TACİRLER INVESTMENT

Koton

Koton reported TL9.1bn in revenue, TL1.7bn in EBITDA and a TL49mn net loss in 2Q26. Revenue was in line with both our and the market's TL9.0bn expectations, while EBITDA came in c.11% below the TL1.9bn forecasts. The net result was also below our TL47mn net profit estimate and the market consensus of TL30mn. Weak domestic demand and increased promotional activity weighed on operating performance, while lower financing expenses limited the net loss. In line with the company's downward revisions to its growth and store opening guidance, we updated our estimates. Accordingly, we cut our 12-month target price to TL24.00 from TL27.00 and maintain our BUY recommendation. Our target price implies c.89% upside potential. That said, despite the attractive upside, we believe a recovery in domestic demand, improvement in financing expenses and continued growth in international operations will be the key catalysts for the valuation to re-rate.

Weak domestic demand weighs on growth, while international operations remain supportive… Consolidated revenue declined by 4% YoY in real terms, with Türkiye revenues down 7% due to weak consumer demand and elevated promotional activity. In contrast, international revenues increased by 4% in real terms and by c.20% in USD terms. The Gulf region continued to perform strongly. The total store count remained flat at 464 at the end of 2Q26 and increased to 466 following international openings after the quarter-end.

Profitability remains under pressure, while cash generation is strong… Gross margin declined to 58.4% from 64.9% a year ago, while higher operating expenses weighed on the EBITDA margin. EBITDA fell by 45% to TL1.7bn, with the margin declining to 18.4%. On the positive side, improved inventory and working capital management supported cash generation. Koton generated TL834mn of free cash flow in 2Q26 and c.TL1.8bn in 1H26, while net debt/EBITDA excluding IFRS 16 remained at 0.5x.

Guidance revised down… Management lowered its 2026 real sales growth guidance from 5–7% to flat-to-low single-digit growth and reduced its net new store target from 10+ to 5+. Other guidance items were maintained. In parallel, we revised our growth assumptions downward. We now forecast TL42.6bn revenue and TL8.1bn EBITDA for 2026, while maintaining our 19% EBITDA margin estimate. We expect the company to post TL18mn net profit for the full year.

Assessment… Weak domestic demand continues to weigh on Koton's near-term growth outlook. However, international growth, strong cash generation, improving working capital and our expectation that margins can be preserved continue to support our medium-term investment thesis. We expect normalization in the interest-rate environment to ease the financing burden, while a recovery in domestic demand should support growth from 2027 onward. We maintain our BUY recommendation.

KOTON — BUY

Target Price	**TL 24**
Return potential	**89%**

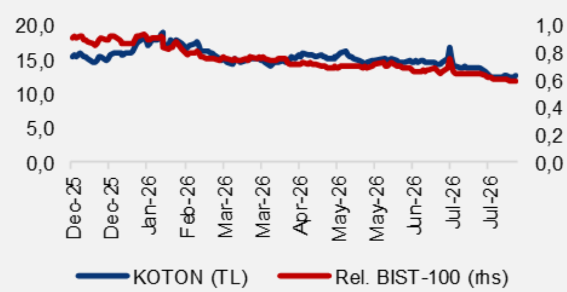
Share Data	
Ticker:	**KOTON**
Share price (as of 13.08.2026)	12,69
Share price (52 week range)	12 / 21
Market cap. (TL mn - USD mn)	10.528 - 221
# of shares (mn) & free float	830 - 16%
Market	Star
Industry	Retail

Avg. trading volume	1M	3M	12M
USD mn	0,7	1,6	1,4

Price performance	1M	3M	Y-t-D
TL	-8%	-18%	-19%
USD	-9%	-22%	-27%
Rel. to BIST-100	-8%	-15%	-35%

Forecasts (TL mn)	2024	2025	2026E
Revenues	38.667	38.711	42.639
EBITDA	7.074	7.388	8.095
Net Earnings	-609	-1.129	18

Valuation	2024	2025	2026E
P/E	n.a.	n.a.	574,3x
P/BV	1,1x	1,3x	1,3x
EV/EBITDA	3,2x	3,0x	2,6x



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Financials

Balance Sheet	2024	2025	2026E
Cash	902	1.699	3.403
Accounts receivables	2.744	1.736	2.584
Inventory	12.296	10.937	12.934
Financial investments	0	0	0
Fixed assets	3.910	4.215	3.580
Other non-current assets	9.967	9.868	10.000
Total assets	**29.819**	**28.455**	**32.501**
Short-term financial loans	7.083	8.063	9.917
Accounts payables	8.017	7.303	8.279
Long-term financial loans	2.858	2.794	3.436
Other long-term payables	2.342	2.408	2.962
Non-current liabilities	**20.301**	**20.567**	**24.595**
Shareholders' equity	**9.518**	**7.888**	**7.906**
Paid in Capital	830	830	830
Other Equity	8.689	7.058	7.077
Total liabilities & equity	**29.819**	**28.455**	**32.501**
Net debt	9.040	9.157	9.950
Net working capital	7.024	5.370	7.239

Per share (EUR)			
EPS	-0,73	-1,36	0,02
BVPS	11,47	9,51	9,53
DPS	0,00	0,00	0,00

Ratios			
Profitability			
ROE	-6,6%	-13,0%	0,2%
Net margin	-1,6%	-2,9%	0,0%
Asset turnover	1,4x	1,3x	1,4x
Leverage	3,1x	3,3x	3,9x
ROA	-2,1%	-3,9%	0,1%
Leverage			
Financial debt/Total assets	33%	38%	41%
Net debt/Equity	0,95	1,16	1,26
Net debt/EBITDA	1,28	1,24	1,23

Income statement	2024	2025	2026E
Revenues	**38.667**	**38.711**	**42.639**
Gross profit	20.817	20.959	23.080
Operating expenses	-17.822	-18.205	-20.052
Operating profit	2.995	2.754	3.027
EBITDA	**7.074**	**7.388**	**8.095**
Other income, net	-2.812	-763	-755
Financial income, net	-1.023	-3.238	-2.250
Earnings before taxes	-849	-1.243	22
Tax expense	240	114	-3
Net earnings	**-609**	**-1.129**	**18**

Cashflow statement			
EBITDA	**7.074**	**7.388**	**8.095**
Taxes on EBIT	-749	-689	-757
Capital expenditures	-1.247	-1.291	-1.492
Chg. in NWC	511	-1.653	1.868

Growth & margins			
Revenues	1%	0%	10%
EBITDA	-15%	4%	10%
Net earnings	n.a.	n.a.	n.a.
Gross margin	53,8%	54,1%	54,1%
Operating margin	7,7%	7,1%	7,1%
EBITDA margin	18,3%	19,1%	19,0%
Net margin	n.a.	n.a.	0,0%

Valuation			
P/E	n.a.	n.a.	574,3x
P/BV	1,1x	1,3x	1,3x
EV/EBITDA	2,6x	2,5x	2,3x

Source: Company Data, Tacirler Investment

** All figures are stated in millions of TRY unless otherwise stated.*

***Figures in the table are adjusted for inflation.*

Revised Estimates

		Old	New	Δ
mn TL	2025A	2026E	2026E	2026E
Net Sales	**38.711**	**42.752**	**42.639**	**-0,3%**
EBITDA	**7.388**	**8.132**	**8.095**	**-0,5%**
EBITDA Margin	19,1%	19,0%	19,0%	210%
Net Income	**-1.130**	**417**	**18**	**-96%**
Net Income Mar	-2,9%	1,0%	0,0%	0,1

Source: Tacirler Yatırım Research, Rasyonet, Matriks

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