

Kordsa

2Q'25 Financial Results

Earnings Release

Aug 6, 2025

Sales revenues of Kordsa, which is a tire, construction and composite reinforcement leader decreased by 16.2% in the second quarter of 2025 compared to the same quarter of the last year and realized as 197 million US Dollars ("USD"). In the second quarter of 2025, the following material developments have been occurred;

- The gradual resumption of production at the Indonesian plant, which had been halted due to flooding in the beginning of March,
- High price competition on the supply side in response to stagnant demand in the tire reinforcement segment, and
- The slowdown in the automotive sector in Europe

In the second quarter of 2025, Kordsa's Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") was realized as 14.8 million USD while net loss for the period was 4.2 million USD.

FINANCIAL DEVELOPMENTS

In the second quarter of 2025, the revenues decreased by 16.2% compared to the same period of 2024, and realized as 197 million USD. In the second quarter of 2025 compared to the same period of 2024;

- In the tire reinforcement segment, production was halted at the Indonesia facility due to a flood disaster at the beginning of March, and production resumed gradually in the second quarter. Additionally, there was stagnation in global demand outside of China, and high price competition on the supply side. As a result, the segment's revenue decreased by 19% compared to the same quarter of 2024, reaching 144 million US dollars. (2Q'24: 177 million USD; 1Q'25: 163 million USD)
- Although production in wide-body aircraft programs – such as the Boeing 787 Dreamliner, for which we are a key carbon fabric supplier – has not yet reached expected levels due to ongoing technical issues and labor strikes, and despite slowdown in the European automotive composite demand, the Composite segment

revenue decreased by 3% year-over-year. This was mainly supported by a shift toward higher value-added products and a favorable product/sector mix. Compared to the previous quarter, revenue increased by 2%, reaching 49 million USD. (Q2'24: 51 million USD – Q1'25 : 48 million USD).

- With the recovery of the construction sector in Turkey, which had been sluggish in the first quarter of 2025 due to weather conditions, and the expansion of the customer portfolio, the construction reinforcement segment achieved a 7% increase in the second quarter of 2025 compared to the same quarter of 2024; and a 91% increase compared to the first quarter of 2025, reaching a turnover of \$2.2 million.

In the second quarter of 2025;

- Negative impact of volume and price competition in the tire reinforcement segment (4.3 million USD),
- Pressure on TL costs due to currency-inflation mismatch in the EMEA region (3.8 million USD),
- The negative impact of the flood disaster that occurred at our Indonesian facility at the beginning of March (8.8 million USD),
- Despite the EBITDA contraction in the tire reinforcement segment, the quarterly EBITDA figure was USD 14.8 million, thanks to increased sales to profitable sectors in the composite segment and the favorable impact of cost efficiency projects.

In the second quarter of 2025, the factors affecting net income were;

- Pressures on operating profitability,
- Recognition of lower deferred tax income compared to the previous year within the scope of inflation accounting in Turkey,

Under these impacts, our quarterly loss for the second quarter of 2025 was USD 4.2 million.

In the second quarter of 2025, USD 14.3 million was invested in machinery and product sustainability.

In the first quarter of 2025, with the improvement in working capital, net debt decreased by 27 million USD compared to the previous quarter, reaching 350 million USD. In the second quarter of the year, working capital performance continued, and despite the unfavorable impacts of the flood disaster in Indonesia, the net debt level was maintained 356 million USD. The acquisition of the 39% stake, minority shares of Microtex Composites Srl, for 34.9 million Euros on May 2025 brought the net debt level to 395 million USD. In contrast, the net debt/EBITDA level ratio stood 6.5x at the end of the second quarter of 2025, reflecting the annual decline in EBITDA. In the calculation of Adjusted EBITDA, other operating income and expenses excluding FX gains and losses are also taken into account. In addition, the impairment of long-lived

inventories amounting to USD 14.8 million in the last quarter of 2024 has been adjusted in the EBITDA calculation.

SUMMARY FINANCIAL RESULTS

	USD Financials (MUSD)						
	2Q'24	2Q'25	Δ	3Q'24	4Q'24**	1Q'25	2Q'25
Sales	235	197	-16.2%	235	225	217	197
Gross Profit	32	27	-15.5%	32	16	30	27
Gross Margin (%)	13.8%	13.9%	0 pts'	13.8%	7.4%	13.9%	13.9%
OPEX (%)	12.4%	12.9%	1 pts'	11.9%	11.9%	12.5%	12.9%
Operating Profit	7	7	-0.6%	9	-15	5	7
Operating Profit Margin (%)	2.8%	3.3%	0 pts'	3.6%	-6.0%	2.1%	3.3%
Adjusted EBITDA*	16	15	-4.4%	18	-1	14	15
Adjusted EBITDA* Margin (%)	6.6%	7.5%	1 pts'	7.6%	-0.5%	6.7%	7.5%
Net Income	1	-4	-716.5%	-5	-24	-8	-4
Net Income (%)	0.3%	-2.1%	-2 pts'	-2.2%	-10.4%	-3.5%	-2.1%

	TL Financials (MTL)						
	2Q'24	2Q'25	Δ	3Q'24	4Q'24**	1Q'25	2Q'25
Sales	7,586	7,612	0.3%	7,865	7,743	7,847	7,612
Gross Profit	1,049	1,061	1.2%	1,088	574	1,094	1,061
Gross Margin (%)	13.8%	13.9%	0 pts'	13.8%	7.4%	13.9%	13.9%
OPEX (%)	12.4%	12.9%	1 pts'	11.9%	11.9%	12.5%	12.9%
Operating Profit	214	254	18.9%	286	-463	168	254
Operating Profit Margin (%)	2.8%	3.3%	0 pts'	3.6%	-6.0%	2.1%	3.3%
Adjusted EBITDA*	501	573	14.4%	600	-37	524	573
Adjusted EBITDA* Margin (%)	6.6%	7.5%	1 pts'	7.6%	-0.5%	6.7%	7.5%
Net Income	22	-163	-837.9%	-173	-803	-275	-163
Net Income (%)	0.3%	-2.1%	-2 pts'	-2.2%	-10.4%	-3.5%	-2.1%

* Adjusted EBITDA includes other income/expenses from operating activities except fx gains/losses

** In the last quarter of 2024, as a result of the reassessment of high raw material inventories, mostly from the Covid-19 period, there is an inventory impairment of USD 7.8 million in the tire reinforcement segment and USD 7 million in the composites segment, totaling USD 14.8 million.

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