

Kordsa

1Q'25 Financial Results

Earnings Release

Apr 30, 2025

Sales revenues of Kordsa, which is a tire, construction and composite reinforcement leader decreased by 7.2% in the first quarter of 2025 compared to the same quarter of the last year and realized as 217 million USD. In the first quarter of 2025, the following material developments have been occurred;

- Suspension of productions at the Indonesia facility due to the flood disaster that occurred at the beginning of March,
- The effects of price competition on sales volumes in the tire reinforcement segment,
- Recovery slow-down in the tire reinforcement market and price competition coming from the imbalance of demand - supply,
- Slowdown for European automotive market

In the first quarter of 2025, Kordsa's Earnings Before Interest, Tax, Depreciation and Amortization ("EBITDA") was realized as 14 million USD while net loss for the period was 8 million USD.

FINANCIAL DEVELOPMENTS

In the first quarter of 2025, the revenues decreased by 7.2% compared to the same period of 2024, and realized as 217 million USD. In the first quarter of 2025 compared to the same period of 2024;

- Revenue in the tire reinforcement segment amounting to 163 million USD, reflecting an 8% decline compared to the same quarter of 2024. This decline was primarily driven by the suspension of production at the Indonesia facility due to a flood disaster that occurred at the beginning of March, as well as price and volume competition resulting from an imbalance between market supply and demand. (First quarter of 2024: 177 million USD)
- Revenue from the composite technologies segment amounted to USD 48 million, reflecting a 4% decrease compared to the same quarter of the previous year. This

decline was primarily due to the slower-than-expected post-COVID recovery in wide-body aircraft programs, including the Boeing 787 Dreamliner, for which the Company is a key carbon fabric supplier. In addition, despite stagnant demand in the European automotive sector, revenue segment increased by 17% compared to the previous quarter, largely driven by the rise in demand within the energy sector (1Q'24 : 50 million USD – 4Q'24 : 41 million USD).

- Due to the contraction in export markets and the slowdown in major projects in the Turkish construction sector, the construction reinforcement segment generated revenues of USD 1.1 million in the first quarter of 2025.

In the first quarter of 2025;

- Negative impact of volume and price competition in tire reinforcement segment (USD 5 million)
- Pressure on TL costs due to currency-inflation mismatch in the EMEA (USD 4.5 million)
- Negative impact of flooding at our Indonesia site at the beginning of March (USD 1.8 million)
- Despite the decline in EBITDA in the tire reinforcement segment, the growth on the sales to profitable sectors in the composite segment resulted in a quarterly of 14 million USD.

In the first 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,
- Recognition of unrealized hedge transactions at daily market value.

Under these impacts, our quarterly loss for the first quarter of 2025 was USD 8 million.

In the first quarter of 2025, USD 6 million was invested in machinery and product sustainability.

In 1Q2025, with the improvement in working capital, net debt level decreased by USD 27 million quarter-on-quarter to USD 350 million. Moreover, with the annual decline in EBITDA level, net debt/EBITDA ratio was 5.8 at the end of the first quarter of 2025. 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 15 million in the last quarter of 2024 has been adjusted in the EBITDA calculation.

SUMMARY FINANCIAL RESULTS

	USD Financials (MUSD)						
	1Q'24	1Q'25	Δ	2Q'24	3Q'24	4Q'24**	1Q'25
Sales	234	217	-7.2%	235	235	225	217
Gross Profit	40	30	-23.9%	32	33	17	30
Gross Margin (%)	17.0%	13.9%	-3 pts'	13.8%	13.8%	7.4%	13.9%
OPEX (%)	11.9%	12.5%	1 pts'	12.4%	11.9%	11.9%	12.5%
Operating Profit	12	5	-60.7%	7	9	-13	5
Operating Profit Margin (%)	5.1%	2.1%	-3 pts'	2.8%	3.6%	-6.0%	2.1%
Adjusted EBITDA*	23	14	-37.5%	16	18	-1	14
Adjusted EBITDA* Margin (%)	9.9%	6.7%	-3 pts'	6.6%	7.6%	-0.5%	6.7%
Net Income	3	-8	-339.6%	1	-5	-23	-8
Net Income (%)	1.4%	-3.5%	-5 pts'	0.3%	-2.2%	-10.4%	-3.5%

	TL Financials (MTL)						
	1Q'24	1Q'25	Δ	2Q'24	3Q'24	4Q'24**	1Q'25
Sales	7,239	7,847	8.4%	7,586	7,865	7,743	7,847
Gross Profit	1,230	1,094	-11.1%	1,049	1,088	574	1,094
Gross Margin (%)	17.0%	13.9%	-3 pts'	13.8%	13.8%	7.4%	13.9%
OPEX (%)	11.9%	12.5%	1 pts'	12.4%	11.9%	11.9%	12.5%
Operating Profit	366	168	-54.1%	214	286	-463	168
Operating Profit Margin (%)	5.1%	2.1%	-3 pts'	2.8%	3.6%	-6.0%	2.1%
Adjusted EBITDA*	718	524	-27.0%	501	600	-37	524
Adjusted EBITDA* Margin (%)	9.9%	6.7%	-3 pts'	6.6%	7.6%	-0.5%	6.7%
Net Income	98	-275	-379.9%	22	-173	-803	-275
Net Income (%)	1.4%	-3.5%	-5 pts'	0.3%	-2.2%	-10.4%	-3.5%

* 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 6 million in the composites segment, totaling USD 14.8 million.

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