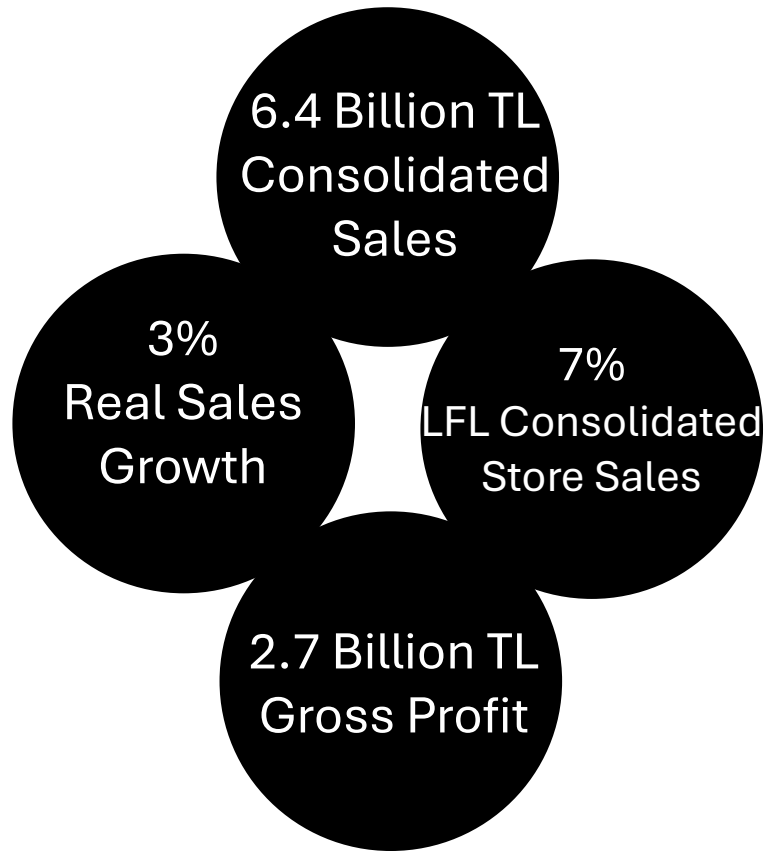
A man and a woman are posed on a white ledge overlooking the ocean. The woman is sitting, wearing a straw hat, a brown strapless top, and white pleated pants, with her legs crossed. The man is standing next to her, wearing sunglasses, a white short-sleeved button-down shirt, and white pants. The background shows a beach, waves, and a clear blue sky.

# Q1 2025 Analyst Presentation

**KOTON**





## Market Conditions:

- Macroeconomic conditions and lower than expected minimum wage hike resulted in consumer price sensitivity to be significantly higher compared to Q1 2024.
- Global uncertainties, strength of Turkish lira against the US dollar, and geopolitical and macroeconomic conditions especially in the CIS Region weighed on international sales in Q1'25. Turkish lira's weakness in the latter part of the quarter offered a partial relief.

## Consolidated Results:

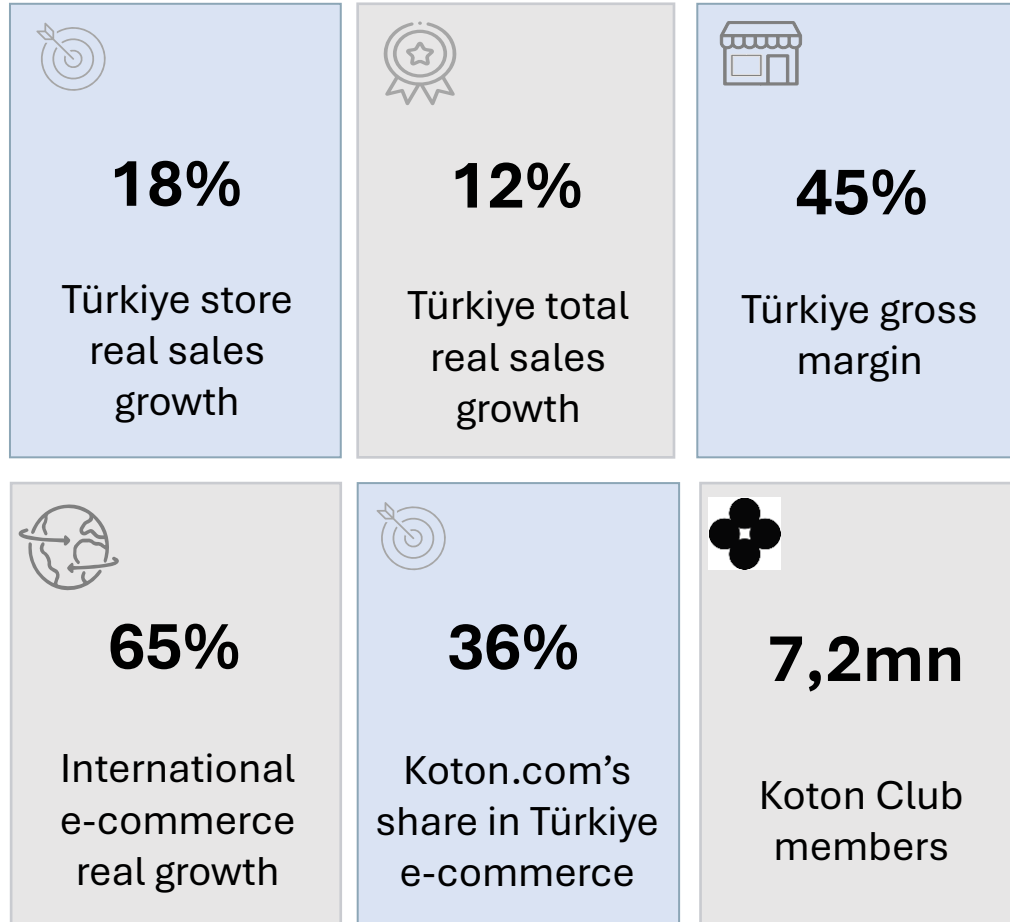
- **Consolidated sales rose 3%** in inflation adjusted terms thanks to 12% inflation adjusted growth in Türkiye sales.
- Consolidated LFL store volumes rose **6.7%** while LFL sales volumes increased **7.2%**.
- Dynamic pricing strategy was adopted in response to slower demand conditions which resulted in higher sales, cash flow generation and efficiency in inventory management. This strategy also resulted in a relatively slight pullback on gross profit and EBITDA.
- Q1 net income trailed last year's figure on the back of higher financial expenses and lower net monetary gains while rise in FX gains offered partial relief.

