining agreements                                          | Performance Indicators – Number of Employees                                                               | 118-119                | All blue-collar employees are covered by a collective bargaining agreement. |
| Material Topics                     |                                                                                |                                                                                                            |                        |                                                                             |
| GRI 3: Material Topics 2021         | 3-1 Process to determine material topics                                       | Materiality Analysis                                                                                       | 64-65                  |                                                                             |
|                                     | 3-2 List of material topics                                                    | Materiality Analysis                                                                                       | 64-65                  |                                                                             |
|                                     | 3-3 Management of material topics                                              | Materiality Analysis                                                                                       | 64-65                  |                                                                             |
| Economic Performance                |                                                                                |                                                                                                            |                        |                                                                             |
| GRI 201: Economic Performance 2016  | 201-1 Direct economic value generated and distributed                          | Economic Performance<br>Performance Indicators – Economic Indicators                                       | 32-33,<br>126-127      |                                                                             |
| Anti-Corruption                     |                                                                                |                                                                                                            |                        |                                                                             |
| GRI 205: Anti-corruption 2016       | 205-1 Operations assessed for risks related to corruption                      | Anti-Corruption                                                                                            | 48-49                  |                                                                             |
|                                     | 205-2 Communication and training about anti-corruption policies and procedures | Ethics and Compliance – Training and Awareness                                                             | 46-47                  |                                                                             |
|                                     | 205-3 Confirmed incidents of corruption and actions taken                      | Anti-Corruption; Ethics Hotline and Violation Reports                                                      | 46-49                  |                                                                             |
| Purchasing (Material Management)    |                                                                                |                                                                                                            |                        |                                                                             |
| GRI 3: Material Topics 2021         | 3-3 Management of material topics                                              | Materiality Analysis<br>Purchasing (Material Management)                                                   | 64-65, 88-89           |                                                                             |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers                                | Purchasing (Material Management)<br>Performance Indicators – Suppliers                                     | 88-89, 124-125         |                                                                             |
| GRI 301: Materials 2016             | 301-1 Materials used by weight or volume                                       | Purchasing (Material Management)<br>Performance Indicators – Raw Material Management                       | 88-89, 118-119         |                                                                             |
|                                     | 301-2 Recycled input materials used                                            | Purchasing (Material Management)<br>Performance Indicators – Raw Material Management                       | 80-81, 118-119         |                                                                             |

| GRI Standard                      | Disclosure                                                       | Reference                                                                        | Pages          | Notes                                                 |
|-----------------------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------|----------------|-------------------------------------------------------|
| Energy Management                 |                                                                  |                                                                                  |                |                                                       |
| GRI 3: Material Topics 2021       | 3-3 Management of material topics                                | Materiality Analysis; Energy Management                                          | 64-65, 76-79   |                                                       |
|                                   | 302-1 Energy consumption within the organization                 | Energy Management<br>Performance Indicators – Energy Management                  | 76-79, 116-117 |                                                       |
|                                   | 302-3 Energy intensity                                           | Performance Indicators – Energy Management                                       | 116-117        | Given as electricity consumption per unit, kWh/meter. |
|                                   | 302-4 Reduction of energy consumption                            | Energy Management<br>Performance Indicators – Energy Savings                     | 76-79, 116-117 |                                                       |
|                                   | 302-5 Reductions in energy requirements of products and services | Energy Management<br>Innovation & Design                                         | 20-21, 76-79   |                                                       |
| GRI 302: Energy 2016              |                                                                  |                                                                                  |                |                                                       |
| Water Management                  |                                                                  |                                                                                  |                |                                                       |
| GRI 3: Material Topics 2021       | 3-3 Management of material topics                                | Materiality Analysis<br>Water Management                                         | 64-65, 82-83   |                                                       |
|                                   | 303-1 Interactions with water as a shared resource               | Water Management                                                                 | 82-83          |                                                       |
|                                   | 303-2 Management of water discharge-related impacts              | Water Management                                                                 | 82-83          |                                                       |
|                                   | 303-3 Water withdrawal                                           | Water Management<br>Performance Indicators – Water Management                    | 82-83, 118-119 |                                                       |
|                                   | 303-4 Water discharge                                            | Performance Indicators – Water Discharge and Consumption                         | 118-119        |                                                       |
| GRI 303: Water and Effluents 2018 |                                                                  |                                                                                  |                |                                                       |
|                                   | 303-5 Water consumption                                          | Water Management<br>Performance Indicators – Water Discharge and Consumption     | 82-83, 118-119 |                                                       |
| Climate Change                    |                                                                  |                                                                                  |                |                                                       |
| GRI 3: Material Topics 2021       | 3-3 Management of material topics                                | Materiality Analysis<br>Climate Change                                           | 64-65, 74-77   |                                                       |
|                                   | 305-1 Direct (Scope 1) GHG emissions                             | Climate Change<br>Performance Indicators – GHG Emissions                         | 76-77, 116-117 |                                                       |
|                                   | 305-2 Energy indirect (Scope 2) GHG emissions                    | Climate Change<br>Performance Indicators – GHG Emissions                         | 76-77, 116-117 |                                                       |
|                                   | 305-5 Reduction of GHG emissions                                 | Climate Change                                                                   | 74-77          |                                                       |
| GRI 305: Emissions 2016           |                                                                  |                                                                                  |                |                                                       |
| Waste Management                  |                                                                  |                                                                                  |                |                                                       |
| GRI 3: Material Topics 2021       | 3-3 Management of material topics                                | Materiality Analysis<br>Waste Management                                         | 64-65, 78-81   |                                                       |
|                                   | 306-1 Waste generation and significant waste-related impacts     | Waste Management                                                                 | 78-81          |                                                       |
|                                   | 306-2 Management of significant waste-related impacts            | Waste Management                                                                 | 78-81          |                                                       |
|                                   | 306-3 Waste generated                                            | Waste Management<br>Performance Indicators – Waste Management                    | 78-79, 116-117 |                                                       |
|                                   | 306-5 Waste directed to disposal                                 | Waste Management<br>Performance Indicators – Waste Management by Disposal Method | 78-79, 116-117 |                                                       |
| GRI 306: Waste 2020               |                                                                  |                                                                                  |                |                                                       |

| GRI Standard                                    | Disclosure                                                                                      | Reference                                                                      | Pages            | Notes |
|-------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|------------------|-------|
| Traceability                                    |                                                                                                 |                                                                                |                  |       |
| GRI 3: Material Topics 2021                     | 3-3 Management of material topics                                                               | Materiality Analysis; Traceability                                             | 64-65, 90-91     |       |
| GRI 308: Supplier Environmental Assessment 2016 | 308-1 New suppliers screened using environmental criteria                                       | Traceability<br>Supply Chain<br>Performance Indicators – Suppliers             | 90-91, 124-125   |       |
|                                                 | 308-2 Negative environmental impacts in the supply chain and actions taken                      | Materiality Analysis; Traceability                                             | 90-91            |       |
| GRI 414: Supplier Social Assessment 2016        | 414-1 New suppliers screened using social criteria                                              | Traceability<br>Supply Chain<br>Performance Indicators – Suppliers             | 90-91, 124-125   |       |
|                                                 | 414-2 Negative social impacts in the supply chain and actions taken                             | Traceability<br>Supply Chain                                                   | 90-91            |       |
| Employee Engagement                             |                                                                                                 |                                                                                |                  |       |
| GRI 3: Material Topics 2021                     | 3-3 Management of material topics                                                               | Materiality Analysis<br>Employee Engagement                                    | 64-65, 108-109   |       |
| GRI 401: Employment 2016                        | 401-1 New employee hires and employee turnover                                                  | Employee Engagement<br>Performance Indicators – New Hires and<br>Turnover Rate | 108-109, 120-123 |       |
|                                                 | 401-2 Benefits provided to full-time employees not provided to temporary or part-time employees | Employee Engagement                                                            | 108-109          |       |
|                                                 | 401-3 Parental leave                                                                            | Employee Engagement<br>Performance Indicators – Employee Wellbeing             | 108-109, 122-123 |       |
| Occupational Health and Safety                  |                                                                                                 |                                                                                |                  |       |
| GRI 403: Occupational Health and Safety 2018    | 403-1 Occupational health and safety management system                                          | Occupational Health and Safety                                                 | 100-101          |       |
|                                                 | 403-2 Hazard identification, risk assessment, and incident investigation                        | Occupational Health and Safety<br>Risk Management                              | 44-45, 100-101   |       |
|                                                 | 403-4 Worker participation, consultation and communication on OHS                               | Occupational Health and Safety                                                 | 100-101          |       |
|                                                 | 403-5 Worker training on OHS                                                                    | Occupational Health and Safety<br>Performance Indicators – OHS Training        | 100-101, 124-125 |       |
|                                                 | 403-8 Workers covered by an OHS management system                                               | Occupational Health and Safety                                                 | 100-101          |       |
|                                                 | 403-9 Work-related injuries                                                                     | Performance Indicators – OHS Metrics                                           | 124-125          |       |
|                                                 | 403-10 Work-related ill health                                                                  | Performance Indicators – OHS Metrics                                           | 124-125          |       |
|                                                 |                                                                                                 |                                                                                |                  |       |

| GRI Standard                     | Disclosure                                                                                 | Reference                                                                    | Pages            | Notes                                                       |
|----------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|------------------|-------------------------------------------------------------|
| Talent Management                |                                                                                            |                                                                              |                  |                                                             |
| GRI 3: Material Topics 2021      | 3-3 Management of material topics                                                          | Materiality Analysis<br>Talent Management                                    | 64-65, 102-103   |                                                             |
|                                  | 404-1 Average hours of training per year per employee                                      | Talent Management<br>Performance Indicators – Employee Training              | 102-103, 124-125 |                                                             |
|                                  | 404-2 Programs for upgrading employee skills and transition assistance programs            | Talent Management; Performance Development                                   | 102-105          |                                                             |
|                                  | 404-3 Percentage of employees receiving regular performance and career development reviews | Performance Development<br>Performance Indicators – Talent Management        | 104-105, 122-123 |                                                             |
| Inclusion and Diversity          |                                                                                            |                                                                              |                  |                                                             |
| GRI 3: Material Topics 2021      | 3-3 Management of material topics                                                          | Materiality Analysis<br>Inclusion and Diversity                              | 64-65, 106-107   |                                                             |
|                                  | 405-1 Diversity of governance bodies and employees                                         | Inclusion and Diversity<br>Performance Indicators – Age and Gender Diversity | 106-107, 118-123 |                                                             |
|                                  | 405-2 Ratio of basic salary and remuneration of women to men                               |                                                                              |                  | Not disclosed, as remuneration information is confidential. |
| GRI 406: Non-discrimination 2016 | 406-1 Incidents of discrimination and corrective actions taken                             | Human Rights and Labour Standards<br>Ethics and Compliance                   | 46-49, 98-99     |                                                             |
| Innovation & Design              |                                                                                            |                                                                              |                  |                                                             |
| GRI 3: Material Topics 2021      | 3-3 Management of material topics (Innovation & Design)                                    | Materiality Analysis<br>Innovation & Design                                  | 64-65, 20-23     |                                                             |
| Collaborations                   |                                                                                            |                                                                              |                  |                                                             |
| GRI 3: Material Topics 2021      | 3-3 Management of material topics (Collaborations)                                         | Materiality Analysis<br>Featured Marketing Activities                        | 64-65, 66-69     |                                                             |

Independent Auditor’s Report

Çalık Denim Tekstil Sanayi ve Ticaret  
Anonim Şirketi and its Subsidiaries

Convenience translation into English of consolidated financial  
statements  
as of December 31, 2025 together with  
Independent Auditors’ Report

(Originally issued in Turkish)

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

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(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi

### A) Report on the Audit of the Consolidated Financial Statements

#### 1) Qualified Opinion

We have audited the consolidated financial statements of Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

#### 2) Basis for Qualified Opinion

As at 31 December 2025, the Group has a deferred tax asset amounting to TRY 739,961 thousand in its consolidated statement of financial position. We were unable to obtain sufficient appropriate audit evidence regarding the recoverability of this asset in future periods. Due to the potential effects of this matter on financial performance, we were unable to determine whether any adjustments might be necessary in respect of the net profit for the period reported in the consolidated statement of profit or loss.

We conducted our audit in accordance with Independent Auditing Standards ("InAS") which are part of the Turkish Auditing Standards as issued by the Public Oversight Accounting and Auditing Standards Authority of Turkey ("POA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics for Independent Auditors (including International Independence Standards) (Code of Ethics) issued by the POA. We have also fulfilled our other ethical responsibilities in accordance with the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

(1)



(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

### 3) Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Basis for Qualified Opinion section, the matters described below were determined to be key audit matters and have been communicated in our report.

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Revenue Recognition</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <p>The Group recognises revenue in its financial statements when it satisfies a performance obligation by transferring a promised good or service to a customer.</p> <p>Due to the nature and scale of the Group's operations, there is a risk that products for which production has been completed and delivery has occurred, but which have not yet been invoiced to customers and for which revenue has not been recognised, may exist.</p> <p>Based on the above considerations, whether revenue relating to such products has been recognised in the correct accounting period, in accordance with the cut-off principle, was determined to be a key audit matter.</p> <p>Disclosures regarding the Group's accounting policies and amounts related to revenue are included in Notes 3 and 5 to the consolidated financial statements.</p> | <p>The following procedures have been applied to ensure the accurate and complete recognition of revenue:</p> <ul style="list-style-type: none"> <li>- The revenue process of the group are examined.</li> <li>- Contracts with customers are reviewed and impacts of contractual clauses on revenue are evaluated.</li> <li>- Within the scope of audit works, product sales data and its accounting records are tested on a sample basis. In addition, by performing substantive tests and data analytics tools, procedures related to analysis and correlation of the accounts are performed.</li> </ul> |

(2)



(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | How our audit addressed the key audit matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Application of the hyperinflationary accounting</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <p>As stated in Note 2.1 to the financial statements, the Group has started to apply “TAS 29 Financial Reporting in Hyperinflation Economies” since the functional currency of the Group (Turkish Lira) is the currency of a hyperinflationary economy as per TAS 29 as of December 31, 2025.</p> <p>In accordance with TAS 29, 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 the reporting date.</p> <p>In accordance with the guidance in TAS 29, the Group utilised the Turkey consumer price indices to prepare inflation adjusted financial statements. The principles applied for inflation adjustment is explained in Note 2.1.</p> <p>Given the significance of the impact of TAS 29 on the reported result and financial position of the Group, we have assessed the hyperinflation accounting as a key audit matter.</p> | <p>Our audit procedures included the following;</p> <ul style="list-style-type: none"><li>- We inquired management responsible for financial reporting on the principles, which they have considered during the application of TAS 29, identification of non-monetary accounts and tested TAS 29 models designed,</li><li>- We have tested the inputs and indices used, to ensure completeness and accuracy of the calculations,</li><li>- We have audited the restatements of corresponding figures as required by TAS 29,</li><li>- We assessed the adequacy of the disclosures in inflation adjusted financial statements for compliance with TAS 29.</li></ul> |

4) Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

5) Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

In an independent audit, our responsibilities as the auditors are:

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with TAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with standards on auditing as issued by the Capital Markets Board of Turkey and InAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.



(Convenience translation of a report and consolidated financial statements originally issued in Turkish)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

B) Report on Other Legal and Regulatory Requirements

- 1) In accordance with paragraph 4 of Article 402 of the Turkish Commercial Code ("TCC"), no significant matter has come to our attention that causes us to believe that the Company's bookkeeping activities for the period January 1 – December 31, 2025 and financial statements are not in compliance with law and provisions of the Company's articles of association in relation to financial reporting.
- 2) In accordance with paragraph 4 of Article 402 of the TCC, the Board of Directors submitted to us the necessary explanations and provided required documents within the context of audit.

The name of the engagement partner who supervised and concluded this audit is Kaan Birdal.

Güney Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi  
A member firm of Ernst & Young Global Limited



May 21, 2026  
İstanbul, Türkiye

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Financial Position  
For the Year Ended December 31, 2025

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira ("TL") as of December 31, 2025, unless otherwise stated.)

|                                          |        | Current<br>Period<br>Audited | Prior<br>Period<br>Audited |
|------------------------------------------|--------|------------------------------|----------------------------|
|                                          | Note   | December 31,<br>2025         | December 31,<br>2024       |
| <b>ASSETS</b>                            |        |                              |                            |
| <b>Current Assets</b>                    |        |                              |                            |
| Cash and cash equivalents                | 9      | 200.799                      | 273.286                    |
| Trade receivables                        | 15     | 1.562.987                    | 1.828.581                  |
| - Trade receivables from related parties | 27     | 63.253                       | 18.625                     |
| - Trade receivables from third parties   | 15     | 1.499.734                    | 1.809.956                  |
| Other receivables                        | 21, 27 | 293.084                      | 855.407                    |
| - Other receivables from related parties | 27     | 27.934                       | 597.126                    |
| - Other receivables from third parties   | 21     | 265.150                      | 258.281                    |
| Inventories                              | 11     | 2.668.970                    | 3.679.050                  |
| Prepaid expenses                         | 18     | 367.153                      | 291.958                    |
| Current income tax assets                | 16     | 4.581                        | --                         |
| Other current assets                     | 19     | 128.031                      | 140.050                    |
| <b>Total current assets</b>              |        | <b>5.225.605</b>             | <b>7.068.332</b>           |
| <b>Non- current assets</b>               |        |                              |                            |
| Financial investments                    | 10     | 146.085                      | 156.403                    |
| Investment properties                    | 14     | --                           | 150.848                    |
| Property, plant and equipment            | 12     | 5.056.219                    | 5.457.476                  |
| Right of use assets                      | 13     | 10.003                       | 16.364                     |
| Intangible assets                        | 13     | 96.333                       | 30.535                     |
| Prepaid expenses                         | 18     | 1.098                        | 1.281                      |
| Deferred tax assets                      | 16     | 739.961                      | 787.940                    |
| <b>Total non-current assets</b>          |        | <b>6.049.699</b>             | <b>6.600.847</b>           |
| <b>Total assets</b>                      |        | <b>11.275.304</b>            | <b>13.669.179</b>          |

The accompanying notes form an integral part of these consolidated financial statement

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Financial Position  
For the Year Ended December 31, 2025

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)

|                                                                             |        | Current<br>Period    | Prior<br>Period      |
|-----------------------------------------------------------------------------|--------|----------------------|----------------------|
|                                                                             |        | Audited              | Audited              |
|                                                                             | Note   | December 31,<br>2025 | December 31,<br>2024 |
| <b>LIABILITIES</b>                                                          |        |                      |                      |
| <b>Current liabilities</b>                                                  |        |                      |                      |
| Short term financial liabilities                                            | 20     | 3.540.313            | 1.501.442            |
| Short term portion of long-term financial liabilities                       | 20     | 731.428              | 4.243.966            |
| Trade payables                                                              | 15     | 708.774              | 397.311              |
| - Trade payables to related parties                                         | 27     | 450.737              | 22.759               |
| - Trade payables to third parties                                           | 15     | 258.037              | 374.552              |
| Payables related to employee benefits                                       | 24     | 66.656               | 122.875              |
| Other payables                                                              | 21, 27 | 396.801              | 147                  |
| - Other payables to related parties                                         | 27     | 396.801              | 147                  |
| Deferred revenue                                                            | 22     | 17.322               | 15.447               |
| Short term provisions                                                       |        | 93.733               | 154.563              |
| - Provisions for employee benefits                                          | 23,24  | 21.658               | 40.087               |
| - Other short-term provisions                                               | 23     | 72.075               | 114.476              |
| Other current liabilities                                                   | 19     | 314.739              | 627.313              |
| <b>Total current liabilities</b>                                            |        | <b>5.869.766</b>     | <b>7.063.064</b>     |
| <b>Non-current liabilities</b>                                              |        |                      |                      |
| Long term financial liabilities                                             | 20     | 299.715              | 101.462              |
| Long term provisions                                                        |        | 238.746              | 226.127              |
| - Provisions for employee benefits                                          | 24     | 238.746              | 226.127              |
| <b>Total non-current liabilities</b>                                        |        | <b>538.461</b>       | <b>327.589</b>       |
| <b>Total liabilities</b>                                                    |        | <b>6.408.227</b>     | <b>7.390.653</b>     |
| <b>EQUITY</b>                                                               |        |                      |                      |
| <b>Equity attributable to the shareholders</b>                              |        |                      |                      |
| Share capital                                                               | 25     | 1.460.000            | 1.460.000            |
| Adjustment to share capital                                                 |        | 7.693.985            | 7.693.985            |
| Legal reserves                                                              | 25     | 603.328              | 603.328              |
| Other comprehensive expense that will not be reclassified to profit or loss |        |                      |                      |
| - Losses on remeasurement of defined benefit plans                          |        | (18.736)             | (29.130)             |
| Other comprehensive income to be reclassified to profit or loss             |        |                      |                      |
| - Currency translation differences                                          |        | 35.492               | 45.328               |
| Accumulated losses                                                          |        | (3.494.985)          | (2.093.671)          |
| Net profit/(loss) for the year                                              |        | (1.412.007)          | (1.401.314)          |
| <b>Total equity attributable to the shareholders</b>                        |        | <b>4.867.077</b>     | <b>6.278.526</b>     |
| <b>Total non-controlling interests</b>                                      |        | <b>--</b>            | <b>--</b>            |
| <b>Total equity</b>                                                         |        | <b>4.867.077</b>     | <b>6.278.526</b>     |
| <b>Total equity and liabilities</b>                                         |        | <b>11.275.304</b>    | <b>13.669.179</b>    |

