



KOTON

Q2 / H1 2025
Analyst
Presentation
August 15th, 2025



With the Capital Markets Board of Turkey's Bulletin dated 28.12.2023 numbered 2023/81, CMB announced that issuers and capital market institutions shall prepare their annual financial statements ending on 31.12.2023 or later, in accordance with IAS29 inflationary accounting provisions, Accordingly, unless otherwise stated, this presentation on the financial results of the interim financial results for the period January 1, 2025 – June 30, 2025 contain the Company's financial information prepared according to Turkish Accounting/Financial Reporting Standards by application of IAS29 inflation accounting provisions, in accordance with CMB's decision dated 28.12.2023.

This presentation is prepared for informational purposes, The information, statements and opinions contained in this presentation do not constitute an investment advice or recommendation, This presentation includes forward-looking statements, Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact, Forward looking statements involve risks, uncertainties and other important factors over which the company may have limited or no control, Company management, staff and other parties involved in preparation of this presentation are not liable for losses for the use of forward-looking statements,

Q2 2025 FINANCIAL PERFORMANCE

**Consolidated
Sales**

Q2 2025: **7,1 billion TRY**

**Consolidated
Gross Profit Margin**

65%

↑ 3,9pp YoY

**Türkiye
Gross Profit Margin**

73%

↑ 5,5pp YoY

**Consolidated
EBITDA Margin (*)**

37%

↑ 4,8pp YoY

Operating Profit



**1,1
billion TRY**

Net Profit



**333
million TRY**



**Free Cash
Flow(**)**

636 million TRY

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 – monetary gain,

(**) Based on cash flow table of H12025 interim financial report as cash flow from operating activities – cash flow used in investing activities



- ❖ Significant margin improvement YoY despite weaker consumer demand and Ramadan Holiday impact shifting to Q1 in 2025,
- ❖ Achieving operating income in Q2 2025 with higher gross profit margin and prudent expense management,
- ❖ Achieving net profit in Q2 2025 despite higher interest rates related rising financing costs,
- ❖ Sales area efficiency increased by 14% in Türkiye and 3% abroad in USD terms,
- ❖ Solid free cash flow generation with improving cash flow from operations and net working capital, after being in a negative territory over the last three quarters,



↑ **3,3%**

Türkiye Sales



↑ **7,5%**

Türkiye Stores Sales



↑ **17%**

Consolidated
E-commerce
Sales



↑ **107%**

Int'l
E-commerce
Sales



↑ **10%**

Türkiye LFL
Sales Volumes



↑ **%14**

Türkiye LFL
Conversion Rate



↑ **%27**

Türkiye Sales
Area Efficiency
(in USD terms)



↑ **%13**

LFL Sales in
GCC Region^(*)
(in USD terms)

Brand Finance[®]

Türkiye's Most Valuable
36st Brand

KOTONCLUB

8+ million members ^(**)

KOTON

456 Stores in **34** Countries ^(***)

Notes:

(*) Excluding Bahrain as store transformation is not complete,

(**) As of July 15th 2025

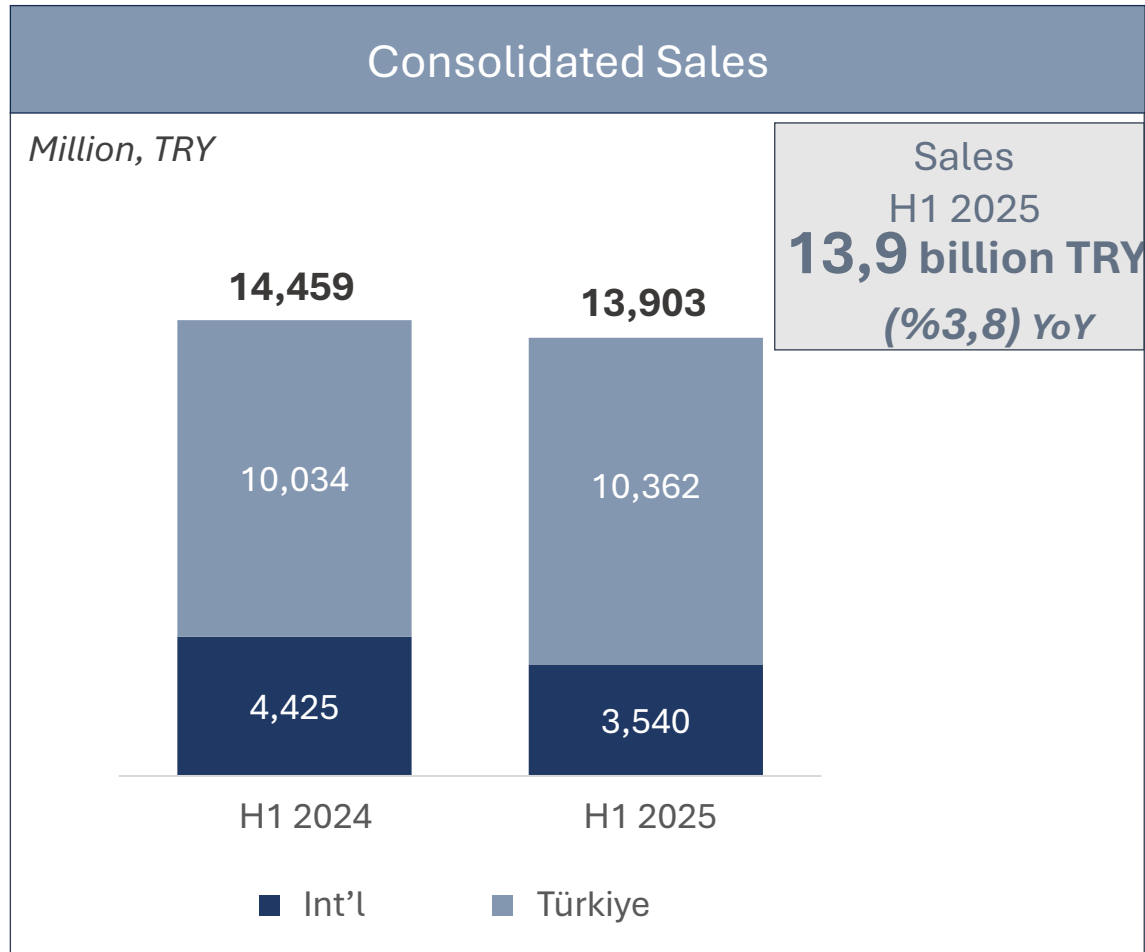
(***) As of Aug 8th 2025 and includes 2 new stores in Oman and 1 store in Serbia