## Türkiye Operations:

- Türkiye sales rose by 12% in inflation adjusted terms thanks to dynamic pricing and Eid Holiday's positive impact.

## International Operations:

- While geopolitical and macroeconomic conditions in the CIS Region weighed on sales and margins other international markets were relatively firmer.
- Restructuring of operations in the GCC Region resulted in a stronger performance.
- 65% inflation adjusted growth in international e-commerce supported international sales, and inventory management.



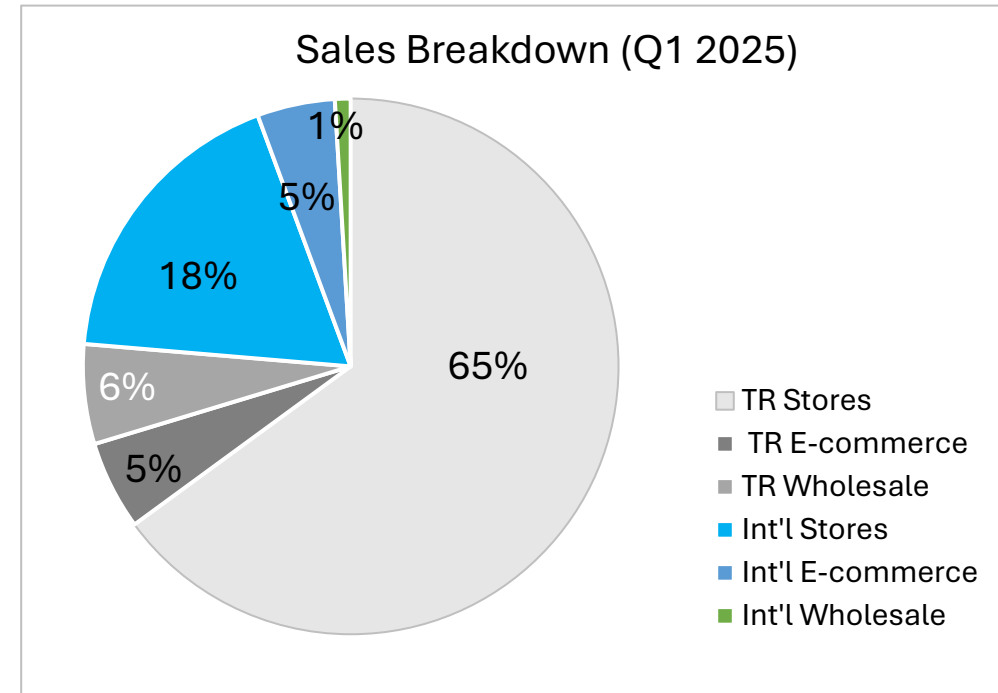
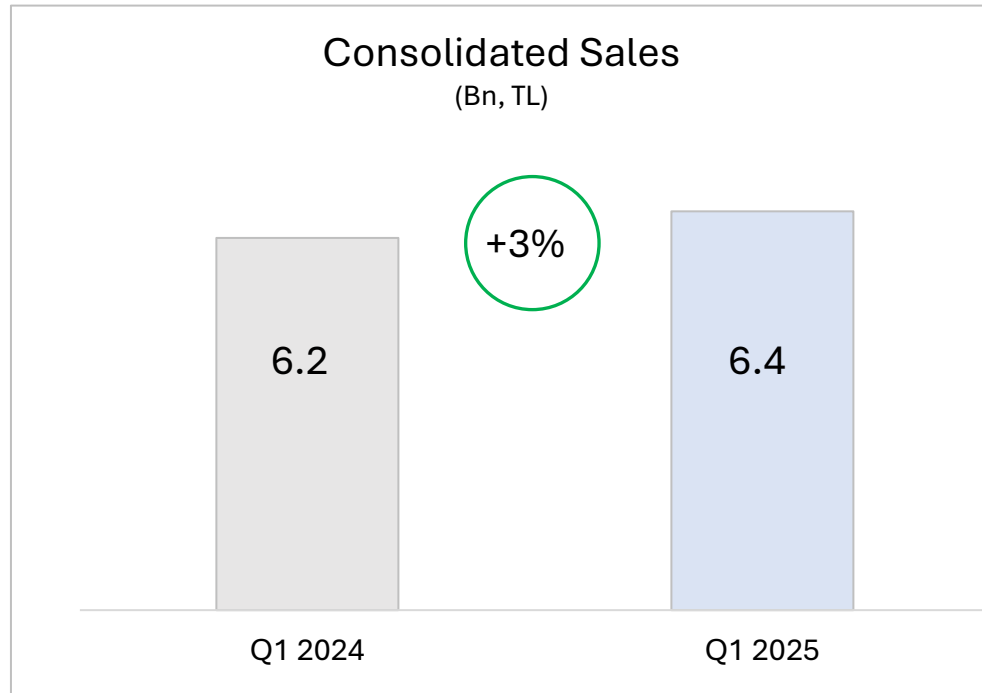
- ✦ Türkiye store sales rose by **18%** while Türkiye total sales rose **12%** in inflation adjusted terms.
- ✦ Türkiye gross margin realized at **45%** despite the dynamic pricing approach.
- ✦ International e-commerce sales grew by **65%** in inflation adjusted terms.
- ✦ Koton.com's share in Türkiye e-commerce segment rose from 31% to **36%**. Koton.com delivers higher gross margin in the e-commerce segment.
- ✦ Koton Club member count has surpassed **7.2 million**.

