koykan
stay hungry for more

To our shareholders:

The last 9 months have been intense and rewarding. And a period of significant progress for Koykan. We successfully rebranded and opened our second flagship store in Zagreb, enhancing our brand presence. We've signed 10 new restaurant locations across four countries (CZ, SK, DE, HR), expanding our footprint in the region. To support this growth, we've established a robust operational management framework, finalized our franchise technological setup and initiated a comprehensive digitization of our company and processes. These steps position us well for our upcoming expansion phase.

The road ahead over the next two years is set to be even more ambitious, as we enter a new phase of expansion and strategic growth. We aim to scale from €4.3M in projected 2025 revenue to more than €13M by 2027, while building a pan-European network of 25+ restaurants and onboarding over 15 franchise partners across 7 countries. With confirmed openings planned in Munich, Prague, Bratislava, Zagreb, Split, Zadar and Rijeka, we are laying the groundwork for a consistent, cross-border brand experience. Our strategy includes rolling out a fully digitized operational framework, strengthening production and supply chain systems and creating a scalable, franchise-ready model across Europe. With each step, we move closer to our goal: to become a €100M street food brand by 2035 — smart, bold and built to last.

Nine months ago, we set out a clear roadmap for our next phase of growth — one that included sales acceleration, store expansion, franchise readiness and full digital transformation. While we knew the ambition was high, we committed to building steadily, even in the face of broader economic uncertainties. Looking back today, we're grateful to say that much of what was planned has already been delivered — and in a shorter timeframe than expected. It's still early days, and there's plenty of work ahead. But these past nine months have strengthened our belief that consistent execution and clear focus can turn even the most ambitious plans into achievable milestones.

We’re building a fast-casual street food brand that’s part of a growing shift in how Europeans eat. With top-tier mall locations in several major capitals secured, our concept and branding are proving their value. As consumer demand accelerates, we’re positioned right where the market is going — and that’s good news for our business. We should stay hungry — for more, for new adventures, and for doing the work right. If we execute our plan with care, we’ll earn our place in what’s ahead.

We know the path forward won’t be smooth. Our management team is still early in its journey and it will take time and a lot of effort to build the right team capable of handling the scale and complexity of our planned expansion. The road ahead will come with its fair share of mistakes, unexpected turns and tough lessons. Winning over our first franchise partners will take time, trust and a lot of hands-on support — and even then, the ramp-up will be slower and harder than we’d like. We’re not under any illusion that this will be easy. But we believe that with patience, reflection, and a willingness to keep learning, we’ll be better prepared to navigate the challenges that come our way.

To support this momentum, we’ve launched a €3M corporate bond program to finance our expansion, logistics and digital infrastructure. This will allow us to reinforce our competitive edge while reducing the capital load on store-level investments.

Last 9 Months

By working hard to finalize our menu for expansion and embedding our Keep Exploring strategy — which brings fresh and interesting items every 2–3 months — we've focused on building a product that evolves with our customers. In parallel, we've been wrapping up our tech stack together with key partners Gastro Tim, Remaris, Odoo and Samsung, while laying the groundwork for a fully digital company.

- The strong performance of our two most recent store openings — both delivering over 300% revenue uplift compared to their previous formats — has validated our concept and helped us secure a growing pipeline of prime locations across multiple countries.
- In Croatia, we’ve expanded beyond Zagreb, where our third location is scheduled to open in Q1 2026, and we're currently in negotiations for two additional sites. Along the coast, our most immediate focus is on launching company-owned stores in Split and Zadar, both set to open by the end of Q2 this year. In addition, we’ve secured a key location in Rijeka, completing our strategic coastal coverage.
- Across the region, momentum continues to build: in the Czech Republic and Slovakia, we’ve signed two locations in Prague and two in Bratislava as part of our area development franchise agreement. In Germany, our first store in Munich marks the beginning of our DACH market entry. Altogether, these developments position us for scalable growth across CZ, SK, DE and HR, supported by clear demand in some of the region’s most competitive urban hubs.