Financial Results

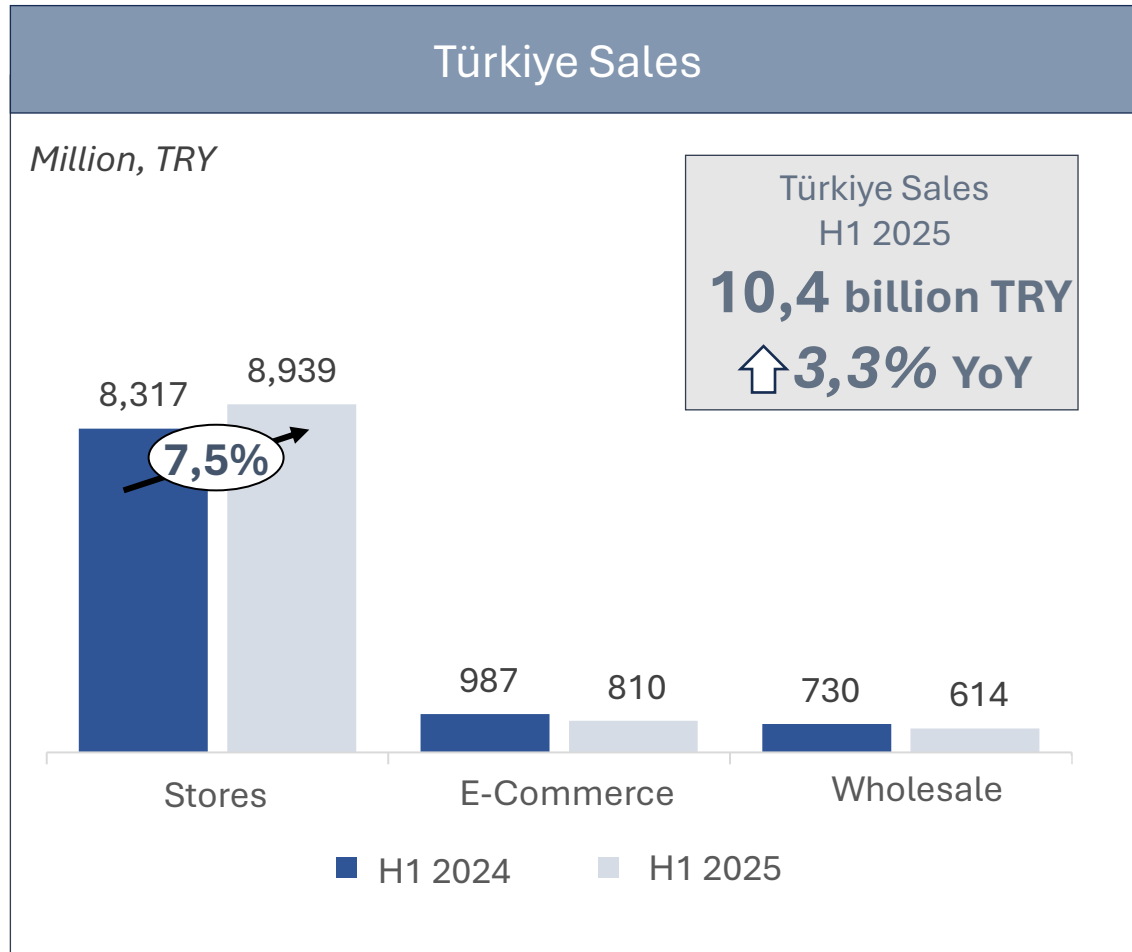
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RESILIENT SALES PERFORMANCE DESPITE INFLATION AND CURRENCY PRESSURES

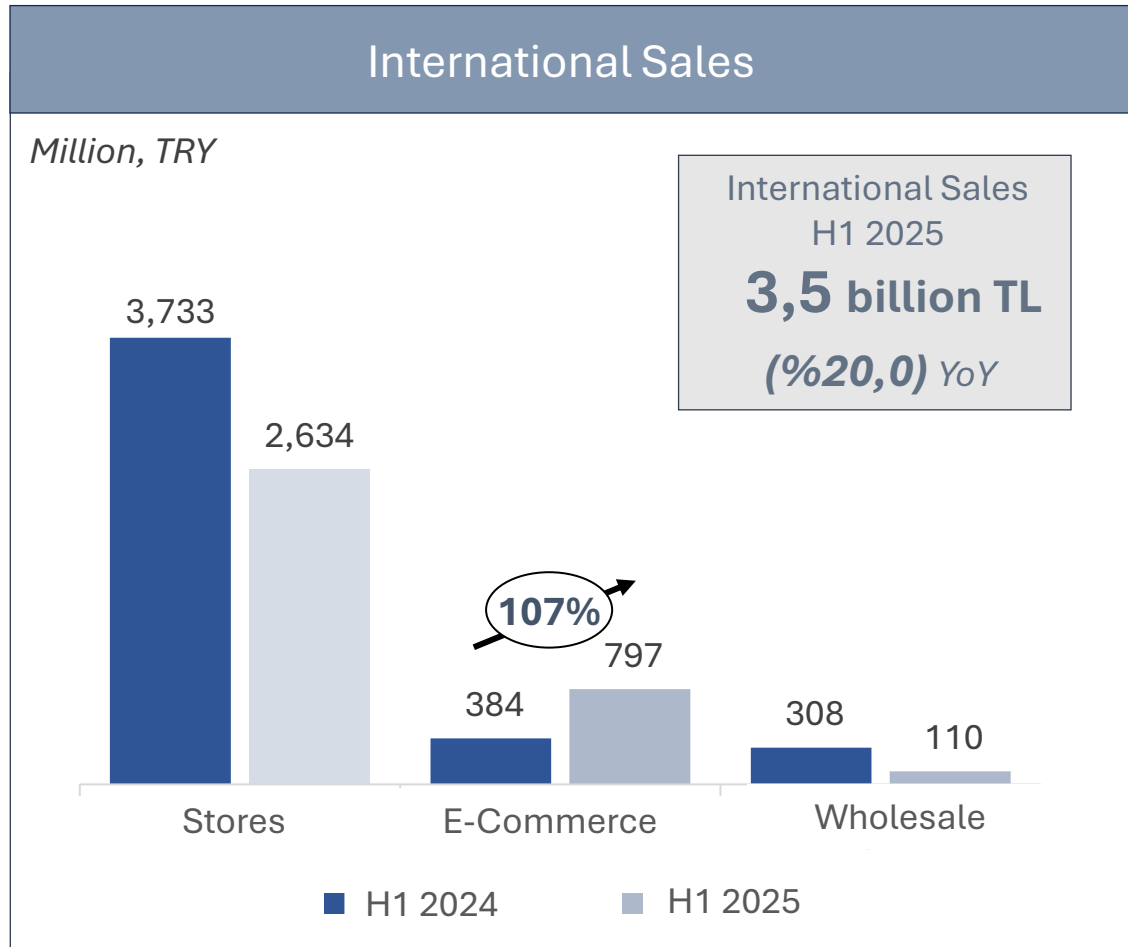


- ❖ Sales performance is demonstrated by H1 figures for year-on-year comparison as Ramadan Holiday impact has shifted from Q2 last year to Q1 in 2025,
- ❖ H1 2025 Türkiye sales growth remained strong despite lower consumer demand while int'l sales contracted in TRY terms which resulted in 3,8% decline in consolidated sales,
- ❖ Türkiye total sales, which represents 75% of consolidated sales, rose by 3,3%, supported by 7,5% growth in Türkiye store sales, driven by dynamic pricing and efficient inventory management despite weaker market conditions,
- ❖ Despite robust int'l e-commerce performance, total int'l sales lagged due to strong TRY against high inflation, Positive indications of the recent rise in exchange rates that started in Q1 2025-end are observed,



- ❖ H1 2025 Türkiye sales rose by 3,3% yoy despite much softer consumer demand,
- ❖ Türkiye store sales rose 7,5% yoy driven by dynamic pricing, disciplined cost management and operational ramp-up,
- ❖ Driven by optimization efforts, Türkiye sales area efficiency increased 27% in USD terms while Türkiye store count remained the same,
- ❖ Strong store sales in Türkiye enable Türkiye e-commerce to focus more on margins,
- ❖ Türkiye e-commerce channel experienced limited sales decline as profitability was prioritized, Türkiye e-commerce gross profit margin reached Türkiye store margins in June,
- ❖ Türkiye wholesale channel declined inline with our focus on profitability considering longer payable terms of this channel, Wholesale gross margin increased by roughly 4pp,