# Financial Performance



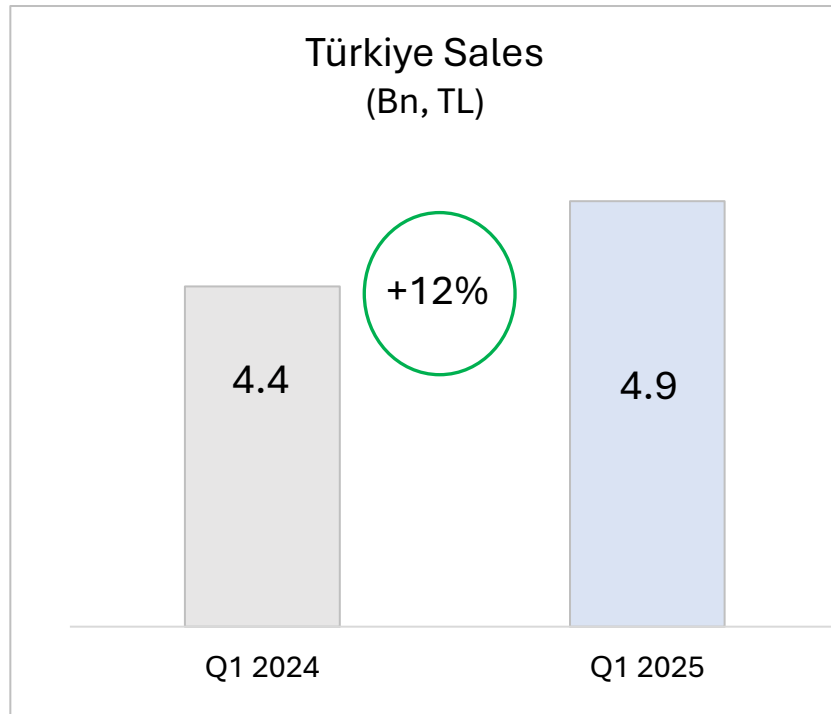
# CONSOLIDATED SALES ROSE BY 3% IN REAL TERMS

## Robust Sales Growth in Türkiye Compensated Weakness in Int'l Sales



- Robust 12% sales growth in Türkiye supported consolidated sales.
- Despite signs of recovery following the Turkish lira weakness in March, international sales contracted in the first quarter.

## 18% RISE IN TÜRKİYE STORE SALES PROVIDED A SIGNIFICANT BOOST FOR TÜRKİYE SALES



Türkiye store sales provided a significant boost for Türkiye sales despite weaker demand conditions.



Türkiye store sales growth were **purely composed of LFL sales growth**.



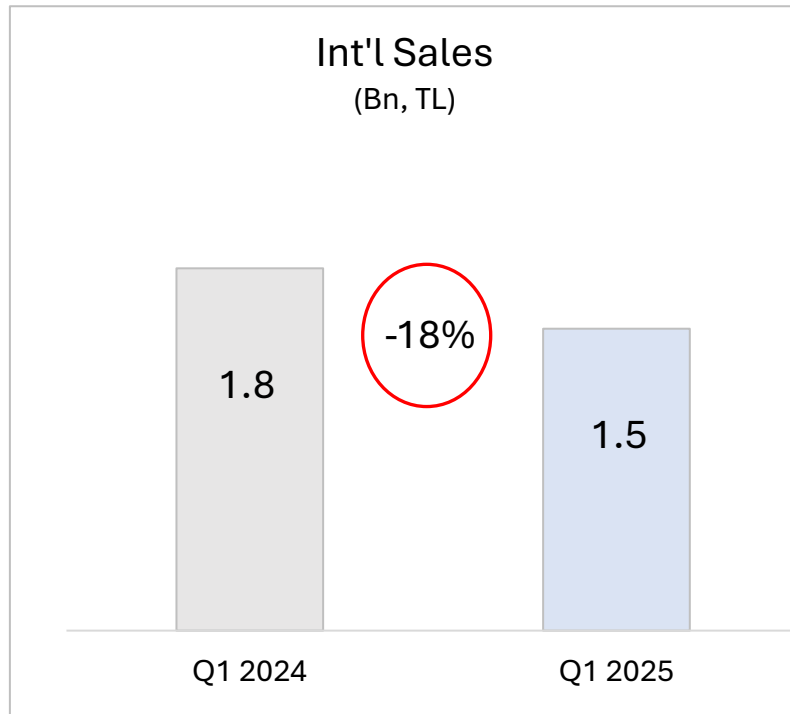
Impressive store sales performance provided room for Türkiye e-commerce operations to **focus more on profitability**.



Türkiye wholesale segment grew by **3%** in inflation adjusted terms.

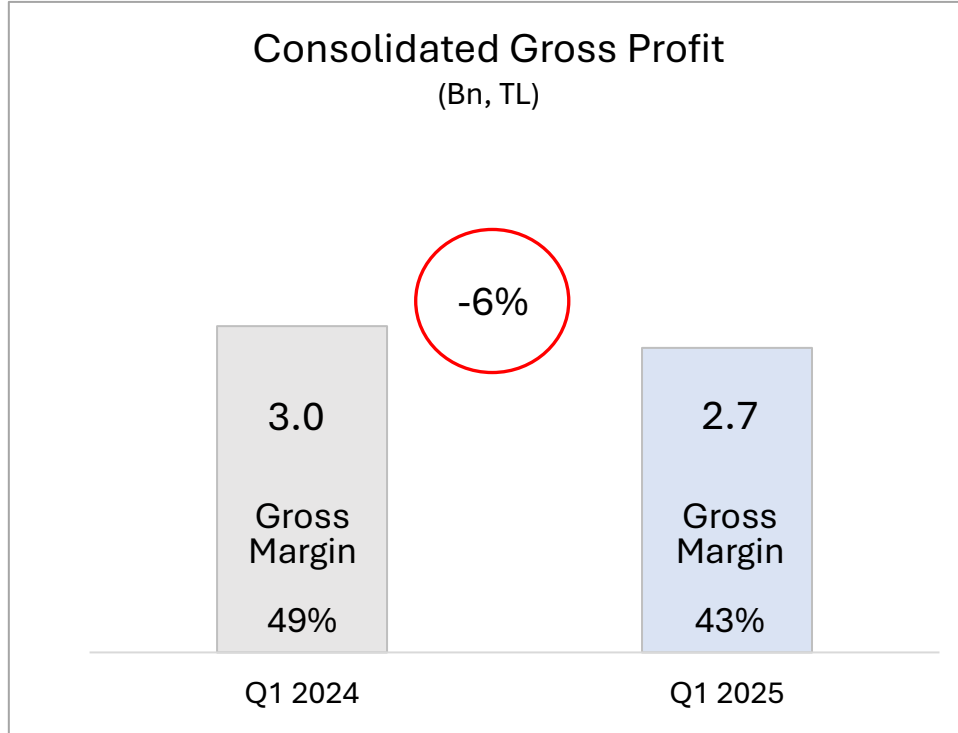


## STRONG TURKISH LIRA AND GEOPOLITICAL RISKS WEIGHED ON INT'L SALES



- ❖ Despite losing some momentum towards the end of the quarter, reel appreciation of Turkish Lira in the first quarter hurt int'l sales.
- ❖ Sales in the CIS region remained under pressure due to ongoing geopolitical and macroeconomic uncertainties where sales declined by 27%.
- ❖ Other international regions fared better with **a limited 5% sales** contraction especially thanks to GCC Region. Ongoing restructuring in the region started to bear fruit.
- ❖ **65% real sales** growth in international e-commerce supported international sales, inventory management and cash flow.

