

Corporate Credit Rating

New Update

Sector: Retail Trading
Publishing Date: 27.02.2026
Team Leader

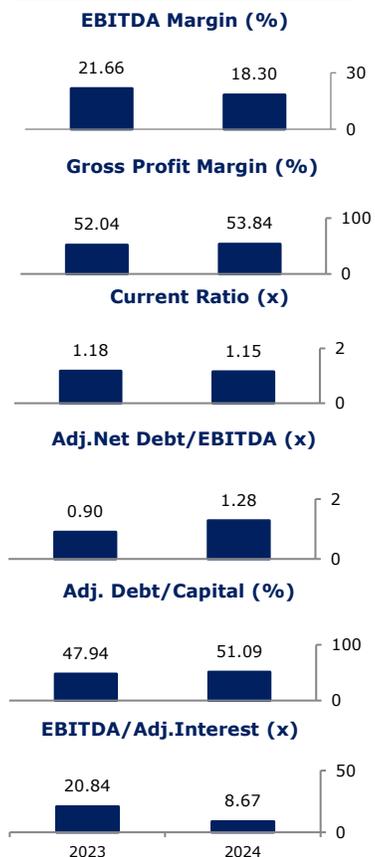
Muhammet Başar
+90 212 352 56 73
muhammet.basar@jcrer.com.tr

Analyst

Muhammed Recep Durupinar
+90 212 352 56 73
recep.durupinar@jcrer.com.tr

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

* Affirmed by JCR on September 1, 2025



KOTON MAĞAZACILIK TEKSTİL SANAYİ VE TİCARET A.Ş.

JCR Eurasia Rating, has evaluated the consolidated structure of "Koton Mağazacılık Tekstil Sanayi ve Ticaret Anonim Şirketi" in the investment grade category with high credit quality and affirmed the Long-Term National Issuer Credit Rating as 'A+ (tr)' and the Short-Term National Issuer Credit Rating at 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks have been determined as 'BB/Stable' in parallel to sovereign ratings and outlooks of Republic of Türkiye.

Koton Mağazacılık Tekstil Sanayi ve Ticaret Anonim Şirketi (hereinafter referred to as "Koton" or "the Group") was established in 1988 in İstanbul. The main activity is to design and manufacture all kinds of ready-to-wear clothing products and to sell them through retail stores, e-commerce and wholesale channels. The initial public offering process (IPO) of Koton carried out in May, 2024. As of report date 13.16% of shares are publicly traded on the BIST with the ticker symbol "KOTON". As of September 30, 2025, the total number of the Group's stores reached 458, including 211 corporate and 31 franchise stores in Türkiye and 144 corporate and 72 franchise stores abroad and the number of employees of the Group was 7,689 (FY2024: 8,030). Koton's 24 subsidiaries operating in different countries are consolidated. As of September 30, 2025, Koton's shareholders are Nemo Apparel BV, Yılmaz Yılmaz, Şükriye Gülden Yılmaz and publicly traded part with the shares of 39.60%, 23.61%, 23.61% and 13.18%, respectively.

Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Maintaining revenue and EBITDA generation, despite a slight decline, supported by an increase in sales volume in both 3Q2025 and FY2024,
- Preservation of a prudent net debt-to-EBITDA level despite increased indebtedness,
- Cash flow metrics supporting liquidity management, recovering strongly in 3Q2025 despite deterioration in FY2024,
- Ongoing foreign market expansion powered by well-known brand name and market influence,
- Diversified product portfolio with broad customer reach and profitability-focused growth potential through a multichannel platform,
- Limited collection risk and supporting asset quality,
- Compliance with corporate governance practices and quality standards as a publicly traded company,

Constraints

- High financing expenses pressuring bottom line results due to a predominantly short-term debt structure,
- Continued increase in debt to capital ratio due to the pressure of increasing debt on the balance sheet leverage,
- Pressure on operational efficiency due to high level of operating expenses and long cash conversion cycle,
- Intense competition through pushing low-price and shift the selections quickly in the readymade garment industry by fast-fashion retailers,
- Revenues exposed to different country risk elements,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.

Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been affirmed at 'A+ (tr)'. Taking into account the Group's sustained EBITDA generation capacity, maintaining sales revenue, prudent net debt to EBITDA multiplier, improvement in cash flow metrics, well-known brand name and market impact, limited collection risk and compliance corporate governance practice, as well as high level of OpEx, long cash conversion cycle, high financing expenses have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as 'Stable'. An achievement of budget targets of the Group, debt ratio, profit margins and liquidity indicators, as well as market conditions regarding the sector will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.