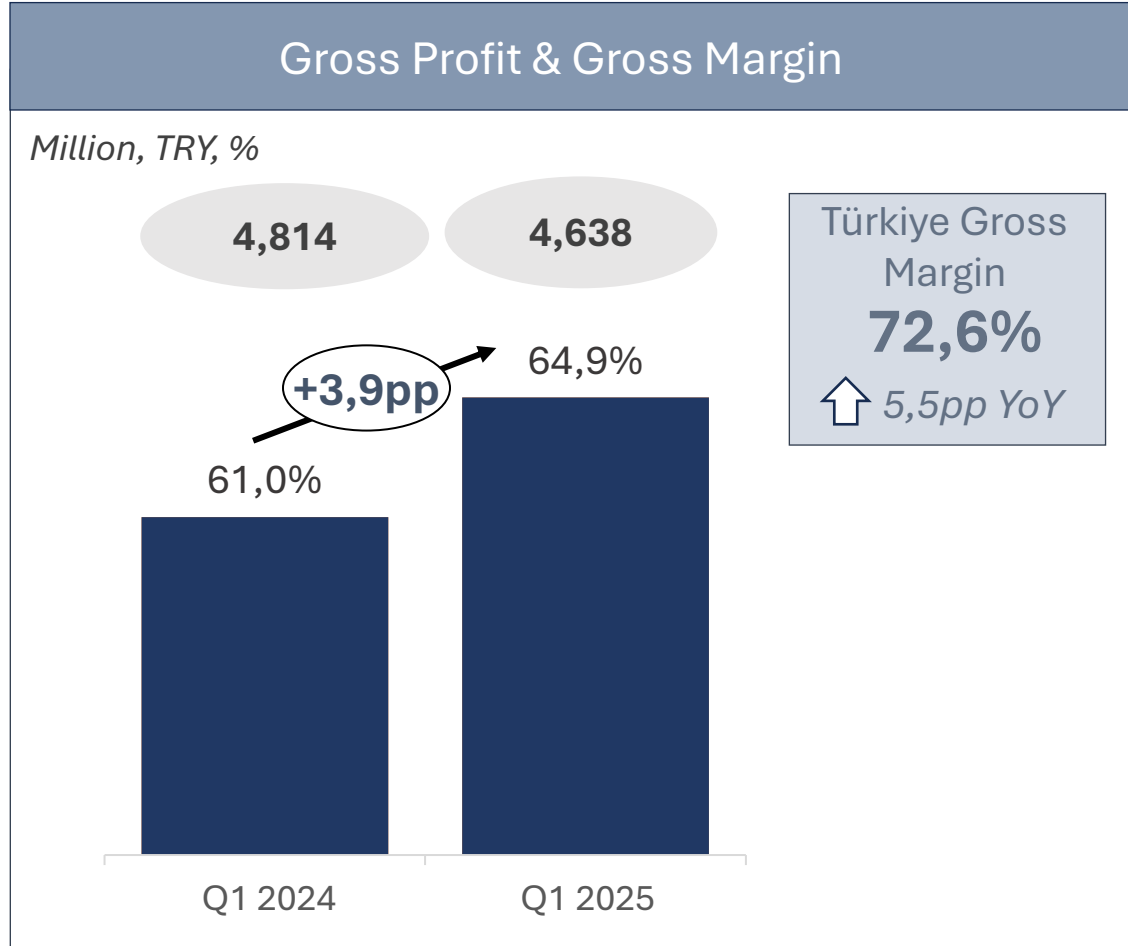
INITIAL SIGNS OF NORMALIZATION IN INT'L SALES ON THE BACK OF EFFICIENCY IMPROVEMENTS AND MORE FAVORABLE TRY



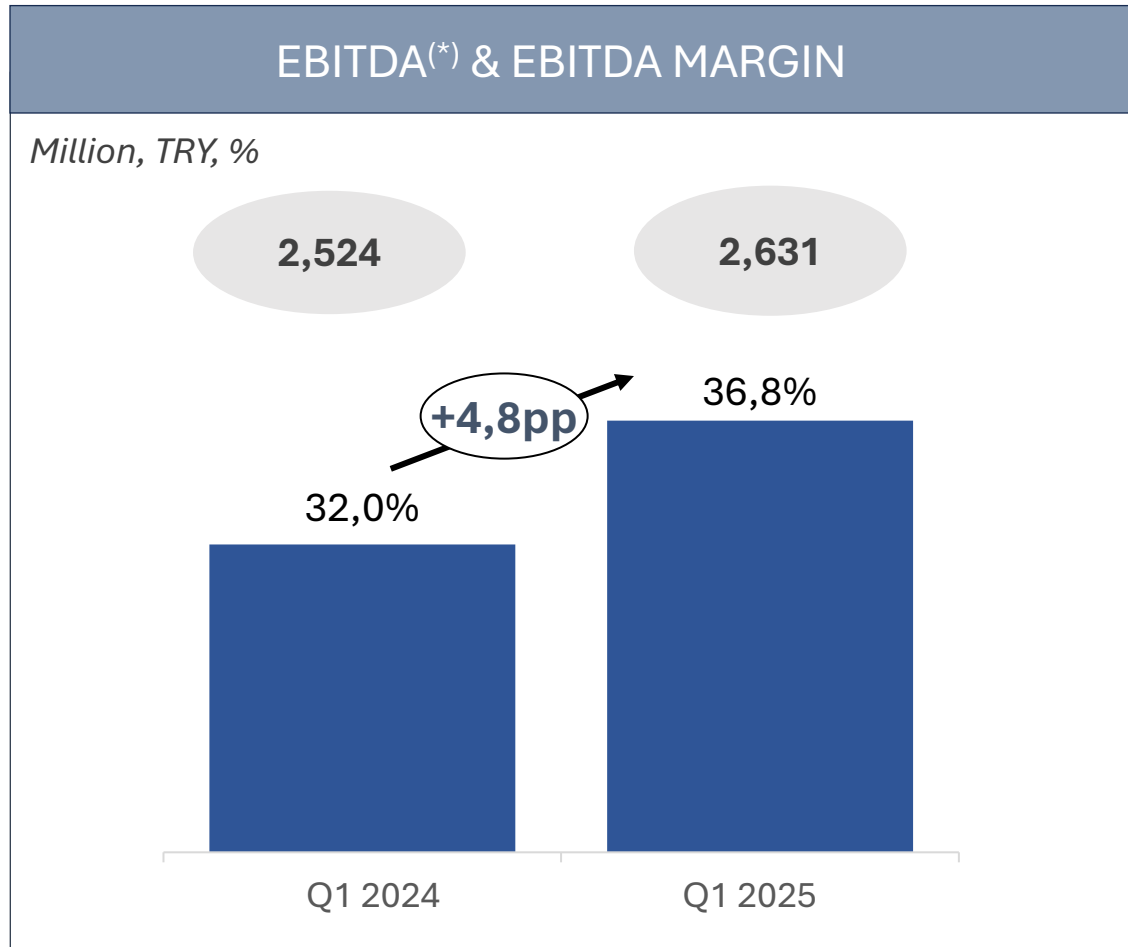
- ✿ H1 2025 int'l sales rose by 9% in USD terms, Sales growth accelerated from 7% in Q1 to 13% in Q2, Despite the hard currency-based sales growth, sales declined in inflation adjusted TRY terms,
- ✿ Besides the efficiency measures taken, TRY weakening as of March-end has started to reflect positively on financials, Normalization of TRY is expected to support int'l operations in the coming quarters,
- ✿ Spearheaded by the CIS region and Europe, int'l e-commerce sales more than doubled in H1 2025,
- ✿ Reorganization in the GCC region continued to bear fruit in H1 2025 where LFL sales rose by 13% (*) yoy in USD terms,
- ✿ Store performance in the CIS region lagged other regions due to ongoing adverse geopolitical and macroeconomic conditions, That said, USD based rate of contraction has improved in Q2 2025, Efforts to improve sales efficiency are ongoing,

