

Financial Analysis – 1Q26

May 8, 2026

TACIRLER
INVESTMENT

Koton

Koton reported TL8.3bn in revenue, TL1.5bn in EBITDA and a net loss of TL265mn in 1Q26. Revenue came in line with both our estimate and market expectations, while EBITDA delivered an upside surprise, coming in at nearly twice our TL887mn estimate and the market median estimate of TL901mn. The main drivers of this positive deviation were the stronger-than-expected improvement in gross margin and lower-than-expected operating expenses. Net loss, on the other hand, was broadly in line with our TL234mn estimate. Despite the positive operational performance, high financial expenses continue to weigh on net income. We believe this pressure on the financing side is temporary and should ease as the interest rate environment normalizes. Therefore, we maintain our medium-to-long-term investment thesis, keeping our 12-month target price at TL27.00 and our BUY recommendation unchanged.

Cost discipline lifted margins, while financing burden remained visible below the operating line... Revenue declined by 1% YoY due to the high base effect in the domestic market. However, gross margin improved from 42.9% to 50.9%. This was driven by the company's ability to keep procurement costs below inflation, flexibility in product planning, and disciplined inventory management. EBITDA margin increased by 4.7pp YoY to 19.3%. Despite above-inflation increases in rental expenses, operating expenses declined by 13% YoY, becoming the main contributor to margin improvement. Below the operating line, TL725mn net financial expense and lower FX gains compared to last year limited the operational gains. Net debt/EBITDA declined from 1.4x in 1Q25 to 0.9x, or 0.4x excluding IFRS 16.

Efficiency in Türkiye, real growth abroad... During the quarter, Koton opened 6 stores and closed 1 store abroad. In Türkiye, the company opened 1 store and closed 6 stores. Total store count remained flat at 464. Sales per sqm increased by approximately 11% in USD terms in Türkiye and by 19% abroad. The strongest contributor to international growth was the GCC Region. Despite geopolitical tensions in the region, retail sales in the GCC increased by 106% in USD terms.

Full-year guidance was maintained, while April data points to a strong start to the second quarter... The company maintained all of its guidance announced at the beginning of the year. Accordingly, Koton expects 5–7% real revenue growth, approximately 54% gross margin, approximately 24% EBITDA margin, more than 10 net new store openings, and around 0.5x net debt/EBITDA excluding IFRS 16. 1Q results are consistent with these targets. We believe the annual EBITDA margin target remains achievable, especially as margins are expected to strengthen further during the year with the support of seasonality. April data also points to a positive start to the second quarter. Accordingly, domestic retail sales grew by 32% in nominal terms, consolidated sales increased by 34%, and growth in the GCC Region reached 73% in USD terms. The company also expects the contribution of Mother's Day and Eid al-Adha, together with anticipated positive developments in the Gulf Region, to support performance in the coming period.

KOTON

BUY

Target Price TL 27
Return potential 72%

Share Data

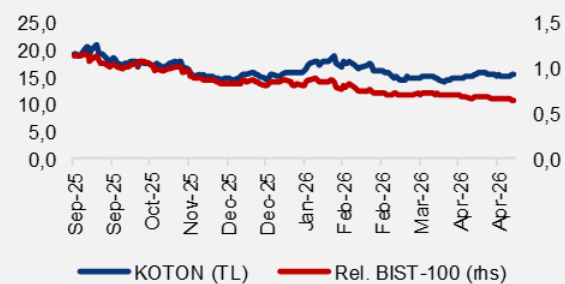
Ticker: KOTON
Share price (as of 07.05.2026) 15,68
Share price (52 week range) 14 / 21
Market cap. (TL mn - USD mn) 13.009 - 288
of shares (mn) & free float 830 - 16%
Market Star
Industry Retail

Avg. trading volume 1M 3M 12M
USD mn 1,0 1,2 1,4

Price performance	1M	3M	Y-t-D
TL	7%	-13%	1%
USD	5%	-16%	-5%
Rel. to BIST-100	-8%	-21%	-25%

Forecasts (TL mn)	2024	2025	2026E
Revenues	36.133	36.173	43.553
EBITDA	6.611	6.904	8.207
Net Earnings	-569	-1.055	-287

Valuation	2024	2025	2026E
P/E	n.a.	n.a.	n.a.
P/BV	1,5x	1,8x	1,7x
EV/EBITDA	3,2x	3,0x	2,6x



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