- By securing key locations, we've entered 4 major EU shopping mall ecosystems—ECE (200+ malls, ~1.2B yearly visitors, 12 countries), URW (67 malls, 900M+ yearly visitors, 11 countries), NEPI Rockcastle (57 malls, 347M yearly visitors, 8 countries), and Supernova (110+ malls, strong regional traffic, 4 countries)—unlocking our superhighway for rapid EU expansion.
- Together with our majority-owned German IT company, we:innov8, we've initiated full digitization of Koykan operations — rolling out key ERP modules in Odoo (helpdesk, B2B e-commerce, production), implementing our recipe and pricing system via Meez, and preparing POS and DMB systems for the expansion phase.
- We have rented and partially sold our Chill business to a long-time team member, who now operates it independently and pays a monthly fee — allowing us to fully focus our efforts on growing and developing the Koykan brand.
- Our newly formed PMO (Project Management Office) team has established a standardized framework for new store openings — a key milestone that enables us to build a scalable operational arm for all future accelerated expansion efforts across the region and beyond.
- We have standardized a "turn-key solution" for store planning and build-up, bringing together a network of trusted partners who jointly handle restaurant layout, architectural design, construction, supervision and final delivery — ensuring each location is fully prepared for opening.
- Our recruiting and HR processes are now equipped to support high-volume hiring across key roles — from store managers to kitchen and front counter staff. We have also established legal entities in each country where we operate, laying the groundwork to launch and scale our business locally.
- Our newly formed sales and marketing team has developed the first local store marketing plans, established a merchandising framework, initiated early loyalty program activities and secured new contracts with food delivery platforms — including in markets where we previously had no presence.

To support our growth, we've expanded our teams and infrastructure with focused investments of time, capital, and energy. The European QSR landscape is shifting fast, with major players leaning into healthier offerings and investing heavily in brand and sales growth. We're not yet in a position to compete with them at scale, which is why we're concentrating on seven carefully selected markets where we see the highest potential. While the opportunity is real, so are the risks. Navigating a tough macroeconomic climate and competing with larger franchises will require further investment and precise execution.

Sharply focused targets for the coming quarters

As mentioned in our previous letter, it is important to highlight once again how central franchising is to our future. We believe that the long-term success of our business will largely be defined by our ability to scale through franchising. About a year ago, we made a strategic decision not only to focus on opening our own corporate stores, but also to build a franchise-ready system from the ground up. While this choice temporarily slowed down our store rollout pace, it has placed us on the franchising map and opened the door to more sustainable, lower-risk and capital-efficient growth opportunities. With the core system now in place, franchising will play an increasingly critical role in driving our expansion and long-term cash flow.

To drive our next phase of growth, we've invested significant time, capital and effort into building the teams and infrastructure needed to scale. In the coming quarters, our focus will shift toward executing on these foundations. Here are the key priorities ahead:

- *Customers*

  To earn and keep our customers' trust, we must consistently deliver on the fundamentals — and in the quarters ahead, this will be one of our highest priorities. We will continue refining our kitchen operations to ensure food safety and consistency in every store, while rolling out hygiene and workflow standards that guarantee quality across locations. Our supplier network, built around reliable partners offering quality at fair prices, will help us keep meals affordable without compromising standards.

  We'll keep improving our standard operation procedures to drive speed and efficiency, enhancing both the customer experience and internal performance. At the same time, our culinary team will continue to refine and innovate our recipes to ensure the food is not only consistent — but tasty and enjoyable. With the support of our architecture partners, we will create restaurant spaces that feel warm and welcoming. Most importantly, we will keep listening to what our customers are telling us — and use that feedback to learn, adapt, and get better. Executing all of this well is key to turning strong foundations into long-term loyalty.

- *Stores build-up*

  To meet our growth targets, we will need to open nearly one new restaurant every month — a pace that demands tight coordination across the entire organization. Our build-up team, suppliers, HR, legal, logistics, and marketing all need to operate as one unit to ensure each new store is delivered on time, fully staffed, compliant and ready to welcome customers from day one.

  At the same time, we must keep building our future pipeline by steadily negotiating and securing prime locations in major city hubs across our seven focus countries. The goal is not only physical presence, but brand reach — positioning Koykan to run marketing campaigns that resonate across entire cities, and in some cases, entire countries. As our footprint grows, so must our visibility and connection with customers.

  To support this momentum, we also need to build a strong and reliable logistics and support backbone — one that prevents stock outages, ensures timely deliveries, and helps every store run at peak performance. The next phase of growth will test the strength of our systems and our ability to scale with consistency.

- *Innovation*

  In the past period, we've embraced innovation as a key driver — from launching standout menu displays and pioneering franchise efforts in a tough market, to building modular kitchen systems and investing in digital infrastructure — setting a foundation that proves progress comes through trying, learning and improving.

  Looking ahead, innovation will remain a central pillar of our strategy. We are working toward building an Industry 4.0-inspired production line that will accelerate product delivery, streamline recipe standardization and minimize human error in food preparation. At the same time, we will continue to invest in the full digitization of our business — from internal processes and SOPs to the development of a powerful, AI-driven knowledge base that will serve both our company and our franchise partners.