(*) Excludes Bahrain as store transformation is not complete,

2Q 2025 GROSS PROFIT MARGIN UP BY 3,9PP THANKS TO EFFICIENT COST MANAGEMENT



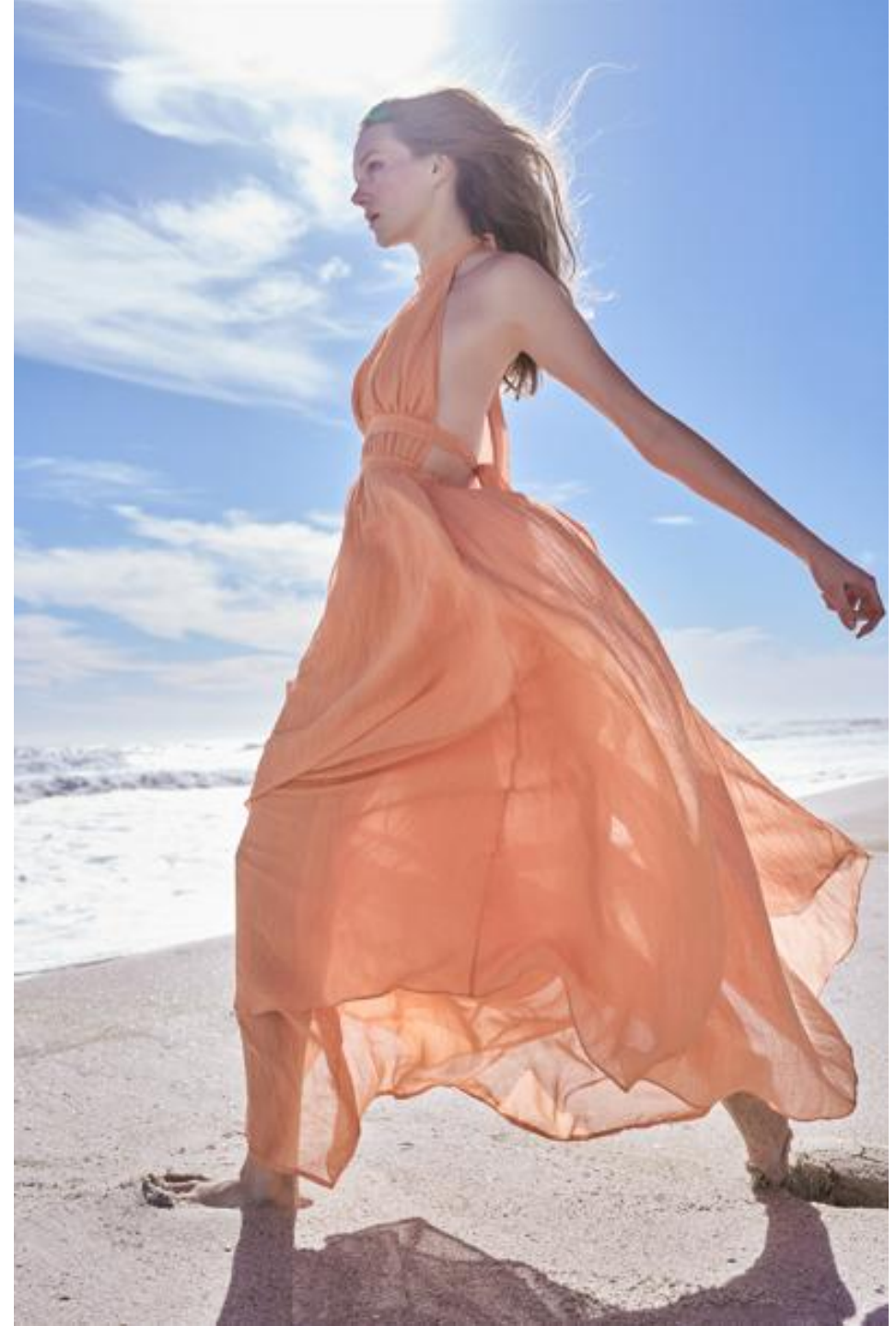
- ❖ Q2 2025 consolidated gross profit came at 4,6 billion TRY with a gross profit margin of 64,9%, Gross margin improved 3,9pp yoy and 22pp compared to Q1 2025 on the back of below inflation procurement cost and effective inventory management,
- ❖ Türkiye store gross margin was 72,6%, up by 5,5pp yoy and 28pp compared to Q1 2025, achieved on the back of newly implemented discount and dynamic pricing strategy,
- ❖ International gross margins materialized at 44,3% with a solid contribution from the GCC region,



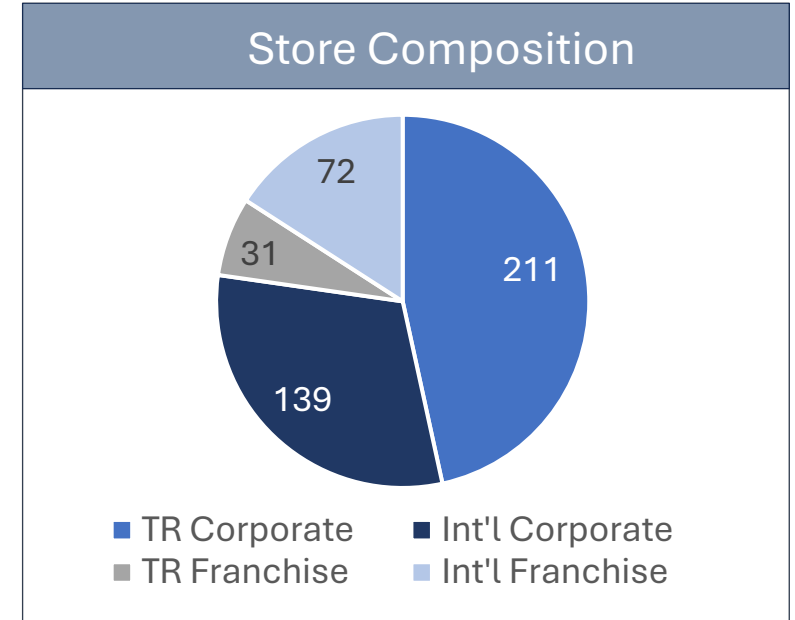
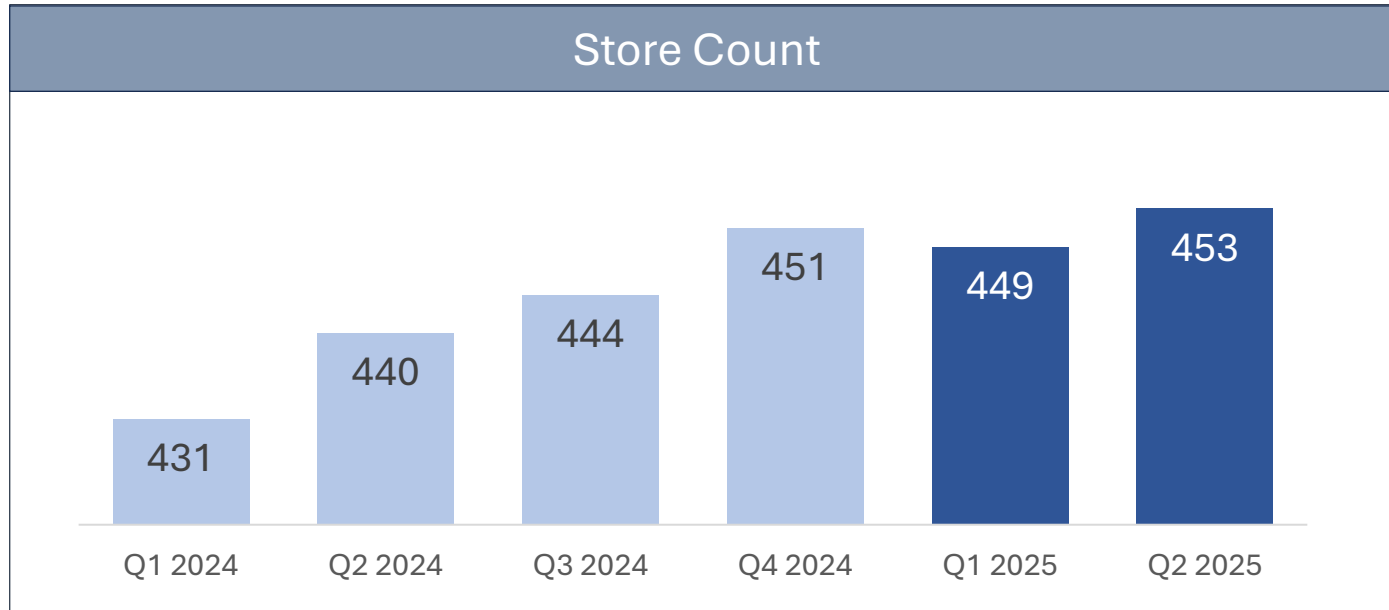
- ❖ Implimentation of dynamic pricing, efficient cost and inventory management accompanied by focus on opex resulted in a solid EBITDA generation,
- ❖ Q2 2025 consolidated EBITDA rose by 4,2% yoy to 2,6 billion TRY,
- ❖ EBITDA margin increased 4,8pp to 36,8% thanks to gross margin improvement and prudent opex management,