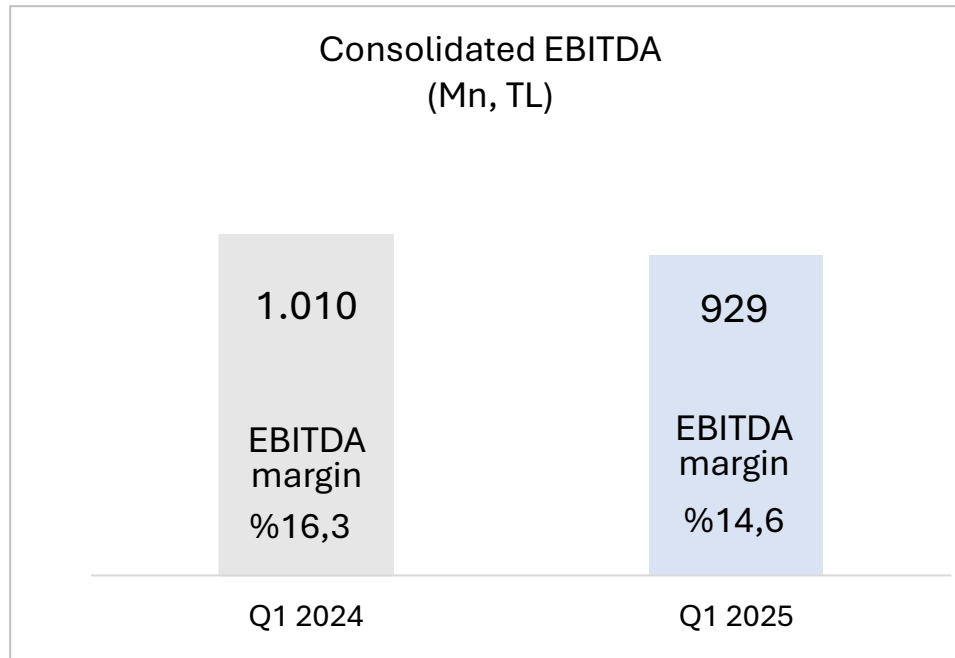
# Q1 CONSOLIDATED GROSS PROFIT IS 2.7 BN TL



- ❖ Türkiye gross margin is materialized at 45% despite dynamic pricing applied in response to consumer price sensitivity.
- ❖ Int'l gross margin came at c.37% which is similar to Q1 2024.
- ❖ Gross margins in the CIS Region declined by c.6pp to support sales, cash flow and inventory management. On the other hand, **gross margin in the other international markets expanded by c.7pp.**
- ❖ While consolidated gross margin came at 43% this quarter, margin improvement is expected in coming quarters as the seasonality improves. 50%+ gross margin guidance is maintained for 2025.

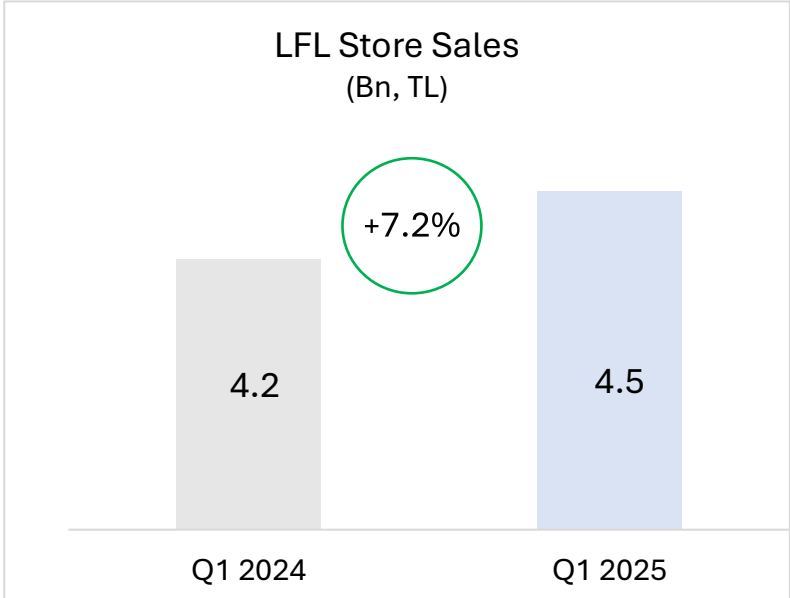
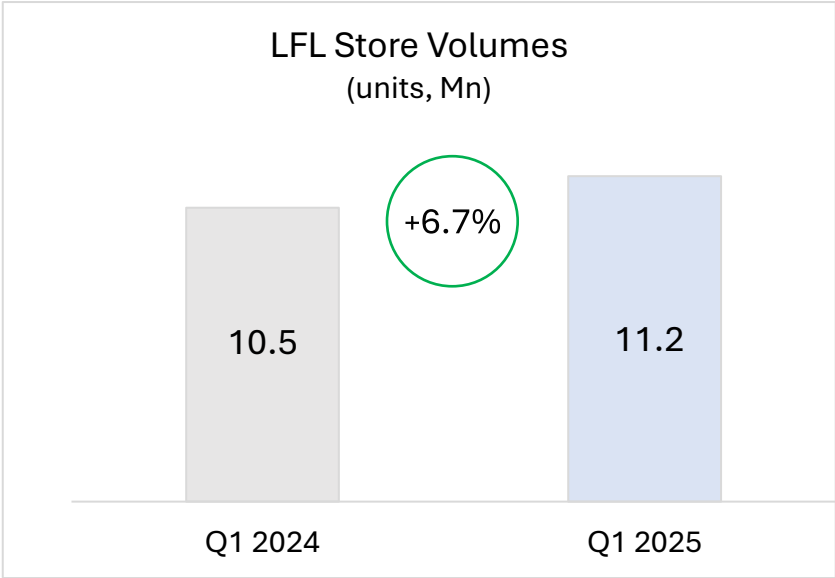


## RELATIVELY LIMITED EBITDA MARGIN CONTRACTION



- ❖ 1Q EBITDA recorded some decline due to lower gross profit and higher operational expenses.
- ❖ EBITDA margin improvement is expected in upcoming quarters as more favorable seasonality kicks in.