  We aim to integrate predictive ordering based on big data, AI, and our BI tools, enabling smarter, faster decisions across the business. Our B2B e-commerce platform will evolve into a fully automated, one-stop shop for franchisees, using collective purchasing power to drive down costs system-wide. Additionally, we are prioritizing the rollout of advanced digital systems for workforce scheduling and COGS management — essential tools to support operational excellence as we scale.

- *Franchise*

  In the coming quarters, we will begin executing our franchise sales strategy and focus on building a strong partner ecosystem across our target markets. Our priority will be to onboard a select group of early franchise partners and support them with a clear operational framework, training and the tools they need to succeed. This phase will include the rollout of our standardized systems, from kitchen design to digital infrastructure, ensuring consistency and scalability.

  We will also invest in growing a balanced network of corporate and franchise stores, as this hybrid model is key to both financial stability and long-term brand strength. The first wave of franchise openings will allow us to test and refine our support systems, while building momentum for broader adoption. This is a multi-year effort, but one that begins now — with structured outreach, strong partner selection and a long-term commitment to shared success.

Capital deployment, corporate bonds and new equity round

As we enter a new phase of expansion, our capital deployment approach remains grounded in long-term value creation rather than short-term optics. Nine months ago, we outlined a capital plan focused on sustainable growth through debt financing, and today, we remain committed to that principle — but with even greater clarity on how and where those funds will be used.

In the coming quarters, our capital will be strategically directed toward building a scalable foundation for both corporate and franchise growth. Our current bond issuance of €3 million, including convertible options, is aimed at funding the opening of 25+ corporate stores and onboarding over 15 franchise partners across Germany, Austria, Czechia, Slovakia, Hungary, Croatia, and Slovenia. Each store carries an average CAPEX of €250,000, with a projected payback period of under two years — making our expansion both aggressive and grounded in proven unit economics.

Beyond store development, capital will also support the build-out of our logistics and production infrastructure, a critical requirement for maintaining quality and consistency at scale. We are investing heavily in full digital integration — across vendor management, inventory, ordering systems, ERP modules and predictive BI tools — to build a lean and responsive operational backbone. This digital layer will be key in managing complexity as we expand across multiple markets.

At the same time, we remain committed to financial discipline. While we are prioritizing growth through debt in the current stage, we view this as a stepping stone toward future equity financing — once a positive cash flow and stable operational base have been firmly established. In parallel, we are working on establishing an ESOP plan to align long-term value creation with team ownership and motivation. We strongly believe that our future success will be tied to the talent and dedication of our people.

This capital deployment strategy is ambitious and carries inherent risks, especially in light of macroeconomic uncertainties across Europe. However, we are confident that this is the right approach for controlled growth and long-term shareholder value. As always, we will continue to communicate transparently with our stakeholders and investors about the rationale behind our decisions and the progress we make.

Next days, weeks, months…

The months and quarters ahead will stretch us more than any phase so far. While our ambition is clear, the execution path is still under construction — and much of the pressure will fall on building the team that can carry the weight. Today, many key roles are either still forming or are stretched across too many priorities. To support the expansion we've planned, we'll need to move fast in shaping a management structure that can operate with autonomy, precision and accountability across multiple markets.

At the same time, our store build-up plans bring unavoidable uncertainty. From construction delays and permitting issues to supplier readiness and workforce onboarding, each new location will test our internal systems and expose weak spots. These are the growing pains of building a retail chain — and while we are committed to speed, we cannot trade quality and consistency for rushed execution. Each store we open must deliver on the Koykan promise, or we risk losing trust that's hard to rebuild.

Franchising is another critical pillar we're preparing to stand up. It's a model we believe in, but one we are still learning to master. The early partners we bring in will shape the long-term health of our network and those relationships must be built carefully. We need to deliver tools, support, and clarity — not just ambition — to help them succeed. The systems are now largely in place, but activation is everything. The next 6–12 months will be decisive in proving that we can not only attract but retain and grow a franchise community.

We're not expecting smooth sailing. We're expecting long days, setbacks, iterations — and moments when things don't go to plan. But we also expect progress, learning, and the steady formation of the company we've envisioned from the beginning. If we stay close to the details, keep our teams aligned, and focus relentlessly on delivery, we'll earn our next chapter. Not by luck, but by doing the work.

It's all about focusing on short-term execution while keeping our long-term vision of building a restaurant chain that serves millions of customers, leaving them hungry for more. We trust that Koykan remains the type of company you want to be invested in.

Boro
Koykan CEO