Operational Results

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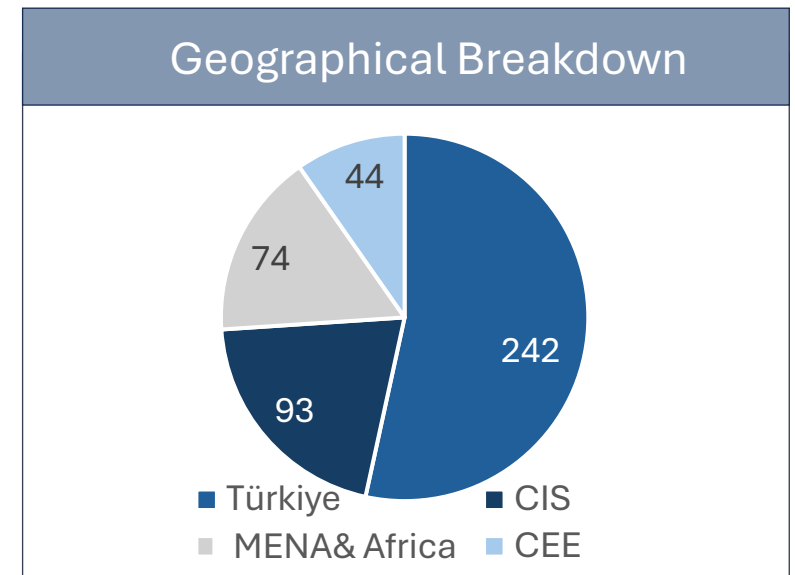


TOTAL STORE COUNT OF 456 POST Q2 WITH NEW STORE OPENNINGS

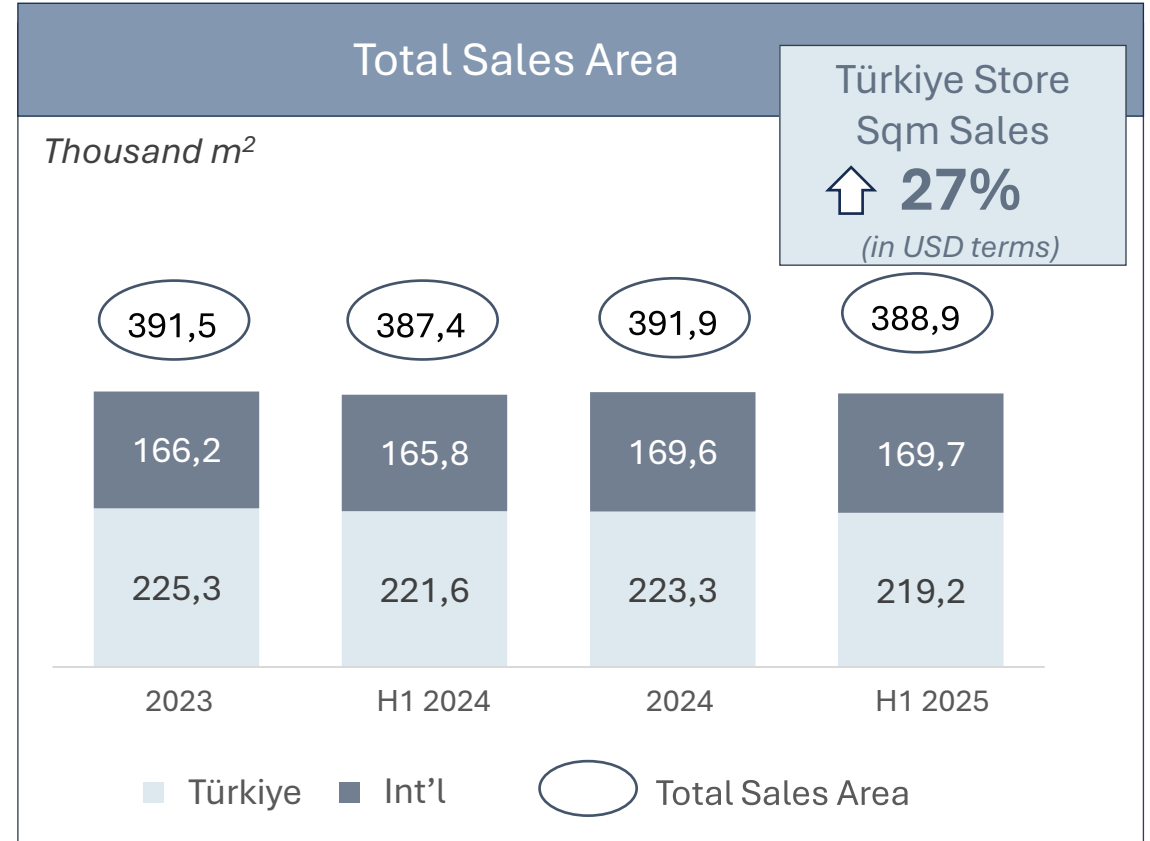
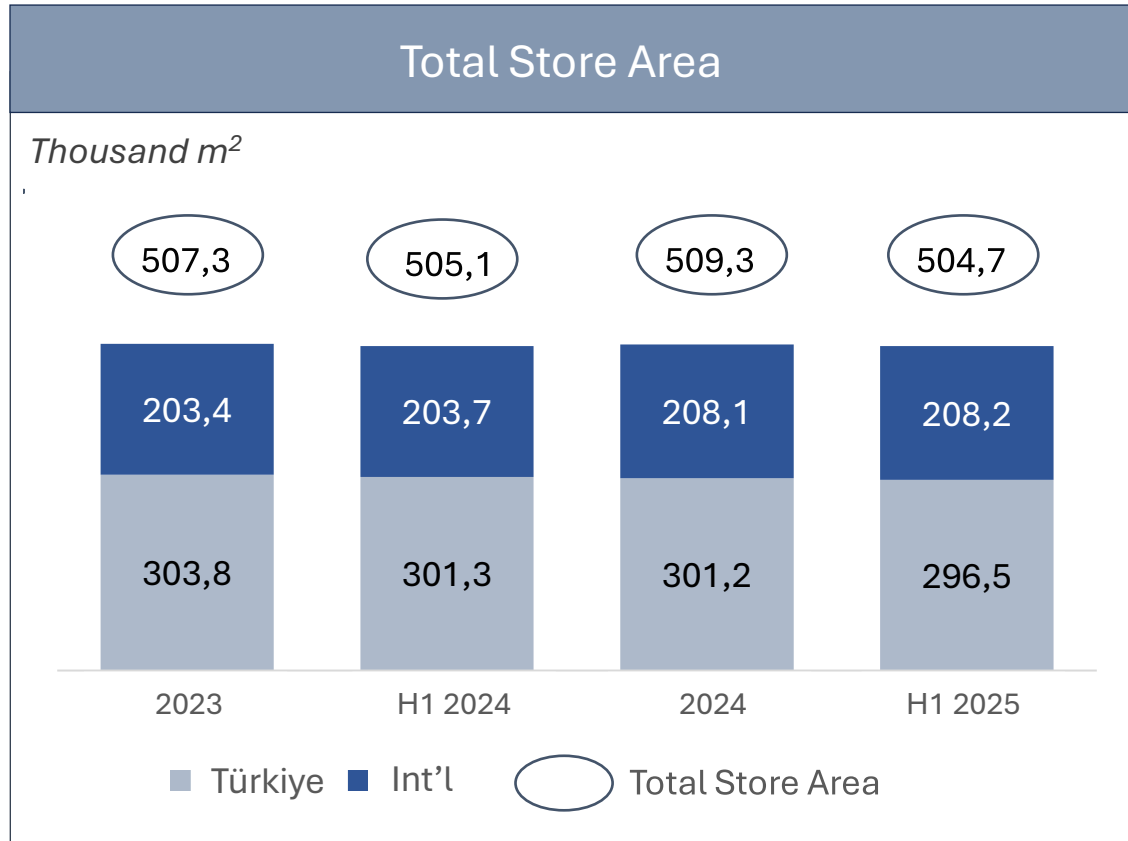