# SOLID LFL SALES GROWTH IN TÜRKİYE STORES



- ❖ **Türkiye LFL volumes are up 15.9%**
- ❖ **Int'l LFL volumes are down %20.8**

- ❖ **Türkiye LFL sales are up 20.4%**
- ❖ **Int'l LFL sales are down 30.6%**

Notes: LFL figures do not include international franchise stores. LFL Sales figures are Post-IAS29

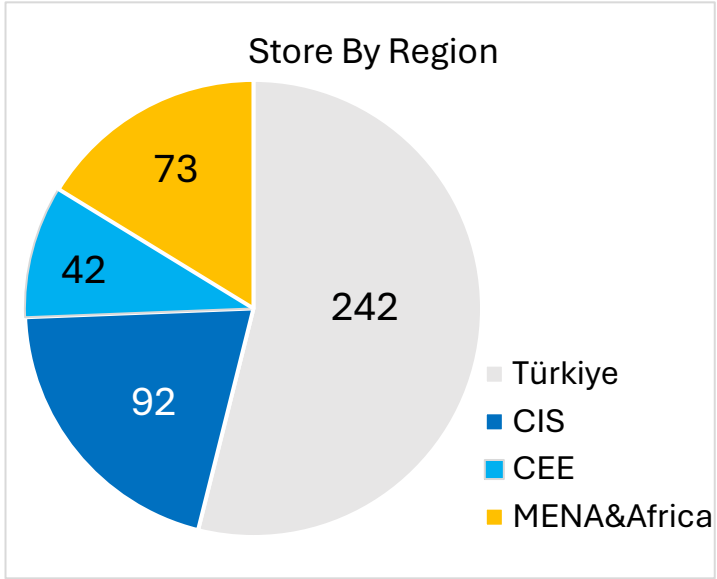
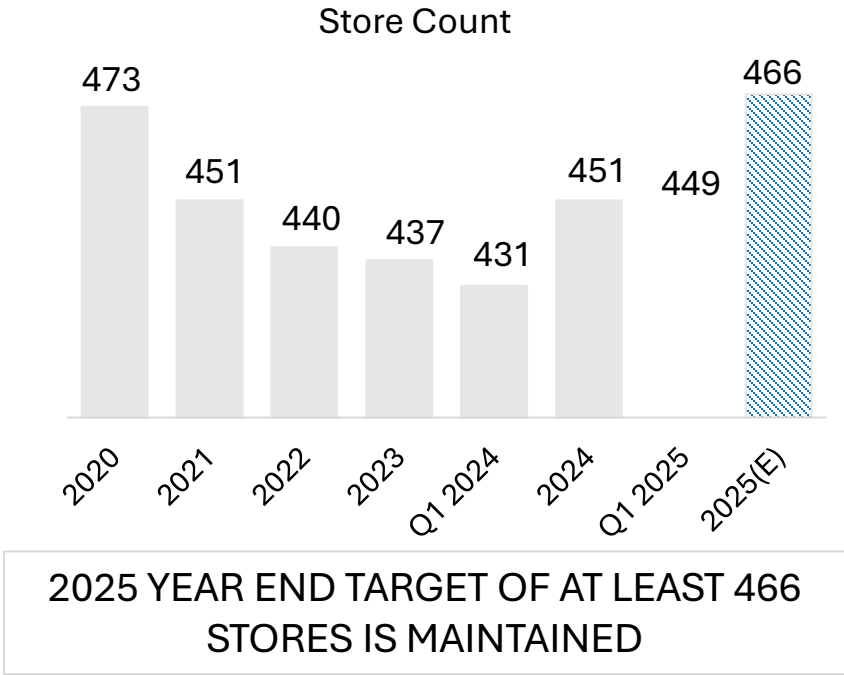
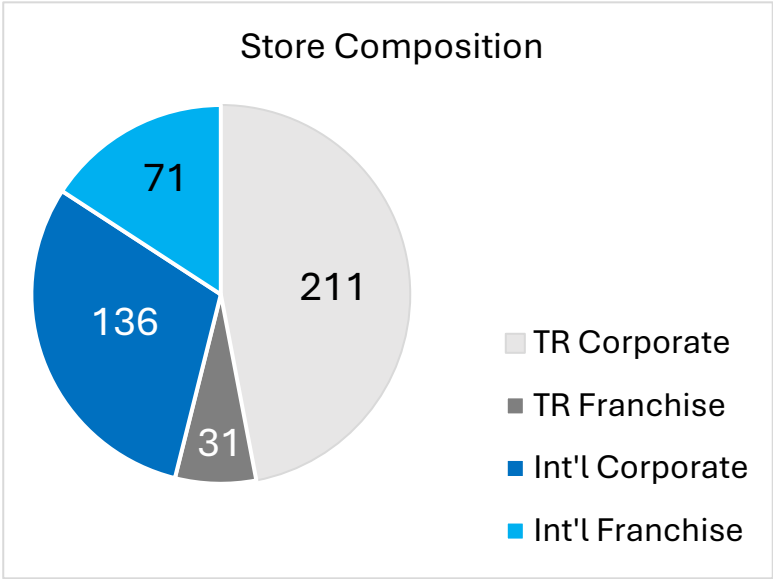