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

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended December 31, 2025

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)

|                                                                |      | Current<br>Period    | Prior<br>Period      |
|----------------------------------------------------------------|------|----------------------|----------------------|
|                                                                |      | Audited              | Audited              |
|                                                                | Note | December 31,<br>2025 | December 31,<br>2024 |
| <b>PROFIT OR LOSS</b>                                          |      |                      |                      |
| <b>Continuing activities</b>                                   |      |                      |                      |
| Revenue                                                        | 5    | 5.178.449            | 6.950.449            |
| Cost of sales (-)                                              | 5    | (3.929.837)          | (6.019.694)          |
| <b>Gross profit</b>                                            |      | <b>1.248.612</b>     | <b>930.755</b>       |
| General administrative expenses (-)                            | 6    | (483.417)            | (580.082)            |
| Selling, marketing and distribution expenses (-)               | 6    | (424.079)            | (569.375)            |
| Research and development expenses (-)                          | 6    | (308.129)            | (577.502)            |
| Other operating income                                         | 6    | 573.349              | 356.763              |
| Other operating expenses (-)                                   | 6    | (140.394)            | (172.257)            |
| <b>Operating profit/(loss)</b>                                 |      | <b>465.942</b>       | <b>(611.698)</b>     |
| Gain from investing activities                                 | 7    | 10.881               | 7.111                |
| Expense from investing activities (-)                          | 7    | (41.617)             | (68.576)             |
| Share profits of investments accounted under equity method     | 17   | --                   | 173.228              |
| <b>Operating profit/(loss) before financial expense</b>        |      | <b>435.206</b>       | <b>(499.935)</b>     |
| Financial income                                               | 8    | 120.442              | 199.759              |
| Financial expense                                              | 8    | (1.978.860)          | (1.786.836)          |
| Monetary gain                                                  |      | 55.717               | 912.083              |
| <b>Net financial expense</b>                                   |      | <b>(1.802.701)</b>   | <b>(674.994)</b>     |
| <b>Profit/(loss) before tax from continuing operations</b>     |      | <b>(1.367.495)</b>   | <b>(1.174.929)</b>   |
| <b>Tax expense from continuing operations</b>                  |      | <b>(44.512)</b>      | <b>(226.385)</b>     |
| Deferred tax expense                                           | 16   | (44.512)             | (226.385)            |
| <b>Profit/(loss) for the period from continuing operations</b> |      | <b>(1.412.007)</b>   | <b>(1.401.314)</b>   |
| <b>Profit/(loss) for the period</b>                            |      | <b>(1.412.007)</b>   | <b>(1.401.314)</b>   |
| <b>Total net profit/(loss) for the period attributable to:</b> |      |                      |                      |
| Owners of the parent                                           |      | (1.412.007)          | (1.401.314)          |
| <b>Net profit/(loss) for the period</b>                        |      | <b>(1.412.007)</b>   | <b>(1.401.314)</b>   |

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

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Other Comprehensive Income  
For the Year Ended December 31, 2025  
*(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)*

|                                                         |      | Current<br>Period    | Prior<br>Period      |
|---------------------------------------------------------|------|----------------------|----------------------|
|                                                         |      | Audited              | Audited              |
|                                                         | Note | December 31,<br>2025 | December 31,<br>2024 |
| Net Profit for the Period                               |      | (1.412.007)          | (1.401.314)          |
| Other comprehensive income                              |      |                      |                      |
| Items that will never be reclassified to profit or loss |      | 10.394               | 190.027              |
| - Actuarial gain/loss on defined benefit plans          | 24   | 13.859               | 253.370              |
| - Tax effect of actuarial loss on defined benefit plans | 16   | (3.465)              | (63.343)             |
| Items that will be reclassified to profit or loss       |      | (9.836)              | (206.932)            |
| - Foreign currency translation differences              |      | (9.836)              | (206.932)            |
| Other comprehensive expense                             |      | 558                  | (16.905)             |
| Total comprehensive expense                             |      | (1.411.449)          | (1.418.219)          |
| Total comprehensive expense attributable to:            |      |                      |                      |
| Owners of the parent                                    |      | (1.411.449)          | (1.418.219)          |
| Total comprehensive expense                             |      | (1.411.449)          | (1.418.219)          |

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

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Changes Equity  
For the Year Ended December 31, 2025  
*(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)*

|                                                                  |                  |                                   | Other comprehensive<br>expense that will never be<br>reclassified to profit or<br>loss | Other comprehensive<br>income that is or may<br>be reclassified to profit<br>or loss | Accumulated losses                          |                         |                                        |             | Non-<br>controlling<br>interests | Total<br>equity |
|------------------------------------------------------------------|------------------|-----------------------------------|----------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|---------------------------------------------|-------------------------|----------------------------------------|-------------|----------------------------------|-----------------|
|                                                                  | Share<br>capital | Adjustment<br>to share<br>capital | Legal<br>reserves                                                                      | Actuarial losses on<br>defined benefit plans                                         | Foreign currency<br>translation differences | Accumula-<br>ted losses | Net<br>profit/(loss)<br>for the period | Total       |                                  |                 |
| Balances on January 1, 2024                                      | 710.000          | 7.400.743                         | 603.328                                                                                | (219.157)                                                                            | 252.260                                     | (213.202)               | (1.880.469)                            | 6.653.503   | 527                              | 6.654.030       |
| Profit for the period                                            | --               | --                                | --                                                                                     | --                                                                                   | --                                          | --                      | (1.401.314)                            | (1.401.314) | --                               | (1.401.314)     |
| Defined benefit obligation actuarial loss                        | --               | --                                | --                                                                                     | 190.027                                                                              | --                                          | --                      | --                                     | 190.027     | --                               | 190.027         |
| Foreign currency translation differences                         | --               | --                                | --                                                                                     | --                                                                                   | (206.932)                                   | --                      | --                                     | (206.932)   | --                               | (206.932)       |
| Total comprehensive income                                       | --               | --                                | --                                                                                     | 190.027                                                                              | (206.932)                                   | --                      | (1.401.314)                            | (1.418.219) | --                               | (1.418.219)     |
| Transactions with shareholders registered in shareholders equity |                  |                                   |                                                                                        |                                                                                      |                                             |                         |                                        |             |                                  |                 |
| Capital increase                                                 | 750.000          | --                                | --                                                                                     | --                                                                                   | --                                          | --                      | --                                     | 750.000     | --                               | 750.000         |
| Adjustment to share capital                                      | --               | 293.242                           | --                                                                                     | --                                                                                   | --                                          | --                      | --                                     | 293.242     | --                               | 293.242         |
| Other adjustments                                                | --               | --                                | --                                                                                     | --                                                                                   | --                                          | --                      | --                                     | --          | (527)                            | (527)           |
| Transfers                                                        | --               | --                                | --                                                                                     | --                                                                                   | --                                          | (1.880.469)             | 1.880.469                              | --          | --                               | --              |
| Balances on December 31, 2024                                    | 1.460.000        | 7.693.985                         | 603.328                                                                                | (29.130)                                                                             | 45.328                                      | (2.093.671)             | (1.401.314)                            | 6.278.526   | --                               | 6.278.526       |
| Balances on January 1, 2025                                      |                  |                                   |                                                                                        |                                                                                      |                                             |                         |                                        |             |                                  |                 |
| Balances on January 1, 2025                                      | 1.460.000        | 7.693.985                         | 603.328                                                                                | (29.130)                                                                             | 45.328                                      | (2.093.671)             | (1.401.314)                            | 6.278.526   | --                               | 6.278.526       |
| Profit for the period                                            | --               | --                                | --                                                                                     | --                                                                                   | --                                          | --                      | (1.412.007)                            | (1.412.007) | --                               | (1.412.007)     |
| Other comprehensive income                                       | --               | --                                | --                                                                                     | --                                                                                   | --                                          | --                      | --                                     | --          | --                               | --              |
| Defined benefit obligation actuarial loss                        | --               | --                                | --                                                                                     | 10.394                                                                               | --                                          | --                      | --                                     | 10.394      | --                               | 10.394          |
| Foreign currency translation differences                         | --               | --                                | --                                                                                     | --                                                                                   | (9.836)                                     | --                      | --                                     | (9.836)     | --                               | (9.836)         |
| Total comprehensive income                                       | --               | --                                | --                                                                                     | 10.394                                                                               | (9.836)                                     | --                      | (1.412.007)                            | (1.411.449) | --                               | (1.411.449)     |
| Transactions with shareholders registered in shareholders equity |                  |                                   |                                                                                        |                                                                                      |                                             |                         |                                        |             |                                  |                 |
| Transfers                                                        | --               | --                                | --                                                                                     | --                                                                                   | --                                          | (1.401.314)             | 1.401.314                              | --          | --                               | --              |
| Balances on December 31, 2025                                    | 1.460.000        | 7.693.985                         | 603.328                                                                                | (18.736)                                                                             | 35.492                                      | (3.494.985)             | (1.412.007)                            | 4.867.077   | --                               | 4.867.077       |

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

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Consolidated Statement of Cash Flows  
For the Year Ended December 31, 2025

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)

|                                                                     |         | Current<br>Period    | Prior<br>Period      |
|---------------------------------------------------------------------|---------|----------------------|----------------------|
|                                                                     |         | Audited              | Audited              |
|                                                                     | Note    | December 31,<br>2025 | December 31,<br>2024 |
| Cash flows from operating activities                                |         |                      |                      |
| Profit/(loss) for the period                                        |         | (1.412.007)          | (1.401.314)          |
| Adjustments to reconcile profit/(loss):                             |         | (16.029)             | 1.334.654            |
| Adjustments for depreciation and amortisation expense               | 6,12,13 | 651.490              | 722.844              |
| Adjustments for impairment of receivables                           | 15      | 25.548               | 1.577                |
| Adjustments for inventory impairment                                | 11      | 23.027               | 14.120               |
| Adjustments related to provisions for employee benefits             | 24      | 67.245               | 53.056               |
| Adjustments related to interest incomes                             | 8       | (120.442)            | (199.759)            |
| Adjustments related to interest expenses                            | 8       | 852.628              | 1.098.734            |
| Unrealized foreign exchange losses and translation differences      | 20      | 397.956              | 235.274              |
| Adjustments related to income tax                                   | 16      | 44.512               | 226.385              |
| Adjustments related to losses from disposals of fixed assets        | 7       | (7.818)              | (2.297)              |
| Adjustments for change in fair value of investment properties       | 7       | 38.498               | 66.945               |
| Dividend income                                                     | 7       | (3.009)              | (2.896)              |
| Adjustments related to evaluated by equity method                   | 17      | --                   | (173.228)            |
| Monetary (loss) / gain                                              |         | (1.970.281)          | (809.680)            |
| Adjustments for other provisions                                    | 23      | (15.383)             | 103.579              |
| Changes in working capital                                          |         | 2.040.194            | 1.218.281            |
| Adjustments related to trade receivables                            |         | 244.027              | 1.046.787            |
| Increase in operations related to other receivables                 |         | 572.641              | (320.477)            |
| Adjustments related to increases in inventories                     |         | 987.053              | 981.812              |
| Decrease (increase) in prepaid expenses                             |         | (75.012)             | 83.320               |
| Adjustments related to increase (decrease) in trade payables        |         | 311.463              | (809.669)            |
| Adjustments for the increase in other operating-related liabilities |         | 84.115               | 237.282              |
| Increase (decrease) in debts within the scope of employee benefits  | 24      | (56.219)             | 37.861               |
| Increase (decrease) in deferred revenues                            |         | 1.875                | (6.676)              |
| Adjustments for other decrease in working capital                   |         | (4.581)              | 32.935               |
| Payments made in scope of provisions for employee benefits          |         | (4.133)              | (64.894)             |
| Increase (decrease) in Other Current Assets                         |         | (21.035)             | --                   |
| Cash Flows Used in Investing Activities                             |         | (162.977)            | (280.985)            |
| Proceeds from sales of property and equipment and intangible assets |         | 193.518              | 14.786               |
| Proceeds from sales of investment properties                        | 14      | 112.350              | --                   |
| Acquisition of property, plant and equipment                        | 12      | (379.990)            | (286.345)            |
| Acquisition of intangible assets                                    | 13      | (88.855)             | (9.426)              |
| Cash flows from financing activities                                |         | (412.250)            | (1.058.787)          |
| Interest paid                                                       |         | (250.618)            | (276.530)            |
| Interest received                                                   | 8       | 120.442              | 199.759              |
| Cash inflows from issued debt instruments                           | 20      | (237.110)            | (81.153)             |
| Adjustment to share capital                                         | 25      | --                   | 981.692              |
| Other cash inflows related to financing activities                  |         | --                   | 7.249                |
| Cash Inflows from Borrowing                                         | 20      | 6.632.296            | 8.965.212            |
| Cash Outflows Related to Debt Payments                              | 20      | (6.677.260)          | (10.855.016)         |
| Monetary loss on cash and cash equivalents                          |         | (104.531)            | (92.772)             |
| Net Decrease in Cash and Cash Equivalents                           |         | (67.600)             | (280.923)            |
| Foreign currency translation differences                            |         | (4.887)              | 252.392              |
| Cash and Cash Equivalents at The Beginning of The Period            | 9       | 273.286              | 301.817              |
| Cash and Cash Equivalents at The End of The Period                  | 9       | 200.799              | 273.286              |

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

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2025

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)

1. Organization and Operations of the Group

Çalık Denim Tekstil Sanayi ve Ticaret A.Ş. (the “Company” or “Çalık Denim”) and its subsidiaries (“the Group”) were established in 1987 to provide open-end thread, ring and uneven thread and denim production in the factory located in Malatya. Çalık Denim has a branch, named Gap Güneydoğu Mersin Free Zone and it is engaged in the import and export of textile products.

Çalık Denim’s registered address is as follows:

Esentepe Mah. Büyükdere Caddesi,

No: 163, İç kapı no: Z1 Şişli/İstanbul

As of December 31, 2025, the number of employees of the Group is 1.204 (December 31, 2024: 1.832).

The main shareholder of the Group is Çalık Holding Anonim Şirketi.

Subsidiaries and affiliates

As of December 31, 2025, the Company has 1 (December 31, 2024: 2) subsidiaries (“Subsidiaries”) and 2 (31 December 2023: 2) associates (“Affiliate”). As of December 31, 2025 and 2024, the subsidiaries and affiliates of the Company and their countries, activities, fields of activity and partnership ratios are as follows:

| Company name                            | Type of partnership | Country      | Ownership rate % |        |
|-----------------------------------------|---------------------|--------------|------------------|--------|
|                                         |                     |              | 2025             | 2024   |
| Çalık Denim B.V                         | Subsidiary          | Netherlands  | 100,00           | 100,00 |
| Çalık Alexandria For Readymade Garments | Associate           | Egypt        | 1,00             | 1,00   |
| Gap Türkmen-Türkmenbaşı Jeans Kompleksi | Associate           | Turkmenistan | 34,80            | 34,80  |

Çalık Alexandria For Readymade Garments (“Çalık Alexandria”)

The shareholders of Çalık Alexandria For Readymade Garments, namely Çalık Holding A.Ş., GAP Pazarlama A.Ş. and Çalık Denim Tekstil Sanayi ve Ticaret A.Ş., transferred their shares to Baykan Denim Konfeksiyon A.Ş. through Mustafa Orhan Baykan, the owner of the Company, based on the agreement dated April 1, 2024, effective as of August 31, 2024.

As a result of this agreement, the 47% ownership held by Çalık Denim, the 51.5% ownership held by GAP Pazarlama A.Ş. and the 1.5% ownership held by Çalık Holding A.Ş have been transferred. Consequently, the parties have established a new ownership structure which 98% of the shares of Çalık Alexandria will be owned by Baykan Denim, 1% by GAP Pazarlama A.Ş. and 1% by Çalık Denim. Under this transfer agreement, it is explicitly stated that the transfer transaction has been executed for a period of ten (10) years. At the end of the ten-year period, should Baykan Denim notify its intention to continue holding the ownership of the shares of Çalık Alexandria acquired, it may retain such ownership by paying an additional consideration of 10,000,000 USD as specified in the agreement. In addition, pursuant to this agreement, Baykan Denim is obliged to make regular monthly payments to Çalık Holding A.Ş. throughout the ten-year period. Such payments are determined as 87,500 USD for the first year and are indexed to the U.S. Consumer Price Index, such that the total amount payable over the ten-year period will reach 15,000,000 USD.

As a result of this transfer transaction, Çalık Denim Tekstil A.Ş. will hold a 1% ownership interest in Çalık Alexandria for a period of ten years and will account for such ownership interest as a financial investment.

Gap Türkmen -Türkmenbaşı Jeans Kompleksi (“TJK”)

TJK has been established as a joint venture of Çalık Denim and the Ministry of Textiles Industry of Turkmenistan in 1995 within the frame of Turkmenistan regulations for the purpose of yarn and denim fabric production and marketing As of December 31, 2025, it has no commercial activities and, therefore, does not have any profits or losses to be included in the consolidation at the end of the period.

Çalık Denim B.V

Çalık Denim B.V has been established in February 2018 in Amsterdam, for the purpose of expanding in the European Zone by making marketing activities.

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2025

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)

2. Basis of presentation of consolidated financial statements

2.1 Basis of preparation

(a) Basis for the preparation of the financial statements

The accompanying consolidated financial statements have been prepared in accordance with the provisions of the Capital Markets Board of Türkiye (“CMB”) Communiqué No. II-14.1 on “Principles of Financial Reporting in Capital Markets”, published in the Official Gazette dated 13 June 2013 and numbered 28676. Pursuant to Article 5 of the Communiqué, the consolidated financial statements have been prepared based on Turkish Financial Reporting Standards (“TFRS”), including the related appendices and interpretations, which have been put into effect by the Public Oversight, Accounting and Auditing Standards Authority (“POA”). In addition, the consolidated financial statements have been presented in accordance with the Turkish Accounting Standards (TAS) taxonomy published by the POA on 4 October 2022. In maintaining their accounting records and preparing their statutory financial statements, the Group and its subsidiaries incorporated in Türkiye comply with the principles and requirements issued by the CMB, the Turkish Commercial Code (“TCC”), tax legislation, and the Uniform Chart of Accounts issued by the Ministry of Treasury and Finance. The consolidated financial statements are based on the statutory records of the Group and are presented in Turkish Lira (“TL”). In order to present the financial position and performance of the Group in accordance with TFRS, necessary adjustments and reclassifications, including those related to changes in the purchasing power of TL, have been made. The accompanying consolidated financial statements have been prepared on the historical cost basis, except for investment properties, which are measured at fair value.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for investment properties measured at fair value.

(c) Going Concern

The consolidated financial statements have been prepared on a going concern basis.

(d) Functional and presentation currency

The financial statements of each business of the Group are presented in the currency of the main economic environment in which they operate (the functional currency). Unless otherwise stated, all financial information presented in TL has been rounded to the nearest thousand TL.

Functional currency of foreign associate is as follows:

|                                         | Functional currency |
|-----------------------------------------|---------------------|
| Gap Türkmen-Türkmenbaşı Jeans Kompleksi | USD Dollars (“USD”) |
| Çalık Alexandria For Readymade Garments | USD Dollars (“USD”) |

Functional currency of foreign subsidiaries is as follows:

|                  | Functional currency |
|------------------|---------------------|
| Çalık Denim B.V. | Euro                |

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2025

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)

2. Basis of presentation of consolidated financial statements (continued)

2.1 Basis of preparation (continued)

(e) Declaration of conformity with TAS

According to the Communiqué of CMB, the accompanying consolidated financials are prepared in accordance with Turkish Accounting Standards (“TAS”) issued by Public Oversight Accounting and Auditing standards Authority of Türkiye (“POA”). TAS is composed of Turkish Accounting Standards, Turkish Financial Reporting Standards, appendixes and interpretations.

(f) Approval of financial statements:

The accompanying consolidated financial statements as of December 31, 2025 have been approved by the Group’s Board of Directors on May 21, 2025 General assembly and related legal institutions have right to correct related financial tables and financial tables according to legal statue.

(g) Comparative information and restatement of prior periods’ financial statements

The accompanying consolidated financial statements are prepared in comparison with the previous period, to be able to indicate below the trends in the financial status, performance and flow of the Group. When the presentation or classification of the items of the consolidated financial statements changes, to ensure comparability, the previous period consolidated financial statements are also reclassified accordingly and these matters are made as painting.

(h) Financial reporting in hyperinflationary economy

Pursuant to the Capital Markets Board (CMB) decision dated 28 December 2024 and numbered 81/1820, issuers and capital market institutions subject to financial reporting regulations applying Turkish Accounting/Financial Reporting Standards have been required to apply inflation accounting in accordance with TAS 29, starting from their annual financial reports for the periods ending as of 31 December 2024. Accordingly, the Company has prepared its financial statements as of and for the year ended 31 December 2024 in accordance with TAS 29 “Financial Reporting in Hyperinflationary Economies”, based on the aforementioned CMB decision, the announcement made by the Public Oversight Accounting and Auditing Standards Authority (POA) on 23 November 2024, and the “Application Guidance on Financial Reporting in Hyperinflationary Economies” published thereunder.

In accordance with this Standard, financial statements prepared in the currency of a hyperinflationary economy are required to be presented in terms of the purchasing power of that currency as at the reporting date, and the corresponding figures for prior periods are restated in terms of the current measuring unit at the end of the reporting period. Accordingly, the Company has also presented its financial statements as at 31 December 2024 in terms of the purchasing power as at 31 December 2025. Except for financial investments, assets and liabilities are measured on a historical cost basis.

The restatements required under TAS 29 have been performed using the adjustment coefficients derived from the Consumer Price Index (“CPI”) published by the Turkish Statistical Institute (“TURKSTAT”). As at 31 December 2025, the indices and adjustment coefficients used in the restatement of the financial statements for the current and comparative periods are as follows:

| Year End         | Index    | Conversion Factor | Three-year Inflation Rate |
|------------------|----------|-------------------|---------------------------|
| December31, 2025 | 3.513,87 | 1,00000           | 215%                      |
| December31, 2024 | 2.684,55 | 1,30892           | 291%                      |
| December31, 2023 | 1.859,38 | 1,44379           | 268%                      |

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2025

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)

2 Basis of presentation of consolidated financial statements (continued)

2.1 Basis of preparation (continued)

(h) Financial reporting in hyperinflationary economy (continued)

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 December 31, 2025. Non-monetary items which are not expressed in terms of measuring unit as of December 31, 2025 were restated by applying the conversion factors. The restated amount of a non-monetary item was reduced, in accordance with appropriate TFRSs, 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 January 1, 2005, were restated by applying the change in the CPI from January 1, 2005 to December 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 reporting period in which IAS 29 was first applied, the provisions of the Standard were applied assuming that there was always high inflation in the relevant economy. Therefore, the statement of financial position as of January 1, 2022, the beginning of the earliest comparative period, has been adjusted for inflation in order to form the basis for subsequent reporting periods. The inflation-adjusted amount of the retained earnings/losses item in the financial position statement dated January 1, 2022 was obtained from the balance sheet balance that should have occurred after adjusting the other items of the said table for inflation.