- ✚ Türkiye store count remained unchanged compared to the previous quarter,
- ✚ Int'l store count increased by 4 stores (2 corporate, 2 franchise) in Q2 2025,
- ✚ First store opening in Oman took place in July followed by a second store in August as planned, A new store was opened in Serbia in August,

c,10 new store openings are planned in the GCC Region for H2 2025,

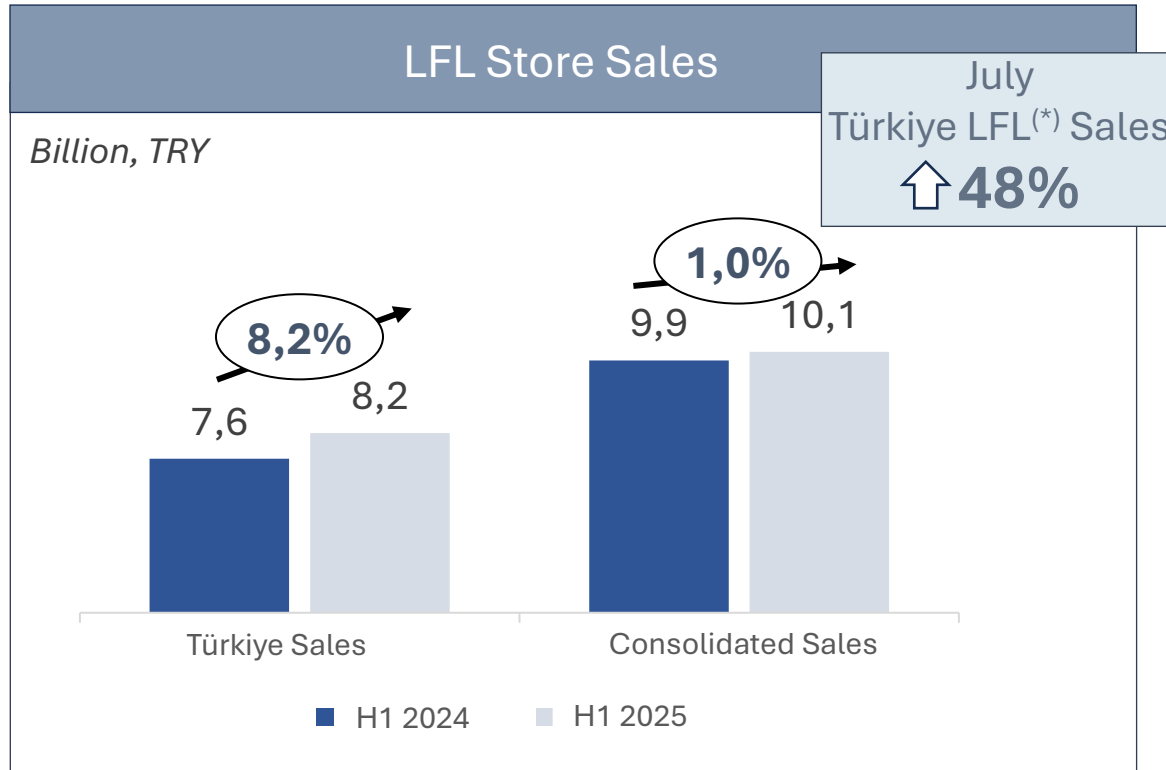


INCREASE IN SALES AREA EFFICIENCY



✿ While the store count has increased, sales area remained stable inline with our focus on sales area efficiency,

GROWTH IN BOTH TÜRKİYE STORE LFL SALES AND VOLUMES

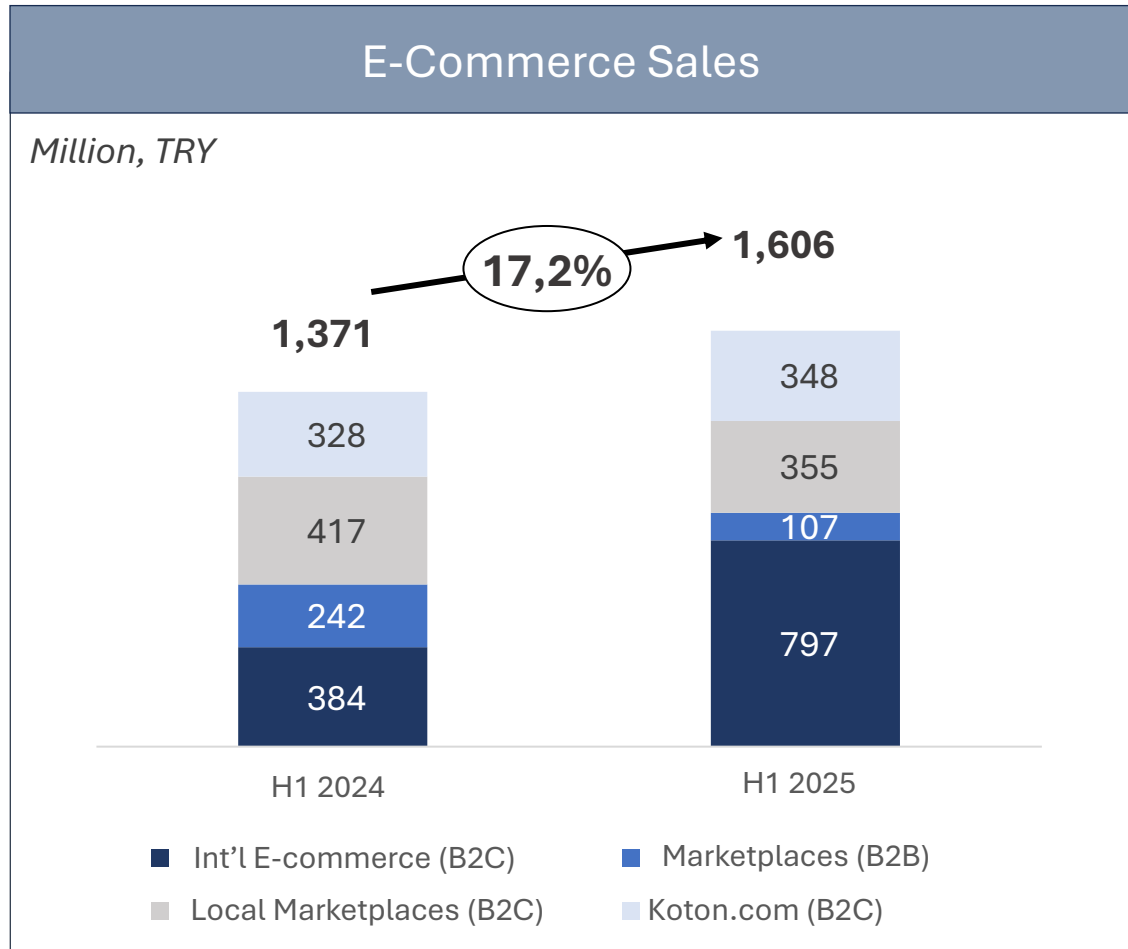


- ❖ Türkiye LFL sales and volume registered a solid growth in H1 2025,
- ❖ Int'l LFL sales and volume contraction eased in Q2 2025 compared to Q1 2025,
- ❖ H1 2025 GCC Region LFL sales rose by 13%^(**) yoy in USD terms, July LFL sales rose by 47% yoy in USD terms,

