Koton, generated approximately 2 billion TRY in free cash flow in the first nine months of 2026, maintaining its operational and financial resilience despite challenging domestic and international market conditions.

In the first nine months of 2026, while global geopolitical uncertainties heightened inflationary pressures on costs, a marked slowdown in domestic consumer demand and a limited increase in exchange rates relative to high inflation created a challenging operating environment for the apparel retail sector. During this period of increasingly challenging macroeconomic and sector-specific conditions, Koton focused on maintaining its financial resilience by prioritizing operational efficiency, disciplined expense management and effective working capital practices.

In the first nine months of the year, Koton generated approximately 28 billion TL in consolidated sales revenue while managing to keep purchasing costs below the inflation rate. As a result, it maintained its consolidated gross profit margin at 54.8%, in line with the same period of last year. Amid increases in fuel and logistics costs, operating expenses declined year-over-year. Despite a significant drop in foreign exchange gains, the EBITDA margin stood at 21.1%, maintaining its resilient performance.

During this period, Koton reduced its inventory by 18% year-over-year and achieved a 27% decrease in financing expenses in an environment of high-interest-rates. As a result, the company sustained its cash generation capacity and maintained its financial resilience by generating approximately 2 billion TL in free cash flow during the first nine months of the year.

Its international operations continued to perform well, with the international store sales achieving 6% real growth.

International store sales recorded approximately 6% real growth in the first nine months of the year, driven by operational improvements and new store openings, despite adverse conditions caused by the currency-inflation spread and geopolitical tensions.

In the GCC Region, sales grew by 93% in U.S. dollar terms with 7 new stores.

In the GCC Region, managed in partnership with Apparel Group, a total of 7 new stores were opened in the first nine months of 2026. Despite the negative effects of ongoing tensions in the region, total sales grew by 93% year-over-year in U.S. dollar terms during this period, driven by the transformation program and the contribution of newly opened stores.

Koton's store count reached 470.

Koton's store count rose to 468 as of the end of September, following the opening of 18 new stores and the closure of 14 stores in the first nine months of 2026. As of the end of October, the total number of stores reached 470, thanks to new openings in Istanbul and Egypt.

Koton Club has surpassed 11 million members, and the omnichannel transformation has been completed.

Koton's customer loyalty program, Koton Club, was launched in Georgia in September, following its rollout in the CIS Region and Serbia. As of the end of October, the total number of Koton Club members in Turkey and abroad exceeded 11 million.

As part of the omnichannel strategy, inventory integration between domestic stores and e-commerce was completed. With the closure of the e-commerce warehouse in Gebze in July, the expected efficiency in inventory management was achieved, and the strategy began to yield its first tangible results through improvements in inventory turnover and faster responses to customer demands.

Comments from CEO Dr. A. Bülent Sabuncu

Koton CEO Dr. A. Bülent Sabuncu made the following remarks regarding the company's performance for the first nine months of 2026:

"During the first nine months of 2026, which were challenging for the apparel retail sector, we at Koton delivered a resilient performance by focusing on operational efficiency and disciplined financial management. While our domestic operations followed a trend in line with the sector-wide contraction, we maintained real growth in our international operations. Thanks to effective inventory and working capital management, we preserved our operational profitability and cash generation capacity, while reducing our financing costs despite the high-interest-rate environment.

We are updating our year-end expectations for 2026 by assessing the sector-wide contraction that became more apparent during the year, war-related cost and expense pressures, and exchange rate dynamics. We began the fourth quarter with a recovery in sales compared to the third quarter. We anticipate that the exchange rate movements observed in October may also support our financial results.

In the coming period, we expect the decline in inflation in Turkey and the waning effects of the strong TL policy to support the operating environment and positively impact our operational performance and financial results. In line with our long-term growth strategy, we will continue to focus on evaluating growth opportunities, particularly in international markets, and on improving our operational efficiency."

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