Operational  
Performance



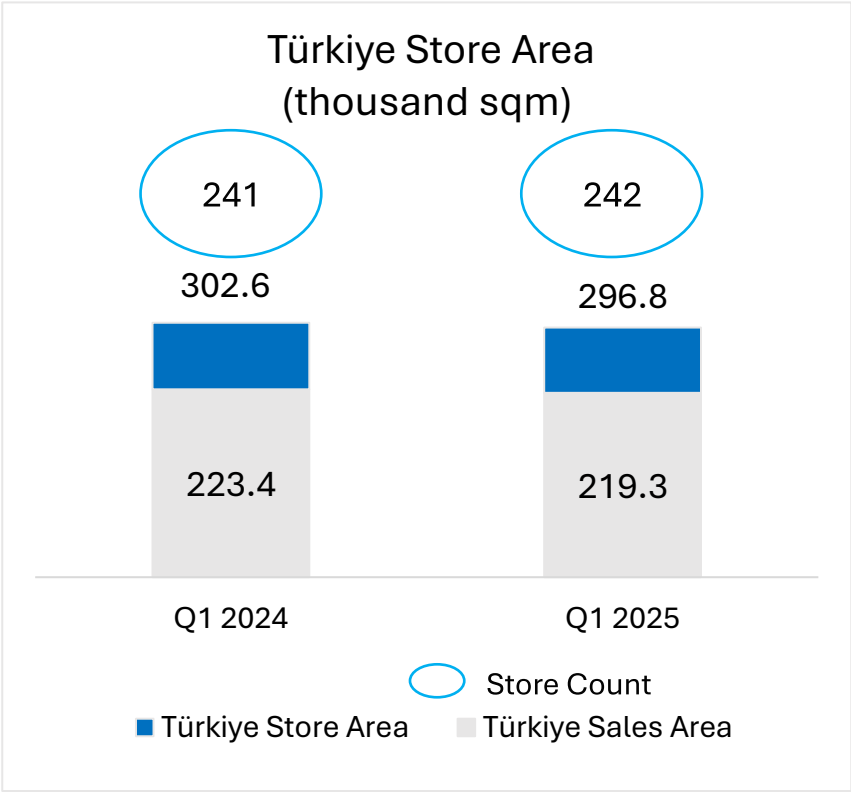
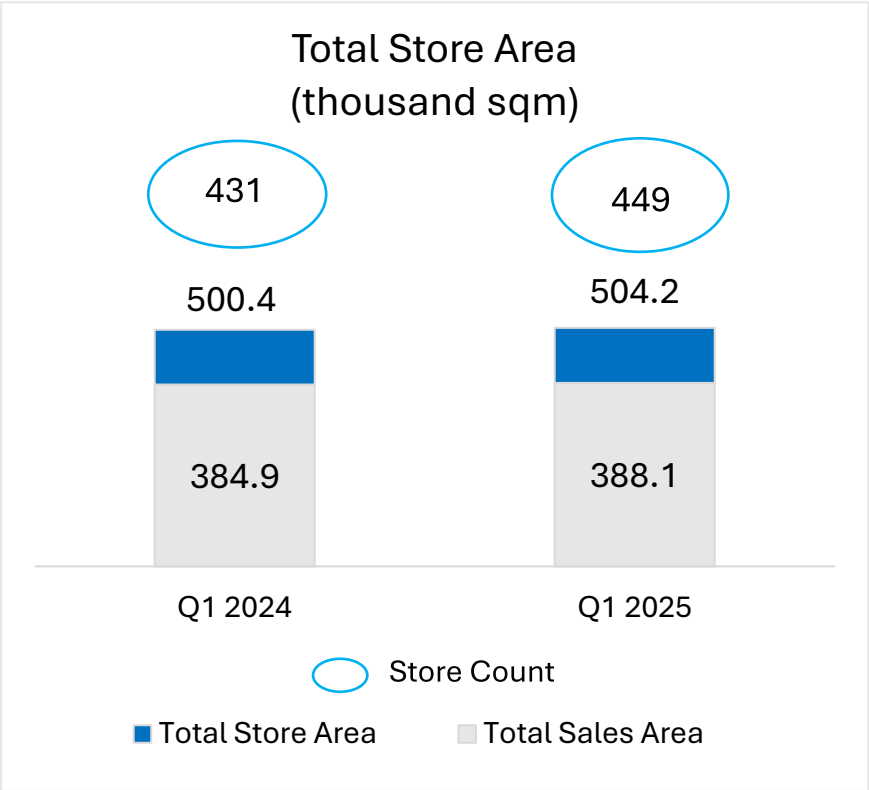
NEW STORE OPENINGS WILL GAIN PACE STARTING ON 2Q2025



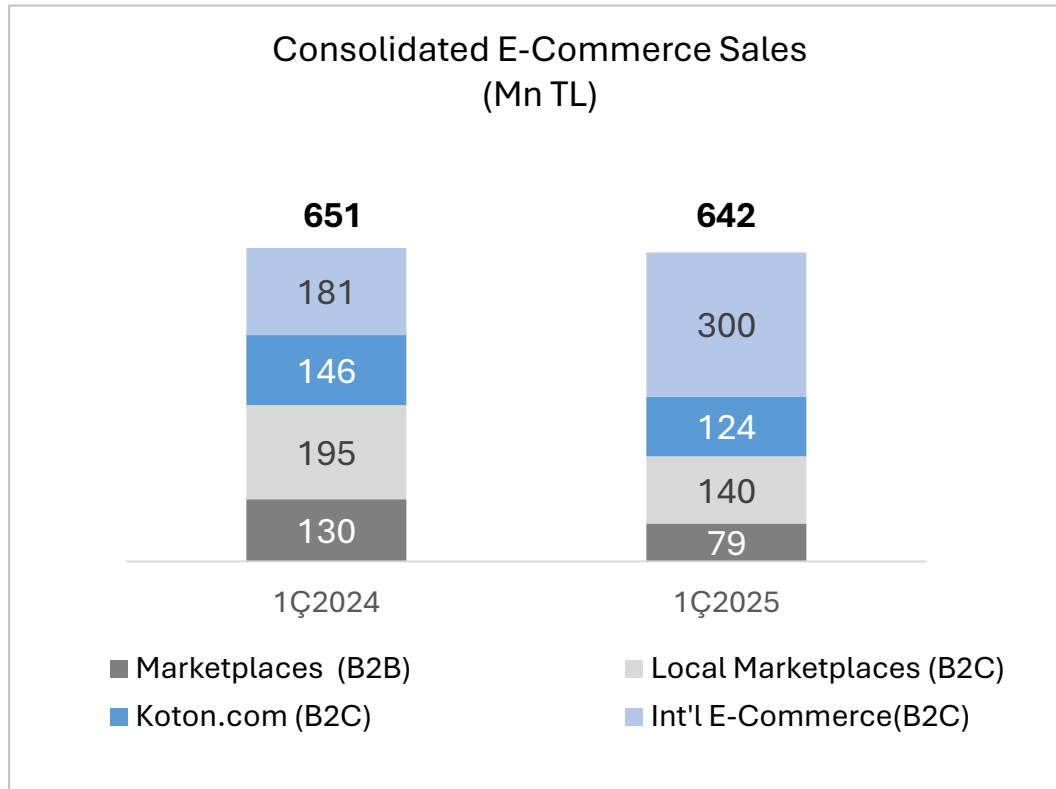
- Two more franchise stores in the GCC Region have been converted to corporate stores in partnership with Apparel Group. As of March 31st, total of 16 stores' conversion have been completed.
- Net 2 stores were closed down in Türkiye.