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2025

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)

2 Basis of presentation of consolidated financial statements (continued)

2.1 Basis of preparation (continued)

(i) Significant accounting judgments, estimates and assumptions

Critical decisions taken by the Group in applying the accounting policies

In the process of applying the entity’s accounting policies, which are described in Note 2.1, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements.

Deferred Tax

The Group recognises deferred tax assets and liabilities for temporary differences arising between the statutory financial statements prepared for tax purposes and the financial statements prepared in accordance with Turkish Accounting Standards (TAS).

The recoverable amount of deferred tax assets, in whole or in part, has been estimated under current conditions. In making this assessment, future profit projections, losses incurred in the current periods, the expiry dates of unused tax losses and other tax assets, and tax planning strategies that may be utilised where necessary have been taken into consideration.

Based on the available evidence, if it is determined that the Group is not likely to generate sufficient taxable profit in the future to utilise all deferred tax assets, a valuation allowance is recognised for all or part of the deferred tax asset.

Provision for doubtful receivables

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

Provision for litigation

As disclosed in Note 23, the Group management has recorded provision amounting to TL 72.075 TL (31 December 2024: 114.476 TL) for legal cases with probability of cash outflow as of the report date.

Fair value measurement of investment properties

The fair value of the Group's investment properties as of the balance sheet date has been obtained according to the valuation performed by a real estate appraisal company that is not affiliated with the Group. The fair value calculated in the valuation reports made in accordance with International Valuation Standards has been determined by income discounting methods, and various estimates and assumptions are used in these calculations. Future changes in these estimates and assumptions may have a material impact on the Group's consolidated financial statements.

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

Notes to the Consolidated Financial Statements  
For the Year Ended December 31, 2025

(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)

2 Basis of presentation of consolidated financial statements (continued)

2.1 Basis of preparation (continued)

(i) Significant accounting judgments, estimates and assumptions (continued)

Fair value measurement of investment properties (continued)

The other information relating to uncertainties in estimates and assumptions that carry a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the Group’s financial statements in the subsequent period is disclosed in the notes below.

- Note 3, 12 and 13 – Useful lives of property, plant and equipment and other intangible assets
- Note 11 – Impairment of inventories
- Note 16 – Deferred tax asset
- Note 23 – Commitments, contingent assets and liabilities
- Note 24 – Provisions for employee termination benefits

(j) Changes in Accounting Estimates and Errors

Changes in accounting estimates are applied prospectively: if the change affects only one period, it is recognised in the period of the change; if it affects both the current and future periods, it is recognised in the period of the change and in future periods. The significant estimates used in the preparation of the financial statements for the period ended December 31, 2025 are consistent with those used in the preparation of the financial statements for the period ended December 31, 2025, except for the change in the severance pay ceiling used in the calculation of the provision for employee termination benefits.

2.2 The new standards, amendments and interpretations

The accounting policies adopted in preparation of the consolidated financial statements as of December 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

Amendments to TAS 21 – Lack of Exchangeability

In May 2024, the Public Oversight Accounting and Auditing Standards Authority (POA/KGK) issued amendments to TAS 21. The amendments specify how to assess whether a currency is exchangeable and how to determine the applicable exchange rate when a currency is not exchangeable. According to the amendments, when the applicable exchange rate is estimated due to a lack of exchangeability of a currency, entities are required to disclose information that enables users of the financial statements to understand how the entity’s inability to exchange the currency with another currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows. When the amendments are applied, comparative information is not restated.

The amendments have not had a significant impact on the Group’s financial position or performance.

ii) 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. 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.

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

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(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)

2. Basis of presentation of consolidated financial statements (continued)

2.2 The new standards, amendments and interpretations (continued)

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

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. The mandatory effective date of the Standard postponed to accounting periods beginning on or after January 1, 2024 with the announcement made by the POA. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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

In August 2025, the Public Oversight Accounting and Auditing Standards Authority (POA/KGK) issued amendments to TFRS 9 and TFRS 7 relating to the classification and measurement of financial instruments. The amendments clarify that financial liabilities are derecognised on their settlement date. In addition, the amendments introduce an accounting policy choice to derecognise financial liabilities settled through an electronic payment system before the settlement date, provided that certain conditions are met. Furthermore, the amendments provide clarifications on how to assess the contractual cash flow characteristics of financial assets that include Environmental, Social and Governance (ESG)-linked features or similar contingent features, as well as guidance on assets that do not give rise to unlimited liability and on the application to contractually linked financial instruments. In addition, the amendments introduce new disclosure requirements in TFRS 7 for financial assets and liabilities containing contractual terms that reference a contingent event (including ESG-linked events), and for equity instruments designated at fair value through other comprehensive income. The amendments will be effective for annual reporting periods beginning on or after 1 January 2026. Entities may apply the amendments relating to the classification of financial assets and the related disclosures early, while applying the other amendments at a later date. The new requirements will be applied retrospectively, with any adjustments recognised in the opening balance of retained earnings (accumulated profits or losses). The Group expects no significant impact on its balance sheet and equity.

Annual Improvements to TFRS Accounting Standards – Volume 11

In September 2025, the POA issued “Annual Improvements to TFRSs – Volume 11”, which includes the following amendments:

- TFRS 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 TFRS 1 and the requirements for hedge accounting in TFRS 9.
- TFRS 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 TFRS 13.

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

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(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)

2 Basis of presentation of consolidated financial statements (continued)

2.2 The new standards, amendments and interpretations (continued)

- TFRS 9 Financial Instruments – Derecognition of a lease liability by a lessee and transaction price: TFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with TFRS 9, the lessee is required to apply derecognition requirement of TFRS 9 and recognise any resulting gain or loss in profit or loss. TFRS 9 has been also amended to remove the reference to 'transaction price'.
- TFRS 10 Consolidated Financial Statements – Determination of a 'De Facto Agent': The amendments are intended to remove the inconsistencies between TFRS 10 paragraphs.
- TAS 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'.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2026, and early application is permitted for all amendments.

The amendments have not had a significant impact on the Group’s financial position or performance.

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

In August 2025, the POA issued the amendments titled “Nature-dependent Electricity Contracts” relating to TFRS 9 and TFRS 7. The amendments clarify the application of the “own use” exemption and permit the application of hedge accounting when such contracts are designated as hedging instruments. The amendments also introduce new disclosure requirements to enable investors to understand the effects of these contracts on an entity’s financial performance and cash flows. The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Early application is permitted, and if applied early, this fact is disclosed in the notes to the financial statements. The clarifications related to the “own use” requirements are applied retrospectively; however, the provisions permitting hedge accounting are applied prospectively to new hedging relationships designated on or after the date of initial application.

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

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

In May 2025, the POA issued TFRS 18, which replaces TAS 1. TFRS 18 introduces new requirements for the presentation of the statement of profit or loss, including the presentation of specified totals and subtotals. TFRS 18 requires entities to classify all income and expenses presented in the statement of profit or loss into one of the following five categories: operating activities, investing activities, financing activities, income taxes, and discontinued operations. The Standard also requires the disclosure of management-defined performance measures and introduces new requirements on the aggregation and disaggregation of financial information in line with the defined roles of the primary financial statements and the notes. As a result of the issuance of TFRS 18, certain amendments have also been made to other financial reporting standards, including TAS 7, TAS 8 and TAS 34. TFRS 18 and the related amendments will be effective for reporting periods beginning on or after 1 January 2027. Early application is permitted. TFRS 18 will be applied retrospectively.

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

Çalık Denim Tekstil Sanayi ve Ticaret Anonim Şirketi and its Subsidiaries

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(Amounts are expressed in thousands of TL, based on the purchasing power of Turkish Lira (“TL”) as of December 31, 2025, unless otherwise stated.)

2 Basis of presentation of consolidated financial statements (continued)

2.2 The new standards, amendments and interpretations (continued)

TFRS 19 – Subsidiaries without Public Accountability: Disclosures

In August 2025, the POA issued TFRS 19, which provides an option for eligible entities to apply reduced disclosure requirements while continuing to apply the recognition, measurement and presentation requirements of TFRS. Unless otherwise specified, entities within the scope that elect to apply TFRS 19 are not required to apply the disclosure requirements of other TFRS. An entity may elect to apply TFRS 19 if it is a subsidiary, does not have public accountability, and has a parent (intermediate or ultimate) that prepares consolidated financial statements available for public use in compliance with TFRS. TFRS 19 will be effective for reporting periods beginning on or after 1 January 2027, with early application permitted. When early application is elected, this fact is disclosed in the notes to the financial statements. In the first reporting period (annual or interim) in which TFRS 19 is applied, comparative period disclosures are required to be aligned with the disclosures presented for the current period in accordance with TFRS 19.

The potential impacts of the Standard on the Group’s financial position and performance are currently being assessed.

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

The following amendments to IAS 21 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 and related notes once these amendments become effective under TFRS.

Amendments to IAS 21 – Translation to a Hyperinflationary Presentation Currency

The amendments issued by the Board in November 2025 require translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. Accordingly, if an entity’s functional currency is the currency of a non-hyperinflationary economy, but its presentation currency is the currency of a hyperinflationary economy, its results and financial position are translated into the presentation currency by translating all amounts (i.e., assets, liabilities, equity items, income and expenses) and all comparatives at the closing rate at the end of the current reporting period. Furthermore, an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy, restates the comparative amounts of a foreign operation, whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with IAS 29, to the foreign operation’s comparative figures. The amendments also introduce certain additional disclosure requirements.

The Standard is not applicable to the Group.

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3 Significant accounting policies

Consolidation principles

Consolidated financial statements include the financial statements of businesses controlled by the Group and its subsidiaries. Control is provided by the Group's fulfillment of the following conditions:

- Has power over the invested company/asset;
- Is open to, or entitled to, variable returns from the invested company/asset
- To be able to use the power to have an effect on gains

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IAS). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 “Financial Instruments: Recognition and Measurement”, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- The size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties,
- Rights arising from other contractual arrangements,
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

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3 Significant accounting policies (continued)

Consolidation principles (continued)

Changes in the Group’s ownership interests in existing subsidiaries (Continued)

The consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. The income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of acquisition to the date of disposal.

Each component of profit or loss and other comprehensive income is attributed to the equity holders of the parent and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the equity holders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those applied by the Group.  
All intra-group assets and liabilities, equity, income and expenses, and cash flows relating to transactions between Group companies are eliminated on consolidation.

Changes in the Group’s ownership interests in subsidiaries

Changes in the Group’s ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group’s interest and the non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Group.

In the event that the Group loses control of a subsidiary, the gain or loss arising on disposal is calculated as the difference between (i) the aggregate of the consideration received and the fair value of any retained interest, and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income and accumulated in equity in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings, as required by the relevant TAS standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition in accordance with TAS 39 Financial Instruments: Recognition and Measurement or, where applicable, as the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Foreign Currency

Transactions in foreign currency

Transactions in foreign currencies are translated into TL based on the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities, which are expressed in foreign currency in the balance sheet accounts, are translated into TL using the exchange rates on the balance sheet date. Exchange differences arising as a result of these transactions are reflected in the related income statement.

The exchange rates used by the Group at the end of the specified year are as follows:

|           | December 31, 2025 | December 31, 2024 |
|-----------|-------------------|-------------------|
| Euro / TL | 50,4532           | 36,7429           |
| USD / TL  | 42,8623           | 35,2233           |

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3 Significant accounting policies (continued)

Effects of Currency Change

The individual financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of each entity are expressed in TL, which is the functional currency of the Group, and the presentation currency for the financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than TL (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency-denominated borrowings relating to assets under construction for future use, which are treated as an adjustment to interest costs and capitalised as part of the cost of such assets.

The assets and liabilities of the Group’s foreign operations are translated into Turkish Lira (“TL”) at the exchange rates prevailing at the reporting date. Income and expense items are translated at the exchange rates prevailing on the dates of the transactions; however, provided that there are no significant fluctuations in exchange rates during the period (if significant fluctuations exist, transaction-date exchange rates are used), average exchange rates for the period are applied. The resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity.

Financial Instruments

Financial Assets

The Group performs its reclassifications related to the financial assets during the acquisition of the related assets and reviews them on a regular basis.

Financial assets measured at amortized cost (debt instruments)

The Group measures financial assets at amortised cost when both of the following conditions are met:

- The financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method (EIM). If assets are derecognised, altered or impaired, gains and losses are recognized in profit or loss.

The Group's financial assets measured at amortized cost include trade receivables and loans to associates and debt to a director in other long-term financial assets.

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3. Significant accounting policies (continued)

Financial Instruments (continued)

Financial assets measured at fair value through other comprehensive income (debt instruments)

The Group measures a financial asset by reflecting the fair value change in other comprehensive income if both conditions are met:

- The retention of the financial asset based on a business model aimed at collecting the contractual cash flows and selling the financial asset,
- The contractual terms of the financial asset leads to cash flows that include interest payments on principal and principal balance on certain dates.

For debt instruments measured at fair value through profit or loss, interest income, foreign exchange losses and impairment losses are recognized in the statement of profit or loss and are calculated in the same way as financial assets measured at amortized cost. The remaining fair value changes are recognized in other comprehensive income. When excluded from the statement of financial position, cumulative fair value changes recognized in other comprehensive income are transferred to profit or loss.

The Group's borrowings which are measured at fair value through other comprehensive income include investments in listed stock exchanges under other long-term financial assets.

Assets defined as fair value changes reflected in other comprehensive income (equity instruments)

After the initial recognition, the Group can irrevocably choose the equity as the financial instruments determined from the fair value unless it meets the definition of equity and is held for trading purposes in accordance with IAS 32 Financial Instruments: Presentation. Classification is determined on the basis of vehicle.

Gains and losses on these financial assets are never recorded in profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right to payment is established, except for the recoverable portion of the cost of the financial asset. The recovered amount is recognized in other comprehensive income. Equity instruments which are defined as fair value changes reflected in other comprehensive income are not subject to impairment assessment.

The Group has chosen to irrevocably classify capital investments that are not quoted in this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets that are acquired in order to profit from the fluctuations in prices and similar items in the short term, or which are part of a portfolio to provide profit in the short term, irrespective of the reason for the acquisition. The related financial assets are accounted with their fair values in the balance sheet following the initial recognition and recognition. Gains and losses resulting from the valuation are recognized in the consolidated statement of profit or loss.

Financial assets at fair value through profit or loss are measured at fair value in the consolidated financial statements. Fair value differences are recognized in the statement of profit or loss.

This category includes derivatives that are not reclassified from fair value through other comprehensive income, and investments recorded on the stock exchange. Dividends on paid-in capital investments are recognized as other income in the statement of profit or loss when the right to pay is established.

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3. Significant accounting policies (continued)

Financial Instruments (continued)

Initial recognition and measurement

Financial liabilities are initially classified as financial liabilities, loans, liabilities or derivatives designated as effective hedges of financial assets at fair value through profit or loss.

All financial liabilities are initially recognized at fair value and are netted off directly from transaction costs in the case of loans and liabilities.

The Group's financial liabilities include trade and other payables, as well as loans and borrowings, including bank loans and derivative financial instruments.

Hedging of net foreign investments

The effective portion of the gain or loss arising from the hedging instrument for net investments in foreign subsidiaries and joint ventures is recognized directly in the shareholders' equity and the ineffective portion is recognized in the consolidated statement of profit or loss.

The gain or loss on the hedging instrument that is directly attributable to the hedging instrument that is relevant to the effective portion of the hedging transaction is recognized in profit or loss during the disposal of the foreign entity.

Derecognition of financial assets and liabilities

Financial assets

Financial assets (or, where applicable, part of a financial asset or part of a group of similar financial assets) are derecognised when: These situations:

The right to cash flow from the financial asset is terminated; or; although the Group is entitled to cash flow from the financial asset, it is required to make a payment obligation to third parties without postponing all of the amount obtained; the transfer of the right to provide cash flows from the financial asset; and the transfer of the risks and rewards of the asset to a large extent;

When the Group transfers the right to cash flow from a financial asset but retains substantially all the risks and rewards of ownership and does not transfer control of the asset, the asset is recognized to the extent that the Group is in a continuing relationship with the asset. If the continuing relationship with the transferred asset is in the form of collaterals for the asset, the asset is measured at the lower of it carrying amount and the maximum amount required to be paid by the Group.

Financial liabilities

Financial liabilities are derecognized when the liabilities arising from these liabilities have been eliminated, canceled or expired. In the event that an existing debt is replaced by the same lender under completely different terms with a new obligation, or if the terms of the ongoing obligation are substantially changed, the first obligation is derecognised and the new obligation is recognized. The difference between the two liabilities is recognized as profit or loss.

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3. Significant accounting policies (continued)

Property, plant and equipment

Property, plant and equipment assets are initially recorded at their cost value and are carried over their adjusted values until 31 December 2004 by converting them with the appropriate inflation correction coefficient for the year of purchase. Property, plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

The cost value of the property, plant and equipment; The purchase price consists of import duties and non-refundable fixed assets and expenses incurred to prepare the property, plant and equipment for use.

Depreciation is provided for property, plant and equipment on a straight-line basis. Depreciation periods for tangible assets are as follows:

|                          | Useful Life   |
|--------------------------|---------------|
| Buildings                | 10 – 50 years |
| Land improvements        | 6 – 25 years  |
| Machinery and equipments | 4 – 25 years  |
| Vehicles                 | 4 – 25 years  |
| Furniture and Fixtures   | 5 – 17 years  |
| Leasehold improvement    | 4 – 50 years  |

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.

Property, plant and equipment are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable and an impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the property, plant and equipment is the higher of future net cash flows from the utilization of this property, plant and equipment or fair value less cost to sell.

Repairs and maintenance are charged to the income statements during the financial 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.

An asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Right-of-use assets

Right-of-use

The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

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3. Significant accounting policies (continued)

Right of use assets (continued)

Right of use (continued)

The cost of the right-of-use asset includes:

- (a) the first measurement of the lease obligation,
- (b) the amount obtained by deducting all lease incentives received from all lease payments made before or before the lease actually started and,
- (c) All initial costs incurred by the Group.

Unless the transfer of ownership of the underlying asset to the Group at the end of the lease term is reasonably certain, the Group depreciates the right-of-use asset from the date the lease actually commences to the end of the useful life of the underlying asset.

Right-of-use assets are subject to impairment assessment.

Lease Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments included in the measurement of the lease obligation at the date of the lease actually consist of the following payments to be made for the right of use of the underlying asset during the lease period and not paid at the date when the lease actually started:

- (a) Fixed payments,
- (b) Variable lease payments based on an index or rate, made using an index or rate at the date when the first measurement was actually started,
- (c) Amounts expected to be paid by the Group under residual value commitments
- (d) If the Group is reasonably confident that it will exercise the call option, the exercise price of that option; and
- (e) At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

The Group measures the lease obligation after the lease actually starts as follows:

- (a) Increases the book value to reflect the interest on the lease obligation and
- (b) It reduces the book value to reflect the rent payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

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3. Significant accounting policies (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation, including property under construction for such purposes. Investment properties are carried at cost less accumulated depreciation and any accumulated impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Depreciation is provided on investment property on a straight-line basis. The depreciation period for investment property is 50 years.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from disposal. Any gain or loss arising on derecognition of the property is included in profit or loss in the period in which the property is derecognized.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories held by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average basis. Net realizable value represents the estimated selling price less all estimated costs of completion and costs necessary to make the sale. When the net realizable value of inventory is less than cost, the inventory is written down to the net realizable value and the expense is included in statement of profit or loss in the period the write-down or loss occurred. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The reversal amount is limited to the amount of the original write-down.

Government Grants and Incentives

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position (balance sheet) and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

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3. Significant accounting policies (continued)

Long-term Employee Benefits

Retirement Benefit:

Under Turkish law and union agreements, lump sum payments are made to employees retiring or involuntarily leaving the Group. Such payments are considered as being part of defined retirement benefit plan as per International Accounting Standard No. 19 (revised) “Employee Benefits” (“IAS 19”).

The retirement benefit obligation recognized in the consolidated statement of financial position represents the present value of the defined benefit obligation. All actuarial gains/losses arising from remeasurements are recognized in other comprehensive income.

Defined contribution plans:

The Group is obliged to pay social insurance contributions to the Social Insurance Institution. No other obligation exists as long as the Group pays these premiums. These premiums are reflected in personnel expenses in the period they are accrued.

Provisions, Contingent Assets and Liabilities

Provisions are recognized when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of the related cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of receivable can be measured reliably.

Revenue

Revenue is recognized when customers are in control of goods or services related to performance obligations, such as goods or services transfer commitments. The sale of goods will be transferred assets when the existence of the control into the hands of customers and revenue is recognized. This usually happens when the asset is delivered to the customer. However, in cases where an asset with no alternative use is created for the Group and the Group has a legally enforceable right to pay against the action to be completed up to that date, the Group transfers the control of the goods over time and records its revenue as time spread as production takes place.

Revenue related to performance obligations, which are the transfer of goods or services, is recognized when the control of goods or services is in the hands of customers.

The Group evaluates the transfer of control of the goods or services sold to the customer.

- a) Ownership of the Group's right to collect goods or services,
- b) The ownership of the property of the customer,
- c) Transfer of the possession of the goods or services,
- d) Ownership of significant risks and rewards arising from the ownership of the goods or services,
- e) It takes into account the conditions for the customer to accept the goods or services.

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3. Significant accounting policies (continued)

Revenue (continued)

The Group assesses at the beginning of the contract whether there are different performance obligations that must be allocated. The Group does not have an important service component identified in customer contracts. 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 not 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 as other operating income.

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 not 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 as other operating income.

