Financial Analysis – 4Q25
March 4, 2026

TACİRLER INVESTMENT

Koton

We view Koton's 4Q25 results as neutral. While the company delivered a strong operational finish to the quarter, net profit came in below expectations. Versus the market's TL110mn expectation and our TL49mn net loss forecast, Koton reported a TL885mn net loss. The deviation was mainly driven by a TL472mn monetary loss and a year-on-year increase in net financial expenses. As these items are largely non-operational and temporary in nature, and given that the company's 2026 guidance remains solid, we do not see any change in our medium-to-long-term investment thesis. We reiterate our 12-month target price of TL27.00 and our BUY recommendation.

Financial summary. In 4Q25, consolidated revenues reached TL9.0bn, implying 13% real growth yoy (Tacirler forecast: TL8.7bn). Gross margin improved to 51.6%, supported by dynamic product planning and procurement costs kept below inflation. EBITDA came in at TL1.57bn (Tacirler forecast: TL1.76bn), with the EBITDA margin rising to 17.4%. However, below-the-line items—TL1,474mn net financial expenses and a TL472mn monetary loss—pushed the net result to a TL885mn net loss (Tacirler forecast: -TL49mn). For full-year 2025, consolidated sales were broadly flat at TL32.9bn despite challenging macro conditions, in line with the company's initial guidance. Gross margin increased by 0.3pp to 54.1%, and the EBITDA margin was 19.1%. Full-year net loss widened to TL964mn (2024: TL519mn), primarily due to financing cost pressure under a high-rate environment and lower monetary gains driven by declining inventories (TL597mn vs. TL1,240mn in 2024).

Operational developments. While the domestic apparel retail market contracted according to AYD data, Koton outperformed with 5.7% real growth in domestic retail and an 11.6% increase in like-for-like (LFL) unit volumes. E-commerce and wholesale channels were deliberately scaled down with a profitability focus; meanwhile, domestic e-commerce gross margin improved by 6.5pp and Koton.com's B2C share reached 55%. Domestic sqm productivity grew by ~22% in USD terms. Abroad, sales grew by 53% in real terms, driven by retail (+37%) and e-commerce (+136%). In the GCC region, operations expanded by 28% in USD terms in 2025, with entry into Oman and Qatar. In the CIS region, e-commerce sales increased by 145%. The narrowing of the FX–inflation gap has started to support the TL translation of overseas revenues. As of year-end, the total store count reached 464 (net +13; overseas +14, domestic -1).

2026 guidance. The company guides for 5%–7% real revenue growth, ~54% gross margin, ~24% EBITDA margin, net +10 store openings, ~0.5x net debt/EBITDA (ex-IFRS 16), and ~3.5% capex-to-sales ratio in 2026.

Early indicators are positive. In January 2026, domestic retail LFL sales increased by 39% in nominal terms, while overseas LFL rose by 33%. In the GCC region, January sales surged by 121% in USD terms, supported by new store openings. Preparations are ongoing for entry into the U.S. market in the second half of 2026.

KOTON	**BUY**
Target Price	**TL 27**
Return potential	**82%**

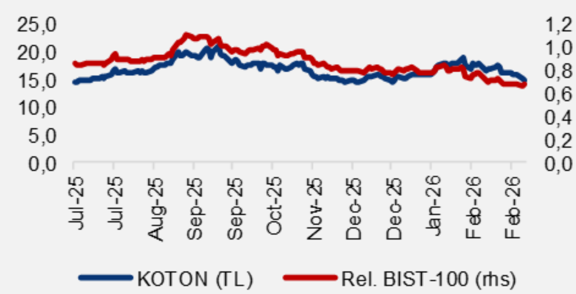
Share Data	
Ticker:	**KOTON**
Share price (as of 03.03.2026)	14,87
Share price (52 week range)	14 / 21
Market cap. (TL mn - USD mn)	12.337 - 281
# of shares (mn) & free float	830 - 16%
Foreign Ownership Rate	0,00%
Market	Star
Industry	Retail

Avg. trading volume	**1M**	**3M**	**12M**
USD mn	1,8	1,5	1,9

Price performance	**1M**	**3M**	**Y-t-D**
TL	-16%	0%	-5%
USD	-17%	-3%	-7%
Rel. to BIST-100	-10%	-14%	-17%

Forecasts (TL mn)	**2023**	**2024**	**2025**
Revenues	32.493	32.836	32.873
EBITDA	7.039	6.007	6.274
Net Earnings	3.410	-519	-964

Valuation	**2023**	**2024**	**2025**
P/E		n.a.	n.a.
P/BV		2,0x	1,9x
EV/EBITDA		4,0x	3,3x



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Financials

Balance Sheet	2023	2024	2025
Cash	679	766	1.443
Accounts receivables	2.166	2.330	1.474
Inventory	9.666	10.442	9.288
Financial investments	0	0	0
Fixed assets	3.415	3.320	3.580
Other non-current assets	7.295	8.462	8.376
Total assets	**23.222**	**25.322**	**24.164**
Short-term financial loans	4.230	6.015	6.847
Accounts payables	6.302	6.808	6.202
Long-term financial loans	2.793	2.427	2.372
Other long-term payables	2.271	1.989	2.045
Non-current liabilities	**15.595**	**17.239**	**17.466**
Shareholders' equity	**7.626**	**8.083**	**6.698**
Paid in Capital	796	830	830
Other Equity	6.831	7.253	5.869
Total liabilities & equity	**23.222**	**25.322**	**24.164**
Net debt	6.344	7.677	7.776
Net working capital	5.530	5.964	4.560

Per share (EUR)			
EPS	4,11	-0,62	-1,16
BVPS	9,19	9,74	8,07
DPS	0,00	0,00	0,00

Ratios			
Profitability			
ROE	51,2%	-6,6%	-13,0%
Net margin	10,5%	-1,6%	-2,9%
Asset turnover	1,4x	1,4x	1,3x
Leverage	3,6x	3,1x	3,3x
ROA	14,3%	-2,1%	-3,9%
Leverage			
Financial debt/Total assets	30%	33%	38%
Net debt/Equity	0,83	0,95	1,16
Net debt/EBITDA	0,90	1,28	1,37

Income statement	2023	2024	2025
Revenues	**32.493**	**32.836**	**32.873**
Gross profit	16.909	17.677	17.798
Operating expenses	-13.728	-15.134	-15.459
Operating profit	3.182	2.543	2.339
EBITDA	**7.039**	**6.007**	**5.656**
Other income, net	-183	-2.388	-648
Financial income, net	1.247	-869	-2.750
Earnings before taxes	4.233	-721	-1.056
Tax expense	-823	204	97
Net earnings	**3.410**	**-517**	**-960**

Cashflow statement			
EBITDA	**7.039**	**6.007**	**5.656**
Taxes on EBIT	-795	-636	-585
Capital expenditures	-936	-1.059	-1.097
Chg. in NWC	2.539	434	-1.404

Growth & margins			
Revenues	7%	1%	0%
EBITDA	42%	-15%	-6%
Net earnings	3%	-115%	86%
Gross margin	52,0%	53,8%	54,1%
Operating margin	9,8%	7,7%	7,1%
EBITDA margin	21,7%	18,3%	17,2%
Net margin	10,5%	-1,6%	-2,9%
Free cashflow margin	0,0%	0,0%	0,0%

Valuation			
P/E		n.a.	n.a.
P/BV		2,0x	1,9x
EV/EBITDA		4,0x	3,3x

Source: Company Data, Tacirler Investment

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