Notes: New stores in net terms. \* Post-AIS29 Türkiye store sales figures and Türkiye sales area.

REVENUE PER SQUAREMETRE OF SALES AREA INCREASED BY 20% IN TÜRKİYE IN THE FIRST QUARTER.  
THIS GROWTH ABOVE TÜRKİYE STORE SALES GROWTH OF 18%.



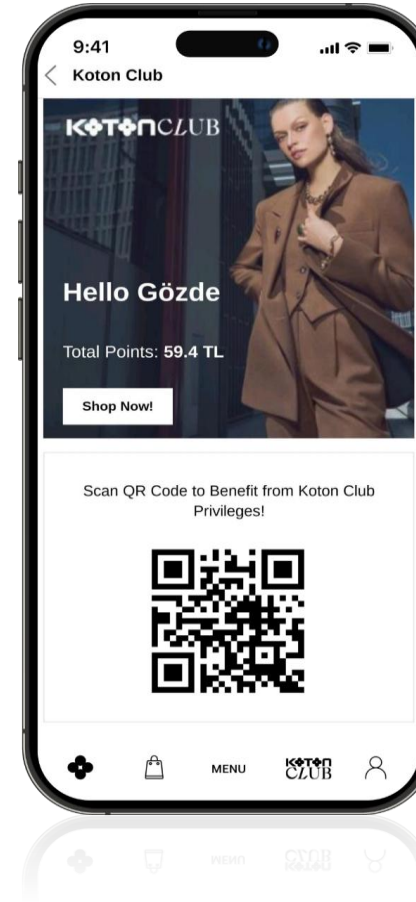
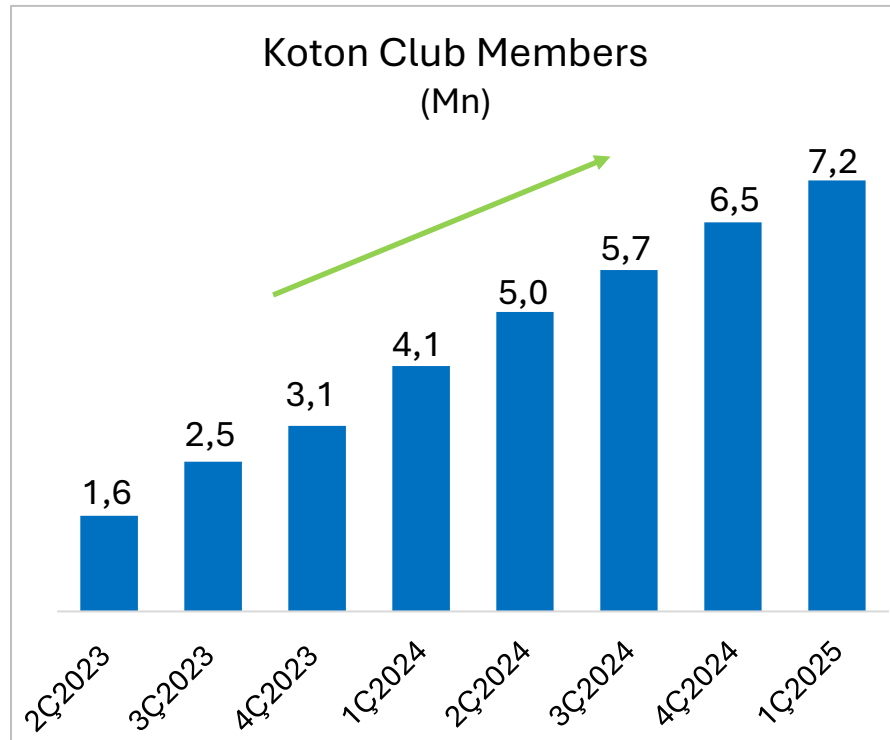
## FOCUS ON PROFITABILITY RATHER THAN SALES IN LOCAL E-COMMERCE SALES CHANNEL



- ❖ Int'l e-commerce sales increased by 65% contributing significantly to international sales, inventory management and cash flow.
- ❖ Koton.com's sales volume increase remained relatively limited, while its share in local e-commerce increased from 31% to 36%. Koton's number of mobil app users increased by 35% and the number of downloads increased by 43% exceeding 4 million\*.
- ❖ Strong growth in Türkiye store sales offered the opportunity to focus on profitability in local e-commerce channel. Operations in B2B marketplaces with relatively lower profitability slowed down as a strategic decision.
- ❖ Decline in the total volume of local marketplaces also had a downward impact on Koton's sales in these marketplaces.