Income Tax

Tax expense / (income) is the aggregate amount included in the determination of net profit or loss for the period in respect of current and deferred tax. The Group is subject to income taxes in Türkiye, Netherlands, Egypt and Turkmenistan. Where there are matters the final tax outcome of which is different from the amounts initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred Tax

Deferred income tax is calculated over the temporary differences between the amounts calculated according to the tax legislation of the assets or liabilities at the balance sheet date and their carrying values in accordance with TFRS, using the balance sheet liability method. Deferred tax liability is calculated over all taxable temporary differences.

Deferred tax credit is recognized over all deductible temporary differences, unused tax credits and tax losses, if it is anticipated that such deductible temporary differences and carried unused tax credits and losses can be deducted from taxable income in the future.

The carrying value of the deferred tax receivables is examined at each balance sheet date, and a provision is made in cases where it is not possible to generate taxable income in the future, in line with the management's interpretation. Deferred tax receivables that are not reflected in the financial statements are examined at each balance sheet date and are reflected in the financial statements when it is possible to generate taxable income in the future.

Deferred tax receivables and liabilities are calculated over the effective tax rate that is expected to be valid when the related asset is realized or the liability will be fulfilled, or based on the tax rates (and tax laws) valid at the balance sheet date.

A deferred tax asset or liability can be offset if and only if there is a legal requirement to offset current year tax assets from current year tax liabilities or if the deferred tax is associated with the same taxable entity or tax authority.

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3. Significant accounting policies (continued)

Related Parties

A related party is a person or entity that is related to the entity that prepares its financial statements (the reporting entity).

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

(i) if it has a significant impact on the business,

(ii) is a member of the key management personnel of the reporting entity or a parent of the reporting entity.
- (b) An entity is associated with a reporting entity if any of the following conditions exist:

(i) If the entity and the reporting entity are members of the same group (ie, each parent, subsidiary and other subsidiary is related to the others).

(ii) If the entity is an associate or joint venture of the other entity (or a member of a group of which the other entity is a member).

(iii) If both businesses are joint ventures of the same third party.

(iv) If one of the entities is a joint venture of a third entity and the other entity is an associate of that third entity.

(v) If the entity has post-employment benefit plans for employees of the reporting entity or an entity associated with the reporting entity.

If the reporting entity itself has 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 subparagraph (i) of clause a) has significant influence over the entity or is a member of the key management personnel of that entity (or its parent).

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

Events After the Reporting Period

Events after the reporting period are those events that occur between the balance sheet date and the date when the financial statements are authorized for issue, even if they occur after an announcement related with the profit for the year or public disclosure of other selected financial information.

The Group adjusts the amounts recognized in its financial statements if adjusting events occur after the balance sheet date.

Cash Flow Reporting

In the consolidated statement of cash flows, cash flows are classified according to operating, investment and finance activities.

Cash flows from operating activities represent the cash flows that are used in or generated from sales.

Cash flows from investing activities represent the cash flows that are used in or provided from the investing activities of the Group (fixed assets and financial investments).

Cash flows related to financing activities represent the cash flows from the Group’s financing activities and the repayment of these funds.

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3. Significant accounting policies (continued)

Cash Flow Reporting (continued)

Cash and cash equivalents include cash and bank deposits as well as short-term, highly liquid investments that are readily convertible into cash and whose maturities are 3 months or less.

Trade Receivables

Trade receivables that are created by way of providing goods or services directly to a debtor are carried at amortised cost. Short duration receivables with no stated interest rate are measured at the original invoice amount unless the effect of imputing interest is significant.

The “simplified approach” is applied within the scope of impairment calculations of trade receivables that are recognized at amortized cost in the financial statements and do not contain a significant financing component (with a maturity of less than 1 year). With this approach, in cases where trade receivables are not impaired for certain reasons (except for the impairment losses incurred), the provisions for losses related to trade receivables are measured at an amount equal to “lifelong expected credit losses”.

If the amount of the impairment subsequently decreases due to partial/full collection, the release of the provision is credited to operating income in the current period.

The Group collects some of its receivables through factoring. The receivables subject to factoring transactions continue to be carried in the trade receivables account in the consolidated financial statements since the collection risk of the Group continues, and the advance received from the factoring company in return for these receivables is shown as debts from the factoring transactions under the account of “Borrowings” in the consolidated financial statements.

Assets held for sale and discontinued operations

Discontinued operation is planned or disposed of within the framework of a business coordinated plan. It refers to the geographical part of the main business lines / activities held for purpose.

Details of profit or loss before tax and post-tax profit or loss of discontinued operations reflected in the tables are explained in the footnotes. In addition, the net cash flows of the discontinued operations associated with the operating, investment and financing activities are specified in the relevant note.

Fixed asset groups are classified as fixed asset groups held for sale when they are to be recovered through the sale transaction, not by using them. Liabilities directly associated with these assets are grouped similarly.

It is measured by the lower of the carrying value and the lower of the carrying value. Through these assets depreciation is not separated.

4. Transaction with key management personnel

Expenses related to benefits provided to senior personnel included in general administrative expenses for the year ended December 31, 2025 are 81.320 TL on a consolidated basis (January 1 – December 31 2024: 80.295 TL).

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5. Revenue and cost sales

For the years ended December 31, 2025 and 2024, revenue and cost of sales are as follows:

|                     | January 1-December<br>31, 2025 | January 1-<br>December 31, 2024 |
|---------------------|--------------------------------|---------------------------------|
| Revenue             | 5.178.449                      | 6.950.449                       |
| Domestic sales      | 3.191.739                      | 4.634.348                       |
| Export sales        | 2.044.844                      | 2.430.028                       |
| Sales discounts (-) | (63.560)                       | (124.250)                       |
| Other sales         | 5.426                          | 10.323                          |
| Cost of sales (-)   | (3.929.837)                    | (6.019.694)                     |
| Gross Profit        | 1.248.612                      | 930.755                         |

For the years ended December 31, 2025 and 2024, cost of sales comprised the following:

|                                                 | January 1-December<br>31, 2025 | January 1-<br>December 31, 2024 |
|-------------------------------------------------|--------------------------------|---------------------------------|
| Changes in raw materials and trading goods      | 1.924.758                      | 2.906.429                       |
| Personnel expenses                              | 1.043.422                      | 1.122.476                       |
| Electricity, gas and water expenses             | 423.327                        | 1.384.671                       |
| Depreciation and amortization expenses (note 6) | 374.229                        | 217.056                         |
| Subcontractor expenses                          | 67.467                         | 106.527                         |
| Maintenance and repair expenses                 | 59.023                         | 63.916                          |
| Insurance expenses                              | 12.442                         | 17.130                          |
| Consultancy expenses                            | 7.665                          | 6.426                           |
| Transportation and customs expenses             | 4.528                          | 3.203                           |
| Travel and accommodation expenses               | 1.891                          | 685                             |
| Rent expenses                                   | 146                            | 11.355                          |
| Other                                           | 10.939                         | 179.820                         |
| Total                                           | 3.929.837                      | 6.019.694                       |

6. Operating expenses and other income and expenses from operating activities

Operating expenses

|                                              | January 1-December<br>31, 2025 | January 1-<br>December 31, 2024 |
|----------------------------------------------|--------------------------------|---------------------------------|
| General administrative expenses              | 483.417                        | 580.082                         |
| Research and development expenses            | 424.079                        | 569.375                         |
| Selling, marketing and distribution expenses | 308.129                        | 577.502                         |
| Total                                        | 1.215.625                      | 1.726.959                       |

General and administrative expenses

For the years ended December 31, 2025 and 2024, general administrative expenses are as follows:

|                                                 | January 1-December<br>31, 2025 | January 1-<br>December 31, 2024 |
|-------------------------------------------------|--------------------------------|---------------------------------|
| Personnel expenses                              | 198.116                        | 279.708                         |
| Çalık Holding A.Ş. share expenses               | 132.726                        | 179.080                         |
| Consultancy expenses                            | 25.879                         | 34.918                          |
| Subcontractor expenses                          | 12.729                         | 18.410                          |
| Depreciation and amortization expenses (Note 6) | 25.836                         | 19.973                          |
| Information technology (IT) expenses            | 14.502                         | 7.433                           |
| Representation and entertainment expenses       | 4.740                          | 10.407                          |
| Travel and accommodation expenses               | 5.388                          | 9.109                           |
| Taxes, duties and fees                          | 19.880                         | 7.378                           |
| Insurance expenses                              | 1.481                          | 3.393                           |
| Maintenance and repair expenses                 | 4.437                          | 5.511                           |
| Other                                           | 37.703                         | 4.762                           |
| Total                                           | 483.417                        | 580.082                         |

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6. Operating expenses and other income and expenses from operating activities (continued)

Operating expenses

Selling, marketing and distribution expenses

For the years ended December 31, 2025 and 2024, selling, marketing and distribution expenses are as follows:

|                                                 | January 1-<br>December 31, 2025 | January 1-<br>December 31, 2024 |
|-------------------------------------------------|---------------------------------|---------------------------------|
| Selling, marketing and distribution expenses    |                                 |                                 |
| Personnel expenses                              | 133.776                         | 170.742                         |
| Transportation and customs expenses             | 72.260                          | 95.034                          |
| Commission expenses                             | 42.187                          | 56.463                          |
| Sample expenses                                 | 41.624                          | 72.966                          |
| Consultancy expenses                            | 38.221                          | 43.393                          |
| Travel and accommodation expenses               | 22.285                          | 37.074                          |
| Advertising and promotion expenses              | 19.846                          | 36.651                          |
| Depreciation and amortization expenses (Note 6) | 12.651                          | 14.994                          |
| Insurance expenses                              | 10.490                          | 14.185                          |
| Subcontracting expenses                         | 9.604                           | 14.399                          |
| Rent expenses                                   | 7.808                           | 11.771                          |
| Other                                           | 13.327                          | 1.703                           |
| Total                                           | 424.079                         | 569.375                         |

Research and development expenses

For the years ended December 31, 2025 and 2024, research and development expenses comprised the following:

|                                                 | January 1-<br>December 31, 2025 | January 1-<br>December 31, 2024 |
|-------------------------------------------------|---------------------------------|---------------------------------|
| Research and development expenses               |                                 |                                 |
| Depreciation and amortization expenses (note 6) | 238.774                         | 470.821                         |
| Personnel expenses                              | 48.833                          | 68.853                          |
| Sample expenses                                 | 8.833                           | 9.827                           |
| Consultancy expenses                            | 4.515                           | 6.047                           |
| Travel and accommodation expenses               | 3.524                           | 7.309                           |
| Representation expenses                         | 1.143                           | 1.685                           |
| Transportation and custom expenses              | 522                             | 1.332                           |
| Insurance expenses                              | 521                             | 742                             |
| Other                                           | 1.464                           | 10.886                          |
| Total                                           | 308.129                         | 577.502                         |

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#### 6. Operating expenses and other income and expenses from operating activities (continued)

##### Expenses by nature

For the years ended December 31, 2025 and 2024, expenses by nature comprised the following:

|                                                                    | January 1-<br>December 31, 2025 | January 1-<br>December 31, 2024 |
|--------------------------------------------------------------------|---------------------------------|---------------------------------|
| Changes in raw materials and trading goods, and auxiliary expenses | 1.924.758                       | 2.912.447                       |
| Personnel expenses                                                 | 1.424.147                       | 1.641.780                       |
| Depreciation and amortization expenses (note 6)                    | 651.490                         | 722.844                         |
| Electricity, gas and water expenses                                | 423.327                         | 1.384.671                       |
| Çalık Holding A.Ş. share expenses                                  | 134.910                         | 179.080                         |
| Subcontractor expenses                                             | 89.800                          | 139.336                         |
| Transportation and custom expenses                                 | 77.310                          | 102.792                         |
| Consultancy expenses                                               | 76.280                          | 95.714                          |
| Maintenance and repair expenses                                    | 63.460                          | 69.427                          |
| Sample expenses                                                    | 50.457                          | 82.793                          |
| Commission expenses                                                | 42.187                          | 56.463                          |
| Travel and accommodation expenses                                  | 33.088                          | 56.695                          |
| Insurance expenses                                                 | 24.934                          | 35.450                          |
| Tax expenses                                                       | 19.880                          | 7.378                           |
| Advertising and promotion expenses                                 | 19.846                          | 36.651                          |
| Information services expenses                                      | 14.502                          | 15.996                          |
| Rent expenses                                                      | 7.954                           | 12.456                          |
| Representation expenses                                            | 5.883                           | 12.092                          |
| Other                                                              | 61.249                          | 182.588                         |
| <b>Total</b>                                                       | <b>5.145.462</b>                | <b>7.746.653</b>                |

For the years ended December 31, 2025 and 2024, personnel expenses comprised the following:

|                                      | January 1-<br>December 31, 2025 | January 1-<br>December 31, 2024 |
|--------------------------------------|---------------------------------|---------------------------------|
| <b>Labor and personnel expenses</b>  |                                 |                                 |
| Wages and salaries                   | 788.849                         | 1.077.748                       |
| Premiums and bonuses                 | 196.765                         | 205.519                         |
| Severance expenses                   | 219.527                         | 72.294                          |
| Social security expenses             | 168.233                         | 212.506                         |
| Provision for vacation pay liability | (8.968)                         | 15.623                          |
| Other personnel expenses             | 59.741                          | 58.090                          |
| <b>Total</b>                         | <b>1.424.147</b>                | <b>1.641.780</b>                |

For the years ended December 31, 2025 and 2024 depreciation and amortization expenses comprised the following:

|                                               | January 1-<br>December 31, 2025 | January 1-<br>December 31, 2024 |
|-----------------------------------------------|---------------------------------|---------------------------------|
| <b>Depreciation and amortization expenses</b> |                                 |                                 |
| Cost of sales                                 | 374.229                         | 217.056                         |
| Research and development expenses             | 238.774                         | 470.821                         |
| General administrative expenses               | 25.836                          | 19.973                          |
| Selling, marketing and distribution expenses  | 12.651                          | 14.994                          |
| <b>Total</b>                                  | <b>651.490</b>                  | <b>722.844</b>                  |

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#### 6. Operating expenses and other income and expenses from operating activities (continued)

##### Other income from operating activities

For the years ended December 31, 2025 and 2024, other income from operating activities comprised the following:

|                                             | 1 January-<br>31 December 2025 | 1 January-<br>31 December 2024 |
|---------------------------------------------|--------------------------------|--------------------------------|
| Foreign exchange gains from main activities | 427.665                        | 236.138                        |
| Provisions no longer required               | 15.383                         | --                             |
| Turquality income                           | 10.861                         | 6.503                          |
| Rent income                                 | 1.893                          | 5.083                          |
| Reclamation income                          | 28                             | 2.331                          |
| Other income                                | 117.519                        | 106.708                        |
| <b>Total</b>                                | <b>573.349</b>                 | <b>356.763</b>                 |

##### Other expense from operating activities

For the years ended December 31, 2025 and 2024, other expense from operating activities comprised the following:

|                                          | 1 January-<br>31 December 2025 | 1 January-<br>31 December 2024 |
|------------------------------------------|--------------------------------|--------------------------------|
| Rediscount expenses from main activities | 71.902                         | 40.677                         |
| Doubtful allowance expenses (Note 15)    | 25.548                         | 1.577                          |
| Lawsuit provision expenses (Note 23)     | --                             | 103.579                        |
| Donation expenses                        | 940                            | 11.168                         |
| Other expenses                           | 42.004                         | 15.256                         |
| <b>Total</b>                             | <b>140.394</b>                 | <b>172.257</b>                 |

#### 7. Gains and losses from investing activities

For the years ended December 31, 2025 and 2024, gains from investing activities comprised the following:

|                                                   | 1 January-<br>31 December 2025 | 1 January-<br>31 December 2024 |
|---------------------------------------------------|--------------------------------|--------------------------------|
| Dividend income                                   | 3.009                          | 2.896                          |
| Gain on sale of property, plant and equipment     | 7.818                          | 3.928                          |
| Investment property fair value increase (Note 14) | 54                             | -                              |
| Derivative instrument gains                       | --                             | 287                            |
| <b>Total</b>                                      | <b>10.881</b>                  | <b>7.111</b>                   |

For the years ended December 31, 2025 and 2024, losses from investing activities comprised the following:

|                                                   | 1 January-<br>31 December 2025 | 1 January-<br>31 December 2024 |
|---------------------------------------------------|--------------------------------|--------------------------------|
| Investment property fair value increase (Note 14) | 38.498                         | 66.945                         |
| Loss on investment activities                     | 3.119                          | --                             |
| Loss on sale of property, plant and equipment     | -                              | 1.631                          |
| <b>Total</b>                                      | <b>41.617</b>                  | <b>68.576</b>                  |

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#### 8. Financial income and expenses

##### Financial Income

For the years ended December 31, 2025 and 2024, financial income comprised the following:

|                 | 1 January-<br>31 December 2025 | 1 January-<br>31 December 2024 |
|-----------------|--------------------------------|--------------------------------|
| Interest income | 120.442                        | 199.759                        |
| <b>Total</b>    | <b>120.442</b>                 | <b>199.759</b>                 |

##### Financial expense

For the years ended December 31, 2025 and 2024, financial expense comprised the following:

|                                                 | 1 January-<br>31 December 2025 | 1 January-<br>31 December 2024 |
|-------------------------------------------------|--------------------------------|--------------------------------|
| Foreign exchange losses on loans and borrowings | 1.039.434                      | 606.202                        |
| Interest expense on borrowings                  | 807.514                        | 1.032.429                      |
| Bank commission expenses                        | 47.554                         | 49.729                         |
| Letters of guarantee expenses                   | 39.244                         | 35.435                         |
| Interest expense due to related parties         | --                             | 537                            |
| Interest expense due to third parties (*)       | --                             | 437                            |
| Other financial expenses                        | 45.114                         | 62.067                         |
| <b>Total</b>                                    | <b>1.978.860</b>               | <b>1.786.836</b>               |

#### 9. Cash and cash equivalents

At December 31, 2025 and 2024, cash and cash equivalents comprised the following:

|                                  | December 31, 2025 | December 31, 2024 |
|----------------------------------|-------------------|-------------------|
| Cash on hand                     | 207               | 174               |
| Cash at banks                    | 200.592           | 273.112           |
| -Time deposits                   | 21                | 25                |
| -Demand deposits                 | 200.571           | 273.087           |
| <b>Cash and cash equivalents</b> | <b>200.799</b>    | <b>273.286</b>    |

Credit exchange rate, interest rate risks and sensitivity analyses for the Group's financial assets are presented in Note 26.

As of December 31, 2025, there is no blocked deposits on the Group's cash and cash equivalents. (December 31, 2024 – None).

As of December 31,2025, the details of demand deposits are respectively, TL 59.992, USD 986 and EUR 1.918. (December 31, 2024 – TL 124.995, USD 125, EUR 948)

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#### 10. Financial Investment

|                                                                           | December 31,<br>2025 | December 31,<br>2024 |
|---------------------------------------------------------------------------|----------------------|----------------------|
| Çalık Alexandria share sale option                                        | 124.787              | 114.874              |
| Financial assets measured at cost that are not traded in an active market | 21.298               | 41.529               |
| <b>Total</b>                                                              | <b>146.085</b>       | <b>156.403</b>       |

##### Financial assets

|                                                                   | December 31,<br>2025 | December 31,<br>2024 |
|-------------------------------------------------------------------|----------------------|----------------------|
| Financial assets at fair value through other comprehensive income | 146.085              | 156.403              |
| <b>Total</b>                                                      | <b>146.085</b>       | <b>156.403</b>       |

As of December 31, 2025 and 2024, financial assets measured at cost that are not traded in an active market comprised the following:

|                                                  | December 31, 2025     |                   | December 31, 2024     |                   |
|--------------------------------------------------|-----------------------|-------------------|-----------------------|-------------------|
|                                                  | Ownership<br>rate (%) | Carrying<br>Value | Ownership<br>rate (%) | Carrying<br>Value |
| Aktif Yatırım Bankası A.Ş.                       | 0,3                   | 13.088            | 0,3                   | 13.088            |
| Çalık Alexandria                                 | 1                     | 7.310             | 1                     | 8.305             |
| 300K Teknoloji A.Ş.                              | -                     | -                 | 0,33                  | 5.237             |
| Malatya Teknokent Teknoloji Gelişme Bölgesi A.Ş. | 3,38                  | 546               | 5                     | 546               |
| Çalık Enerji Dağıtım Sanayi ve Ticaret A.Ş.      | 0,2                   | 296               | 0,2                   | 296               |
| Diğer                                            | --                    | 59                | --                    | 59                |
|                                                  |                       | <b>21.299</b>     |                       | <b>27.531</b>     |

The movement of financial investments for the year ended December 31, are a follows:

|                                              | 2025           | 2024           |
|----------------------------------------------|----------------|----------------|
| <b>As of January 1</b>                       | <b>156.403</b> | <b>19.225</b>  |
| Çalık Alexandria share sale option (Note-17) | (4.086)        | 128.873        |
| Çalık Alexandria %1 share price (Note-17)    | (995)          | 8.305          |
| Share Sale                                   | (5.237)        | --             |
| <b>As of December 31</b>                     | <b>146.085</b> | <b>156.403</b> |

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11. Inventories

As at December 31, 2025 and 2024, inventories comprised the following

|                                        | December 31,<br>2025 | December 31,<br>2024 |
|----------------------------------------|----------------------|----------------------|
| Raw materials                          | 1.147.355            | 1.335.764            |
| Work in process                        | 326.290              | 565.170              |
| Finished goods                         | 1.226.651            | 1.759.710            |
| Trading goods                          | 13.378               | 14.643               |
| Other inventories                      | 4.685                | 30.125               |
| <b>Total</b>                           | <b>2.718.359</b>     | <b>3.705.412</b>     |
| Provision for inventory impairment (-) | (49.389)             | (26.362)             |
| <b>Total Inventories</b>               | <b>2.668.970</b>     | <b>3.679.050</b>     |

As at December 31, 2025, total insurance coverage on inventories is EUR 81.721 (December 31, 2024:EUR 79.744)

As at December 31, 2025, there is no pledges or mortgages on inventories (December 31, 2024: None).