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

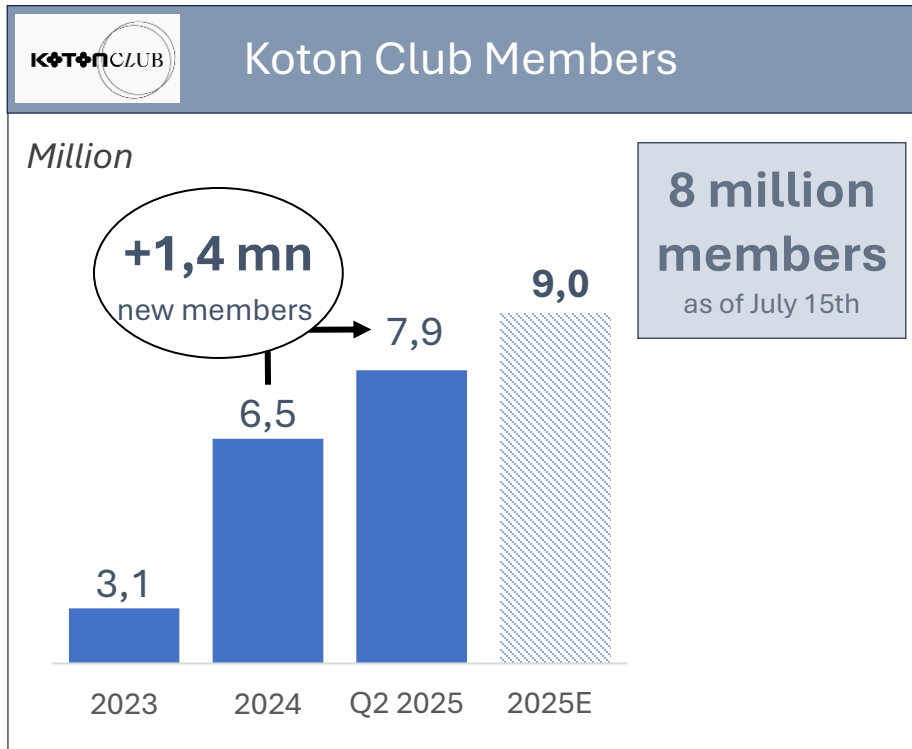
(*) July LFL sales data is pre-IAS29

(**) Excludes Bahrain as store transformation is not complete,

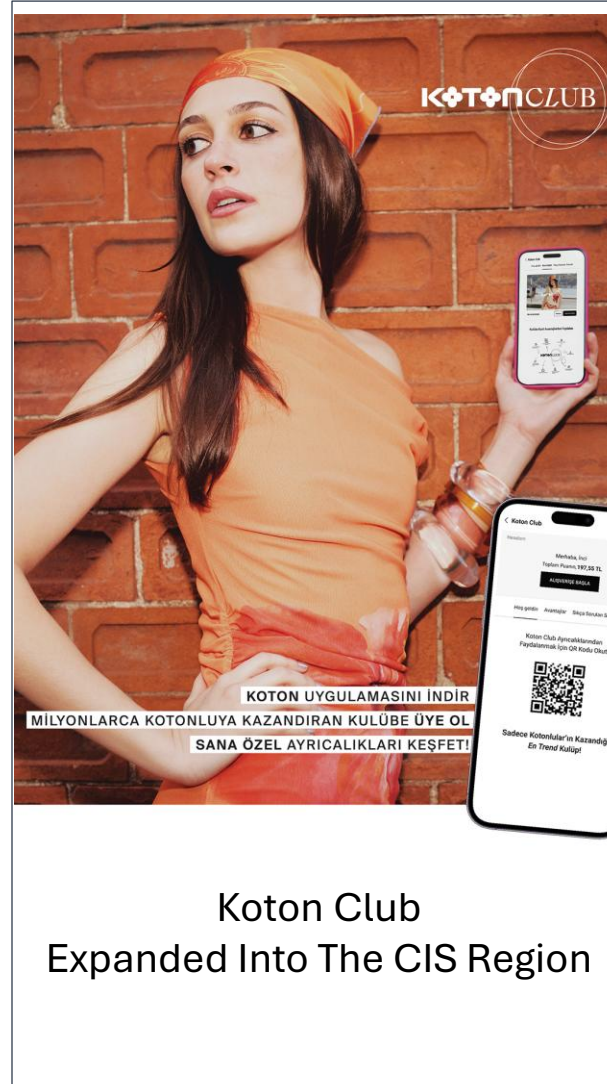


- ❖ Share of e-commerce sales in consolidated sales increased 3pp yoy to 12% in H1 2025,
- ❖ With an impressive 107% yoy sales growth, int'l e-commerce supported total int'l sales, inventory management and cash flow generation,
- ❖ In July, a new corporation has been established in the USA to support e-commerce growth in the country,
- ❖ Koton.com visitors surged by 8% in Q2 2025 and its sales rose by %25 yoy in the same period,
- ❖ Koton.com's share in Türkiye B2C e-commerce segment and total Türkiye e-commerce rose by 4pp and 10pp yoy, respectively,
- ❖ As part of a strategic initiative, B2B marketplace sales has been reduced inline with our focus on profitability and efficient inventory management,

KOTON CLUB MEMBER COUNT SURPASSED 8 MILLION



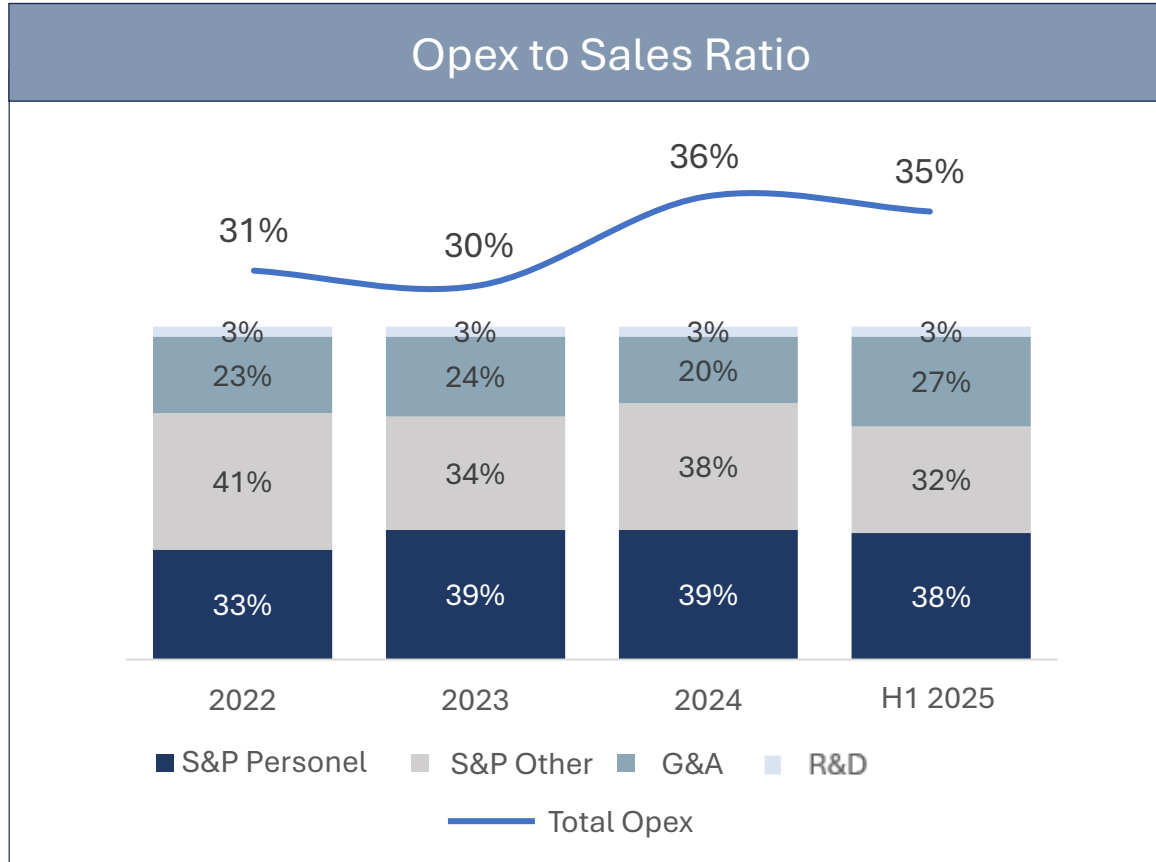
- ❖ Omnichannel Koton Club members shop over 3 times frequently compared to mono-channel customers,