## Koton Club 2025 Target: 9 Million Members



Koton Club supports online and offline sales<sup>1</sup>

**7.2 mn** Members

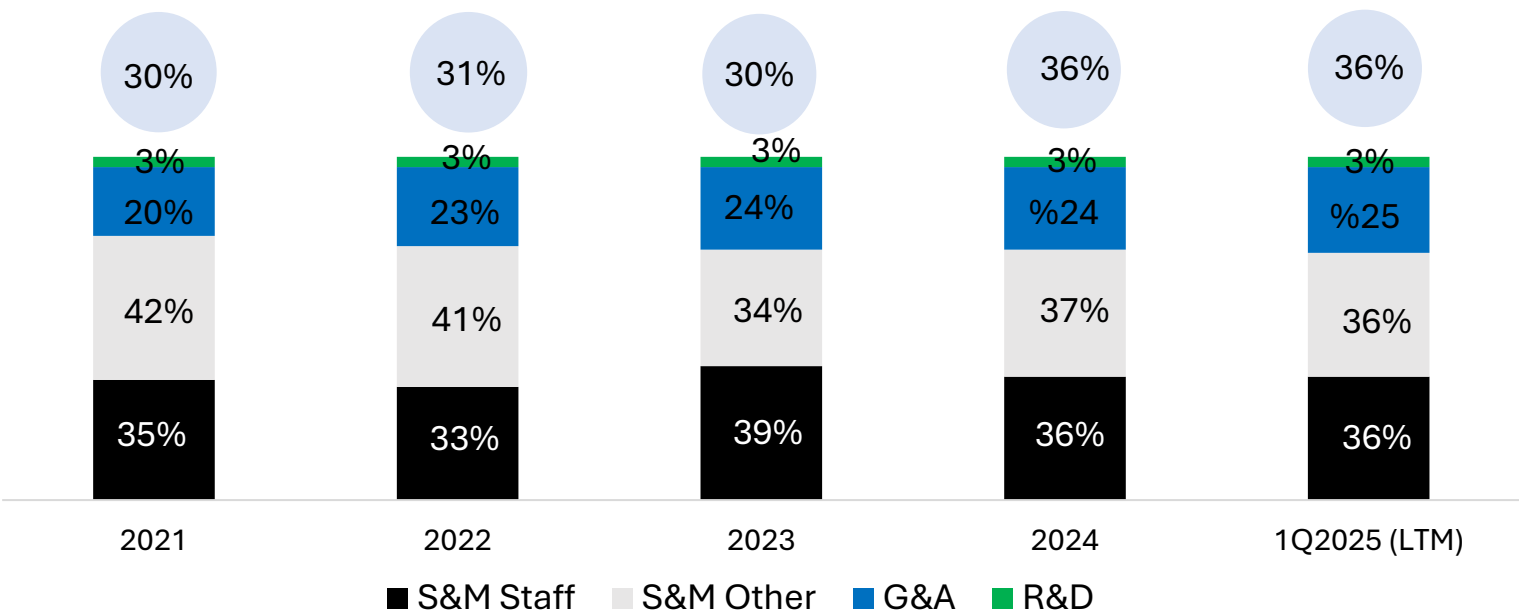
**+5%** Larger basket size compared to non-members

**+9%** Higher number of items per invoice

**+30%** Higher visit frequency

Q1 OPEX SHOWED A SIMILAR TREND AS IN 2024

Opex Breakdown\*



Notes: \*Opex excluding D&A and other income/expense. Post IAS29 figuresç LTM figures are used for 1Q2025 due to seasonality



## **Continuation of disciplined and flexible procurement**

- SS25 procurement cost inflation below 30%

## **Further improvement in sales area efficiency**

## **Restructuring in the GCC region**

- LFL sales (YTD) +20% in USD basis

## **Slow selling products to be sold in other regions and channels**

## **Boosting operational efficiency**

## **Net working Capital related improvements**

- Utilizing letters of credit more often in import procurement
- Improving supply chain management





2025 Guidance is Maintained

(Pre-**IAS29**)

**Sales Growth**

~%40

**Gross Profit Margin**

>50%

**Net New Stores**

>14

(Post-**IAS29**)

**Sales Growth**

Low single digit

**Gross Profit Margin**

>50%

**Net New Stores**

>14

# Appendix



# FINANCIAL TABLES & RATIOS



Balance Sheet Summary	31 March 2024	31 December 2024
Total current assets	13.994.827.869	13.476.662.185
Total non-current assets	8.218.382.581	7.815.862.676
<b>Total Assets</b>	<b>22.213.210.450</b>	<b>21.292.524.861</b>
Total S/T liabilities	12.478.679.848	11.712.010.858
Total L/T liabilities	2.910.409.438	2.783.812.749
<b>Total Liabilities</b>	<b>15.389.089.286</b>	<b>14.495.823.607</b>
Total Equity	6.824.121.164	6.796.701.254
<b>Total Equity &amp; Liabilities</b>	<b>22.213.210.450</b>	<b>21.292.524.861</b>

	31 March 2024	31 December 2024
Cash & Cash Equivalents	<b>1.025</b>	<b>644</b>
Bank Loans	-4.738	-3,583
Lease Obligations	-3.768	-3.489
<b>Net Financial Debt</b>	<b>-7.480</b>	<b>-6.428</b>
Net Financial Debt (USD)	-198	-170
<b>Net Financial Debt /EBITDA</b>	<b>1,4</b>	<b>1,2</b>
Net Financial Debt (excl. lease obligations)	<b>-3.713</b>	<b>-2.939</b>
Net Financial Debt (excl. lease obligations) (USD)	-98	-78
<b>Net Financial Debt /EBITDA (excl. lease obligations)</b>	<b>0,7</b>	<b>0,6</b>

Notes: Company EBITDA calculation method as stated in the IPO prospectus and following financial reports: EBITDA: Profit before tax + net interest expense + net imputed interest + net investment income + amortization + IPO related expenses – monetary gain. \*USD conversion based on April 2 2025 CBT rate of 37,77



# FINANCIAL TABLES & RATIOS



	1Q2025	1Q2024
Revenue	6.375.933.054	6.197.789.294
Cost of Sales	(3.641.235.716)	(3.190.302.064)
Gross Profit	<b>2.734.697.338</b>	<b>3.007.487.230</b>
<i>Gross Profit Margin</i>	%42,9	%48,5
Administrative Expenses	(597.355.312)	(476.427.239)
Selling and Marketing Expenses	(2.393.606.999)	(2.339.398.649)
R&D Expenses	(77.222.556)	(77.227.135)
Other Income	682.833.603	332.153.118
Other Expenses	(569.254.125)	(738.738.449)
Operating Profit	<b>(219.908.051)</b>	<b>(292.151.124)</b>
Investment Income	1.714.295	922.906
Investment Loss	(467.743)	(228.824)
Operating Profit Before Financial Expenses	(218.661.499)	<b>(291.457.042)</b>
Interest Expense, net	(632.711.271)	(375.431.316)
Monetary Gain/(loss)	428.778.233	679.893.614
Profit Before Tax	(422.594.537)	13.005.256
<i>Current Tax Expense</i>	(245.165)	<i>(101.266)</i>
<i>Deferred Tax Expense</i>	43.488.209	<i>(9.638.217)</i>
Profit	(379.351.493)	3.265.773
EBITDA	928.752.534	1.010.268.281
<i>EBITDA Margin</i>	%14,6	%16,3

Notes: Company EBITDA calculation method as stated in the IPO prospectus and following financial reports: EBITDA: Profit before tax + net interest expense + net imputed interest + net investment income + amortization + IPO related expenses – monetary gain

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