Movements of impairment in value of inventories for the years ended at 31 December were as follows

|                                                       | 2025          | 2024          |
|-------------------------------------------------------|---------------|---------------|
| Opening balance                                       | 26.362        | 12.242        |
| Current year provision/(provision no longer required) | 23.027        | 14.120        |
| <b>Closing balance</b>                                | <b>49.389</b> | <b>26.362</b> |

For the year ended December 31, 2024, provision for impairment in value of inventories amounting to TL 49.389 were provided considering the evaluation of obsolete inventories and net realizable value (December 31, 2024: TL 26.362).

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11. Property, plant and equipment

Movements of property, plant and equipment, and related accumulated depreciation during the years ended December 31, 2025 were as follows:

|                                     | Land             | Land<br>improvements<br>and buildings | Machinery<br>and<br>equipment | Vehicle<br>s    | Furniture<br>and fixtures | Other<br>tangible<br>assets | Construction in<br>progress | Leasehol<br>d<br>improve<br>ments | Total              |
|-------------------------------------|------------------|---------------------------------------|-------------------------------|-----------------|---------------------------|-----------------------------|-----------------------------|-----------------------------------|--------------------|
| <b>Cost</b>                         |                  |                                       |                               |                 |                           |                             |                             |                                   |                    |
| Balance at January 1, 2025          | 1.020.734        | 1.727.869                             | 9.325.309                     | 66.073          | 652.648                   | 8.398                       | 253.356                     | 49.734                            | 13.104.121         |
| Additions                           | -                | 15.343                                | 32.514                        | 657             | 4.206                     | --                          | 323.545                     | 3.725                             | 379.990            |
| Transfers                           | -                | --                                    | 31.933                        | --              | 229                       | --                          | (34.413)                    | --                                | (2.251)            |
| Disposals                           | -                | (265.558)                             | (180.255)                     | (25.493)        | (4.956)                   | --                          | --                          | --                                | (476.262)          |
| <b>Balance at December 31, 2025</b> | <b>1.020.734</b> | <b>1.477.654</b>                      | <b>9.209.501</b>              | <b>41.237</b>   | <b>652.127</b>            | <b>8.398</b>                | <b>542.488</b>              | <b>53.459</b>                     | <b>13.005.598</b>  |
| <b>Accumulated depreciation</b>     |                  |                                       |                               |                 |                           |                             |                             |                                   |                    |
| Balance at January 1, 2025          | -                | (267.591)                             | (6.755.100)                   | (59.404)        | (516.671)                 | (7.869)                     | --                          | (40.010)                          | (7.646.645)        |
| Current year depreciation           | -                | (68.613)                              | (496.910)                     | (235)           | (24.130)                  | (347)                       | --                          | (3.061)                           | (593.296)          |
| Disposals                           | -                | 125.806                               | 134.494                       | 25.493          | 4.769                     | --                          | --                          | --                                | 290.562            |
| <b>Balance at December 31, 2025</b> | <b>-</b>         | <b>(210.398)</b>                      | <b>(7.117.516)</b>            | <b>(34.146)</b> | <b>(536.032)</b>          | <b>(8.216)</b>              | <b>--</b>                   | <b>(43.071)</b>                   | <b>(7.949.379)</b> |
| <b>Net carrying value at</b>        |                  |                                       |                               |                 |                           |                             |                             |                                   |                    |
| <b>January 1, 2025</b>              | <b>1.020.734</b> | <b>1460.278</b>                       | <b>2.570.209</b>              | <b>6.669</b>    | <b>135.977</b>            | <b>529</b>                  | <b>253.356</b>              | <b>9.724</b>                      | <b>5.457.476</b>   |
| <b>December 31, 2025</b>            | <b>1.020.734</b> | <b>1.267.256</b>                      | <b>2.091.985</b>              | <b>7.091</b>    | <b>116.095</b>            | <b>182</b>                  | <b>542.488</b>              | <b>10.388</b>                     | <b>5.056.219</b>   |

As of December 31, 2025, the total insurance amount on property, plant and equipment is EUR 334.957. (December 31, 2024: EUR 297.907).

As of December 31, 2025, there is no mortgage over property, plant and equipment. (December 31, 2024: None)

Construction in progress comprised of additional building constructed, machinery and equipment purchased for the expansion of the production capacity.

Depreciation and amortization expenses according to their function are disclosed in Note 6.

As at December 31, 2025, the Group has not capitalized financial expense on property and equipment.

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12. Property, plant and equipment (continued)

Movements of tangible assets and related accumulated amortization during the years ended December 31, 2024 were as follows:

|                                              | Land             | Land<br>improvement<br>s and<br>buildings | Machinery<br>and<br>equipment | Vehicles        | Furniture<br>and fixtures | Other tangible<br>assets | Construction<br>in progress | Leasehold<br>improvements | Total              |
|----------------------------------------------|------------------|-------------------------------------------|-------------------------------|-----------------|---------------------------|--------------------------|-----------------------------|---------------------------|--------------------|
| <b>Cost</b>                                  |                  |                                           |                               |                 |                           |                          |                             |                           |                    |
| Balance at January 1, 2024                   | 1.020.734        | 2.799.681                                 | 9.219.795                     | 66.073          | 595.972                   | 8.398                    | 521.424                     | 49.734                    | 14.281.811         |
| Additions                                    | -                | 7.450                                     | 521                           | --              | 27.049                    | --                       | 251.325                     | --                        | 286.345            |
| Transfers                                    | -                | 128.303                                   | 355.267                       | --              | 35.823                    | --                       | (519.393)                   | --                        | --                 |
| Disposals                                    | -                | (1.207.565)                               | (250.274)                     | --              | (6.196)                   | --                       | --                          | --                        | (1.464.035)        |
| <b>Balance at December 31, 2024</b>          | <b>1.020.734</b> | <b>1.727.869</b>                          | <b>9.325.309</b>              | <b>66.073</b>   | <b>652.648</b>            | <b>8.398</b>             | <b>253.356</b>              | <b>49.734</b>             | <b>13.104.121</b>  |
| <b>Accumulated depreciation</b>              |                  |                                           |                               |                 |                           |                          |                             |                           |                    |
| Balance at January 1, 2024                   | -                | (1.398.649)                               | (6.413.615)                   | (59.357)        | (478.432)                 | (7.522)                  | --                          | (40.041)                  | (8.397.616)        |
| Current year depreciation                    | -                | (76.507)                                  | (575.761)                     | (47)            | (44.435)                  | (347)                    | --                          | 31                        | (697.066)          |
| Disposals                                    | -                | 1.207.565                                 | 234.276                       | --              | 6.196                     | --                       | --                          | --                        | 1.448.037          |
| <b>Balance at December 31, 2024</b>          | <b>-</b>         | <b>(267.591)</b>                          | <b>(6.755.100)</b>            | <b>(59.404)</b> | <b>(516.671)</b>          | <b>(7.869)</b>           | <b>--</b>                   | <b>(40.010)</b>           | <b>(7.646.645)</b> |
| <b>Net carrying value at January 1, 2024</b> | <b>1.020.734</b> | <b>1.401.032</b>                          | <b>2.806.180</b>              | <b>6.716</b>    | <b>117.540</b>            | <b>876</b>               | <b>521.424</b>              | <b>9.693</b>              | <b>5.884.195</b>   |
| <b>December 31, 2024</b>                     | <b>1.020.734</b> | <b>1.460.278</b>                          | <b>2.570.209</b>              | <b>6.669</b>    | <b>135.977</b>            | <b>529</b>               | <b>253.356</b>              | <b>9.724</b>              | <b>5.457.476</b>   |

As of December 31, 2025, the total insurance amount on property, plant and equipment is EUR 334.957. (December 31, 2024: EUR 297.907).

As of December 31, 2025, there is no mortgage over property, plant and equipment. (December 31, 2024: None)

Construction in progress comprised of additional building constructed, machinery and equipment purchased for the expansion of the production capacity.

Depreciation and amortization expenses according to their function are disclosed in Note 6.

As at December 31, 2025, the Group has not capitalized financial expense on property and equipment.

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13. Intangible assets and right of use assets

Movements of intangible assets and related accumulated amortization during the years ended December 31, 2025 were as follows:

|                                     | Rights          | Research and<br>development<br>expenses | Other intangibles | Total            |
|-------------------------------------|-----------------|-----------------------------------------|-------------------|------------------|
| <b>Cost</b>                         |                 |                                         |                   |                  |
| <b>Balance at January 1, 2025</b>   | <b>65.702</b>   | <b>--</b>                               | <b>114.528</b>    | <b>180.230</b>   |
| Additions                           | 6.890           | 74.794                                  | 7.171             | 88.855           |
| Transfers                           | --              | --                                      | 2.251             | 2.251            |
| <b>Balance at December 31, 2025</b> | <b>72.592</b>   | <b>74.794</b>                           | <b>123.950</b>    | <b>271.336</b>   |
| <b>Accumulated amortization</b>     |                 |                                         |                   |                  |
| <b>Balance at January 1, 2025</b>   | <b>(40.367)</b> | <b>--</b>                               | <b>(109.328)</b>  | <b>(149.695)</b> |
| Additions                           | (3.447)         | (20.320)                                | (1.541)           | (25.308)         |
| <b>Balance at December 31, 2025</b> | <b>(43.814)</b> | <b>(20.320)</b>                         | <b>(110.869)</b>  | <b>(175.003)</b> |
| <b>Net carrying value</b>           |                 |                                         |                   |                  |
| <b>January 1, 2025</b>              | <b>25.335</b>   | <b>--</b>                               | <b>5.200</b>      | <b>30.535</b>    |
| <b>December 1, 2025</b>             | <b>28.778</b>   | <b>54.474</b>                           | <b>13.081</b>     | <b>96.333</b>    |

Movements of intangible assets and related accumulated amortization during the years ended December 31, 2024 were as follows:

|                                     | Rights          | Other intangibles | Total            |
|-------------------------------------|-----------------|-------------------|------------------|
| <b>Cost</b>                         |                 |                   |                  |
| <b>Balance at January 1, 2024</b>   | <b>56.276</b>   | <b>114.528</b>    | <b>170.804</b>   |
| Additions                           | 9.426           | --                | 9.426            |
| <b>Balance at December 31, 2024</b> | <b>65.702</b>   | <b>114.528</b>    | <b>180.230</b>   |
| <b>Accumulated amortization</b>     |                 |                   |                  |
| <b>Balance at January 1, 2024</b>   | <b>(37.616)</b> | <b>(107.948)</b>  | <b>(145.564)</b> |
| Additions                           | (2.751)         | (1.380)           | (4.131)          |
| <b>Balance at December 31, 2024</b> | <b>(40.367)</b> | <b>(109.328)</b>  | <b>(149.695)</b> |
| <b>Net carrying value</b>           |                 |                   |                  |
| <b>January 1, 2024</b>              | <b>18.660</b>   | <b>6.580</b>      | <b>25.240</b>    |
| <b>December 1, 2024</b>             | <b>25.335</b>   | <b>5.200</b>      | <b>30.535</b>    |

There are no pledge or mortgage on intangible assets as at December 31, 2025 (31 December 2024: None).

As at December 31, 2025, there is no internally generated intangible asset (31 December 2024: None).

Movements of right of use asset and related accumulated amortization during the years ended December 31, 2025 and 2024 were as follows:

|                             | Right of use assets |               |               |
|-----------------------------|---------------------|---------------|---------------|
|                             | Land                | Vehicles      | Total         |
| <b>January 1, 2024</b>      | <b>11.257</b>       | <b>3.165</b>  | <b>14.422</b> |
| Additions                   | --                  | 13.939        | 13.939        |
| Current period depreciation | --                  | (11.996)      | (11.996)      |
| <b>December 31, 2024</b>    | <b>11.257</b>       | <b>5.108</b>  | <b>16.365</b> |
| <b>1 January 2025</b>       | <b>11.257</b>       | <b>5.108</b>  | <b>16.365</b> |
| Additions                   | (11.257)            | 37.782        | 26.525        |
| Current period depreciation | --                  | (32.887)      | (32.887)      |
| <b>December 31, 2025</b>    | <b>--</b>           | <b>10.003</b> | <b>10.003</b> |

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**14. Investment properties**

As at December 31, 2025 and 2024, investment property comprised the following:

|                     | December 31, 2025 | December 31, 2024 |
|---------------------|-------------------|-------------------|
| Investment property | --                | 150.848           |
| <b>Total</b>        | <b>--</b>         | <b>150.848</b>    |

As at December 31, 2025 and 2024, investment property movement table following:

|                                                      | 2025           | 2024           |
|------------------------------------------------------|----------------|----------------|
| 1 January                                            | <b>150.848</b> | <b>217.793</b> |
| Change in fair value of investment property (Note 7) | (38.498)       | (66.945)       |
| Disposals                                            | (112.350)      | --             |
| <b>Total</b>                                         | <b>--</b>      | <b>150.848</b> |

**15. Trade Receivables and payables****15.1 Short-term Trade receivables**

As at December 31, 2025 and 2024, short-term trade receivables comprised the following

|                                    | December 31, 2025 | December 31, 2024 |
|------------------------------------|-------------------|-------------------|
| Due from third parties             | 1.499.734         | 1.809.956         |
| Due from related parties (Note 27) | 63.253            | 18.625            |
| <b>Total</b>                       | <b>1.562.987</b>  | <b>1.828.581</b>  |

As of December 31, 2025, the average collection period of the Group's trade receivables is 109 days (31 December 2024: 12 days).

As at December 31, 2025 and 2024, short-term trade receivables from third parties comprised the following:

|                                               | December 31, 2025 | December 31, 2024 |
|-----------------------------------------------|-------------------|-------------------|
| Accounts receivable                           | 1.204.284         | 1.285.452         |
| Cheques receivable                            | 358.703           | 543.129           |
| Doubtful receivables                          | 38.436            | 16.869            |
| <b>Sub-total</b>                              | <b>1.601.423</b>  | <b>1.845.450</b>  |
| Allowances for doubtful trade receivables (-) | (38.436)          | (16.869)          |
| <b>Total</b>                                  | <b>1.562.987</b>  | <b>1.828.581</b>  |

As at December 31, net book value of the overdue and not impaired financial assets comprised the following:

|                   | December 31, 2025 | December 31, 2024 |
|-------------------|-------------------|-------------------|
| Up to 3 months    | 367.614           | 196.409           |
| 3 to 6 months     | 54.001            | 70.203            |
| 6 months and over | --                | 16.869            |
| <b>Total</b>      | <b>421.615</b>    | <b>283.481</b>    |

Movements of allowance for doubtful receivables for the years ended at December 31, 2025 and 2024 were as follows:

|                                  | 2025          | 2024          |
|----------------------------------|---------------|---------------|
| January 1                        | <b>16.869</b> | <b>26.028</b> |
| Allowance/(canceled)for the year | 25.548        | 1.577         |
| Monetary gain / (loss)           | (3.981)       | (10.736)      |
| <b>Balance at December 31</b>    | <b>38.436</b> | <b>16.869</b> |

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**15. Trade receivables and payables (continued)****15.2 Short-term Trade payables**

As at December 31, 2025 and 2024, short-term trade payables comprised the following:

|                                  | December 31, 2025 | December 31, 2024 |
|----------------------------------|-------------------|-------------------|
| Due to third parties             | 258.037           | 374.552           |
| Due to related parties (Note 27) | 450.737           | 22.759            |
| <b>Total</b>                     | <b>708.774</b>    | <b>397.311</b>    |

As of December 31, 2025, the Group's average payment term for trade payables is 57 days (December 31, 2024- 43 days).

**16. Taxation****Türkiye**

The Group is subject to corporate tax valid in Türkiye. The corporate tax rate applied for 2025 is 25% (31 December 2024: 25%).

The corporate tax rate to be accrued on the taxable corporate income is over the remaining tax base after adding the non-deductible expenses from the tax base in the determination of the commercial income and deducting the tax-exempt gains, non-taxable incomes and other deductions (if any, previous year losses and investment allowances used if preferred) is calculated.

Losses can be carried forward for a maximum of 5 years to be deducted from the taxable profit that will occur in future years. However, the losses incurred cannot be deducted retrospectively from the profits of previous years.

There is no definitive and definitive agreement procedure regarding tax assessment in Türkiye. Companies prepare their tax returns between 1-25 April of the year following the closing period of the relevant year. These declarations and the accounting records based on them can be reviewed and changed by the Tax Office within 5 years.

**The Netherlands**

Dutch corporate income tax is levied at a part of 20% of the taxable income up to and including EUR 200,000. Corporate income tax is levied at 25% for taxable income over EUR 200.000. Companies can distribute some of their profits as dividend to their shareholders. Dividends are subject to tax and the tax rate to be applied over dividend is 15%. Withheld dividend tax can be deducted from the balance payable of the corporate income tax. In addition, Tax losses can be carried back one year and carried forward nine years according to Dutch Tax legislation.

Under the Dutch taxation system, tax losses can be carried forward to be offset against future taxable income for nine years. Tax losses can be carried back to offset profits up to one year. Companies must file their tax returns within six months following the close of the tax year to which they relate, unless the Group applies for an extension (normally an additional nine months). Tax returns are open for five years from the date of final assessment of the tax return during which time the tax authorities have the right to audit tax returns, and the related accounting records on which they are based and may issue reassessments based on their findings.

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16. Taxation (continued)

Income Withholding Tax

Dividends paid to non-resident corporations, which have a place of business in Türkiye, or resident corporations are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15%. An increase in capital via issuing bonus shares is not considered as a profit distribution. In the application of withholding tax rates for profit distributions to non-resident companies and real persons, the withholding tax rates in the relevant Double Taxation Agreements are also taken into account. Allocating previous years' profits to capital is not considered as profit distribution. Therefore, it is not subject to withholding tax.

Transfer pricing regulations

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

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

Regional government grants

In accordance with the investment decision to be included in the 1st Industrialized Industrial Zone, the Investment Incentive Certificate application has been approved by the Ministry of Industry and Technology and Foreign Investment General Directorate for a total investment of USD 73.456 thousand and TL 41.811 for the certificate numbered 103656 dated December 1 2011, for a total investment of USD 19.640 thousand and TL 7.270 for the certificate numbered 103629 dated December 1 2011 and for a total investment of TL 872 and USD 193 for the certificate numbered 103496 dated January 24, 2012. According to these investments incentive certificates 55% of the investment is going to be compensated by the government. The government is not going to pay this balance in cash, but instead the tax rate applied to the income generated from this investment is going to be lower (2% instead of 20%). Since the corporate tax discount rate of the investment incentives is 90%, corporate tax rate is going to be 2%, (20% (20%\*90%=2%). Hereunder, the discounted tax rate is going to be applied and the Group is going to make tax savings until the income generated from these investments reach to 55% of the investment. When the uncollected tax amount reaches to the government contribution, the standard tax rate will be applied.

According to the Article 32 / A of the Corporate Tax Law, the gains derived from the investments linked to the incentive certificate by the Under secretariat of Treasury are stated to be subject to corporate tax at discounted rates until the investment contribution amount is reached to the investment amount starting from the fiscal period starting from the beginning of the operation. In Article 12 of the Communiqué, the date of commencement of operation is stated as the date of completion of the incentive certificate for other investments.

Investment certificate numbered A 133865 dated 22 November 2017 amounting to TL 15.813, Euro 15.381, investment certificate numbered A 133866 dated 22 November 2017 amounting to TL 4.258 and Euro 17.027, investment certificate numbered A 134280 dated December 11, 2017 amounting to TL 296.141 and Euro 53.502, investment certificate numbered 502804 dated March 26, 2020 amounting to TL 6.541 and USD 5.583, investment certificate numbered 502950 dated April 3, 2020 amounting to TL 42.211 and USD 45.548, investment certificate numbered 503286 dated April 26, 2020 amounting to TL 14.224 and USD 22.713, investment certificate numbered 509061 dated February 26, 2020 amounting to TL 3.904 has been approved. Investment expenditure still continue for the aforementioned investment certificates. According to these investments incentive certificates 50% of the investment is going to be compensated by the government by paying 90% discounted corporate tax. Within the scope of the incentive certificates issued for the manufacturing industry, the tax reduction rate for the expenditures made in 2018, 2019 and 2019 will be applied as 100%, and the authority to extend this period up to 5 years has been given to the president. At the same time, investment contribution rates were increased by 15 points (for ongoing investment incentive certificates). For example investment contribution rate increased from 50% to 70%..

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16. Taxation (continued)

Tax Advantages Obtained Under the Investment Incentive System

The Group's earnings from investments subject to incentive certificates are subject to corporate tax at reduced rates, starting from the accounting period in which the investment is partially or fully operated under the incentive, until it reaches the total investment contribution amount. In this context, as of 31 December 2025, the tax advantage amounting to 153.320 TL (31 December 2024: 153,320 TL), which the Company will benefit from in the foreseeable future, has been reflected in the financial statements as a deferred tax asset.

Deferred tax assets are recorded if it is determined that taxable income is likely to occur in future years. In cases where it is probable that taxable income will be generated, deferred tax assets are calculated on the basis of deductible temporary differences, financial losses and tax advantages earned due to investment allowances with an indefinite life that allow the payment of reduced corporate tax. In this context, the Company bases the reflection of deferred tax assets arising from investment incentives on the financial statements on long-term plans, and evaluates the recoverability of deferred tax assets related to such investment incentives as of each balance sheet date, based on business models that include taxable profit estimates. It is anticipated that these deferred tax assets will be recovered within 5 years from the balance sheet date.

Research and Development Discount

The research and development deduction regulated in Income and Corporation Tax Law, the regulations are introduced under the Law No. 5746. Within the context of this law, in technology centers, research and development centers, public institutions and bodies and research and development and innovation projects supported by foundations established by law or international funds, in pre-competition cooperation projects; all innovation and research and development expenditures made by beneficiaries of technopreneurship capital support and in research and development centers which employ full time equivalent of 500 or more research and development personnel, and also half of the increase in current year's research and development and innovation expenditures compared to previous years, are deemed as matters of allowance in the identification of public body earnings as per article 10 of the Cooperation Tax Law.