Koton Club
Expanded Into The CIS Region

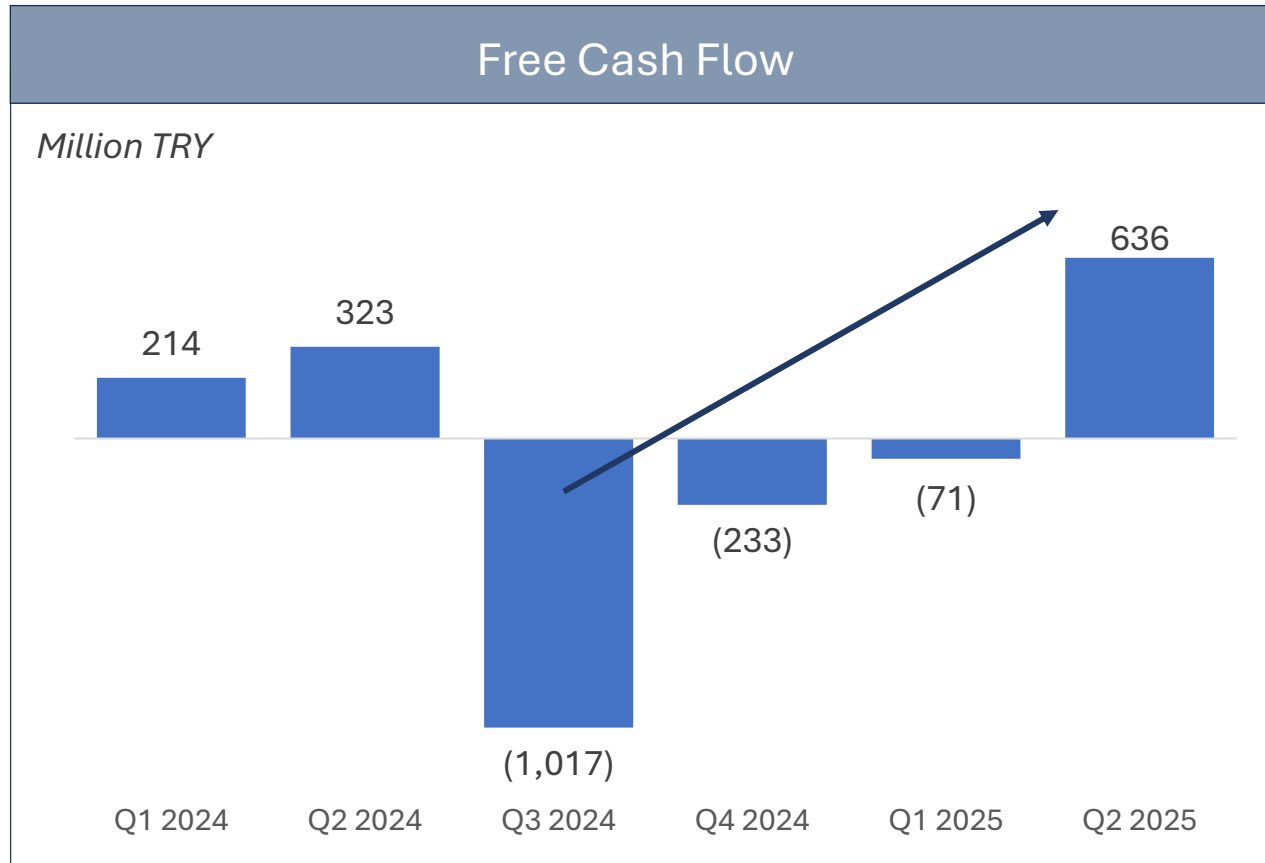


(*) Figures compared to non-Koton Club members



- ❖ Opex to sales ratio declined to 35% in H1 2025 compared to 2024 thanks to ongoing efficiency related improvements,
- ❖ While opex rose by mere 1,7% in real terms in H1 2025, 3,8% sales contraction in the same period prevented further improvement in the sales to opex ratio,

SIGNIFICANT IMPROVEMENT IN FREE CASH FLOW GENERATION



- ❖ Free cash flow generation turned firmly positive on the back of increased operational cash flow generations, after declining for the last 3 quarters,
- ❖ Efficient inventory management focus and improvement in NWC supported free cash flow generation,
- ❖ Net financial liabilities (excl, rent related liabilities) rose mainly due to TRY weakening related to FX-denominated loans, That said, net financial debt to EBITDA remained relatively stable at 0,7 times,

Digitalization and omnichannel

- ✦ Profitable Growth
 - Focus on profitability in Türkiye
 - Focus on expansion abroad
- ✦ Omnichannel Approach
 - Emphasis on Koton.com
 - Growing Koton
 - Further integration of physical stores and e-commerce

Profitable growth in stores

- ✦ Continuous improvement in sales area efficiency
- ✦ Regional focus in the int'l markets:
 - Reorganization and expansion in GCC
 - CIS Region efficiency related measures



Affordable, premium and trendy products

- ✦ Disciplined supply chain practices
- ✦ Faster logistics
- ✦ Controlled cost management
- ✦ AI backed trend analysis



Operational Efficiency

- ✦ Prudent opex management
- ✦ Optimized NWC management
- ✦ Focus on cash management
- ✦ Supporting store traffic
- ✦ Dynamic pricing
- ✦ Focus on fashion collection performances



	Post- <i>IAS29</i>
Sales Growth	low single digit
Gross Margin	>50%
Net New Stores	>14
2025 Guidance Is Maintained	

Q&A

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Appendix

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Balance Sheet Summary	30 June 2025	31 December 2024
Total current assets	14,270,841,577	14,286,167,754
Total non-current assets	8,485,909,004	8,285,339,782
Total Assets	22,756,750,581	22,571,507,536
Total S/T liabilities	12,905,794,145	12,415,518,735
Total L/T liabilities	2,971,605,691	2,951,028,629
Total Liabilities	15,877,399,836	15,366,547,364
Total Equity	6,879,350,745	7,204,960,172
Total Equity & Liabilities	22,756,750,581	22,571,507,536
	30 June 2025	31 December 2024
Cash & Cash Equivalents	855,847,520	682,550,579
Bank Loans	5,126,554,951	3,826,839,042
Lease Obligations	3,750,712,335	3,698,370,509
Net Financial Debt	8,021,419,766	6,842,658,972
Net Financial Debt (excl, lease obligations)	4,270,707,431	3,144,288,463
Net Financial Debt /EBITDA ^(*) (excl, lease obligations)	0.7	0.6

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 – monetary gain

(*) LTM EBITDA

FINANCIAL TABLES & RATIOS

	Q2 2025	Q2 2024
Revenue	7,143,662,035	7,888,601,543
Cost of Sales	(2,505,480,523)	(3,074,425,575)
Gross Profit	4,638,181,512	4,814,175,968
<i>Gross Profit Margin</i>	65%	61%
Administrative Expenses	(761,707,322)	(729,372,952)
Selling and Marketing Expenses	(2,564,426,929)	(2,420,315,569)
R&D Expenses	(86,217,496)	(110,621,964)
Other Income	505,191,525	250,313,354
Other Expenses	(621,059,534)	(633,713,647)
Operating Profit	1,109,961,756	1,170,465,190
Investment Income	1,138,827	681,557
Investment Loss	17,696	(975,061)
Operating Profit Before Financial Expenses	1,111,118,279	1,170,171,686
Interest Expense, net	(786,344,748)	(437,003,225)
Monetary Gain/(loss)	150,777,544	52,641,906
Profit Before Tax	475,551,075	785,810,367
<i>Current Tax Expense</i>	259,891	31,196
<i>Deferred Tax Expense</i>	(143,178,931)	87,849,307
Profit	332,632,035	873,690,870
EBITDA	2,630,890,988	2,524,020,504
<i>EBITDA Margin</i>	37%	32%

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 – monetary gain,