As at December 31, 2025 and 2024, there is no balance Group can deduct from corporate tax in the following years.

Income tax expense/benefit for the years ended 31 December comprised the following items:

|                                                              | December 31,<br>2025 | December 31,<br>2024 |
|--------------------------------------------------------------|----------------------|----------------------|
| Continuing operations                                        |                      |                      |
| Deferred tax income                                          | (44.512)             | (226.385)            |
| Tax income / (expense) recognised in profit or loss          | (44.512)             | (226.385)            |
| Deferred tax income recognised in other comprehensive income | (3.465)              | (63.343)             |
| Total tax income / (expense)                                 | (47.977)             | (289.728)            |
| Current tax assets                                           |                      |                      |
|                                                              | 2025                 | 2024                 |
| Current tax-related assets                                   | 4.581                | --                   |
| Current tax assets, net                                      | 4.581                | --                   |

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16. Taxation (continued)

Reconciliation of the effective tax rate

The reported income tax benefit for the years ended 31 December 2025 and 2024 are different than the amounts computed by applying statutory tax rate to profit before tax as shown in the following reconciliation:

|                                                                | December 31, 2025 |    | December 31, 2024 |    |
|----------------------------------------------------------------|-------------------|----|-------------------|----|
|                                                                | Amount            | %  | Amount            | %  |
| Period gain / (loss)                                           | (1.409.747)       | 25 | (1.401.315)       | 25 |
| Tax income                                                     | 44.512            |    | 226.385           |    |
| Loss before tax                                                | (1.365.235)       |    | (1.174.930)       |    |
| Taxes on reported profit per statutory tax rate of the Group   | 311.041           |    | 272.468           |    |
| Disallowable expenses                                          | (67.663)          |    | (15.798)          |    |
| Tax rate change effect                                         | --                |    | (279.159)         |    |
| Effect of deferred tax on unrecognized current year tax losses | (301.622)         |    | (208.987)         |    |
| Tax-exempt income/(loss)                                       | 2.561             |    | 1.489             |    |
| Effect of foreign subsidiaries not subject to tax              | (899)             |    | 757               |    |
| Other                                                          | 12.070            |    | 2.845             |    |
| Tax income                                                     | (44.512)          |    | (226.385)         |    |

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

As of December 31, 2025 and 2024, the details of the carried tax loss of the Group for which no deferred tax asset has been recognized are as follows:

| Date of Expiry | December 31, 2025 | December 31, 2024 |
|----------------|-------------------|-------------------|
| 2028           | --                | 260.932           |
| 2029           | 295.366           | 295.366           |
| 2030           | 301.622           | --                |
|                | 596.988           | 556.298           |

Deferred tax assets and liabilities

Deferred tax is provided in respect of taxable temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for the differences relating to goodwill not deductible for tax purposes and the initial recognition of assets and liabilities which affect neither accounting nor taxable profit.

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16. Taxation (continued)

Recognized deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities at December 31, 2025 and 2024 are attributable to the items detailed in the table below:

|                                                    | Asset    |         | Liability |          | Net      |          |
|----------------------------------------------------|----------|---------|-----------|----------|----------|----------|
|                                                    | 2025     | 2024    | 2025      | 2024     | 2025     | 2024     |
| Trade and other receivables                        | 52.942   | 13.652  | --        | --       | 52.942   | 13.652   |
| Inventories                                        | 24.965   | 9.906   | --        | --       | 24.965   | 9.906    |
| Right of use asset                                 | --       | --      | (2.011)   | (848)    | (2.011)  | (848)    |
| Provision for severance payment                    | 59.686   | 56.882  | --        | --       | 59.686   | 56.882   |
| Provisions                                         | 23.433   | 28.826  | --        | --       | 23.433   | 28.826   |
| Investment incentives                              | 191.814  | 200.676 | --        | --       | 191.814  | 200.676  |
| Loans and borrowings                               | (22.957) | --      | --        | (70.412) | (22.957) | (70.412) |
| Property, plant and equipment and intangible asset | 368.026  | 560.125 | --        | --       | 368.026  | 560.125  |
| Other temporary differences                        | 44.063   | --      | --        | (10.867) | 44.063   | (10.867) |
| Subtotal                                           | 741.972  | 870.067 | (2.011)   | (82.127) | 739.961  | 787.940  |
| Net off deferred tax liability                     | --       | --      | --        | --       | --       | --       |
| Total deferred tax assets                          | 741.972  | 870.067 | (2.011)   | (82.127) | 739.961  | 787.940  |

Movements in deferred tax balances during the year ended December 31, 2025 were as follow:

|                                                    | January 1, 2025 | Recognised in profit or loss | Recognised in other comprehensive income | December 31, 2025 |
|----------------------------------------------------|-----------------|------------------------------|------------------------------------------|-------------------|
| Trade and other receivables                        | 13.652          | 39.290                       | --                                       | 52.942            |
| Inventories                                        | 9.906           | 15.059                       | --                                       | 24.965            |
| Provision for severance payment                    | 56.881          | (55.427)                     | (3.465)                                  | (2.011)           |
| Right of use asset                                 | (848)           | 60.535                       | --                                       | 59.686            |
| Investment incentives                              | 200.676         | (177.243)                    | --                                       | 23.433            |
| Provisions                                         | 28.826          | 162.988                      | --                                       | 191.814           |
| Loans and borrowings                               | (70.412)        | 47.456                       | --                                       | (22.957)          |
| Property, plant and equipment and intangible asset | 560.125         | (192.099)                    | --                                       | 368.026           |
| Other temporary differences                        | (10.866)        | 54.929                       | --                                       | 44.063            |
| Total deferred tax assets                          | 787.940         | (44.512)                     | (3.465)                                  | 739.961           |

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16. Taxation (continued)

Movements in deferred tax balances during the year ended December 31, 2024 were as follow:

|                                                       | January 1,<br>2024 | Recognised in profit<br>or loss | Recognised in other<br>comprehensive<br>income | December<br>31, 2024 |
|-------------------------------------------------------|--------------------|---------------------------------|------------------------------------------------|----------------------|
| Trade and other receivables                           | 8.187              | 5.465                           | --                                             | 13.652               |
| Inventories                                           | 9.881              | 25                              | --                                             | 9.906                |
| Provision for severance payment                       | 76.499             | 43.726                          | (63.343)                                       | 56.881               |
| Right of use asset                                    | (932)              | 84                              | --                                             | (848)                |
| Investment incentives                                 | 289.746            | (89.070)                        | --                                             | 200.676              |
| Provisions                                            | 13.009             | 15.817                          | --                                             | 28.826               |
| Loans and borrowings                                  | (15.512)           | (54.900)                        | --                                             | (70.412)             |
| Property, plant and equipment and<br>intangible asset | 704.006            | (143.881)                       | --                                             | 560.125              |
| Other temporary differences                           | (7.216)            | (3.651)                         | --                                             | (10.866)             |
| <b>Total deferred tax assets</b>                      | <b>1.077.668</b>   | <b>(226.385)</b>                | <b>(63.343)</b>                                | <b>787.940</b>       |

17. Investment accounted by equity method

The movement of investments accounted for using the equity method:

|                                     | December 31,<br>2025 | December 31,<br>2024 |
|-------------------------------------|----------------------|----------------------|
| <b>As of January 1</b>              | --                   | 486.785              |
| Shares of income/loss of associates | --                   | 461                  |
| Currency translation differences    | --                   | (278.898)            |
| Sale of participation               | --                   | (208.348)            |
| <b>As of December 31</b>            | --                   | --                   |

Share of profit of investments accounted for using the equity method:

|                                                                 | December 31,<br>2025 | December 31,<br>2024 |
|-----------------------------------------------------------------|----------------------|----------------------|
| Çalık Alexandria for Readymade Garments                         | --                   | 461                  |
| Çalık Alexandria for Readymade Garments fair value variance (*) | --                   | 172.767              |
| <b>Total</b>                                                    | --                   | <b>173.228</b>       |

(\*) The shareholders of Çalık Alexandria For Readymade Garments, namely Çalık Holding A.Ş, GAP Pazarlama A.Ş, and Çalık Denim Tekstil Sanayi ve Ticaret A.Ş, have transferred their shares to Baykan Denim Konfeksiyon A.Ş, effective from August 31, 2024, based on the contract executed on April 1, 2024.

As a result of this agreement, the 47% ownership held by Çalık Denim, the 51.5% ownership held by GAP Pazarlama A.Ş, and the 1.5% ownership held by Çalık Holding A.Ş have been transferred. Consequently, the parties have established a new ownership structure which 98% of the shares of Çalık Alexandria will be owned by Baykan Denim, 1% by GAP Pazarlama A.Ş, and 1% by Çalık Denim.In this transfer agreement, it is explicitly stated that the transfer process will be carried out over a period of ten years, with a total sale price of 15,000,000 USD to be paid in monthly installments during this period. At the end of the ten-year term, should Baykan Denim express its intention to retain ownership of the shares of Çalık Alexandria that it has acquired, it may do so by making an additional payment of 10,000,000 USD as specified in the agreement. As a result of this transfer, Çalık Denim Tekstil A.Ş will retain a 1% share of Çalık Alexandria for the duration of the ten years and will account for this ownership as a financial investment. The amount of 6,345 TL, recorded as a financial investment, represents 1% of the calculated net present value of the total transaction amount of 25,000,000 USD.

At the end of the tenth year, Baykan Denim will have the right to purchase shares of Çalık Alexandria for a total value of 10,000,000 USD, with Çalık Denim possessing a 47% ownership in this transaction. According to the terms of the agreement, this option, calculated at 98,457 TL (corresponding to Çalık Denim's 47% share) as the net present value, is assumed to be exercised in 2034 and is presented under the "financial investments" item in the consolidated balance sheet.

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18. Prepaid expenses

Short-Term Prepaid Expenses

As at December 31 2025 and 2024, short term prepaid expenses comprised the following

|                    | December 31, 2025 | December 31, 2024 |
|--------------------|-------------------|-------------------|
| Advances given (*) | 362.816           | 289.298           |
| Job advances       | 2.930             | 1.758             |
| Prepaid expenses   | 1.407             | 902               |
| <b>Total</b>       | <b>367.153</b>    | <b>291.958</b>    |

(\*) The balance mainly consists of advances given for inventory purchases.

Long-Term Prepaid Expenses

As at December 31 2025 and 2024, long term prepaid expenses comprised the following:

|                  | December 31, 2025 | December 31, 2024 |
|------------------|-------------------|-------------------|
| Prepaid expenses | 1.098             | 1.281             |
| <b>Total</b>     | <b>1.098</b>      | <b>1.281</b>      |

19. Other assets and liabilities

Other current assets

As at December 31, 2025 and 2024, other current asset comprised the following:

|                                  | December 31, 2025 | December 31, 2024 |
|----------------------------------|-------------------|-------------------|
| Deferred Value Added Tax (“VAT”) | 128.031           | 140.050           |
| <b>Total</b>                     | <b>128.031</b>    | <b>140.050</b>    |

Other short-term liabilities

As at December 31, 2025 and 2024, other short-term liabilities comprised the following:

|                                               | December 31, 2025 | December 31, 2024 |
|-----------------------------------------------|-------------------|-------------------|
| Other current liabilities                     | 270.864           | 607.040           |
| Taxes and duties payable other than on income | 43.875            | 20.273            |
| <b>Total</b>                                  | <b>314.739</b>    | <b>627.313</b>    |

20. Borrowings

As at December 31, 2025 and 2024, loans and borrowings comprised the following:

|                                                           | December 31, 2025 | December 31, 2024 |
|-----------------------------------------------------------|-------------------|-------------------|
| <b>Short term loans and borrowings</b>                    |                   |                   |
| Short term bank borrowings                                | 3.412.039         | 1.185.200         |
| Current portion of long-term loans and borrowings         | 731.428           | 4.243.966         |
| Short term portion of long-term finance lease liabilities | 110.318           | 5.885             |
| Bond issued (*)                                           | --                | 310.357           |
| Factoring payables                                        | 17.956            | --                |
|                                                           | <b>4.271.741</b>  | <b>5.745.408</b>  |
| <b>Long term loans and borrowings</b>                     |                   |                   |
| Long term bank borrowings                                 | 190.113           | 95.063            |
| Finance lease liabilities                                 | 109.602           | 6.399             |
| <b>Total</b>                                              | <b>299.715</b>    | <b>101.462</b>    |

(\*) Within the scope of the issuance limit approved by the Capital Markets Board dated 9 August 2018 and numbered 35/913, the maturity of the bond with ISIN code TRSLCKD7257, which was issued to be sold domestically to qualified investors without a public offering and matured on 24 July 2025, expired on 24 July 2025, and the redemption transactions were completed on that date, thereby fully discharging the related obligations.

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20. Borrowings (continued)

Terms and repayment schedule

As at December 31, 2025, the terms and conditions of outstanding loans and borrowings comprised the following:

| December 31, 2025               |            |                           |               |                  |                  |
|---------------------------------|------------|---------------------------|---------------|------------------|------------------|
|                                 | Currency   | Nominal interest rate (%) | Maturity date | Nominal value    | Carrying amount  |
| Secured bank borrowings (*)     | TL         | 19,82-23,47               | 2026          | 1.620.000        | 1.500.401        |
| Secured bank borrowings (*)     | Avro       | 5,03-6,11                 | 2026-2034     | 6.000            | 206.019          |
| Unsecured bank borrowings       | TL         | 19,43-22,47               | 2026          | 430.000          | 406.977          |
| Unsecured bank borrowings       | Avro       | 6,24-8,60                 | 2026          | 1.317.815        | 1.384.460        |
| Unsecured bank borrowings       | ABD Doları | 3,50-10                   | 2026-2027     | 20.042           | 835.721          |
| Right of use liability -TFRS 16 | Avro       | 7,07                      | 2027          | 108.585          | 202.058          |
| Right of use liability -TFRS 16 | TL         | 25,88                     | 2026-2028     | 15.309           | 16.528           |
| Credit card payables            | TL         | --                        | --            | 18.632           | 19.292           |
| <b>Total</b>                    |            |                           |               | <b>3.536.383</b> | <b>4.571.456</b> |

(\*) Letter of bank guarantees amounting to EUR 6.185 and TL 2.318.219 given for Exim Bank loans (December 31, 2024: USD 1.211, EUR 25.603 and TL 1.663.877).

As at December 31, 2024, the terms and conditions of outstanding loans and borrowings comprised the following:

| December 31, 2024               |            |                           |               |                  |                  |
|---------------------------------|------------|---------------------------|---------------|------------------|------------------|
|                                 | Currency   | Nominal interest rate (%) | Maturity date | Nominal value    | Carrying amount  |
| Secured bank borrowings (*)     | TL         | 26,43-26,93               | 2025          | 392.677          | 373.094          |
| Secured bank borrowings (*)     | ABD Doları | 10,68                     | 2025          | 38.532           | 42.336           |
| Secured bank borrowings (*)     | Avro       | 4,97-6,82                 | 2025 - 2026   | 784.516          | 867.968          |
| Unsecured bank borrowings       | TL         | 25,93 - 35,00             | 2025 - 2029   | 824.831          | 918.589          |
| Unsecured bank borrowings       | ABD Doları | 7,99-9,50                 | 2025          | 466.570          | 502.202          |
| Unsecured bank borrowings       | Avro       | 6,00-9,00                 | 2025-2026     | 2.456.892        | 2.820.039        |
| Right of use liability -TFRS 16 | TL         | 21                        | 2025-2026     | 5.734            | 10.670           |
| Right of use liability -TFRS 16 | JPY        | 0,0371                    | 2025          | 1.495            | 1.614            |
| Bond issued                     | TL         | 0,3                       | 2025          | 299.744          | 310.358          |
| <b>Total</b>                    |            |                           |               | <b>5.270.991</b> | <b>5.846.870</b> |

The maturity of the Group's borrowings as of December 31, 2025 and 2024 is as follows:

|                    | December 31, 2025 | December 31, 2024 |
|--------------------|-------------------|-------------------|
| Less than 3 months | 1.754.340         | 854.254           |
| 3-12 months        | 2.516.610         | 4.891.154         |
| 1-5 years          | 300.506           | 101.462           |
| <b>Total</b>       | <b>4.571.456</b>  | <b>5.846.870</b>  |

Payment plan of the long-term loans as of December 31, 2025 and 2024 is as follows:

|                   | December 31, 2025 | December 31, 2024 |
|-------------------|-------------------|-------------------|
| 1-2 years         | 115.232           | 95.063            |
| 2-3 years         | 14.807            | --                |
| 3-4 years         | 13.557            | --                |
| More than 4 years | 46.517            | --                |
| <b>Total</b>      | <b>190.113</b>    | <b>95.063</b>     |

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20. Borrowings (continued)

Terms and repayment schedules (continued)

December 31, 2025 and 2024, movement of short term and long-term financial liabilities were as follows:

|                                    | January 1, 2025  | Principal additions, payments, net | Interest expense | Interest paid    | Unrealized currency translation difference | Monetary gain / (loss) | December 31, 2025 |
|------------------------------------|------------------|------------------------------------|------------------|------------------|--------------------------------------------|------------------------|-------------------|
| <b>Bank borrowing</b>              | 5.525.145        | (44.964)                           | 504.644          | (254.026)        | 398.925                                    | (1.796.144)            | 4.333.580         |
| <b>Financial lease liabilities</b> | 12.284           | 214.706                            | 108              | (108)            | (969)                                      | (6.102)                | 219.919           |
| <b>Bond</b>                        | 310.359          | (237.110)                          | 220              | (220)            | --                                         | (73.249)               | --                |
| <b>Total</b>                       | <b>5.847.788</b> | <b>(67.368)</b>                    | <b>504.972</b>   | <b>(254.354)</b> | <b>397.956</b>                             | <b>(1.875.495)</b>     | <b>4.553.500</b>  |

|                                    | January 1, 2024  | Principal additions, payments, net | Interest expense | Interest paid    | Unrealized currency translation difference | Monetary gain / (loss) | December 31, 2024 |
|------------------------------------|------------------|------------------------------------|------------------|------------------|--------------------------------------------|------------------------|-------------------|
| <b>Bank borrowing</b>              | 7.131.772        | (1.889.804)                        | 274.752          | (273.836)        | 220.991                                    | 61.269                 | 5.525.144         |
| <b>Financial lease liabilities</b> | 10.409           | 7.249                              | 1.212            | (1.212)          | 14.283                                     | (19.656)               | 12.285            |
| <b>Bond</b>                        | 629.809          | (81.153)                           | 9.331            | (565)            | --                                         | (247.063)              | 310.359           |
| <b>Total</b>                       | <b>7.771.990</b> | <b>(1.963.708)</b>                 | <b>285.295</b>   | <b>(275.613)</b> | <b>235.274</b>                             | <b>(205.450)</b>       | <b>5.847.788</b>  |

21. Other receivables and other payables

Other short-term receivables

As at December 31, 2025 and 2024 other short-term receivables comprised the following:

|                                                  | December 31, 2025 | December 31, 2024 |
|--------------------------------------------------|-------------------|-------------------|
| Receivables from the tax office                  | 36.606            | 256.767           |
| Other receivables from related parties (Note 27) | 27.934            | 597.126           |
| Deposits and guarantees given                    | 1.677             | 1.514             |
| Other receivables (*)                            | 226.867           | --                |
| <b>Total</b>                                     | <b>293.084</b>    | <b>855.407</b>    |

(\*) As of 31 December 2025, it consists of a receivable arising from the disposal of an associate.

Other long-term receivables

As of 31 December 2025, there are no long-term receivables. (December 31, 2024: None)

Other short-term payables

As at December 31, 2025 and 2024 other short-term payables comprised the following:

|                                  | December 31, 2025 | December 31, 2024 |
|----------------------------------|-------------------|-------------------|
| Due to related parties (Note 27) | 396.801           | 147               |
| <b>Total</b>                     | <b>396.801</b>    | <b>147</b>        |

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## 22. Deferred revenues

As at December 31 2025 and 2024, deferred revenue comprised the following:

|                   | December 31, 2025 | December 31, 2024 |
|-------------------|-------------------|-------------------|
| Advances received | 15.797            | 15.447            |
| Prepaid expenses  | 1.525             | --                |
| <b>Total</b>      | <b>17.322</b>     | <b>15.447</b>     |

## 23. Provisions, commitments, contingent assets and liabilities

## Provisions

As at December 31, 2025 and 2024, provisions comprised the following items:

|                                        | December 31, 2025 | December 31, 2024 |
|----------------------------------------|-------------------|-------------------|
| Short-term employee benefits (Note 24) | 21.658            | 40.087            |
| Provision for litigations              | 72.075            | 114.476           |
| <b>Total short-term provisions</b>     | <b>93.733</b>     | <b>154.563</b>    |
| Long-term employee benefits (Note 24)  | 238.746           | 226.127           |
| <b>Total long-term provisions</b>      | <b>238.746</b>    | <b>226.127</b>    |
| <b>Total provisions</b>                | <b>332.479</b>    | <b>380.690</b>    |

For the years ended December 31, 2024 the movements in the provision for litigations were as follows:

|                           | January 1, 2025 | Current year provision | Monetary gain / (loss) | December 31, 2025 |
|---------------------------|-----------------|------------------------|------------------------|-------------------|
| Provision for litigations | 114.476         | (15.383)               | (27.018)               | 72.075            |
| <b>Total</b>              | <b>114.476</b>  | <b>(15.383)</b>        | <b>(27.018)</b>        | <b>72.075</b>     |

|                           | January 1, 2024 | Current year provision | Monetary gain / (loss) | December 31, 2024 |
|---------------------------|-----------------|------------------------|------------------------|-------------------|
| Provision for litigations | 15.733          | 103.579                | (4.836)                | 114.476           |
| <b>Total</b>              | <b>15.733</b>   | <b>103.579</b>         | <b>(4.836)</b>         | <b>114.476</b>    |

## Litigations against the Group

As at December 31, 2025, the expected cash outflow amount for the pending litigations against the Group is TL 72.075 (December 31, 2024: TL 114.176).

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## 23. Provisions, commitments, contingent assets and liabilities (continued)

## Commitments, contingent assets and liabilities

As of December 31, 2025 and 2024, the tables regarding the collateral, pledge and mortgage (“CPM”) position for the main partner of the Group and the partnerships included in the scope of consolidation are as follows:

|       |                                                                                                           | December 31, 2025 |                 | December 31, 2024 |                 |               |
|-------|-----------------------------------------------------------------------------------------------------------|-------------------|-----------------|-------------------|-----------------|---------------|
|       |                                                                                                           | Currency          | Currency amount | TL Equivalent     | Currency amount | TL Equivalent |
| A.    | Total amount of CPMB’s given in the name of its own legal personality                                     | ABD Doları        | --              | --                | 1.585           | 55.832        |
|       |                                                                                                           | Avro              | 6.425           | 323.098           | 33.142          | 1.217.731     |
|       |                                                                                                           | TL                | 2.799.298       | 2.799.298         | 4.115.878       | 4.115.878     |
| B.    | Total amount of CPMB’s given on behalf of the fully companies                                             | --                | --              | --                | --              | --            |
| C.    | Total amount of CPMB’s given on behalf of third parties for ordinary course of business                   | --                | --              | --                | --              | --            |
| D.    | Total amount of other CPMB’s given                                                                        | --                | --              | --                | --              | --            |
| i.    | i. Total amount of CPMB’s given on behalf of the majority shareholder                                     | --                | --              | --                | --              | --            |
| ii.   | ii. Total amount of CPMB’s given to on behalf of other group companies which are not in scope of B and C. | --                | --              | --                | --              | --            |
| iii.  | iii. Total amount of CPMB’s given on behalf of third parties which are not in scope of C.                 | TL                | --              | --                | --              | --            |
| Total |                                                                                                           |                   | 2.805.723       | 3.122.396         | 4.150.605       | 5.389.441     |

|                  | December 31, 2025 | December 31, 2024 |
|------------------|-------------------|-------------------|
| Guarantee letter | 3.122.396         | 5.389.441         |
| <b>Total</b>     | <b>3.122.396</b>  | <b>5.389.441</b>  |

## 24. Employee Benefits

## Payables related to employee benefits

As of December 31, 2025 and 2024, payables within the scope of employee benefits are as follows:

|                                  | December 31, 2025 | December 31, 2024 |
|----------------------------------|-------------------|-------------------|
| Social security premiums payable | 37.542            | 87.101            |
| Due to personnel                 | 29.114            | 35.774            |
| <b>Total</b>                     | <b>66.656</b>     | <b>122.875</b>    |

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**24. Employee Benefits (continued)****Provisions for employee benefits***Short term provisions*

For the years ended December 31, 2025 and 2024 short term provisions within the scope of employee benefits were as follows

|                        | December 31, 2025 | December 31, 2024 |
|------------------------|-------------------|-------------------|
| Vacation pay liability | 21.658            | 40.087            |
| <b>Total</b>           | <b>21.658</b>     | <b>40.087</b>     |

As of December 31, 2025 and 2024, the movements of short-term provisions within the scope of employee benefits is as follows.

|                                       | 2025          | 2024          |
|---------------------------------------|---------------|---------------|
| <b>Opening balance at January 1</b>   | <b>40.087</b> | <b>35.323</b> |
| Current period provision              | (8.968)       | 15.623        |
| Monetary gain / (loss)                | (9.461)       | (10.859)      |
| <b>Closing balance at December 31</b> | <b>21.658</b> | <b>40.087</b> |

*Long term provisions*

|                                        | 2025           | 2024           |
|----------------------------------------|----------------|----------------|
| Provision for retirement pay liability | 238.746        | 226.127        |
| <b>Total</b>                           | <b>238.746</b> | <b>226.127</b> |

In accordance with the existing Labor Law in Türkiye, the Group entities operating in Türkiye are required to make lump-sum payments to employees who have completed one year of service and whose employment is terminated without cause or who retire (age of 58 for women, age of 60 for men) or completed service years of 20 for women or 25 for men, are called up for military service or die. According to change of regulation, dated 8 September 1999, there are additional liabilities for the integration articles.

These payments are calculated based on the rate on the day of retirement or termination per year worked, with a maximum of TL 53.919,68 over the 30-day salary as of December 31, 2025 (31 December 2024: TL 41.828,42). The provision for severance pay is calculated on a current basis and is reflected in the consolidated financial statements. Provision is calculated by estimating the present value of the Group's future probable obligation arising from the retirement of its employees. The calculation is based on the severance pay ceiling announced by the Government.

Severance pay liability is calculated by estimating the present value of the possible future obligation of the Group arising from the retirement of its employees. TMS requires the Group's liabilities to be calculated using actuarial valuation methods within the scope of defined benefit plans. Accordingly, the actuarial assumptions used in the calculation of total liabilities are given below.

The basic assumption is that the maximum liability for each year of service will increase in line with inflation. Thus, the discount rate applied represents the expected real interest rate after adjusting for the effects of future inflation. As a result, the liabilities in the accompanying consolidated financial statements as of December 31, 2025 and 2024 are calculated by estimating the present value of the future probable obligation arising from the retirement of the employees. As of December 31, 2025 and December 31, 2024, the calculation of severance pay was made by an independent actuarial institution specialized in their field.

The provision for severance pay is not legally subject to any funding.

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**24. Employee Benefit (continued)****Provisions for employee benefits (continued)**

The actuarial assumptions were used in the calculation of the total liability as of December 31, 2025 and 2024 are as follows:

|                      | December 31, 2025 | December 31, 2024 |
|----------------------|-------------------|-------------------|
| Salary increase rate | 28,50%            | %49,15            |
| Discount rate        | 27,51%            | %27,15            |

The Group management has discounted the benefits of the employees who will be entitled to receive severance pay, based on the information obtained from their past experiences, using the government bond rates valid at the end of the reporting period and reflected them in the consolidated financial statements over their discounted net values.

As of December 31, 2025 and December 31, 2024, the movement of the severance pay provision account is presented below:

|                        | December 31, 2025 | December 31, 2024 |
|------------------------|-------------------|-------------------|
| <b>January 1</b>       | <b>226.127</b>    | <b>382.487</b>    |
| Interest cost          | 45.114            | 66.305            |
| Service cost           | 31.099            | 37.433            |
| Paid during the year   | (4.133)           | (64.894)          |
| Monetary gain / (loss) | (48.615)          | 58.168            |
| Actuarial loss         | (10.846)          | (253.372)         |
| <b>December 31</b>     | <b>238.746</b>    | <b>226.127</b>    |

The actuarial difference arises due to the change in the interest rate and expected salary increase rate. In addition, employees who will receive severance pay in retirement, leaving the job by receiving severance pay before retirement also caused a high actuarial difference. The actuarial difference is recognized in other comprehensive income.

**25. Capital, reserves and other equity items****Capital**

As at December 31, 2025, the authorized and issued share capital of Çalık Denim Sanayi ve Ticaret A.Ş. comprises 58.400.000 shares (December 31, 2024: 58,400,000), each with a nominal value of TRY 25.

As at December 31, the shareholder structure of the Company is presented below:

|                             | December 31, 2025 |            | December 31, 2024 |            |
|-----------------------------|-------------------|------------|-------------------|------------|
| <b>Shareholders</b>         | <b>TL</b>         | <b>%</b>   | <b>TL</b>         | <b>%</b>   |
| Çalık Holding A.Ş.          | 1.458.584         | 99,9       | 1.458.584         | 99,9       |
| Ahmet Çalık                 | 1.416             | 0,1        | 1.416             | 0,1        |
| <b>Total</b>                | <b>1.460.000</b>  | <b>100</b> | <b>1.460.000</b>  | <b>100</b> |
| Adjustment to share capital | 7.693.985         |            | 7.693.985         |            |
| <b>Total</b>                | <b>9.153.985</b>  |            | <b>9.153.985</b>  |            |

**Legal reserves**

In accordance with the Turkish Commercial Code, statutory reserves consist of first and second tier statutory reserves. First tier statutory reserves are set aside at a rate of 5% of the statutory profit for the period until they reach 20% of the Company’s share capital. Second tier statutory reserves are set aside at a rate of 10% of all cash dividend distributions exceeding 5% of the Company’s share capital, in cases where profit distribution is made. First and second tier statutory reserves may not be distributed unless they exceed 50% of the total share capital; however, they may be used to offset losses in the event that discretionary reserves are exhausted. As of 31 December 2025, the Company’s total statutory reserves amount to TL 603,328 (31 December 2024: TL 603,328).

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25. Capital, reserves and other equity items (continued)

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations.

Adjustment to share capital

A capital increase of TL 750,000 was realized by the Group’s ultimate parent, Çalık Holding A.Ş., in line with the request arising from the board resolution dated 22 August 2024, through two payments of TL 548,177 on 23 August 2024 and TL 201,823 on 26 August 2024. As of 31 December 2025, the Group’s share capital amounts to TL 1,460,000 (31 December 2024: TL 1,460,000).

In accordance with the Tax Procedure Law and the related Communiqué published in the Official Gazette dated 30 December 2024 and numbered 32415 (2nd bis), the balance sheet prepared as of 31 December 2025 under the Tax Procedure Law has been adjusted for inflation using the Producer Price Index (PPI) published by the Turkish Statistical Institute.The accompanying financial statements, on the other hand, have been restated for inflation in accordance with IAS 29 using the Consumer Price Index (CPI) published by the Turkish Statistical Institute, and consequently, the amounts for the current and prior reporting periods are expressed in terms of the purchasing power as of 31 December 2025.Due to the use of different indices under the Tax Procedure Law and IAS 29 inflation accounting, as well as the restatement of prior reporting periods under IAS 29 to reflect the purchasing power as of 31 December 2025, differences have arisen between the amounts reported in the balance sheet prepared in accordance with the Tax Procedure Law and those reported in the financial statements prepared in accordance with TAS/IFRS with respect to the items “Capital Adjustment Differences”, “Advances to Share Capital” and “Restricted Reserves Appropriated from Profit”.These differences have been recognized under “Retained Earnings or Accumulated Losses” in the TAS/IFRS financial statements, and details of these differences are presented below:”

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Financial instruments and the nature and level of risks arising from financial instruments

Financial Risk and management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risks, and the Group’s management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

Credit Risk:

Credit risk is the risk that counterparties cannot fulfill their obligations in contracts to which the Group is a party. The Group controls the credit risk basically by limiting the total risk from a single counterparty by determining credit evaluations and credit limits to counterparties, and receivables insurance is made.

The maximum exposure to credit risk at December 31, was as follows:

| December 31, 2025                                                            | Receivables       |             |                   |             | Cash at banks |
|------------------------------------------------------------------------------|-------------------|-------------|-------------------|-------------|---------------|
|                                                                              | Trade receivables |             | Other receivables |             |               |
|                                                                              | Related party     | Third party | Related party     | Third party |               |
| Maximum credit risk exposure at reporting date (A+B+C+D)                     | 63.253            | 1.499.734   | 27.934            | 265.150     | 200.799       |
| Portion of maximum risk covered by guarantees                                | --                | 514.430     | --                | --          | --            |
| A. Carrying value of financial assets that are neither past due nor impaired | 63.253            | 1.499.734   | 27.934            | 265.150     | 200.799       |
| B. Carrying value of financial assets that are past due but not impaired     | --                | --          | --                | --          | --            |
| C. Carrying value of impaired assets                                         | --                | --          | --                | --          | --            |
| Past due (gross carrying amount)                                             | --                | 38.436      | --                | --          | --            |
| Impairment (-)                                                               | --                | (38.436)    | --                | --          | --            |
| The part of net value under guarantee with collateral etc                    | --                | --          | --                | --          | --            |
| Not past due (gross carrying amount)                                         | --                | --          | --                | --          | --            |
| Impairment (-)                                                               | --                | --          | --                | --          | --            |
| D. Elements including credit risk on off statement of financial position     | --                | --          | --                | --          | --            |

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Financial instruments and the nature and level of risks arising from financial instruments (continued)

Credit Risk (continued)

| December 31, 2024                                                            | Receivables       |             |                   |             | Cash at banks |
|------------------------------------------------------------------------------|-------------------|-------------|-------------------|-------------|---------------|
|                                                                              | Trade receivables |             | Trade receivables |             |               |
|                                                                              | Related party     | Third party | Related party     | Third party |               |
| Maximum credit risk exposure at reporting date (A+B+C+D)                     | 18.625            | 1.809.956   | 597.126           | 258.281     | 273.286       |
| Portion of maximum risk covered by guarantees                                | --                | 673.349     | --                | --          | --            |
| A. Carrying value of financial assets that are neither past due nor impaired | 18.625            | 1.543.345   | 597.126           | 258.281     | 273.286       |
| B. Carrying value of financial assets that are past due but not impaired     | --                | 266.611     | --                | --          | --            |
| C. Carrying value of impaired assets                                         | --                | --          | --                | --          | --            |
| Past due (gross carrying amount)                                             | --                | 16.869      | --                | --          | --            |
| Impairment (-)                                                               | --                | (16.869)    | --                | --          | --            |
| The part of net value under guarantee with collateral etc                    | --                | --          | --                | --          | --            |
| Not past due (gross carrying amount)                                         | --                | --          | --                | --          | --            |
| Impairment (-)                                                               | --                | --          | --                | --          | --            |
| D. Elements including credit risk on off statement of financial position     | --                | --          | --                | --          | --            |

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26. Financial instruments and the nature and level of risks arising from financial instruments (continued)

Liquidity risk

| December 31, 2025                     |                 |                              |                    |             |           |                   |
|---------------------------------------|-----------------|------------------------------|--------------------|-------------|-----------|-------------------|
| Contractual maturities                | Carrying amount | Total contractual cash flows | Less than 3 months | 3-12 months | 1-5 years | More than 5 years |
| Non-derivative financial liabilities  |                 |                              |                    |             |           |                   |
| Loans and borrowings                  | 4.333.580       | 4.651.240                    | 1.303.102          | 3.238.637   | 109.500   | --                |
| Payables from leasing                 | 219.920         | 236.638                      | 31.726             | 90.743      | 114.168   | --                |
| Trade payables                        | 708.774         | 708.774                      | 708.774            | --          | --        | --                |
| Other payables                        | 396.801         | 396.801                      | 396.801            | --          | --        | --                |
| Payables related to employee benefits | 66.656          | 66.656                       | 66.656             | --          | --        | --                |
|                                       | 5.725.731       | 6.060.109                    | 2.507.059          | 3.329.380   | 223.668   | --                |

| December 31, 2024                     |                 |                              |                    |             |           |                   |
|---------------------------------------|-----------------|------------------------------|--------------------|-------------|-----------|-------------------|
| Contractual maturities                | Carrying amount | Total contractual cash flows | Less than 3 months | 3-12 months | 1-5 years | More than 5 years |
| Non-derivative financial liabilities  |                 |                              |                    |             |           |                   |
| Loans and borrowings                  | 5.524.228       | 5.494.084                    | 1.185.201          | 4.213.820   | 95.063    | --                |
| Bond issued                           | 310.359         | 310.356                      | --                 | 310.356     | --        | --                |
| Payables from leasing                 | 12.284          | 15.545                       | 2.151              | 5.568       | 7.826     | --                |
| Trade payables                        | 397.312         | 397.312                      | 397.312            | --          | --        | --                |
| Other payables                        | 147             | 147                          | 147                | --          | --        | --                |
| Payables related to employee benefits | 122.875         | 122.875                      | 122.875            | --          | --        | --                |
|                                       | 6.367.205       | 6.340.319                    | 1.707.686          | 4.529.744   | 102.889   | --                |

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(i) Currency risk

The Group is exposed to currency risk through the impact of rate changes on the translation of foreign currency denominated payables and bank borrowings from financial institutions. Such risk is monitored by the Board of Directors and limited through taking positions within approved limits as well as using derivative instruments where necessary.

The Group is exposed to currency risk through the impact of rate changes as a result of presenting consolidated financial statements in TL.

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23. Financial instruments and the nature and level of risks arising from financial instruments (continued)

Market risk (continued)

(i) Currency Risk (continued)

As of December 31, 2025, the carrying amounts of the Group’s foreign currency denominated assets and liabilities are as below:

|                                                                                                                          | December 31, 2025 |          |          |             |
|--------------------------------------------------------------------------------------------------------------------------|-------------------|----------|----------|-------------|
|                                                                                                                          | TL<br>Equivalent  | USD      | EUR      | Other       |
| 1. Trade receivables                                                                                                     | 1.637.809         | 5.540    | 24.335   | 172.559     |
| 2a. Monetary financial assets (including cash on hand, bank deposits)                                                    | 199.320           | 987      | 1.922    | 60.003      |
| 2b. Other monetary assets                                                                                                | --                | --       | --       | --          |
| 3. Other                                                                                                                 | --                | --       | --       | --          |
| 4. Current assets (1+2+3)                                                                                                | 1.837.129         | 6.527    | 26.257   | 232.562     |
| 5. Trade receivables                                                                                                     | 89                | --       | --       | 89          |
| 6a. Monetary financial assets                                                                                            | --                | --       | --       | --          |
| 6b. Non-monetary financial assets                                                                                        | --                | --       | --       | --          |
| 7. Other                                                                                                                 | 788.226           | 11.759   | 219      | 325.828     |
| 8. Non-current assets (5+6+7)                                                                                            | 788.315           | 11.759   | 219      | 325.917     |
| 9. Total assets (4+8)                                                                                                    | 2.625.444         | 18.286   | 26.476   | 558.479     |
| 10. Trade payables                                                                                                       | (709.493)         | (11.459) | (1.400)  | (147.572)   |
| 11. Financial liabilities                                                                                                | (4.582.555)       | (19.089) | (33.978) | (2.050.041) |
| 12a. Other monetary liabilities                                                                                          | --                | --       | --       | --          |
| 12b. Other non-monetary liabilities                                                                                      | (477.729)         | --       | (934)    | (436.204)   |
| 13. Short term liabilities (10+11+12)                                                                                    | (5.769.777)       | (30.548) | (36.312) | (2.633.817) |
| 14. Trade payables                                                                                                       | --                | --       | --       | --          |
| 15. Financial liabilities                                                                                                | (75.406)          | (141)    | (1.375)  | --          |
| 16a. Other monetary liabilities                                                                                          | --                | --       | --       | --          |
| 16b. Other non-monetary liabilities                                                                                      | --                | --       | --       | --          |
| 17. Long term liabilities (14+15+16)                                                                                     | (75.406)          | (141)    | (1.375)  | --          |
| 18. Total liabilities (13+17)                                                                                            | (5.845.183)       | (30.689) | (37.687) | (2.633.817) |
| 19. Net position of off statement of financial position derivate instruments (19a+19b)                                   | --                | --       | --       | --          |
| 19a. Amount of foreign currency derivative products with active character and not in the statement of financial position | --                | --       | --       | --          |
| 19b. Amount of foreign currency derivative products with passive character                                               | --                | --       | --       | --          |
| 20. Net foreign currency asset/ (liability) position (9+18+19)                                                           | (3.219.739)       | (12.403) | (11.211) | (2.075.338) |
| 21. Monetary items net foreign currency asset / (liability) position (1+2a+5+6a-10+11+12a+14+15+16a)                     | (3.530.236)       | (24.162) | (10.496) | (1.964.962) |
| 22. Total fair value of financial instruments used for currency hedging                                                  | --                | --       | --       | --          |
| 23. Amount of hedged portion of foreign currency assets                                                                  | --                | --       | --       | --          |
| 24. Amount of hedged part of foreign currency liabilities                                                                | --                | --       | --       | --          |

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24. Financial instruments and the nature and level of risks arising from financial instruments (continued)

Market risk (continued)

(i) Currency Risk (continued)

As of December 31, 2024, the carrying amounts of the Group’s foreign currency denominated assets and liabilities are as below:

|                                                                                                                          | December 31, 2024 |          |          |       |
|--------------------------------------------------------------------------------------------------------------------------|-------------------|----------|----------|-------|
|                                                                                                                          | TL<br>Equivalent  | USD      | EUR      | Other |
| 1. Trade receivables                                                                                                     | 1.632.822         | 4.671    | 29.471   | --    |
| 2a. Monetary financial assets (including cash on hand, bank deposits)                                                    | 383.920           | 7.253    | 999      | 1     |
| 2b. Other monetary assets                                                                                                | --                | --       | --       | --    |
| 3. Other                                                                                                                 | 20.350            | (20)     | 443      | 5     |
| 4. Current assets (1+2+3)                                                                                                | 2.037.092         | 11.924   | 30.913   | 6     |
| 5. Trade receivables                                                                                                     | --                | --       | --       | --    |
| 6a. Monetary financial assets                                                                                            | --                | --       | --       | --    |
| 6b. Non-monetary financial assets                                                                                        | --                | --       | --       | --    |
| 7. Other                                                                                                                 | --                | --       | --       | --    |
| 8. Non-current assets (5+6+7)                                                                                            | --                | --       | --       | --    |
| 9. Total assets (4+8)                                                                                                    | 2.037.092         | 11.924   | 30.913   | 6     |
| 10. Trade payables                                                                                                       | (257.485)         | (3.599)  | (1.898)  | (4)   |
| 11. Financial liabilities                                                                                                | (3.109.010)       | (15.476) | (49.794) | --    |
| 12a. Other monetary liabilities                                                                                          | (17.862)          | (3)      | (368)    | --    |
| 12b. Other non-monetary liabilities                                                                                      | --                | --       | --       | --    |
| 13. Short term liabilities (10+11+12)                                                                                    | (3.384.357)       | (19.078) | (52.060) | (4)   |
| 14. Trade payables                                                                                                       | --                | --       | --       | --    |
| 15. Financial liabilities                                                                                                | (3.216)           | --       | (67)     | --    |
| 16a. Other monetary liabilities                                                                                          | --                | --       | --       | --    |
| 16b. Other non-monetary liabilities                                                                                      | --                | --       | --       | --    |
| 17. Long term liabilities (14+15+16)                                                                                     | (3.216)           | --       | (67)     | --    |
| 18. Total liabilities (13+17)                                                                                            | (3.387.573)       | (19.078) | (52.127) | (4)   |
| 19. Net position of off statement of financial position derivate instruments (19a+19b)                                   | --                | --       | --       | --    |
| 19a. Amount of foreign currency derivative products with active character and not in the statement of financial position | --                | --       | --       | --    |
| 19b. Amount of foreign currency derivative products with passive character                                               | --                | --       | --       | --    |
| 20. Net foreign currency asset/ (liability) position (9+18+19)                                                           | (1.350.481)       | (7.154)  | (21.214) | 2     |
| 21. Monetary items net foreign currency asset / (liability) position (1+2a+5+6a-10+11+12a+14+15+16a)                     | (1.370.831)       | (7.154)  | (21.657) | (3)   |
| 22. Total fair value of financial instruments used for currency hedging                                                  | --                | --       | --       | --    |
| 23. Amount of hedged portion of foreign currency assets                                                                  | --                | --       | --       | --    |
| 24. Amount of hedged part of foreign currency liabilities                                                                | --                | --       | --       | --    |

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25. Financial instruments and the nature and level of risks arising from financial instruments (continued)

Market risk (continued)

(i) Currency Risk (continued)

If the Turkish Lira (TL) had appreciated or depreciated by 10% against the currencies below as at December 31, 2025, profit or loss before tax and equity would have increased or decreased by the amounts presented below. In this analysis, all other variables, in particular interest rates, are assumed to have remained constant. The analysis has also been performed for 2024 on the same basis.

| Foreign Currency Sensitivity Analysis                               |                                  |                                  |
|---------------------------------------------------------------------|----------------------------------|----------------------------------|
| December 31, 2025                                                   |                                  |                                  |
|                                                                     | Gain/(Loss)                      |                                  |
|                                                                     | Appreciation of foreign currency | Appreciation of foreign currency |
| In case of 10% appreciation/loss of US Dollar against TL            |                                  |                                  |
| 1- US dollar net asset/liability                                    | (13.643)                         | 13.643                           |
| 2- The portion hedged against the USD risk (-)                      | --                               | --                               |
| 3- US dollar net effect (1+2)                                       | (13.643)                         | 13.643                           |
| In case of 10% appreciation/loss of Euro against TL                 |                                  |                                  |
| 4- Euro net asset/liability                                         | (12.332)                         | 12.332                           |
| 5- Part protected from Euro risk (-)                                | --                               | --                               |
| 6- Euro net effect (4+5)                                            | (12.332)                         | 12.332                           |
| In case of 10% appreciation/loss of other exchange rates against TL |                                  |                                  |
| 7- Other FX net asset/liability                                     | (2.282.872)                      | 2.282.872                        |
| 8- Part hedged from other foreign currency risk (-)                 | --                               | --                               |
| 9- Other foreign currency net effect (7+8)                          | (2.282.872)                      | 2.282.872                        |
| TOTAL (3+6+9)                                                       | (2.308.847)                      | 2.308.847                        |

| Foreign Currency Sensitivity Analysis                               |                                  |                                  |
|---------------------------------------------------------------------|----------------------------------|----------------------------------|
| December 31, 2024                                                   |                                  |                                  |
|                                                                     | Gain/(Loss)                      |                                  |
|                                                                     | Appreciation of foreign currency | Appreciation of foreign currency |
| In case of 10% appreciation/loss of US Dollar against TL            |                                  |                                  |
| 1- US dollar net asset/liability                                    | (33.039)                         | 33.039                           |
| 2- The portion hedged against the USD risk (-)                      | --                               | --                               |
| 3- US dollar net effect (1+2)                                       | (33.039)                         | 33.039                           |
| In case of 10% appreciation/loss of Euro against TL                 |                                  |                                  |
| 4- Euro net asset/liability                                         | (102.010)                        | 102.010                          |
| 5- Part protected from Euro risk (-)                                | --                               | --                               |
| 6- Euro net effect (4+5)                                            | (102.010)                        | 102.010                          |
| In case of 10% appreciation/loss of other exchange rates against TL |                                  |                                  |
| 7- Other FX net asset/liability                                     | --                               | --                               |
| 8- Part hedged from other foreign currency risk (-)                 | --                               | --                               |
| 9- Other foreign currency net effect (7+8)                          | --                               | --                               |
| TOTAL (3+6+9)                                                       | (135.049)                        | 135.049                          |

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Financial instruments and the nature and level of risks arising from financial instruments (continued)

Market Risk (continued)

(ii) Interest Rate risk

The Group is exposed to interest rate risk from the effect of changes in interest rates on interest bearing assets and liabilities. The Group manages this risk with a natural precaution by balancing its assets and liabilities that are sensitive to interest rates.

The Group's interest component table is as follows:

| Interest Position Table |                |              |
|-------------------------|----------------|--------------|
|                         | Current Period | Prior Period |
| Fixed rate instruments  |                |              |
| Financial assets        | --             | 490.887      |
| Financial liabilities   | 4.333.580      | 5.524.376    |

As the Group does not have any fixed-rate financial assets or liabilities measured at fair value as at December 31, 2025 and December 31, 2024, a possible change in interest rates would have no impact on equity or profit or loss.

Capital management

While trying to ensure the continuity of its activities in capital management, the Group also aims to increase its profits by using the debt and equity balance in the most efficient way. Group's capital structure; payables including loans and cash and cash equivalents, paid-in capital, reserves and retained earnings.

The Board of Directors monitors the Group's net operating income, return on capital and dividend policies.

The Group monitors capital using the net debt/total equity ratio. This ratio is found by dividing total liabilities by total equity.

As of December 31, 2025 and 2024, the debt/equity ratio of the Group is as follows:

|                                     | December 31, 2025 | December 31, 2024 |
|-------------------------------------|-------------------|-------------------|
| Total liabilities                   | 4.571.456         | 5.846.870         |
| Less: cash and cash equivalents     | (200.799)         | (273.286)         |
| Net debt                            | 4.370.657         | 5.573.584         |
| Equity                              | 4.867.077         | 6.278.526         |
| Debt to equity ratio at 31 December | 0,90              | 0,89              |

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Financial instruments and the nature and level of risks arising from financial instruments (continued)

Fair value information

As of December 31, 2025 and 2024. The book value and fair value of the Group's financial assets and liabilities are as follows:

|                                          | December 31, 2025 |                  | December 31, 2024 |                  |
|------------------------------------------|-------------------|------------------|-------------------|------------------|
|                                          | Carrying amount   | Fair value       | Carrying amount   | Fair value       |
| <b>Loans and receivables</b>             |                   |                  |                   |                  |
| Cash and cash equivalents                | 200.799           | 200.799          | 273.286           | 273.286          |
| Trade receivables                        | 1.562.987         | 1.562.987        | 1.828.581         | 1.828.581        |
| Other receivables                        | 293.084           | 293.084          | 855.407           | 855.407          |
| <b>Total loans and receivables</b>       | <b>2.056.870</b>  | <b>2.056.870</b> | <b>2.957.274</b>  | <b>2.957.274</b> |
|                                          |                   |                  |                   |                  |
| <b>Other financial liabilities</b>       |                   |                  |                   |                  |
| Loans and borrowings                     | 4.571.456         | 4.887.877        | 5.846.870         | 5.819.985        |
| Trade payables                           | 708.774           | 708.774          | 397.312           | 397.312          |
| Other payables                           | 396.801           | 396.801          | 147               | 147              |
| <b>Total other financial liabilities</b> | <b>5.659.075</b>  | <b>5.993.452</b> | <b>6.244.329</b>  | <b>6.217.444</b> |

The carrying values of the Group's financial assets and liabilities have been accepted as fair values since they are mostly short-term.

27. Related party disclosures

Related party balances

As at December 31, 2025 and 2024 the Group had the following balances outstanding from its related parties:

|                                                      | December 31, 2025 | December 31, 2024 |
|------------------------------------------------------|-------------------|-------------------|
| <b>Trade receivables</b>                             |                   |                   |
| Gap Pazarlama A.Ş. (2)                               | 13.662            | 18.625            |
| Yeşilırmak Elektrik Perakende Satış A.Ş. (2)         | 12.952            | -                 |
| White Construction N.V. (2)                          | 4.293             | -                 |
| CLK Global Danışmanlık ve Lojistik A.Ş. (2)          | 32.275            | -                 |
| UPT Ödeme Hizmetleri ve Elektronik Para A.Ş. (2)     | 68                | -                 |
| Çalık Petrol Arama Üretim Sanayi ve Ticaret A.Ş. (2) | 3                 | -                 |
| <b>Total</b>                                         | <b>63.253</b>     | <b>18.625</b>     |
| <b>Other receivables</b>                             |                   |                   |
| Çalık Altyapı Elektrik Hizmetleri A.Ş. (2)           | -                 | 29                |
| Aktif Yatırım Bankası A.Ş. (2)                       | 311               | -                 |
| Çalık Holding A.Ş. (1)                               | -                 | 597.097           |
| Çalık Alexandria for Readymade Garments              | 27.623            | -                 |
| <b>Total</b>                                         | <b>27.934</b>     | <b>597.126</b>    |

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27. Related party disclosures (continued)

Related party balances (continued)

|                                                       | December 31, 2025 | December31, 2024 |
|-------------------------------------------------------|-------------------|------------------|
| <b>Trade payables</b>                                 |                   |                  |
| Çalık Holding A.Ş. (1)                                | 5.182             | 17.932           |
| Akılcı Bilişim Çözümleri A.Ş.                         | 10                | -                |
| Anateks Anadolu Tekstil Fabrikaları A.Ş. (2)          | 2.423             | -                |
| C Business Travel Turizm A.Ş. (2)                     | 68                | -                |
| Clk İpekyolu Lojistik ve Ticaret A.Ş. (2)             | 9.346             | -                |
| Çalık Altyapı Elektrik Hizmetleri A.Ş. (2)            | 1                 | -                |
| Çalık Enerji Sanayi ve Ticaret A.Ş. (2)               | 421.095           | -                |
| Gap İnşaat Yatırım Ve Dış Tic. A.Ş. (2)               | 7.112             | 3.432            |
| Çalık Hava Taşımacılık Turizm Sanayi ve Tic. A.Ş. (2) | 972               | 1.041            |
| Enrich Teknoloji Yazılım A.Ş. (2)                     | 12                | 31               |
| Çalık Tarım Ürünleri Lisanslı Depoculuk A.Ş. (2)      | 1.413             | -                |
| Sigortayeri Sigorta ve Reasürans Brokerliği A.Ş. (2)  | 1.192             | -                |
| Technological Energy N.V. (2)                         | 792               | -                |
| ÇE Yenilenebilir Enerji İşletme A.Ş. (2)              | 844               | 10               |
| Genvera Enerji A.Ş. (2)                               | 275               | 313              |
| Ontk Tekstil Sanayi ve Ticaret Ltd. Şti. (2)          | -                 | -                |
| <b>Total</b>                                          | <b>450.737</b>    | <b>22.759</b>    |
| <b>Other payables</b>                                 |                   |                  |
| Çalık Denim B.V (3)                                   | -                 | 147              |
| Çalık Holding A.Ş. (1)                                | 396.801           | -                |
| <b>Totaş</b>                                          | <b>396.801</b>    | <b>147</b>       |

For the year ended December 31, 2025, there is no impairment for the balances of the Group to related parties (31 December 2024: None).

- (1) Parent company  
(2) Subsidiary of the parent Company  
(3) Subsidiary

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27. Related Party disclosures (continued)

Related Party transactions

Income and expenses arising from the Group's transactions with related parties for the years ended December 31, are summarized below:

|                                                              | January 1-<br>December 31, 2025 |         | January 1-<br>December 31, 2024 |           |
|--------------------------------------------------------------|---------------------------------|---------|---------------------------------|-----------|
|                                                              | Income                          | Expense | Income                          | Expense   |
| Çalık Holding A.Ş.(**) (1)                                   | 396.577                         | 7.772   | 146.848                         | 188.616   |
| Çalık Enerji San. ve Tic. A.Ş. (2)                           | 3.240                           | 77      | 339                             | 1.421     |
| Çalık Hava Taşımacılık Turizm Sanayi ve Tic. A.Ş. (2)        | -                               | 15      | -                               | 1.415     |
| Gap Pazarlama A.Ş. (2)                                       | -                               | -       | 97.541                          | 6.189     |
| Çalık Pamuk Doğal Ve Sentetik Elyaf (**) (2)                 | 16.465                          | 2.941   | 221                             | 103.843   |
| Gap İnşaat Yatırım Ve Dış Tic. A.Ş. (2)                      | 102                             | -       | 949                             | 1.410     |
| Genvera Enerji Anonim Şirketi (2)                            | -                               | 307     | -                               | 1.614     |
| Yeşilırmak Elektrik Perakende Satış A.Ş. (***) (2)           | -                               | 221.695 | -                               | 380.935   |
| CLK İpekyolu Lojistik Ve Ticaret A.Ş. (2)                    | 52                              | 1.980   | -                               | -         |
| Aktif Yatırım Bankası A.Ş. (***) (2)                         | -                               | -       | 2.702                           | 302.288   |
| E- Kent Geçiş Sistemleri ve Biletleme Teknolojileri A.Ş. (2) | -                               | -       | -                               | 18.579    |
| Çalık Tarım Ürünleri Lisanslı Depoculuk A.Ş. (2)             | -                               | 360.209 | -                               | -         |
| Enrich Teknoloji Yazılım A.Ş. (2)                            | -                               | 12      | 204                             | 225       |
| UPT Ödeme Hizmetleri ve Elektronik Para A.Ş. (2)             | 250                             | -       | 260                             | -         |
| Anateks Anadolu Tekstil Fabrikalar A.Ş. (2)                  | 1.119                           | 530     | -                               | -         |
| ÇE Yenilenebilir Enerji İşletme A.Ş. (2)                     | -                               | 43      | -                               | 123       |
| Emlak Girişim Danışmanlığı A.Ş. (2)                          | -                               | 132.445 | -                               | 7.822     |
| Atayurt İnşaat A.Ş. (2)                                      | 8                               | 4       | -                               | -         |
| C Business Travel Turizm A.Ş. (2)                            | -                               | 46      | -                               | -         |
| CLK Worldwide Lojistik ve Ticaret A.Ş.(*) (2)                | 83.597                          | 3.285   | -                               | -         |
| Çalık Altyapı ve Elektrik Hizmetleri A.Ş. (2)                | -                               | 6       | -                               | -         |
| ÇE Enerji Teknolojileri Yatırım Üretim A.Ş. (2)              | 351                             | -       | -                               | -         |
|                                                              | 501.761                         | 731.367 | 249.064                         | 1.014.480 |

(\*) Consists of inventory sales made to CLK Worldwide Lojistik ve Ticaret A.Ş.

(\*\*) The expenses comprise the cost of cotton purchased from Çalık Pamuk. The related income consists of recharged building and common area expenses.

(\*\*\*) Consists of contribution charges to Çalık Holding expenses and maturity difference expenses.

- (1) Ana ortak  
(2) Ana ortak tarafından yönetilen diğer şirketler  
(3) Bağlı ortak

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28. Explanations regarding net monetary position gains/(losses)

| Non-monetary accounts                                                         | December 31, 2025 |
|-------------------------------------------------------------------------------|-------------------|
| Statement of financial position accounts                                      | 40.666            |
| Inventory                                                                     | 37.023            |
| Property, plant and equipment                                                 | 1.196.441         |
| Financial investments                                                         | 3.921             |
| Advances given                                                                | 11.324            |
| Intangible assets                                                             | 194.210           |
| Right of use assets                                                           | (9.199)           |
| Investment properties                                                         | (5.729)           |
| Deferred tax assets                                                           | 137.983           |
| Other payables                                                                | 12.391            |
| Prepaid expenses                                                              | (14)              |
| Paid in share capital                                                         | (2.160.359)       |
| Other comprehensive expense that will never be reclassified to profit or loss | (53.793)          |
| Restricted reserves                                                           | (117.065)         |
| Retained earnings                                                             | 793.532           |
| Statement of profit or loss accounts                                          | 15.054            |
| Revenue                                                                       | (517.134)         |
| Cost of sales (-)                                                             | (97.380)          |
| Research and development expenses (-)                                         | 182.628           |
| Selling, marketing and distribution expenses (-)                              | 54.097            |
| General and administrative expenses (-)                                       | 62.138            |
| Income tax expense from continuing operations                                 | 46.035            |
| Other operating income                                                        | (18.577)          |
| Other operating expenses (-)                                                  | 11.704            |
| Income from investing activities                                              | (1.109)           |
| Financial expense                                                             | 292.652           |
| Total                                                                         | 55.717            |

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29. Fees for services received from independent auditor

The Group's statement regarding the fees for services provided by independent auditing firms, prepared in accordance with the Board Decision published in the Official Gazette on March 30, 2021 and based on the KGK letter dated August 19, 2021, is as follows:

|                                                | January 1-<br>December 31, 2025 | January 1-<br>December 31, 2024 |
|------------------------------------------------|---------------------------------|---------------------------------|
| Independent audit fee for the reporting period | 3.956                           | 3.353                           |
|                                                | 3.956                           | 3.353                           |

30. Subsequent events

None.

Abbreviations

| Abbreviation | Definition                                                     |
|--------------|----------------------------------------------------------------|
| AMFI         | Amsterdam Fashion Institute                                    |
| AML          | Anti-Money Laundering                                          |
| AR6          | IPCC Sixth Assessment Report                                   |
| ATHİB        | Mediterranean Textile and Raw Materials Exporters' Association |
| AW           | Autumn/Winter                                                  |
| B210         | Çalık Denim's biodegradability technology concept              |
| BCI          | Better Cotton Initiative                                       |
| CAPA         | Corrective and Preventive Action                               |
| CEO          | Chief Executive Officer                                        |
| CLP          | Classification, Labelling and Packaging                        |
| CmiA         | Cotton made in Africa                                          |
| CSDDD        | Corporate Sustainability Due Diligence Directive               |
| CSR          | Corporate Social Responsibility                                |
| CSRD         | Corporate Sustainability Reporting Directive                   |
| DPP          | Digital Product Passport                                       |
| EBITDA       | Earnings Before Interest, Taxes, Depreciation and Amortisation |
| EMAS         | Eco-Management and Audit Scheme                                |
| EN           | European Norm                                                  |
| ESG          | Environmental, Social and Governance                           |
| ESPR         | Ecodesign for Sustainable Products Regulation                  |
| EU           | European Union                                                 |
| FEM          | Higg Facility Environmental Module                             |
| GDP          | Gross Domestic Product                                         |
| GHG          | Greenhouse Gas                                                 |
| GOTS         | Global Organic Textile Standard                                |
| GPTW         | Great Place to Work                                            |
| GRI          | Global Reporting Initiative                                    |
| GRS          | Global Recycled Standard                                       |
| HAY          | Hay Group Pay System                                           |
| HR           | Human Resources                                                |
| HSE          | Health, Safety and Environment                                 |
| I-REC        | International Renewable Energy Certificate                     |
| IFRS         | International Financial Reporting Standards                    |
| IIRC         | International Integrated Reporting Council                     |
| IMF          | International Monetary Fund                                    |
| IoT          | Internet of Things                                             |
| IPCC         | Intergovernmental Panel on Climate Change                      |
| ISO          | International Organization for Standardization                 |
| ISSB         | International Sustainability Standards Board                   |
| İŞKUR        | Turkish Employment Agency                                      |
| KGK          | Public Oversight, Accounting and Auditing Standards Authority  |
| KPI          | Key Performance Indicator                                      |

|          |                                                                           |
|----------|---------------------------------------------------------------------------|
| LCA      | Life Cycle Assessment                                                     |
| LMS      | Learning Management System                                                |
| MDSL     | Manufacturing Restricted Substances List                                  |
| OCA      | Organic Cotton Accelerator                                                |
| OCS      | Organic Content Standard                                                  |
| OEKO-TEX | International certification system for textile product safety             |
| OHS      | Occupational Health and Safety                                            |
| OKR      | Objectives and Key Results                                                |
| PALF     | Pineapple Leaf Fibre                                                      |
| PEP      | Politically Exposed Person                                                |
| PET      | Polyethylene Terephthalate                                                |
| QDMS     | Quality Document Management System                                        |
| QR       | Quick Response (code)                                                     |
| RCS      | Recycled Claim Standard                                                   |
| REACH    | Registration, Evaluation, Authorisation and Restriction of Chemicals      |
| REFIBRA™ | Lenzing's recycling technology brand                                      |
| REPREVE® | Unifi's recycled polyester brand                                          |
| RPA      | Robotic Process Automation                                                |
| S1 / S2  | IFRS S1 and IFRS S2 Sustainability Disclosure Standards                   |
| SAP      | Systeme, Anwendungen und Produkte (enterprise resource planning software) |
| SASB     | Sustainability Accounting Standards Board                                 |
| SBT      | Science Based Targets                                                     |
| SLC      | Supplier Life Cycle                                                       |
| SROI     | Social Return on Investment                                               |
| SS       | Spring/Summer                                                             |
| STEM     | Science, Technology, Engineering and Mathematics                          |
| T400®    | Lycra's elastane technology brand                                         |
| TCFD     | Task Force on Climate-related Financial Disclosures                       |
| TENCEL™  | Lenzing's fibre brand                                                     |
| TİM      | Turkish Exporters Assembly                                                |
| TL       | Turkish Lira                                                              |
| TS       | Turkish Standard                                                          |
| TSRS     | Turkish Sustainability Reporting Standards                                |
| TÜBİTAK  | Scientific and Technological Research Council of Türkiye                  |
| TÜİK     | Turkish Statistical Institute                                             |
| TÜSİAD   | Turkish Industry and Business Association                                 |
| UN       | United Nations                                                            |
| UNEP     | United Nations Environment Programme                                      |
| US, USA  | United States of America                                                  |
| USD      | United States Dollar                                                      |
| WEF      | World Economic Forum                                                      |
| WRI      | World Resources Institute                                                 |
| WSA      | Work Safety Analysis                                                      |
| ZDHC     | Zero Discharge of Hazardous Chemicals                                     |

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